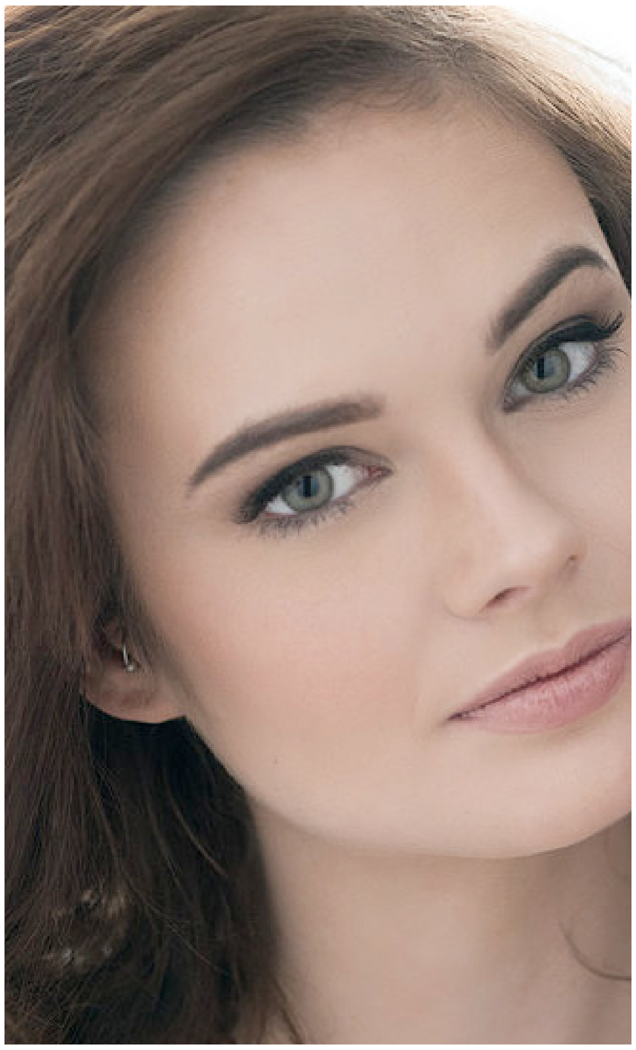
WOMEN'S MARKETING

Wellness is the New Black: 2015 WELLNESS TRENDS



INTRODUCTION

From the explosion of smoothie bars to dramatic growth in the organic beauty segment, we see ample evidence to support the idea that the desire for a “healthy” lifestyle has bypassed trend status and is now firmly established as part of a larger, sweeping cultural movement. Primarily embraced by women, the “wellness” mindset has moved into the mainstream and is now changing purchasing behaviors across many consumer categories, from those you’d expect, like health and fitness, to the more surprising, like fashion and beauty. For this group of passionate women, “wellness” becomes the lens through which they make so many other lifestyle decisions. Unlike other lifestyle movements, the health and wellness lifestyle is not defined by one demographic—it appeals to Millennial, Gen X, and Boomer women alike—and this diversity and acceptance among a large segment of the population is driving wellness as the next global trillion-dollar industry.

As manufacturers, retailers, and marketers consider how the wellness market intersects with their brand and business model, they must consider how women are shaping the future of this marketplace and change their marketing strategy to appeal to the growing number of women for whom wellness—for herself, her family, her community—is a passion and a purpose.

In this white paper, we take a deep dive into the wellness lifestyle to identify emerging trends, define the health enthusiast, and provide marketing strategies to reach this passionate consumer. Our insights were derived from original research by Women’s Marketing and Rodale and other consumer data that provides a 360-degree view of the health and wellness industry.

THE IMMERSIVE WELLNESS MARKETPLACE

Defined as the quality or state of being healthy in body and mind, wellness is a mindset that has seeped into nearly every aspect of women's lives. Female wellness enthusiasts are seeking products and services that support their health goals and, as a result, spend in this sector is booming. The near-trillion dollar industry reaches across categories – from beauty to tourism – and is being driven by a growing female global audience eager to invest in products that speak to her healthy lifestyle and physical and mental well-being.

As we've demonstrated, health is extending into all aspects of consumer life and experience—we refer to this phenomenon as the "Health Creep." As women around the globe become more active in their pursuit of physical, spiritual, and emotional well-being, they are gravitating toward products with embedded health benefits. Brands can capitalize on this trend by offering products that deliver wellness components, such as comfort or innate health benefits, and by refining their messaging and imaging to appeal to the female wellness consumer. Can your brand incorporate nature imagery? Does it have a powerful origin story that speaks to improving the environment? If so, move those elements to the forefront and use media that will tell that story to the women who care most deeply.

WHAT ARE THE BIGGEST SECTORS OF THE HEALTH & WELLNESS SPACE?

The next trillion dollar industry globally, the Heath & Wellness space is dominated by:

beauty and anti-aging product sales } **$679 billion**
fitness + mind-body exercise } **$390 billion**
healthy eating, nutrition and weight loss sales } **$277 billion**

OTHER HEALTH & WELLNESS SECTORS INCLUDE

Alternative medicines · Wellness tourism · Spas · Medical Tourism · Workplace wellness

DID YOU KNOW: In the United States alone, women invest **$125 billion** on nutrition, **$40 billion** on alternative medicine and **$25 billion** on OTC drugs.

CATEGORIES SEEING STEADY SALES INCREASES

1. Fitness & wearables reached **$10 billion+**
2. Healthier Food: **73%** of consumers are switching to organic & natural
3. Organic Beauty Products to increase **74%** from 2013 to 2018
4. Vitamins & Supplements to reach **14 billion** by 2018

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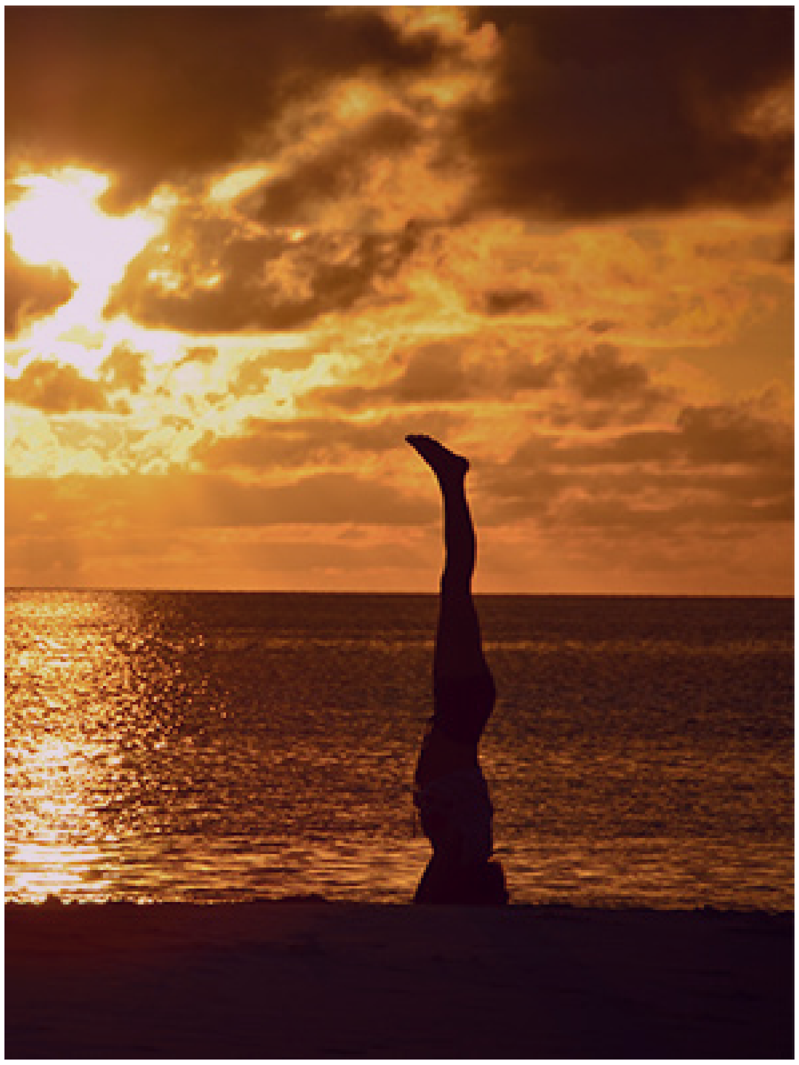
EMERGING WELLNESS TRENDS



For a growing segment of American women, concern for healthy living is paramount. In fact, the term "well-thy" is being increasingly used as health-as-lifestyle grows into a status symbol. Traditionally, this might have been concentrated in trendy urban like Brooklyn and Berkeley, California, but as this mindset continues to expand across the globe, brands are tasked with finding new ways to appeal to this consumer that goes way beyond a few crunchy hipsters. Examining emerging category trends and attitudes will help marketers better understand the wellness enthusiast and develop messaging that resonates with her.

COSMETICS AND PERSONAL CARE

Cosmetics are a rapidly growing part of the wellness market, as beauty and anti-aging products lead the wellness category with more than $679 billion in annual sales. Instead of seeing the category as simply superficial, women are choosing personal care and cosmetic products that contain fewer chemicals and seeking out those formulated with natural and organic ingredients. As a result, sales of organic beauty products are expected to rise 74% from 2013 to 2018.

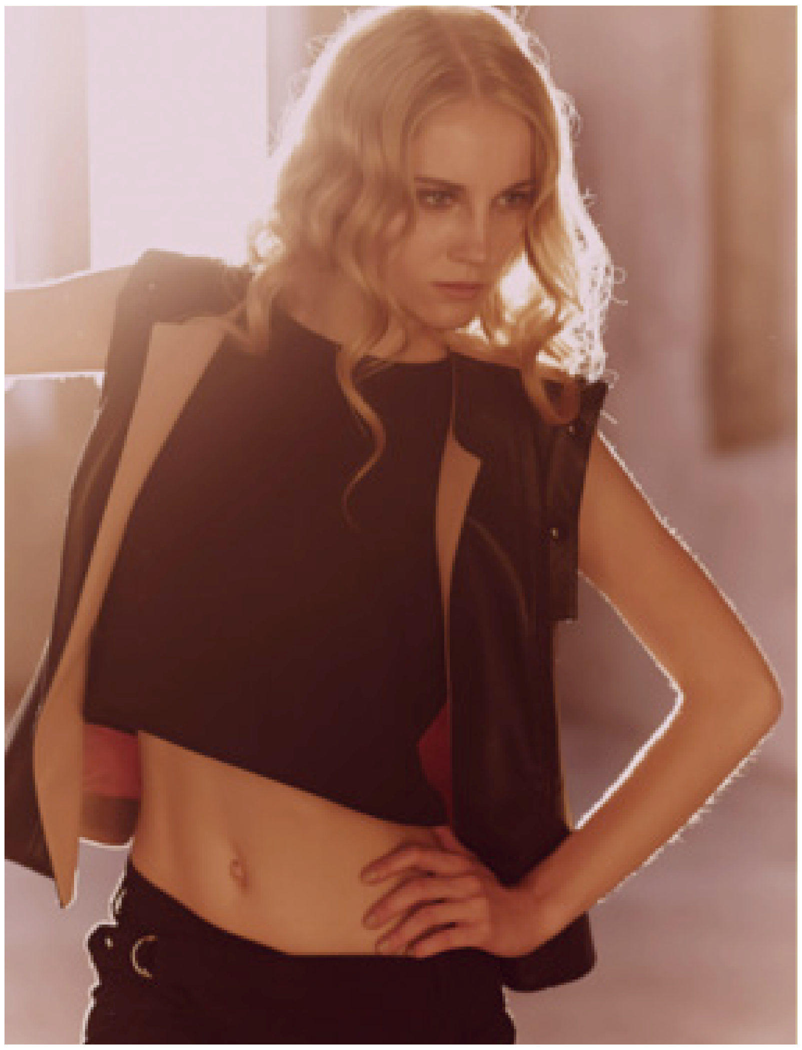
Anti-aging products are also getting a lift from the wellness-minded woman. Those still-youthful Millennials have nonetheless been educated on the benefits of preventative care and are early adopters of products that promise to stave off the aging process. Likewise, older health-conscious consumers are embracing the "age of agelessness" and redefining beauty at 40, 50, 60, and beyond. They're embracing products that enhance natural beauty and address age-related skin and hair issues—a loss of hydration, wrinkle reduction, and thinning hair.

As the beauty industry continues to embrace a more diverse consumer, more and more brands are developing products that can be customized for the individual. Smart brands are embracing technology and consumer-based co-creation by offering personalized skin-care solutions and individualized product formulations.

WELLNESS TRENDS CONTINUED

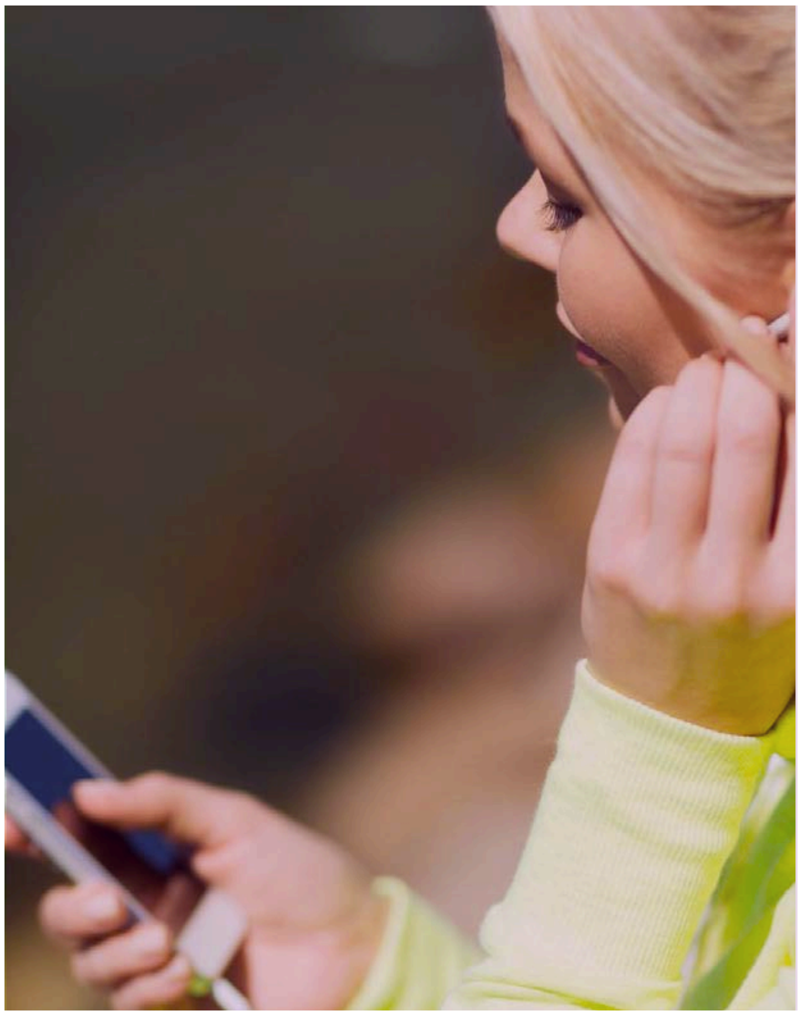
FASHION

Athletic apparel has increasingly become part of women's everyday wardrobes – and it's not just being worn in the gym. Growth in the fitness market is being driven by a universal movement toward a more casual style. Even clothing retailers grounded in other categories are expanding their lines to include sport-casual pieces to take advantage of the "athleisure" trend that's winning with consumers. In 2014, active wear sales equaled $33.7 billion, representing 16% of the $206.3 billion in apparel sales (Source: Mintel). And it seems that it's not only fitness enthusiasts that are hyping this trend, 38% of consumers surveyed said they purchased workout gear as casual daywear. High tech has also infiltrated the jewelry category with wearable fitness trackers trending among both men and women (read more about wearable fitness tech in Technology).



TECHNOLOGY

Fitness and wearable technology sales (from brands like FitBit, Fuelband, and Timex Sport) are up $10 billion to $81.4 billion in wholesale sales in the U.S.—3.3 million fitness bands and trackers were sold in 2013 and analysts at Juniper Research predict that almost 60 million fitness trackers will be in use by 2018, tripling the number of the devices used this year.



Our research found that 78% of consumers are interested in mobile health and wellness solutions, so it's no surprise that the digital fitness category is now a $330 million market. Today, 500 million consumers - about 30% of 1.4 billion smartphone subscribers worldwide - are using fitness apps. The sport, fitness, and wellness app market is predicted to grow from 154 million downloads in 2010 to 908 million by 2016.

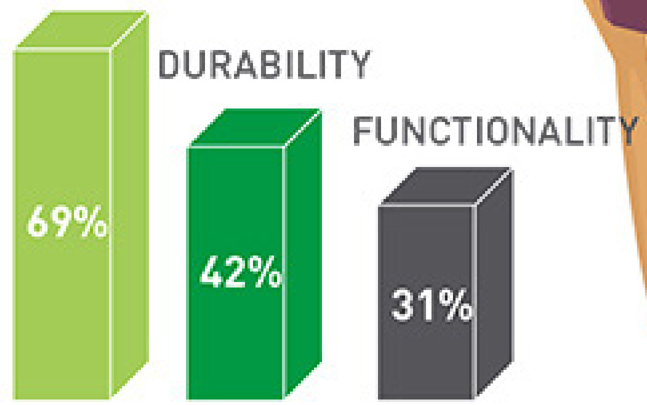
For women, and the brands seeking them, mobile wellness goes far beyond counting calories on smartphones. They're researching products, recipes, and using their mobile device to seek advice from their social contacts. Marketers seeking to connect with female wellness enthusiasts would be wise to develop product information, including user generated reviews, health and wellness-oriented content, and drive social media engagement to capture the attention and loyalty of the wellness consumer.

ATHLEISURE TREND

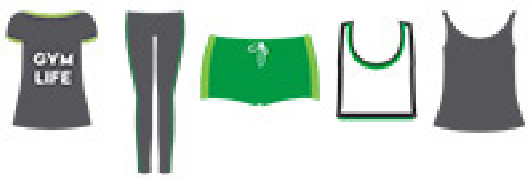
BOOT CAMP

As athletic apparel has increasingly become part of women's everyday wardrobes, we're learning more about what women want in fitness apparel, where they're buying it, and where they're wearing it.

Most important attributes of athletic wear



Top 5 commonly purchased fitness apparel items:

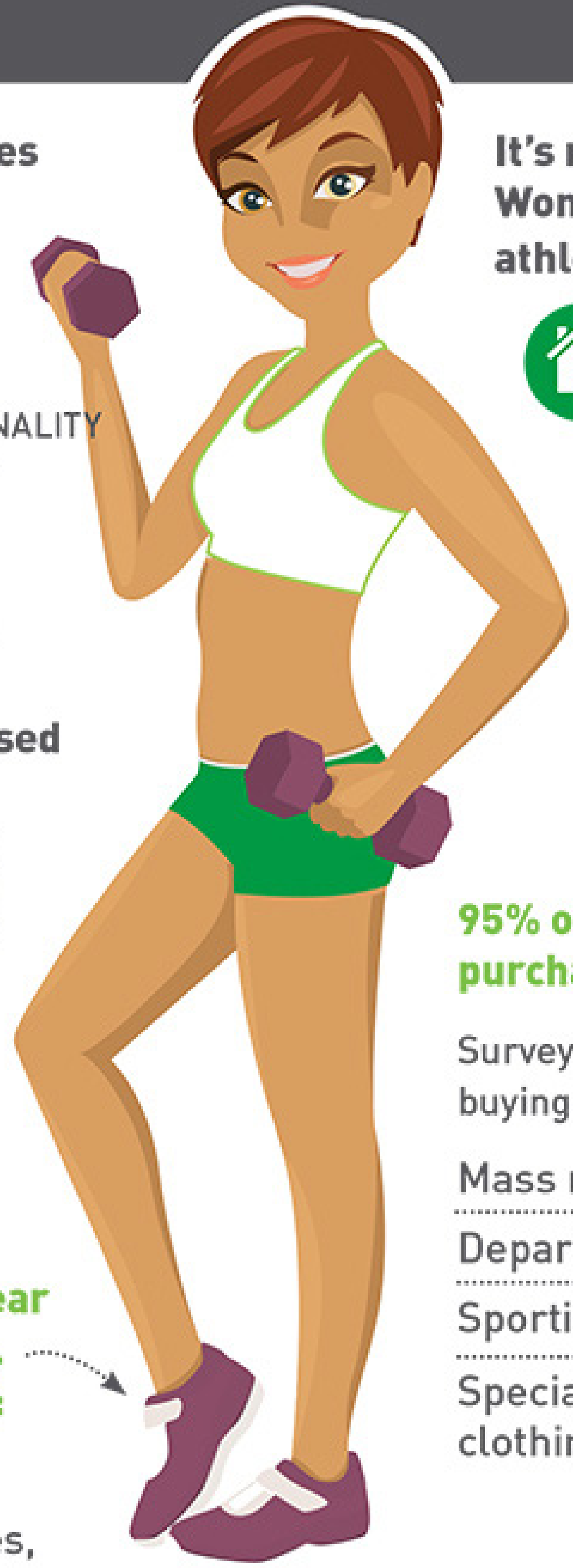


T-Shirt
Pants (casual, yoga)
Fitness shorts
Performance t-shirt
Tank top

Women's athletic footwear focuses on wearability... with a fashionable twist:

Key 2015 Trends:
Training & Running Shoes,
Slip-on Sneakers,
Wedge or Bootie Sneakers

Source: Mintel Fitness Clothing US, October 2014



It's not just for the gym! Women report wearing athletic apparel

Around the house **85%**

Running errands **65%**

Shopping **42%**

Dining Out **42%**

95% of all fitness apparel purchases are made in-store

Survey respondents reported buying fitness apparel in:

Mass merchandisers	58%
Department stores	50%
Sporting goods stores	40%
Specialty fitness clothing stores	31%

WOMEN'S MARKETING

WELLNESS TRENDS CONTINUED

HEALTH, NOT WEIGHT LOSS

We've seen a significant shift in weight loss market trends. Women are turning away from fad diets in favor of whatever they think of as "healthy eating." The use of diet programs and weight loss pills has decreased drastically since 2007 and their use continues to decline in 2015. In fact, 60% of dieters agree that it's better to eat healthfully than to use diet-specific products, while 38% value exercise over diet to maintain their ideal weight. Instead of succumbing to strict diets, women are turning to plans that they feel they can stay committed to (Mintel: Exercise and Diet Trends 2014).

With an increasing emphasis on wellness, brands should be focusing more on the health benefits of their products and less on weight loss. To remain competitive, brands are changing their message to appeal to the wellness consumer. For example, Special K cereal historically promoted itself as a weight loss product but have re-shaped their message to appeal to the more health-conscious woman, not the traditional dieter.

FITNESS/EXERCISE

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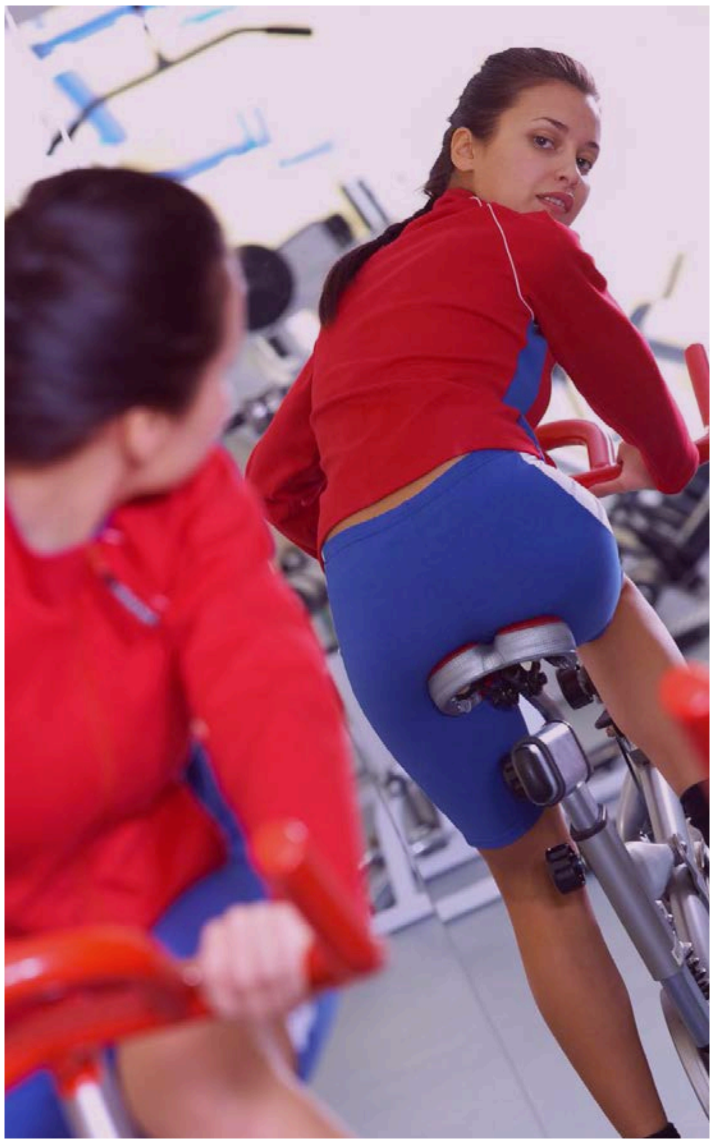
Women are not only counting calories on their smart phones. They're researching products, recipes, and using their mobile device to seek advice from their social contacts. Marketers seeking to connect with female wellness enthusiasts would be wise to develop product information, including user generated reviews, health and wellness oriented content, and drive social media engagement to capture the attention and loyalty of the wellness consumer.



WELLNESS TRENDS CONTINUED

FOOD AND BEVERAGE: ORGANIC AND BEYOND

It goes without saying that the wellness consumer is reading labels and focused on providing fresh, healthy meals for herself and her family. Sales of organic food products in the United States broke another record in 2014, totaling $39.1 billion, up 11.3% from the previous year. Organic sales now reflect a 5% share of the total food market. The organic dairy sector posted an almost 11% jump in sales in 2014 to $5.46 billion, the biggest increase for that category in six years. (Source: Organic Trade Organization report 2014). Moreover, 78% of organic buyers say they typically buy their organic foods at conventional food stores/ supermarkets. Over half also shop organic at the "big box" stores, and some 30% also report that it's not unusual to buy organic at one of the warehouse clubs in the country. This trend is reaching all demographics—African American and Hispanic families have been steadily increasing among the ranks of organic-buying households (Source: U.S. Families' Organic Attitudes and Beliefs Survey 2015).

But for the wellness enthusiast, their level of engagement is much deeper than just choosing organic food. Consumers are demanding more information about a product's ingredient list, provenance, manufacturing process, shipping, storage and safety testing. The health-conscious consumer wants transparency—especially when it comes to GMO produce. Over 40% of consumers are avoiding or reducing GMOs in their diet, led by Millenials and parents of children under 8. (Source: The Hartman Group 2014). Just recently, Chipotle announced that it had removed all non-GMO ingredients from its menus; in addition, chains from McDonald's to Costco are removing all antibiotics from their poultry—and they're making big mention of it through paid and unpaid media because this is news a huge number of consumers are passionate about.

WELLNESS TRENDS CONTINUED

FOOD AND BEVERAGE CONTINUED

Consumers are talking—loudly—about what they do want in their food, as well as what they don't. And what they want is nutrition-dense ingredients. Six in 10 U.S. adults consume specialty-formulated foods and beverages including protein shakes, probiotic fortified yogurts, nutrition bars, medicinal teas, and supplement-infused food and beverages. In 2013, "ingredients added for special health benefits" and "higher in nutrients"(e.g., whole grains, fiber), were the top two attributes that appealed to the wellness-minded consumer (Hartman, 2013). Specialty ingredients and consumers' ongoing interest in protein consumption are driving new opportunities for functional foods and drinks. We're seeing huge potential in protein-focused foods targeted to women and families, moving beyond the muscle-bound male images of the past years.

Brands hoping to attract health oriented consumers should formulate minimally processed foods made with real, simple ingredients (41% of consumers look for a shorter list of ingredients), avoid artificial sweeteners (50% of consumers want products without artificial sweeteners), and develop products with added health benefits (8 in 10 consumers believe that functional foods can help prevent or delay the onset of age-related diseases). (Sources: Marketing Science Institute, Nutrition Business Journal 2013).

Increasingly, women with children are making a strong effort to increase the amount of fresh/unprocessed foods, whole grains, and calcium in their child's diet. According to a 2014 study by BabyCenter, 49% of Millennial Moms make "natural and healthy" a top priority when shopping for food for their families. There is significant opportunity for brands to benefit by offering a wider range of healthy, convenient, kid-friendly foods and drinks. In fact, in 2014 retail sales of kid-specific foods/beverages reached $23 billion in 2013 and are projected to hit $30 billion by 2018 (Packaged Facts, 2014).

WELLNESS TRENDS CONTINUED

VITAMINS AND SUPPLEMENTS

According to a 2013 Gallup poll, 54% of all women in the U.S. take a multi-vitamin. Specialty nutritional supplements are now second only to vitamins in terms of wellness consumer's nutrition priorities with new/unique ingredient and formula claims driving sales of new supplements since 2012 (IRI, 2013).

As more women become interested in alternatives to traditional medicine, coupled with a desire to remain vital and healthy well into their advanced years, they are choosing supplements to augment their diets. In the U.S., sales of homeopathic and herbal remedies totaled $6.4 billion in 2012, and sales forecasts predict that sales will continue to climb, reaching $7.5 billion by 2017 (Mintel Homeopathic and Herbal Remedies 2013). Millennials are showing significant increased engagement in the supplement market and report the highest engagement (NMI 2013 Nutritional Supplement / OTC / Rx Consumer Insight & Market Opportunity Report). Supplements that contain fish oil, calcium, probiotics and prebiotics, and those that contain antioxidants such as resveratrol, lycopene, and lutein remain highly marketable in specialty channels among very health conscious and condition-specific consumers (Sloan, 2014). Four in 10 adults (43%) said they made a strong effort to get more vitamin D, 42% to get more calcium, and 40% more vitamin C (Marketing Science Institute, 2012).

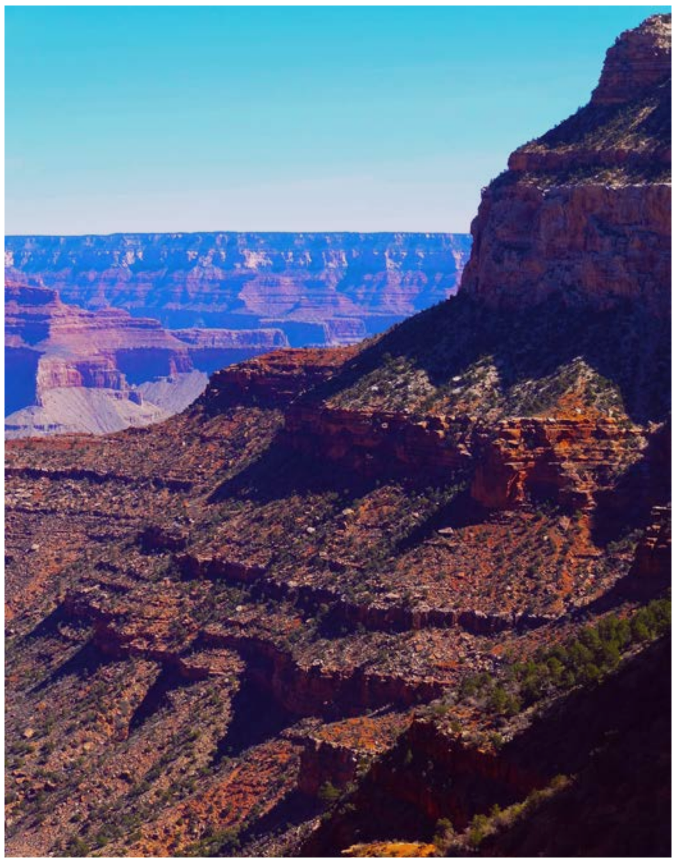
SMALL APPLIANCES

Even hard goods, like kitchen appliances, have been affected by the wellness revolution. The desire to consume more healthy fruits and vegetables has led to an increase in the sale of small appliances used to produce juice drinks. According to research conducted by The NPD Group, Inc., juice extractors, citrus juicers, blenders, and food processors are the top-growing small appliance categories. The fastest-growing small kitchen appliance is the juice extractor, which more than doubled in sales over the past two years; from March 2012 to March 2013, sales of citrus juicers rose 55 percent, sales of juice extractors increased 46 percent, and sales of blenders had a 33 percent uptick. While growth slowed somewhat during 2014, appliance manufacturers are charged with developing products that will continue to appeal to women who want to prepare healthy meals for themselves and their families.

WELLNESS TRENDS CONTINUED

WELLNESS TRAVEL

In the past, the notion of wellness tourism was focused on the spa industry, but today's wellness enthusiast is seeking an experiential vacation that embodies her healthy mindset—ideally one that blends fitness, spiritual, and the mind-body connection. According to research firm SRI International, wellness tourism is a $494 billion industry that has grown 12.7 percent since 2012 and includes classic spa destinations, fitness boot camps, agro-tourism and farm stays, cycling vacations, yoga retreats, hiking camps, and more. Since 2014, major resort and hotel brands have been adding services to their properties that appeal to health and wellness enthusiasts including: include rooftop yoga classes, in-room fitness videos, locally sourced food offerings, and expanded spa and gym offerings. Additionally, both Starwood Hotels and InterContinental Hotels Group have launched their own dedicated wellness brands of hotels that appeal specifically to the wellness traveler.



WHO IS THE WELLNESS LIFESTYLE CONSUMER?

MEET THE "PASSIONISTA"

Now that we've taken a comprehensive look at how the wellness movement is impacting a variety of industries, let's dive into the core consumer and explore what motivates her. Women's Marketing partnered with Rodale to extensively research the female wellness enthusiast to learn who she is, understand what's important to her, and discover what influences her purchasing decisions. To learn about this influential woman, whom we've dubbed "The Passionista," we polled 1,046 health and wellness enthusiasts from Women's Health and Prevention magazines through an opt-in online survey. Our survey is a reflective of the 27+ million women who are influencing this lifestyle movement and making "wellness" the next trillion-dollar industry.

THE PASSIONISTA

WHO IS THE PASSIONISTA?

- Median age: **45**
- Median HHI: **$76,521**
- Married: **57%**
- Graduated College: **39% +**
- Has kids in their household: **43%**
- Purchases organic food: **90%**
- Wants products that are eco-friendly: **90%**

Source: GfK MRI Spring 2014.

WOMEN'S MARKETING

THE PASSIONISTA CONTINUED

She is driven by a passion to live a full, vital, healthy life. Everything that she does is based in a core philosophy that optimal health and wellness is rooted both in mind and body—and she seeks out products that support her beliefs.

The “Passionista” is a savvy consumer, using both Internet and print sources to obtain information about the products and services that appeal to her. Likewise, she is a trusted influencer, supplying friends and family with health and wellness advice and information and providing feedback through social media and product reviews online. Among the products that she regularly purchases are food and beverages, healthy beauty products, vitamins and supplements and fitness apparel.

Although she researches products online, her purchasing patterns show that she primarily shops for accessories and fitness equipment online, but buys her food/beverages and supplements in brick-and-mortar stores. When it comes to food and beverage, 90% state it’s important to them that products are natural and organic and are willing to pay more for those products. They are also dedicated to purchasing food locally and are willing to seek out locally sourced foods.

Although she still enjoys shopping for fashion and beauty products in stores, she is beginning to shop online for these products. As brands develop stronger relationships with consumers and create personalized online shopping opportunities, marketers can expect—unsurprisingly—to see e-commerce increasing.

The Passionista has a multi-faceted view of health that incorporates physical, mental, emotional, spiritual, financial, and social components. Her holistic outlook plays a definitive role in how she views the world and defines success—in fact, when asked what it means to be successful, a full 85% of women surveyed placed good health at the top of the list, followed by finding time for the important things in life (83%). She strives for rewarding relationships, fulfilling work, and a good work/life balance and prioritizes those above financial success.

She lives a life focused on the values that are most important to her, driven by her devotion to making her body and the planet as healthy as possible, in part by choosing to “live green.” In our poll, 91% of respondents stated that it is important to them that products they purchased are eco-friendly, however they define it. When making all of her purchasing choices, this consumer is more likely to select products that “do good” and support causes and efforts that she believes in.

Her beauty products also are, ideally, organic, paraben-free, and botanically based: 32% of consumers prefer personal care products made with natural or organic ingredients and 30% of consumers sought organic skin care products followed by hair products and cosmetics (Beauty Packaging.com/Transparency Market Research; Iconoculture). This trend does not appear to be slowing down, in fact, sales of organic beauty products are projected to grow by 74% through 2018 (Source: Mintel). With limited time, the Passionista wants products that are multi-functional and combine multi-step application—make-up foundation with anti-aging benefits, nail polish with UV protection, and haircare that provides strengthening/fortifying properties.

The Passionista is also changing the conversation about what it means to be beautiful—skinny is still a goal for many, but is no longer considered the standard. Increasingly, brands are embracing all body types, skin tones, and hair textures, and offering a cultural mirror in which women can see themselves in the products being marketed to them. Messages that empower women and value mental and physical strength over traditional images of beauty resonate with the wellness consumer.

WANT TO BE PART OF THE NEXT TRILLION DOLLAR INDUSTRY?

UNDERSTAND THE PASSIONISTA

The Passionista seeks wellness as a way of life—for her, being "well-thy" is her most valuable asset. Developing products that appeal to her values and tailoring your marketing strategy to tap into her mindset is key to reaching this consumer and gaining her confidence.

KEY TAKEAWAYS:

- HEALTH AND WELLNESS IS THE NEXT TRILLION DOLLAR INDUSTRY
- ALL BRANDS CAN PARTICIPATE IN THIS GROWING INDUSTRY
- THE HEALTH AND WELLNESS CONSUMER IS FEMALE, EDUCATED, AND DEDICATED
- MOBILE DEVICES ARE AN ESSENTIAL TOOL IN HER PATH-TO-PURCHASE

For more information visit: www.womensmarketing.com