
FUTURE OF EXPERIENCE IN HEALTH & WELLNESS

October 2020



Introducing the Future of Experience

VSP Global Innovation Center and CB Insights have partnered to create a quarterly Futurist Report series to highlight the technologies, partnerships and startups shaping our future.

This first installment explores the **Future of Experience in Health and Wellness** by demonstrating the ways innovators are shifting the paradigm of experience to better fit consumer needs.

Experiences have been driving growth across new products and industries, while technology has accelerated, automated

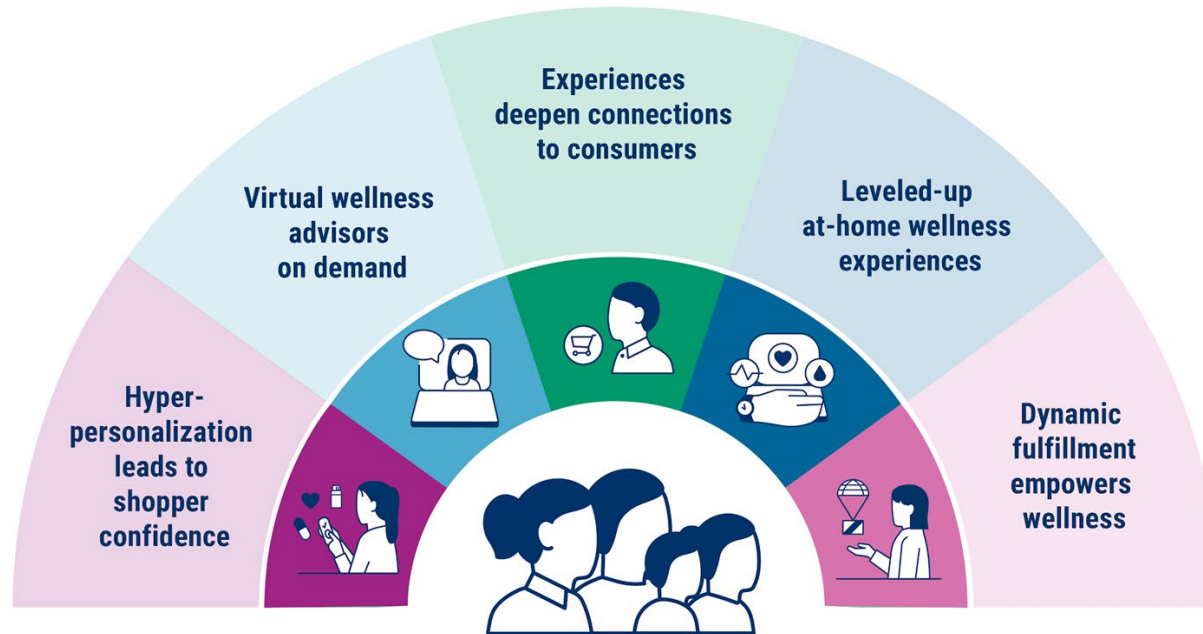
and personalized the delivery of these interactions. Additionally, the Covid-19 pandemic has created new challenges as shopping habits have been disrupted, forcing companies to reimagine how technology might help consumers reorient themselves as they access more and more products and services from home.

This report shares indicators such as collaborations, investments, market demands and technological advancements, which demonstrate how emerging consumer and patient experiences may impact health and wellness in the coming years.

VSP Global Innovation Center and CB Insights

The future of experience in health and wellness

A lens into how the experience is evolving



Outline of transformative trends

TRANSFORMATIVE TRENDS

Hyper-personalization leads to shopper confidence

Virtual wellness advisors on demand

Experiences deepen connections to consumers

Leveled-up at-home wellness experiences

Dynamic fulfillment empowers wellness

EMERGING USES

Predictive loyalty, personalized stores, custom product images

Text and video service, 24/7 experts, robot coaches

Community-targeted products and services, products fulfilling societal concerns

At-home trainers, on-demand manufacturing

Fulfillment flexibility, custom subscriptions, predictive ordering

COVID-19 IMPACTS

- Slowdown in spending elevates need to capture loyal shoppers
- Acceleration in e-commerce sales prompts need for better engagement
- Necessity for remote connections, other digital engagement
- Specialized health management
- Elevation of digital connections
- Consumers switching brands at unprecedented rates
- Fitness and other services (e.g., mental wellness) move online
- Investments move away from restaurants and travel and toward virtual wellness
- Stores close, driving growth in e-commerce and fast fulfillment needs
- Demand rises for safe delivery

TRANSFORMATIVE TREND #1

Hyper-personalization leads to shopper confidence



What is hyper-personalization?

More specific consumer data from more sources is **making it possible for businesses to reach consumers with promotions and products selected for them.**

Consumers will increasingly expect experiences that “know” them, often instantly. At the same time, growing privacy concerns and regulation will challenge traditional tracking tools, elevating the need for easy opt-out options.

Tailored product assortments could mean that **shoppers no longer have to wade through endless amounts of irrelevant products to get what they want.**

More diverse imagery online will also drive more inclusive brand experiences and customer engagement, particularly in style-oriented categories like eyewear. In the near future, deep learning techniques and synthetic media will make it possible for ads, marketing, and other online images to look more like a diverse range of consumers. Long term, the custom images will also let brands diversify in other ways, including models' ages, body shapes, and other differences and preferences.



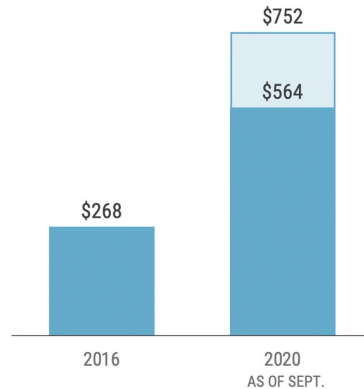
Delivering hyper-personalization in a meaningful, scalable way is getting beyond the revenue and into a customer equity form of measurement. This means capturing the value of all customer interactions across the entire experience, then putting value on your database to monitor it over a period of time.

Ryan Warren
VP Strategic Solutions,
Retail & Consumer Goods
Salesforce

Where is the momentum now?

Increased funding for tech companies offering loyalty and rewards programs are helping brands meet demand for more personalized service. Better shopper targeting is cited as lifting sales over 10%.

Annual funding to loyalty & rewards tech companies (\$M, 2016 vs. 2020 YTD, projected)



Number of patents filed regarding “recommendation” and (“promotion” OR “product” OR “retail”), by decade



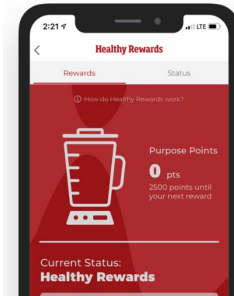
Consumer targeting drives tangible sales results

“ Targeted communications that are relevant and useful can create lasting customer loyalty and drive revenue growth of 10 to 30 percent.

McKinsey & Company, “What shoppers really want from personalized marketing” (2017)

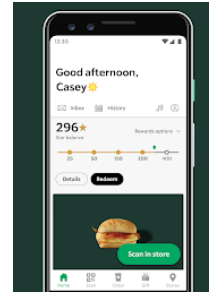
Customers want personalized programs and products

Personalization demands expanding beyond discounts



LevelUp offers 5 layers of rewards

- Rewards good behavior, like selecting healthy options, and can reach shoppers with push notifications when they're nearby
- Acquired by Grubhub in 2019, it now has 200 customers including Potbelly and sweetgreen



Starbucks predicts your order

- Uses AI to offer members precise recommendations, found on Starbucks app and digital menu boards
- Orders adapt to preferences like diet and price, as well as factors like the weather
- As of early 2020, Starbucks attributed 40% of total sales to its Rewards Program



Custom health benefits are next

- **VSP EasyOptions** is the only personalized vision benefit feature that lets everyone choose a covered upgrade
- Enrollment has increased 6x in the last 3 years, resulting in 1.5x higher member engagement and 45% savings on frames

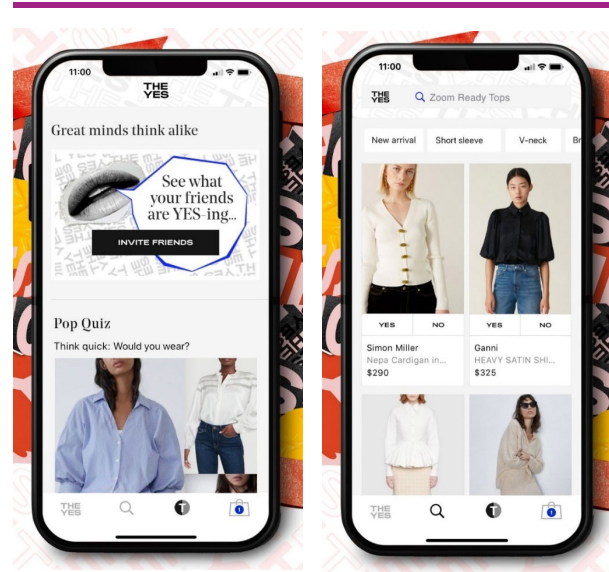
Stores only sell what you love

Curating the most relevant selection for every shopper

Reimagining the department store for the social media era

- Apparel shopping app **The Yes**, co-founded by the former COO of Stitch Fix, builds custom recommendations for users
- Gathering style preferences from a quiz, it then continuously adjusts to their style preferences, which shoppers indicate by clicking 'yes' or 'no' on products
- The store, which launched in May 2020, tags 500 attributes for every item and maps those with shoppers' choices to more deeply personalize its recommendations

Expectations elevated by the experience on The Yes could spread elsewhere, particularly into other style-oriented categories like home décor, beauty, or eyewear.

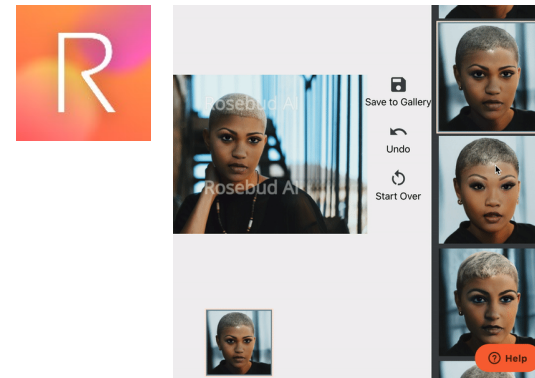


Diverse images enable inclusivity

Inclusive imagery will be a valuable tool to show form and function to consumers across a range of body types and ethnicities

Using AI to make online shopping more inclusive

- Generative Adversarial Networks (GANs) use deep learning to make lifelike images, faces, or voices that can change and be manipulated, making it possible to hyper-personalize content at scale
- Patents for GANs jumped from 0 in 2015 to 145 since 2018, as the technology advances and moves toward commercialization
- **Rosebud AI**, which raised seed funding in 2020, is using this tech to make diverse and inclusive product display photos and ads for brands



Diverse imagery adds brand relatability by letting shoppers see “themselves” when shopping. This also makes production more cost-effective.

TRANSFORMATIVE TREND #2

Virtual wellness advisors on demand



What are virtual wellness advisors on demand?

The ease and prevalence of connecting online is making virtual expert consultations part of consumers' lives. When shopping, consumers are using mobile video, chat, and text to connect with brands. And in health and wellness, the pandemic has accelerated the growth of telehealth. Looking ahead, **the upgrade to 5G networks and efforts to bring high-speed internet to rural areas will help expand adoption of such connections.**

Customers will expect 24/7 access and more flexibility in how they interact with businesses and even medical providers. Younger, digitally native customers in particular may feel more comfortable with these tele-interactions.

Consumers may also expect attuned attention in this new media, which could require new training for health providers. For instance, consumers may expect to use emojis while chatting with the same clinician in a continuous conversation over time.

Automated advisors will also provide a way to **make on-demand expertise more accessible for consumers and more efficient for businesses.**

Now that the practice has reopened, we are continuing to see patients through telemedicine. In fact, many patients are requesting telemedicine visits over in-office because their initial experiences have been so positive.

Mary Anne C. Murphy, OD
Vice Chair, VSP Global Board of Directors
Front Range Eye Associates

Working in partnership with innovative partners and using intelligent tools, we're in the process of making synchronous telehealth an integral part of our clinical and teaching program.

Harry Green, OD, PhD
Director of UC Berkeley Digital Health,
UC Berkeley School of Optometry

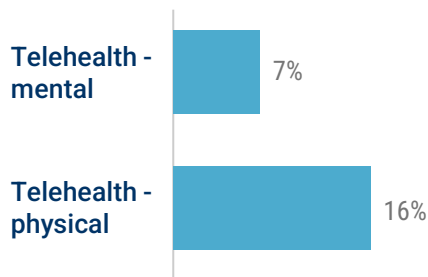
Where is the momentum now?

Virtual communication and digital engagement skyrocketed across platforms during the pandemic, elevating consumer comfort and investor interest in virtual services like telehealth. This industry alone is already worth an estimated \$81B.

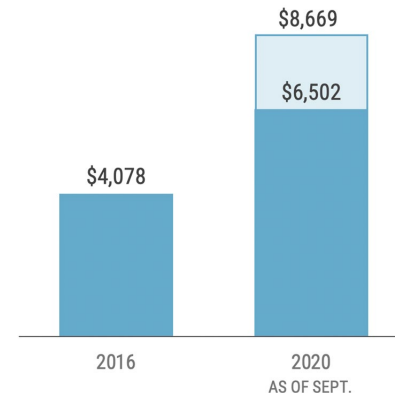
Household consumption of digital media rose as a result of Covid-19

	% Increased consumption	% Likely to maintain increased use
Video chat apps	59%	74%
Messaging apps	58%	91%

Many also turned to telehealth services for the first time since Covid-19 started



Annual funding to telehealth companies now reaching new highs (\$M, 2016 vs. 2020 YTD, projected)



Mobile services fill gaps between in-person interactions

Consumers are using more virtual communication in their lives

HERO



Total disclosed funding: \$10M

Latest round: Series A, August '19

- **Hero** lets online shoppers connect live with brand and retailer associates, via text and video chat
- In March 2020, partnered with the grocer ShopRite to offer virtual dietitian consultations via online chat

THREADS



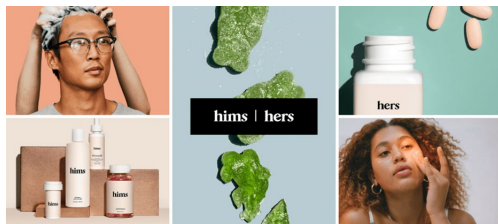
Total disclosed funding: \$20M

Latest round: Series B, March '20

- **Threads Styling** provides personal shopping concierges via text to buy luxury goods
- Uses WhatsApp, Instagram, Snapchat, and WeChat to communicate with shoppers
- Sources apparel, accessories, home goods, and beauty products worldwide

24/7 health experts help build loyalty

Sophisticated machine learning will power more automated wellness coaches



Total disclosed funding: \$197M

Latest round: Series C, January '19

- **Hims & Hers** offers customers health services along with its personal care products and prescription drugs
- Virtual health platform includes online primary care and mental health services
- Products are also sold in mainstream retailers, including Target



Total disclosed funding: \$250M

Latest round: Series D, January '20

- Telepharmacy **Alto** offers free, same-day prescription delivery as well as easy access to pharmacists
- Connections via chat, text, or phone call are available 24/7
- Achieved \$1B valuation in 2020

FiNC



Total disclosed funding: \$118M

Latest round: Series E, January '20

- **FiNC's** app features an automated health coach using AI to offer advice
- The coach counsels users on their diet, exercise, sleep, and more, based on data that users enter and questions they ask via chat

TRANSFORMATIVE TREND #3

Experiences deepen connections to consumers



What are the experiences deepening connections?

Brands and service providers across industries are differentiating their offerings by layering on experiential elements. These include **building communities, enabling partnerships across industries and capabilities**, and embedding connections with social goals and purpose.

More tightly connecting with consumers' lifestyles can help drive engagement, even without formal "membership" programs. Brands across categories are fostering communities that offer users a sense of belonging.

The growth in women's health services highlights how **specialized services can help remove barriers to accessing care**. The providers increasingly also feature online and telehealth capabilities. **Clinics that can easily toggle between virtual and in-person services are at the forefront of driving consumers' increased expectations for flexibility and personalization** in healthcare and in their interactions with products.

Finally, **consumer demand for transparency about brands' environmental promises will force companies to build in sustainable business practices and models**.

“

As a therapeutic optometrist, I want to go beyond just what's happening in the eyes. Health, wellness, nutrition, exercise, mindfulness...it's all connected. And I'm seeing more and more that my patients and clients want to be treated holistically. This is an underlying reason why I created my holistic wellness company Fierce Clarity. My goal is to not only help those seeking health, but to create an empowering community committed to total wellness of mind, body, and spirit.

Danielle Richardson, OD
Therapeutic Optometrist

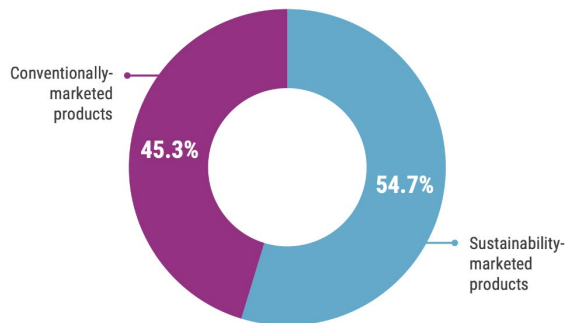
Where is the momentum now?

Many consumers want the brands they buy to add meaning to the experience. Two prime focus areas are sustainability and wellness. Companies that serve these demands are seeing sales growth and rising investor attention in key segments.

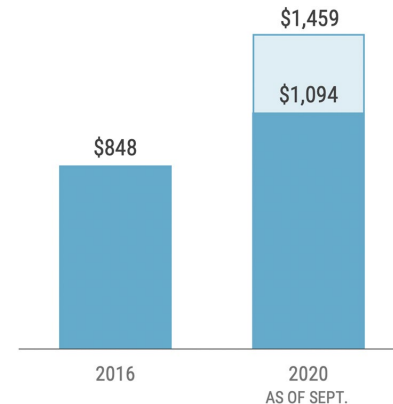
40% of consumers look for brands that align with their values and lifestyle



Sustainability-marketed products' share of market growth outpaced conventional brands growth from 2015 – 2019



Annual funding to women's health & wellness companies is rising (\$M, 2016 vs. 2020 YTD, projected)



Brand communities create sense of belonging

Connecting with consumers' lifestyles



Total disclosed funding: \$187.4M
Latest round: Unattributed VC, May '20

- **Grove Collaborative** users sign up for regular shipments of sustainable products and can join a VIP program for free shipping and returns, gifts, and early access
- Reached \$1B valuation in September 2019

Glossier.



Total disclosed funding: \$100M
Latest round: Series D, March '19

- **Glossier**, a direct-to-consumer beauty and skincare company, got its start as a beauty blog with a strong community of readers
- Feedback from users now informs product creation and innovation
- Hit \$1B valuation in March 2019



Total disclosed funding: \$86.5M
Latest round: Series D, September '20

- **Bulletproof** sells food, supplements, and its signature coffee that make up the "Bulletproof Diet"
- Its site offers education, recipes, and specialized health tips to support its community of devotees

Removing stigmas for women's care

Women's health is a growing market

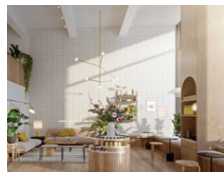
14.7%

Compound annual growth rate in funding to Women's Health & Wellness companies, 2014 – 2019

\$50B

Size of women's health market by 2025

kindbody

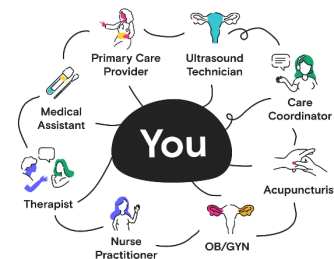


Total disclosed funding: \$64M

Latest round: Series B, July '20

- **Kindbody** specializes in fertility and reproductive healthcare via in-person clinics as well as online services
- Includes an annual membership that gives users access to doctors' appointments and discounted services and products

Tia



Total disclosed funding: \$26.9M

Latest round: Series A, May '20

- **Tia** offers primary care, gynecology, and behavioral health services at its clinic and via telehealth
- Offers monthly membership, as well as an app that includes features like a period and cycle tracker, and the ability to chat any time with a "Care Coordinator"

Sustainability now embedded

Consumers will demand clarity and proof of environmental action



Total disclosed funding: \$2M

Latest round: Series A, January '20

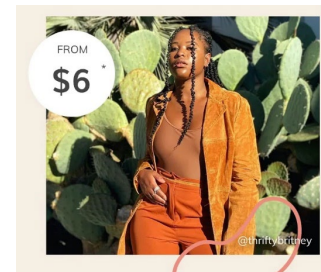
- **Loop** aims to reduce waste via its reusable packaging and direct-to-home refill service for household products, allowing shoppers to join a conscious consumption lifestyle service
- Has brand and retail partnerships all over the world including Procter & Gamble, Unilever, Kroger, Walgreens, PepsiCo, Loblaw, Carrefour, and Tesco, among others

thredUP is hands down the easiest way to shop and sell high-quality secondhand clothes.

Total disclosed funding: \$301.9M

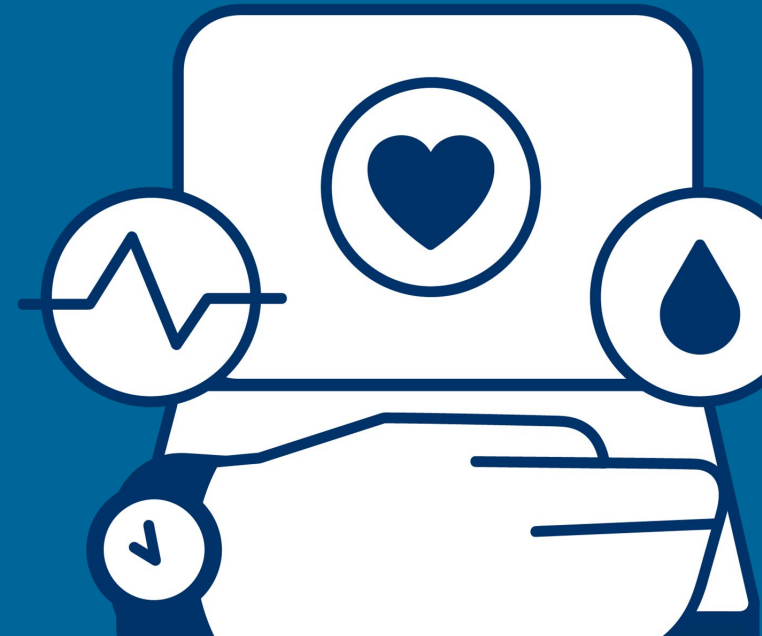
Latest round: Series F, August '19

- **ThredUP** is an online apparel resale platform that encourages consumers to buy and sell secondhand products
- Recently partnered with Walmart to sell ThredUP merchandise on Walmart's online marketplace
- Also runs a Circular Fashion Fund focused on sustainable clothing, and partners with brands like Reformation on an UPcycle Program to reward resale shoppers



TRANSFORMATIVE TREND #4

Leveled-up at-home wellness experiences



What are leveled-up at-home wellness experiences?

The impacts of the pandemic have consumers staying home, leading to a “homebody economy” with more time and money spent on at-home activities. These shifts, coupled with the longer-term growth in internet of things (IoT)-connected products, are driving interest in tools to create self-service health experiences—and even products—at home.

At-home experiences offer new avenues to understand and engage with consumers.

For instance, **the rise of exercise at home via connected fitness devices provides a new way to collect consumer health data.** Partnerships between these companies and health insurers to monitor consumer health data could help drive down costs.

Meanwhile, the ability to use apps and other devices to maintain and monitor mental health in this crisis could also **raise expectations for more portable health treatments.**

On-demand manufacturing offers a solution for premium and easily customizable categories, including contacts or glasses, to deliver products even faster.

And cross-industry tech partnerships to understand sleep health at home could set the standard for health and tech to work better together. Sleep’s impact on broader health conditions also points to the need for health providers to make more similar integrations across treatments.

“

There’s a strong link between your eye health and overall health. By partnering with like-minded health-focused companies, like Livongo Health, Inc., we’re providing tailored support to our mutual members living with chronic conditions and empowering them to better manage all aspects of their health.

Kate Renwick-Espinosa
President, VSP Vision Care

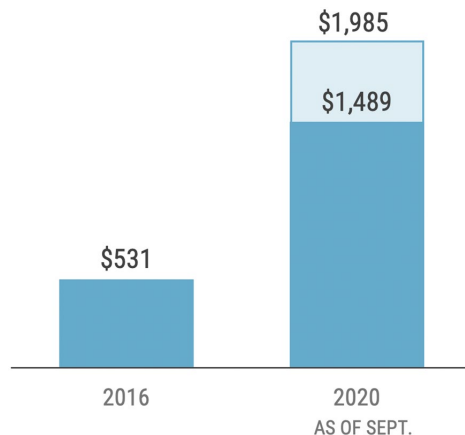
Where is the momentum now?

Consumers have changed their routines related to work, workouts, and more. Many plan to stick with their new home habits. This creates opportunity to serve growing needs and markets, ranging from fitness tech and wellness to eyewear.

68% of consumers are currently NOT doing their “normal” out-of-home activities

45% of consumers plan to continue with their new at-home routines for more than 6 months

Annual funding to fitness tech companies (\$M, 2016 vs. 2020 YTD, projected)



45% Share of eye care professionals seeing an increase in treatment for digital eyestrain (July 2020 vs. 2019)

\$38M Estimated size of Blue Light Blocking Glasses market by 2026, from an estimated \$22M in 2020

Trainers come alive in living rooms

Virtual, at-home personal training has increased during the pandemic

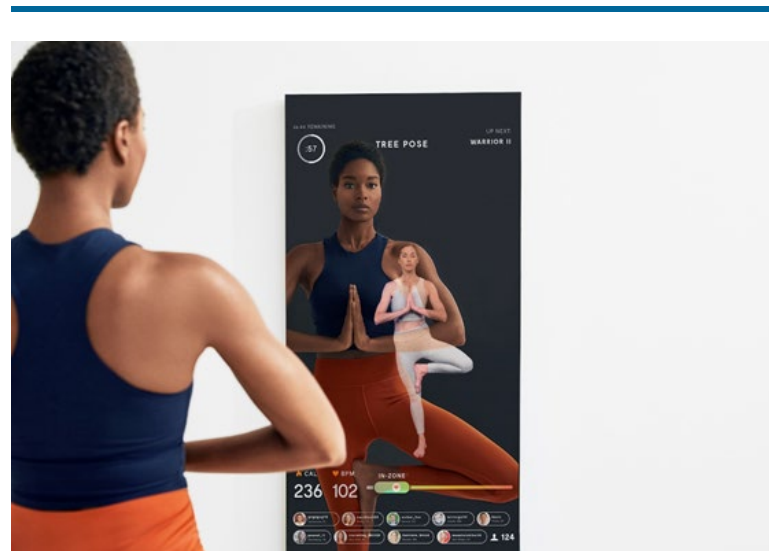
MIRROR

Total disclosed funding: \$72M

Valuation: \$500M

- **Mirror** makes an at-home fitness device that lets users see themselves while also watching an instructor who guides them through a range of workouts
- Trainers offer live feedback and users can adjust workouts to meet goals as well as accommodate injuries
- Lululemon acquired the startup in June 2020 for \$500M

More targeted fitness experiences form to consumers' lifestyles in ways traditional gyms can't. They will also likely collect increasing amounts of valuable health data.



Wellness manufactured on demand

At-home manufacturing offers speed and customization

L'ORÉAL



Customizing cosmetics for the moment

- L'Oréal's at-home skincare manufacturing device Perso means shoppers don't have to leave home to get a new lipstick
- Perso's app uses AI to analyze factors like local weather and personal preferences to craft customized skincare, foundation, and lipstick



Printing customized, healthier food

- Natural Machines' 3D food printer Foodini 3D lets consumers customize their food's nutrients
- Printer allows restaurants and consumers to print complex foods and customize, track, and adjust the ingredients

Portable mindfulness

Apps and products make mental wellness mobile, especially during the pandemic



Total disclosed funding: \$143M

Latest round: Series B, July '19

- **Calm** offers a library of meditation, music, and sleep content for various wellness benefits
- Expanding its partnerships — companies including GE and 3M now offer subscriptions to Calm as an employee benefit

The image shows the Muse headband logo on the left and a woman wearing the headband while sitting cross-legged and using a smartphone on the right.

muse™

Total disclosed funding: \$31.8M

Latest round: Series B-III, February '18

- **Muse's** headbands use EEG sensors to measure the brain's electrical activity and give users real-time feedback
- Creates sounds to help users relax and focus during guided meditation sessions

The image shows the Zeiss logo on the left and a collection of various colored tinted lenses in their packaging on the right.

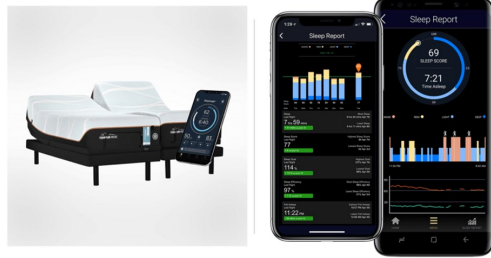
ZEISS

Using eyewear to boost your mood

- **Zeiss's** BioChrom tinted lenses use chromotherapy to enhance users' moods, brain activity, and physical performance
- Colors influence specific experiences, such as blue to feel refreshed after a long flight or red to get excited before playing sports.

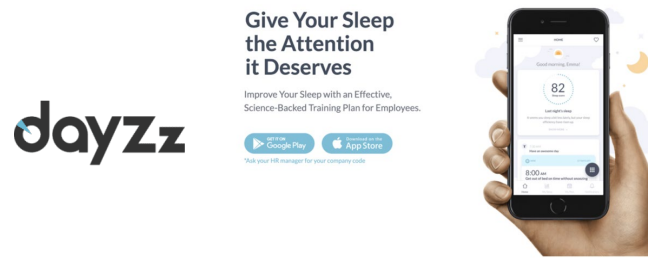
Partnerships bring sleep tech to consumers' homes

Connections will elevate expectations for seamless health tracking



Tempur Sealy and AI sleep-tracking company partner to stop snoring

- Mattress maker **Tempur Sealy** is working with sleep tech company **Fullpower Technologies** to make a smart bed
- The beds monitor snoring; Fullpower's platform generates snoring interventions and personalized sleep coaching

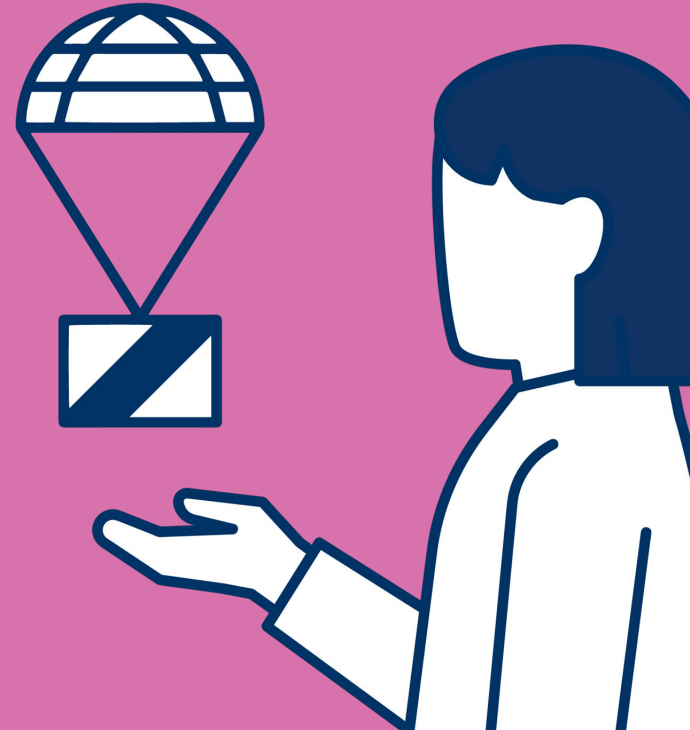


Leading brands and retailers are offering sleep therapy as an employee benefit

- **CVS** partnered with digital therapeutics startup **Big Health** to offer digital sleep therapy to its employer network
- Shoemaker **New Balance** has partnered with the sleep app **Dayzz**, which works specifically with employers to offer sleep training benefits.

TRANSFORMATIVE TREND #5

Dynamic fulfillment empowers wellness



What is dynamic fulfillment?

The growing speed and flexibility of online order fulfillment is making delivery an even bigger part of consumers' product expectations.

Faster and more tailored on-demand fulfillment options will elevate consumer demands for convenience and safety in health and wellness as well. On-demand services will get even faster and be better attuned to consumers' distinct needs. Online grocery has led the way through the pandemic, as shopper demands have led to faster, lower-cost, and more customized services (e.g., those exclusively for elderly shoppers).

More personalized delivery options, like monthly subscriptions, are helping consumers put their health on autopilot. Companies are using tools like quizzes and even blood tests to learn consumers' needs. Premium brands will be best positioned to differentiate with targeted products delivered when and how customers want.

Technology will help brands and retailers learn consumers' preferences and predict what they will need to have delivered next.

Walmart is partnering with drone company Flytrex to offer drone delivery in North Carolina



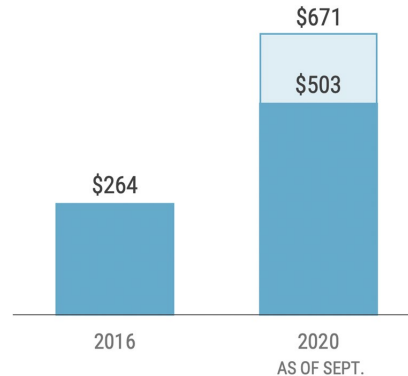
Where is the momentum now?

Consumers are looking for convenient delivery. Some are switching retailers to get it. Now investors are focused on e-commerce subscription models and new robotic fulfillment methods to add ease and address the high costs of last-mile delivery.

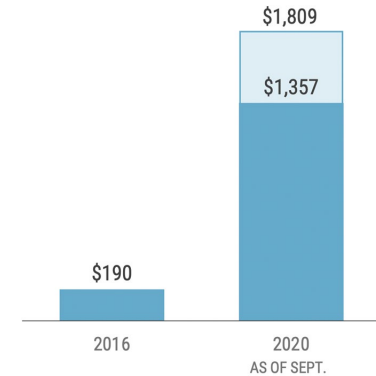
38% of consumers placed an online subscription order in the past four weeks

20% Shopped a new retailer in the past three months because of its better delivery/pickup options

Annual funding to e-commerce subscription companies (\$M, 2016 vs. 2020 YTD, projected)



Annual funding to robotic fulfillment and autonomous delivery companies (\$M, 2016 vs. 2020 YTD, projected)



On-demand delivery adds more flexibility

Consumers will look for more convenience in health and wellness

 DOORDASH

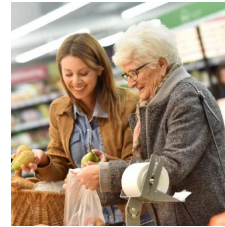


Total disclosed funding: \$2.5B

Latest round: Series H, June '20

- Food delivery startup **DoorDash** launched its online convenience store **DashMart** in 8 cities in August 2020
- Shoppers can get wellness and grocery products delivered within the hour

naborforce



Total disclosed funding: \$0.77M

Latest round: Seed, September '20

- **Naborforce** provides on-demand services for aging consumers
- Offers hourly rates as well as monthly subscriptions for services like grocery shopping, rides to appointments, and at-home help

 MATTERNET 





Total disclosed funding: \$34.7M

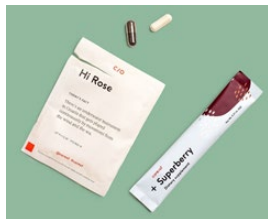
Latest round: VC-II, January '20

- **Matternet's** M2 drones started delivering prescriptions with **UPS** and **CVS** in April 2020 in Florida
- Service is available at the largest retirement community in the US

Subscriptions deliver custom products, on schedule

Tech can balance goals of personalization and profitability

care/of

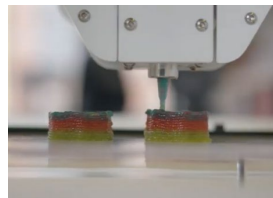


Total disclosed funding: \$85M

Latest round: Series C, February '20

- **Care/of** offers a quiz for users to tailor supplements to their unique needs
- Bayer bought a majority stake in the startup in September 2020

NOURISHED^{BETA}

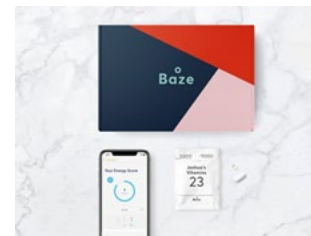


Total disclosed funding: \$2M

Latest round: Seed VC, March '20

- **Nourished** makes 3D-printed vitamins with unique "stacks" of nutrients, delivered by subscription
- Users take a quiz to compile their personalized stack of up to seven vitamins and supplements

Baze



Total disclosed funding: \$6M

Latest round: Incubator/Accelerator, March '20

- **Baze** customizes supplement plans by taking a sample of users' blood, using a small arm device
- Uses sample to personalize a nutrition and monthly supplement plan

Sensing your needs before you do

Amazon patent uses voice recognition to predict what to order

Amazon patent aims to anticipate a consumer's needs

- Patent describes using the quality of a user's voice, heard via Amazon's shopping assistant Alexa, to determine whether the user needs cold remedies (or something else)
- Software analyzes vocal patterns to determine how a user is feeling, discerning among "joy, anger, sorrow, sadness, fear, disgust, boredom, stress, or other emotional states"
- Suggests Amazon could use knowledge of a user's emotions to recommend products or otherwise tailor responses

To use the technology in healthcare, the devices and platforms must first prove they are secure and reliable. A next phase of tools may be able to triangulate between multiple personal devices to craft holistic diagnoses.

amazon.com[®]

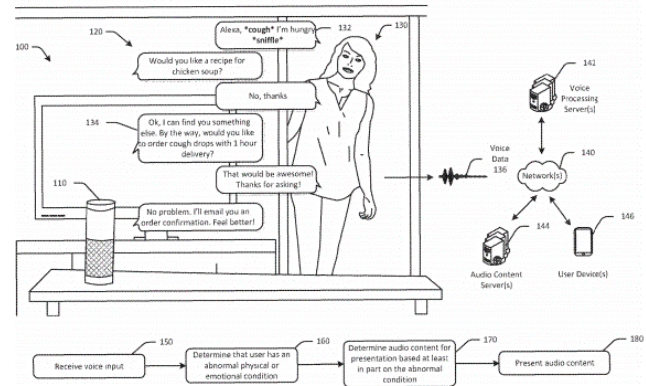


FIG. 1

About the producers



VSP Global Innovation Center

VSP Global is a doctor-governed company that exists to create value for nearly 90 million members and opportunities for over 40,000 VSP network doctors worldwide. Our industry-leading businesses span eye care insurance, eyewear, ophthalmic technology and lab services, software solutions for doctors, and retail. VSP's Global Innovation Center is the hub for harnessing our industry expertise alongside partners to bring transformative products, services, and experiences to the market. To learn more, please visit <http://www.vspglobal.com>



About CB Insights

CB Insights helps the world's leading companies make smarter technology decisions with data, not opinion. Our Technology Insights Platform provides companies with comprehensive data, expert insights and work management tools to drive growth and improve operations with technology. To learn more, please visit <http://www.cbinsights.com>

Call to innovators

The five transformative trends covered in this report are reshaping the experience for millions of consumers and practitioners in the world of health and wellness. We are excited to see the acceleration of these trends creating a future where hyper-personalized experiences, on-demand products and intelligent services will be the norm.

VSP Global is constantly reimagining the way eye care and eyewear are delivered to the world. The VSP Global Innovation Center was formed to deliver on that promise. We are actively partnering to develop and deliver life-improving products, services, and experiences for all.

If you are working on solutions that impact the future, we'd love to talk.

Get in touch with us at globalinnovationcenter@vsp.com



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