



# Can You Buy Wellness?

## *The Emerging Trends in Wellness Retail*

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*Knowledge Workshop*

*Global Wellness Summit*

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Innovate Well



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# GLOBAL WELLNESS ECONOMY: \$4.2 trillion in 2017



In 2017, the Global Wellness Institute (GWI) estimated that people spent \$4.2 trillion on wellness worldwide – growing 12.8% from 2015 to 2017.

Note: Numbers do not add due to overlap in segments. Dark colored bubbles are the sectors for which GWI conducts in-depth, country-level primary research. Light colored bubbles are sectors for which GWI aggregates global estimates only, drawing from secondary sources.

Source: Global Wellness Institute, *Global Wellness Economy Monitor*, October 2018



GLOBAL WELLNESS  
INSTITUTE™

Global Wellness Institute. 2018 Global Wellness Economy Monitor.; 2018. <https://globalwellnessinstitute.org/industry-research/2018-global-wellness-economy-monitor/>. Accessed May 20, 2019.



## Rapid growth of the wellness economy presents several key questions:

- What is driving this uptick in ‘wellness’ interest?
- How can businesses meaningfully engage in ‘wellness retail’?
- Why does wellness retail make business sense?



Wellness Isn't New, But Our Circumstances Are



Today, new circumstances are are **pushing and pulling people** to search for wellness solutions:

- **Push motivators** – avoiding pain
- **Pull motivators** – desire to achieve something



## Push Motivator: Chronic Disease

Increased chronic disease is leading to a greater desire for preventative methods and therapeutic measures.

World Health Organization. Chronic diseases and health promotion. WHO.  
[https://www.who.int/chp/about/integrated\\_cd/en/](https://www.who.int/chp/about/integrated_cd/en/). Published 2019. Accessed July 25, 2019.



## Push Motivator: Stress

Increased levels of 'negative' or 'seemingly unmanageable' stress due to personal or societal expectations related to money, work, family responsibilities, and health concerns.

American Psychological Association. Stress in America™: Paying With Our Health.; 2015. <https://www.apa.org/news/press/releases/stress/2014/stress-report.pdf>. Accessed August 23, 2016.





Push Motivator:

## Loneliness

- Increased levels of loneliness and lack of high-quality close relationships.
- In a survey of over 20,000 adults from the U.S. almost half report that they sometimes or always feel alone (46 percent) or left out (47 percent).

Cigna. New Cigna Study Reveals Loneliness at Epidemic Levels in America. <https://www.multivu.com/players/English/8294451-cigna-us-loneliness-survey/>. Published 2018. Accessed August 12, 2019.



## Pull Motivator: Access to information

- Increased access to health and wellness information from both doctors (e.g., WebMD) and patients (e.g. PatientsLikeMe.com).<sup>1</sup>
- 80% of internet users look for health information online.<sup>2</sup>

1. Swan M, Swan, Melanie. Emerging Patient-Driven Health Care Models: An Examination of Health Social Networks, Consumer Personalized Medicine and Quantified Self-Tracking. *Int J Environ Res Public Health*. 2009;6(2):492-525. doi:10.3390/ijerph6020492

2. Pew Research Center. Health Topics: 80% of Internet Users Look for Health Information Online.; 2011. <https://www.issuelab.org/resource/health-topics-80-of-internet-users-look-for-health-information-online.html>. Accessed July 25, 2019.



Pull Motivator:

## Increased Understanding

Increased understanding that health is not merely the absence of disease and injury and wellness is linked to vitality.



Pull Motivator:

## Social Comparison

More social comparison and social pressure due to the rise of social media (e.g., the workout selfie, celebrity endorsements, Instagram influencers, YouTube stars, etc.)



Pull Motivator:  
**Availability**

Many wellness products and services have become available online through subscription-based memberships (e.g., thrive market, Honest company, etc.)



Pull Motivator:

## Focus on Personal Optimization

Increased focus on personal optimization and longevity in all parts of life (e.g., beauty, fitness, performance, sleep, nutrition, etc.) and metrics that chart their progress. This crosses gender norms.

Schwartz A. Improving Ourselves to Death. The New Yorker.  
<https://www.newyorker.com/magazine/2018/01/15/improving-ourselves-to-death>.  
Published 2018. Accessed August 14, 2019.



Pull Motivator:

## Wellness Data

More people collecting their own wellness data through technology (e.g., Fitbits, Apple watches, smart scales, genetic sequencing, etc.)

GfK Global. Global study: Health and fitness monitoring. <https://www.gfk.com/global-studies/global-studies-fitness-tracking/>. Published 2016. Accessed July 30, 2019.



Pull Motivator:

## New Solutions for Vulnerable Populations

More capacity to provide solutions for 'vulnerable population' consumers such as pregnant women, aging adults, people with disabilities, people with socioeconomic disadvantages.





Pull Motivator:

## Consumer Empowerment

More people empowered to take control of health and wellness for themselves and their loved ones (versus depending solely on doctors or prescription medication).

Fumagalli LP, Radaelli G, Lettieri E, Bertele' P, Masella C. Patient Empowerment and its neighbours: Clarifying the boundaries and their mutual relationships. *Health Policy (New York)*. 2015;119(3):384-394. doi:10.1016/j.healthpol.2014.10.017

A wide-angle photograph of a modern, multi-story glass-walled atrium. The floor is highly reflective, showing the surrounding architecture and lights. The glass walls offer a view of the building's interior structure and other levels. A semi-transparent white horizontal band is overlaid across the middle of the image, containing the title text in a blue, sans-serif font.

# The Dark Side of Retail



## Environmental Impact:

### For example, in the clothing industry

- One garbage truck of textiles is burned or landfilled every second.
- Plastic microfibers equivalent to more than 50 billion plastic bottles are released into oceans every year.
- Impacting right to clean air, water, and a healthy ecosystem.



## Marketing practices that breed personal discontent

- Hedonic adaptation - human tendency to return to a consistent level of happiness.
- Marketing imagery can create unrealistic social expectations of beauty and status.

Cederström C, Spicer A. The Wellness Syndrome.; 2015.

A person is performing a yoga tree pose on a wooden pier extending into the ocean. The person is silhouetted against a bright, overcast sky. The foreground shows the detailed texture of the weathered wooden planks of the pier. The ocean waves are visible in the background.

## Wellness Retail as an Answer




In light of these mental health and environmental crises, retailers should be asking what their customers' most pressing problems are – and how they can help solve them.

Goh, Joel, Jeffrey Pfeffer, and Stefanos a. Zenios. 2015. "Workplace Stressors & Health Outcomes: Health Policy for the Workplace." *Behavioral Science & Policy* 1 (1): 43–52.



Customers want to *feel* better.  
The process of feeling better is wellness

National Wellness Institute. Definition of Wellness. <https://www.nationalwellness.org/page/AboutWellness>. Published 2019. Accessed August 21, 2019.



**Wellness Retail** is commerce associated with the pursuit of maintaining or enhancing well-being and authentic connection.

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*(through experience, inclusiveness, exchange of goods / services, learning)*





What are your customer's wellness desires and expectations?



## The Five W's of Retail Wellness

Retailers can get to know their customer better by developing a robust understanding of their customer's ideal 'wellness story.'

*What does your customer think?*

## Who should lead wellness?

### Expert-Led Wellness

Wellness as directed by experts (e.g., doctors, researchers, health and fitness practitioners).

### Empowered Wellness

Wellness infused with agency – individual's control their own health.

*What does your customer think?*

## What does wellness involve?

### Aspirational Wellness

- Wellness products / services / places meant to inspire and start upward social comparison.
- Could be considered exclusionary.

### Equitable / Affordable Wellness for All

- Not all genders, races, ages, body types and people experiencing various socioeconomic situations have participated in the wellness economy equally. Wellness retail that is meant to service all people – not just a select group.
- Marketing and messaging that is inclusive.
- Examples: YMCA, free community classes, yoga in the park [experiencing wellness without paying anything].

*What does your customer think?*

## Where should wellness be integrated?

### Personal Wellness

- Focused on the individual.
- Therapeutic wellness post chronic disease diagnosis (which might be forced / encouraged by doctors or loved ones).
- Example products: Fitbit, sleep monitors.

### Community Wellness

- Integration of wellness design and programming elements into public spaces (e.g., public parks, walking paths, outdoor seating, free concert series).
- Urban versus suburban versus rural wellness (e.g., integrating nature into urban areas and cultural amenities into suburban areas).

*What does your customer think?*

## When should wellness be pursued?

### Outcome-driven Wellness

- Focus on a specific wellness goal (e.g., goal weight).
- Examples: Fitbit, sleep monitors.

### Time-driven Wellness

- Wellness is a process not an outcome.
- “Time is not money, it is wellness,” time for play, mindfulness, rest away from the ‘hustle.’

*What does your customer think?*

## Why pursue wellness?

### Beauty-driven Wellness

- Wellness focused on improving personal aesthetics.
- Often associated with looking thinner and younger (targeted primarily at women).
- Only 4% of women consider themselves beautiful.<sup>21</sup>

### Vitality-driven Wellness

- Maintaining personal energy and strength over time.
- Example: Strength-training

### Convenience-driven Wellness

- Will only engage in a behavior if it's convenient. Focus is on optimizing time and effort.
- Could come at the expense of the environment (e.g., single serve packaging, taking a car instead of walking). But does not have to (e.g., designing stairs so they are more convenient / visible to take than an elevator).

### Environmental Wellness

- Recognition that clean air, water and land impact the health and wellness of all living organisms.
- Approaching wellness with an ecological perspective.

*What does your customer think?*

## How should wellness in retail spaces be achieved?

### Material-driven Wellness

- Purchase of goods for social status, or a quick boost of happiness (i.e., hedonic treadmill).
- Examples: Purchase of a new leather jacket that was on sale.

### Experience-Driven Wellness

- Purchase of goods to support a wellness experience, or purchasing a wellness experience itself.
- Examples: Purchasing a yoga mat or a yoga class.





Wellness can be understood and expressed very differently by different people.  
This presents both a challenge and  
an even larger opportunity for retailers.

We argue that challenge can most effectively be met by curation of *wellness retail experiences*.





The traditional consumer experience needs to evolve to stay relevant

For example, the state of the traditional mall in the United States

- As of 2015, it's estimated that of the **approximately 1,200 malls in the U.S., one third are "dead or dying."** <sup>1</sup>
- **Dead Mall:** "a mall with a high vacancy rate, low consumer traffic level, or is dated or deteriorating in some manner, with an occupancy rate in slow or steady decline of 70% or less." <sup>2</sup>

1. Semuels A. America's Dying Malls Are Getting a Second Chance as Hospitals, Churches, and Parks. The Atlantic. <https://www.theatlantic.com/business/archive/2015/03/a-new-life-for-dead-malls/387001/>. Published 2015. Accessed September 27, 2018.

2. Deadmalls.com. Dead Mall Dictionary. <http://deadmalls.com/dictionary.html>. Published 2018. Accessed September 27, 2018.



## The rise of e-commerce

People are no longer obligated to go to a physical store to purchase what they need.

- Consumers are starting to buy both big (e.g., mattresses) and small (e.g., toothpaste) products online.
- E-commerce still only accounts for 10 percent of total retail sales in the United States.

U.S. Department of Commerce. Quarterly Retail E-Commerce Sales 2nd Quarter 2018. 2018. <https://census.gov/retail/index.html#ecommerce>. Accessed September 27, 2018.



E-commerce and brick-and-mortar have their own strengths and weaknesses associated with 'buying' and 'shopping processes'

These activities are differentiated by:

- **Buying:** more mission-driven and targeted at best price, convenience and quality product.
- **Shopping:** generally more of an emotionally-driven discovery process that “may involve a complicated, service-oriented solution...”

Dennis S. Succeeding In Retail Is All About Experience -- Here's What That Means. Forbes. April 2019.  
<https://www.forbes.com/sites/stevendennis/2019/04/25/for-retailers-its-all-about-the-experience-whatever-the-heck-that-means/#2340365e1ca7>. Accessed September 3, 2019.



E-commerce strengths:

## Great for ‘buying.’

- Often convenient for less time-sensitive purchases.
- Customers often have easy access to reviews (e.g., “Trust Economy”)
- Searching for specific products is simple by key term

U.S. Department of Commerce. Quarterly Retail E-Commerce Sales 2nd Quarter 2018.; 2018.  
<https://census.gov/retail/index.html#ecommerce>. Accessed September 27, 2018.



## Brick-and-mortar strengths: Great for 'shopping.'

- Often best for very time-sensitive purchases, large items with high shipping costs.
- Discovery of new products (due to availability of full sensory information)
- Access to knowledgeable staff on how to use, style, apply products.



Because of this dichotomy of strengths,  
more retailers are opting for an integrated e-commerce / brick-and-mortar approach that  
allows both platforms to work together in complimentary ways.



Building a wellness retail experience

# What does a wellness retail experience actually entail?



## Wellness Retail is a financial investment that aims to:

- Maintain or enhance **customer well-being**, and
- Maintain or enhance **authentic connection** with the customer.


*While there are different ways these aims could be achieved, one of the more powerful is through a physical 'Wellness Retail Experience.'*



## What is an ‘experience’?

- Basic definition: “something that happens that has an effect on you.”
- That effect is largely emotional - it’s the outcome of bodily sensations felt by the customer.

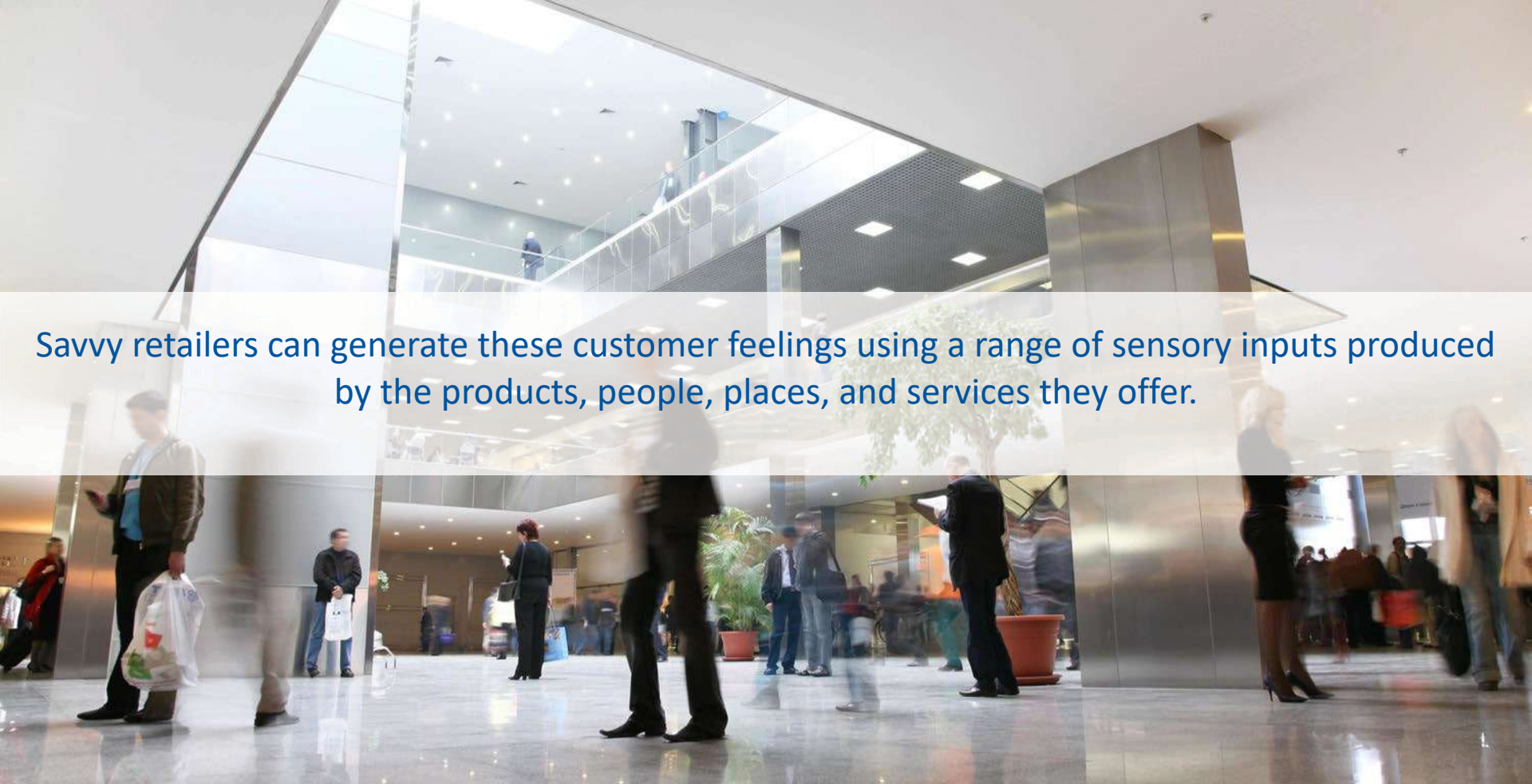
Srinivasan SR, Srivastava RK. Creating the futuristic retail experience through experiential marketing: is it possible? An exploratory study. J Retail Leis Prop. 2010;9(3):193-199. doi:10.1057/rlp.2010.12



“Consumer decisions are  
more influenced by  
emotionally generated  
feelings rather than by  
rationally derived  
thought.”

Srini R Srinivasan  
*Retail researcher*

Srinivasan SR, Srivastava RK. Creating the futuristic retail experience through experiential marketing: Is it possible? An exploratory study. *J Retail Lea Prop.* 2010;9(3):193-199. doi:10.1057/rjp.2010.12



Savvy retailers can generate these customer feelings using a range of sensory inputs produced by the products, people, places, and services they offer.

## Feel

- Intrinsic emotion / mood: joy, excitement, fantasy, fun, curious
- Sensory
- Memorable



## Relate

- Intensify experience using retail principles and elements that relate to customers' wellness interests.



## Act

- Customer purchase
- Loyalty

## The Wellness Retail Customer Experience

Feel – Relate – Act

A person is sitting on a wooden dock that extends into a calm lake. The water is clear and reflects the surrounding landscape, which includes lush green mountains and a clear blue sky. The scene is peaceful and scenic.

72% of millennials would rather spend money on experiences than on material goods, and that preference is forcing retailers to adapt.

<https://www.forbes.com/sites/deborahweinswig/2017/06/30/wellness-is-the-new-luxury-is-healthy-and-happy-the-future-of-retail/#604181668323>. Published 2017. Accessed September 27, 2018.



Building a wellness retail experience

# Core **elements** of a great wellness retail experience





## Elements:

1. Planning
2. People
3. Service
4. Products
5. Place



## People:

1. Professional / credible engagement.
2. Support community – pulls for social engagement, driving member engagement.
3. Look healthy / an advocate of the value proposition offered.



## Service:

1. Value orientation
2. Comfortable sustaining consumer cost
3. Sustainable
4. Fit into life
5. Recession/economic proof
6. Credible
7. Adaptable



## Products:

1. Wellness oriented.
2. Engages in transparency through certifications and reviews (e.g., organic certification).
3. Is environmentally sustainable.




## Place:

1. Comfortable both inside and outside:
2. Safe.
3. Easy in / easy out – critical to suppress churn.
4. Size conform to business model flows.



## Place:

5. Potential for greater peaks and valleys in daily traffic flow. Need to cater to peak needs, however, if these periods are brief will challenge the business model.
6. Work the model backwards into the space required.
7. Locations that pull for convenience / “milk run” visits.
8. Co-locate with other frequent visit venues such as Whole Foods / Trader Joes / Banking / Dry cleaning.




“Increasingly, success at retail is less about what the retailer has to sell  
and more about how they sell it.”

Sachdeva I, Goel S. Retail store environment and customer experience: a paradigm. *J Fash Mark Manag An Int J.* 2015;19(3):290-298. doi:10.1108/JFMM-03-2015-0021



# Wellness retail experience business metrics





“...Success at retail will continue to shift toward how well retailers play to the emotions, psychology and feelings of the shopper.”

Ishita Sachdeva and Suhsma Goel  
*Retail researchers*

Sachdeva I, Goel S. Retail store environment and customer experience: a paradigm. *J Fash Mark Manag An Int J*. 2015;19(3):290-298. doi:10.1108/JFMM-03-2015-0021



## Business Variables and Metrics:

1. Frequency of visit
2. Engagement level
3. Associated network effects
4. Referrals and cross-promotion
5. Synergies between products and activities that create a stronger likelihood of “cross shopping.”
6. Relationships
7. Mix of product and service elements
8. Re-patronage intention
9. Referrals
10. Churn rate of customers



Is *wellness retail* going to be the major retail revolution?



## Conclusion:

- Educated and independent consumers are looking at stores, malls, neighborhoods and cities in new ways,
- Wellness experiences will be an effective method for delivering these wellness solutions.
- Wellness Retail Experiences can simultaneously help customers explore their wellness interests and desires, while also connecting with them on a deeper level both as individuals and within this new retail community.

# Delos

FOR MORE INFORMATION

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