



future society 
**Healthcare Innovation
 Wellness**



The Global Wellness Institute (GWI) defines **wellness** as the **active pursuit of activities, choices and lifestyles that lead to a state of holistic health**. According to the same institute, in its report "*The Global Wellness Economy: Looking Beyond COVID*", published in December 2021, the **wellness economy**, which encompasses industries that enable consumers to incorporate wellness activities and lifestyles into their daily lives, had an **estimated size of \$4.4 trillion in 2020**. It also states that, the **estimated annual growth** of this economy between 2020 and 2025 is approximately **9.9%**.

Among the industries that comprise it, where it is possible to find countless investment opportunities, are **personal care, physical activity, healthy eating and nutrition, tourism, mental wellness, wellness-related real estate, traditional and alternative medicine, public health, prevention and personalized medicine, occupational wellness**, and activities such as spas or hot springs and mineral springs.

Consumer interest in wellness is constantly increasing, especially considering that the **importance of a healthy lifestyle in all aspects** is the first line of defense against disease. The "*WHO Guidelines on Physical Activity and Sedentary Habits*" states that a **healthy lifestyle could prevent around 5 million premature deaths** per year.

The irruption of COVID-19 in 2020 marked a before and after for many of the wellness industries.

Social distancing, working from home, travel restrictions and closures affected everything related to **out-of-home activities**. On the other hand, **disruptions** in supply chains due to factory and port closures, lack of skilled labor and trade restrictions **affected the availability and sales of wellness products for home use**. Finally, personal consumption itself suffered a significant drop in items considered luxury or discretionary consumer goods.

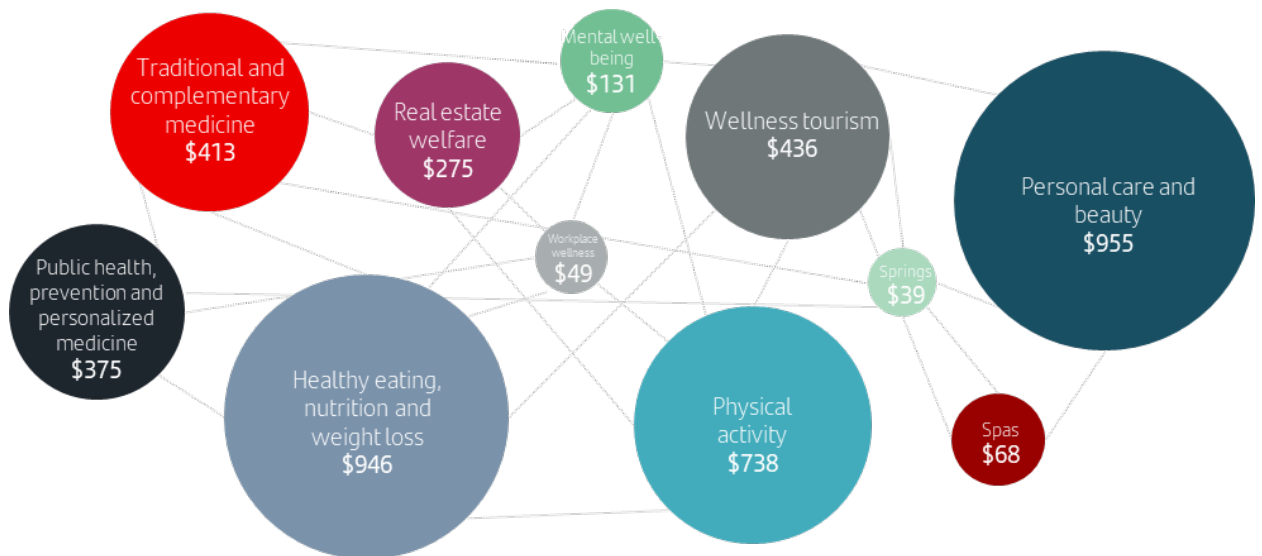
The **sectors that grew** during the pandemic, according to the report mentioned at the beginning, were: wellness **real estate** (healthier environments, housing outside cities), **mental health** (through products and services that help alleviate the stress caused by confinement such as meditation platforms, relaxation activities or supplements), **preventive medicine** (where advances in diagnosis and precision medicine reduce costs and improve treatments) or **healthy eating** (better nutrition, greater food safety, organic and more natural foods).

Within the physical activity segment, the **fitness industry** has been evolving to become part of the at-home experience. It now **offers business models based on subscriptions to online classes or activities**.

The GWI report also states that, **globally**, it is estimated that **spending in wellness in 2020** was around **US\$563 per capita per year**. That same number for the **United States** was \$3,570, **Europe** \$1,235 and **Asia-Pacific** \$360.

The global wellness economy: \$4.4 trillion by 2020

Source: Global Wellness Institute. Data in billions





Key innovations driving growth in wellness-related industries



Wearables

The **wearables'** market has grown steadily in recent years because, in addition to being attractive for athletes, they are also beneficial for people with health problems. *Wearable* refers to the **set of electronic devices and appliances that are incorporated into some part of our body interacting continuously** with the user and other devices in order to perform a specific function, smartwatches or sports shoes with built-in GPS and bracelets that monitor our state of health are examples among many others of this technological genre that is gradually becoming more present in our lives.

The future of *wearable* devices will also see many collaborations between wearable manufacturers and tech giants, as smart wearables are the next innovative step, with 5G enabling more interactions between humans and the internet of things. According to Softtek, a company specializing in digital acceleration and innovation services, the **smart wearables market was sized at 216.18 million units in 2019** and is expected to reach 614.31 million units by 2025, growing at a compound annual growth rate of 19.1% between 2020 and 2025.



Organic Products

Organic food encompasses the ideals of biodiversity conservation, ecological balance and the protection of agricultural resources during crop production operations. Due to society's multiple concerns about **food safety, animal welfare and environmental issues**, consumer demand for organic food products is growing rapidly.

In the United States, according to the Department of Agriculture (USDA), for a product to be certified organic, it must meet standards such as that the farmland has been free of unapproved substances (pesticides or synthetic fertilizers) for at least three years. For organic meat, the animals must be grown under natural conditions, such as grazing, receive organic feed and not use antibiotics or hormones.

According to the Organic Trade Association, in the **United States in 2020**, annual **sales of organic products reached 62 billion dollars**, representing an increase of 12% over the previous year. Of this amount, 56.4 billion dollars corresponded to food and the remaining almost 6 billion to non-food products, with growth of 12.8% and 8.5% respectively.



Digital physical condition

The restrictions caused by COVID-19 have given a very important boost to what is known as **online fitness**, which is defined as the set of fitness services offered from **digital platforms that at the same time constitute a virtual social point of contact**. These business models are characterized by **subscription and digital delivery**. Yoga, meditation, cycling or running platforms are among the possibilities offered.

Fitness trackers, including *smartwatches*, are devices that allow people to **track their overall physical activity**, sedentary behavior and sleep. They typically connect to a *smartphone* app or website and allow **progress** to be **tracked over time**. They can also record heart rate. The percentage of consumers engage in sports as a means of reducing stress and who reported using mobile apps to meet health and fitness goals increased from 50 percent before the COVID-19 outbreak to 75 percent in June 2020.¹

1. Jonathan Harrop, "3 predictions for the health & fitness mobile app market," Business of Apps, June 15, 2020, [businessofapps.com](https://www.businessofapps.com).



Examples of innovative wellness companies

GARMIN.

Garmin Ltd. is a Swiss-based holding company engaged in the supply of **navigation, communication and information devices**, most of which are based on Global Positioning System (GPS) technology. It operates through **five segments: Marine, Outdoor, Fitness, Auto and Aviation**. The *Outdoor segment* offers products designed for use in outdoor activities, such as handheld devices for outdoor activities. The **Fitness segment** includes products designed for use in fitness and **activity tracking** activities, such as running and multisport watches, cycling computers, safety and awareness devices and activity tracking devices.

SHIMANO

SHIMANO INC. is a Japanese company that manufactures and sells products for cycling, rowing and fishing. The company's products include **bicycle gears and brake parts, as well as rods, reels and fishing tackle**. Shimano's sales are estimated to constitute 70-80% of the global bicycle components market. Its products include drivetrain components, brakes, wheels and pedals for road, mountain, track and hybrid bikes. The company was founded by Shozaburo Shimano in February 1921 and is headquartered in Sakai, Japan.



Peloton Interactive, operates an in-home **fitness platform** for live and on-demand *indoor cycling* classes. The company is a **pioneer in connected, technology-enabled fitness** and streaming **immersive instructor-led classes for its members**. It operates through **two reportable segments, Connected Fitness Products and Subscription**. The Connected Fitness Products segment consists of the sale of bicycles, treadmills and related accessories. The Subscription segment includes monthly subscription and live in-studio class credits. Peloton Interactive was founded by John Foley, Graham Stanton, Thomas Cortese, Yony Feng and Hisao Kushi in 2012 and is headquartered in New York, NY.



The **Hain Celestial Group**, Inc. is a company of natural and organic beverages, snacks, specialty foods and personal care products. Its products range from herbal teas, offered through its Celestial Seasonings brand, to FreeBird brand chickens. The company assumed its current form in May 2000, through the merger of the Hain Food Group with Celestial Seasonings, Inc. Hain's strategy is to be the **leading marketer, manufacturer and seller of organic and natural products**.

lululemon

athletica

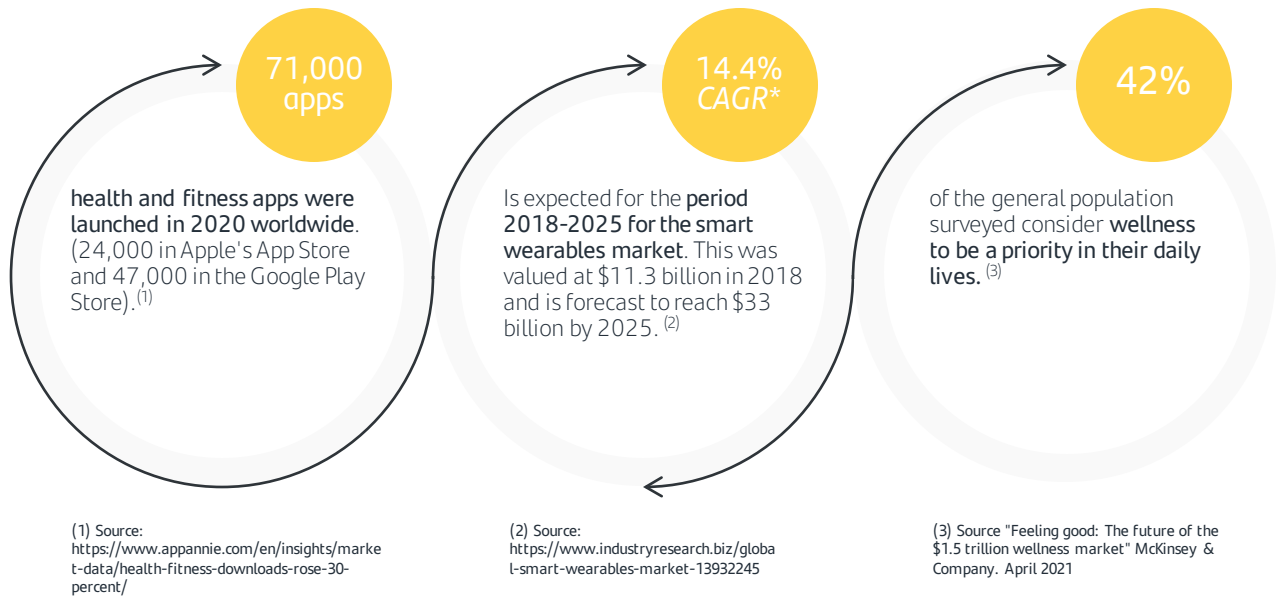
Lululemon athletica inc. designs and sells sportswear products. The Company produces pants, shorts, tops and jackets for yoga, dance, running and general fitness. Founded by Chip Wilson in Vancouver, Canada in 1998, Lululemon is a **yoga-inspired technical sportswear** company for women and men. What started as a design studio by day and a yoga studio by night soon became an independent store in November 2000.

PHILIPS Healthcare

Koninklijke Philips NV is a health technology company that focuses on improving people's health across the entire health continuum, from healthy living and prevention, to diagnosis, treatment and home care. The company offers **products and services in diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as in consumer health** and home care.



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