

Understanding Wellness:

Opportunities & Impacts of the Wellness Economy for Regional Development

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Global Wellness Institute
White Paper Series

SEPTEMBER 2019



**GLOBAL WELLNESS
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UNDERSTANDING WELLNESS SERIES

In a short time span, wellness has become ubiquitous in media and advertising, public discourse, and private conversations, as well as in purchasing decisions and lifestyle choices all around the world. The promise of wellness as a global industry is garnering the attention of entrepreneurs, investors, and even governments. Yet, the concept of wellness is often not well understood, and the usage of the term can be inconsistent and confusing. The Global Wellness Institute (GWI) is the first organization to define the global wellness economy and to provide data on its size and opportunities. In this working paper series – *Understanding Wellness* – GWI researchers will explore the qualitative aspects of the wellness economy to provide an informed point of view and insights on how wellness is evolving now and into the future. Topics may include: the history of wellness, the global forces shaping its growth, its social and economic implications, important definitions and terminologies, etc. This paper, *Understanding Wellness: Opportunities and Impacts of the Wellness Economy for Regional Development*, outlines the cross-cutting impacts and opportunities that a growing wellness industry can offer for development and growth in countries, regions, and communities around the world.

ABOUT THE GLOBAL WELLNESS INSTITUTE

The Global Wellness Institute (GWI), a 501(c)(3) non-profit organization, is considered the leading global research and educational resource for the global wellness industry and is known for introducing major industry initiatives and regional events that bring together leaders and visionaries to chart the future. GWI positively impacts global health and wellness by advocating for both public institutions and businesses that are working to help prevent disease, reduce stress, and enhance overall quality of life. Its mission is to empower wellness worldwide.

ABOUT THE AUTHORS

This white paper was prepared by Ophelia Yeung and Katherine Johnston, Senior Research Fellows at the Global Wellness Institute. Together, they have four decades of experience leading research and strategy development for businesses, universities, research institutions, and multilateral and government organizations under the auspices of SRI International, a Silicon Valley-based technology and innovation company. Since 2008, Ms. Yeung and Ms. Johnston have worked with the team at what has become the Global Wellness Institute to pioneer groundbreaking research on the global wellness economy and its subsectors.

Ms. Yeung and Ms. Johnston want to thank Dr. Gerry Bodeker (public health academic and clinical psychologist, University of Oxford and Columbia University) for providing advice on this white paper.

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BACKGROUND: WHAT IS WELLNESS?

Wellness is a modern word with ancient roots. The key tenets of wellness as both preventive and holistic can be traced back to ancient civilizations from the East (India, China) to the West (Greece, Rome). In 19th century Europe and the United States, a variety of intellectual, religious, and medical movements developed in parallel with conventional medicine. With their focus on holistic and natural approaches, self-healing, and preventive care, these movements have provided a firm foundation for wellness today. Wellness-focused and holistic modalities have gained more visibility since the 1960s/1970s under the writings and thought leadership of an informal network of U.S. physicians and thinkers (such as Halbert Dunn, Jack Travis, Don Ardell, Bill Hettler, and others). As these have evolved, proliferated, and gone mainstream, they have informed the healthy-living, self-help, self-care, fitness, nutrition, diet, and spirituality practices that have become a flourishing wellness movement in the 21st century.

The Global Wellness Institute (GWI) defines wellness as: ***the active pursuit of activities, choices, and lifestyles that lead to a state of holistic health.***

There are two important aspects to this definition. First, wellness is not a passive or static state, but rather an “active pursuit” that is associated with intentions, choices, and actions as we work toward an optimal state of health and wellbeing. Second, wellness is linked to holistic health – that is, it extends beyond physical health and incorporates many different dimensions that should work in harmony (see figure).

Wellness is an individual pursuit – we have self-responsibility for our own choices, behaviors, and lifestyles – but it is also significantly influenced by the physical, social, and cultural environments in which we live.

Wellness is often confused with terms like health, wellbeing, and happiness. While there are common elements among them, wellness is distinguished by not referring to a static state of being (i.e., being happy, in good health, or a state of wellbeing). Rather, wellness is associated with an active process of being aware and making choices that lead toward an outcome of optimal holistic health and wellbeing.

WELLNESS IS MULTIDIMENSIONAL



Source: Global Wellness Institute

BACKGROUND: WHAT IS THE WELLNESS ECONOMY?

The wellness economy is a colossal global industry, estimated by the Global Wellness Institute (GWI) as \$4.2 trillion and representing roughly 5.3% of global economic output in 2017. Defined as **industries that enable consumers to incorporate wellness activities and lifestyles into their daily lives**, the wellness economy encompasses ten varied and diverse sectors (see figure).

GLOBAL WELLNESS ECONOMY: \$4.2 trillion in 2017



Source: Global Wellness Institute

GWI first pioneered this concept and measured the wellness economy in the 2014 *Global Wellness Economy Monitor*. Since that time, the wellness economy grew from \$3.4 trillion to \$4.2 trillion, or by 5.8% annually. This growth rate is over five times as fast as global economic growth (1.1% annually) from 2013-2017.ⁱ

GWI has conducted original, country-level research to define and quantify five sectors within the wellness economy (wellness real estate, workplace wellness, wellness tourism, spas, thermal/mineral springs). For the other five sectors, GWI draws upon secondary sources to produce a global aggregate figure. GWI's wellness economy figures are updated and released every few years in the *Global Wellness Economy Monitor*. For more information and GWI's most recent data and analysis for the global wellness economy, see: <https://globalwellnessinstitute.org/industry-research/>.

UNDERSTANDING WELLNESS: OPPORTUNITIES & IMPACTS OF THE WELLNESS INDUSTRY FOR REGIONAL DEVELOPMENT

Introduction

Wellness is a massive and growing share of the world’s economy. Most recently measured by the Global Wellness Institute at \$4.2 trillion in 2017, it accounts for roughly 5.3% of global economic output.ⁱⁱ From 2013-2017, the wellness economy grew from \$3.4 trillion to \$4.2 trillion, or by 5.8% annually – a growth rate over five times as fast as global economic growth (1.1% annually).ⁱⁱⁱ

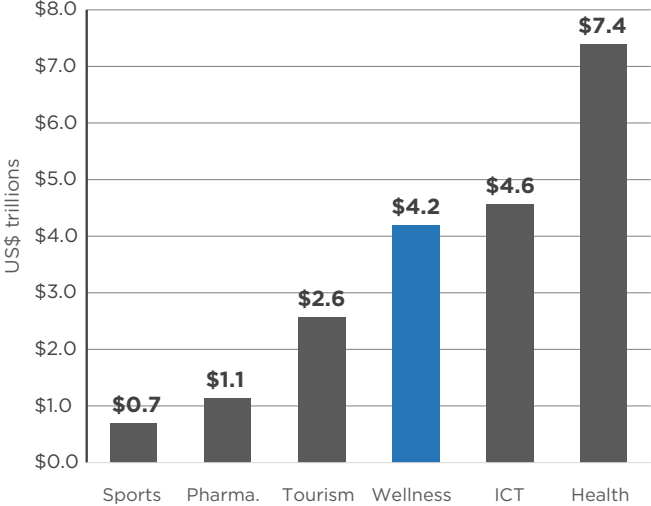
Wellness is now over half the size of global health expenditures, which were estimated at \$7.3 trillion in 2015.^{iv} As an industry, wellness is a major force in the global economy – close in size to the information and communications technology (ICT) industry, and larger than the sports, pharmaceuticals, and travel and tourism industries (see figure).

And yet, the growth of the wellness industry has largely been a private sector phenomenon, off the radar of most government leaders, policymakers, and economic developers. Many large and fast-growing industries – from high-tech and manufacturing to healthcare and tourism – are highly coveted by regional developers around the world and benefit from huge investments via marketing campaigns, investment incentives and promotion, workforce training, site development, and so on. Wellness has not yet received this kind of attention, perhaps because the industry is so new and little understood.

Why should governments start paying attention to wellness? As an industry, wellness has numerous potential cross-cutting implications for development – not only in terms of economic development, competitiveness, and growth, but also in the arenas of health, urban planning, environmental and cultural sustainability, workforce, equity and diversity, social and cultural affairs, and much more. More broadly, wellness provides a new lens through which development can bring wide-ranging benefits for people, society, and planet alongside traditional economic growth objectives.

This GWI white paper outlines the cross-cutting impacts and opportunities that a growing wellness industry can offer for development and growth in countries, regions, and communities around the world.

Global Market Size 2017



Source: Global Wellness Institute, A.T. Kearney, IQVIA, WTTC, IDC, WHO
Note: Since the wellness industry includes wellness tourism, it has a small amount of overlap with the tourism industry.

OPPORTUNITIES & IMPACTS OF WELLNESS FOR REGIONAL DEVELOPMENT



Wellness is an economic growth driver.

- Employment creation & small business development
- Promotion of locally-sourced, produced, & branded products
- Women's empowerment & benefits to families



Wellness improves public health.

- Mitigating rising healthcare costs
- Improving health equity by engaging wellness workers in the community
- Addressing the growing mental health epidemic
- Harnessing indigenous wellness knowledge, traditions, & modalities



Wellness supports protection of natural & cultural assets.

- Environmental protection
- Preserve & celebrate local culture & heritage
- Mitigate tourism-related challenges



Wellness supports workforce development and worker welfare.

- Worker development, retention, & recruitment
- Worker welfare



Wellness enhances quality of life & social capital.

- Urban/community planning, zoning, & infrastructure
- Social capital & trust

FRESH PRODUCE

LOCALLY GROWN

100%
ORGANIC

FARMER
MARKET

ORGANIC
EGG
\$ 3 ⁹⁹/_{DOZEN}

"LEMON"
99 ^c/_{EACH}

FRESH
RADISH
\$ 3 ¹⁰/_{LB}

BEETROOT
\$ 4 ⁰⁰/_{LB}

100%
ORGANIC



WELLNESS IS AN ECONOMIC GROWTH DRIVER.

The \$4.2 trillion economy of wellness is fast-growing, resilient, and pervasive. The forces driving consumers to spend on wellness are sufficiently strong that wellness industry growth around the world has been robust and has exceeded GDP growth (even in years in which the global economy shrank). These trends are expected to continue, with much of the industry's growth driven by domestic demand and met by domestic supply. Since many wellness businesses are small, service-oriented, homegrown, and female-led, wellness growth has the potential to drive significant economic growth and job creation in communities, regions, and countries around the world.

Employment creation and small business development. A large portion of wellness activities and businesses are service-oriented and therefore help create jobs. In addition, many wellness sectors are dominated by small and locally-owned enterprises that serve a local clientele and use local products and services (e.g., yoga studios, fitness studios, spas, retail, traditional/indigenous and complementary medicine practitioners, nutritionists, etc.). A growing wellness industry therefore creates opportunities for micro/small enterprises, entrepreneurship, and new business models.

Promotion of locally-sourced, produced, and branded products. Wellness consumers increasingly favor authentic, organic, locally-sourced, and sustainable products (e.g., fresh produce and foods, skincare and personal care products, herbal and traditional remedies, etc.) and are often willing to pay a premium for them. The development of the wellness industry can stimulate the development of homegrown products and services, while encouraging regions to value their own heritage and unique place-based products and offerings.

Women's empowerment and benefits to families. The majority of wellness consumers are women, and many wellness-related occupations are traditionally female-dominated (e.g., massage therapists, traditional healers, tourism and retail workers, etc.) - therefore, growth of this industry supports job creation for women. In addition, traditional wellness knowledge (healing modalities, herbal remedies, etc.) is often transmitted through matrilineally-based lines, passing from grandmother to mother to daughter. The rise of the wellness industry creates economic and entrepreneurship opportunities for women at all levels, while strengthening the preservation of cultural heritage and indigenous knowledge. The benefits of female economic empowerment to families are extensive - including greater investment in health and education for children, especially girls. However, an ongoing challenge is that because many wellness jobs/skills are traditionally considered to be "female" - such as hands-on caring and healing, serving, teaching, food production and gardening, etc. - they are under-valued in most societies and have below-average wages. Worse, sometimes wellness occupations face stigma and misunderstanding (e.g., conflating massage therapists with sex workers).



WELLNESS IMPROVES PUBLIC HEALTH.

People's lifestyles, behaviors, health outcomes, and longevity are largely determined by social and environmental factors that are outside the purview of healthcare systems. Expansion of the wellness industry can help address the rising global health epidemic, improve public health, and improve the financial sustainability of healthcare systems.

Mitigating rising healthcare costs. In countries worldwide, healthcare expenditures are growing at an unsustainable rate, driven by the rise of chronic disease and mental illness. Wellness services that focus on prevention and healthy behaviors are the only way to address critical risk factors (e.g., sedentary life, unhealthy diets, smoking, etc.) and the social and environmental determinants of health (e.g., loneliness, food inequity, etc.). According to the World Health Organization (WHO), even a limited set of interventions to address non-communicable diseases (NCDs) in developing countries would yield a return of \$7 for every \$1 invested, not only from direct reduction of healthcare costs, but also from reduction in premature death and disability and the resulting increase in employment and productivity.^v An important issue to be addressed everywhere is expanding the accessibility and affordability of wellness and preventive services to lower and middle-class populations.

Improving health equity by engaging wellness workers in the community. A critical issue in public health today is how to improve health delivery to all people at all income levels, across geographically dispersed areas. Leveraging community health workers (CHWs), especially in low-resource settings, has been identified as critical to achieving UN Sustainable Development Goal 3 (SDG 3).^{vi} The CHWs in low- and middle-income countries across Asia, Africa, and other regions – large numbers of whom practice traditional/indigenous medicine – represent an important resource to deliver preventive health services and healthcare education. Because they are local, trusted, and embedded in the communities they serve, CHWs are well-positioned to help adapt nutritional guidelines and healthy lifestyle habits to local contexts, provide culturally-based framing of health messages, and engage in mental wellness conversations.

Addressing the growing mental health epidemic. The wellness movement is a leading force drawing attention to the rise of stress, anxiety, loneliness, and other mental health issues around the world. This public conversation helps reduce the stigma of mental illness and shifts attention to the critical importance of mental wellness. The wellness industry is a channel for delivering new solutions to address mental health both within and outside the medical system, including meditation and mindfulness activities, sleep-focused products and solutions, coaching and counseling, stress-reducing and social built environments, and much more.

Harnessing indigenous wellness knowledge, traditions, and modalities. Wellness industry growth spurs the revival, modernization and mainstreaming of numerous wellness traditions and healing modalities originating in countries around the world. For example, traditional Asian practices – from Traditional Chinese Medicine (TCM), Ayurvedic medicine, and Tibetan medicine, to yoga, meditation, tai chi, qigong, Japanese forest bathing, etc. – are now becoming mainstream and accessible in countries throughout the world. As consumers increasingly seek out these approaches, more and more scientific research is being conducted on their efficacy. Individuals have a growing number of options to engage in traditionally-based healthy lifestyle activities, while evidence-based and cost-effective modalities are being adopted into the conventional/Western medical system alongside or as a substitute for allopathic treatments (e.g., acupuncture for migraines or back pain, manual therapy for neck pain, spa therapy for Parkinson's, fish oil substitutes for preventing heart attacks).^{vii} However, far more research is needed across all modalities to provide evidence of the treatment and cost-effectiveness of traditional, complementary, and integrative approaches.



WELLNESS SUPPORTS PROTECTION OF NATURAL AND CULTURAL ASSETS.

As wellness consumers become more sophisticated and discerning, they start to care more about where products come from, how things are produced, and how their purchases impact local people and communities. The rise of the wellness economy increases incentives to communities and regions to protect their unique natural and cultural assets and to build upon these as an economic development strategy.

Environmental protection. There is a growing recognition that individual wellness is inextricably linked to wellness of place and planet. Therefore, wellness products, services, and businesses are increasingly focusing on sustainability and environmental health alongside delivering health and wellness to the consumer. Regions and policymakers are encouraged to pursue development strategies that consider environmental sustainability alongside human and social sustainability.

Preserve and celebrate local culture and heritage. Wellness consumers seek out things that are authentic, local, and unique; in response, wellness industries and businesses are increasingly supporting and developing local culture and heritage rather than cookie-cutter, mass-produced offerings. This, in turn, supports regional efforts toward community-building, diversity and inclusion, and quality of life, as well as market differentiation (place-based branding) and discovery of new local/culturally-rooted products and services in the self-care, nutritional, and medical categories.

Mitigate tourism-related challenges. Successful wellness tourism development depends upon environmentally- and socially-sustainable destinations that preserve and celebrate the uniqueness of local natural and cultural assets. Wellness tourism brings tourists with higher spending patterns, interest in getting “off-the-beaten path,” and interest in traveling off-season. It therefore provides opportunities for regions to address a number of growing tourism-related challenges, including seasonality, mass tourism, and overtourism. In particular, the vast thermal/mineral spring resources across Asia, Latin America, Europe, and other regions offer opportunities to spread the benefits of wellness to less-traveled areas.



WELLNESS SUPPORTS WORKFORCE DEVELOPMENT AND WORKER WELFARE.

The wellness movement is bringing new attention to the critical relationship between individual health and wellbeing and business productivity and growth. Workplace wellness is a growing segment of the wellness economy that is developing new models and solutions that can benefit both businesses and their workers.

Worker development, retention, and recruitment. Businesses around the world face challenges with employees' physical and mental health, absenteeism, and disengagement/presenteeism, and their negative impacts on productivity, competitiveness, healthcare costs, and the "bottom line." Well-run and targeted workplace wellness initiatives can help improve employee health, motivation, productivity, and retention, while enhancing recruitment efforts. At a regional level, efforts to improve worker and population health can also support workforce development and business retention/attraction more broadly. However, the effectiveness of different types of workplace wellness initiatives is not adequately studied or understood, and these initiatives are still concentrated in wealthier countries and larger companies. Thus, far more work is needed to identify the most effective models and their replicability across different types of organizations, industries, worker populations, and regional contexts.

Worker welfare. Workers around the world face innumerable challenges – these range from abusive working arrangements and environments in some countries and industries (including within the wellness industry), to fair pay, equity and discrimination, work conditions/safety, work-related stress, work-life balance, and relationships with coworkers and management, even among the most privileged workers. The wellness movement is bringing a burgeoning awareness of these issues and is encouraging businesses to explore new models and solutions (e.g., occupational safety/health initiatives, pay equity, diversity initiatives, flexible work, new leadership and management approaches, triple bottom line and for-benefit enterprises, etc.). Importantly, the workplace wellness industry is also bringing attention to models and approaches that can be benchmarked and replicated. Simultaneously, some employers are starting to recognize that caring for employees as a number one priority is critical to the future success of their business, and a small but growing body of research is providing evidence of this reality.



WELLNESS ENHANCES QUALITY OF LIFE AND SOCIAL CAPITAL.

Our living environments have an immense influence on individual lifestyles, behaviors, health, and happiness, as well as on relationships, communities, and social capital. While the green/sustainable building movement has gone from niche to mainstream over the last few decades, the newer wellness real estate movement is beginning to shift development, infrastructure, and planning approaches toward human-focused aims that simultaneously enhance quality of life and individual, community, and planetary wellbeing.

Urban/community planning, zoning, and infrastructure. Wellness real estate incorporates human health and wellness as a central concept in urban planning, real estate, and infrastructure development, rationalizing and reinforcing other development priorities such as sustainability, community safety, walkability, livability, and diversity, in addition to health. Key features of wellness-focused built environments include design and infrastructure that encourage physical activity (e.g., sidewalks/walkability, paths/trails, parks, active transit options); healthy eating (e.g., community gardens, farmers' markets, edible landscaping); social connections (e.g., public spaces/plazas, housing density/setbacks, mixed-use zoning, community events/programming); and mental/emotional wellness (e.g., green space, biophilic design, public art). These kinds of planning approaches serve multiple purposes – they not only create neighborhoods and communities that are healthier for residents, but also enhance quality of life, happiness, wellbeing, sustainability, and economic growth.

Social capital and trust. A new but growing body of evidence is demonstrating that the built environment has an enormous effect on relationships and civic life within communities. Many urban planning approaches in recent decades have reinforced individual and societal patterns toward loneliness, isolation, segregation, and distrust. Wellness-focused design and infrastructure emphasizes parks, plazas, and other social/community spaces as a critical part of a healthy living environment for individuals; simultaneously, the investment in, design, upkeep/maintenance, and equitable distribution of these kinds of civic assets and public spaces also encourages trust in public institutions and other people, civic engagement and pride, and other types of social capital that are critical to civil society and a healthy democracy.^{viii}

LOOKING TO THE FUTURE

In global policy circles, there is a burgeoning movement to consider the wellbeing and happiness of people as a key government aim alongside traditional economic growth and financial metrics. In a world beset with challenges from deteriorating population health to economic and social inequity to environmental degradation, policymakers are now recognizing that the neoclassical economic emphasis on GDP growth and wealth is not sufficient to ensure the future health, happiness, and wellbeing of their citizens. Initially spearheaded by Bhutan's "gross national happiness" philosophy, this conversation has now spread to major international organizations (United Nations, World Economic Forum)^x and several country governments (New Zealand, United Kingdom).^x

The wellness economy has much to contribute to this dialogue, as well as to the UN Sustainable Development Goals (in particular, Goal 3: Good Health and Well-being)^{xi} – from new modalities, services, and businesses that support health and wellbeing; to changing the way we take care of our health; to formulating new wellness-enhancing environments in which we can work, travel, and live. The global wellness economy is the private sector engine that can partner with governments and communities to work toward these broader aims of wellbeing and happiness, spreading the benefits of growth and development to all.

ENDNOTES

i Global GDP data from: IMF, *World Economic Outlook Database*, October 2018 Edition, <https://www.imf.org/external/pubs/ft/weo/2018/02/weodata/index.aspx>.

ii See Global Wellness Institute (2018). *Global Wellness Economy Monitor 2018*. <https://globalwellnessinstitute.org/industry-research/2018-global-wellness-economy-monitor/>.

iii Global GDP data from: IMF, *World Economic Outlook Database*, October 2018 Edition, <https://www.imf.org/external/pubs/ft/weo/2018/02/weodata/index.aspx>.

iv Global health expenditures data from: WHO, *Global Health Expenditures Database*, <http://apps.who.int/nha/database/Home/Index/en>. 2015 is the most recent year available.

v WHO (2018, May 16). Investing in noncommunicable disease control generates major financial and health gains. *WHO News Release*. <https://www.who.int/news-room/detail/16-05-2018-investing-in-noncommunicable-disease-control-generates-major-financial-and-health-gains>.

vi Sachs, S. and Sachs, J. (2018). The community health worker revolution. *Achieving SDG 3: Policy Brief Series 2018*. Sustainable Development Solutions Network. <http://unsdsn.org/wp-content/uploads/2018/10/181020-Policy-Brief-Series-5.pdf>.

vii Herman, P.M., et al (2012). Are complementary therapies and integrative care cost-effective? A systematic review of economic evaluations. *BMJ Open*, 2(5). <https://www.ncbi.nlm.nih.gov/pubmed/22945962>.

viii See Center for Active Design (2018). *Introducing the Assembly: Civic Design Guidelines*. <https://centerforactivedesign.org/assembly>.

ix See Global Council for Happiness and Well-being (2019). *Global Happiness and Well-being Policy Report*. <http://www.happinesscouncil.org/>.

x See Exton, C. and Shinwell, M. (2018, Nov. 6). *Policy use of well-being metrics: Describing countries' experiences*. SDD Working Paper No. 94. OECD Statistics and Data Directorate. [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=SDD/DOC\(2018\)7&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=SDD/DOC(2018)7&docLanguage=En).

xi See United Nations Sustainable Development Goals, <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.



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333 S.E. 2nd Avenue, Suite 2048
Miami, FL 33131, USA

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