



EXECUTIVE INSIGHTS

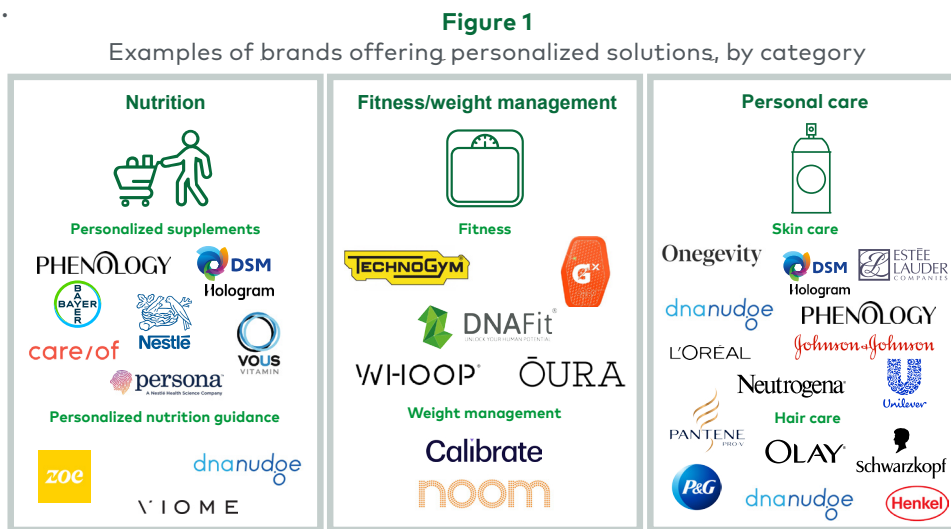
Why Personalized Well-Being Is Gaining Momentum

Momentum is building for personalized well-being, a science-based individualized alternative to the current mass one-size-fits-all approach.¹ Recent technological advancements and breakthroughs in research have led to new, more tailored options to support a healthier lifestyle. The result is a proliferation of new solutions hitting the market, with consumers and investors taking notice.

All this suggests considerable runway for growth. In this *Executive Insights*, L.E.K. Consulting looks across the landscape for personalized well-being solutions and highlights some of the key considerations that are shaping this promising sector.

An expanding ecosystem

Solutions that address consumer well-being in a more or less personalized way can be found throughout the nutrition, fitness/weight management and personal care categories (see Figure 1).



Source: Company websites

Let’s zoom in on some of these companies.

Noom (founded 2008) is a mobile health subscription that offers behavioral health apps to help consumers lose weight, sleep better and manage stress. Consumers receive targeted advice and track progress against their personal goals.

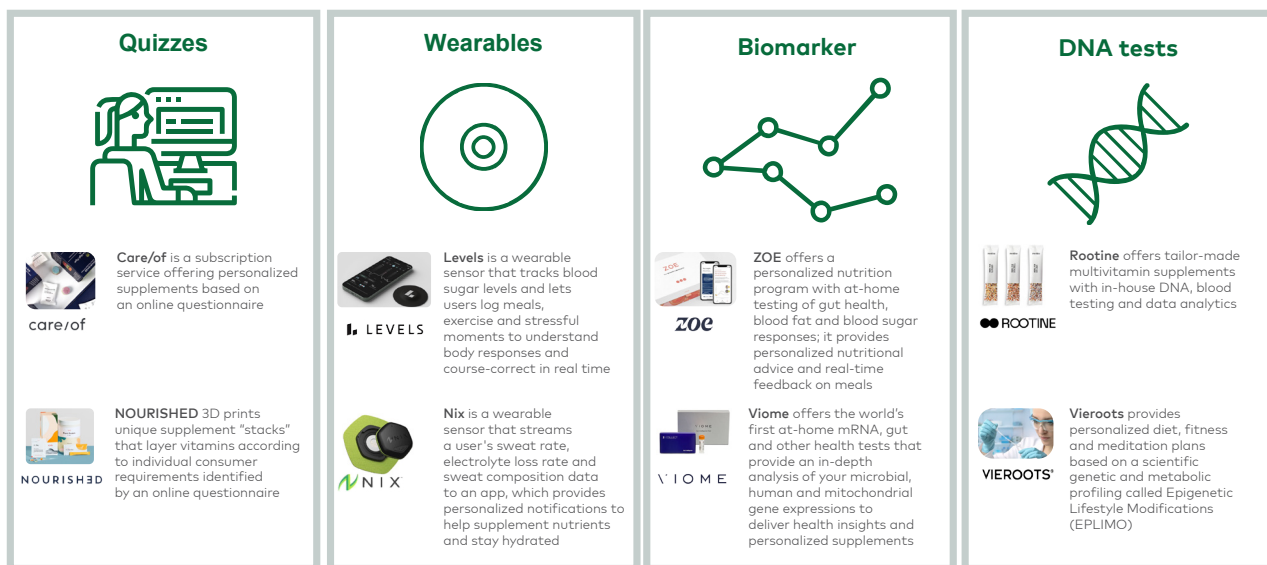
Care/of (founded 2016) is a subscription service, acquired by Bayer in 2020, that delivers packs of nutritional supplements customized to health goals and lifestyle. Through an app, consumers can get personalized guidance and keep track of their schedules.

ZOE (founded 2019) creates individualized nutrition programs. ZOE provides a personalized insight report, a week-by-week plan tailored to the user’s biology. An optional subscription-based app offers feedback on meals and access to nutritional coaches.

Olay and Pantene Boosters (launched in 2022) are a joint effort between Procter & Gamble and Walmart to launch a collection of boosters for the Olay and Pantene brands. Booster formulas are matched to specific preferences and concerns about hair and skin.²

In addition to offering individualized consultation, brands in the well-being space have a variety of methods to gather the data necessary for personalization (see Figure 2). Care/of uses online questionnaires that consumers complete. ZOE uses at-home biomarker test results that consumers provide. Digital health company Levels uses sensor devices that consumers wear. And supplement maker Routine uses DNA tests from biological samples that consumers submit.

Figure 2
Sources of personalization data



Source: company websites, L.E.K. research, interviews and analysis

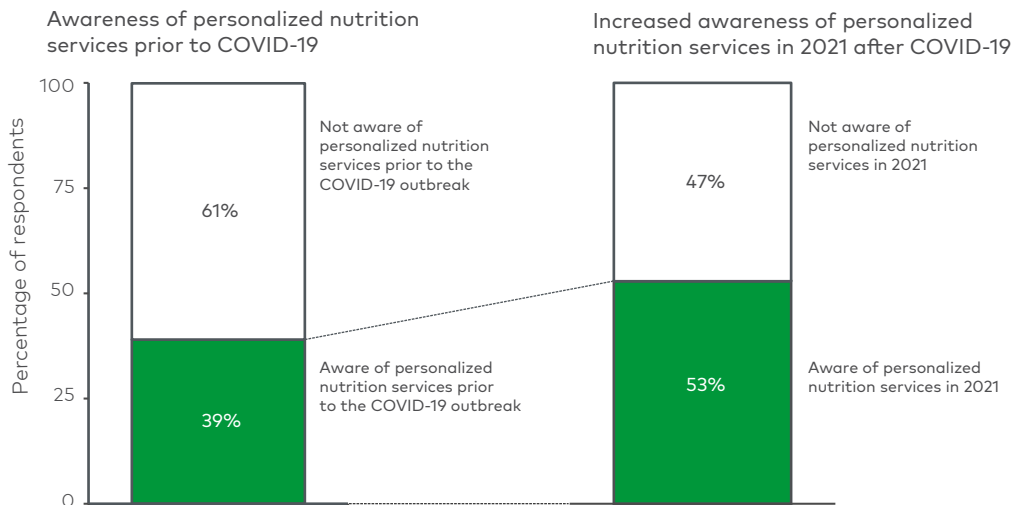
A step change in consumer awareness

Until 2020, consumer awareness of personalized well-being solutions was fairly low. That changed with the COVID-19 pandemic, which ushered in a period of renewed focus on self-care and accelerated awareness and interest in personalized well-being.

Consider the traction that personalized nutrition has gained. A 2021 L.E.K. survey found that, pre-pandemic, only 39% of U.S. consumers had heard of personalized nutrition services. Afterward, awareness rose to 53%,³ which is a major improvement, although there is still room for growth (see Figure 3).

The study also found that 40% of consumers — including 55% of consumers ages 25-44 — are interested in technology-enabled personalized nutrition solutions.

Figure 3
Awareness of personalized nutrition services before and after COVID-19





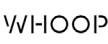




Source: L.E.K. U.S. Consumer Survey (2021)

Investment and M&A activity demonstrate confidence in enduring demand

Investors are picking up on the personalized well-being trend. Recent examples of leading consumer brands investing in personalized well-being brands show the interest of larger consumer packaged goods (CPG) groups in entering this market and its potential for scale (see Figure 4). Nutrition isn't the only category seeing investment activity. Function of Beauty, a New York City-based maker of custom shampoos and conditioners, expanded into personalized skincare after acquiring Atolla in 2021. Atolla formulates its products with input from at-home tests.

Figure 4
Recent acquisitions of personalized well-being brands

Investment Type	Acquisition by Nestlé	Acquisition by Bayer	Acquisition by Function of Beauty	Series A funding (\$60M)	Series F funding (\$200M)	Series F funding (\$540M)	Series F funding (\$67M)
Target							
Year	2019	2020	2021	2021	2021	2021	2022

Source: Company websites

Recent acquisitions of personalized well-being brands

All this spells opportunity for organizations looking to capitalize on the growth of the personalized well-being market. Where can decision-makers take it from here?

Learn about the data. In evaluating potential investments or acquisition targets, it will be critical to understand how the company is getting the data, the cost of acquiring it and their artificial intelligence (AI) capabilities for using it. Organizations need robust data for AI to derive meaningful insights, but data acquisition methods have different levels of cost and accuracy that can impact a brand's profitability.

Get more specialized. Targeted use cases are likely to have a more engaged consumer (think brain health or women's health). This has implications for profitability as a more engaged consumer is likely to have higher "stickiness" and lifetime value, driving profitability.

Insist on efficacy. A feedback loop, such as blood retesting or performance dashboards, supports long-term behavioral change. That in turn can drive customer retention and overall profitability.

The evidence is in — consumer interest in personalized well-being is on the rise, setting the stage for market growth. For investors, a critical first step is to begin identifying potential targets and jump into diligence, using internal or external resources, of key areas such as data strategy, target consumers and profitability.

For more information, please contact strategy@lek.com.

Endnotes

¹Lek.com, "How to Scale Personalized Well-being Solutions for Growth." <https://www.lek.com/insights/con/global/ei/how-scale-personalized-well-being-solutions-growth>

²Procter & Gamble, "OLAY and Pantene Launch Consumer-Inspired Product Innovation at Walmart." <https://news.pg.com/news-releases/newsdetails/2022/OLAY-and-Pantene-Launch-Consumer-Inspired-Product-Innovation-at-Walmart/default.aspx>

³L.E.K. Consulting, "Personalized Nutrition: Riding the Tailwinds of Consumer Awareness." <https://www.lek.com/insights/ei/personalized-nutrition-riding-tailwinds-consumer-awareness>

About the Authors



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Alex Evans, CFA, is a Managing Director as well as the head of L.E.K. Consulting's Los Angeles office and a member of L.E.K.'s Americas Regional Management Committee. Alex concentrates on consumer-facing sectors. He focuses on a diverse set of verticals, including health and wellness, direct selling, specialty retail, sports, television, film and OTT (over-the-top)/DTC (direct to consumer) digital services.



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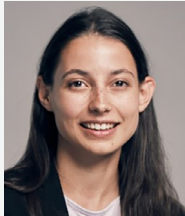
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Juliet Gurassa is an Associate in L.E.K. Consulting's London office. Juliet has experience across a range of consumer fields, including personalized well-being and retail. She has worked on a variety of strategy and M&A related projects in these areas.

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