There has been significant research and media attention on the costs imposed on businesses by illness among workforces over the past decade, and businesses are increasingly using corporate wellness services to reduce costs and improve productivity. With health consciousness rising consistently, it is only natural that companies have also taken employee wellness more seriously, recognising the benefits to productivity a broad approach to wellness may provide.

Falling unemployment in the United Kingdom and an expanding range of services provided by the industry has supported revenue growth over the past five years. However, job cuts in the financial services sector, changing regulations and weak confidence are expected to limit the industry’s growth over the next five years. Businesses have been tightly managing their budgets since the EU referendum, which caused revenue growth to slow from 2016-17. The Corporate Wellness Services industry’s revenue is expected to grow at a compound annual rate of 2.1% over the five years through 2019-20.

According to the Health and Safety Executive (HSE), work-related illness and non-fatal injuries resulted in 30.7 million working days being lost in 2017-18. This is expected to have cost approximately £15 billion.

Online wellness services
Most industry participants offer a range of online services, including dietary and fitness programmes, training schedules, and online seminars. Online services are typically designed to work in conjunction with services delivered on-site and they can reduce costs for both providers and clients. Online service provision is likely to continue to expand over the next five years, and operators are expected to continue to incorporate new technology to their services. For example, wearable technology such as fitness trackers to
gather data on insight on employee wellbeing is expected to become more popular. Faster internet connections and increased smartphone and tablet use is facilitating the growing range of online services, with some players developing apps for the provision of these services.

In addition to the convenience and cost savings of online services, the industry is also expected to benefit from greater demand for wellness programmes that focus on mental wellbeing. Industry analyst Iyman Uvais has highlighted the potential benefits of this trend, stating that ‘an increased emphasis on mental wellbeing is likely to support demand for high-value services, such as counselling’, potentially boosting the industry’s average profit margin over the next five years. Investment in counselling services offers a potentially high return for employers, as stress and mental health issues are a major cause of productivity loss and absences. However, counselling currently generates a relatively small proportion of industry revenue.

Work-related stress and mental illness accounted for over half of work absences in Britain in 2017-18, according to the HSE.

Potential turbulence

Despite a number of beneficial demand trends, industry performance is likely to come under pressure from changing regulations and weak confidence as the process of the United Kingdom leaving the European Union continues.

The United Kingdom losing access to the EU single market would significantly affect the UK financial services sector and other white-collar businesses. Banks and other financial institutions can currently operate across the European Union so long as they are incorporated in a member state. If this were to change, major financial institutions are likely to move some of their operations out of the United Kingdom, leading to job cuts. Major US investment banks such as Goldman Sachs and JP Morgan have already started making contingency plans to relocate to other European cities like Paris and Luxembourg. This could hinder demand for industry services over the next five years, as white-collar businesses are currently the industry’s biggest market. Technology firms, such as TransferWise, are also reassessing their positions and some have warned they may relocate if they lose access to the European single market.

Despite potential disruption as the United Kingdom leaves the European Union, the Corporate Wellness Services industry’s future looks healthy. Industry revenue is expected to grow at a faster compound annual rate through 2024-25.