

CONSUMER INSIGHTS

FOR D2C HEALTH/WELLNESS BRANDS



Connections have been drawn between troubling current events and health/wellness category growth.¹

Pre-COVID, editors and publishers observed that the election of Trump, and the information age shifting brains into overdrive, both appeared to have simultaneously acted as drivers of wellness-related book sales.²

The wellness industry/overly earnest social media posts about self-care have been criticized for all of the perceived paradoxes, inefficacies, socioeconomic aspects, fast-moving trends, thinly-veiled acts of narcissism, and commercial exploitations of insecurities.³

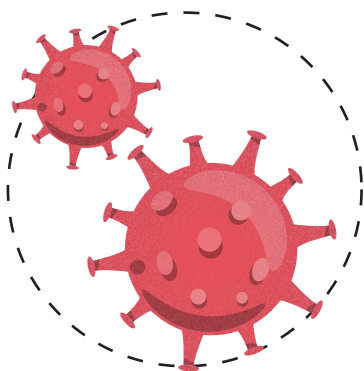
At the same time, feelings of guilt or selfishness have been identified as a common barrier to self-care.⁴



Self-care is hard-to-define and continually evolving. Consider the ironic, antiquated result of a pre-COVID survey in which "solitude" ranked as the most popular form of self-care.⁵

People desperately wanted time to get away from each other. Now they're stir-crazy during lockdowns.

A separate pre-COVID survey showed that 63% of Valentine's Day celebrants would rather stay in and cook than go out.⁶ How times have changed. Such behaviors are no longer a defiant bid for intimacy; it's part of "the new normal." And too much time together actually caused a measurable spike in break-ups and divorces.⁷



¹ <https://sourcingjournal.com/topics/lifestyle-monitor/self-care-wellness-trends-apparel-comfort-activewear-cotton-sleep-loungewear-261413/>

² <https://www.latimes.com/health/la-he-business-of-self-care-20190508-story.html>

³ <https://www.nytimes.com/2020/10/26/us/women-self-care-beauty-leigh-stein.html>

⁴ <https://www.intheblack.com/articles/2020/11/27/6-signs-doing-self-care-wrong>

⁵ <https://www.forbes.com/sites/daniellebrooker/2019/06/30/solitude-is-peoples-favourite-self-care-activity-to-engage-in-says-new-survey/>

⁶ <https://www.housewareslive.net/63-of-people-prefer-to-stay-in-and-cook-on-valentine%E2%80%99s-day/>

⁷ <https://www.bbc.com/worklife/article/20201203-why-the-pandemic-is-causing-spike-in-break-ups-and-divorces>

It's possible for consumer brands to produce a positive effect without offering a fundamental solution but expectations are key. What's the function or expectation around a spa day, or exfoliant? Is it truly about a person creating a nurturing experience for themselves, or is it a compulsive, avoidance behavior?

Does it bring a moderate balance or rhythm to the day that creates a moment of positive emotion, or is it a way of smothering challenging emotions?



Many consumer products that are framed as being relevant to self-care are actually making appeals to a sense of self, invoking concepts of earned rewards and alleviated guilt.

Many consumers are aware of the underlying social dynamics and impulses but they still explore new digital native brands with the hope of finding greater relief and wellbeing, or at least welcome distraction.

Health/wellness is a new consumer lens being applied to multiple product categories, and this perception may become a generational reality. A new line of Barbie dolls even claims that girls can learn "the benefits of self-care through play," with representations of yoga, breathing exercises, and beauty rituals.⁸

Although this could be seen as further confirmation that the self-care trend is really a sales ploy, and in Mattel's case, an effort to shed negative publicity resulting from their product's body image controversy,⁹ the toys do reflect the multi-dimensional, subjective aspects of self-care and wellness, according to Shainna Ali Ph.D., LMHC.¹⁰



Research from Trustpilot in April 2020 indicated that 59% of U.S. consumers and 55% of U.K. consumers were spending more on health products due to the pandemic.¹¹

⁸ <https://barbie.mattel.com/shop/en-us/ba/barbie-wellness>

⁹ <https://time.com/barbie-new-body-cover-story/>

¹⁰ <https://www.psychologytoday.com/us/blog/modern-mentality/202002/can-barbie-help-teach-self-care>

¹¹ <https://business.trustpilot.com/guides-reports/build-trusted-brand/2020-consumer-report-combating-misinformation-in-the-health-beauty-sector>

As self-care and self-soothing become equated, the line between beauty and health/wellness categories is also blurring:



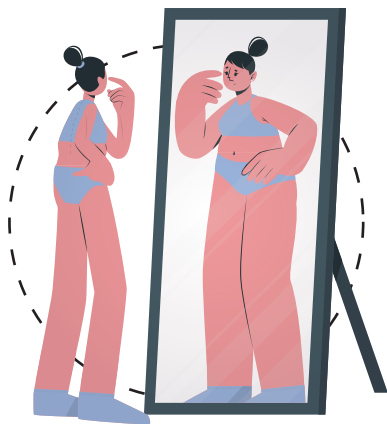
According to Trustpilot research, 45% of U.S. consumers said they purchased beauty products in order to treat themselves; 51% cited that same reasoning in the U.K.



According to Ulta Beauty, the largest U.S. retailer in its category, 65% of customers conflate beauty with wellness.¹²



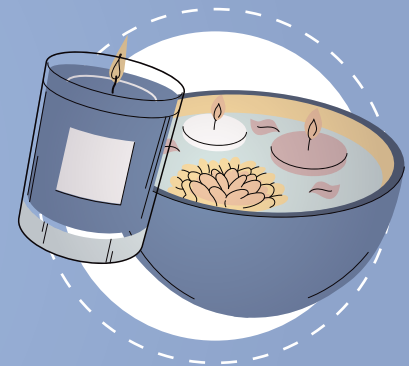
In a pre-COVID “You-Time Report” from Birchbox, a D2C subscription-based beauty and grooming brand, 72% of Americans associated beauty or grooming rituals with self-care, and younger generations made this association more often.¹³



After conducting a global study of wellbeing, athletic apparel company Lululemon Athletica concluded that the results expose a paradox at the heart of wellbeing. People tend to say that they feel fine, but only 29% report strong wellbeing across the physical, mental, and social aspects of their lives.¹⁴

Vagaro, an online booking/payment vendor specifically for salons, spas, and fitness, commissioned a survey of 2,000 Americans’ self-care activities and perceptions. 69% of respondents planned to practice more self-care in 2021.

They also attributed this evolution of perspectives to society at large, with 70% believing that self-care isn’t just a pandemic trend and 71% anticipating a higher prioritization of self-care over the next five years.¹⁵



¹² <https://www.nytimes.com/2021/02/15/style/self-care/mens-skincare.html>

¹³ <https://edge.birchbox.com/uploads/birchbox-the-you-time-report.pdf>

¹⁴ https://pniimages.lululemon.com/content/dam/lululemon/lululemon_2021_Global_Wellbeing_Report.pdf

¹⁵ <https://www.businesswire.com/news/home/20210114005312/en/Vagaro-Survey-75-of-Americans-Believe-Self-Care-Activities-Provide-Stress-Relief>



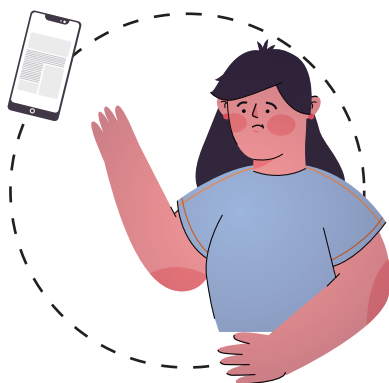
The digital workplace is an unavoidable component in modern wellness, or lack thereof, and is of relevance to D2C health/wellness brands that essentially exist in the same space or screens.

Employers that actively monitor their remote workers' productivity, on the company's virtual private network or through other tech means, have noticed random bursts of e-commerce shopping throughout the workday. They differ on whether this should be considered problematic.

The Lululemon survey showed that Gen Z'ers perceive the highest barriers to their own wellbeing. The company also concluded that "a holistic approach and proactive mindset catalyze stronger wellbeing and optimism."

Research from StanCorp Financial Group, Inc. showed generational disparities in self-reported mental health issues, with Gen Z rates of 71%, followed by Millennials at 59%, Gen X at 36%, and Boomers at 22%.¹⁶ This could be viewed as somewhat ironic — those who are most vulnerable to COVID-19 claim to be the least anxious, and vice versa.

However, there are other stressors than the virus itself, such as higher housing costs in inflation-adjusted terms, less job security, the gig economy, and general economic uncertainty.



Younger generations are also less private about their beauty or grooming rituals and are more likely to Facetime a friend in the midst of these activities.

At the same time, they are experimenting with digital detoxes as a possible solution to their anxieties and lethargy.

But the problem isn't just the troubled relationship with mobile devices. They serve as a gateway into a troubled world.

Gen Z health/wellness interests are often a way of asserting control over the chaos, a response to peer pressure via social media, and a reflection of their well-mastered technological ability to research, measure, and optimize all things, including themselves. Although many young consumers backslid in their healthful habits during the pandemic, youth-specific research firm YPulse concluded that young consumers wanted to start 2021 with a healthy body and mind and more inclusive notions about wellness.¹⁷

¹⁶ <https://www.standard.com/eforms/21962.pdf>

¹⁷ <https://www.ypulse.com/article/2021/01/19/some-of-ypulses-biggest-predictions-for-2021/>

Surveys and sales indicate that many consumers directly or implicitly view their purchase decisions as steps along a pathway to better health, at a time of intensified vulnerability. While proceeding on these journeys, consumers may find certain health/wellness product claims to be unclear or misleading.

In a 2018 survey conducted by The International Food Information Council, 80% said they came across conflicting information about food and nutrition, and 59% said this caused them to doubt their choices.¹⁸



Brands need to determine the appropriate level of digital engagement for their consumers, striving for a position of relevance and clarity, as opposed to relentless and meaningless content on every channel. They can address consumers' wellness interests without exaggerating their product claims.

They can depict the usage of a product in a way that looks reinvigorating, or relaxing, or by using design principles that evoke those impressions. They don't actually need to co-opt and explicitly mention "Zen," even though countless brands do exactly that.

Marketing aside, the real D2C opportunity, which is both societal and commercial, lies in producing and delivering products that are healthful, without retail intermediaries blocking or affecting that alignment based on conflicting interests, inflexible planograms, or unaffordable slotting fees.

Consumer brands can align, or realign, towards product-market fit through direct, digital testing and iterations. If "the customer is always right" (an oft-quoted yet dubious determination at best), shouldn't the customer be in the position to choose, without the prior whittling down of retail buyers or e-commerce algorithms?

Consumers are explicitly saying that they want to stop indulging in vice products and they want to attain wellness instead. Consumer brands could choose to stop making those products and turn with these tailwinds, before the headwinds make their storied corporate pasts irrelevant and turn their global footprints into operational disadvantages.



¹⁸ <https://foodinsight.org/wp-content/uploads/2018/05/2018-FHS-Report-FINAL.pdf>



Businesses continue to act in ways that address short-term needs while simultaneously jeopardizing long-term needs, and that reap profits without accounting for negative externalities. In D2C, that might look like a small, organic, healthful, seemingly impeccable product... arriving in a massive, gratuitous cardboard box filled with bubble wrap or packing material.

Crockpot, a decades-old slow cooker brand from consumer goods company Newell Brands, commissioned a survey of the U.S. public that suggested that people could experience benefits by replicating the appliance's methods in their own lives during quarantines. In other words, they should slow down.

Respondents who took their time were more likely to report thriving under pressure, versus those who acted at a faster pace (71% vs. 58%, respectively).¹⁹ They were also more likely to be introverts.



Rapidly disseminated consumer trends and self-care resolutions will act as drivers of growth for categories and brands with health/wellness claims or associations. Unfortunately, threats to emotional health and sustainable personal rhythms will also act as drivers by compounding problems and influencing searches for health/wellness improvements. Much of this growth will happen via digital channels.

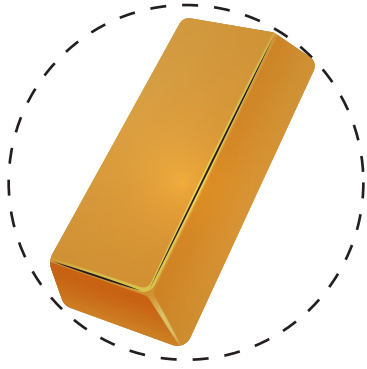
The explosion of e-commerce/D2C has created an unprecedented economic opportunity, and may also be a topic of concern for those involved in public health policy or consumer protection.

There is also an opportunity for brands to be more transparent about the ethics and sustainability of their practices, and consequently, for consumers to better match up their actions with their professed ideologies.

¹⁹ <https://www.prnewswire.com/news-releases/this-new-year-the-crockpot-brand-just-wants-you-to-slow-down-301205683.html>

²⁰ <https://techhq.com/2019/10/did-amazon-go-automate-cashier-jobs-or-relocate-them/>

To the extent that some of these health/wellness products actually advance the cause of health/wellness, or contain safer, higher quality ingredients, D2C could be a new technological means of expanding distribution to communities traditionally underserved by brick-and-mortar retail. In the future, unmanned stores could also potentially address any inventory disparities.²⁰ Both will reduce “friction” from the process.



Health/wellness survey data has repeatedly shown that lifestyle aspirations are high but time is short. Meaningful self-care is at least a few slots down in many people’s hierarchy of values.

This data puts a modern twist on The Golden Rule:
People do not treat themselves as they want to be treated.
But they say that they will, from now on.

Pre-COVID, in 2019, the Global Wellness Institute assessed the global personal care, beauty, and anti-aging sector of wellness at \$1,083 billion. Their definition of the global wellness economy was inclusive of many different and hard-to-categorize economic areas but they estimated it at \$4.5 trillion overall.²¹



In 2020, U.S. e-commerce sales increased by 32.4% to a total of \$791.7 billion, according to the U.S. Department of Commerce. These digital activities are now claiming a greater share of retail, roughly 14% of all sales, up from 11% in 2019.²²



²¹ <https://globalwellnessinstitute.org/wp-content/uploads/2019/12/Global-Wellness-Economy-Bubble-Chart-2019.pdf>

²² https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf