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# Utah Nutritional Products Industry Profile

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# Utah Nutritional Products Industry

## INDUSTRY OVERVIEW

Nutritional supplements is Utah's third largest industry. Presently, there are more than 150 nutritional product companies within the state and revenues from this business range from \$2.5 to \$4 billion a year.<sup>1</sup> This Utah industry accounts for 10% to 20% of the U.S. nutritional supplement market. This industry looks promising considering the fact that one in five Americans consumes some sort of supplement daily and one-third have used herbs at least once to treat symptoms for colds, headaches, depression, and much more.<sup>2</sup>

Utah's dry climate is great for growing an array of herbs that are used in many nutritional supplement products and Utah's excellent distribution capabilities strongly support production and supply needs for nutraceutical and pharmaceutical companies. With over 150 nutritional product companies ranging from research and development to manufacturing to bottling and distribution, Utah has the means to potentially become the top provider of nutritional products for the industry. Many Utah companies already develop and distribute major brands of supplements nationally and internationally.

## NATURAL SUPPLEMENTS HISTORICAL BACKGROUND

Many Americans have benefited from using natural nutritional supplements. Whether this is from taking a multi-vitamin, minerals, herbs, or eating a fortified breakfast cereal with added nutrients, people live healthier lives by taking these supplements along with healthy diets and exercise.

The natural products industry grew out of the age-old understanding that individuals can and should enhance their diets for better health. In fact, "naturopathic" medicine – or nature's cure – has evolved through scientific research to be the best natural healing systems.

Herbal remedies have long been a part of Utah's history as well. For example, Native Americans added local plants in their diets and used natural products for many medicinal purposes. Utah pioneers brought their knowledge of herbs with them and made its use a way of life. During the 1960's, four principal companies were founded: Nature's Way, Nature's Sunshine, Nature's Herbs, and Solaray, Inc. These companies continue to thrive today along with newly introduced firms in the industry. Innovative individuals in Utah have sought business opportunities in herbs and natural products and have made it an essential part of Utah's growing economy.

The health-conscious population in Utah is a strong force behind this industry. During the 1980s and 1990s, the dietary supplement industry exploded. Growth rates between 20% and 30% annually during this period were common for most nutritional product companies.<sup>3</sup>

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<sup>1</sup> Source: Utah Natural Products Alliance

<sup>2</sup> Source: Deseret News

<sup>3</sup> Source: Utah Natural Products Alliance

## INDUSTRY REGULATIONS

In 1994, the federal government passed specific legislation governing dietary supplements. The legislation, known as the Dietary Supplement Health and Education Act (DSHEA), was chiefly sponsored by Utah Senator Orrin Hatch, and regulates how manufacturers promote their products. It requires companies in the nutritional product industry to adhere to other broad-reaching regulatory guidelines.

### Definitions of Dietary Supplements in DSHEA of 1994:

Dietary Supplement	Definition
Vitamins	Products that are organic (carbon-containing) nutrients that are essential in small quantities for normal metabolism, growth, and well-being. They must be obtained through the diet because they either are not synthesized in the body or are not synthesized in adequate amounts.
Minerals	Products that are chemical elements in their inorganic forms. "Minerals" are those that are required in amounts greater than 100 mg/day, and "trace minerals" are those required in lesser amounts.
Herbals and Botanicals (other than extracts)	Herbal or botanical products prepared by means other than extraction (i.e., dried, crushed, and encapsulated). These may include teas in addition to other product forms. The term <i>herbal</i> refers to the leaves and stems of the plant while <i>botanical</i> refers to these parts in addition to roots, seeds, and fruits.
Herbal and Botanical Extracts	Products that are extracts made from any part of a plant.
Animal Extracts	Products that are extracts made from animal parts (e.g., tissues and glands).
Amino Acids	Products that contain an amino group and an acidic function.
Proteins	Products with the complete set of amino acids to make up proteins.
Concentrates, Metabolites, Constituents	Products that are concentrated, are broken down into individual components, or are parts of other products.
Teas	Products containing herbals, botanicals, or other dietary supplements that are infused in water. Basic tea products have a standard of identity as a food product; however, many products are a combination of tea and dietary supplements.

## LOCATION

Utah's location and infrastructure have both been instrumental in the industry growth for nutritional products.

*Dry Climate:* Utah's climate is conducive for manufacturing many nutritional products. Utah maintains a low humidity and relatively dry climate. A climate with a higher level of moisture is not favorable for the production of such nutritional products.

*Transportation:* Utah is centrally located in the western states and has established an excellent distribution system. More than 2,300 interstate and intrastate motor freight carriers operate in Utah and are able to provide same-day or one- or two-day direct courier services from Utah's metropolitan area to almost any point in the Western United States.

## MAJOR CITY DISTANCES FROM SALT LAKE CITY

City	Miles
Seattle, WA	869
Portland, OR	807
Boise, ID	363
San Francisco, CA	755
Sacramento, CA	671
Reno, NV	531
San Diego, CA	784
Los Angeles, CA	730
Las Vegas, NV	449
Phoenix, AZ	688
Albuquerque, NM	612
Denver, CO	512

Source: Salt Lake International Airport

## UTAH'S LABOR FORCE<sup>4</sup>

Utah's workforce is highly educated. Utah is ranked 5<sup>th</sup> in the nation for educational attainment. 90% of adults at least 25 years or older have attained a high school degree. Also, 26.2% of persons in the state have attained a Bachelor's degree or higher, placing Utah 21<sup>st</sup> in the nation. During the 2004-2005 school year, 30,197 students received a high school degree, 8,546 students were awarded Associate's degrees and 19,319 students received Baccalaureate degrees, while 3,604 students received Master's degrees and 362 students were granted Doctorate degrees. Many Utahns are proficient in a second language, which has benefited companies exporting products internationally. Utah residents' high multilingual abilities have enabled many companies to experience greater success in international markets.

### State Graduation Rates (%)

	High School	Bachelor's Degree
Arizona	84.4%	28.0%
California	81.3%	31.7%
Colorado	88.3%	35.5%
Nevada	86.3%	24.5%
Washington	89.7%	29.9%
Utah	90.0%	26.2%

Source: U.S. Census Bureau

Utah's population continues to be the youngest in the nation with a median age of 27.5 years.<sup>5</sup> Approximately one third of the state's population is under the age of 18, which translates into a growing, energetic workforce for any industry. Below is a list of wage information for various occupations in the dietary supplement industry.

<sup>4</sup> Source: 2005 Economic Report to the Governor

Source: Utah System of Higher Education 2004-2005 Data Book

<sup>5</sup> Source: 2005 Economic Report to the Governor

## Wages of Occupations Related to the Dietary Supplement Industry

Occupation	Mean Annual Wage	Mean Hourly Wage
Biochemist / Biophysicist	\$48,370	\$23.20
Chemist	\$52,940	\$25.40
Food Science Technicians	\$31,720	\$15.20
Production Worker	\$21,810	\$10.50
Warehouse Worker	\$25,650	\$12.30
Customer Service Representative	\$24,760	\$11.90
Sales Representative	\$60,870	\$29.30

Source: Utah Department of Workforce Services

## RECENT GROWTH

To meet the production demand for nutritional supplements, many Utah companies have recently completed major expansions of their facilities. Neways built its 85,000-square-foot corporate headquarters in Springville, Utah in 2003. Basic Research consolidated its business operations in Salt Lake City, Utah with the purchase of a 175,000-square-foot building. Experimental and Applied Sciences (EAS), a leading provider of active lifestyle and sports nutrition products, opened a new 158,000-square-foot warehouse and distribution center in Salt Lake City, Utah in 2002. In 2004, IdeaSphere Inc. purchased Twinlab Corporation, a manufacturer and marketer of nutritional supplements, who previously consolidated its manufacturing and distribution facilities from New York City, New York to American Fork, Utah. In July 2005, IdeaSphere entered into a contract to purchase Metabolife, an herbal-based nutritional products manufacturer. IdeaSphere acquired the name, products, and two facilities in Utah and Tennessee formerly owned and operated by Metabolife.

## TOP DIETARY SUPPLEMENT COMPANIES

Rank	Name and Address	Contact and Phone Number	# of Employees	Description
1	<b>Nature's Sunshine Products</b> 75 East 1700 South Provo, Utah 84606 www.naturesunshine.com	Douglas Faggioli, CEO (801) 342-4300	1,000-1,999	Manufactures herbal, vitamin, and mineral nutritional supplements.
2	<b>Neways International</b> 2089 Neways Drive Springville, Utah 84663 www.neways.com	Michael Cunningham, CEO (801) 418-2000	500-999	Manufactures products without potentially harmful ingredients and produces nutritional supplements.
3	<b>Nutraceutical International</b> 1400 Kearns Boulevard Park City, Utah 84060 www.nutraceutical.com	Frank Gay II, CEO (435) 655-6000	500-999	Manufactures bulk formulations for other manufacturers and nutritional supplements.
4	<b>Schiff Nutrition International</b> 2002 South 5070 West Salt Lake City, Utah 84104 www.schiffnutrition.com	Bruce Wood, CEO (801) 975-5000	500-999	Develops, manufactures, and distributes vitamins, nutritional supplements, and sports nutrition products worldwide.
5	<b>USANA Health Sciences</b> 3838 West Parkway Boulevard Salt Lake City, Utah 84120 www.usanahealthsciences.com	Myron Wentz, CEO (801) 954-7100	500-999	Develops and manufactures nutritional and weight management products.

6	<b>Alvita Herbal Teas</b> 600 Quality Drive American Fork, Utah 84003 www.alwayshealthy.com	Bob Arnold, Manager (801) 756-9700	250-499	Manufactures and sells nutritional supplements, dietary foods, and organic products.
7	<b>Nature's Herbs</b> 701 South 600 East Alpine, Utah 84004 www.naturesherbs.com	(801) 763-0700	250-499	Manufactures and packages capsules and natural remedies and nutritional supplements.
8	<b>Nellson Nutraceutical Powder</b> 1960 South 4250 West Salt Lake City, Utah 84104	Alan Srutowski, Manager (801) 974-0088	250-499	Manufactures nutritional food bars and powders for the weight loss, sports training, and medical industries.
9	<b>Nutra Pure, Inc. Nutra Force</b> 1400 Kearns Boulevard #2 Park City, Utah 84060 www.nutraceutical.com	Bruce Hough, President (435) 655-6000	250-499	Subsidiary company that manufactures and distributes products for Nutraceutical International.
10	<b>Unicity Network</b> 1201 North 800 East Orem, Utah 84097 www.usa.makelifebetter.com	Richard Bizzaro, CEO (801) 226-2600	250-499	Manufactures nutritional supplements and personal care products.
11	<b>Wasatch Labs</b> 3804 Airport Road Ogden, Utah 84405 www.wasatchlaboratories.com	Zack Bybee, Manager (801) 621-3282	250-499	Provides nutritional chemistry testing and food microbiology profiles across the nation.
12	<b>4 Life Research</b> 9850 South 300 West Sandy, Utah 84070 www.4life.com	Dr. Cal McCausland (800) 562-3698	100-249	Manufactures and distributes nutritional supplement products for weight management, general health, and personal care.
13	<b>Basic Research</b> 5742 Harold Gatty Drive Salt Lake City, Utah 84116 www.basicresearch.org	(801) 517-7000	100-249	Develops and manufactures bio-cosmetic, fitness, and weight loss products.
14	<b>Deseret Laboratories</b> 1414 East 3850 South St. George, Utah 84790 www.deseretlabs.com	Scott Gubler (435) 628-8786	100-249	Manufactures customized and private labels for Rx, OTC, and nutraceutical intermediate and finished products.
15	<b>E Excel International</b> 1198 North Spring Creek Place Springville, Utah 84663 www.eexcel.net	Larry C. Holman, President & CEO (801) 489-4588	100-249	Manufactures and distributes nutritional foods and supplements and personal care products.
16	<b>Nature's Way Products</b> 1375 Mountain Springs Parkway Springville, Utah 84663 www.naturesway.com	Rory Mahony, CEO (801) 489-1500	100-249	Manufactures and distributes nutritional supplements and natural health care products.
17	<b>Sorenco Labs</b> 2323 South West Temple Salt Lake City, Utah 84115 www.sorenco.com	Richard Timpson, CPA (801) 481-7325	100-249	Develops, manufactures, and packages personal care, pharmaceutical, and nutritional products.
18	<b>Young Living Essential Oils</b> 250 South Main Street Payson, Utah 84651 www.youngliving.us	Gary Young, President (801) 465-5400	100-249	Manufactures nutritional supplements and personal care products.
19	<b>AMT Labs, Inc.</b> 536 North 700 West North Salt Lake, Utah 84054 www.amtlabs.net	Bing Fang, President (801) 299-1661	50-99	Manufactures nutritional supplements for weight management and general health.
20	<b>Kelatron</b> 1675 West 2750 South Ogden, Utah 84401 www.kelatroncorp.com	Robert Wilkins, President (801) 627-3050	50-99	Manufactures mineral nutrients worldwide to nutritional supplement, nutraceutical, and health food industries.

21	<b>Mineral Resources International</b> 1990 West 3300 South Ogden, Utah 84401 www.mineralresourcesint.com	Rhonda Boren, Owner (801) 731-7040	50-99	Manufactures liquid, tablet, and bulk nutritional dietary supplements using minerals from Utah's Great Salt Lake.
22	<b>Pro Pac Labs</b> 3804 South Airport Road Ogden, Utah 84405 www.propaclabs.com	Frances Arlington, Manager (801) 621-0900	50-99	Develops, packages, and manufactures nutritional supplements.
23	<b>Redmond Minerals</b> 743 West 1200 North Suite 200 Springville, Utah 84663 www.realsalt.com	Rhet Roberts, Owner (801) 493-4340	50-99	Manufactures and packages an all-natural sea salt for general health and personal care products.

Source: InfoUSA

Source: Natural Products Alliance

## FOR MORE INFORMATION

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