Health consumerism

The wellness boom

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Helping consumers to lead healthy lifestyles is becoming a big business

BACK in 1979, a fat, unhealthy property developer, Mel Zuckerman, and his exercise-fanatic wife, Enid, opened Canyon Ranch, “America's first total vacation/fitness resort”, on an old dude ranch in Tucson, Arizona. At the time, their outdoorsy, new age-ish venture seemed highly eccentric. Today Canyon Ranch is arguably the premium health-spa brand of choice for the super-rich. It is growing fast and now operates in several places, including the *Queen Mary 2*. It is also one of the leading lights in “wellness”, an increasingly mainstream—and profitable—business.

“There is a new market category called wellness lifestyle, and in a whole range of industries, if you are not addressing that category you are going to find it increasingly hard to stay in business,” enthuses Kevin Kelly, Canyon Ranch's president. (Mr Zuckerman, now a trim and sprightly 78-year-old, remains chairman of the firm.) This broad new category, Mr Kelly goes on, “consolidates a lot of sub-categories” including spas, traditional medicine and alternative medicine, behavioural therapy, spirituality, fitness, nutrition and beauty. As more customers demand a holistic approach to feeling well, firms that have hitherto specialised in only one or two of those areas are now facing growing market pressure to broaden their business. “You can no longer satisfy the consumer with just fitness, just medical, just spa,” says Mr Kelly.

Canyon Ranch's strategy reflects this belief. It is expanding a brand built on $1,000-a-night retreats for the rich and famous in several different directions. This year in Miami Beach it will open the first of what it expects to be many upmarket housing estates built around a spa, called Canyon Ranch Living. Together with the Cleveland Clinic, one of the world's leading private providers of traditional medicine, it is launching an “executive health” product which combines diagnosis, treatment and, above all, prevention. It also has plans to produce food and skin-care products, a range of clothes and healthy-living educational materials.

Already, the new world of wellness is becoming fiercely competitive. Canyon Ranch's rivals include several big, established firms. Sir Richard Branson's Virgin group operates Virgin Life Care kiosks in which people can earn spendable HealthMiles. Insurers such as WellPoint and Britain's PruHealth are rewarding people who take part in health-improvement programmes with lower premiums or bigger deductibles. Wal-Mart is selling organic food, and even Coca-Cola is launching a wellness drink (see article).

Perhaps the most interesting entrant to this nascent industry is Revolution, a firm set up in 2005 by Steve Case, co-founder of AOL, an internet firm. He is attacking on several fronts, mostly by buying controlling stakes in small firms that have a big idea and a viable business model, and helping them to grow faster. One of these is Miraval-Life In Balance, a similar outfit to Canyon Ranch, which he hopes to turn into the "Nike brand of wellness" by expanding from its spas, which offer 130 different experiences from yoga to organic cuisine. New initiatives include Miraval Living residential estates—one opens soon in Manhattan—skin-care lotions and food. Revolution also owns Lime.com, a wellness broadcaster, and Exclusive Resorts, presumably on the grounds that luxury holidays are good for you.

In addition, Mr Case is rolling out Revolution Health, a consumer health-care business. It will offer online health information, insurance policies and new forms of health care, including walk-in treatment and screening in shops such as Wal-Mart, through its investment in a firm called RediClinic. Mr Case's partners in the venture include Colin Powell, a former secretary of state; Carly Fiorina, the ex-boss of Hewlett-Packard; and Jim Barksdale, a former head of Netscape.

Doing well by helping you feel good

There is growing evidence that focusing holistically on wellness can reduce health-care costs by emphasising prevention over treatment. Mr Case reckons that one of the roots of today's health-care crisis, especially in America, is that prevention and care are not suitably joined up. A growing number of employers now promote wellness at work, both to cut costs and to reduce stress and health-related absenteeism, says Jon Denoris of Catalyst Health, a gym business in London. He has been helping the British arm of Harley Davidson, a motorbike-maker, to develop a wellness programme for its workers.

The desire to reduce health-care costs is one force behind the rise of the wellness industry; the other is the growing demand from consumers for things that make them feel healthier. Surveys find that three out of four adult Americans now feel that their lives are "out of balance", says Mr Kelly. So there is a huge opportunity to offer them products and services that make them feel more "balanced". This represents a big change in consumer psychology, claims Mr Kelly, and one that is likely to deepen over time: market research suggests that 35-year-olds have a much stronger desire to lead healthy lifestyles than 65-year-olds.

One difficulty for wellness firms will be acquiring the expertise to operate in several different areas of the market. Another will be to maintain credibility in (and for) an industry that combines serious science with snake oil. One problem—or is it an opportunity?—in selling wellness products to consumers is that some of the things they demand may be faddish or nonsensical. Easy fixes, such as new-age therapies, may appeal to them more than harder but proven ways to improve health. And there is much debate about the health benefits of vitamin supplements, organic food and alternative medicines, let alone different forms of spirituality.

One of Canyon Ranch's answers to this problem has been to hire Richard Carmona, who was America's surgeon-general until last summer. In that role, he moved prevention and wellness nearer to the centre of public-health policy. The last time a surgeon-general ventured into business, it ended disastrously: during the internet bubble, Everett Koop launched DrKoop.com, a medical-information site that went bust shortly after going public and achieving a market capitalisation of over $1 billion. This time around, the wellness boom seems unlikely to suffer such a nasty turn for the worse.