IBISWorld
WHERE KNOWLEDGE IS POWER

All is well: Companies looking to cut healthcare costs will look toward operators with positive ROI

IBISWorld Industry Report OD4621
Corporate Wellness Services in the US

March 2015

Sarah Turk

About this Industry

Industry Definition

This industry includes companies that primarily provide workplace programs that offer a combination of educational, organizational and environmental activities designed to support behavior that is conducive to the health of employees and their families. This does not include programs designed internally by existing human resources personnel.

Main Activities

The primary activities of this industry are

Providing health assessments and screenings
Providing fitness classes and services
Providing education on nutrition and other health related topics

The major products and services in this industry are

Alcohol and drug abuse services
Fitness services
Health education services
Health Risk Assessments (HRAs)
Nutrition and weight management
Smoking cessation
Stress management

Similar Industries

44619 Health Stores in the US
Establishments in this industry retail nutritional supplements, medical supplies and other health related goods.

62134 Physical Therapists in the US
Establishments in this industry provide physical, occupational and speech therapy services.

62139b Alternative Healthcare Providers in the US
Establishments in this industry provide health services that are not classified in any other industry, such as yoga or massage.

62149 Emergency & Other Outpatient Care Centers in the US
Establishments in this industry provide outpatient medical services.

Additional Resources

For additional information on this industry

www.corporatewellnessmagazine.com
Corporate Wellness Magazine

www.commonwealthfund.org
The Commonwealth Fund

www.healthandwellnessassociation.com
The Corporate Health and Wellness Association

Industry at a Glance

Corporate Wellness Services in the US in 2015

Key Statistics Snapshot

Revenue	Annual Growth 10-15	Annual Growth 15-20
$8.1bn	6.0%	8.4%
Profit	**Wages**	**Businesses**
$475.3m	$2.5bn	5,655

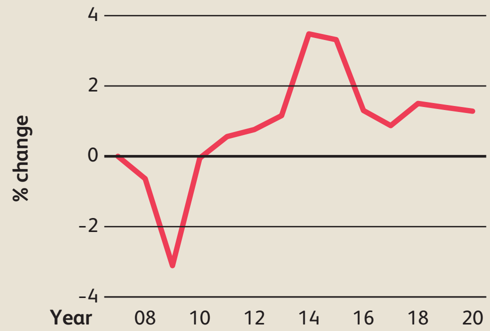
Market Share

There are no Major Players in this industry

p. 23

Revenue vs. employment growth

Number of people with private health insurance



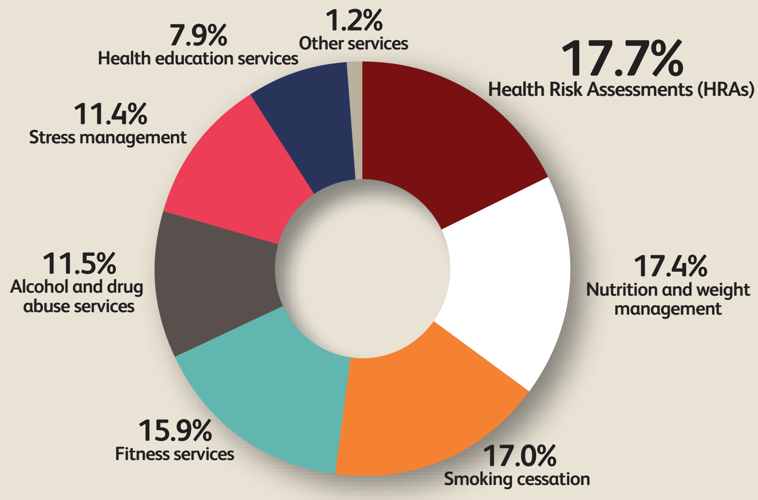
SOURCE: WWW.IBISWORLD.COM

Key External Drivers

- Corporate profit
- Number of people with private health insurance
- Healthy eating index
- OD – External competition
- Number of employees

p. 4

Products and services segmentation (2015)



SOURCE: WWW.IBISWORLD.COM

Industry Structure

Life Cycle Stage	Growth	Regulation Level	Light
Revenue Volatility	Low	Technology Change	Medium
Capital Intensity	Low	Barriers to Entry	Medium
Industry Assistance	Medium	Industry Globalization	Low
Concentration Level	Low	Competition Level	Medium

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 29

Industry Performance

Executive Summary

The Corporate Wellness Services industry has experienced robust growth over the past five years, as many businesses purchased wellness programs to help lower healthcare costs. Furthermore, many businesses have grappled with illness-related costs, such as those incurred by employee absenteeism. According to research corporation RAND, 72.0% of employers purchased screening services (e.g. services that identify employees' health risks) and intervention services (e.g. services that reduce health risks by promoting healthy lifestyle choices), thereby stimulating demand for industry services.

Companies will increasingly look to wellness services to reduce healthcare costs

In response to the burgeoning obese and overweight population, which may increase employer-mandated health insurance costs, many businesses have implemented biometric screening services. For example, corporate wellness services may include collecting employees' biometric data (e.g. height, weight, blood pressure and blood glucose levels), which helps industry operators target high-risk employees for intervention programs. Among businesses that offered lifestyle management programs, 79.0% offered programs in nutrition and weight counseling, smoking cessation (77.0%), fitness (72.0%), alcohol and drug abuse (52.0%), stress management (52.0%) and health education (36.0%), according to a 2013 RAND study. Further exacerbating demand for industry services, businesses are expected to have a high return on investment (ROI) for disease management services, with each dollar allocated toward these programs resulting in a $3.80 ROI. During the five years to 2015, industry revenue is expected to increase at an annualized rate of 6.0% to $8.1 billion, including a 5.4% rise in 2015. Profit is also expected to grow from 5.5% of industry revenue in 2010 to 5.9% in 2015, driven by businesses increasingly demanding comprehensive wellness programs.

During the five years to 2020, industry revenue is forecast to grow at an annualized rate of 8.4% to $12.1 billion. According to a 2012-2013 Health Care Reform study by Willis, 50.0% of businesses surveyed reported that they planned on expanding the scope of their wellness programs, which will provide opportunities for the industry over the next five years. Furthermore, 65.0% of businesses with 50 to 100 employees reported that wellness programs are a key differentiator for employee recruitment, inciting some businesses to purchase wellness services to bolster employee retention rates.

Key External Drivers

Corporate profit

As corporate profit rises, more businesses have the discretionary income required to invest in corporate wellness services. In particular, businesses may purchase corporate wellness services to bolster their return on investment (ROI) for disease and lifestyle management programs. According to RAND, for every dollar spent on disease management, businesses are expected to have a $3.80 ROI. In 2015, corporate profit is expected to rise, representing an opportunity for the industry.

Number of people with private health insurance

A rising number of individuals with private health insurance may be indicative of more people having

Industry Performance

Key External Drivers continued

employer-mandated health insurance. As more employees have employer-mandated health insurance, some businesses may purchase corporate wellness services to help lower healthcare costs. For example, programs that target employees with health risks, such as smoking and obesity, may help mitigate the development of chronic conditions, effectively lowering healthcare costs. The number of people with private health insurance is expected to increase in 2015.

Healthy eating index

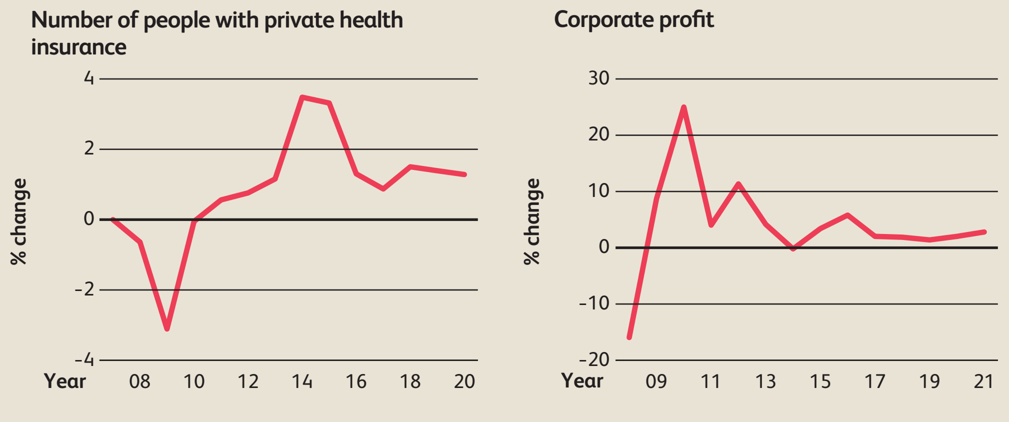
The healthy eating index measures the percentage of Americans that adhere to a recommended diet based on the US Department of Agriculture's guidelines. As the healthy eating index declines, more businesses may purchase corporate wellness services, such as nutritional counseling and healthy cooking classes. In 2015, the healthy eating index is expected to increase.

External competition

The industry has contended with rising competition from many businesses expanding to include in-house corporate wellness services. In addition, some fitness clubs and gyms have established corporate wellness programs, such as lowering membership fees for businesses and implementing incentives (e.g. prizes for employees that achieve fitness goals). External competition is expected to increase in 2015, representing a potential threat to the industry.

Number of employees

As the number of employees in the United States rises, more businesses may offer employer-mandated health insurance. As a result, to help bolster productivity and lower employee absenteeism, among other benefits, many employers may purchase corporate wellness services. In 2015, the number of employees is expected to increase.

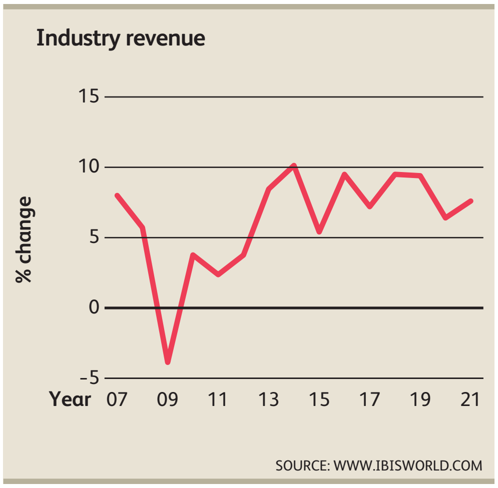


SOURCE: WWW.IBISWORLD.COM

Industry Performance

Current Performance

Over the past five years, the Corporate Wellness Services industry has grown, driven by many businesses investing in lifestyle and disease management wellness services. According to data from RAND, 72.0% of businesses that offered wellness programs offered both screening services (e.g. screening employees for health risks) and intervention services (e.g. smoking cessation programs). During the five years to 2015, industry revenue is expected to grow at an annualized rate of 6.0% to $8.1 billion, including a 5.4% rise in 2015. Profit is anticipated to increase from 5.5% of industry revenue in 2010 to 5.9% in 2015, due to many businesses expanding their corporate wellness programs to include more services.



Businesses aim to cut healthcare costs

Over the past five years, many businesses, faced with mounting healthcare costs, have implemented corporate wellness programs to help cut costs. In particular, employees with chronic conditions (e.g. diabetes, heart disease and chronic pulmonary conditions) put significant strain on employer-mandated health insurance costs. According to data from the Partnership to Fight Chronic Disease, the average cost of an employee's health insurance has nearly doubled from 2002 to 2012 to reach $5,615.0 (latest data available). In particular, employers have been burdened with a significant share of health insurance costs, with annual employer contributions skyrocketing from $4,045.0 per employee on average in 2009 to $4,664.0 in 2012. Furthermore, according to the Gallup-Healthways Well-Being Index, the total cost of lost employee productivity, due to employee absenteeism related to chronic conditions or employees being overweight or obese, is expected to reach $153.4 billion each year. As a result, many businesses have purchased corporate wellness programs to bolster productivity and lower healthcare costs.

In particular, many businesses have demanded preventive health services. For example, primary prevention services may include targeting high-risk employees (e.g. lifestyle management for employees that have chronic diseases). Comparatively, secondary preventive services may encompass disease management. According to data from RAND, among businesses that offered lifestyle management programs, 79.0% included nutrition and weight counseling, followed by smoking (77.0%), fitness (72.0%), alcohol and drug abuse (52.0%), stress management (52.0%) and health education (36.0%). Moreover, 56.0% of employers with wellness programs had disease management services (e.g. programs tailored to employees that have diabetes, chronic lung disorders, depression and cancer). Among businesses that purchased disease management services, 85.0% of businesses targeted diabetic employees, followed by asthma (60.0%), coronary artery disease (59.0%), heart failure (54.0%) and depression (53.0%), among other ailments. Over the past five years, health promotion activities were popular, with 86.0% of businesses with wellness

Industry Performance

Businesses aim to cut healthcare costs continued

programs including on-site vaccinations, healthy food options and other health-related services.

While many businesses have rapidly adopted wellness programs, the efficacy of industry services is largely dependent on employee participation rates. To bolster employee utilization rates, many employers have implemented strategies that incentivize participation in industry programs. For example, according to RAND, employers, on average, offered $203.0 in incentives for employees that participated in smoking cessation programs, with $682.0 in results-based incentives. Moreover, employers included a $188.0 incentive on average for employees that participated in weight or obesity programs, followed by fitness ($143.0) and other lifestyle management ($67.0). As more employers have implemented incentive programs to increase employee participation rates, this trend has bolstered industry revenue in line with some businesses expanding their scope of services offered. However, the regulatory landscape has established regulations that slightly limit incentive programs. For example, in 2014, the Patient Protection and Affordable Care Act raised the limit on incentive programs from 20.0% to 30.0% of the cost of coverage. In addition, businesses can markup healthcare premiums by 50.0% for employees that smoke, which has stimulated employee demand for smoking cessation programs.

External competition

Over the past five years, the industry has grappled with mounting external competition. In particular, some businesses, namely large businesses, have expanded their in-house services to include corporate wellness programs. Some companies have tailored their in-house wellness program to the corporate culture, effectively creating wellness programs that may result in higher employee participation rates. Further exacerbating this trend, some fitness clubs and gyms have also offered corporate wellness services, by providing membership discounts for businesses and incentives for employees that reach their health goals (e.g. prizes for weight loss). However, many businesses have still outsourced their corporate wellness programs, due to industry operators being able to provide a larger breadth of services.

In addition, some companies have purchased services from industry operators, due to corporate wellness companies being able to ensure employee confidentiality when handling sensitive information (e.g. biometric data). Some businesses that did not have the resources required to evaluate the return on investment for corporate wellness programs have purchased services from companies that could demonstrate tangible results for program efficacy. During the five years to 2015, the number of industry enterprises is expected to grow at an annualized rate of 10.5% to 5,655 operators. Over the past five years, many corporate wellness companies have entered the market to cater to businesses that wanted wellness services to help mitigate rising healthcare costs, namely costs related to chronic ailments. Comparatively, the number of industry employees is anticipated to increase at an average annual rate of 11.2% to 44,209 during the five-year period. Many wellness service companies have required dieticians, nutritionists and employees that analyze biometric data to determine high-risk employees.

More new industry entrants and in-house programs have increased competition

Industry Performance

Industry Outlook

Over the next five years, the Corporate Wellness Services industry is expected to exhibit robust growth, thanks to many businesses rapidly adopting wellness programs. According to Towers Watson, employers' health insurance costs are projected to rise 5.2% in 2015. As a result, many businesses will implement corporate wellness services to help lower healthcare costs. Further exacerbating demand for wellness services, the Patient Protection and Affordable Care Act will penalize employers for lacking employer-mandated health insurance in the coming years. During the five years to 2020, industry revenue is forecast to grow at an annualized rate of 8.4% to $12.1 billion. Profit is expected to rise from 5.9% of industry revenue in 2015 to 6.1% in 2020, as many businesses expand the scope of their corporate wellness programs.

To cut healthcare costs, many businesses will purchase corporate wellness programs

Regulatory framework

Over the next five years, the regulatory environment for businesses will determine demand for corporate wellness services. For example, the Patient Protection and Affordable Care Act requires all businesses that have more than 50 full-time employees offer health insurance or face a penalty, in the form of an Employer Shared Responsibility Payment on their federal tax return. The mandate for employer-mandated health insurance, which was originally set to commence in 2014, was implemented January 1, 2015. Furthermore, small businesses (50 to 99 full-time employees) will need to insure workers by 2016. For employers that have 100 or more employees, they need to provide health benefits for 70.0% and 95.0% of full-time employees by 2015 and 2016, respectively. In addition, many businesses may incur costs related to not offering employer-mandated health insurance, namely $2,000.0 per employee for every employee that does not have insurance (excluding the first 30 full-time employees) per year.

As a result, to cut healthcare costs, many businesses will purchase corporate wellness programs. In particular, many employers will adopt disease management programs, which provide a return on investment of $3.80, with businesses saving $136.0 per member each month on average, according to data from RAND. For instance, offering disease management will become more imperative for employers to cut costs. Due to 56.0% of employers with wellness programs having disease management services, more businesses will likely purchase this wellness service to lower employees' healthcare costs from chronic conditions (e.g. diabetes). Due to a RAND Employer Survey indicating that 49.0% of employers with wellness programs have biometric screenings (e.g. blood glucose levels and cholesterol testing), this service still represents a relatively untapped product segment for the industry, thus providing opportunities for growth over the five-year period.

Industry Performance

Enterprises and employment

To address low employee utilization rates, some corporate wellness companies will work with businesses to bolster participation rates. For example, nearly one-third of total employers that offer wellness programs, namely health risk assessments, has employee participation rates of 20.0% or lower. As a result, employee incentives (e.g. prizes or lower healthcare deductibles for employees that reach health goals) will become more pervasive. In addition, only 2.0% of businesses with wellness programs had access to actual cost savings estimates. As a result, many corporate wellness companies will likely demonstrate tangible benefits for their programs, particularly how corporate wellness can lower medical costs for employees, bolster productivity and lower employee absenteeism.

During the five years to 2020, the number of industry enterprises is expected to grow at an annualized rate of 7.5% to 8,108 operators. In particular, some corporate wellness companies will expand into relatively untapped markets, namely employers located in the Midwest, South and West. According to data from RAND, only 42.0% of total employers offered wellness programs in the Western region, followed by the Midwest (49.0%) and South (51.0%). In the same five-year period, the number of employees is expected to rise at an average annual rate of 7.8% to 64,467 workers, as many wellness companies hire more staff that measure how wellness programs help cut costs for businesses in both the short term and long term.

Some corporate wellness companies will expand into untapped markets, namely employers in the midwest

Industry Performance

Life Cycle Stage

The industry is growing at a faster rate than the overall economy

There is increasing acceptance of the value of programs offered by this industry

New players continue to enter the industry at a fast pace

SOURCE: WWW.IBISWORLD.COM

Industry Performance

Industry Life Cycle

This industry is **Growing**

The Corporate Wellness Services is currently in the growth stage of its life cycle. During the 10 years to 2020, industry value added (IVA), which measures an industry's contribution to the overall economy, is expected to grow at an annualized rate of 8.2%. Comparatively, US GDP is anticipated to rise at an average annual rate of 2.5% during the ten-year period. Overall, the industry is growing, which can be attributed to many businesses adopting wellness programs to help lower healthcare costs. Thanks to the Patient Protection and Affordable Care Act implementing penalties for businesses that do not provide employer-mandated health insurance, with penalties set to commence in either 2015 or 2016, many businesses will invest in corporate wellness programs.

For example, health screening services (e.g. services that identify employees' health risks) and intervention services (e.g. services that reduce risks and promote healthy lifestyle choices) can help businesses cut healthcare costs. In the coming years, some corporate wellness companies will include tangible results for their program efficacy, such as providing data on how smoking cessation programs may lower healthcare costs for businesses, thus developing a market niche. During the 10 years to 2020, the number of industry enterprises is expected to grow at a robust annualized rate of 9.0% to 8,108, thus indicating that the industry is in the growth life cycle stage.

Products & Markets

Supply Chain | Products & Services | Demand Determinants
Major Markets | International Trade | Business Locations

Supply Chain

KEY BUYING INDUSTRIES

55	**Management of Companies and Enterprises in the US** Employers across all business sectors contract corporate wellness firms to help reduce healthcare costs, increase worker productivity and reduce absenteeism among employees.
56111	**Human Resources & Benefits Administration in the US** HR departments decide which corporate wellness provider best fits a company and hire industry firms to carry out specific programs.
92	**Public Administration in the US** Public sector employers increasingly contract corporate wellness services to adhere to federal initiatives to help curb healthcare costs and mitigate the nationwide obesity epidemic.
99	**Consumers in the US** Workers across all industry sectors are increasingly becoming health conscious and are more willing to help finance corporate wellness programs at their workplaces through co-pays and salary deductions.

KEY SELLING INDUSTRIES

32311	**Printing in the US** This industry provides services to corporate wellness firms that require brochures, pamphlets and other educational materials to promote, educate and inform participants about their programs.
33451b	**Medical Device Manufacturing in the US** This industry provides equipment used for medical screenings.
51121	**Software Publishing in the US** This industry provides interactive computer programs that support and enhance wellness services.
54121c	**Accounting Services in the US** This industry supplies accounting services.
81219a	**Weight Loss Services in the US** This industry provides corporate wellness providers with weight-loss supplements that may be incorporated into their programs.

Products & Services

Health assessments and screenings

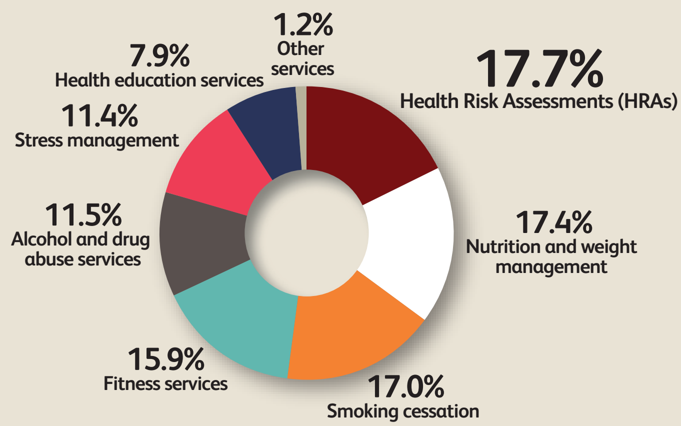
In 2015, health assessments are expected to account for 17.7% of industry revenue. Typically, health assessments include measuring and interpreting an employee's health, history and disease factors. Overall, this product segment is commonly the first step employers take when implementing corporate wellness programs. First, corporate wellness companies may administer a questionnaire for participants, which includes questions related to nutrition, height and weight, physical activity and exercise habits, family health history, personal stress levels, smoking history and work satisfaction. Then, corporate wellness companies evaluate the data to provide employees with health reports and employers with an aggregate assessment of employee health.

In addition, health screenings (e.g. systolic and diastolic blood pressure, total cholesterol, HDL cholesterol and glucose tests) are also included in the health assessment to examine employees' health risks. Furthermore, biometric tests may be administered, which include measuring weight and blood pressure. Screenings account for 15.0% of revenue, with this product segment accounting for a larger share of industry revenue over the past five years.

Products & Markets

Products & Services continued

Products and services segmentation (2015)



Total $8.1bn

SOURCE: WWW.IBISWORLD.COM

Health assessments are used to bring awareness to employees' health status, motivate employees to make healthier lifestyle changes, assign a health coach for high-risk employees, plan health promotion programs based on identified health needs and measure the program's efficacy by comparing data on a yearly basis. Over the past five years, this product segment has grown, thanks to many employers looking toward preventive care (e.g. health assessments and screenings) to lower their healthcare costs.

Nutrition and weight management

In 2015, nutrition and weight management are expected to comprise 17.4% of industry revenue. This product segment includes corporate wellness services that help employees improve their health by eating better and implementing weight loss goals. Nutrition and weight management services may also include seminars, conferences and workshops aimed to educate employees on nutrition habits; incentive programs and competitions that encourage physical activity; and health coaching. For example, to encourage physical activity among employees, businesses may purchase corporate wellness services (e.g. coordinated staff walks). As the prevalence of obese and overweight individuals has risen over the past five years, this trend has incited many businesses to purchase nutrition and weight management services to help lower costs from obesity-related ailments (e.g. diabetes).

Fitness services

Fitness services are anticipated to make up 15.9% of industry revenue. Typically, corporate wellness companies may help businesses develop on-site fitness facilities that garner a high rate of employee participation. In addition, some corporate wellness companies may use their large size as leverage to secure low-cost gym memberships, effectively passing these cost savings to businesses in the form of lower prices for subsidized employee gym memberships. Overall, this market segment has grown over the past five years.

Other services

Corporate wellness programs may also include services such as smoking cessation, medical self-help, stress management and employee assistance and ergonomics. For example, smoking cessation is expected to make up 17.0% of

Products & Markets

Products & Services continued

industry revenue. Some firms offer medication recommendations and other alternatives to help employees stop smoking. Firms may also offer stress management courses and sessions that may include music therapy, aromatherapy, yoga, Tai Chi and post disaster stress reduction through coaching. Corporate wellness firms gain a competitive advantage by being able to provide additional and complimentary services to businesses, including offering employees support through health benefits navigation, benefits integration, home care support, and clinical decision support featuring a 24-hour nurse line. Over the past five years, this market segment has remained stable.

Demand Determinants

Demand for corporate wellness services is driven by numerous factors, including corporate profit, healthcare costs and whether or not companies are seeking to bolster their employee retention rates. Corporate wellness programs have been linked to bolstering worker productivity, helping businesses recruit and retain high-quality employees, improving employee morale and reducing employee absenteeism. Typically, demand for corporate wellness services is linked to corporate profit, due to businesses incurring significant costs related to investing in wellness programs. Overall, corporate wellness companies that demonstrate tangible cost savings from fewer employee sick days, heightened productivity and fewer high-cost insurance claims will benefit from strong demand.

The cost of healthcare is also a key demand determinant. As healthcare costs rise, many employers will invest in corporate wellness programs to help lower costs. In particular, according to data from the NFIB Research Foundation, the cost of healthcare insurance for small businesses has increased for 64.0% of insurance offerings. While healthcare cost savings from corporate wellness programs may be less evident than productivity gains, research shows that medically high-risk workers typically use additional healthcare services and generate higher claims.

Employers and employees are becoming more receptive to corporate wellness programs as attitudes toward health and fitness shift toward prevention and improved quality of life. Government-funded initiatives that promote wellness to cut costs related to chronic ailments (e.g. obesity and diabetes) has further exacerbated many businesses movement toward purchasing more corporate wellness services.

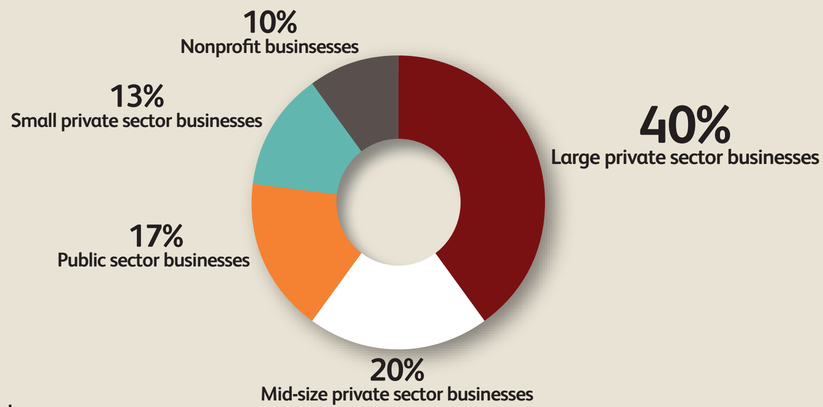
Major Markets

This industry provides wellness programs to businesses across the United States, including small, medium and large businesses in the private sector, businesses in the public sector and nonprofit companies. According to data from Aon, for every dollar businesses spend on corporate wellness programs, businesses have a $3.0 to $6.0 return on their investment on average. As a result, many businesses have purchased wellness programs to lower employee absenteeism, bolster productivity and lower the incidence of disability leave. In 2012 (latest data available) from RAND, more than half of all employers with more than 50 employees have offered corporate wellness programs.

Products & Markets

Major Markets continued

Major market segmentation (2015)



Total $8.1bn

SOURCE: WWW.IBISWORLD.COM

Large private sector businesses

In 2015, large private sector businesses (employ more than 500 workers) are expected to make up 40.0% of industry revenue. According to 2012 data (latest data available) from RAND, 85.0% of businesses that had 1,001 to 10,000 employees had corporate wellness programs, with the prevalence of wellness programs rising in line with larger business sizes. For example, 86.0% of businesses with 10,001 to 50,000 employees and 91.0% of businesses with 50,001 or more employees had wellness programs. Overall, larger employers are more likely to have corporate wellness programs, with many companies in this market segment also having complex wellness programs.

For example, larger employers, due to having in-house resources that enable them to examine the return on investment for corporate wellness programs, will likely purchase both screening services and intervention services (e.g. targeting employees that have risk factors for chronic diseases). Over the past five years, this market segment has exhibited robust growth, thanks to many large employers expanding their use of corporate wellness services, such as disease and lifestyle management services.

Small to midsize private sector businesses

Midsize (businesses that have 250 to 500 employees) and small (businesses that have fewer than 250 employees) businesses account for about 20.0% and 13.0% of industry revenue, respectively. According to RAND, small businesses are more likely, compared with larger businesses, to offer wellness programs with a limited number of options. Furthermore, only 39.0% of businesses with 50 to 100 employees had corporate wellness programs, whereas 62.0% of businesses with 101 to 1,000 employees had corporate wellness programs.

Overall, this market segment has contended with rising healthcare costs, which has incited many businesses to purchase corporate wellness services. According to data from the ADP Research Institute, 70.0% of midsize businesses experienced rising healthcare costs for employees, with 91.0% of these businesses reporting that controlling these costs was a priority. As a result, over the next five years, many small to midsize businesses will invest in corporate wellness programs, such as health risk assessments, biometric screenings and personalized wellness plans, to cut healthcare costs.

Products & Markets

Major Markets continued

Public sector and nonprofit businesses

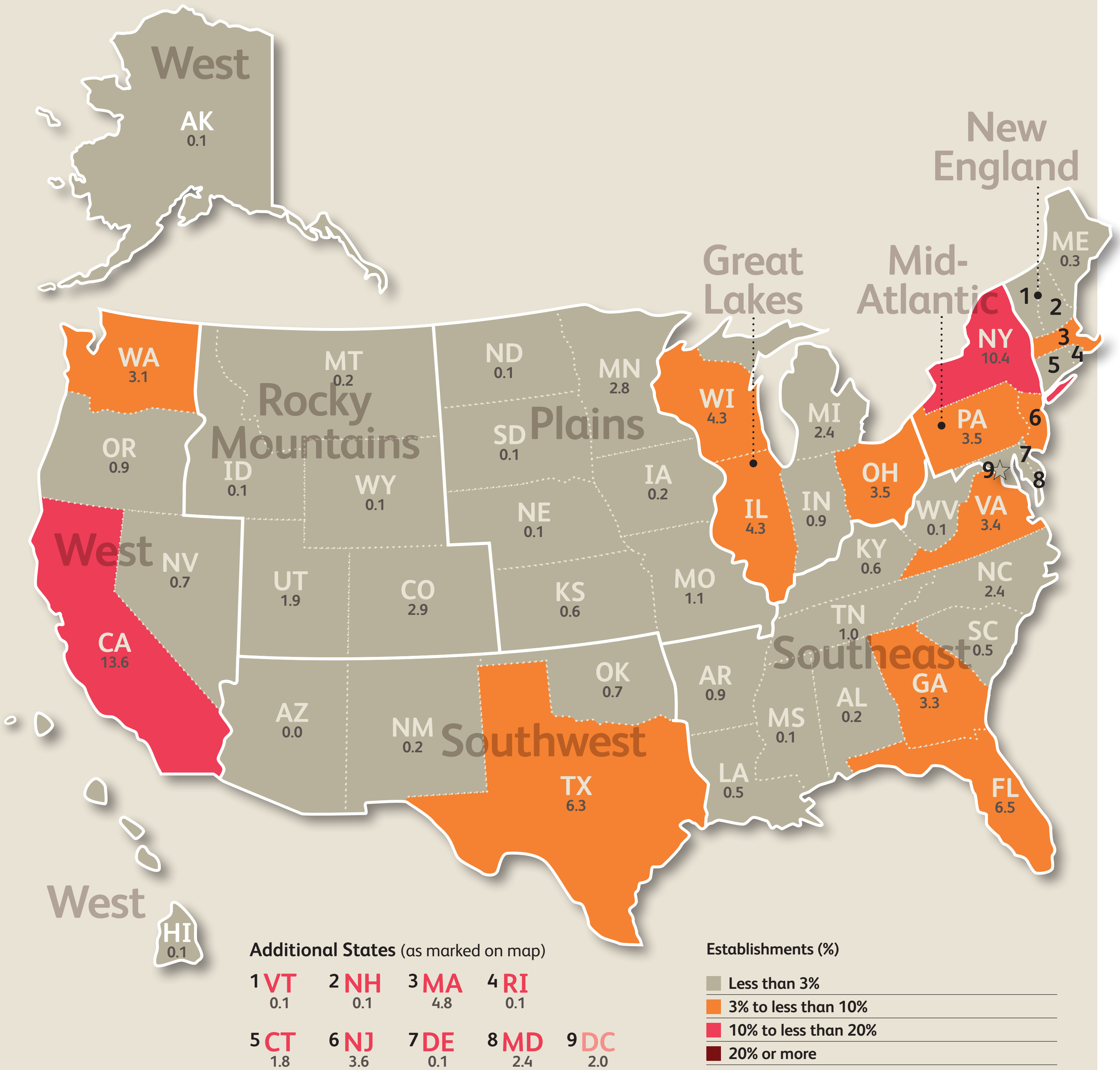
The public sector is expected to account for 17.0% of industry revenue. Typically, businesses that operate in the public sector have a strong motivation to purchase corporate wellness services, due to many public employers having low employee turnover. Due to many public sector businesses still having early retiree benefits, they have an incentive to invest in corporate wellness programs that help maintain employee health in the long-term. Comparatively, the nonprofit sector is anticipated to make up 10.0% of industry revenue. Many nonprofit businesses have purchased corporate wellness programs to improve employee morale and bolster productivity. Overall, this market segment has grown over the past five years.

International Trade

International trade is not generally applicable to the Corporate Wellness Services industry, as it is a service-oriented sector with no measurable imports or exports. International trade is applicable to fitness and exercise equipment used by industry firms, but these transactions are recorded at the manufacturing level for fitness or sporting goods (IBISWorld report 33992). For more information on global operations, please refer to the Industry Globalization section.

Products & Markets

Business Locations 2015



SOURCE: WWW.IBISWORLD.COM

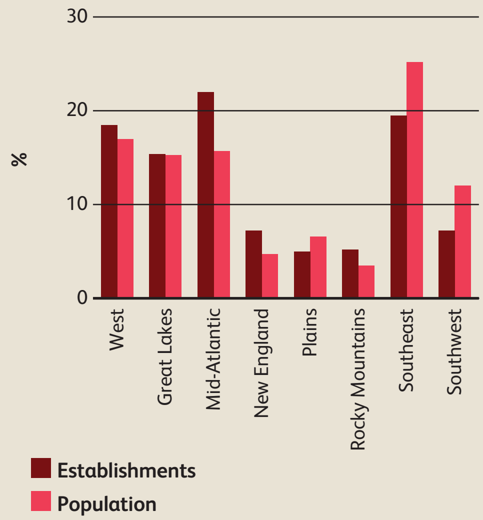
Products & Markets

Business Locations

The Corporate Wellness Services industry's establishments typically follow the dispersion of large businesses, which are more likely to implement corporate wellness programs, compared with small and midsize businesses. Furthermore, state regulations may limit the extent that corporate wellness companies can use financial incentives in their programs, thus potentially limiting program efficacy. As a result, corporate wellness companies may locate their establishments in states that have less stringent regulations. Overall, the industry's establishments follow the geographic spread of downstream markets (i.e. businesses). The most populated region of the United States, the Southeast, is expected to accounts for 22.9% of establishments, followed by the West with 17.3% and the Mid-Atlantic with 15.6%.

More populated regions, particularly those with centers of major business activity (for example California, New York and Florida), and regions with a large number of corporate headquarters will have higher demand for corporate wellness service providers. In recent years, the Southwest region has grown as a hub for business activity as many companies have moved their headquarters to Texas and other urban centers, resulting in a higher number of corporate wellness firms establishing operations in the region.

Distribution of establishments vs. population



SOURCE: WWW.IBISWORLD.COM

Competitive Landscape

Market Share Concentration | Key Success Factors | Cost Structure Benchmarks
Basis of Competition | Barriers to Entry | Industry Globalization

Market Share Concentration

Level
Concentration in this industry is **Low**

The Corporate Wellness Services industry is characterized by a low level of market share concentration. In 2015, the top four companies are expected to make up less than 12.0% of industry revenue. Overall, the industry is highly fragmented, which can be attributed to many corporate wellness companies solely catering to market niches. In particular, some companies may offer wellness services to nonprofit businesses or some public sector businesses. For instance, ValueOptions benefits from robust demand for behavioral health and wellness services from active duty members, retirees and their families via the Department of Defense's TRICARE program.

As a result, if corporate wellness companies can secure contracts to exclusively provide wellness services (e.g. health assessments, screenings and nutrition education) to a particular client, this trend adds to the industry's fragmentation. Further adding to the industry's level of fragmentation, corporate wellness services may encompass a multitude of products. For example, while health risk screenings have been a common industry service over the past five years, more corporate wellness companies have included additional services, such as disease management services, fitness benefits and access to healthcare providers (e.g. nurses).

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Ability to alter goods and services produced in favor of market conditions
Establishments in this industry must be able to change or adapt the programs and services offered to suit the needs of both employers and employees. For example, there has been increased demand for tobacco cessation and stress management programs.

Provision of superior after sales service
Establishments that provide a higher level of after-sales service have a competitive advantage over those that do not.

Having a good reputation
Employers increasingly rely on wellness programs that are recommended through word of mouth and have a reputation for achieving good results and high employee receptivity.

Access to highly skilled workforce
Wellness programs often involve skilled trainers such as nutritionists and fitness experts.

Ability to quickly adopt new technology
Successful industry firms must keep up with the latest trends in software and technology to make wellness programs more convenient, easy and accessible. Online nutrition and weight-loss programs, the use of pedometers and web seminars are some examples.

Cost Structure Benchmarks

Profit
In 2015, profit, measured as earnings before interest and taxes, is expected to make up 5.9% of industry revenue. Over the past five years, many companies have expanded their use of corporate wellness programs, thus bolstering industry profitability. For example, according to data from RAND, corporate wellness programs may result in a return on investment (ROI) for businesses. In particular, businesses are expected to garner $3.80 in ROI from disease management programs, with an average of $136.0 saved per member each month. Comparatively, lifestyle management

Competitive Landscape

Cost Structure Benchmarks continued

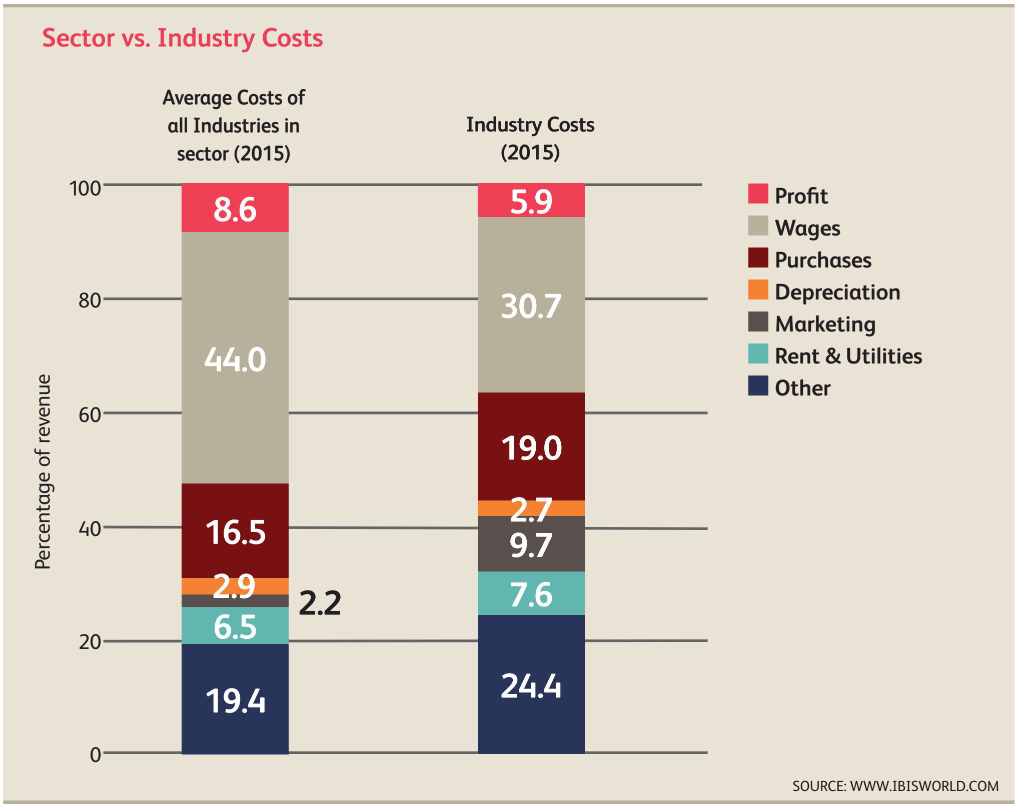
programs save businesses a mere $6.0 per member per month on average. Overall, as many companies have invested in corporate wellness programs, namely disease management programs, this trend has bolstered industry profitability.

Wages

Wages are expected to comprise the largest share of industry revenue, with 30.7% of total revenue in 2015. Corporate wellness service companies rely on highly trained professionals, such as nutritionists, physicians and physical trainers, thereby adding to wages costs for the industry. In addition, the industry requires employees to provide teaching and coaching services for a myriad of topics (e.g. smoking cessation and health management). Some corporate wellness services have been able to cut wage costs by using technology to conduct some services without needing face-to-face interaction. Nevertheless, employee health screenings and health evaluations still require healthcare practitioners to take employees' blood pressure, cholesterol and other health conditions.

Purchases

Purchases are anticipated to absorb 19.0% of industry revenue. Typically, purchase costs include computer software required to perform health assessments, equipment for health screenings and educational materials to help program participants. In addition, to provide health risk assessments, corporate wellness service companies may need equipment that helps extract biometric data (e.g. weight, height, blood pressure, systolic and diastolic blood pressure, total cholesterol, HDL cholesterol and glucose levels).



Competitive Landscape

Cost Structure Benchmarks continued

Other

In 2015, depreciation is expected to make up 2.7%. Comparatively, rent and utilities are anticipated to comprise 7.6% of industry revenue. Industry operators also incur a variety of other expenses, such as staff training and costs related to keeping programs up-to-date with the latest health trends and research. In addition, the industry incurs marketing costs related to promoting their service, as well as fees for legal and accounting services.

Basis of Competition

Level & Trend
Competition in this industry is **Medium** and the trend is **Increasing**

Internal competition

The Corporate Wellness Services industry is characterized by a moderate level of competition. Typically, corporate wellness companies compete on the basis of providing wellness programs that have tangible results, price, quality and the ability to provide individually-tailored programs for businesses. By incorporating technology into corporate wellness (e.g. allowing employees to track their biometric data online) or using incentives and contests to bolster participation rates, some industry operators have been able to have a competitive advantage. Overall, some corporate wellness companies have been able to garner high employee participation rates by using technology.

For example, some corporate wellness companies have used social media as well as web-based programs and mobile applications to allow users to monitor their progress. In addition, having a reputation for delivering tangible results (e.g. a high return on investment for businesses) may be integral to remaining competitive. Furthermore, price is also a key factor for industry operators to compete with other corporate wellness companies. Industry operators that can provide a multitude of disease management programs for a low-cost, including screening, lifestyle management and disease management services, will fare well.

External competition

Corporate wellness companies have contended with rising external competition. In particular, some health clubs, gyms and businesses (i.e. businesses that included in-house corporate wellness programs) have also included industry services in their product portfolio, thus intensifying external competition for the industry. For example, many gyms and health clubs have attempted to tap into demand for corporate wellness by offering discounts for group memberships to businesses. Health clinics and other healthcare providers offer seminars, health fairs, screenings and educational workshops to employers who may then choose to design and implement corporate wellness programs in-house, relying on several of these outside services.

Competitive Landscape

Barriers to Entry

Level & Trend
Barriers to Entry in this industry are **Medium** and **Increasing**

The Corporate Wellness Services industry has moderate barriers to entry. While startup capital outlay expenditures are low for potential industry entrants, the industry is still labor-intensive. For example, new industry entrants need to hire nutritionists, physical trainers and employees to both administer screenings and analyze data (e.g. biometric data), which adds to barriers for the industry. Overall, due to employees typically needing certifications and training, wages account for a significant expense for new entrants. Over the past five years, many businesses have preferred to purchase services from corporate wellness companies that could demonstrate the return on investment for wellness services. As a result, this trend has added to the industry's barriers to entry.

Barriers to Entry checklist	Level
Competition	Medium
Concentration	Low
Life Cycle Stage	Growth
Capital Intensity	Low
Technology Change	Medium
Regulation & Policy	Light
Industry Assistance	Medium

SOURCE: WWW.IBISWORLD.COM

Incumbent firms may have already developed effective employee incentive strategies, which poses as a barrier for new industry entrants. For example, industry operators may offer incentives in the form of cash, cash equivalents (e.g. travel vouchers) and health plan costs (e.g. plans with less cost sharing).

Industry Globalization

Level & Trend
Globalization in this industry is **Low** and the trend is **Steady**

This industry has a low level of globalization because all of the larger enterprises are domestically owned and the international reach of these enterprises is minimal.

Major Companies

There are no Major Players in this industry | Other Companies

Other Companies

The Corporate Wellness Services industry is highly fragmented, due to being comprised of many wellness companies that cater to market niches. For example, some corporate wellness companies tailor their services to small, midsize or large businesses in the private sector, whereas some companies solely cater to demand from the public sector or nonprofit businesses. Over the past five years, many businesses in the public sector have rapidly adopted corporate wellness programs, due to many public-sector employees having retirement benefits. As a result, to lower long-term healthcare costs, many public-sector businesses have purchased corporate wellness programs.

ComPsych Corp.

Estimated market share: 4.5 %

Founded in 1984, ComPsych Corp. is one of the largest global providers of employee assistance programs (EAP). The company provides services to more than 23,000 organizations in over 100 countries. Overall, the company provides a multitude of corporate wellness services, including health risk assessments (HRAs); tobacco cessation programs; weight management; worksite wellness programs; online incentive tracking services; and behavioral health programs. In addition, the company provides businesses with customized data and performance metrics.

The company's work-life program boasts one of the highest employee utilization rates, compared with other corporate wellness programs. Furthermore, to help businesses lower healthcare costs, the company uses its HealthyGuidance program, which includes numerous wellness programs that help employees achieve long-term results. The HealthyGuidance program provides businesses with preventive services, due to the program typically addressing employee problems prior to employees needing medical assistance or disability benefits. In 2015, the company is expected to generate $364.0 million in industry-relevant revenue.

OptumHealth Inc.

Estimated market share: 4.3 %

Founded in 1983, OptumHealth Inc. (Optum) provides numerous health services to clients in over 140 countries. The company operates as a subsidiary of UnitedHealth Group, catering to about 62 million individuals. Although the company provides numerous health services, industry-relevant revenue is derived from the company's wellness segment. The company provides wellness coaching, biometric screenings, health promotion, physical activity programs, discount programs (e.g. fitness membership discounts) and lifestyle management services. In particular, the company's wellness coaching program has demonstrated tangible results for businesses. For example, 53.0% of employees achieved lower blood pressure. In addition, smoking cessation programs resulted in employees being twice as likely to reduce their tobacco use, as well as 38.0% and 31.0% more likely to be at lower risk for obesity and physical inactivity. The company administers about 900,000 biometric screenings. The company found that 90.0% of participants were out of the normal range for many biometric levels, including systolic blood pressure, diastolic blood pressure, body mass index (BMI) and glucose levels.

As a result, over the next five years, the company will likely attract more businesses with corporate wellness programs (e.g. biometric screenings), due to Optum being able to streamline

Major Companies

Other Companies continued

employees' biometric data with healthcare providers and employers. For example, the company integrates employees' biometric data with medical records, making it easy to share with healthcare providers, as well as enable employees to view, track and share their data. Due to the company's numerous online tools that help streamline wellness, more businesses will increasingly demand industry services over the next five years. In 2015, the company is expected to generate $350.0 million in industry-relevant revenue.

ValueOptions Inc.

Estimated market share: 1.8 %

Founded in 1983, ValueOptions Inc. is a wholly owned subsidiary of FHC Health Systems Inc. and is the largest independent behavioral health and wellness company. The company provides numerous industry-relevant services, including health and life coaching, wellness solutions, incentive tracking applications and integrated behavioral healthcare. ValueOptions provides behavioral health and wellness services to active-duty members, retirees and their families for the Department of Defense's TRICARE program. Also, the company caters to businesses that operate in the public sector, by providing wellness tools that help businesses bolster employee productivity, reduce absenteeism and boost employee retention rates. The company is anticipated to generate $145.0 million in industry-relevant revenue in 2015.

Ceridian HCM Inc.

Estimated market share: 1.3 %

Founded in 1992, Ceridian HCM Inc. is a leading provider of human-capital management services, with more than 100,000 clients in over 50 countries. While the company includes numerous human resources-related services, industry-relevant revenue is derived from the company's LifeWorks business segment. The company's LifeWorks business segment provides online tools and resources to help employers reduce healthcare costs. In addition, the company assists businesses with improving employee productivity, reducing absenteeism and bolstering employee retention rates. The company's LifeWorks.com website has improved productivity for about 95.0% of website users.

In addition, LifeWorks' employee assistance services have resulted in 73.0% of employees reporting that they had less stress, followed by 68.0% of employees reporting that they were more likely to stay with their employer and 62.0% feeling more productive. Overall, the company caters to businesses by offering tangible results for its wellness programs. In particular, employers can access employee program-utilization rates, trends, participant testimonials and benchmarks that compare the company to other organizations and return on investment data. In 2015, the company is expected to generate $103.9 million in industry-relevant revenue.

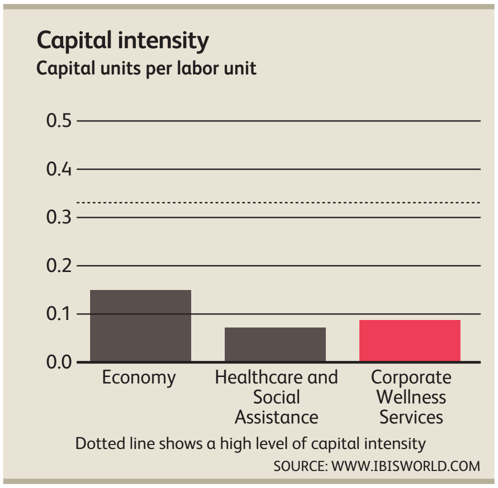
Operating Conditions

Capital Intensity | Technology & Systems | Revenue Volatility
Regulation & Policy | Industry Assistance

Capital Intensity

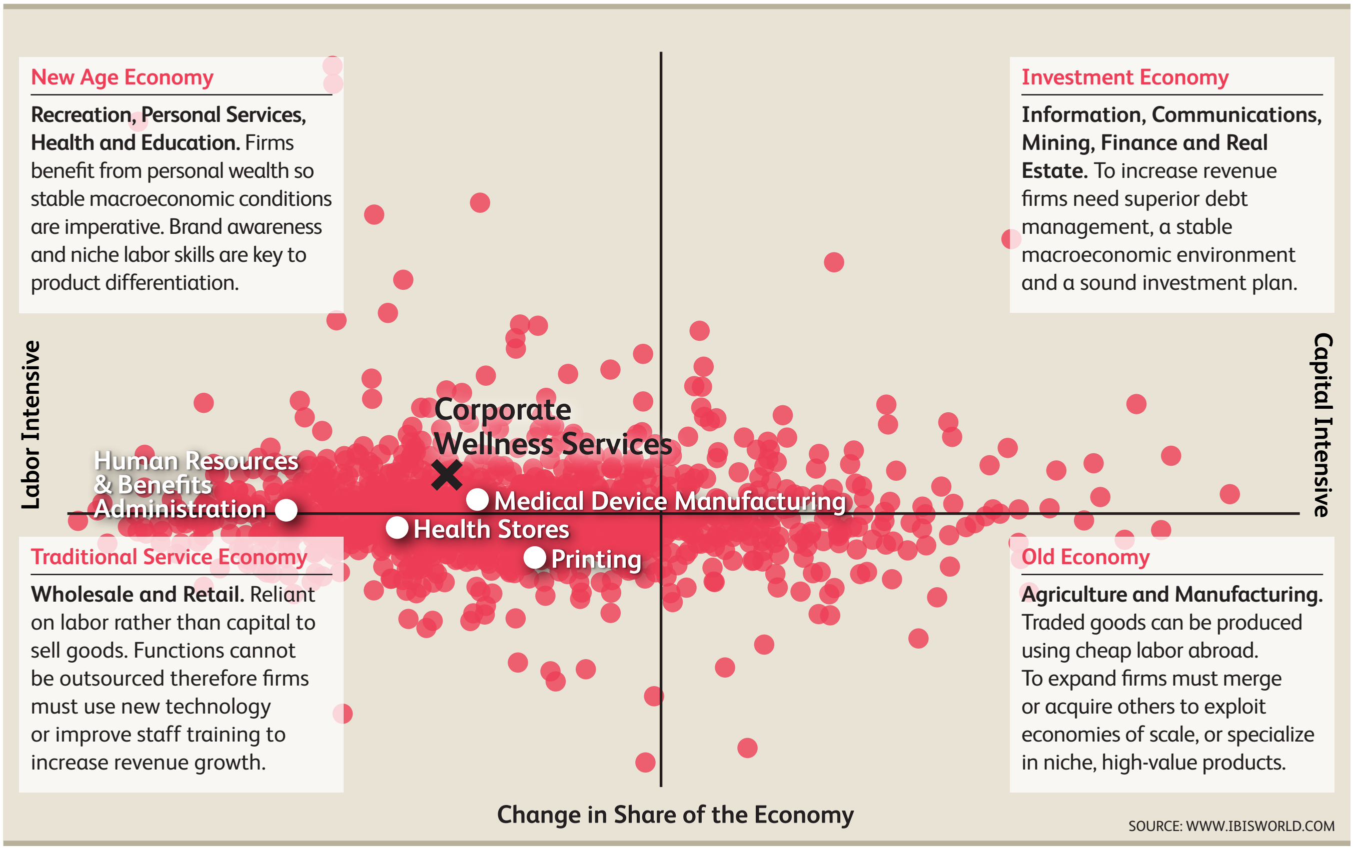
Level
The level of capital intensity is **Low**

The Corporate Wellness Services industry exhibits a low level of capital intensity. In 2015, for every dollar spent on labor, the industry incurs about $0.09 in capital expenditures. Overall, the industry is human capital-intensive, thanks to the industry relying on employees to administer employee health screenings as well as lifestyle management and disease management services. In 2015, wages are expected to make up the largest expense for the industry, with 30.7% of total revenue. Comparatively, depreciation is anticipated to comprise 2.7% of industry revenue. Typically, purchases include computer software required to perform health assessments and equipment for health screenings. In particular, equipment related to providing employees



with biometric data (e.g. weight, height, blood pressure, systolic and diastolic blood pressure, total cholesterol, HDL

Tools of the Trade: Growth Strategies for Success



Operating Conditions

Capital Intensity continued

cholesterol and glucose levels) account for a large share of the industry's depreciable assets. Nevertheless, to keep depreciation costs low, many corporate wellness companies have leased, rather than purchased, equipment.

Technology & Systems

Level
The level of Technology Change is **Medium**

The Corporate Wellness Services industry exhibits a moderate rate of technological change. Overall, software that helps industry operators keep track of clients, manage records as well as enable employees to access data will fare well. Furthermore, the advent of smartphone applications has helped streamline corporate wellness services. For example, corporate wellness companies may use mobile phone applications that enable users to access mobile wellness diaries and tools from program providers as well as coaches.

The use of technology can enable corporate wellness companies to have a competitive advantage. In particular, firms that use the latest software, equipment and gadgets can bolster their employee participation levels. Technology will continue to evolve rapidly, offering industry firms better, more efficient, convenient and engaging ways to motivate employees to participate in corporate wellness programs. The high-tech trend in the industry will continue in the next five years, driven by firms that are developing website and mobile-based corporate challenge platforms that help corporations engage employees in healthy behavior change. For example, RunKeeper is developing a widely used platform for measuring, tracking and reporting a variety of health and fitness data, including exercise, nutrition and sleep, as well as additional data, which industry firms can use and integrate into their wellness programs.

Revenue Volatility

Level
The level of Volatility is **Low**

The Corporate Wellness Services industry exhibits a low level of revenue volatility. Over the past five years, industry revenue has fluctuated in line with volatility in businesses' corporate profit. For example, as businesses' corporate profit declines, this trend incites many businesses to slash their discretionary expenditures, including corporate wellness programs. While corporate wellness services typically result in a return on investment (ROI) for businesses, many businesses may still be wary of incurring additional expenses related to investing in corporate wellness programs. However, according to data from RAND, disease management programs are expected to result in a $3.80 ROI, with companies saving $136.0 per member per month on average. As the industry has developed tools that help measure the ROI of corporate wellness programs to businesses, this trend has stimulated businesses' demand for corporate wellness services, thus keeping revenue volatility relatively low.

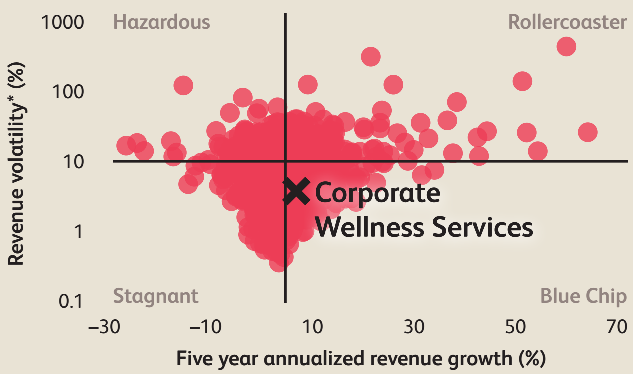
Operating Conditions

Revenue Volatility continued

A higher level of revenue volatility implies greater industry risk. Volatility can negatively affect long-term strategic decisions, such as the time frame for capital investment.

When a firm makes poor investment decisions it may face underutilized capacity if demand suddenly falls, or capacity constraints if it rises quickly.

Volatility vs Growth



* Axis is in logarithmic scale

SOURCE: WWW.IBISWORLD.COM

Regulation & Policy

Level & Trend
The level of Regulation is **Light** and the trend is **Increasing**

The Corporate Wellness Services industry is not highly regulated and accreditation and certification programs are not as prevalent as in other healthcare related industries. Nonetheless, some accreditation programs do exist. The National Committee for Quality Assurance launched its Wellness & Health Promotion Accreditation program in 2009. The program assesses health plans and vendors that provide wellness services. It also evaluates how wellness programs are implemented in workplaces, how services such as coaching are provided to help employees develop skills to make healthy choices, and how individual health information is safeguarded. Employers receive a detailed, free report card that can be used to rate the strengths or weaknesses of various parts of their wellness programs.

In addition, URAC, a Washington, DC-based independent, nonprofit organization, promotes healthcare quality through accreditation and education programs and its standards can be used to evaluate wellness programs that focus on individual health improvement and risk reduction. Specifically, the standards are used to evaluate core components of wellness programs, such as whether risk assessments are used, how the programs are designed and work with existing programs, and how progress and financial returns are evaluated and reported.

The Health Enhancement Research Organization, a Birmingham, AL-based nonprofit, also provides employee health management research, benchmarking and best-practices information. Its Employee Health Management Best Practice Scorecard assesses six fundamental elements of wellness programs based on leading research.

Operating Conditions

Industry Assistance

Level & Trend
The level of Industry Assistance is **Medium** and the trend is **Increasing**

Government support for corporate wellness programs has been growing as a result of heightened health concerns among the US population including growing numbers of people with chronic conditions such as obesity and diabetes. Federal legislation has also sought to curb escalating healthcare costs.

A provision in the 1996 Health Insurance Portability and Accountability Act (HIPAA) permitted employers to reduce the cost of health insurance premiums for employees practicing healthy behaviors. Healthy behavior, as defined by the act, includes refraining from smoking, maintaining a healthy weight and keeping blood pressure and cholesterol levels low. The provision provided a reduction of up to 20.0% of the employees' regular premium cost.

Because firms wanted to increase the number of employees who qualified for the discount, they hired more corporate wellness services that implemented programs to improve the physical health of company employees.

In coming years, the Patient Protection and Affordable Care Act is expected to enhance such wellness discounts by permitting group health plans to give reductions of up to 30.0% of the cost of premiums to employees who participate in corporate wellness programs. This may be expanded to 50.0% subject to the discretion of the Secretary of Department of Health and Human Services.

Starting in 2011, certain small employers became eligible for federal grant funds to help launch new wellness programs. Additionally, ongoing discussions in Congress on how to support corporate wellness programs are focusing on proposed legislation to give tax credits to employers who implement corporate wellness programs.

Such mandates and incentives to help promote wellness, and healthier lifestyles directly boost demand for corporate wellness services and create a significant growth opportunity for the industry.

Key Statistics

Industry Data

	Revenue ($m)	Industry Value Added ($m)	Establish-ments	Enterprises	Employment	Exports	Imports	Wages ($m)	Domestic Demand	Corporate profit ($b)
2006	5,290.1	2,054.5	3,068	2,900	23,681	--	--	1,590.4	N/A	1,948.7
2007	5,713.1	2,313.6	3,980	3,763	29,002	--	--	1,819.1	N/A	1,763.1
2008	6,039.6	2,427.1	3,839	3,629	29,929	--	--	1,901.0	N/A	1,453.5
2009	5,806.1	2,177.4	3,658	3,458	27,184	--	--	1,662.8	N/A	1,567.4
2010	6,024.9	2,193.3	3,627	3,429	26,049	--	--	1,659.3	N/A	1,936.2
2011	6,167.5	2,271.3	3,817	3,608	27,829	--	--	1,735.1	N/A	1,973.1
2012	6,399.2	2,563.0	4,607	4,355	34,114	--	--	2,009.6	N/A	2,157.4
2013	6,940.2	2,729.0	5,003	4,721	36,604	--	--	2,130.6	N/A	2,215.5
2014	7,643.2	2,980.9	5,498	5,151	40,521	--	--	2,331.2	N/A	2,166.4
2015	**8,056.4**	**3,166.2**	**6,043**	**5,655**	**44,209**	**--**	**--**	**2,473.3**	**N/A**	**2,174.2**
2016	8,821.7	3,484.6	6,575	6,142	47,878	--	--	2,725.9	N/A	2,300.3
2017	9,456.9	3,763.8	7,081	6,615	51,852	--	--	2,941.1	N/A	2,346.9
2018	10,355.3	4,142.1	7,626	7,111	55,896	--	--	3,241.2	N/A	2,390.9
2019	11,328.7	4,531.5	8,289	7,715	60,703	--	--	3,534.6	N/A	2,424.2
2020	12,053.7	4,833.6	8,803	8,108	64,467	--	--	3,772.8	N/A	2,473.2

Annual Change

	Revenue (%)	Industry Value Added (%)	Establish-ments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Corporate profit (%)
2007	8.0	12.6	29.7	29.8	22.5	N/A	N/A	14.4	N/A	-9.5
2008	5.7	4.9	-3.5	-3.6	3.2	N/A	N/A	4.5	N/A	-17.6
2009	-3.9	-10.3	-4.7	-4.7	-9.2	N/A	N/A	-12.5	N/A	7.8
2010	3.8	0.7	-0.8	-0.8	-4.2	N/A	N/A	-0.2	N/A	23.5
2011	2.4	3.6	5.2	5.2	6.8	N/A	N/A	4.6	N/A	1.9
2012	3.8	12.8	20.7	20.7	22.6	N/A	N/A	15.8	N/A	9.3
2013	8.5	6.5	8.6	8.4	7.3	N/A	N/A	6.0	N/A	2.7
2014	10.1	9.2	9.9	9.1	10.7	N/A	N/A	9.4	N/A	-2.2
2015	**5.4**	**6.2**	**9.9**	**9.8**	**9.1**	**N/A**	**N/A**	**6.1**	**N/A**	**0.4**
2016	9.5	10.1	8.8	8.6	8.3	N/A	N/A	10.2	N/A	5.8
2017	7.2	8.0	7.7	7.7	8.3	N/A	N/A	7.9	N/A	2.0
2018	9.5	10.1	7.7	7.5	7.8	N/A	N/A	10.2	N/A	1.9
2019	9.4	9.4	8.7	8.5	8.6	N/A	N/A	9.1	N/A	1.4
2020	6.4	6.7	6.2	5.1	6.2	N/A	N/A	6.7	N/A	2.0

Key Ratios

	IVA/Revenue (%)	Imports/ Demand (%)	Exports/ Revenue (%)	Revenue per Employee ($'000)	Wages/Revenue (%)	Employees per Est.	Average Wage ($)	Share of the Economy (%)
2006	38.84	N/A	N/A	223.39	30.06	7.72	67,159.33	0.01
2007	40.50	N/A	N/A	196.99	31.84	7.29	62,723.26	0.02
2008	40.19	N/A	N/A	201.80	31.48	7.80	63,516.99	0.02
2009	37.50	N/A	N/A	213.59	28.64	7.43	61,168.33	0.02
2010	36.40	N/A	N/A	231.29	27.54	7.18	63,699.18	0.01
2011	36.83	N/A	N/A	221.62	28.13	7.29	62,348.63	0.02
2012	40.05	N/A	N/A	187.58	31.40	7.40	58,908.37	0.02
2013	39.32	N/A	N/A	189.60	30.70	7.32	58,206.75	0.02
2014	39.00	N/A	N/A	188.62	30.50	7.37	57,530.66	0.02
2015	**39.30**	**N/A**	**N/A**	**182.23**	**30.70**	**7.32**	**55,945.62**	**0.02**
2016	39.50	N/A	N/A	184.25	30.90	7.28	56,934.29	0.02
2017	39.80	N/A	N/A	182.38	31.10	7.32	56,721.05	0.02
2018	40.00	N/A	N/A	185.26	31.30	7.33	57,986.26	0.02
2019	40.00	N/A	N/A	186.63	31.20	7.32	58,227.76	0.02
2020	40.10	N/A	N/A	186.97	31.30	7.32	58,522.97	0.03

Figures are inflation-adjusted 2015 dollars.

SOURCE: WWW.IBISWORLD.COM

Jargon & Glossary

Industry Jargon

BRICK-AND-MORTAR STORE A store that has a physical presence and location, as opposed to an online retailer.

HEALTH ASSESSMENT An evaluation of the health status of an individual by performing a physical examination after obtaining a health history.

MOM-AND-POP STORE A business that is owned and operated in a single location with few or no employees other than the owner or owners.

OBESITY A medical condition in which excess body fat has accumulated to the extent that it may have an adverse effect on health.

SPINNING A form of high-intensity exercise using a stationary exercise bicycle.

IBISWorld Glossary

BARRIERS TO ENTRY High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labor. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than $0.333 of capital to $1 of labor; medium is $0.125 to $0.333 of capital to $1 of labor; low is less than $0.125 of capital for every $1 of labor.

CONSTANT PRICES The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the "real" growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the US Bureau of Economic Analysis' implicit GDP price deflator.

DOMESTIC DEMAND Spending on industry goods and services within the United States, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS Total value of industry goods and services sold by US companies to customers abroad.

IMPORTS Total value of industry goods and services brought in from foreign countries to be sold in the United States.

INDUSTRY CONCENTRATION An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70% of industry revenue. Medium is 40% to 70% of industry revenue. Low is less than 40%.

INDUSTRY REVENUE The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA) The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to GDP, or profit plus wages and depreciation.

INTERNATIONAL TRADE The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%, medium is 5% to 20%, and high is more than 20%. Imports/domestic demand: low is less than 5%, medium is 5% to 35%, and high is more than 35%.

LIFE CYCLE All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

Jargon & Glossary

IBISWorld Glossary continued

VOLATILITY The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than ±20%; high volatility is ±10% to ±20%; moderate volatility is ±3% to ±10%; and low volatility is less than ±3%.

WAGES The gross total wages and salaries of all employees in the industry. The cost of benefits is also included in this figure.