Health & Wellness
Executive Summary

Use this guide to obtain a deeper understanding of the state of the health & wellness industry, the trends impacting its direction, and the technologies that will influence how you position, market, and sell tomorrow and beyond.

The industry snapshots, shifts in consumer behavior, and emerging technologies briefly illustrated in this guide have been included solely to provide you with actionable insight you can use to make data-driven decisions that powerfully differentiate your brand and help you intelligently chart a strategic course for the future.

UNLESS OTHERWISE INDICATED, DATA IS UP-TO-DATE AS OF NOVEMBER 2016.
“Once I saw the light and how everyone was trying to mimic Shopify, the choice was obvious. The team at Shopify is really innovative and always coming up with insanely cool updates.”

RUSSELL SAKS
Founder of Campus Protein
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"We’re paying much less per month and no longer spending six-figures on developers. Switching to Shopify Plus is saving us $400,000 a year."

MIKA CASEY
Founder of MMA Warehouse
Industry Snapshot

While ecommerce accounts for only a small portion of overall health and wellness sales, the industry is experiencing accelerated growth in several sectors amid a burgeoning global shift in consumer behavior regarding what we put in our bodies, aging populations desiring improved muscle, joint, and cognitive health, and emerging middle and affluent classes in key markets.

Additionally, increased consumer awareness toward preventative health care combined with an empowered and self-directed consumer who wants to take charge of their health and, at times, experiment with wellness alternatives to traditional health care medicines, therapies, and procedures is laying a foundation for growth in the second half of the decade and beyond.
The explosive growth in the wearable technologies segment combined with applications that turn mobile devices into fitness or quasi-medical devices is also reshaping the industry by turning companies traditionally focused on consumer electronics, software, or apparel into new entrants to the health and wellness industry:

**What do you track mostly?**

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight</td>
<td>83%</td>
</tr>
<tr>
<td>Blood Pressure</td>
<td>55%</td>
</tr>
<tr>
<td>Caloric Intake</td>
<td>55%</td>
</tr>
<tr>
<td>Sleep Patterns</td>
<td>30%</td>
</tr>
<tr>
<td>Steps</td>
<td>24%</td>
</tr>
</tbody>
</table>

*Source: PWC*
The ability to transform smartphones, applications, and apparel into health and wellness tools combined with a global trend toward combating obesity by eating better can blur exactly how large or how fast the industry is growing. Intuitively, the majority likely associates, at least to a degree, diet and food, pharmaceuticals, and exercise as major components of the health and wellness industry:

### Majority of consumers rely on diet and exercise to lose weight

Percentage taking each action to lose weight

<table>
<thead>
<tr>
<th>Changing my diet</th>
<th>Doing physical exercise</th>
<th>Taking diet pills/bars/shakes</th>
<th>Taking medicine prescribed by my doctor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Average</td>
<td>75%</td>
<td>72%</td>
<td>11%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>71%</td>
<td>77%</td>
<td>7%</td>
</tr>
<tr>
<td>Europe</td>
<td>78%</td>
<td>66%</td>
<td>14%</td>
</tr>
<tr>
<td>Middle East/Africa</td>
<td>68%</td>
<td>69%</td>
<td>7%</td>
</tr>
<tr>
<td>Latin America</td>
<td>75%</td>
<td>63%</td>
<td>11%</td>
</tr>
<tr>
<td>North America</td>
<td>83%</td>
<td>74%</td>
<td>11%</td>
</tr>
</tbody>
</table>

SOURCE: Nielsen
However, the health and wellness industry now includes segments such as:

- Vitamins, Minerals, & Supplements
- The Wellness at Work Movement
- Health & Wellness Tourism

With new category entrants like Nike, Apple, and Under Armour blurring the lines between industries, it’s not uncommon for health and wellness industry analysts to disagree over sales outlooks or engage in public spats regarding a specific sector’s growth trajectory. However, one estimate puts the size of the health and wellness industry at $3.4 trillion:

**Global Wellness Economy:**

*$3.4$ trillion in 2013

- Beauty & Anti-Aging: $1.026$ billion
- Fitness & Mind-Body: $446$ billion
- Complementary & Alternative Medicine: $187$ billion
- Healthy Eating, Nutrition & Weight Loss: $574$ billion
- Thermal/Mineral Springs: $50$ billion
- Wellness Tourism: $494$ billion
- Preventive & Personalized Medicine: $433$ billion
- Workplace Wellness: $41$ billion
- Wellness Lifestyle Real Estate: $100$ billion
- Spa Industry: $94$ billion

Note: Numbers may not add up due to overlap in segments.

Source: Global Wellness Institute
Included in this estimate are the following sectors:

- Beauty & Anti-Aging ($1.026 tril.)
- Healthy Eating/Nutrition/Weight Loss ($574 bil.)
- Wellness Tourism ($494 bil.)
- Fitness & Mind/Body ($446.4 bil.)
- Preventative/Personalized Health ($433 bil.)
- Complementary/Alternative Medicine ($187 bil.)
- Wellness Lifestyle Real Estate ($100 bil.)
- Spa Industry ($94 bil.)
- Thermal/Mineral Springs ($50 bil.)
- Workplace Wellness ($41 bil.)
Noticeably absent from this estimate though is the pharmaceutical industry, which the World Health Organization estimates is on track to become a $400 billion industry within the next three years. (NOTE: Later we’ll introduce a separate analysis that suggests the industry is more than double this estimate.)

When you are looking to enhance or maintain your personal wellness, what are you most likely to do?

- Exercise: 55%
- Eat Better: 50%
- Visit a Spa: 42%
- Take a Holiday/Vacation/Retreat: 39%
- Spend Time With Family or Friends: 44%
- Be Out in Nature: 33%
- Sleep More: 32%

SOURCE: GLOBAL WELLNESS INSTITUTE
The Centers for Disease Control estimates pharmaceuticals are used by nearly half the U.S. population and also suggests:

- 48.7% used at least one prescription drug in the past 30 days.
- 21.8% used three or more prescription drugs in the past 30 days.
- 10.7% used five or more prescription drugs in the past 30 days.

Other analyses, including this one from researchers at the Mayo Clinic, estimate seven in 10 Americans take prescription drugs. The data suggest antibiotics, antidepressants, and painkilling opioids are the most commonly prescribed medications in the United States. The study’s authors also point out:

“Often when people talk about health conditions they’re talking about chronic conditions such as heart disease or diabetes,” Dr. Jennifer St. Sauver says. “However, the second most common prescription was for antidepressants—that suggests mental health is a huge issue and is something we should focus on. And the third most common drugs were opioids, which is a bit concerning considering their addicting nature.”
The subject of mental health, especially in the context of workplace violence and terrorism, is also likely a growth driver for the wellness tourism and spa industries. For instance, analysts estimate the spa industry has been growing at a rate of 7.7% and now accounts for at least $94 billion:

**The spa industry cluster**
in billions U.S. dollars

<table>
<thead>
<tr>
<th>Core Industries</th>
<th>Enabled Industries</th>
<th>Associated Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60.31</td>
<td>$194.35</td>
<td>$1,099.68</td>
</tr>
</tbody>
</table>

SOURCE: GLOBAL WELLNESS INSTITUTE
Despite the lack of precision in terms of which sectors to include in health and wellness growth estimates, favorable tailwinds such as those previously outlined and others that'll be outlined later are expected to result in growth of approximately 50% through at least 2017:

The $502 billion Consumer Health market is expected to grow ~50% ($235 billion) to $737 billion over the next five years.

$29 billion
OTC products
(Pain, Cough/Cold/ Stomach Remedies, etc.)

$206 billion
Vitamin and Dairy Supplement, Nutrition, Fortified Foods & Beverages

= $235 billion

Still, other estimates indicate that in 2017 the health and wellness industry will grow to $1 trillion.
Despite stark shifts in consumer behavior in the U.S., the industry’s greatest growth opportunities may lie overseas in emerging markets where middle and affluent classes are emerging. Health and wellness attributes, according to research, are extremely important to people in emerging markets who are willing to pay premiums for health benefits. In the Asia-Pacific region, millions of people are expected to join the middle class between now and 2030:

Forecast of the global middle class population from 2009 to 2030, by region in millions

The industry is not without its challenges though. Economic, employment, and currency impacts on consumer spending will weigh on industry growth as will the perceived value in spending on health and wellness products and experiences. Likewise, concerns over the ingredients and veracity of claims made by supplements providers remains an issue and has resulted in regulatory action by the Federal Trade Commission.

Keep in mind as well the potential for cannibalization also exists in certain segments of the industry. If more people are eating fresh food and forgoing prepackaged items, weight loss and diet companies may experience margin pressure as just 19% of those surveyed recently say they’re on a diet.
Growth Opportunities

Future growth opportunities abound as the industry catches up with other verticals with regard to selling online. According to industry estimates, ecommerce accounts for just 2% of the overall health and wellness market in China. While ecommerce accounts for approximately 10-15% of revenue between B2B healthcare suppliers in the U.S., research suggests just 7% of personal and healthcare sales occur online in the U.S.:

U.S. sales of health and personal care products
in billion U.S. dollars

SOURCE: BI INTELLIGENCE
Thus far ecommerce sales of health and wellness products, according to research, have been hampered by the inability of consumers to test or sample wellness products before buying as well as the costs associated with shipping products. However, analysts forecast health and wellness ecommerce sales to grow at a compound annual rate of 13% during the second half of the decade.

Pharmaceuticals: Sales & Growth Outlook

Global prescription drug sales are forecast to grow at a compound annual rate of 4.8% and be just shy of $1 trillion dollars by 2020:
However, the Evaluate analysis suggests sales would likely top $1 trillion without recent currency fluctuations. Still, other analyses forecast 2020 sales significantly higher:

**Global spending on medicines from 2010 to 2020**
in billion U.S. dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Spending (in billion U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$887</td>
</tr>
<tr>
<td>2015</td>
<td>$1,069</td>
</tr>
<tr>
<td>2020</td>
<td>$1,415</td>
</tr>
</tbody>
</table>

SOURCE: STATISTA
With the exception of a small dip between 2012-2013, the forecasted growth follows more than a decade of sustained growth in the pharmaceutical industry:

Revenue of the worldwide pharmaceutical market from 2001 to 2015
in billion U.S. dollars
Growth by Region

The U.S. is the leading consumer of prescription medications, growing recently at 8.9%, followed by European growth of 2.4% and Southeastern Asia:

Projected global pharmaceutical revenue in 2016, by region
in billion U.S. dollars

- **North America**: $371.8
- **European Union**: $211.5
- **Southeast & East Asia**: $194.1
- **Japan**: $127.4
- **Latin America**: $117
- **CIS**: $35.5
- **Africa**: $30.6
- **Indian Subcontinent**: $29.7
- **Europe without EU countries**: $21.8
- **Middle East**: $18
- **Oceania**: $16.9

*Source: Statista*
In the United States the average per capita spend on pharmaceuticals is nearly $1,034 USD followed by Canada at $761 USD and Japan at $756 USD:

### Pharmaceutical spending per capita in selected countries as of 2015

in U.S. dollars

<table>
<thead>
<tr>
<th>Country</th>
<th>Pharmaceutical spending per capita in U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>1034</td>
</tr>
<tr>
<td>Canada</td>
<td>761</td>
</tr>
<tr>
<td>Japan</td>
<td>756</td>
</tr>
<tr>
<td>Switzerland</td>
<td>696</td>
</tr>
<tr>
<td>Germany</td>
<td>678</td>
</tr>
<tr>
<td>Ireland</td>
<td>652</td>
</tr>
<tr>
<td>France</td>
<td>622</td>
</tr>
<tr>
<td>Belgium</td>
<td>606</td>
</tr>
<tr>
<td>Italy</td>
<td>572</td>
</tr>
<tr>
<td>Austria</td>
<td>549</td>
</tr>
<tr>
<td>Hungary</td>
<td>527</td>
</tr>
<tr>
<td>Sweden</td>
<td>496</td>
</tr>
<tr>
<td>Spain</td>
<td>489</td>
</tr>
<tr>
<td>Portugal</td>
<td>438</td>
</tr>
<tr>
<td>Poland</td>
<td>331</td>
</tr>
</tbody>
</table>

**Source:** Statista
Industry growth is being driven by the United States, followed by Europe and emerging markets:

Global pharmaceutical sales from 2013 to 2015, by region
in billion U.S. dollars

SOURCE: STATISTA
However, increasingly affluent consumers notably in Asia will drive overall spending on pharmaceuticals in the second half of the decade and are forecast to propel China to the second largest spender on pharmaceuticals behind the U.S. which is forecast to spend $600 billion by 2020:

**Projected expenditure on medicine of selected countries worldwide in 2020**
in billion U.S. dollars

<table>
<thead>
<tr>
<th>Country</th>
<th>Projected Expenditure in 2020 (in billion U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$590</td>
</tr>
<tr>
<td>China</td>
<td>$180</td>
</tr>
<tr>
<td>Japan</td>
<td>$89</td>
</tr>
<tr>
<td>Germany</td>
<td>$67</td>
</tr>
<tr>
<td>Brazil</td>
<td>$44</td>
</tr>
<tr>
<td>France</td>
<td>$38</td>
</tr>
<tr>
<td>Italy</td>
<td>$40</td>
</tr>
<tr>
<td>Russia</td>
<td>$38</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>$38</td>
</tr>
<tr>
<td>Canada</td>
<td>$33</td>
</tr>
<tr>
<td>Spain</td>
<td>$28</td>
</tr>
<tr>
<td>India</td>
<td>$19</td>
</tr>
<tr>
<td>South Korea</td>
<td>$20</td>
</tr>
</tbody>
</table>

SOURCE: STATISTA
Organic Foods: Sales & Growth Outlook

The global organic food industry generated approximately $60 billion USD in sales in 2014:

THE WORLD'S LARGEST MARKETS FOR ORGANIC PRODUCTS
organic retail sales value by country in 2013
(in billion U.S. dollars)

United States $26.7
Germany $8.3
France $4.8
China $2.7
Canada $2.6
United Kingdom $2.3
Italy $2.2
Switzerland $1.8
Sweden $1.1
Japan $1.1
Spain $1.1
Australia $1.1

SOURCE: STATISTA
The Statista analysis indicates sales of organic foods are growing at a rate of 11%. Likewise, research from the Organic Trade Association also estimates growth at 11% but estimates the 2014 spend on organic foods in the U.S. substantially higher at $39 billion USD:

**Total U.S. organic sales and growth, 2004–2014**

Consumer demand has grown by double-digits every year since the 1990s—and organic sales increased from $3.6 billion in 1997 to over $39 billion in 2014

in billion U.S. dollars
While organic fruits and vegetables account for the bulk of the industry’s overall sales at $35 billion USD, demand for organic dairy, prepackaged food items, and protein are growing as well:

### U.S. organic food sales by category, 2005-2014E

in billion U.S. dollars

![Graph showing U.S. organic food sales by category, 2005-2014E](source: USDA)
While industry estimates suggest 51% of families are buying more organic food items than a year ago, less than half of affluent American households say paying more for organic foods is definitely worth it:

**Share of persons from affluent American households who said that paying more for organic food was worth it in 2016 in percent**

<table>
<thead>
<tr>
<th>Definitely agree</th>
<th>Tend to agree</th>
<th>Neither agree nor disagree</th>
<th>Tend to disagree</th>
<th>Definitely disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.4%</td>
<td>31.1%</td>
<td>22.7%</td>
<td>19.2%</td>
<td>9.5%</td>
</tr>
<tr>
<td>14.2%</td>
<td>29.2%</td>
<td>24.6%</td>
<td>21.6%</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

Organic food sales, according to industry trade groups, are now 5% of overall food sales, meaning the industry has substantial room to grow in the second half of the decade and beyond. Specific sectors within the industry like dairy, which grew 11% to $5.4 billion, are poised to capitalize on shifts in consumer behavior and emerging middle and more affluent classes in Asia-Pacific.

Likewise, organic non-food product sales, which accounted for 8% of overall organic market sales, posted the biggest percentage gain in six years. Items included in the non-food organic category include cotton and personal care products.
Vitamins, Minerals, & Supplements: Sales & Growth Outlook

Sales and growth estimates for the Vitamins, Minerals, and Supplements (VMS) segment, similar to other segments in the health and wellness industry, vary greatly based on what’s included in the segment, fluctuations in currency, and assumptions about consumer behavior. However, a Statista forecast suggests that by 2017, overall sales are expected to have nearly doubled to more than $106 billion USD:

Size of the vitamin, mineral and supplement market worldwide from 2007 to 2017

in billion U.S. dollars

SOURCE: STATISTA
A separate study suggests the dietary supplements market, which includes an array of products, could generate more than $250 billion USD by 2025. However, the Statista analyses breaks out retail vitamin and supplement sales in the U.S. and forecasts $36 billion USD in sales by 2017:

Retail sales of vitamins & nutritional supplements in the United States from 2000 to 2017
in billion U.S. dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (billion U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$36.1</td>
</tr>
<tr>
<td>2016</td>
<td>$35.0</td>
</tr>
<tr>
<td>2015</td>
<td>$33.9</td>
</tr>
<tr>
<td>2014</td>
<td>$32.8</td>
</tr>
<tr>
<td>2013</td>
<td>$31.6</td>
</tr>
<tr>
<td>2012</td>
<td>$30.4</td>
</tr>
<tr>
<td>2011</td>
<td>$29.2</td>
</tr>
<tr>
<td>2010</td>
<td>$28.1</td>
</tr>
<tr>
<td>2009</td>
<td>$26.9</td>
</tr>
<tr>
<td>2008</td>
<td>$25.4</td>
</tr>
<tr>
<td>2007</td>
<td>$23.8</td>
</tr>
</tbody>
</table>

SOURCE: STATISTA
Separately, a McKinsey analysis, which includes herbal supplements, estimates the global market at $82 billion USD by 2017 and breaks down individual product segments like this:

The McKinsey analysis forecasts yearly growth between 5-6%, whereas a separate analysis conducted by Future Market Insights forecasts compound annual growth of 7.4% through 2025. Regardless of the discrepancy in projections, the industry is expected to experience at least a decade of strong growth worldwide.
Compound annual growth rate (CAGR) of the vitamin, mineral, and supplement market worldwide from 2012 to 2017, by category in percent

Future Market Insights suggests a handful of different regions will drive industry growth in the next decade:

“The global dietary supplements market has been segmented into seven major regions, namely, North America, Latin America, Eastern Europe, Western Europe, Asia Pacific Excluding Japan (APEJ), Japan and Middle East & Africa. In terms of value, North America is estimated to dominate with 32.0% share of the overall dietary supplements market by end of 2015. APEJ is anticipated to be the fastest growing region, registering a CAGR of 9.2% over the forecast period.”

Globally, research suggests Asia-Pacific is the largest market for dietary supplements as disposable income increases in China and the U.S. market continues to mature.
Wellness: Sales & Growth Outlook

The wellness industry, which obviously has some crossover between previously mentioned segments, includes a variety of offerings such as:

- Anti-aging products
- Weight loss products
- Nutritional products
- Preventative care products
- Alternative medicines
The wellness industry is also comprised of segments such as the spa industry, wellness tourism, and workplace wellness. As outlined initially in the industry snapshot, the global size of the wellness market, minus the pharmaceutical industry, is estimated to be \$3.4 trillion USD. Global market size by segment breaks down like this:

**Market size of the global wellness industry in 2013, by segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market Size (billion USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beauty and anti-aging</td>
<td>$1,025</td>
</tr>
<tr>
<td>Healthy eating, nutrition, and weight loss</td>
<td>$574</td>
</tr>
<tr>
<td>Wellness tourism</td>
<td>$494</td>
</tr>
<tr>
<td>Fitness and mind-body</td>
<td>$446</td>
</tr>
<tr>
<td>Preventive and personalized health</td>
<td>$432</td>
</tr>
<tr>
<td>Complementary and alternative medicine</td>
<td>$186</td>
</tr>
<tr>
<td>Wellness lifestyle real estate</td>
<td>$100</td>
</tr>
<tr>
<td>Spa industry</td>
<td>$94</td>
</tr>
<tr>
<td>Thermal/Mineral Springs</td>
<td>$50</td>
</tr>
<tr>
<td>Workplace wellness</td>
<td>$40</td>
</tr>
</tbody>
</table>

Source: Statista
Historically, the compound annual growth rate among various wellness segments has ranged from mid-single digits to 10% for products related to food intolerance:

**Estimated CAGR of the health and wellness food market worldwide from 2011 to 2015, by segment in percent**

<table>
<thead>
<tr>
<th>Segment</th>
<th>CAGR in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food intolerance</td>
<td>10%</td>
</tr>
<tr>
<td>Organic beverages</td>
<td>7%</td>
</tr>
<tr>
<td>Organic packaged food</td>
<td>6%</td>
</tr>
<tr>
<td>Naturally healthy (NH)</td>
<td>6%</td>
</tr>
<tr>
<td>Fortified/functional (FF)</td>
<td>6%</td>
</tr>
<tr>
<td>Weight management</td>
<td>5%</td>
</tr>
<tr>
<td>Better for you (BFY)</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Source:** Statista
Separately, the global wellness tourism industry is expected to grow to more than $678 billion USD by 2017:

**Global market size of the wellness tourism industry from 2012 to 2017**
in billion U.S. dollars

- 2012: $438.6 billion
- 2013: $494.1 billion
- 2017: $678.5 billion

Source: Statista

Wellness tourism includes lodging, excursions, and nutritional products, among others, and will be discussed more thoroughly in the Trends portion of this report. By segment, wellness tourism breaks down like this:

**Global market size of the wellness tourism industry in 2013, by segment**
in billion U.S. dollars

- **Lodging**: $103.6 billion
- **In-country transport**: $103 billion
- **Food and beverage**: $81.7 billion
- **Shopping**: $74.1 billion
- **Activities and excursions**: $70.6 billion
- **Other services**: $61.2 billion

Source: Statista
As was referenced earlier, consumer perceptions about wellness extend beyond physical health as consumers increasingly perceive wellness holistically. This trend includes mental health as evidenced by the reasons underpinning growth in the wellness tourism segment:

Leading benefits of wellness vacations according to health travelers in North America as of June 2014 in percent

- Reduced stress and anxiety: 76%
- Resulted in a more positive mood and motivation: 75%
- Helped to feel rested: 69%
- Helped to lose weight/Get fit: 35%
- Helped to begin a healthier lifestyle: 34%

SOURCE: STATISTA
Separately, almost two thirds of affluent consumers who earn between $100,000-$200,000 annually spend between $500-$3,000 on personal care and wellness products:

Expenditure of affluent households in the United States on personal care and wellness during the past 12 months in 2016 in percent

<table>
<thead>
<tr>
<th>Household income of 200,000 U.S. dollars or more</th>
<th>Household income of 100,000 U.S. or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>5.2%</td>
</tr>
<tr>
<td>Under $500</td>
<td>4.6%</td>
</tr>
<tr>
<td>$500 to $999</td>
<td>6.3%</td>
</tr>
<tr>
<td>$1,000 to $2,999</td>
<td>18.9%</td>
</tr>
<tr>
<td>$3,000 to $4,999</td>
<td>23.1%</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>13.6%</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>10.4%</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>8.9%</td>
</tr>
<tr>
<td>$25,000 to $49,000</td>
<td>6.2%</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>2.5%</td>
</tr>
<tr>
<td>$75,000 to $99,999</td>
<td>1.6%</td>
</tr>
<tr>
<td>$100,000 to $124,999</td>
<td>2.2%</td>
</tr>
<tr>
<td>$125,000 to $149,999</td>
<td>1.5%</td>
</tr>
<tr>
<td>None</td>
<td>1.2%</td>
</tr>
<tr>
<td>Under $500</td>
<td>1%</td>
</tr>
<tr>
<td>$500 to $999</td>
<td>0.6%</td>
</tr>
<tr>
<td>$1,000 to $2,999</td>
<td>0.3%</td>
</tr>
<tr>
<td>$3,000 to $4,999</td>
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<tr>
<td>$5,000 to $9,999</td>
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</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>0.2%</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
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</tr>
<tr>
<td>$25,000 to $49,000</td>
<td>0.1%</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

*Source: Statista*
While activities and services provided at spas are often mentioned when analyzing wellness tourism, research suggests the majority of the population is not participating in overnight spa-related activities and services:

Number of days that members of affluent households in the United States visited overnight spas in 2016 in percent

- Did not participate: 91.7% (Household income of 100,000 U.S. dollars or more), 93.5% (Household income of 200,000 U.S. dollars or more)
- Under 12 days: 6.0% (12 to 23 days: 4.8%)
- 12 to 23 days: 1.8% (24 days or more: 1.3%)
- 24 days or more: 0.4% (0.4%)

SOURCE: STATISTA
Interestingly, consumers who do visit spas appear to be overwhelmingly doing so for medical purposes rather than to pamper themselves:

What was the primary reason for receiving your last massage?

in percent

<table>
<thead>
<tr>
<th>Reason</th>
<th>In Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>52%</td>
</tr>
<tr>
<td>Relaxation/Stress reduction</td>
<td>33%</td>
</tr>
<tr>
<td>Pain relief/Pain management</td>
<td>19%</td>
</tr>
<tr>
<td>Soreness/Stiffness/Spasms</td>
<td>15%</td>
</tr>
<tr>
<td>Injury recover/Rehabilitation</td>
<td>11%</td>
</tr>
<tr>
<td>Pampering/Just to feel good/Special indulgence</td>
<td>11%</td>
</tr>
<tr>
<td>Keep fit/Healthy/Wellness</td>
<td>5%</td>
</tr>
<tr>
<td>Pregnancy/Prenatal</td>
<td>1%</td>
</tr>
</tbody>
</table>
Industry Trends

HEALTH & WELLNESS

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Wellness Becomes a Destination & Attracts Tourists

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Wellness Invades the Workplace

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The Wearable Fitness Device Boom Accelerates
The trends impacting the health and wellness industry are creating opportunities and challenges that didn’t exist for business professionals in prior generations. Besides increased competition, currency concerns, and encroachment from companies outside the health and wellness space, the industry is in a battle to protect margins while simultaneously meeting consumer demand for ethical and sustainably sourced items.

While demand for health and wellness offerings is forecast to be strong during the second half of the decade and beyond, manufacturers and marketers will be held to higher standards than they were a generation ago and will be held accountable by consumers who demand:

- Transparency
- Competitive pricing
- Products that produce measurable health and wellness benefits

The global consumer’s ability to continue to afford products that are often priced at a premium along with future technologies that will potentially fundamentally alter the way health and wellness products are delivered and experienced, will undoubtedly impact how the following three trends play out the second half of the decade:
TREND 01

Wellness Becomes a Destination & Attracts Tourists

While some argue the “new healthy” is a journey laden with contradiction and discovery, that journey increasingly includes wellness attractions designed to lure tourists or vacationers who otherwise might have participated in historically traditional extracurricular activities. The idea of turning a vacation or social outing into an experience that benefits one’s physical or mental well-being is one the industry has turned into a $438 billion global market.

Well vs. Unwell Travel

The industry has embarked on an initiative to make consumers aware that much of their travel actually makes them unwell:

- Jet lag
- Increased stress
- Poor or lack of sleep
- Disrupted exercise routines
Wellness tourism is based upon an idea that travel can be compatible with wellness:

### Defining wellness tourism

There is much that is unwell about travel today. Wellness tourism is travel associated with the pursuit of maintaining or enhancing one’s personal well-being.

<table>
<thead>
<tr>
<th>Unwell Travel</th>
<th>Wellness Travel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unhealthy &amp; over-eating</td>
<td>Healthy living</td>
</tr>
<tr>
<td>Travel stress</td>
<td>Rejuvenation &amp; relaxation</td>
</tr>
<tr>
<td>Excessive drinking</td>
<td>Meaning &amp; connection</td>
</tr>
<tr>
<td>Poor sleeping</td>
<td>Authentic experiences</td>
</tr>
<tr>
<td>Disruption of fitness routine</td>
<td>Disease prevention &amp; management</td>
</tr>
</tbody>
</table>

**Primary purpose wellness traveler:** Wellness is the sole purpose or motivating factor for their trip & destination choice.

**Secondary purpose wellness traveler:** Seek to maintain wellness while taking any type of trip.

Wellness tourism capitalizes on the shift away, or at least as much as possible, from medically treating ailments only after they negatively impact one's health. Instead, wellness tourism offers consumers opportunities to prevent ailments and feel as if they are taking a more proactive and individually responsible approach to their well-being.
Consistent with other segments in the industry, products and services that once had little or nothing to do with wellness are being repurposed or marketed in ways that promote wellness and contribute to growing the global wellness tourism market.

### The wellness tourism economy

$438.6 billion global market

- **In-country transport**
  - $91.8 billion
  - Airlines, Rental cars, Public transit, Trains, Taxis

- **Lodging**
  - $93.4 billion
  - Hotels/Motels, Resorts, Campgrounds

- **Food & Beverage**
  - $71.9 billion
  - Restaurants, Bars, Snack Shops

- **Shopping**
  - $64.8 billion
  - Souvenirs, Gifts, Clothing, Arts

- **Activities & Excursions**
  - $61.4 billion
  - Museums, Tours, Theater

- **Other services**
  - $55.3 billion
  - Telecom, Insurance, Travel agencies, Concierges

- **Destination Spas, Health Resorts, Ashrams, Retreats**

- **Spa Cuisine, Healthy Cuisine, Organic Cuisine**

- **Spas, Bathing, Fitness, Meditation, Life Coaching**

**SOURCE:** GLOBAL WELLNESS INSTITUTE
In fact, wellness tourists have proven to be extremely lucrative as research indicates they spend much more money than both domestic and international tourists engaged in historically traditional tourism activities:

Wellness tourists are “high-yield” tourists, spending 130% more than the average tourist.

in U.S. dollars

Outside of traditional spas and the like, wellness tourism is expanding to include forest bathing, niche attractions aimed at blue collar workers, and mixed-use residential and commercial properties with built-in wellness attractions. Wellness tourism is truly a global phenomena and has evolved to offer experiences that also satisfy a tourist’s desire to immerse themselves in foreign cultures and that take advantage of changing social norms and laws.
The Global Wellness Summit writes:

“In the global quest for the authentic and indigenous, the trends take an unexpected turn, with wellness traditions from Islamic worlds ascending, and food and beauty ingredients from regions like the Middle East and Africa set to grab headlines. And one trend would be unthinkable just years ago: the wave of medical/recreational marijuana legalization across the U.S. (and soon in Uruguay and likely other global regions) means cannabis is getting a “wellness makeover,” with new spa, beauty, travel and yoga connections.”
Importantly, while the U.S. is the top spot in terms of domestic wellness trips, data suggest Europe and China are also hotbeds for wellness tourism:

**Wellness tourism by region**
Combined international/inbound and domestic wellness trips in each region, 2012

- **North America**: 163 million trips, $181.0b Expenditures
- **Latin America**: 32 million trips, $22.4b Expenditures
- **Sub-Saharan Africa**: 2 million trips, $2.0b Expenditures
- **Middle East-N Africa**: 5 million trips, $5.3b Expenditures
- **Europe**: 203 million trips, $158.4b Expenditures
- **Asia-Pacific**: 120 million trips, $69.4b Expenditures

SOURCE: GLOBAL WELLNESS INSTITUTE
Industry estimates suggest wellness tourism is poised to become a $678.5 billion dollar market in 2017 with more than half of the projected growth occurring in Asia, Latin America, the Middle East, and North Africa regions:

**The future of wellness tourism**

Top countries for growth in inbound/international and domestic wellness trips, 2012-2017

**Number of wellness tourism arrivals/trips added, 2012-2017 (inbound/international + domestic)**

- **North America**
  - United States, Canada

- **Latin America**
  - Mexico, Argentina, Chile, Brazil, Uruguay

- **Middle East & Africa**
  - UAE, Israel, S. Africa, Morocco

- **Europe**
  - Germany, Switzerland, Poland, Russia, Turkey, Spain, France, Austria, Hungary, Czech Rep.

- **Asia-Pacific**
  - India, China, S. Korea, Japan, Thailand, Australia, Malaysia, Taiwan, New Zealand, Philippines, Vietnam, Hong Kong, Singapore

- **Color Legend**
  - Less than 0.7 million
  - 0.7 – 1.0 million
  - 1.0 – 3.5 million
  - 3.5 – 5.5 million
  - 5.5 – 8.5 million
  - 8.5 – 46.1 million

**Source:** Global Wellness Institute
HEALTH & WELLNESS

TREND 02

Wellness Invades the Workplace

A cold-blooded economist might once have argued that businesses exist solely to generate a profit and nothing more. It is not the responsibility of the company, according to this line of reasoning, to concern itself with employee happiness or wellness. Today though, this way of thinking is increasingly looking dated and potentially detrimental to achieving business objectives and returning a profit.

The Global Wellness Institute argues the world’s 3.2 billion workers are increasingly unwell, growing old, and suffering from chronic diseases as well as being:

- Stressed
- Unhappy
- Often unsafe at work

In fact, the Institute argues unwellness, when measured by medical expenses and lost productivity, costs between 10-15% of the world’s total economic output:

Unwellness at work is incredibly costly!

- $1,100b Costs of chronic disease
- $250b Costs of work-related injuries & illnesses
- $300b Costs of work-related stress
- $550b Costs of disengagement at work

$2.2 trillion annual loss in the United States (12% of GDP)

SOURCE: GLOBAL WELLNESS INSTITUTE
In response, employers have implemented workplace wellness programs designed to heal the world’s ailing workforce and substantially reduce the economic impact of unwellness. The Global Wellness Institute suggests the size of the industry has grown recently:

“Worldwide, employer attention and spending on employee wellness have risen consistently over the last 5-10 years, generating many related business opportunities. The Global Wellness Institute estimates that workplace wellness is now a $40.7 billion industry worldwide. This industry includes a proliferating number of third party providers that supply services, products, and platforms (e.g., screening assessments, diagnostic tests, incentive programs, wearable devices, counseling services, and much more) to serve a wide range of employee wellness needs (e.g., exercise, healthy eating, sleep, obesity, smoking, depression, stress, and so on).”
However, the industry has immense growth potential as data suggest 90% of the global workforce still lacks access to workplace wellness programs. While the data reflect the lack of access in developing nations, only a little more than half of the employees in North America have access to such programs:

Very few people have access to workplace wellness programs (9% globally)
The objective, as more employers adopt wellness at work programs, is to transform unmotivated, unwell, and disengaged employees into healthy, energetic, and motivated employees who are also more productive at work. Wellness programs, according to research, with a three-pronged focus on environmental, personal, and communal considerations, are key in creating a workplace that cares for the workers on whom employers rely to generate profits:

Three Aspects of Wellness at Work
TREND 03

The Wearable Fitness Device Boom Accelerates

The wearable fitness tracking market is forecast to be more than $5.4 billion USD by 2019, triple its size in 2014. The connected health device market, according to research, has been experiencing double-digit growth for years and is expected to continue to do so in the coming years.

A report from Parks Associates found:

“Our latest data finds adoption of connected health devices increased from 24% of U.S. broadband households at the beginning of 2013 to nearly 30% by the end of 2014,” said Harry Wang, Director, Health & Mobile Product Research, Parks Associates. “The most popular devices are exercise equipment with built-in app support and digital pedometers with wireless connectivity.”
In fact, shipments of fitness tracking wearables worldwide grew 35% between 2014-2015:

Shipments of sports/activity tracker wearables worldwide from 2013 to 2015 in millions

- 2013: 32.46 million
- 2014: 42.64 million
- 2015: 57.42 million

Source: Statista
While the fitness wearable boom appears to be most pronounced in North America, demand for wearables that support wellness is also high in Europe and China:

**Forecast unit sales of health and fitness trackers worldwide from 2014 to 2015, by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>4.0</td>
<td>7.1</td>
</tr>
<tr>
<td>Western Europe</td>
<td>2.7</td>
<td>4.9</td>
</tr>
<tr>
<td>China</td>
<td>0.9</td>
<td>2.3</td>
</tr>
<tr>
<td>South America</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Middle &amp; East Africa</td>
<td>0.2</td>
<td>0.5</td>
</tr>
</tbody>
</table>

*Source: Statista*
Next generation wearables will likely redefine what it means to monitor one’s health. In fact, the lines between wearables, the IoT, and cosmetics are already beginning to blur when you consider the technology currently under development:

Wearables that feel like human skin, described by some as robotic band-aid or wearable tattoo, and can connect with devices to reveal personal health data like temperature, stiffness, hydration, heart rate, and UV exposure

L’Oreal is co-creating a flexible electronics patch designed to measure exposure to UV radiation and create a custom skin protection solution based on an individual’s skin type

Global smart, intelligent, digital, & interactive fabrics/textile market revenue from 2012 to 2018

In billion U.S. dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (billion U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$0.71</td>
</tr>
<tr>
<td>2013</td>
<td>$0.9</td>
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<td>$1.47</td>
</tr>
<tr>
<td>2017</td>
<td>$1.72</td>
</tr>
<tr>
<td>2018</td>
<td>$2.03</td>
</tr>
</tbody>
</table>

Source: Statista
“Give them tools to manage their health. Make it easier for consumers to monitor their health stats, track their fitness activity and progress, and manage chronic illnesses. Encourage or even subsidize the use of wearables, and enable plan members to share their fitness and wellness data with their doctors, making healthcare a team effort. Provide self-diagnosis tools and telemedicine options, to help consumers determine if they need to seek in-person care for their illness and to reduce care costs. Offer self-service options that enable consumers to perform common health-related tasks on their own, such as refilling prescriptions and scheduling follow-up visits.”

Wearables are one of the most obvious examples where companies that aren’t traditionally categorized as health care companies are encroaching on the health and wellness vertical. Accenture illustrates the phenomena by pointing out that companies like Samsung, Nike, and Google, which have backgrounds in telecommunications, electronics, and technology, are entering the consumer health market to meet the demands of the connected consumer.
Next Generation Wearables Integrated With VR Technology That Reduces Pain & Allows Consumers to Experience Wellness Tourism Attractions Virtually

A New Category of Contextually Aware IoT Furniture, Wearables, & Devices Powered by AI & Beacon Technology that Work Together Not Only to Monitor Your Health but Prevent Illness & Injury

Virtual Health & Wellness Assistants Powered by AI That Can Detect Mood, Predict the Future, and Make Care Recommendations
The health and wellness industry will be required to manage strong global growth the second half of the decade while intelligently marrying their offerings with emerging technologies that add value and create dynamic user experiences that do not exist today in many cases. While segments of the industry like health clubs and wellness tourism destinations may not today consider ecommerce as a viable channel, tomorrow's technology will allow them to interact and create experiences with consumers that bridge the digital-physical divide of today.

To grow rapidly during the second half of the decade and beyond, the industry will at the very least consider how their offerings may be designed with virtual reality, artificial intelligence, and the IoT in mind. Smart technologies that not only help people monitor but manage their health in ways that result in measurable outcomes will lay a foundation for brands that wish to become indispensable in the fight against obesity, chronic illness, and unsustainable health care cost inflation.

Wellness offerings that are engineered with connectivity in mind and improve the user experience in the:

- Home
- Workplace
- Vehicle
- Gym or health club
- Outdoors

will position themselves to grow their brand and bottom line. Next generation wearables and intelligent fabrics will also likely be designed in ways that not only allow people to comfortably hop between virtual and augmented realities, but also add value to those experiences.
This will require health and wellness companies to create the digital infrastructure necessary to allow consumers to engage with their brands in ways that result in meaningful user experiences. Remember, these user experiences will be compared with those of your competitors and likely play a significant role in the purchasing decisions of tomorrow and beyond. While the examples we are providing may be years away in terms of the technology required to power them, use them to begin thinking about how commerce will happen in the decade to come and how you might begin to position your brand to drive future growth in the following three ways:

**DRIVER 01**

Next Generation Wearables Integrated with VR Technology That Reduces Pain & Allows Consumers to Experience Wellness Tourism Attractions Virtually

Cutting edge health and wellness advocates are already using VR to heal wounds, reduce anxiety, and relieve pain. In fact, Deepstream VR offers a device and video game it says is being used in leading hospitals to help patients manage pain without drugs.
The video game SnowWorld allows users to throw snowballs at penguins in virtual reality that distracts from the pain they’re feeling. The game is an alternative to pain medication and in a recent test the U.S. Army found it worked better than morphine on service members who had been severely injured in battle.

The company says it’s also creating a VR pain reduction product for home use that should be available soon. But VR can undoubtedly be used in other ways tomorrow and beyond to create meaningful and valuable customer experiences; wellness tourism will likely be one of those places.

The virtual wellness tourism destinations of tomorrow may serve to create a multi-sensory experience that enable consumers to experience a wellness destination three dimensionally, with greater functionality, and in ways that are truly immersive. In fact, VR paired with wearables that allow a user to “feel” something may help the industry create brand new streams of revenue or help it raise tourism booking conversion rates.
The ability to adorn a VR headset, a pair of goggles, or device that is connected to you via multiple electrodes with next generation wearables that might one day allow consumers to virtually “touch” a hot spring, sauna, or the chill of an arctic nature getaway they might experience in reality if they book a vacation may be closer to reality than some might believe:

Researchers are attempting to build avatars that can replicate the feel of an actual handshake in VR as well as other tactile events and might be modified to allow users to simulate the feel of a massage, therapy, or an outdoor tourism environment.

Wearable devices that come in pairs are being developed so that one day when one person “touches” their device another person “feels” it. They’re called bond devices and might one day be modified to create a more interactive user experience by allowing groups of people to “feel” wellness tourism items or experiences together and provide feedback.
Haptic technology that allows people to experience feelings is being embedded in wearables like athletic apparel that simulate what it's like when an athlete kicks a soccer ball, is tackled during a football game, or slides head first into second base and may one day be modified to allow users to feel what it might be like after various types of workouts, physical activities, or athletic competitions.

Integrating wearables that allow consumers to “touch” items in virtual wellness tourism destinations with other technologies will also create the potential for a multi-sensory experience that can convert at higher levels:

- Curated itineraries including facials, therapies, and nature walks based on advanced segmentation and a user’s prior travel and vacation history that create unique and ultra personal virtual mini-wellness vacations.

- Tailored recommendations regarding specific trails to hike or spa activities most likely to reduce pain or prevent an injury based on a user’s past behavior and provided by an AI powered virtual wellness coach users can “turn on” and ask questions of, receive recommendations from, or get feedback.

- Dynamic pricing algorithms that optimize price and maximize margins by analyzing the time users spend engaging with a specific spa treatment, hiking trail, or massage and offers pricing based on a user’s behavior that prevents unnecessary discounts and delivers incentives at the right time & to the right person who otherwise would not have purchased.

VR wellness experiences that are powered by AI and made possible with next generation wearables may be offered for free and used to convert prospects in purchasing real wellness getaways or packaged as slimmed down mini-versions of a wellness excursion and offered for sale to people who may otherwise never have considered a wellness vacation but now can be enjoyed cost-effectively and in just a few hours on a Saturday afternoon.
A New Category of Contextually Aware IoT Furniture, Wearables, & Devices Powered by AI & Beacon Technology that Work Together Not Only to Monitor Your Health but Prevent Illness & Injury

Imagine an IoT connected home that acts not only as a real time monitor of health but also one that can interact with consumers in ways that promote health and commerce. Ultimately, for this driver to come to fruition, cooperation between multiple parties will have to take place, mutually agreed upon manufacturing and technological standards must be created, and companies with competing interests will have to cooperate so smart technologies are integrated. Sure, there are a lot of “ifs” but the future may look like this if it all comes together:

Wearables + IoT + AI + Beacon Technology = New Health & Wellness Product Categories

Consider the possibility of smart furniture embedded with health monitoring wearables that connect with the IoT and positions users to identify or diagnose health related issues and also connect virtually and on demand with health care or wellness professionals or virtual assistants who can evaluate, diagnose, and even prescribe remedies.

Thanks to advances in machine learning, natural language processing, and technology that can detect our emotions as well as interpret personal health data in real time it may one day be possible to create context-aware furniture and bedding that can play a role in wellness. Anind K. Dey and Gregory D. Abowd at the Graphics, Visualization and Usability Center and College of Computing at the Georgia Institute of Technology define context-aware as:

“A system is context-aware if it uses context to provide relevant information and/or services to the user, where relevancy depends on the user’s task.”
Futurists predict tomorrow’s context-aware advances will likely come in the form of better functioning virtual assistants. However, the idea of having a virtual assistant is often discussed only in the contexts of mobile devices and VR.

By combining context-aware technology and wearables, anything we come in contact with—couches, beds, & appliances might be a personal assistant keeping tabs on our health in real time. The aim of wearable technologies being developed today is to protect us from harm and keep us healthier:

Embedding or affixing peelable “electronic skin” in couches, chairs, and bedding with the ability to monitor muscle activity, provide personal therapy, or even administer drugs carries with it the possibility of creating a new category of furniture that is more akin to medical devices and potentially qualify as items covered by Medicare and health insurance plans:

This wearable “electronic skin” is the first to be equipped with memory as well as the ability to inject drugs based on the information it receives.

SOURCE: PBS
Separately, wearable skin patches are being designed that measure chemicals in sweat, communicate with smart devices, and inform users about their level of hydration and how much they should be drinking. Once again, wearables like these may one day easily integrate with furniture and other items in ways that improve wellness.

What if next generation furniture with integrated health and wellness wearables could “talk” with our appliances, medicine cabinets, or prescription medication bottles?

One way the health and wellness industry might capitalize on the IoT and create new categories of home goods is to merge the digital and physical worlds and integrate Bluetooth-powered beacons that currently recognize consumers by device, location, or digital behavior. We already know consumers are increasingly comfortable with beacons stationed in brick & mortar stores that send alerts, offers, or text messages with coupons as two-thirds of recent survey respondents say they’d welcome beacons:

What type of store would beacons be most useful in?
Opportunities will likely exist to move the beacon into the home by outfitting cabinets, drawers, and closets with beacons that can track inventory and provide replenishment reminders when a user is in danger of running out of a health and wellness item:

- Beacons embedded in medicine cabinets that are integrated with prescription medication or health data that can remind people when to take medicine or automatically reorder before a user runs out.

- Beacons embedded in refrigerators that are integrated with weekly meal plans that can send alerts to your smartphone while grocery shopping regarding replenishment cycles or food items about to expire or violate diet rules.

Or consider how medicine cabinets or appliances with the ability to “talk” with furniture integrated with wearables that have detected a health issue in a user may communicate with one another regarding a prescription, remedy, or dietary issue. It’s easy to imagine an AI-powered personal wellness assistant that can aid in selecting appropriate wellness remedies based on vitals data, current health conditions, and exercise and diet history.
Virtual Health & Wellness Assistants Powered by AI That Can Detect Mood, Predict the Future, and Make Care Recommendations

The health and wellness industry will likely experience a massive blurring of the line between the digital and physical worlds in the future. Similar to what we outlined earlier regarding wellness tourism, exciting opportunities will exist for health clubs and spas that integrate tomorrow’s technologies to expand their offerings and create brand new streams of revenue or increase their conversion rates.

Virtual health and wellness assistants that can monitor your health, make health-related predictions based on data, and prescribe remedies in real time are one possibility. In fact, some wonder whether virtual assistants will one day be able to detect depression:
Analysts expect VR and AR to generate approximately $150 billion by 2020. In just five years the market is expected to boom and present marketing and sales opportunities and challenges that do not exist today. Remember, the shift to mobile has taken a toll on the web. Mobile users spend much of their time walled off from the mobile web and inside applications instead. If VR and AR take “share” from the web, it means traffic to your site may diminish. Follow the money inside the VR and AR worlds:

An AI-powered virtual health and wellness assistant that can integrate the consumer’s dietary and supplements purchase history, exercise preferences, and real time health data derived from wearables and the like and help the user select the most appropriate meals, exercises, or injury treatments based on data

Integrate emotion-detecting AI like the kind engineered by a startup Apple recently purchased with a wearable or device camera to sense when a user who is exercising is injured or unenthusiastic and recommend activities or routines more likely to motivate the user to stick to their programs and achieve their health and wellness goals

Invite exercise routine or product creators to lead virtual V.I.P. parties where consumers can touch, feel, and ask questions of the hosts who can also “see” the user working out or using a machine and make custom recommendations likely to help users get the most out of their routines and increase sales of those exercise products and services
Brick & mortar businesses like spas and health clubs will also likely be able to leverage VR and AR to boost sales in a variety of ways and help customers achieve their fitness goals in ways not possible today:

- **Health clubs and gyms** may offer virtual exercise instructors or personal trainers to people who don’t feel comfortable working out at the gym in front of others, thus increasing club membership by catering to people anywhere and not incurring any additional wear on equipment or making their clubs more crowded.

- **Health clubs or product manufacturers** might also integrate wearables that allow consumers to “touch” new products in virtual gyms in ways that create multi-sensory experiences that cause people to convert at higher levels and purchase the actual product after testing them out virtually.

- **Health clubs** may integrate AR technology that ensures club members are performing exercises safely and with the proper form, virtual dieticians may use AR to coach users on how to prepare a specific meal, or virtual medical assistants may use AR to help users properly administer medication.

- **Spas** might also integrate next generation wearable technology with their VR offerings to create a virtual masseuse that allows people to pay for virtual massages or prompt them to visit spas more frequently to experience the “real” thing.
Technology: Friend or Foe?
“We have absolutely ridiculous conversion rates. This is the first year the site has been successful and the only thing that changed between this year and last is the switch to Shopify Plus. I can’t imagine not being on it.”

BROOKE BASTAIN
Head of Global Merchandise of Movember Foundation
What’s Your Digital Business Advantage?

A customized checkout that increases conversion rates and average ticket size

A POS application you can use to make sales in both the digital and physical worlds but still provide centralized one-stop-shop reporting

A customizable, flexible, and easy-to-use ecommerce platform that allows you to focus on the customer experience

Creating interactive and highly personal customer experiences

Split testing cart upsell and cross-sell tactics designed to increase top line growth

Innovatively marketing in ways that increase conversions and customer lifetime value

Unless you have a digital advantage, research suggests you’ll likely end up like the 20% of today’s market leaders that’ll lose their top spot to younger more agile companies. Unfortunately, many of the ecommerce companies we talk with aren’t singularly focused on the things that’ll help them succeed and grow:
It’s not that these objectives aren’t top of mind or that you’re not working toward them. The problem is often the technology that underpins your ecommerce business which often unnecessarily distracts your attention from key business goals and robs you of the money and time needed to accomplish what’s really important.

Here’s how Shopify’s Andrea Wahbe sums it up in a blog post entitled Why Are You Still Paying $1 Million For An Ecommerce Site?

“For years, high-volume merchants have willingly budgeted between $500,000 to $1 Million for the design, development, project management, supporting applications and content for their ecommerce website builds.

Add to that your needs for ongoing site maintenance and new features and you’re looking at spending upwards of an additional $1M a year to have an enterprise ecommerce service provider support your annual online business growth.”
So ask yourself this: is technology a friend or foe?

“In all of those conversations I said please explain why I need to spend $100,000 on a custom checkout cart the vendor has probably already built for another client versus one that’s already on the market and working well for thousands of other ecommerce companies like ours? If I go down the custom route it could be a black hole and wind up costing hundreds of thousands of dollars more for development and integration.”

NATE CHECKETTS
CEO
Rhone Apparel
The Replatforming Myth

You’ll lose traffic and customers, and it might not work...

Those are just a handful of the reasons ecommerce companies give for not replatforming or initially trusting an easy-to-use out-of-the-box solution like Shopify Plus, an enterprise ecommerce platform for high-volume merchants.

The reality is replatforming with Shopify Plus is easy, even for big ecommerce companies that require customization, integration, and applications that tightly manage inventory and fulfillment. In fact, many of the negatives you hear about replatforming are part of The Dirty Little Secret Traditional Enterprise Software Companies Don’t Want You To Know.

“We’re ecstatic about all of the possibilities. Not only did we not take a huge hit when we changed platforms but our organic traffic began growing. Our conversion rate has increased 25-30% and our average order value is up 15-20%. We’re super optimistic about the future.”
The Shopify Plus team has helped thousands of merchants replatform quickly and in ways that answer two burning questions many of you and your peers have:

**QUESTION #1**
Is Shopify Plus easy to use?

**ANSWER**
It’s extremely easy to use right out of the box. Even better, it’s flexible which means you can easily integrate your current systems and quickly customize your store.

“It’s Shopify’s inexpensive technology that allows us to stitch all of the pieces together. If you have no technical experience Shopify allows you to pop a few buttons and have a store up in no time. But if you have a bit of technical know-how, it’s also a platform that’s extremely flexible in terms of customization.”

**MADISON WICKHAM**  
Co-founder  
Man Outfitters
QUESTION #2
How will Shopify Plus impact my business financially?

ANSWER
You’ll pay a fraction of the cost of a traditional enterprise software solution, know exactly what you’ll pay each month, and can invest the money you save into growing your business. Going with Shopify gives merchants two key advantages:

01. Cost Savings

“We’ve saved so much money since moving to Shopify Plus. I’m no longer calling a developer at 3 A.M. and begging people to help. Our hosting, development, and software costs have been cut in half since switching. Shopify Plus is worth every penny!”

FARAH BARGHI
Brand Manager
All Pro Science

02. Increased Revenue Generation

“The push notifications on my Shopify smartphone app were going crazy. It was incredible, an extreme high to see two or three sales notifications every minute. In just a week we were doing in revenue what some of the biggest artists do in an entire month. We wound up doing $2 million in 30-days.”

CHARLIE JABALEY
Co-Founder
Street Execs
Objections to Replatforming

It's a big decision...

One almost no one makes without at least a degree of unease. In fact, if you're not at least a little nervous about replatforming, you probably don't fully appreciate the perceived risks. Similarly though, you may not be genuinely appreciating the risk of opting to stay with your traditional enterprise ecommerce solution.

The replatforming objections you may have are likely similar to those Shopify Plus merchants had prior to switching:

“*I wish you had come to me six months ago. I’ve put too much money and time into our current platform to switch at this point.*”

“*We’ve put a lot of money into development, in fact our business is structured around employing a lot of developers to make this work. I can’t go back to my boss now and tell him or her that we don’t need all this after we’ve already spent the money.*”

“I’m in too deep now to switch.”
These are extremely difficult positions to find oneself in. Even if you realize, albeit belatedly, that a relatively inexpensive out-of-the-box enterprise ecommerce solution offering the functionality an enterprise-level organization requires exists, it just doesn’t seem like an option if you’ve sunk large quantities of time and money into your existing platform.

Remember this though:

“A rational decision maker is interested only in the future consequences of current investments. Justifying earlier mistakes is not among [a rational thinker’s] concerns. The decision to invest additional resources in a losing account, when better investments are available, is known as the sunk-cost fallacy, a costly mistake that is observed in decisions large and small.”

DANIEL KAHNEMAN
Nobel Laureate and Author
Thinking Fast And Slow
When Technology Fades Away

It's not sustainable continuing to pour resources into something your competitors take for granted and to which they pay little attention. Traditional ecommerce enterprise software is a recurring expense that can gnaw away at margins, distract you from growing your business, and prevent you from realizing your full potential as a company.

It's never too late to right a wrong.

Identifying a solution that could save your organization millions of dollars year after year, even if you've already sunk significant time, money, and face into your current platform, is undoubtedly one of the most courageous and valuable contributions you'll ever make.

“We were never really a sunglasses company. We're more of a marketing agency with a great product that we know how to brand and sell. Shopify Plus helped us to focus on that rather than the technology.”

ANDREAS KLEIN
Chief Operations Officer
Hawkers
What if technology got out of your way?

What would you spend the hundreds of thousands of dollars in savings on: innovative research and development, improving the customer experience, or marketing like you know you can if only you had the time?

Your future will likely be determined by the experiences you create for customers:

- Virtual reality ecommerce recommended by AI-powered personal assistants and amplified via social shares and next generation segmentation
- On-demand one-click ecommerce motivated by artificial intelligence and delivered in the same day to a location of your choice
- Wearables and digital mapping technology that can detect emotion and combine it with personal health data to boost conversions and sales
If you’re worried about outdated technology, you won’t be focused on creating points of differentiation like your competitors:

“There really are no technical limitations now. If we want to do something all we have to do is plug it in and go.”

RON DIORIO
Digital Engagement Director
The Economist

“Shopify is just the best. It is by far the best ecommerce platform out there and has truly allowed us to sync our operations with vendors, apps and tech partners, as well as provide amazing reporting.”

GRIFFIN THALL
Co-Founder
Pure Vida Bracelets
“Shopify allows us to focus on product development. Having a plug-and-play option that is still flexible enough to meet our business needs and maintain the aesthetics we want is great. It’s just so easy with Shopify. It really allowed us to get up and running and gain a lot of momentum right out of the gate.”

JEREMIAH LINDER
Marketer
Livestream

“Shopify is absolutely awesome. We swear by Shopify now and wouldn’t be where we are today without it.”

MIKE BROWN
Founder
Death Wish Coffee
Integrate, customize, and invent the future.

Do it easily with Shopify Plus.

Get started