Paul Zane Pilzer

The Wellness Revolution

The wellness industry, which barely existed only 15 years ago, is on track to become a trillion-dollar industry.

As an entrepreneur, going into a well-established industry means working harder and putting in a lot more hours to beat the competition—with a smaller chance of great success. But when you go into a new or emerging industry, you get to work smarter instead of harder, and you can be the one distributing that new product that is suddenly in such demand because it improves so many people's lives.

The thing is, you have to be alert to see what is new and emerging—because once everyone else has noticed, it will no longer be new and emerging!

To get some perspective on where the most accessible fortunes lie in the new economy, let's look back at two historical examples of surprising new industries—the automobile and the personal computer—and then look ahead at two new industries that are just now on the rise: direct selling or "one-to-one marketing" and wellness.

A Tale of Two Industries

When Henry Ford set out to create the "affordable automobile" in 1908, it seemed ludicrous to most people. Where would you drive them? (There were hardly any paved roads.) How would you maintain them? (There were no such things as gas stations.) Who would have time? (Most people worked six days a week.) And who needed them? (Most people lived near where they worked.)

Automobiles were luxury toys for the rich. A car for the masses? What a ridiculous idea—what would they do with them?

Yet within a few generations, the nation sprouted a highway system, and the automobile had become one of the greatest industrial, technological and sociological forces of the 20th century. From entertainment to industry, dating to demographics, there is not an aspect of human life that was not radically transformed over the last century by the automobile.

The automobile wasn't just a product—it was a trillion-dollar industry.

Twenty years ago, when Bill Gates and Michael Dell set out to create their own businesses (respectively, Microsoft and Dell Computers), they were both heading in a direction as unlikely as Henry Ford was in the 1900s: They were working in an industry that didn't yet exist, based on a product that by definition was as ridiculous as Henry Ford's "affordable automobile." A decade later, they had become two of the richest men in the world.

The first IBM Personal Computer (PC) came out in 1981. By 1990, PC sales exceeded automobile sales, and by the turn of the century, personal computers had become a trillion-dollar industry. One trillion!

The automobile and the PC are excellent examples of new and emerging industries of the early and late 20th century. But that's the past. What about the 21st century?

Let's take a look at two of the emerging powerhouse industries of today and tomorrow—direct-selling and wellness.

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The Rise of the Distribution Millionaires

In the past, the great fortunes were made by people who owned or controlled physical resources, such as the timber, mineral, land and steel barons; those who controlled the transportation of those resources, such as the rail and shipping magnates; and those who owned or controlled the process of turning those resources into the things we use.

This was the era of the "resource millionaires."

In the decades after World War II, something fundamentally changed: With the acceleration of post-war technology, large numbers of people became millionaires by finding cheaper ways of making things, often by shipping production overseas and using new materials like plastic. The economy boomed, and people got rich by making better and better things.

This was the era of the "manufacturing millionaires."

By the 1990s, the cost of manufacturing had dropped so steeply that distribution of the finished product had become the greatest factor in its cost and therefore, the most profitable place for innovation. In other words, the greatest opportunities for wealth were no longer in manufacturing, but in distribution. This is why the richest people in the world in 1990 were people who found better ways not of making things but of distributing things—distribution pioneers such as Sam Walton (Wal-Mart), Fred Smith (FedEx) and Ross Perot (EDS).

This was the era of the "distribution millionaires." Although we are still in that era, we have now entered a new phase.

The Power of One-to-One Marketing

The fortunes to be made in the years ahead will not be predominantly in physical delivery but in education—not in physical distribution, but in intellectual distribution: educating consumers about products and services that will improve their lives, but that they either don't yet know about or don't yet know are now affordable.

And because technology is advancing so rapidly and making so many new products, that gap is huge and growing larger every day—which means that the opportunity of intellectual distribution is continually increasing.

I am often asked, "Doesn't the Internet fulfill that function?" Surprisingly, the answer is "No, not at all!" The Internet is a great place to go to get educated about products and services you already know you want to learn about—but it cannot fulfill the education function of the peddler or general store proprietor any more than the infomercials of the '80s and '90s could.

The Internet, television and magazines are all passive media. The only place where we actually learn something new, where we engage with new information to the extent that we may actually change our minds and try something new, is in a live, one-to-one conversation.

And that is what has given rise to the vehicle of distribution known as direct selling, or one-to-one marketing.

Direct selling has grown steadily over the past 20 years, increasing more than 91 percent in just the past 10 years. With over 13 million Americans and 53 million people worldwide involved, it is now a $100 billion global industry.

Yet as impressive as that is, it's not hard to see why the real growth has barely begun.

For one thing, the demand is increasing exponentially. Because of the ever-accelerating pace of technological advancement, there is a growing flood of new products and services that desperately need their story told in the marketplace—stories that no amount of screaming TV ads or sprawling Internet pop-ups and banner ads can effectively tell.

Today, fewer than 1 percent of the population is involved in direct selling, yet people are pouring into the profession at the rate of 175,000 new people per week in the United States alone. According to Neil Offen, President of the Direct Selling Association, at the current rate of increase, some 200 million people will enter this industry over the next 10 years, effectively quadrupling its current population.

One-to-one marketing is already a force to be reckoned with—but there is an explosion ahead.

The Wellness Industry

A similar situation exists in a new health-related industry that has grown so quickly it already does more than one-third of a trillion dollars per year—and yet, relatively few people even recognize that it exists as an industry.

Wellness is not the same thing as health care. What we call the health care business is not really the health business, but the sickness business. Our medical industry today has very little, if anything, to do with health. The $2 trillion we spend on medical care, which represents one-sixth of the U.S. economy, is concerned with treating the symptoms of illness. It has very little to do with preventing illnesses or making people feel stronger or healthier.

Today, however, there's a new industry that has nothing to do with sickness but is all about creating wellness. Wellness doesn't treat people who are sick or address illness. Wellness is for people who are already well and who want to stay that way, slow down the aging process or keep from becoming customers of the sickness business.

Here is how I define wellness: Wellness is money you spend to make yourself feel healthier, even when you're not "sick" by any standard medical terms.

Dollars spent in the wellness industry are spent to make you stronger, to make you see better, to make you hear better, to fight what we might call the symptoms of aging.

Ten or 15 years ago, it would have been tough to go into the wellness industry. Why? Because there was no wellness industry.

What happened?

Well, the phenomenon of aging has obviously been around for as long as life itself, so it wasn't as if there was a sudden spontaneous need for a wellness industry. The wellness business showed up in the last decade due to new technology.

Who would have imagined that we "needed" to create a product to address sexual performance for 70-year-olds? Geriatric impotency is not exactly a medical problem that society was worrying about. When it hit the market in 1998, the whole world started making Viagra® jokes—but notice, everyone accepted that the product worked. Not only that, it became an instant $10 billion business.

Viagra for sexual performance, Rogaine® for hair growth, cosmetic dentistry and elective plastic surgery, antioxidants and other supernutritionals… all these new products and more enhance quality of life and slow down the aging process, and they all are the result of recent advances in technology.

At the onset of this decade, when I first began taking a serious look at what I later came to call the "wellness industry," I thought that these currently-existing aspects of this new industry might already add up to a

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few billion dollars in U.S. sales. Once I did careful research, the true figures were astonishing. When I added up all the different facets and aspects of wellness, I found that wellness was already a $200 billion business.

Even during the economically more difficult years of 2001-2004, this phenomenal growth continued. Today, only a handful of years later, it has nearly doubled to become a $350 billion dollar business.

To the $70 billion in vitamins and food supplements you can add $24 billion in fitness club memberships. A generation ago, whoever heard of joining a fitness club? In 1975, jogging was regarded as a "craze," a fringe thing, like the hula hoop, that would go away quietly if we just gave it time. The idea that an entire nation would consider running as a normal, everyday activity would have been seen as lunacy.

To this $94 billion, you also need to add another $12 billion paid to personal trainers. Personal trainers?! Twenty years ago, nobody would have believed it. A top-paid athlete, sure, but everyday people, actually paying someone to show them how to step on and step off a machine, just to stay fit? Who would pay for such a thing?

We would: $12 billion worth.

And this is only the beginning, because most people still either don't know that wellness products exist, or don't think such products are applicable to them. As the rest of the population begins to learn about wellness, this sector will continue to flourish at an even more explosive rate. At the rate it's going, I project that by the end of this decade, just as the PC industry did 10 years ago, the wellness industry will grow to exceed $1 trillion.

The Big Picture

Now let's put these two specific trends—direct selling and wellness—into perspective: Let's look at them in the context of the overall economy.

In 1989, at the beginning of the worst period of economic decline since the Great Depression of the 1930s, most experts were predicting decades of economic gloom. The most popular book in the United States was titled *The Great Depression of 1990*.

That year, at the lowest point of this recession, I wrote a book titled *Unlimited Wealth* that predicted exactly the opposite: that we were headed into an era of unprecedented growth and opportunity, and those who embraced this stood to profit enormously.

Many in the financial and business community gave this book little credence—that is, until the years ticked by and the forecasts began proving accurate. But there were those who were quick to grasp its significance, including the late Sam Walton and, interestingly, members of the direct selling community, who got the message loud and clear and responded immediately.

At the time, I was not too familiar with direct selling or the one-to-one marketing model. But these people sought me out, telling me excitedly that my theories and explanations bore out their experience and validated the direct selling model. Intrigued, I continued meeting and interacting with members of the direct selling community. Over the past 15 years, I have come to know hundreds of direct selling professionals as friends and associates, and I have had the opportunity to see how they work.

What these experiences have shown me is that direct selling provides an unparalleled opportunity for millions of people to take responsibility for their own economic wellness, create long-term financial stability and realize significant wealth while enriching the lives of untold numbers of others.

The Democratization of Wealth

Over the last few decades, we've seen companies rise from virtually nothing to create huge fortunes. As of this writing, Microsoft has a market cap (value) of $274 billion. If that new wealth were distributed among individuals, a million dollars at a time, it would have created 274,000 millionaires!

By 2001, we had a U.S. household wealth of $40 trillion. If we had spread out that wealth, a million dollars per person, how many millionaires do you think that $40 trillion would have produced? Forty million!

Of course, Microsoft didn't distribute its wealth to 274,000 individuals, and we didn't spread out our entire $40 trillion in household wealth that way—but the truth is, we're starting to do that more than ever before.

This is why we are experiencing such a boom in home-based businesses. Today, small businesses account for more than one-half our nation's economic output and employ more than half our private-sector work force—and more than half of these are home-based businesses.

In the past, it was risky going into business for yourself; corporate employees had better pension and health benefits. Not any more. Recent changes in tax law have leveled the playing field—if anything, actually tilting it toward the individual entrepreneur! Congress has responded to a shift in values: People today want to work from home. Now they can.

The large corporation is giving way to the independent contractor and the self-employed entrepreneur. In effect, we're breaking down those huge corporations into their component parts; namely, the individual entrepreneurs—and as a result, more and more of those entrepreneurs are becoming millionaires. In the past, where we'd see a single company going to $1 billion, today we'll more likely see 1,000 individuals each going to $1 million.

Instead of the rich getting richer, it means there are more people getting rich: The number of millionaires is increasing.

In the past, you never had a chance. Because the big corporation ruled, someone else made that money… the Astors, the Vanderbilts, the Rockefellers. But during the 1990s, 3.6 million people stepped forward and claimed their own fortunes.

Now let's go back to that forecast of $100 trillion in household wealth by 2016. (And remember, that's a conservative forecast.) Where will that new $52 trillion come from? Of course, the majority of it will go to make those people who are already wealthy still wealthier. But at least 20 percent of it—$10 trillion or more—will represent new entrepreneurs coming to the table.

That $10 trillion represents 10 million new millionaires. One of the greatest thrills I have as a writer is knowing that a good number of those next millionaires are reading this article right now. E