



The State of AI in Wellness and Where 2024 Will Take Us

Executive Summary

2023 was a pivotal year for AI, setting the stage for an even more dynamic 2024, with momentum continuing to build. Despite its prominence in industry decisions, only 35% of companies have successfully implemented AI on a commercial scale.

Where will 2024 take us?

Only

35%

of companies currently
deploy AI at a
commercial scale

Several types of AI are frequently misunderstood or lumped together, yet it's crucial to recognize that not all AI is identical. Predictive analytics uses historical data to predict future behavior. Machine learning frameworks create a feedback loop to drive personalization. Generative AI has the ability to actually create content across voice, visual, and text.

Forbes predicts that AI will see an annual growth rate of 37.3% between 2023 and 2030. AI has the opportunity to help health, wellness, fitness, and nutrition companies maximize financial outcomes and improve the health outcomes of their members.

Companies in the health and wellness industry are at various stages in determining how and when AI will best help improve business performance and efficiency.



Executive Summary

In the health and wellness industry, AI models and frameworks are disrupting conventional methods on three main fronts driving financial and health outcomes:



Personalizing prospect acquisition - reaching the right potential member, on the right channel, with the right content, at the right time, in a more efficient way.



Optimizing and maximizing the member journey - identifying user behaviors and preferences to generate tailored recommendations leading to greater member acquisition and retention.



Automating and scaling business operations across the full value chain - streamlining everything from customer support, and billing collection to content production while creating personalized customer experiences that keep members coming back.



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This report will guide you through the essential business and operational metrics AI can address, which contribute to improved financial results and member health outcomes:



Reducing CPA



Growing LTV



Optimizing operational costs



Reducing CPA

Individualized marketing at scale to reduce CPA

Triangulating data sources and applying AI and ML frameworks can help organizations be more targeted and personalized, enabling a more efficient media spend. AI can identify user behaviors within a defined trade area at the household level to associate mobile ID and IP addresses to determine psychographics, demographics, mobility data, media consumption, and more.

With this information, AI can then trigger campaigns based on your media strategy, channel allocation, and content creation to ensure you're targeting the right people (with the highest LTV) with the right content, at the right time. This approach allows you to focus on the right future members to lower your customer acquisition costs.

Two key insights and data points we are seeing across the board:

- Acquiring new members for health clubs, nutrition services, spas, mental health services, and other wellness offerings is still a material costly effort. In most businesses, this continues to increase due to multiple macro and micro factors - **CPA for membership-based businesses has increased by 60% in the last six years.**
- On the flip side, there's still massive demand - **the market for health and wellness products and services is growing by 5-10% per year** across its several segments. This means a larger market for membership—if you know how to capture members' interest.

To summarize - customer acquisition costs are rising, but so is demand.

CPA for membership-based businesses has increased by 60% in the last six years.



Reducing CPA

Today's marketing strategies involve analyzing survey data to create "digital twins" for persona development. Although this method offers some level of personalization, utilizing household-level data through Mobile IDs and IP addresses enhances accuracy. This approach grants access to detailed mobility data, including commute patterns and visits to local competitors, retail stores, restaurants, and more.

Furthermore, rather than relying on personas—such as suggesting, 'People like Mary use this media channel at this time'—marketers can now use individualized data. By combining household data sourcing with machine learning, marketing teams can optimize content delivery for each individual, **achieving personalized marketing at scale.**

AI and Individualized Data Triangulation: Tailoring Member Acquisition with Mobility and Media Consumption

Businesses are leveraging Mobile ID data through AI and machine learning algorithms to enable real-time analytics, predictive modeling, and highly personalized marketing campaigns.

Machine learning algorithms sift through extensive datasets to uncover patterns and foresee user behavior, facilitating dynamic content delivery and precise ad targeting.

Mobile ID data, the unique identifier for a mobile device, tracks user actions, preferences, and habits across various channels, including apps, websites, and mobile networks.

By utilizing this data, marketers can deeply understand their audiences, crafting tailored and efficient marketing strategies that respond instantly to consumer behavior in real-time.

Reducing CPA

There are several types of data sets, online and offline, to truly understand consumer mobility and media consumption.



Location Data

- GPS coordinates: Mobile devices constantly track their location, providing businesses with valuable data on user movements and preferences
- In-store visitation patterns
- Geofencing data: Marketers can define geographical boundaries and trigger targeted marketing campaigns based on a user's location or proximity to specific points of interest



App Usage Data

- Installed apps: Mobile ID data reveals which apps are installed on a user's device, giving marketers insights into their interests and activities
- In-app behavior: Analysis of in-app behavior can help tailor advertisements and content to suit individual preferences
- Mobile Network and Carrier Data



Carrier information

- Data includes details of the mobile carrier, which can help in understanding user demographics and geographical reach
- Network performance: Information on network quality and speed can help optimize the delivery of media content and ads



Device Information

- Device type and model: Understanding the user's device can help optimize the user experience and ensure media is delivered in the appropriate format
- Operating system and software versions: This data is crucial for app developers and marketers to ensure compatibility and performance



Media Consumption Patterns

- Content preferences: Mobile ID data can reveal the type of content users consume, such as news, entertainment, or sports, which can be used for content recommendations
- Consumption frequency: Marketers can analyze how often users engage with media content to determine optimal ad placement and timing



Behavioral Insights

- User engagement: Data on clicks, swipes, and other user interactions can provide insights into user engagement levels and preferences
- Social media activity: Data on hashtag usage, follows, comments, influencers, and sentiment
- Online behaviors: search and purchase patterns and insight

Reducing CPA

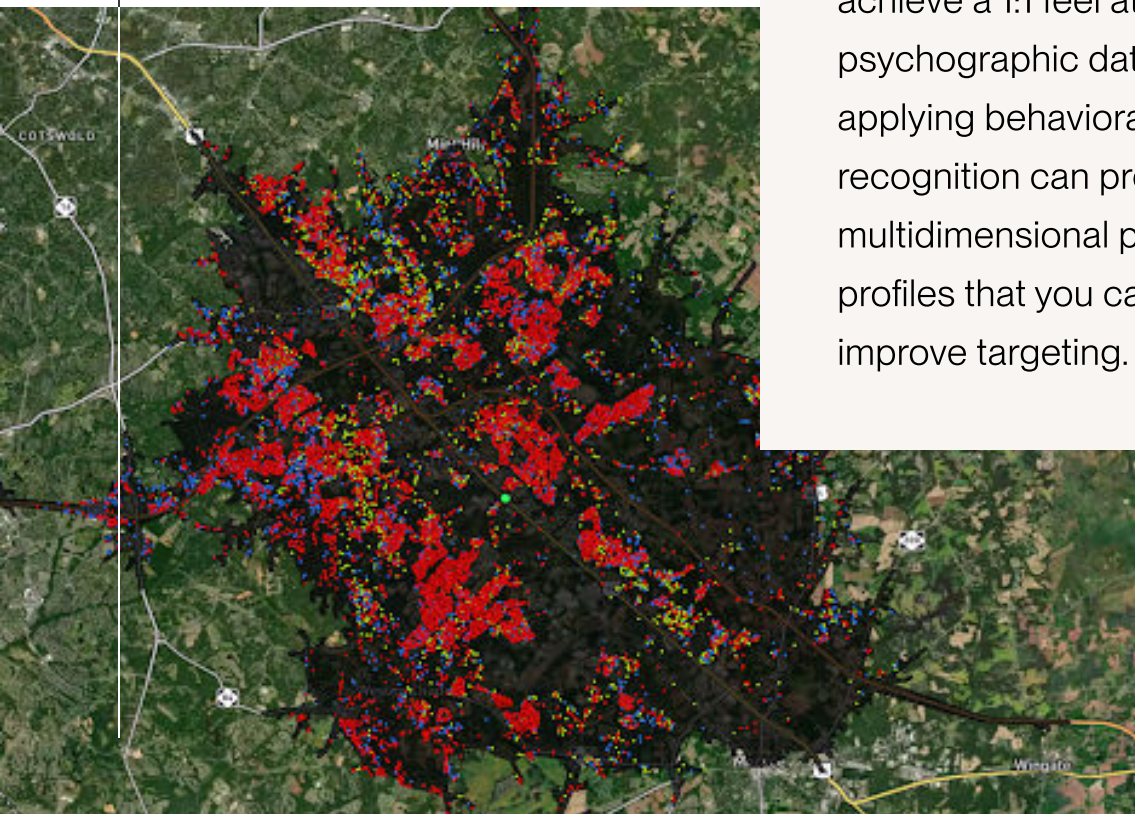
Not all Customer Acquisition is the same.

AI helps you target members with the highest potential LTV.

Targeting the right prospective members at scale is a challenge. Many people get it wrong by targeting too broad a subset of people. They use the most basic demographic data, such as targeting all Caucasian women ages 25-35 in the Chicago area. If they're a bit more savvy, they might be able to target such demographic groups based on interest, such as targeting Caucasian women ages 25-35 in the Chicago area who show an interest in running.

But people are much more nuanced than that.

AI-optimized marketing helps you dig deeper into the data you have on your future members to achieve a 1:1 feel at scale. Using psychographic data sets and applying behavioral pattern recognition can produce multidimensional psychographic profiles that you can use to improve targeting.



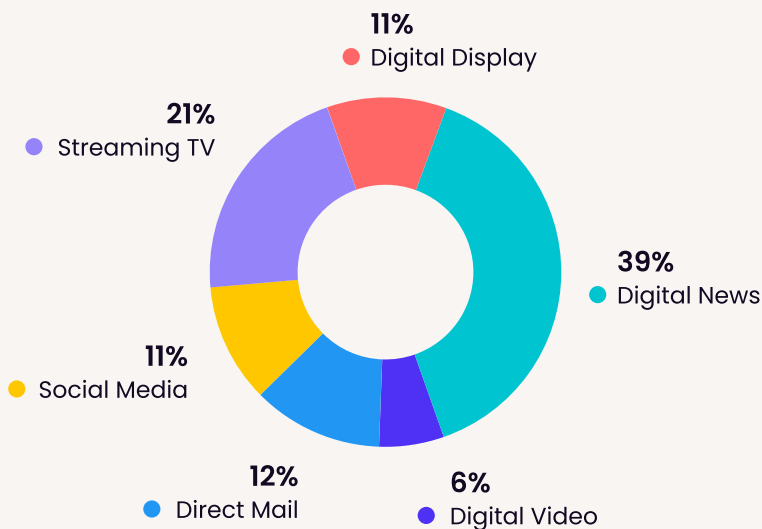
Reducing CPA

Rather than targeting broad groups, you can tailor every aspect of your ad or intervention —imagery, offers, colors, design—to match each audience segment. Adjust ad placements based on where your audience frequents most (email, social media, text messages), all automatically across various media channels.

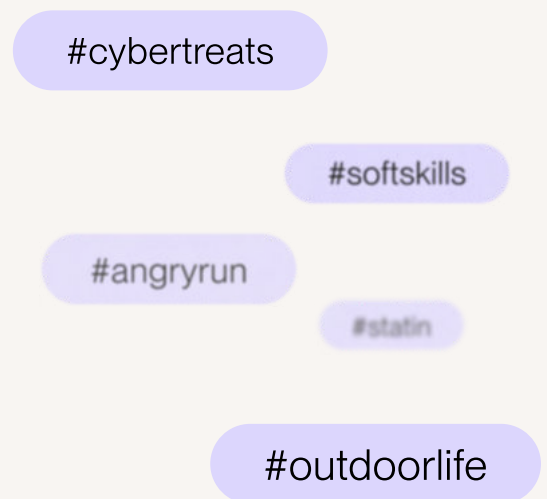
Let's say you're targeting future gym members, ranging from beginners to enthusiasts, with varying commitment levels from three months to three years. Some may opt for premium services like virtual coaching or personal training. AI can assist in forecasting the future value of each prospective member.

AI-Based Targeting Lowers CPA

Channel Preferences



Social Topics



Growing LTV

Predicting churn risks so you can intervene at the right time

Attrition rates in the health and wellness industry can exceed 50% annually, but this trend can be mitigated.

AI plays a crucial role in enhancing member experiences, thereby reducing attrition rates.

AI leverages vast historical and ongoing data and integrates various sources, including, demographics, psychographics, geospatial data, social media interactions, search, app and device usage, healthkit, Google Fit, wearable, and even purchase history. This allows you to predict member behavior weeks, months, and even years into the future so you can be proactive with your members and ensure your pipeline is full and accurate.

Moreover, this data facilitates a proactive stance on managing member experiences by identifying potential attrition or disengagement risk, enabling a more targeted and effective intervention strategy.

Increasing engagement, preventing churn and driving secondary spend to grow LTV



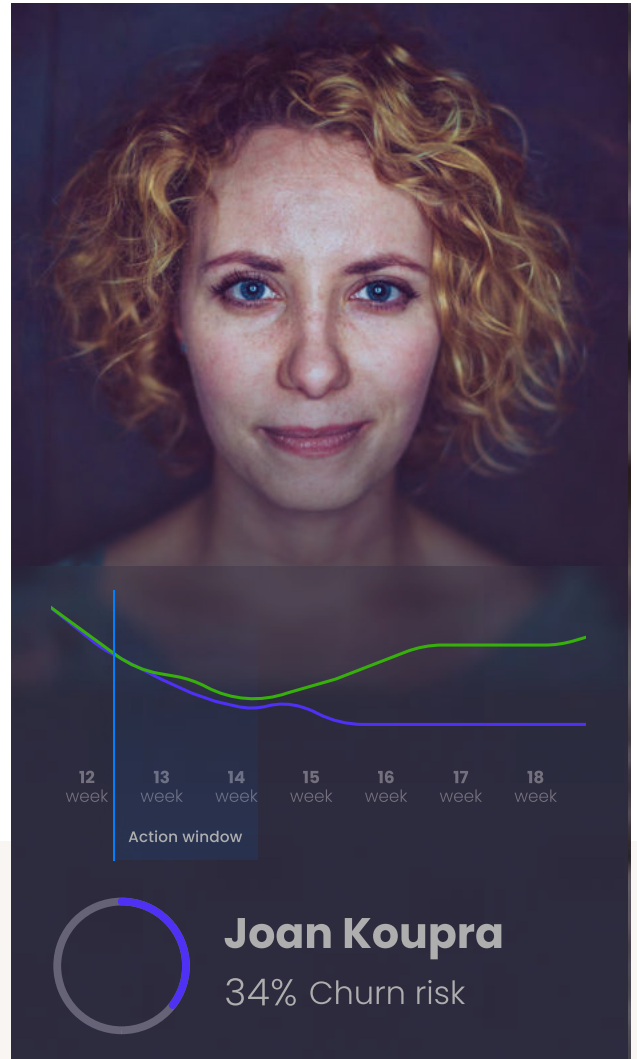
What about "Sleeping Giants"? AI can help you figure out which dormant members to nudge, and which ones to let sleep, so you optimize for overall member spend and ROI.

Growing LTV

AI can help you predict when a member will churn with an average accuracy of 87%—weeks or even months in advance.

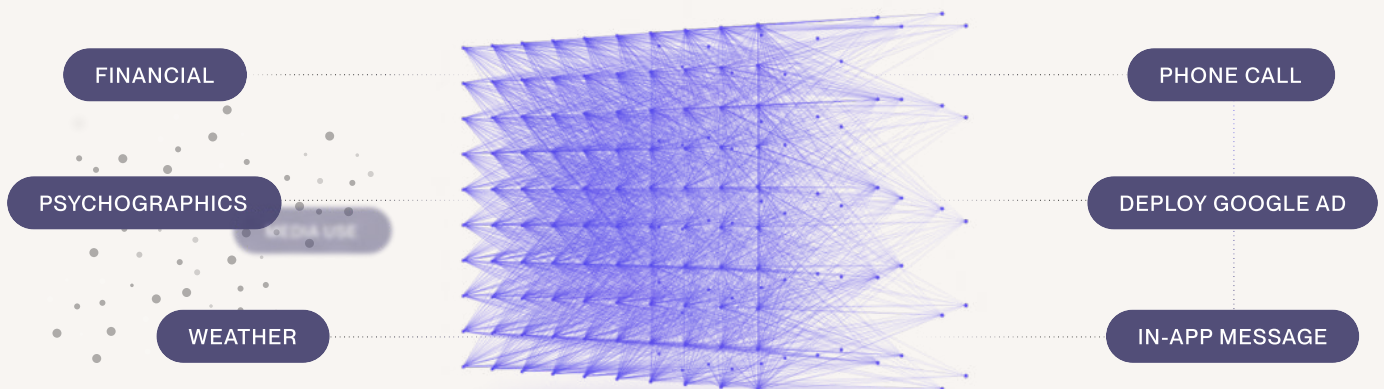
Proactively preventing churn is simpler and more effective than responding to disengagement or cancellations, enabling early interventions to retain members.

AI not only identifies the optimal interventions but also triggers them at the perfect time, helping you reduce member churn risk by 33%.



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AI can help you predict when a member will churn and why--with an avg. of 87% accuracy - week



Growing LTV

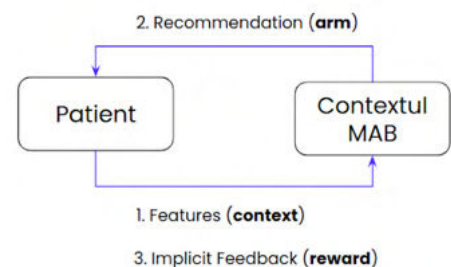
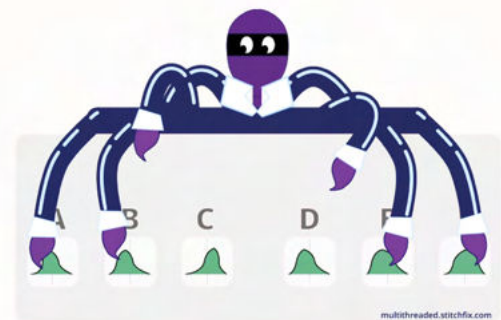
How to communicate with your members effectively and efficiently- and how AI can help

Traditional communication in the health and wellness industry often follows a one-size-fits-all approach, focusing on time-based and reactive strategies. AI can transform this by enabling more efficient and effective communication.

While there's no perfect email template, machine learning allows for personalization at an individual level, quickly identifying successful strategies and measuring the value of communications against operational costs, integrating staff, general managers, personal trainers, and automated messages. Surveys show almost 90% of members value communication from staff members in combination with automated content.

Interactions from staff twice a month can lead to an additional visit by the member the following month.

Machine learning frameworks excel at enhancing organizations' ability to test and optimize member engagement strategies. Beyond traditional A/B testing, which offers limited binary results, advanced techniques like the Multi-Armed-Bandit algorithms allow for extensive testing of various communication templates, providing nuanced results. For example, a specific email template may resonate well with women aged 30-45 with medium gym usage, but not with men aged 50-65 who are heavy users.



Growing LTV

ML frameworks allow for the use of predictive analytics to identify which members to "nudge" and which ones to leave alone, ensuring content is delivered via the most appropriate channel and timing for each individual. These learnings provide insights about different cohorts and personas that can inform the refinement of existing content and guide the prioritization of new content creation.

Top 5 Most Engaging Member Interventions



Schedule a Consultation



Check In



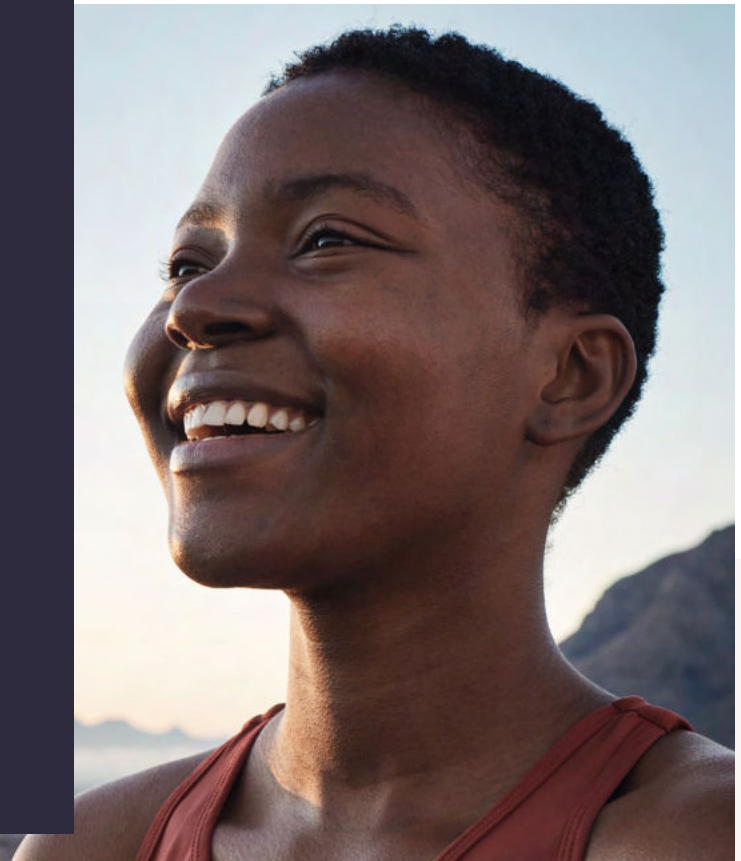
Send a Coaching Assessment



Offer a Free PT Session



Set New Goals



Automating dynamic pricing and upselling

By analyzing user behavior, historical sales data, and other pricing models, AI can recommend strategies like suggesting introducing family bundles, off-peak discounts, or personalized add-on services.

For instance, if a regular spa member typically books a monthly massage and occasionally a facial, AI can predict when they might book their next service. Leveraging this, you could offer a discount for adding a facial to their usual massage appointment, enhancing personalization and potentially increasing sales.

Cutting Operational Costs

How to communicate with your members effectively and efficiently - and how AI can help

AI allows autonomous optimization, so your team does less manual work and saves valuable time and money. That also means your team will have more time to look after the needs of your customers, creating a flywheel effect that will improve all your key performance metrics. On operational costs alone,

AI can reduce your spending by up to

20%

Here are the top 10 use cases where GenAI could help you optimize and scale your business operations:

Predicting employee churn and forecasting hiring needs

AI predicts employee turnover and anticipates hiring needs in advance, reducing onboarding costs and improving retention. By identifying demand patterns, including peak periods, AI enables proactive hiring and optimization of resources.

Member Activation

Personalized activation journeys using advanced techniques for sustained member engagement. Customizable virtual coaches provide daily personalized recommendations and interactions, while A/B testing and self-optimization enhance motivation and outcomes.

Lead Conversion

Optimizing lead-to-member conversion through intelligent lead analysis and personalized multi-channel campaigns. Data-driven prioritization and automated messaging streamline lead response management and maximize conversion rates.

Customer Service

Efficient and personalized support through chatbots and AI assistance, with natural language processing and real-time optimization for improved satisfaction and 24/7 self-service.

Cutting Operational Costs



Content Creation

Streamlining high-quality, brand-aligned content generation through AI automation, A/B testing, and performance feedback to refine strategies over time.



Data Insights

Intuitive exploration of business data with conversational AI, providing accurate visualizations, actionable conclusions, and better-informed decision-making.



Payment Collections

Optimizing debt collection strategies through predictive analytics and targeted interventions, combining machine learning and automated communications to decrease delinquencies and maintain current accounts.



Marketing Optimizer

A scalable system using reinforcement learning to continually improve email and SMS outreach, refining language, demographics, and success metrics for maximum effectiveness.



Forecasting needs for maintenance

AI predicts maintenance and replacement needs based on equipment usage, allowing preemptive scheduling to avoid downtime and maximize efficiency.



Smart scheduling based on demand

Dynamic scheduling adjusts class times and shifts based on usage data, optimizing staffing levels during peak hours and suggests schedule changes to accommodate member preferences.

Improving Member Health Outcomes

Acquiring and retaining more members cost-effectively benefits the world by enhancing health outcomes

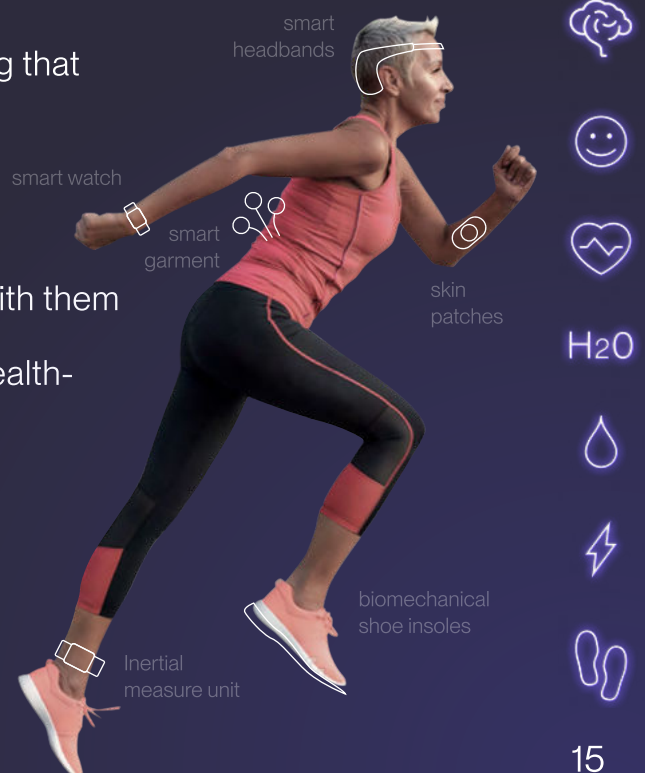
Revenue helps us keep our businesses alive, but it's not the "why" behind it all. The real reason is to help our members maintain positive health outcomes. But what motivates each member is different.

AI can personalize the member acquisition journey, retain members, and offer them tailored premium services, including custom fitness, nutrition, and lifestyle programs. These programs are designed to help users achieve their goals, enhance their quality of life, and increase happiness.

Recommendations can be customized to each individual's goals and motivations. Additionally, AI enables timely intervention if members risk deviating from their healthy path.

4 Ways to Use AI to Help Members Achieve Healthier Outcomes

- 1 Target and deliver hyper-personalized messaging that drives members to start using your service or product
- 2 Deliver personalized member experience to help individuals achieve their health goals and stick with them
- 3 Scalable personal coaching to make premium health-centric services more accessible to a broader segment of members
- 4 Integration with devices and wearables to offer more custom suggestions



Getting Started with AI

Getting started with AI in your health and wellness business

Now that you understand AI's potential to lower your CPA, enhance LTV, and reduce operational expenses—all while boosting member health outcomes—it's crucial to determine the most effective strategy moving forward.

These AI-driven recommendations are beneficial for any member-based business in the health and wellness space, such as health clubs, nutrition brands, spas, studios, connected fitness providers, and consumer mental health services, among others.

These AI modules can significantly enhance your business by improving acquisition, engagement, retention, upselling opportunities, and health results.

Top 5 AI Modules for Health & Wellness Companies



Data Sourcing (Household and Cohort Level)



My Predictive Analytics



Machine Learning Frameworks



Chatbots



Automated CRM and Calling

AI is more than just an advanced machine; it's a tool that leverages probabilities in a fascinating way. While AI still harbors numerous mysteries, unraveling them poses a compelling challenge that encourages us to thoroughly explore its capabilities and constraints. Each day moves us nearer to its efficient implementation.

Key Data Points

Key Stats on the State of AI in Health & Wellness

37.3%

AI annual growth rate
between 2023 and 2030

35%

of companies currently
use AI

8/10

customers abandon health
programs and products each
year, resulting in \$1 trillion in
annual losses

87%

AI prediction accuracy of
member churn

33%

Member churn reduction
after AI intervention

20%

Operational costs reduction
after AI intervention

3 AI Trends You Can Expect in 2024



Multimodal AI Models

AI can combine numeric data, text, images, and video to achieve more comprehensive health and wellness experiences for consumers.

Ethical AI

There will be a focus on avoiding problems such as bias and lack of transparency. This will minimize potential harm and improve mental wellness.

Democratization of AI

More people will have access to AI, meaning more member data for health and wellness businesses.

We're constantly digging into the data to determine where AI is going next. If you need additional data not included in this report, reach out to research@vi.co. We're always happy to help.

If you want to know more about us visit vi.co

