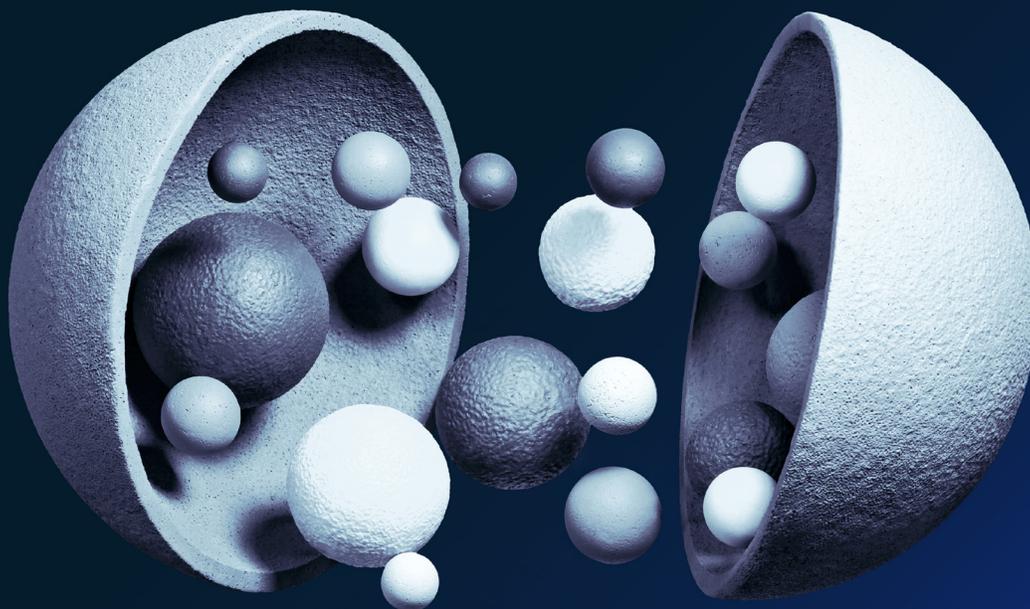


Risk Practice

# COVID-19: Briefing note #65, July 28, 2021

It's time to focus on healing.



**The \$1.5 trillion global wellness market—** encompassing health, fitness, nutrition, appearance, sleep, and mindfulness—is growing at 5 to 10 percent a year. It makes sense that consumers, after everything they have endured throughout the COVID-19 crisis, are seeking ways to take control of their well-being. Sectors including travel and education are also focusing on recovering from their pandemic wounds. This week, McKinsey took a deep dive into how a range of companies are trying to help consumers heal, and how companies and sectors can heal themselves.

As part of our series on *The Next Normal*, McKinsey experts forecast what the wellness industry will look like by the end of the decade. By 2030, consumers may get tattoos where they buy mascara; seek advice from the fridge, which talked to the mattress, about what to eat in order to sleep better; and triage their medical conditions at home before reaching out to a doctor. As consumers increasingly consider wellness when they make purchases, the opportunity to serve their needs is growing (exhibit).

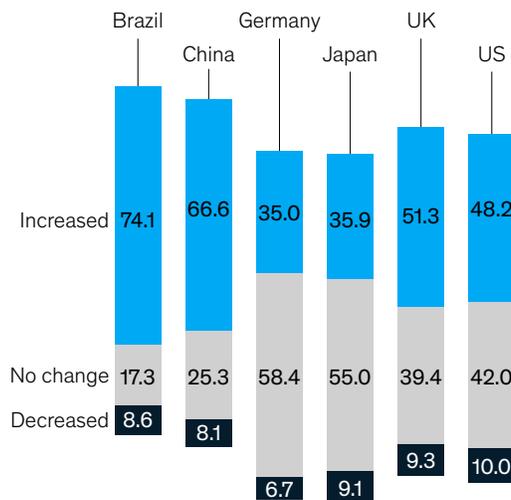
Over the past year, McKinsey has interviewed a number of wellness-industry leaders. Shaun Robert Jenkins, head coach of fitness studio Tone House, in New York City, discusses overcoming pandemic-related obstacles with a brand focused on omnichannel delivery, community, and authentic extensions and partnerships. Nick Vlahos, CEO of The Honest Company, talks about building a relationship with a consumer at the pivotal moment when she is pregnant with her first child. Brian McNamara, CEO of GlaxoSmithKline Consumer Healthcare, and Scott Melville, CEO of the Consumer Healthcare Products Association, both predict a future in which consumers will proactively manage their own health.

Appearances seemed to matter less to many people under lockdowns during the pandemic, which likely helped contribute to the 33 percent drop in global sales that the beauty industry suffered in 2020. On the *McKinsey on Consumer and Retail* podcast, McKinsey experts discuss the incipient rebound that is occurring in the fragrance category.

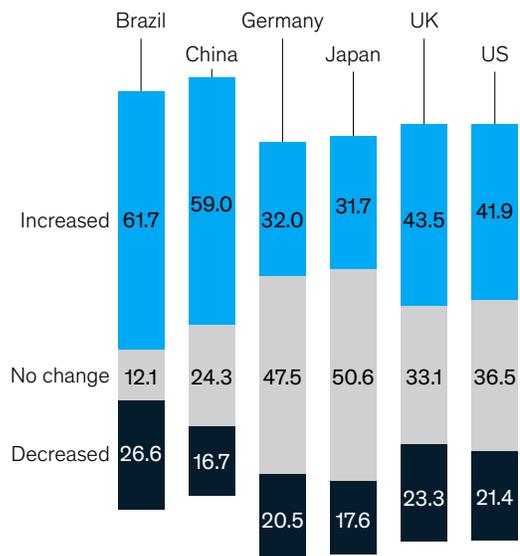
Exhibit

## Wellness is rising as a priority, outpacing how consumers view their own wellness levels.

**Change in wellness prioritization compared with 2–3 years ago,<sup>1</sup> % of respondents**



**Change in overall wellness level compared with 2–3 years ago,<sup>2</sup> % of respondents**



<sup>1</sup>Question: Thinking about how you prioritize wellness, how has your prioritization of wellness changed compared to 2–3 years ago?

<sup>2</sup>Question: How has your overall level of wellness changed compared to 2–3 years ago?

Source: McKinsey Future of Wellness Survey, August 2020; Brazil, n = 1,374; China, n = 1,311; Germany, n = 1,283; Japan, n = 1,109; UK, n = 1,277; US, n = 1,319

Beauty brands are bouncing back, with quiz-type diagnostics that help consumers discover new products in a fun way; personalized packaging; and a wider adoption of “social selling,” which is already gaining traction in China.

Mental healthcare is a key component of wellness, but the stigma that surrounds mental-health conditions often prevents sufferers from seeking treatment. Companies can combat mental-health stigma by providing all employees with education on the topic, training managers to recognize the signs of mental illness and substance abuse, and adopting nonstigmatizing language.

Healing is vitally needed in K–12 education, where the average student is now five months behind in math and four months behind in reading. The economic ripple effects may cause a \$128 billion to \$188 billion loss to the US economy once these students enter the workforce. Educators should work to safely reopen schools, use outreach programs to reengage students who have disconnected from learning, and help make up for learning loss with tutoring and after-school programs. Moreover, the education system should consider exploring ways to benefit from technology, hybrid models, remote learning, homeschooling, and learning hubs over the long term.

Travel is another sector that has emerged bruised from pandemic lockdowns. To prepare for a rebound, the travel industry must build capacity, invest aggressively in digital innovation, and look for collaboration opportunities to help make flying easier for consumers. An app that would allow travelers to manage verified certifications for COVID-19 vaccines and test results, for example, would be handy. In a recent interview, Airbnb CEO Brian Chesky explains how the company experienced wild highs and lows throughout the pandemic: early on, the business dropped 80 percent in eight weeks and the company had to lay off 25 percent of its workforce. But by the end of the year, the company had launched a successful IPO.

*Our most recent edition of McKinsey for Kids introduces younger audiences to mangrove forests and explains why building a “business case” for mangroves can help protect Bengal tigers and king cobras. For more perspectives, see the full collection of our coronavirus-related content, visual insights from our “chart of the day,” a curated collection of our first 100 articles relating to the coronavirus, our suite of tools to help leaders respond to the pandemic, and how our editors choose images that help readers visualize the impact of an invisible threat.*

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