

2018

GLOBAL WELLNESS INDUSTRY TREND REPORT



WELLTODDO

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Welcome

In 2017, as wellness continued to evolve from a niche lifestyle concept into a mainstream commodity embraced by everyone from Prince Harry to Vogue magazine, the wellness industry itself also underwent a significant period of growth.

The wellness industry is now said to be worth over \$3.72 trillion, representing more than 5% of all global economic output. Despite being in an era of uncertainty and disruption, the market matured as businesses across all industries expanded their offerings to meet exponential demand. This led to a spike in mergers, acquisitions and a greater number of investment transactions than ever seen before.

At Welltodo, we explored the development of the market from an industry perspective. Looking through the eyes of key brands, industry professionals, entrepreneurs and investors, to uncover the driving forces shaping what has now firmly established itself as a credible, globally recognised industry.

Deep diving into the market trends that shaped the business of wellness over the last 12 months, we shed light on distinct markets including Singapore and Germany, shifts in attitude surrounding mental wellness, and increased consumer interest in emerging sectors like eco-wellness and optimising personal performance.

With 2018 predicted to be the biggest year for wellness yet, businesses are shifting their priorities to focus on wellness beyond the products and services they offer. By creating healthy company cultures, putting sustainable business practices in place and collaborating to support the growth of the market, this year the wellness industry is on course to become more accessible, more conscious and even more disruptive than ever.

In this report, we're exploring 8 key trends we predict will have the biggest impact on the global wellness industry, over the next 12 months and beyond...

Sustainable Business Models Take Center Stage



Runa

With consumers beginning to feel as though they've got a handle on the traditional dimensions of wellness, such as physical activity, nutrition and sleep, their attention is beginning to move elsewhere.

Looking beyond the idea of personal wellbeing, a new generation of conscious consumers are thinking about how the decisions they make are impacting the wider world, especially when it comes to the businesses they engage with.

Demanding that brands demonstrate real engagement with sustainability, consumers are driving the idea of purpose over (or at least alongside) profit and the philosophy that wellness brands should 'practice what they preach'.

Nielsen reveals that almost two-thirds (66%) of consumers are willing to pay extra for products and services that come from companies that are committed to positive social and environmental impact - proving that it pays for businesses to put their money where their heart is.

Leading the charge, celebrities and influencers in the wellness sphere are broadening the conversation around the environmental impact of the products consumers are buying.

[Read More: Is Eco-Wellness The Industry Trend To Watch In 2017?](#)

From Leonardo Dicaprio's investments in sustainable brands including plant-based food startup Beyond Meat and Amazonian tea company Runa, which aims to support Ecuadorian farmers through fair trade, to British fitness blogger Zanna Van Dijk's promotion of sustainable brands like KeepCup — championing sustainability has become the latest badge of honour for wellness advocates.

Within the athleisure segment, forward-thinking startups like Girlfriend Collective and ADAY have already found success by creating ethically made and sustainably sourced clothing. Acquiring an 8-week waiting list and earning Co-Founder Ellie Dinh a place in the Forbes 2017 30 Under 30 list, Girlfriend Collective is just one example of how sustainability can be a driver of growth, rather than detrimental to a company's profitability.

Elsewhere, young startups like Karma are providing sustainable solutions to growing concerns around issues such as food waste. The yet-to-be-launched Karma app will allow consumers to purchase surplus food from quality restaurants for half the price, while established F&B brands such as Arla are doubling down on marketing their sustainable practices, to set themselves apart from competitors.



KeepCup

So, what does this preferential move toward sustainability and ethical consumerism mean for the wellness industry in 2018?

With demand for wellness products and services increasing in developing countries such as Brazil, China, Malaysia, India and South Africa, opportunities are rife for sustainable wellness brands to leverage first mover advantage while building a more circular economy focused on reuse, recycling and remanufacturing.

Meanwhile, for entrants into markets that have already fully embraced wellness, focusing on sustainability could be the hook that differentiates them from competitors in an increasingly crowded industry.

According to Sian Sutherland, Founder of British 'no nasties' skincare brand Mio and A Plastic Planet — a grassroots organisation campaigning for a plastic-free aisle in supermarkets — the time has come for challenger wellness brands to show the way by using packaging made from plant starches and proteins, algae, agricultural by-products.

"Our future will not be built on fossil fuel but on biology, and the wellness industry has a huge opportunity to lead the way," she suggests.

As the market develops, innovation will be key, with sustainable packaging solutions predicted to be the next major focus.

According to design and creative consultant Kate Shaw, wellness brands "will need to start to consider creative and aesthetically beautiful solutions for packaging which avoid the use of plastic."

She adds that the "budgets once used for the research and development of products will be used to research and develop new materials, as brands begin to realise that consumers will pay a little more for well thought through packaging solutions."

With pressure mounting on established brands in the wellness space to commit to sustainable initiatives that address growing economic and societal concerns, for brands that can create innovative solutions, acquisitions and investments are becoming increasingly common, as corporates look to startups to fast track change.

However, to facilitate longevity, sustainable wellness brands will need to take consumer preferences into account and create products that can be easily integrated into everyday life. Building products and services that are both desirable and sustainable will be the key to success.

"Our future will not be built on fossil fuel but on biology, and the wellness industry has a huge opportunity to lead the way."



The Business Of Wellness Expands

In late 2016, the Global Wellness Institute released research confirming that the wellness industry is now one of the world's fastest-growing, most resilient markets, valued at \$3.72 trillion. Growth hasn't slowed.

"A profound shift in the way people consume wellness is underway: once a luxury or 'add-on', it's now being infused into every aspect of daily life - from how people work to how they travel."

Predicting that the spend on wellness would continue to comprise a greater percentage of massive multi-trillion industries, whether real estate, food and beverage, or travel, the GWI affirmed what those working within the wellness industry already knew — wellness had established itself as a credible industry with longevity, and should operate the same support systems found throughout other industries.

Recognising the lack of research, statistics and services that other industries provide, innovative startups that offer support specifically targeted at helping newcomers and established brands to grow their wellness businesses, have begun to multiply.

More so than ever, the industry has come together to share ideas, inspiration and innovation on a local and global scale.

British startup WellSpoken, recently launched the wellness industry's first accreditation scheme,

aimed at putting credible content at the forefront of wellness. At the same time, Nestlé's open innovation platform HENri is now one of many accelerators supporting startups in revolutionising the wellness sector, and platforms like US-based FounderMade have begun to host events dedicated to helping consumer businesses scale within the wellness space.

[Read More: Nestlé's Innovation Platform HENri Continues To Support Wellness Startups](#)

In July 2017, Welltodo hosted the Welltodo Summit in London, a half-day exploration of industry innovation and opportunity. The event attracted more than 250 guests including startups, brand leaders, investors, and other industry stakeholders, who joined forces to discuss the future of the wellness industry. With insights into funding strategies, opportunities in global markets and future trends, the event facilitated new partnerships, investments and business ideas. In 2018, Welltodo will expand its event programme into new markets, including Singapore, to meet the rising global demand.

"As a rapidly growing market, Singapore's wellness industry has expanded leaps and bounds in recent years and as a hub for SE Asia, and a stepping stone to Australia it was a great fit for Welltodo," explains Kate Sarginson, Market Director - Asia, at Welltodo.



“The industry, often lead and influenced by Singaporeans who have travelled, worked and studied overseas, or by the burgeoning expatriate community is developing at a good rate and slowly making ways to allow wellness to be more accessible. I expect the next 12 months will see some businesses stabilising, particularly in the boutique fitness scene, a continue in the growth of healthy eateries and F&B brands, as well as wellness travel/hospitality - an absolutely natural fit with Asia's geographic position and tropical climate,” she adds.

For wellness businesses, investors and entrepreneurs, the emergence of these type of industry-focused events, reports and specialist PR/consultancy services catering to specifically to wellness brands, is making it easier than ever for people to find information about the growth of the wellness industry across different categories and in-turn make better-informed business decisions.

For international law firm Bird & Bird LLP, today's wellness industry represents an important area of the retail and consumer sector and one it has chosen to extend its services to in order to expand its client base.

“It's a huge area for growth, it's an incredible business sector, there's a lot of innovation and there's a huge number of businesses that are looking to disrupt and bring loads of fresh ideas to the marketplace,” explains Emma Green, Associate at the firm.

“We see lots of growth stage businesses and we also see multinational corporations that are growing and embracing this new area of business as a core part of their growth strategy as well,” she adds.

In 2018, as more wellness industry-focused businesses emerge, it will enable the whole industry to grow, create new jobs and help to solidify the market from the inside out, while initiatives like WellSpoken will help to eradicate the ‘pseudoscience’ that has seen the sector facing backlash from consumers and media alike.

According to Founder Sarah Greenidge, WellSpoken hopes to future-proof the wellness industry and ensure it thrives for years to come.

“WellSpoken is calling both wellness brands and industry partners to join together to harness their responsibility in providing evidence-based, authentic communications that will ensure the positive growth of the industry.”

[Read more: WellSpoken's Accreditation Scheme Aims To Put Credibility At The Forefront Of The Wellness Industry](#)

In 2018, thanks to the global expansion of these types of events and services, the business of wellness is set to become even more transparent and credible.



Peloton

Experiential Culture Goes Virtual

From department stores to wellness festivals, 2017 saw a meteoric rise in experiential wellness concepts, as millennials continued to prioritise experiences over things.

Driven by the need to disconnect from technology, evolving attitudes towards what defines success and the quest for self-fulfilment, experiences that promote and enhance wellbeing have emerged as frontrunners — with the mammoth growth of the wellness industry highlighting demand.

In the UK, with 11 quarters of continuous growth, experiential has also emerged as equally important when it comes to marketing strategies. Take lululemon's use of local ambassadors to foster customer engagement through events and in-store workouts — a strategy that has helped to elevate both the health and fitness of its communities, as well as provide a vehicle in which the business can market its 'brand lifestyle' more organically. It's a strategy that more and more brands should and will look to in 2018.

"It's so much more than apparel, it's about people," explained lululemon CEO Laurent Potdevin on CNBC's 'Mad Money' last year. "It's an investment in people, giving them their best life, personal development and creating incredible product that allows them to live their life," he added. For Nike meanwhile, experiential concepts including skate park pop-ups and run clubs have continued to give it the edge over its rivals.

[Read More: How Lululemon Uses Ambassadors To Foster Customer Engagement](#)

Helping to humanise brands and forge meaningful connections with consumers, in 2017 experiential concepts provided businesses with an opportunity to tell their story. This will be no different in 2018, as wellness brands look to build on the popularity of experiential campaigns that bring together like-minded people, add value to the customer journey, boost brand loyalty, and create increasingly important social media content.

However, brands need to make sure they're fulfilling their consumers' needs as well as creating authentic experiences that fit in with their own values — a lack of authenticity could derail even the most impressive of campaigns.

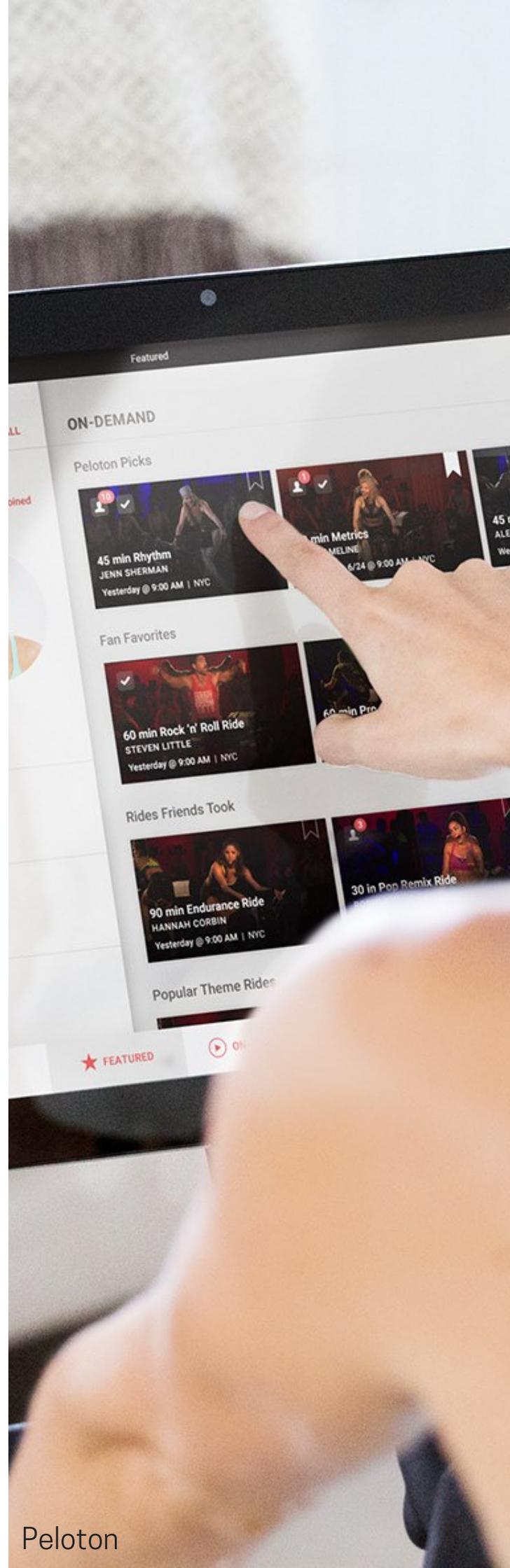


Providing ample opportunities for collaboration, this growing experiential culture will also continue to present opportunities for startups to find easier routes to entry. From immersive fitness pop-ups like Sweat and Sound's secret live fitness events in London to wellness concepts in retail outposts such as Farm Girl in Sweaty Betty, London or Conbody in Saks, New York. Creative brands that can capitalise on the trend will continue to boost their bottom line and reach a new, and more mainstream, audience.

However, with the rise of cutting-edge technology, such as VR and AI introducing uncharted territory in experiential, the channel has the potential to evolve significantly, as wellness brands in particular rush to embrace high-tech concepts that will further transform wellness experiences. In particular, Asia seems to be embracing the trend, which M&A advisory firm Digi-Capital predicts will account for 45 percent of the global market for VR headsets by 2021.

[Read More: Is Virtual Reality The Future Of Wellness?](#)

Within the fitness sector, the idea of working out in a captivating visual environment has been gradually establishing itself for the past couple of years, with the launch of concepts like Les Mills' The Trip, which has studios in Los Angeles, Hong Kong, London and Paris. The at-home market is also expanding, with virtual reality training programmes like Zwift and Peloton bringing immersive experiences to a wider audience.



Zwift, which has raised \$45 million in funding, argues that “most people enjoy the social aspect and the idea that you can enter this virtual world at any time of the day and race people you know or don’t know.”

However, despite VR’s growing popularity, the dichotomy between wellness and the negative effects of technology will be a sensitive challenge to navigate, as technology continues to be associated with being the cause for depression, anxiety and unhappiness.

For brands that don’t have the financial backing or desire to tap into the VR trend, going back to basics with ‘real’ and ‘authentic’ human-led experiences will also see them benefit from the evolving market.

The travel and spa industries, in particular, can leverage the growing need for people to switch off from technological-led experiences and enjoy a respite from hyper-connected environments.

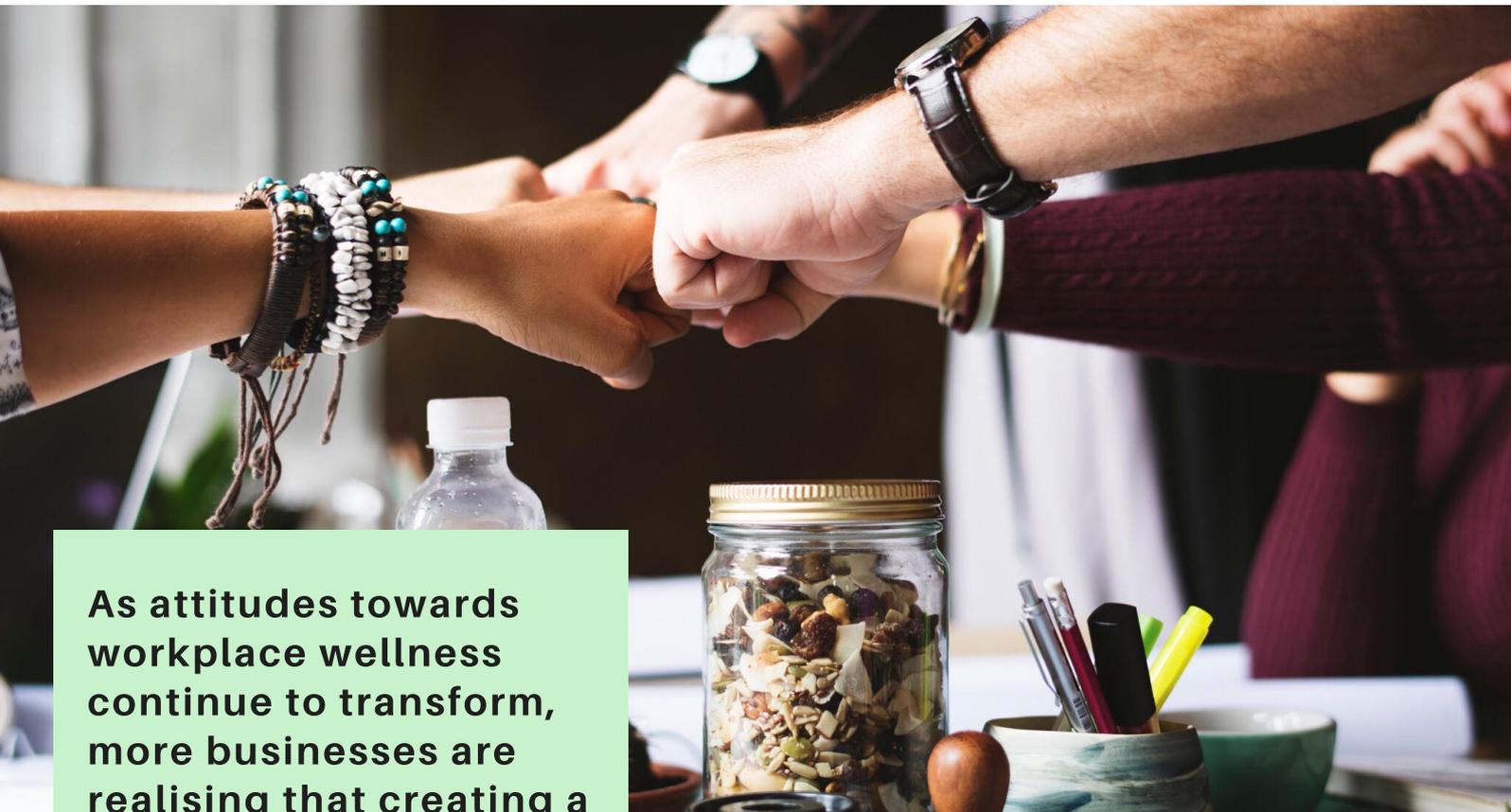
Concepts such as the Transformational Travel Council — which push self-development through experiences that connect individuals with nature — are already enjoying an upturn in popularity.

According to Skift: “Intense global demand for travel experiences that resonate on a deeper emotional level is driving travel brands to develop product that is more adventurous, more personalised, and more attuned to local culture, inspiring consumers toward a path of self-discovery.”

For forward-thinking brands that can focus on transformative wellness experiences, the evolution of technology shouldn’t be viewed as a threat.



Company Culture Gets A Wellness Injection



As attitudes towards workplace wellness continue to transform, more businesses are realising that creating a positive company culture — placing staff and their wellbeing at the center of the equation — is both essential for attracting and retaining top talent, and for communicating brand message more effectively.

Simultaneously, the view that work-life is now the missing piece of the puzzle in achieving optimal wellness, is driving a growing number of individuals to prioritise company culture when thinking about which brands they want to work for. As these two elements collide, the concept of workplace wellness is being thrust into the spotlight and is expanding significantly as a wellness sector, spawning a wave of workplace wellness specialists and brand partnerships.

Kim Johnson, Co-Founder of Wellness London, a British startup that tailor makes corporate wellness programmes, predicts that in 2018 workplace wellness will start to become “the norm, the expected and the must-have,” with more focus on well-rounded wellness concepts, not just the fitness aspect of wellbeing, currently seen in most corporate wellness offerings.

Having already worked with companies in the UK including Jamie Oliver Group, BTG Pactual, Alliance Bernstein and JLL, the entrepreneur also predicts that more companies will start hiring in-house wellness consultants, to save employees from idle time travelling to and from sessions.

In Asia, Singapore-based fitness studio UFIT is already capitalising on this demand with the launch of UFIT Performance; a dedicated business division catering to the specific needs of workplace wellness, sports teams and individuals. Currently working with business-networking platform LinkedIn as an official wellness Partner, UFIT manages its holistic programme and in-house gym facility for over 330 of its Singapore-based staff. With Disney Singapore also listed as a client and a Hewlett-Packard Enterprise partnership that led the brand to work with 1,200 people in Las Vegas late last year, it's clear the market for corporate wellness is one worth tapping into.

[Read More: Singaporean Fitness Concept UFIT Launches Corporate Wellness Arm](#)

For boutique fitness operators more generally, leveraging the trend of corporates looking for ways to infuse wellness into the workplace, could help to fill classes and boost profits.

According to not-for-profit body ukactive ‘fitness studio operators who can adapt their fitness programs and go into office spaces themselves will find it easier to garner success,’ while startups like TEA-REX, a forward-thinking fresh fruit and root infusion tea brand are going straight after partnerships with organisations including LinkedIn, the Daily Mail and Sky, in a bid to expand distribution channels.

[Read More: Five Ways Boutique Fitness Operators Can Crack The Workplace Wellness Market](#)



GymPass a fitness membership platform has taken this strategy one step further. The business, which launched in the UK last year has built on the now popular 'ClassPass' style model, by adding a corporate arm to its offering. Companies can incorporate subscriptions to GymPass into their workplace wellness packages, to help engage their workforce.

With the corporate wellness industry now worth over \$40bn (£31m) worldwide according to the Global Wellness Institute, the future for wellness at work will revolve around self-development, intrinsic motivation, remote and virtual working, and creativity, predicts the organisation.

For wellness brands that can infuse these elements into their company culture themselves, potential benefits

include a happier and healthier workforce, a boost in productivity, and a more loyal workforce — a strong position for overall business growth.

Plant-based nutrition brand Rebel Kitchen is one example of a wellness business that has already benefited from creating a healthy, 'practice what you preach' type company culture.

"For Rebel Kitchen, at this point in the business it's not me who will make the brand a success anymore, it's my team," explains Co-Founder Tamara Arbib. "So, if they are well in themselves, aligned and as present as possible I don't need to worry because I know they will make the best, most conscious decisions."

[Read More: Rebel Kitchen On: Creating A Healthy Company Culture](#)

GLOBAL WELLNESS ECONOMY: \$3.7 trillion in 2015



Note: Numbers may not add due to overlap in segments.
Source: Global Wellness Institute, Global Wellness Economy Monitor, January 2017

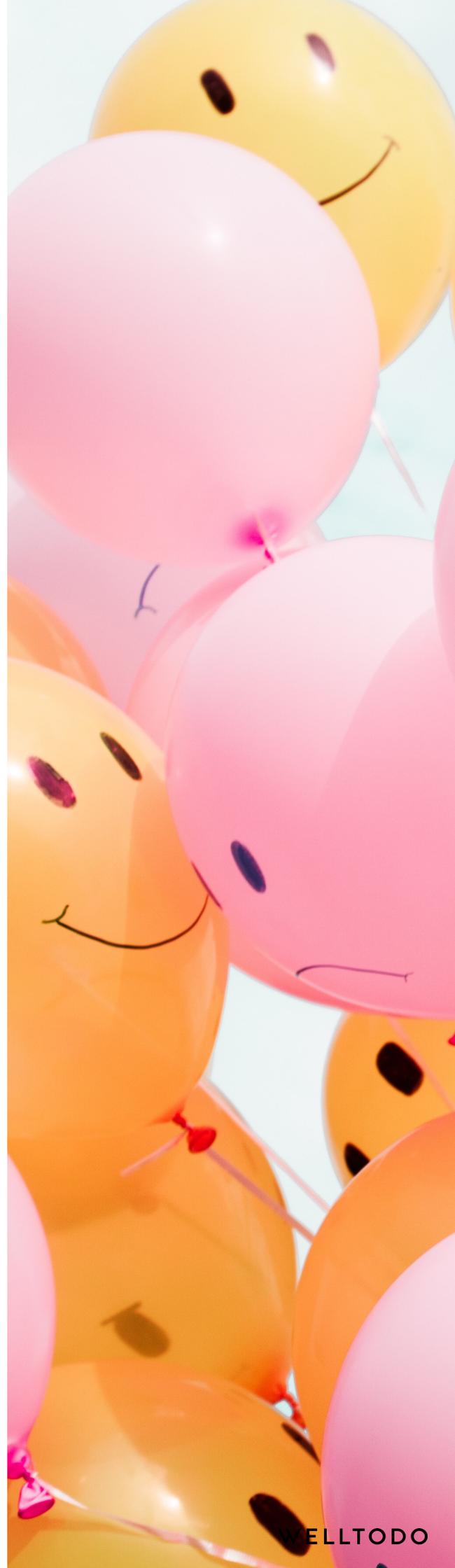
The conscious company has implemented initiatives including flexi-hours, meditation and a nature-infused office to make sure its employees are 'well', and argues that this has been central to its growing success.

For, Italian Headquartered Technogym, its wellness village located in Cesena promotes wellness through a menu of locally sourced food to keep staff energised, an outdoor gym and run path to strengthen team spirit and a two-hour lunch break each day to encourage employees to stay active. These initiatives have helped to limit the cost of sick leave and boost productivity.

However, with most workplace wellness initiatives currently unable to generate tangible data, as the industry grows, technology, data, and increased insight into workplace wellness initiatives will drive the category forward. For wellness brands that are able to create concepts that produce concrete insights, it will increase their credibility and attractiveness to potential clients.

"Data will help organisations create more holistic approaches to wellness," Joyce Odidison, Founder of Interpersonal Wellness Services, Inc., a leadership and life coaching training institute, told Fast Company.

"That will include everything from occupational to emotional and physical wellness, driven by a process that will recommend options to employees who exhibit signs of needing them, ultimately increasing adoption and helping employees get the help they need," she adds.



Wellness Levels Out

Just as 2017 started off with claims that wellness had reached its peak — thanks in part to Goop’s controversial perspectives, £7 cold-pressed juices, and the clean eating backlash — as the year came to a close, both the industry and media hype surrounding it had started to level out.

Farm Girl



Taking the lead from Australia, where wellness isn't considered a compartmentalised lifestyle choice or marker but is instead integrated seamlessly into everyday life; in developed wellness markets such as the US and UK, wellness is slowly beginning to move away from being a hyper-marketed concept and will continue to do so throughout 2018.

Shifts in consumer attitudes are driving this normalisation, with individuals becoming more educated about implementing long-term, sustainable wellness practices into their lives, rather than jumping on quick-fixes and fads. In tandem, the convergence of health, wellness and technology has meant the nature of wellness has started to evolve from niche to mainstream.

Highlighting this transformation, British supermarket chains including Waitrose and Sainsbury's have already begun to sell more wellness brands, Plenish, Savse and Hippeas are now all stocked across the UK, the latter recently receiving \$10m from CAVU Venture Partners to fuel market growth.

And with rising demand for wellness fitness concepts to expand outside of the urban bubbles such as New York, Los Angeles and London, opportunities for brands to grow their presence are real. However, offerings and price-points may need to be adapted –

[Read More: Hippeas Raises \\$10 Million From CAVU Venture Partners To Fuel Growth](#)

to cater to new demographics, with different expectations and lower disposable income.

According to Nick Higgins, Co-Founder of British fitness franchise Hotpod Yoga: "London's market is almost at saturation point, but outside of London it's just the beginning. Boutique fitness is very much established in the major cities across the UK, the next stage is seeing this filter into some of the smaller cities and become more mainstream."

This trend is something he has seen within his own business, having launched outposts in various cities across the UK in 2017. "We've found that whether you are in a buzzing large city or a smaller town, the desire for specialist, high-quality fitness is there," he explains. And the franchise model seems to be the frontrunning business model being successfully scaled into regional areas.

Consumer focus on product transparency is also driving the transformation of the industry, resulting in the growth of clean label products being sold in stores — a trend that will continue into 2018, particularly within the beauty category.

In the year ahead, we predict clean labelling and clean marketing claims to proliferate," argues Lauren Bartley, Business Development Manager Beauty & Wellbeing, Fashion & Textiles at The Soil Association.

However, “as a term Clean Beauty is very open to interpretation, it needs to be clearly defined otherwise it will simply be another form of greenwashing for the beauty industry,” she adds. To counteract this, Bartley suggests that wellness brands need to be transparent with their definition of clean, especially as more consumers start to challenge the brands using such terms to market products.

Elsewhere, widespread criticism of brands such as Whole Foods Market and Goop certainly highlight the need for more a more transparent approach to marketing wellness — even more importantly, the need for more integrative wellness concepts.

The key for the growth of the industry is to position wellness as a way of life that is accessible to everyone, not just the elite. And so, in 2018 the rise of more relatable and inclusive wellness concepts will increase, with opportunities for brands to create products catering to demographics that aren’t currently being recognised, set to multiply.

“Accessibility and inclusivity will move to the top of the agenda for wellbeing providers,” explains Hayley Ard, Head of Consumer Lifestyle at innovation research and trends firm Stylus.

“Next year, we’ll see a major shift towards empathetic brand engagement, through brand-backed spaces that support mental health, accessible store design and compassionate commerce. Start-up Sanctus is aiming to put a mental health gym on the high street, while entrepreneur Poppy Jamie is developing an app to help young people cope with stress.”

Ard predicts that brands will also sharpen their focus on male wellbeing in 2018, with further opportunities existing for non-elitist wellbeing brands to kick-start conversations to end the shame and embarrassment around difficult subjects, the strains of modern family life and those with disabilities.

With wellness now weaving its way through everything, it has become more than a sole industry. It is a touchpoint for every industry and wellness brands need to adapt their offerings to stay relevant.

“The whole point of wellness is that it should become so ubiquitous that you forget about pursuing it; that living a positive and healthy lifestyle becomes a given rather than something singled out as spectacular and worth applauding on Instagram,” argues Vogue.

In 2018, the realisation that wellness needs to be more than an elusive concept will continue to drive the levelling out of the industry.



Technogym

Wellness Real Estate Intensifies

A recent survey of the real estate and construction industry by Structure Tone revealed that ‘wellness and sustainability in the built environment continues to grow year after year, despite real or perceived added costs’.

Coined ‘the last frontier in wellness’ by the Global Wellness Institute, the segment has undergone a slow burn over the last few years, but with 600-plus global projects currently built, partially built, or in the pipeline – each one with a unique “wellness proposition”, 2018 looks set to be the market’s most transformative year yet.

“Our homes and communities have had a massive, increasingly negative impact on our well-being, as they were designed following templates set up decades ago to meet the health and lifestyle needs of a radically different era,” explains GWI Sr. Researcher, Katherine Johnston.

“But now we’re at the beginning of a new movement in home and community design that tackles our uniquely modern problems: sedentary lives, unhealthy diets, stress, social isolation and loneliness, pollution, nature-deprivation, etc. – and it’s creating powerful opportunities.”

Businesses that can tackle the unhealthy home environment, through the use of innovative materials, technologies and design could find themselves at the forefront of a revolution that places human wellness at the centre of construction.

With over \$8 trillion spent on homes globally each year, it's no surprise that a handful of high-profile figures are already tapping into the space. Wellness guru Deepak Chopra recently partnered with pioneers in wellness real estate Delos to create the first premium residences specifically designed and built around human wellness.



Chopra Homes
at the Muse

Located in Florida in the US, the condominium homes ranging from \$5 million to \$20 million in price, will incorporate aspects such as Circadian lighting systems, state-of-the-art air and water purification and mood aligning paint colours that mimic nature. According to Paul Scialla, Founder and CEO of Delos: "This isn't just one project. This is a movement."

Driven by developers looking to differentiate themselves within luxury real estate, wellness has become the latest measure of luxury and is spreading to all corners of the globe.

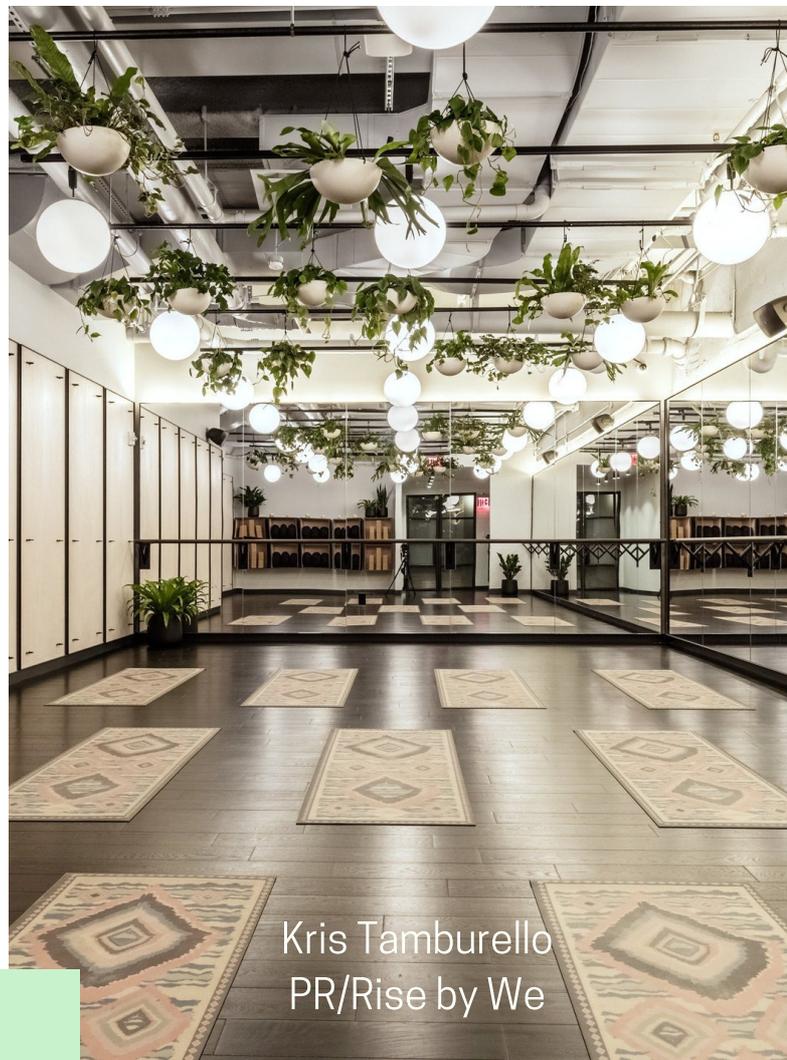
In Asia, senior-living and active ageing projects are rapidly multiplying. In early 2017, Singapore's Banyan Tree Holdings and Chinese real estate firm Vanke, announced a strategic partnership to develop properties targeting the senior demographic, as part of the global trend towards wellness. In London, luxury retirement development Auriens, which is set to open in Chelsea in 2019, will also rise to the challenge with a pool, spa, and gym for its over-70s residents.

Predominantly targeting high-net-worth individuals, the bulk of wellness real estate is yet to penetrate a mainstream audience, however, plenty of brands are proving the market is multi-dimensional.

[Read More: Watch This Space: The Wellness Market Opportunities To Watch Over The Next Twelve Months](#)

From co-working provider WeWork's branded in-house wellness studios, 'Rise by We', to premium fitness operator Equinox' forthcoming 'wellness' hotels — the first of which is set to open in New York in 2018 — a number of innovative concepts are already highlighting the different types of opportunities that exist within this growing segment.

And as property developers and hotels increasingly look to boutique fitness and spa operators to boost the attractiveness of new sites, opportunities for collaborative projects are also on the rise. Hybrid fitness concept BodySpace in London's Corinthia Hotel has ambitions to scale its concept throughout hotels and residential developments over the coming years.



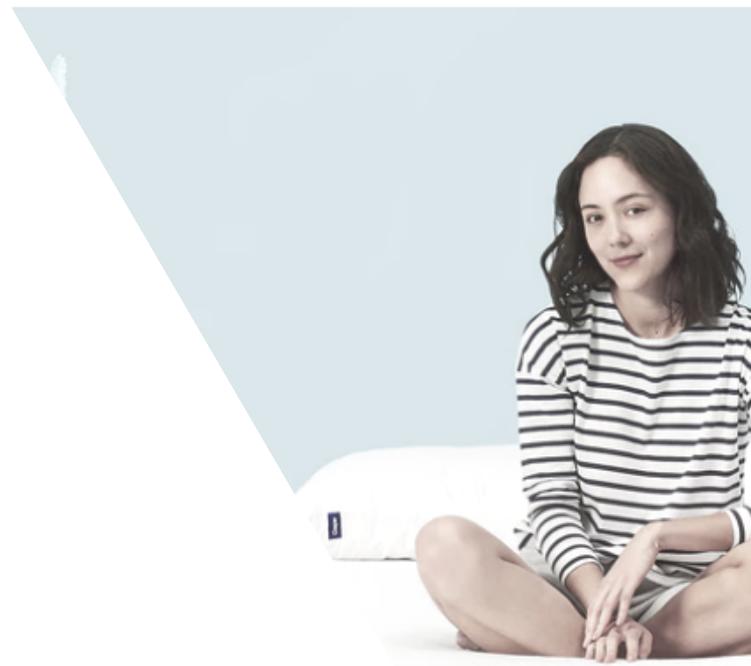
Kris Tamburello
PR/Rise by We

Challenger brands are also disrupting the market by creating cutting-edge solutions that can be easily integrated into wellness real estate. Smart kitchen appliances, biophilic materials and sleep enhancing mattresses are all catching the eye of investors.

Casper, the three-year-old American company that promises the "perfect sleep environment" is now valued at \$750 million, meanwhile online mattress retailer Simba recently closed a £40 million investment round. The promise of both companies is for customers to live better lives through improved sleep.

By reinventing the role of the built environment, wellness real estate has the potential to shape the future of human health and with that, impact the global market on an exponential scale.

The Global Wellness Institute estimates that the worldwide wellness communities/lifestyle real estate segment will grow to \$152.8 billion by 2020, as startups and established brands work together to “create communities and living options that are not expensive, per se, but that have fostered key within-reach aspects of healthy living, and have figured out how to replicate them.”



Casper

The Globalisation Of Wellness



From California to Cape Town, today the booming business of wellness is expanding into more territories than ever before – and this means immeasurable opportunity for scalability across markets.

Driven by social media, e-commerce and the ability to conduct business online 24/7, wellness brands are finding it easier than ever to spread their wings in pursuit of global domination.

2017 saw franchising grow in popularity as an expansion strategy, particularly among boutique fitness operators. Australian group training concept F45 grew its presence to over 30 countries including the US, UK, France, Dubai and China. A key part of its strategy has been to go after underserved markets outside of the main hubs. UK openings scheduled for 2018, include sites in Bath, Birmingham, Bristol, Leicester, Reading and Stratford.

As the London, LA and New York markets become increasingly saturated, casting the net wider is an approach even more wellness brands are likely to take over the next 12 months.

According to F45 Founder Rob Deutsch, the main roadblock with the London market is finding suitable properties. "We don't have trouble finding franchisees but securing sites has been challenging," he explains.

"Competition is intense," he adds, but "there's this appetite to be healthier and invest in fitness," he argues, so leveraging that as far and wide as possible makes sense.

In terms of growth, there has been a pronounced shift towards emerging markets. South America, in particular, is piquing the interest of both new and established players, as consumers continue to spend on wellness.

Following an undisclosed growth capital investment from L Catterton, Columbia-based Bodytech Corp — the second-largest gym company in Latin America — is continuing its expansion throughout the region, while newer boutique entrants such as FitBarre in Buenos Aires and Quarzo in Peru are also leveraging the growing demand for more fitness options.

[Read More: Is F45 Ready To Steal CrossFit's Crown?](#)

"The health club landscape in Latin America is dynamic and has undergone significant developments since 2012," commented Guillermo Velez, director of Mercado Fitness, following the release of the 2017 International Health, Racquet and Sportsclub Association Latin American Report.

"In addition to the growth of the low-cost segment, other developments, including economic indicators, increasingly savvy consumers, technology, the boutique phenomenon, and professionalisation have all impacted and shaped the industry in Latin America."

In key Asian markets including China, Singapore and Malaysia wellness is also on the rise with international brands like lululemon, Virgin Active and adidas doubling down on their focus in the region. Virgin Active has launched two clubs in Singapore since 2013. A further 8-10 outposts are earmarked for the next six years, with the gym operator planning to invest the equivalent of £50m in expansion. CEO Matthew Bucknall believes the brand can build its Asian presence to the same level as that of Europe and South Africa.

Adidas' CEO Herbert Hainer meanwhile, argues that China is "one of the most important markets for Adidas globally."

Yet, in contrast with the buoyant fitness and athleisure landscape, the healthy f&b segment in Asia hasn't built the same momentum.



Despite the slow uptake, innovative startups such as The Whole Kitchen, founded by two Australian expats in 2015 and British brand Tapped Water, are leading the sea of change -- both of which can be found at local events as well as through a smattering of Singapore's independent supermarkets.

And as Asian consumers continue to become more educated about the benefits of healthy eating, the region provides a big opportunity for those in a position to respond. However, for brands to operate successfully in emerging markets they'll need to do their research. Those lacking an understanding of local ingredients, consumer preferences and beliefs, are likely to get left behind.

But while global expansion can help in gaining a competitive advantage and establishing new revenue streams, many brands simply aren't ready to expand. Despite persistent rumours of a UK launch, US spinning sensation SoulCycle is yet to take the plunge, while premium fitness operator Equinox, which has established itself in the UK and the US, is noticeably absent in both Australia and Asia.

2016, saw the fitness brand celebrate its 25th year of operation, and while it plans to launch more than 50 hotels worldwide, when it comes to fitness the brand is more focused on expanding its digital footprint including its lifestyle website: Furthermore.

Having recently hired former SVP of Global Marketing at Bobbi Brown Cosmetics, Vimla Black Gupta as Chief Marketing Officer, Niki Leondakis, Chief Executive Officer of Equinox explained: "Her global perspective and entrepreneurial instincts will be especially important as we expand into new markets and drive innovations that further enhance our member experience."

The digital realm certainly offers an easier and more cost effective approach to securing a foothold on the global market, however for those looking for an alternative route in gaining visibility, the wellness travel segment is a sweet spot of enormous potential. From overseas pop-ups and retreat collaborations to hotel partnerships and airport solutions, wellness tourism is the travel industry's fastest growing sector worth \$500bn.

The success of Victoria's Secret's airport rollout bodes well for athleisure retailers, while the fitness market will have its eyes firmly locked on the launch of FlyFit's innovative wellness concept, which is poised for launch in Heathrow Airport later this year.





Pukka Herbs

Market Consolidation

As the wellness industry matures, mergers, acquisitions and corporate streamlining are all changing the landscape, bringing with them both new challenges and opportunities.

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Building on 2017, which saw Unilever acquire British herbal tea brand Pukka Herbs, Fitness First and Celebrity Fitness merging to create one of the largest fitness networks in Asia, Virgin Active selling off its lower value sites and Amazon's \$13.7 billion acquisition of Whole Foods, little is expected to change throughout 2018.

In the UK, rumours are already swirling around a possible 2018 Planet Organic sale, with the organic grocer attracting interest from Japanese trade buyers and private equity firms. Likewise in the US Amazon has been hit with claims of a Target buyout. And, with businesses in almost every industry broadening their offerings to incorporate wellness, more consolidation is inevitable.

But, as the big players look to snag their share of the wellness market, what does that mean for startups?

Amazon's forthcoming foray into athleisure has already seen retail analysts predicting the worst for its competitors and as the leading F&B and beauty giants continue to gobble up wellness brands, will that leave any room for new entrants?

Despite concerns, innovative concepts that meet the evolving needs of consumers continue to emerge. Startups that are able to respond quickly to market trends and create more engaged connections with their audiences, have found themselves reaping the rewards.

As luxury supplement startup The Nue Co. highlights, a clear and authentic brand story can be the differentiator needed to attract a loyal following. In 2017, the young startup had already caught the attention of over 50 retailers worldwide and was on track to generate a revenue of \$1m.

And with investment firms like North Castle, L Catterton and Pembroke continuing to pour money into high-growth wellness startups that show innovation and high-quality execution, smaller companies like The Nue Co., that offer niche solutions still have plenty of room to muscle their way into the market.

In fact, with many of the larger providers looking externally for those very same qualities, in a bid to enhance their existing offerings, accelerator programmes are becoming a common launchpad for new entrants.

Technogym's Wellness Accelerator is an international acceleration program that aims to scout and invest in promising startups operating in the fitness, wellness and health sectors, while Unilever Ventures invests in young companies, accelerating growth by providing access to its global ecosystem, assets and expertise.

[Read More: North Castle Partners Reaffirms Its Presence In The Wellness Industry](#)

For startups further along their journey, the upturn in acquisitions from conglomerates such as L’Oreal, PepsiCo and Unilever offer the hope of securing a healthy exit strategy.

And, for Ugly Water Co-Founder Hugh Thomas, the fact that “big food and drink brands have recognised that small brands provide new ideas has created a strong ecosystem for innovation.”

This he argues has led to more investment in small brands from investors and ultimately better products for consumers. According to Thomas, Ugly does have a long-term exit strategy but more so, it is focused on getting its drinks into as many hands as possible. Partnering with a strategic investor would allow the brand to reach more consumers, he explains. However, the challenge is to ensure that any potential investment or partnerships support the mission and ethos of Ugly, he adds.

As Pukka Herbs encountered following its undisclosed Unilever acquisition, juggling business growth with brand and consumer values can have its difficulties.

The 100% certified, organic and ethically sourced brand faced backlash from some of its customers who claimed the company was “selling out” and doubted its commitment to its original values.

Sebastian Pole, Pukka Co-Founder defended the decision, explaining: “Choosing Unilever came down to two fundamentals: scale and sustainability. It is a leader in social and environmental change and it wholeheartedly embraces Pukka’s beliefs. So, there’s a meeting of values. Pukka will remain 100% organic and a champion for fair trading through pioneering schemes like Fair for Life, and continue to donate 1% of its sales to global environmental charities. With Unilever, we have new levels of reach and opportunity.”

The brand added that Pukka’s values would not in any way be compromised.

The idea that wellness brands and commercial viability don’t go hand-in-hand has and continues to present itself as a challenge when it comes to acquisitions in the wellness space. But for business owners, the risk of damage to their reputation is far outweighed by the opportunity for sustainable scale.

One thing’s for certain, the continued attractiveness of all segments of the wellness industry for both strategic and financial investments, highlights the growth potential for the market in 2018.

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