

Comprehensive Analysis of the Mental Health Industry: Industry Growth, Consumer Theories, and Ethics

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Abstract

This review paper discusses recent findings within the mental health industry, spanning industry trends, business marketing practices, competitive dynamics, and return on investment. It begins with an overview of the mental health industry, its evolving market dynamics, consumer behaviors, and business valuations. It then outlines the role of startups within the mental health space and how new businesses are addressing the growing demand for mental health services in innovative ways. The paper explores behavioral and consumer psychology theories to examine how firms shape user spending, and considers how these approaches can promote equitable standards and valuations. Ethical issues are critically examined, particularly regarding consent and disclosure — essential pillars of trust and transparency in digital mental health platforms. Finally, this paper highlights innovative strategies for supporting youth mental health, including expanded campaigns, technological platforms, and efforts to promote awareness and reduce stigma.

Introduction

Over the past few decades, mental health has emerged as an increasingly critical factor in societal transformation and the global economy. Conventionally, mental illnesses have carried a heavy stigma, rooted in social injustices and discrimination that significantly impaired treatment options for patients. In the 20th century, mental health services were dominated by institutionalization, with limited modalities that integrated patients into society. However, as understanding of mental health evolved, the 21st century brought a decisive shift toward outpatient care, therapy, and destigmatization. Global organizations such as the World Health Organization (WHO) have since emphasized mental health as a critical component of public health (WHO, 2013). Research following the 1960s has increasingly emphasized patient-centered care, reflecting the "priorities of the contemporary system of mental health" (Gomory, 2017).

Today, with rapid technological advancement, mental illness is no longer solely perceived as a personal failing but increasingly understood as a social phenomenon — one that calls for collective action and systemic change. This paper explores recent developments in the mental health industry, examining how new businesses are offering innovative solutions that are reshaping approaches to mental health care. It also takes a closer look at the ethical challenges arising from these advancements and what they entail for the future of mental health support.

Discussion

Analysis of the Mental Health Industry

Researchers have recently highlighted the growing need for expanded mental health treatment, particularly for adolescents. The percentage of people utilizing mental health care services rose from 7.0% in 1999 to 11.3% in 2018, though changes across racial and ethnic groups were inconsistent (Wang et al., 2023). Researchers found that disparities associated with females, lower family poverty-income ratio (PIR), chronic disease, and higher educational level were linked to greater rates of mental health care utilization. Organizations are also adapting their marketing practices in response to this growing demand, increasingly using digital channels — including social media and online platforms — to expand outreach and attract potential clients (Byng et al., 2023).

The mental health field is highly competitive, encompassing a wide range of providers from established healthcare systems to emerging startups. Offerings such as telehealth services and mobile mental health applications reflect the dynamic competitive environment. Return on investment is a salient consideration: effective mental health interventions yield meaningful long-term benefits for both individuals and society, while untreated mental health conditions impose a substantial economic burden (Gonzalez et al., 2014). Investing in mental health care, therefore, not only improves individual well-being but also contributes to societal stability and productivity. Recent market trends have also pivoted toward AI-based telemedicine platforms designed to optimize communication between healthcare providers and patients.

It is important to note that the findings in this review are largely drawn from research conducted in the United States, limiting their generalizability to other populations and countries, particularly those in underserved regions. The transition to virtual platforms such as telemedicine is also a relatively recent development, meaning available findings reflect only the early stages of this shift. Currently, the global mental health industry is estimated to have a total addressable market (TAM) of \$400 to \$500 billion, projected to grow to \$600 to \$700 billion by 2030 as demand for

mental health and healthcare solutions continues to expand worldwide.

Startups in Mental Health

Telemedicine — and telepsychiatry in particular — has emerged as a prominent healthcare modality, driven by the increasing centrality of the internet in everyday life. By 2022, approximately 89% of individuals in the United States had access to technology (Achtyses et al., 2023). Telemedicine encompasses the delivery of medical care remotely through technology to facilitate treatment and patient management. The COVID-19 pandemic significantly accelerated this shift, rapidly expanding knowledge and infrastructure around remote care and services. Simultaneously, there has been a surge in digital mental health startups offering diverse services ranging from online therapy via video calls to access to prescription medications. With a global investment of \$5.5 billion in online therapy in 2021, marketing efforts within this space have grown substantially, primarily targeting consumers through social media, online therapy options, self-help resources, and supportive messaging.

BetterHelp exemplifies a startup that has achieved significant success in this space. The platform connects individuals with licensed therapists through text, video, and voice calls, aiming to broaden access to mental health care (Achtyses et al., 2023). Researchers have attributed BetterHelp's growth in part to its integration of machine learning and chatbot technology to facilitate cognitive behavioral therapy sessions, creating both technological and humanistic change. Additionally, BetterHelp's ability to tailor its products to targeted demographics has enabled more precise statistical input and output regarding how its offerings reach the appropriate market (Achtyses et al., 2023). This expansion of digital health platforms reflects a broader cultural shift from traditional, in-person models of care.

Consumer Marketing Theories

Consumer behavior theories are essential components within the mental health industry, helping companies refine their marketing strategies. Drawing from behavioral psychology, these theories illuminate how consumers make decisions that ultimately influence business outcomes, enabling marketers to develop campaigns and strategies that better serve both consumers and organizations. Consumer behavior has been defined as the study of exchange processes that enable the acquisition and consumption of goods, services, experiences, and ideas (Saeed, 2019). Researchers have also identified seven decision-making strategies that guide consumer product selection: satisficing, in which the first product that meets all attribute cutoffs is selected; elimination by aspects, wherein consumers choose based on cutoff values across attributes; and the

lexicographic strategy, which identifies whether one product is clearly superior to alternatives (Richarme, 2005). Together, these frameworks enable consumers to evaluate options thoroughly before arriving at a decision.

Marketing research has increasingly acknowledged the importance of psychological health and identity in shaping consumer behavior, underscoring the need to account for emotional and cognitive influences on decision-making (Farrell et al., 2022). This understanding allows companies to design more inclusive and responsible campaigns that resonate with consumers on a deeper psychological level. Cultural perceptions of mental health services also vary considerably across regions, affecting how consumers evaluate their treatment options. In less developed areas, provider-led care tends to dominate, while in more developed regions, consumer-driven choices and telehealth innovations are becoming central to relationship-building strategies (Bucatariu & George, 2020).

Analysis of Business Ethics in Mental Health

As digital mental health platforms continue to grow, many startups face significant ethical challenges, particularly around consent and disclosure. Without proper leadership and ethical guidance, companies can make serious missteps. In 2023, for instance, Koko — a mental health platform — sent responses generated by the AI tool GPT-3 to users without their informed consent. When this came to light, the company's defense of its actions deepened existing concerns about privacy and trust in digital mental health contexts. Research suggests that approximately 30% of startups have misused resources intended for therapists, crossing ethical boundaries that may constitute professional violations, while around 40% struggle to navigate the complex licensing landscape for mental health services — placing them at legal risk and harming roughly 25% of users in the process (Martinez-Martin et al., 2020).

Organizations such as Therapists in Tech are working to address these issues by providing mentorship, career development, and advocacy to ensure that mental health professionals operating in digital spaces have the knowledge and ethical grounding they require (Abrams, 2024). Their database of company reviews also helps mental health professionals identify employers who prioritize ethical practices and supportive workplace cultures. These efforts are helping startups embed clinical expertise into their business models, working toward a digital mental health industry that is not only innovative but also trustworthy, transparent, and accountable (Martinez-Martin et al., 2020). Researchers further argue that ethics and trust serve as foundational pillars for ensuring that economically developed nations can advance effective advocacy, sound mental health policy, and

robust infrastructure as models for broader global progress (Ngui et al., 2010).

Innovative Approaches to Supporting Youth Mental Health

Australia has been recognized as a leading platform for innovation in youth mental healthcare (Rickwood et al., 2019). Over recent years, significant developments have been made in delivering youth-friendly primary care services for individuals aged 12 to 25 years — work that has been acknowledged by the World Health Organization. These advancements have been made possible through equitable mental health campaigns, technology-based platforms, and streamlined connections between healthcare providers and clients in need. Campaigns hosted by Headspace National have focused on mental health literacy: reducing stigma, providing low-cost services with timely responses, and emphasizing early intervention as well as evidence-informed practices (Rickwood et al., 2019).

Other researchers have presented innovative frameworks for determining key clinical service parameters that can be adapted to varied settings, helping connect young people with appropriate, timely care. Additionally, a risk-based decision-making framework has been proposed as a method for implementing innovative mental health practices, providing structured metrics through which organizations can calculate perceived risk and evaluate the trade-offs involved in guiding youth toward accessible mental health resources (Panzano, 2006).

Ethics, Discussion, and Limitations

This review paper points to promising directions for future innovation in tailored mental health support and accessible interventions for youth. However, several important ethical and methodological limitations must be acknowledged. A significant portion of the research on youth mental health is concentrated in Australia, given its status as a recognized leader in equitable youth mental health support. This geographic concentration makes it difficult to generalize findings to other nations, including the United States. Furthermore, much of the data underlying the review's conclusions derives from surveys and questionnaires rather than controlled empirical studies, which limits the strength of its applicability.

The rapid expansion of AI-based telemedicine and digital mental health services also raises important ethical questions around informed consent and proper disclosure to patients following treatment. Given the sensitivity of patient data — particularly that of youth — future researchers must take care to safeguard confidentiality and establish clear ethical protocols when working with vulnerable populations.

Conclusion

The convergence of business and psychology in interdisciplinary research has made it increasingly possible for mental health platforms to reach youth populations in equitable and meaningful ways. The mental health industry has experienced strong growth in return on investment, with AI-powered platforms and startups gaining significant traction. The exploration of consumer behavior theories has also illuminated how psychological principles can motivate and inform consumer decisions in this space. Advances tailored to youth — most notably Australia's internationally recognized youth-friendly primary care services — demonstrate what is achievable when innovation is guided by evidence and equity.

As the field continues to evolve, and as clinical trials generate further evidence for large-scale impact, it remains essential to address the ethical limitations identified here: determining which findings can be appropriately generalized to broader populations, and ensuring that fundamental principles of confidentiality and informed disclosure are upheld throughout.

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About the Author

Lakshmi Julakanti is a high school student with an interdisciplinary passion for psychology and business. Through her experiences serving on the Youth Advisory Council and receiving training through TeenTalk, Lakshmi is committed to spreading awareness of mental health issues within her local community.