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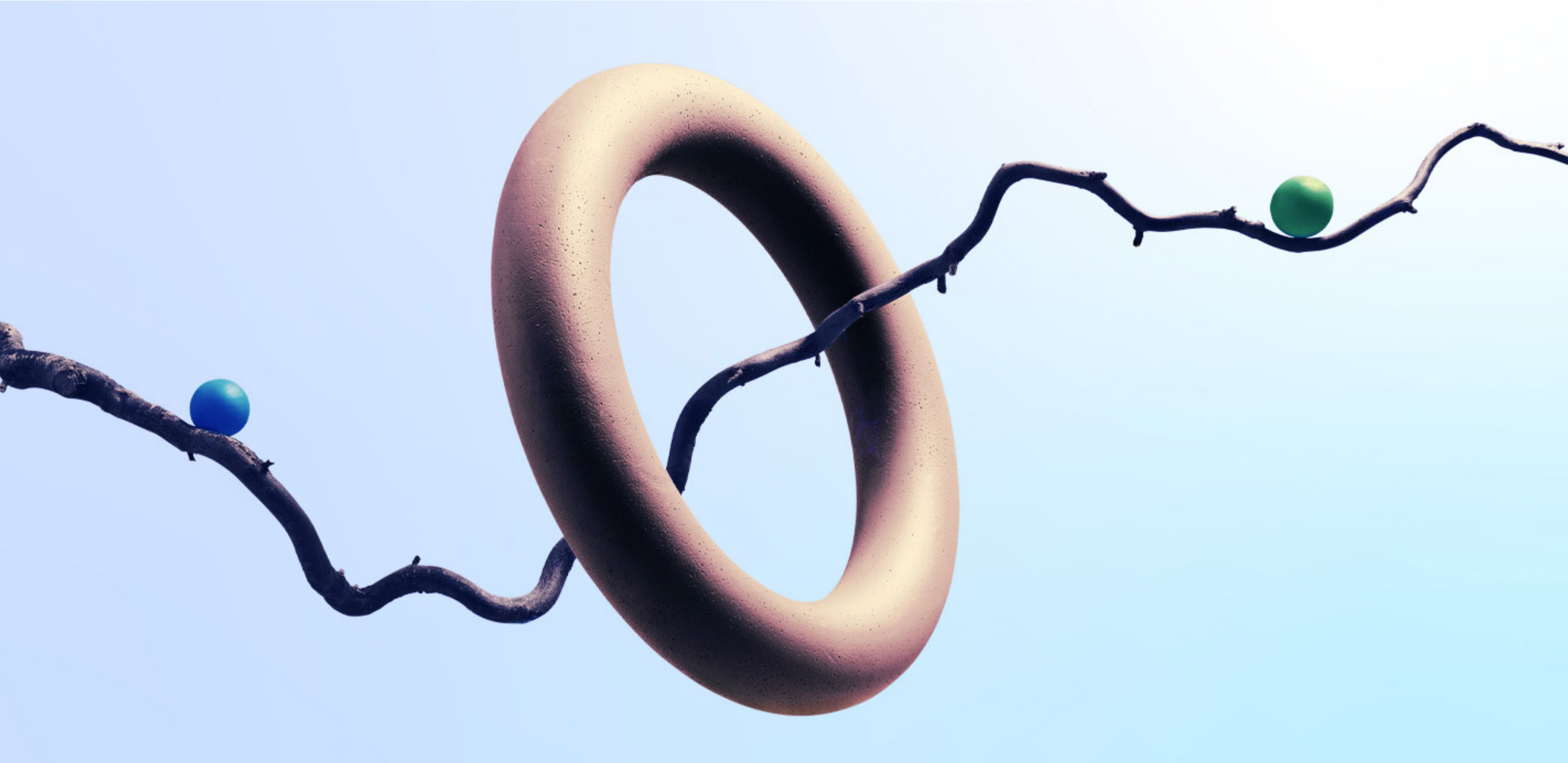
Consumer Packaged Goods Practice

The trends defining the $1.8 trillion global wellness market in 2024

Our latest Future of Wellness survey finds that consumers are taking greater control over their health—and expect companies to provide effective, science-backed solutions.

This article is a collaborative effort by Shaun Callaghan, Hayley Doner, Jonathan Medalsy, Anna Pione, and Warren Teichner, representing views from McKinsey's Consumer Packaged Goods and Private Equity & Principal Investors Practices.



January 2024

From cold plunges to collagen to celery juice, the $1.8 trillion global consumer wellness market is no stranger to fads, which can sometimes surface with limited clinical research or credibility. Today, consumers are no longer simply trying out these wellness trends and hoping for the best, but rather asking, "What does the science say?"

McKinsey's latest Future of Wellness research—which surveyed more than 5,000 consumers across China, the United Kingdom, and the United States—examines the trends shaping the consumer wellness landscape. In this article, we pair these findings with a look at seven wellness subsets—including women's health, weight management, and in-person fitness—that our research suggests are especially ripe areas for innovation and investment activity.

The science- and data-backed future of wellness

In the United States alone, we estimate that the wellness market has reached $480 billion, growing at 5 to 10 percent per year. Eighty-two percent of US consumers now consider wellness a top or important priority in their everyday lives, which is similar to what consumers in the United Kingdom and China report (73 percent and 87 percent, respectively).

This is especially true among Gen Z and millennial consumers, who are now purchasing more wellness products and services than older generations, across the same dimensions we outlined in our previous research: health, sleep, nutrition, fitness, appearance, and mindfulness (Exhibit 1).[1]

Across the globe, responses to our survey questions revealed a common theme about consumer expectations: consumers want effective, data-driven, science-backed health and wellness solutions (Exhibit 2).

Five trends shaping the consumer health and wellness space in 2024

Fifty-eight percent of US respondents to our survey said they are prioritizing wellness more now than they did a year ago. The following five trends encompass their newly emerging priorities, as well as those that are consistent with our earlier research.

Trend one: Health at home

The COVID-19 pandemic made at-home testing kits a household item. As the pandemic has moved into its endemic phase, consumers are expressing greater interest in other kinds of at-home kits: 26 percent of US consumers are interested in testing for vitamin and mineral deficiencies at

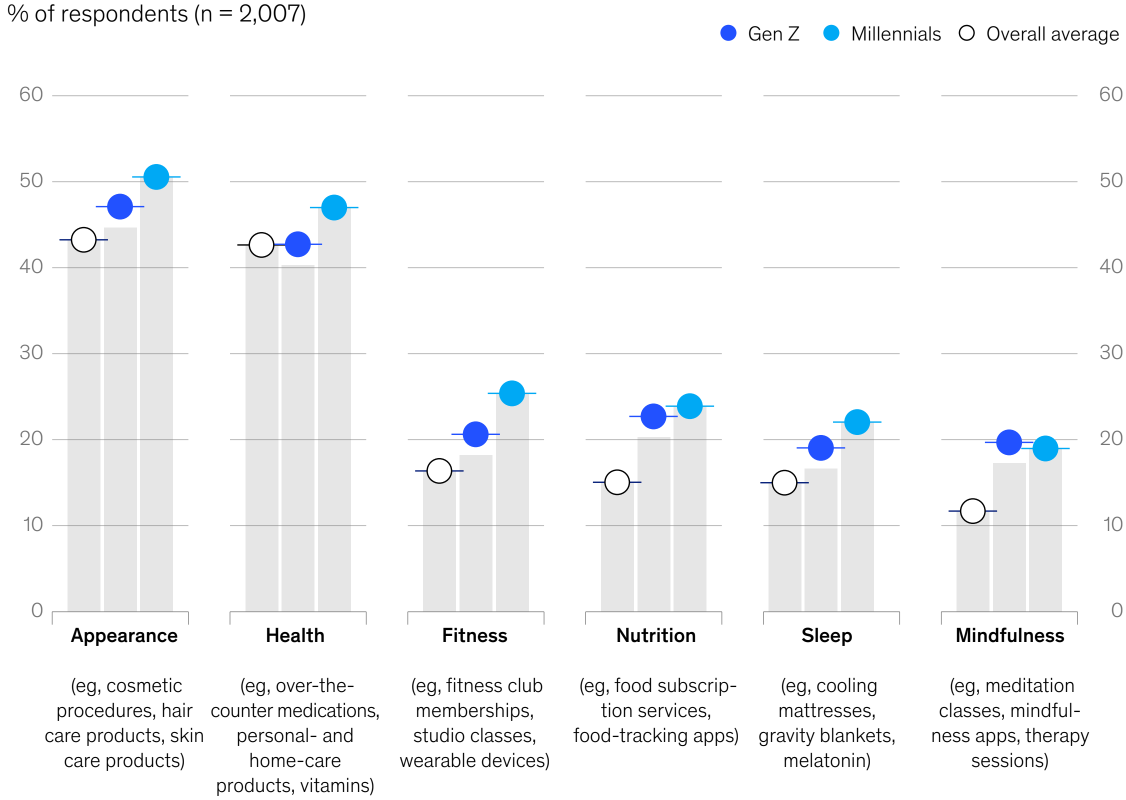
The wellness market has reached $480 billion in the United States alone, growing at 5 to 10 percent per year.

[1] "Still feeling good: The US wellness market continues to boom," McKinsey, September 19, 2022.

Exhibit 1

Millennial and Gen Z consumers are spending more on health and wellness than older consumers.

US health and wellness purchases, by product/service type and generation,[1]
% of respondents (n = 2,007)



[1]Average across all products in each category. Percentage of respondents who purchased at least once in past 12 months.
Source: McKinsey Future of Wellness Survey, Aug 2023

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home, 24 percent for cold and flu symptoms, and 23 percent for cholesterol levels.

At-home diagnostic tests are appealing to consumers because they offer greater convenience than going to a doctor's office, quick results, and the ability to test frequently. In China, 35 percent of consumers reported that they had even replaced some in-person healthcare appointments with at-home diagnostic tests—a higher share than in the United States or the United Kingdom.

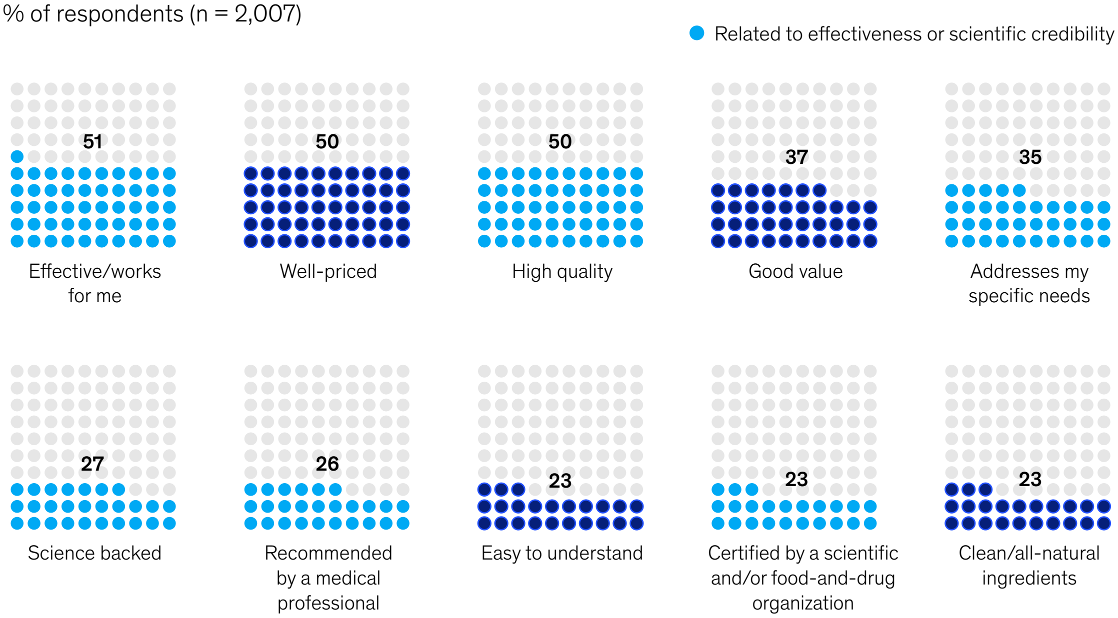
Although there is growing interest in the space, some consumers express hesitancy. In the United States and the United Kingdom, top barriers to adoption include the preference to see a doctor in person, a perceived lack of need, and price; in China, test accuracy is a concern for approximately 30 percent of consumers.

Implications for companies: Companies can address three critical considerations to help ensure success in this category. First, companies will want to determine the right price value equation for at-home diagnostic kits since cost still presents a major barrier for many consumers today. Second, companies should consider creating consumer feedback loops, encouraging users to take action based on their test results and then test again to assess the impact of those interventions. Third,

Exhibit 2

Efficacy and scientific credibility are two of the most important factors to consumers when selecting wellness products.

Top 10 factors for US consumers when purchasing wellness-related products,[1]
% of respondents (n = 2,007)



[1]Question: When purchasing wellness-related products, which of the following factors are most important to you? Out of 20 factors.
Source: McKinsey Future of Wellness Survey, Aug 2023

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companies that help consumers understand their test results—either through the use of generative AI to help analyze and deliver personalized results, or through integration with telehealth services—could develop a competitive advantage.

Trend two: A new era for biomonitoring and wearables

Roughly half of all consumers we surveyed have purchased a fitness wearable at some point in time. While wearable devices such as watches have been popular for years, new modalities powered by breakthrough technologies have ushered in a new era for biomonitoring and wearable devices.

Wearable biometric rings, for example, are now equipped with sensors that provide consumers with insights about their sleep quality through paired mobile apps. Continuous glucose monitors, which can be applied to the back of the user's arm, provide insights about the user's blood sugar levels, which may then be interpreted by a nutritionist who can offer personalized health guidance.

Roughly one-third of surveyed wearable users said they use their devices more often than they did last year, and more than 75 percent of all surveyed consumers indicated an openness to using a wearable in the future. We expect the use of wearable devices to continue to grow, particularly as companies track a wider range of health indicators.

Implications for companies: While there is a range of effective wearable solutions on the market today for fitness and sleep, there are fewer for nutrition, weight management, and mindfulness, presenting an opportunity for companies to fill these gaps.

Wearables makers and health product and services providers in areas such as nutrition, fitness, and sleep can explore partnerships that try to make the data collected through wearable devices actionable, which could drive greater behavioral change among consumers. One example: a consumer interested in managing stress levels might wear a device that tracks spikes in cortisol. Companies could then use this data to make personalized recommendations for products related to wellness, fitness, and mindfulness exercises.

Businesses must keep data privacy and clarity of insights top of mind. Roughly 30 percent of China, UK, and US consumers are open to using a wearable device only if the data is shared exclusively with them. Additionally, requiring too much manual data input or sharing overly complicated insights could diminish the user experience. Ensuring that data collection is transparent and that insights are simple to understand and targeted to consumers' specific health goals or risk factors will be crucial to attracting potential consumers.

Trend three: Personalization's gen AI boost

Nearly one in five US consumers and one in three US millennials prefer personalized products and services. While the preference for personalized wellness products was lower than in years prior, we believe this is likely due to consumers becoming more selective about which personalized products and services they use.

Technological advancements and the rise of first-party data are giving personalization a new edge. Approximately 20 percent of consumers in the United Kingdom and the United States and 30 percent in China look for personalized products and services that use biometric data to provide recommendations. There is an opportunity to pair these tools with gen AI to unlock greater precision and customization. In fact, gen AI has already made its way to the wearables and app space: some wearables use gen AI to design customized workouts for users based on their fitness data.

Implications for companies: Companies that offer software-based health and wellness services to consumers are uniquely positioned to incorporate gen AI into their personalization offerings. Other businesses could explore partnerships with companies that use gen AI to create personalized wellness recommendations.

Trend four: Clinical over clean

Last year, we saw consumers begin to shift away from wellness products with clean or natural ingredients to those with clinically proven ingredients. Today, that shift is even more evident. Roughly half of UK and US consumers reported clinical effectiveness as a top purchasing factor, while only about 20 percent reported the same for natural or clean ingredients. This trend is most pronounced in categories such as over-the-counter medications and vitamins and supplements (Exhibit 3).

In China, consumers expressed roughly equal overall preference for clinical and clean products, although there were some variations between categories. They prioritized clinical efficacy for digestive medication, topical treatments, and eye care products, while they preferred natural and clean ingredients for supplements, superfoods, and personal-care products.

Implications for companies: To meet consumer demand for clinically proven products, some brands will be able to emphasize existing products in their portfolios, while other businesses may have to rethink product formulations and strategy. While wellness companies that have built a brand around clean or natural products—particularly those with a dedicated customer base—may not want to pivot away from their existing value proposition, they can seek out third-party certifications to help substantiate their claims and reach more consumers.

Companies can boost the clinical credibility of their products by using clinically tested ingredients, running third-party research studies on their products, securing recommendations from healthcare providers and scientists, and building a medical board that weighs in on product development.

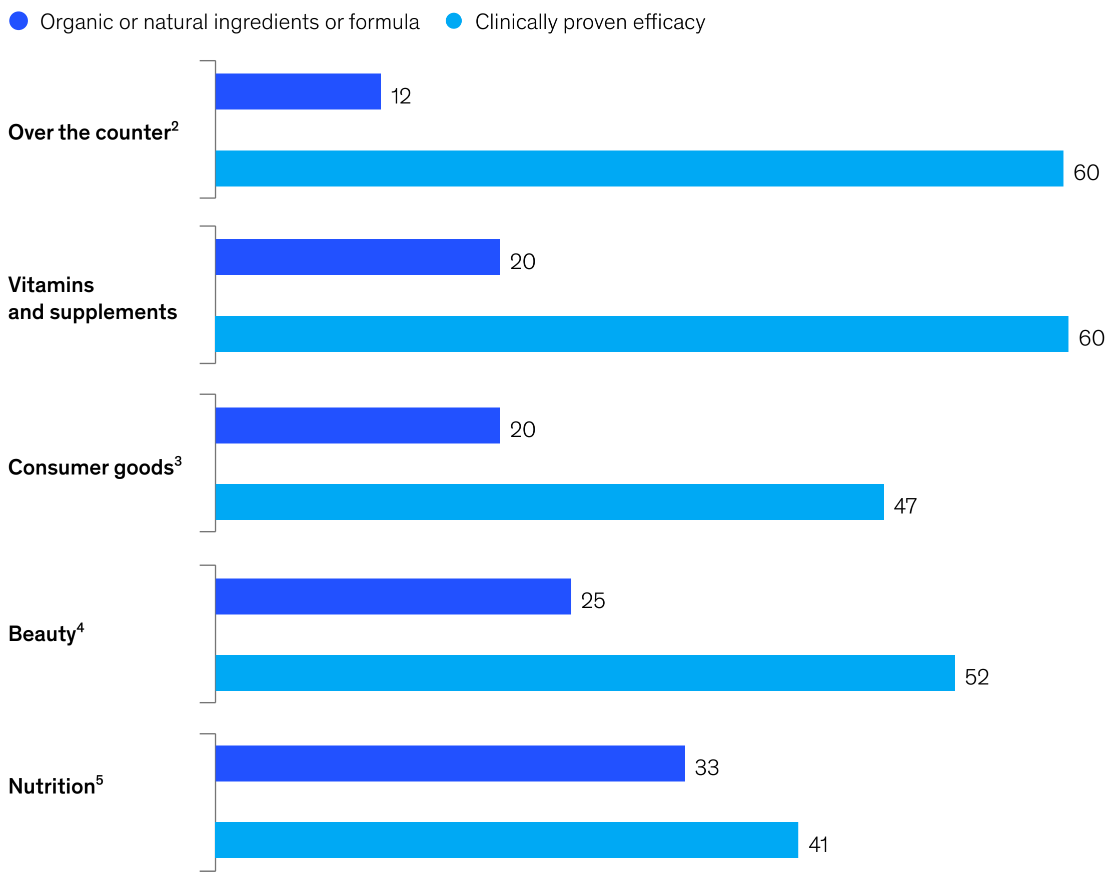
Trend five: The rise of the doctor recommendation

The proliferation of influencer marketing in the consumer space has created new sources of

Exhibit 3

US consumers seek out clinically proven products across most product categories.

US consumer preference for clinically proven efficacy vs organic or natural, by product type,[1]
% of respondents (n = 2,007)



[1]Question: Which factors are most important to you when choosing to purchase? Respondents could select up to 3 factors out of a list of 9. Responses here include only the factors "Organic/natural ingredients or formula (ie, no chemicals)" and "Clinically proven efficacy." [2]Analgesics; cough, cold, and allergy medication; digestive medication; topical treatments; prescription weight loss products; over-the-counter sleep medication (excluding homeopathic products). [3]First aid products; disinfection products; personal-hygiene products; infant care products; menstrual-care products; pregnancy/postpartum products; sexual-health products; oral-care products; eye care products; at-home self-care. [4]Condition-specific skin care; antiaging products; sun care products; skin care products; lip care products; haircare products; color cosmetics. [5]Hydration products; energy drinks; superfoods; sports nutrition products; juice cleanses; meal replacement products.
Source: McKinsey Future of Wellness Survey, Aug 2023

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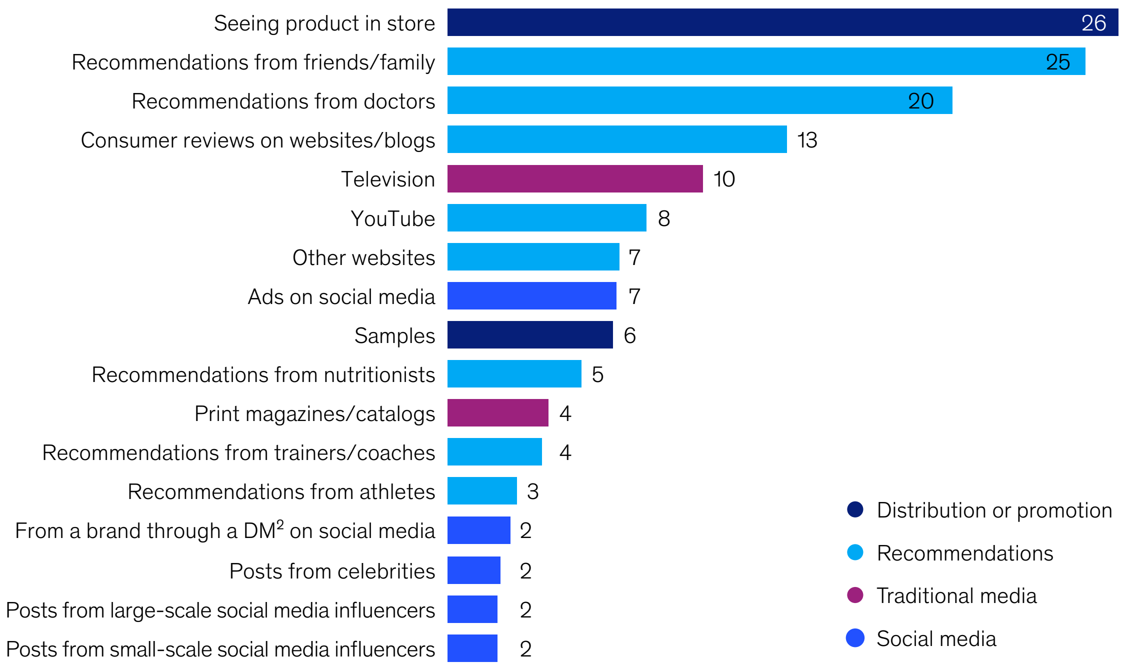
wellness information—with varying degrees of credibility. As consumers look to avoid "healthwashing" (that is, deceptive marketing that positions a product as healthier than it really is), healthcare provider recommendations are important once again.

Doctor recommendations are the third-highest-ranked source of influence on consumer health and wellness purchase decisions in the United States (Exhibit 4). Consumers said they are most influenced by doctors' recommendations when seeking care related to mindfulness, sleep, and

Exhibit 4

In-store presence and recommendations from family, friends, and doctors have the biggest influence on consumer wellness purchases.

Sources of influence for US consumers when purchasing health and wellness products and services,[1] % of respondents (n = 2,007)



[1]Question: Which of the following influence your decision to purchase new products or brands? Excludes bloggers (2%), fashion websites (2%), and recommendations from an AI chat bot (1%).
[2]Direct message.
Source: McKinsey Future of Wellness Survey, Aug 2023

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overall health (which includes the use of vitamins, over-the-counter medications, and personal- and home-care products).

Implications for companies: Brands need to consider which messages *and* which messengers are most likely to resonate with their consumers. We have found that a company selling products related to mindfulness may want to use predominately doctor recommendations and social media advertising, whereas a company selling fitness products may want to leverage recommendations from friends and family, as well as endorsements from personal trainers.

Seven areas of growth in the wellness space

Building upon last year's research, several pockets of growth in the wellness space are emerging. Increasing consumer interest, technological breakthroughs, product innovation, and an increase in chronic illnesses have catalyzed growth in these areas.

Women's health

Historically, women's health has been underserved and underfunded. Today, purchases of women's health products are on the rise across a range of care needs (Exhibit 5). While the highest percentage of respondents said they purchased menstrual-care and sexual-health products, consumers said they spent the most on menopause and pregnancy-related products in the past year.

Digital tools are also becoming more prevalent in the women's health landscape. For example, wearable devices can track a user's physiological signals to identify peak fertility windows.

Despite recent growth in the women's health space, there is still unmet demand for products and services. Menopause has been a particularly overlooked segment of the market: only 5 percent of FemTech start-ups address menopause needs.[2] Consumers also continue to engage with offerings across the women's health space, including menstrual and intimate care, fertility support, pregnancy and motherhood products, and women-focused healthcare centers, presenting opportunities for companies to expand products and services in these areas.

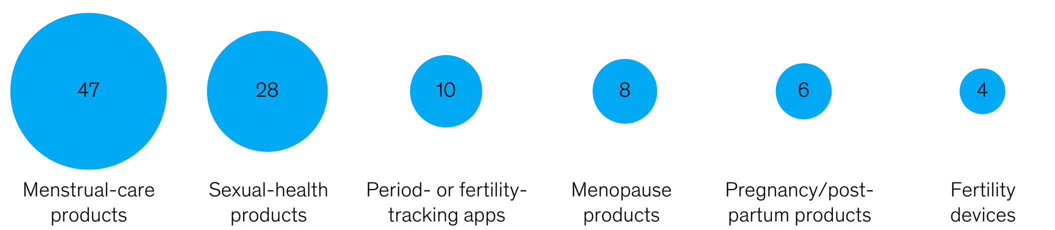
Healthy aging

Demand for products and services that support healthy aging and longevity is on the rise, propelled by a shift toward preventive medicine, the growth of health technology (such as telemedicine and digital-health monitoring), and advances in research on antiaging products.

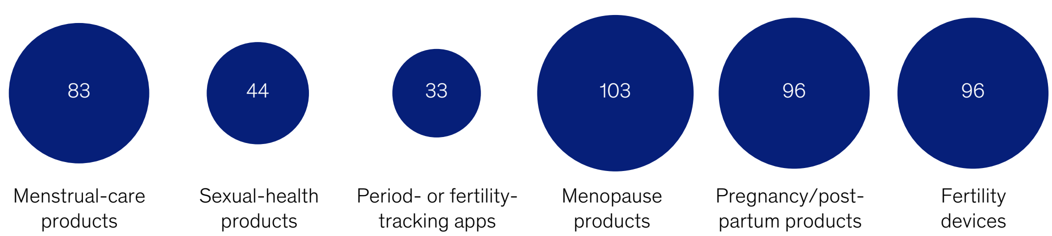
Exhibit 5

Women spend more on menopause and pregnancy-related products than on other health products.

Women's health products purchased in the US, by type,[1] % of female respondents (n = 1,099)



Average spend for US female respondents,[2] $



[1]Question: Which of the following types of women's health products have you purchased in the past 12 months?
[2]Approximately how much money have you spent on each of the following in the past 12 months?
Source: McKinsey Future of Wellness Survey, Aug 2023

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[2] Christine Hall, "Why more startups and VCs are finally pursuing the menopause market: '$600B is not "niche,"'" Crunchbase, January 21, 2021.

Roughly 70 percent of consumers in the United Kingdom and the United States and 85 percent in China indicated that they have purchased more in this category in the past year than in prior years.

More than 60 percent of consumers surveyed considered it "very" or "extremely" important to purchase products or services that help with healthy aging and longevity. Roughly 70 percent of consumers in the United Kingdom and the United States and 85 percent in China indicated that they have purchased more in this category in the past year than in prior years. These results were similar across age groups, suggesting that the push toward healthy aging is spurred both by younger generations seeking preventive solutions and older generations seeking to improve their longevity. As populations across developed economies continue to age (one in six people in the world will be aged 60 or older by 2030[3]), we expect there to be an even greater focus globally on healthy aging.

To succeed in this market, companies can take a holistic approach to healthy-aging solutions, which includes considerations about mental health and social factors. Bringing products and services to market that anticipate the needs of aging consumers—instead of emphasizing the aging process to sell these products—will be particularly important. For example, a service that addresses aging in older adults might focus on one aspect of longevity, such as fitness or nutrition, rather than the process of aging itself.

Weight management

Weight management is top of mind for consumers in the United States, where nearly one in three adults struggles with obesity[4]; 60 percent of US consumers in our survey said they are currently trying to lose weight.

While exercise is by far the most reported weight management intervention in our survey, more than 50 percent of US consumers considered prescription medication, including glucagon-like peptide-1 (GLP-1) drugs, to be a "very effective" intervention. Prescription medication is perceived differently elsewhere: less than 30 percent of UK and China consumers considered weight loss drugs to be very effective.

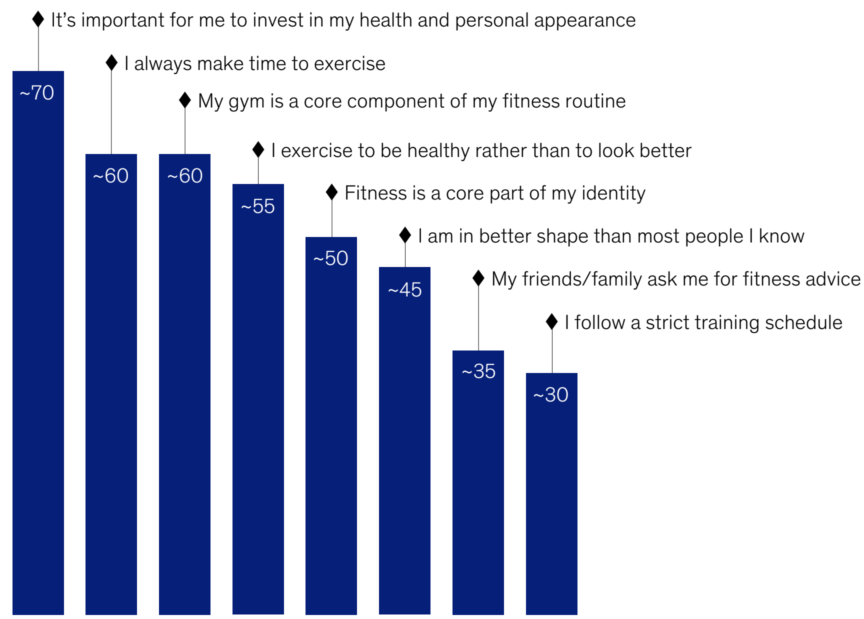
Given the recency of the GLP-1 weight loss trend, it is too early to understand how it will affect the broader consumer health and wellness market. Companies should continue to monitor the space as further data emerges on adoption rates and impact across categories.

[3] "Ageing and health," World Health Organization, October 1, 2022.
[4] *Obesity fact sheet 508*, US Centers for Disease Control and Prevention, July 2022.

Exhibit 6

US consumers believe that going to a gym is a core part of their fitness routine.

Attitudes toward fitness for US gym-goers,[1]
% of respondents who strongly agree or agree (n = 2,888)



[1]Question: Please indicate how strongly you agree or disagree with each of the following statements.
Source: McKinsey Fitness Consumer Survey, July 2023

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In-person fitness
Fitness has shifted from a casual interest to a priority for many consumers: around 50 percent of US gym-goers said that fitness is a core part of their identity (Exhibit 6). This trend is even stronger among younger consumers—56 percent of US Gen Z consumers surveyed considered fitness a "very high priority" (compared with 40 percent of overall US consumers).

In-person fitness classes and personal training are the top two areas where consumers expect to spend more on fitness. Consumers expect to maintain their spending on fitness club memberships and fitness apps.

The challenge for fitness businesses will be to retain consumers among an ever-increasing suite of choices. Offering best-in-class facilities, convenient locations and hours, and loyalty and referral programs are table stakes. Building strong communities and offering experiences such as retreats, as well as services such as nutritional coaching and personalized workout plans (potentially enabled by gen AI), can help top players evolve their value proposition and manage customer acquisition costs.

Gut health
More than 80 percent of consumers in China, the United Kingdom, and the United States consider gut health to be important, and over 50 percent anticipate making it a higher priority in the next two to three years.

One-third of US consumers, one-third of UK consumers, and half of Chinese consumers said they wish there were more products in the market to support their gut health.

While probiotic supplements are the most frequently used gut health products in China and the United States, UK consumers opt for probiotic-rich foods such as kimchi, kombucha, or yogurt, as well as over-the-counter medications. About one-third of US consumers, one-third of UK consumers, and half of Chinese consumers said they wish there were more products in the market to support their gut health. At-home microbiome testing and personalized nutrition are two areas where companies can build on the growing interest in this segment.

Sexual health

The expanded cultural conversation about sexuality, improvements in sexual education, and growing support for female sexual-health challenges (such as low libido, vaginal dryness, and pain during intercourse) have all contributed to the growth in demand for sexual-health products.

Eighty-seven percent of US consumers reported having spent the same or more on sexual-health products in the past year than in the year prior, and they said they purchased personal lubricants, contraceptives, and adult toys most frequently.

While more businesses began to sell sexual-health products online during the height of the COVID-19 pandemic, a range of retailers—from traditional pharmacies to beauty retailers to department stores—are now adding more sexual-health brands and items to their store shelves.[5] This creates marketing and distribution opportunities for disruptor brands to reach new audiences and increase scale.

Sleep

Despite consistently ranking as the second-highest health and wellness priority for consumers, sleep is also the area where consumers said they have the most unmet needs. In our previous report, 37 percent of US consumers expressed a desire for additional sleep and mindfulness products and services, such as those that address cognitive functioning, stress, and anxiety management. In the year since, little has changed. One of the major challenges in improving sleep is the sheer number of factors that can affect a good night's sleep, including diet, exercise, caffeination, screen time, stress, and other lifestyle factors. As a result, few, if any, tech players and emerging brands in the sleep space have been able to create a compelling ecosystem to improve consumer sleep holistically.

[5] Keerthi Vedantam, "Why more sexual wellness startups are turned on by retail," Crunchbase, November 15, 2022.

Leveraging consumer data to address specific pain points more effectively—including inducing sleep, minimizing sleep interruptions, easing wakefulness, and improving sleep quality—presents an opportunity for companies.

As consumers take more control over their health outcomes, they are looking for data-backed, accessible products and services that empower them to do so. Companies that can help consumers make sense of this data and deliver solutions that are personalized, relevant, and rooted in science will be best positioned to succeed.

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