The Tourism Observatory
for Health, Wellness and Spa

International Wellness & Spa Tourism Monitor

2014/2015

Global Edition

RESOURCES for LEISURE ASSETS

This report would not have been possible without the cooperation with the **Resources for Leisure Assets.**
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Contents

The Tourism Observatory for Health, Wellness and Spa (TOHWS) as an initiative of Xellum Ltd. was created in the Spring of 2012 by globally renowned advisors and researchers. TOHWS provides a platform for industry, investors and academics. To us travel for health means travel for total health, either medical, wellness, well-being, holistic, spiritual, spa or medical wellness travel. This holistic approach to health makes TOHWS the only global initiative looking at every aspect of the spectrum.

Meet the TOHWS Team!

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Melanie Smith

Ivett Sziva

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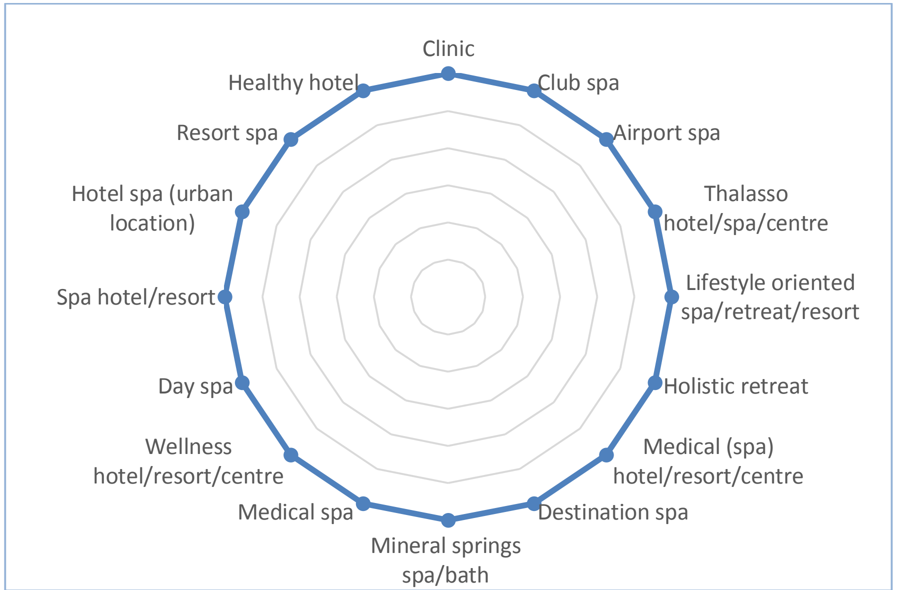
IWSTM 2014/2015

The Tourism Observatory for Health, Wellness and Spa proudly announces its 3rd benchmarking study on wellness tourism and the use of spas by tourists, titled the International Wellness & Spa Tourism Monitor. **The Report provides industry insights for operators, managers, investors.**

This path making report was prepared in cooperation with Resources for Leisure Assets and enjoyed endorsement from global companies (e.g. LUX Resorts, Linser Hospitality, Leading Hotels of the World), and national and international organizations (e.g. Arizona Spa & Wellness Association, ABC Spas or Hungarian Bath Association).

The IWSTM 2014/2015 collected information from 56 countries. The key objective was to identify the role tourism and tourists play at various spa and wellness facilities worldwide.

We identified 17 different wellness and spa service operation types. With this wide range of facilities we intended to highlight the complexity of the industry.



Local Customers

Domestic Tourists

International Tourists

Not only facility typology was taken into consideration but IWSTM also introduces data and information for three major demand segments: local customers, domestic tourists and international tourists. The characteristics of the three major demand segments can and do differ greatly. We introduce separate data only if significant differences were identified.

The IWSTM 2014/2015 Report provides intelligence regarding the following key themes:

- Typology and Motivation of Customers
- Main Sender Regions (where tourists come from)
- Wellness and Spa Facility Types Becoming Popular
- Wellness & Spa Services Becoming Popular
- Business Trend Changes for 2014/2015 (over 2012/2013)
- Popular Services & Treatments
- Signature Treatments & Product Packaging

Industry Partners

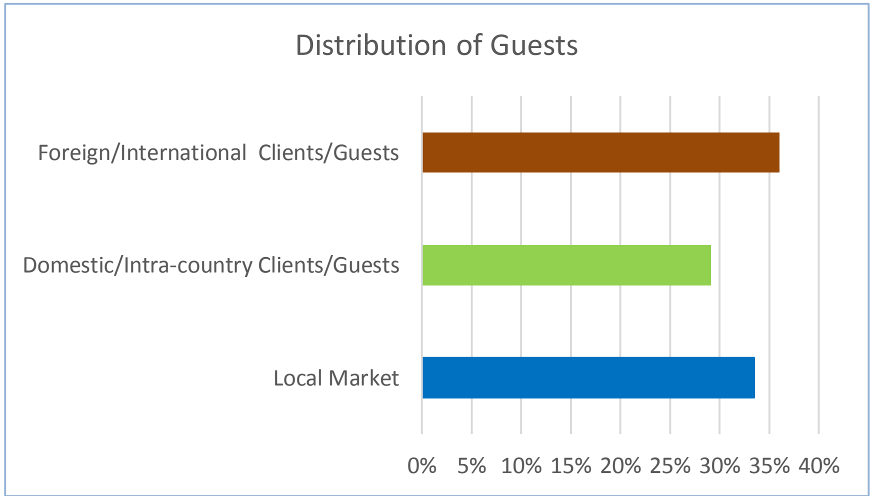
This benchmark research is endorsed by the following prestigious companies and organizations.
We thank you for your support!

Health, Wellness, Spa & Tourism

We believe that the spectrum of travelling for health is very wide and it has many variations. The terminologies applied can differ greatly continent-by-continent or even country-by-country or culture-by-culture. That was one of the key reasons why TOHWS decided to launch its global initiative.

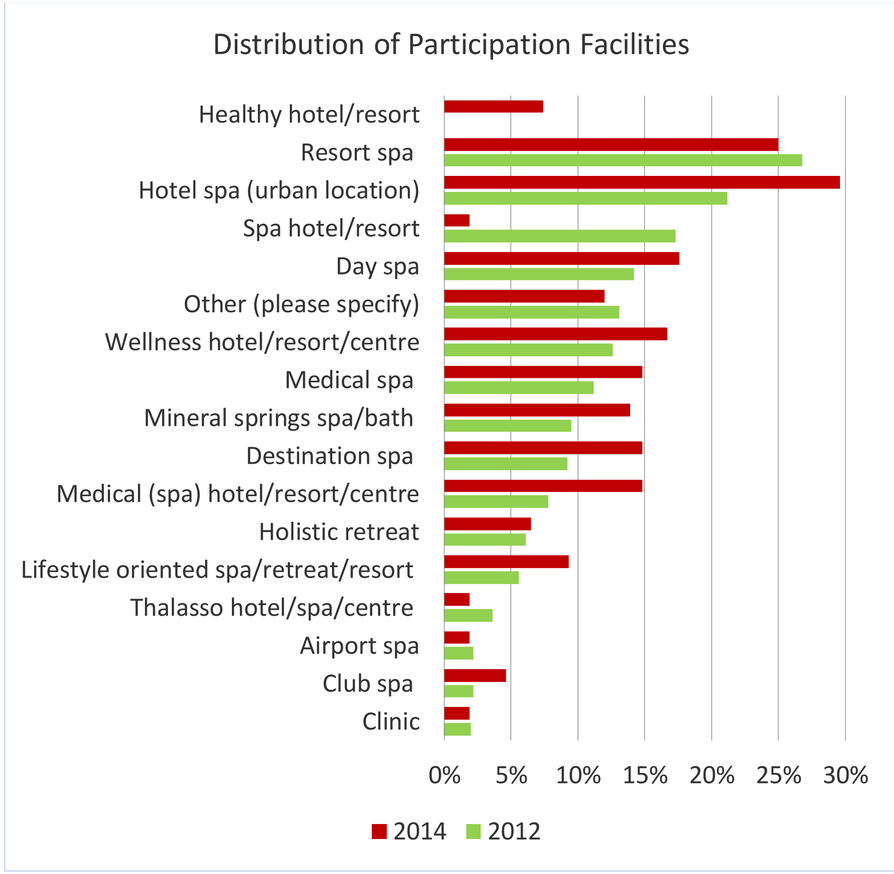
This is a very dynamic market. The number and variety of products and services associated with health, wellness and spa are proliferating. The health as well as the wellness concept, however is being stretched and we can observe saturation in many markets and product areas (e.g. What do you think the label 'Car Spa' may mean for the spa industry or 'Wellness Towels' for the wellness industy?).

Our 2014/2015 data shows that the role of tourists is significant in wellness and spa facilities (other than day spas or club spas), since 2/3 guests are non-locals.



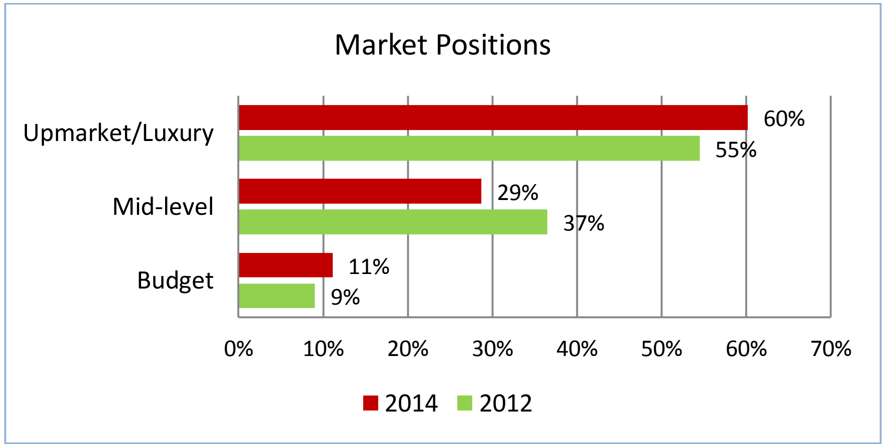
Classification of Participating **Facilities**

The distribution of facilities in the two periods compared differs somewhat. These differences, however have limited impacts on the actual results. In this round we introduced a new category of healthy hotels/resorts (although it should be noted that facility types are not necessarily universally defined or understood).



Market Position of **Facilities**

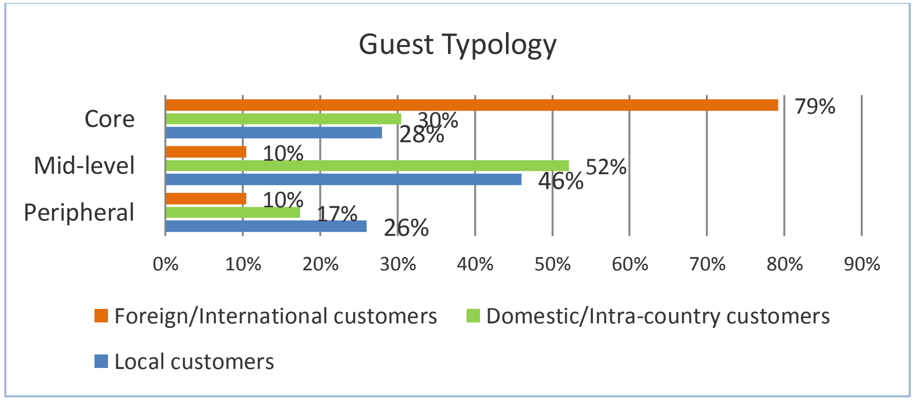
Participating facilities could define themselves in terms of market position: budget, mid-level and upmarket/luxury. It is no surprise that in spite of the so-called 'democratisation' of wellness and spa services, the majority of providers still belong to the luxury/upmarket category.



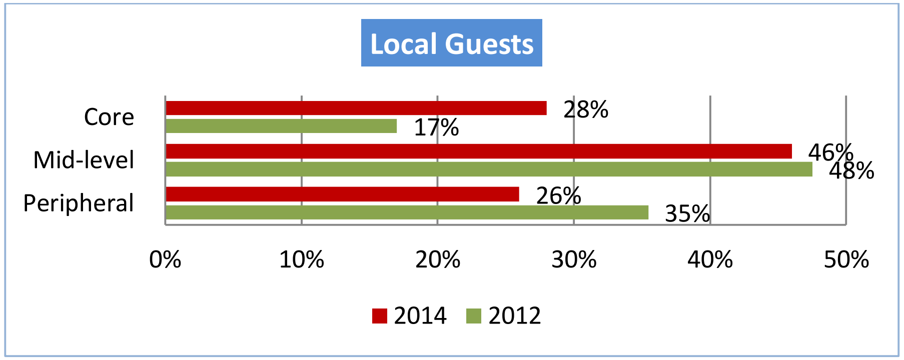
This result is in line with the traditional assumption, i.e. that the industry especially in terms of tourism demand tends to cater for high(er)-end guests, tourists or vacationers.

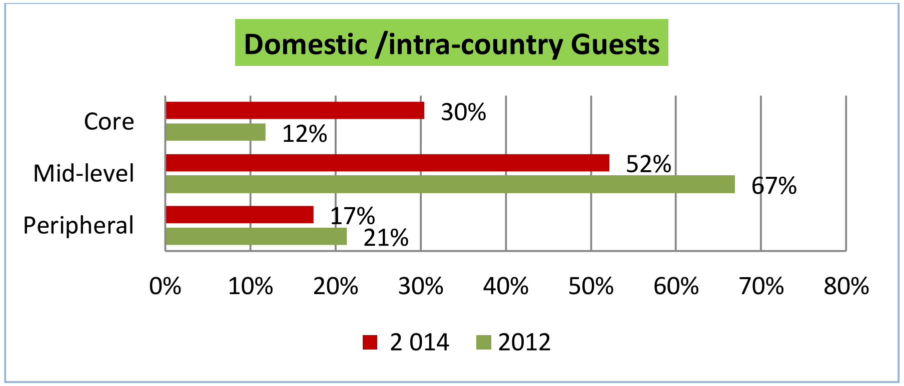
Type of customers

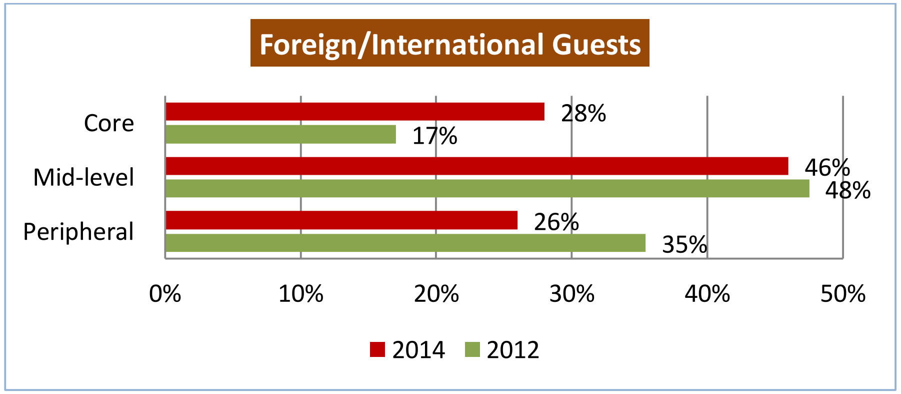
We applied the categorisation of the International Spa Association to define the type of wellness and spa customers. According to ISPA **Core customers** are those who believe that spa/wellness is an important part of their lifestyle, **Mid-level customers** are interested in learning about spa and wellness but have limited commitment, **Peripheral customers** enjoy spa and wellness services, but altogether show little interest. There is a clear indication of the strong growth of core customers in every segment both in the local, domestic/intra-country and in the foreign/international guest segment.



The significant difference between the three major demand segments leaves both managers and investors with serious decisions to be made. It does not seem to be an easy conceptual and management issue to develop and to run facilities and services for a very mixed clientele. Expectations, activities and interests of local customers and foreign visitors are not the same. This result is confirmed by the global benchmark data.







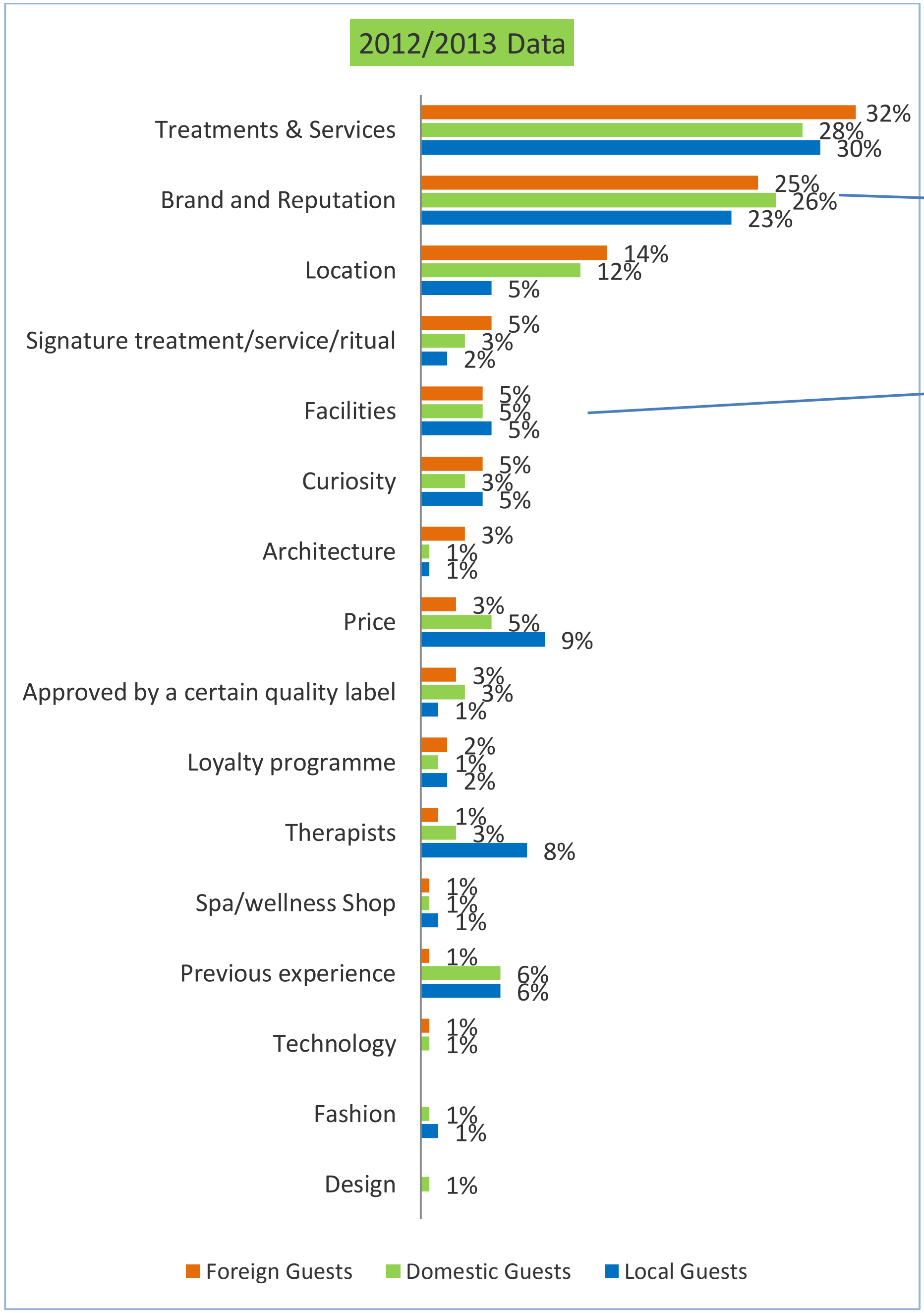
The key motivations of local customers, domestic and international tourists tend to show similarities, however, several quite important differences should be highlighted.

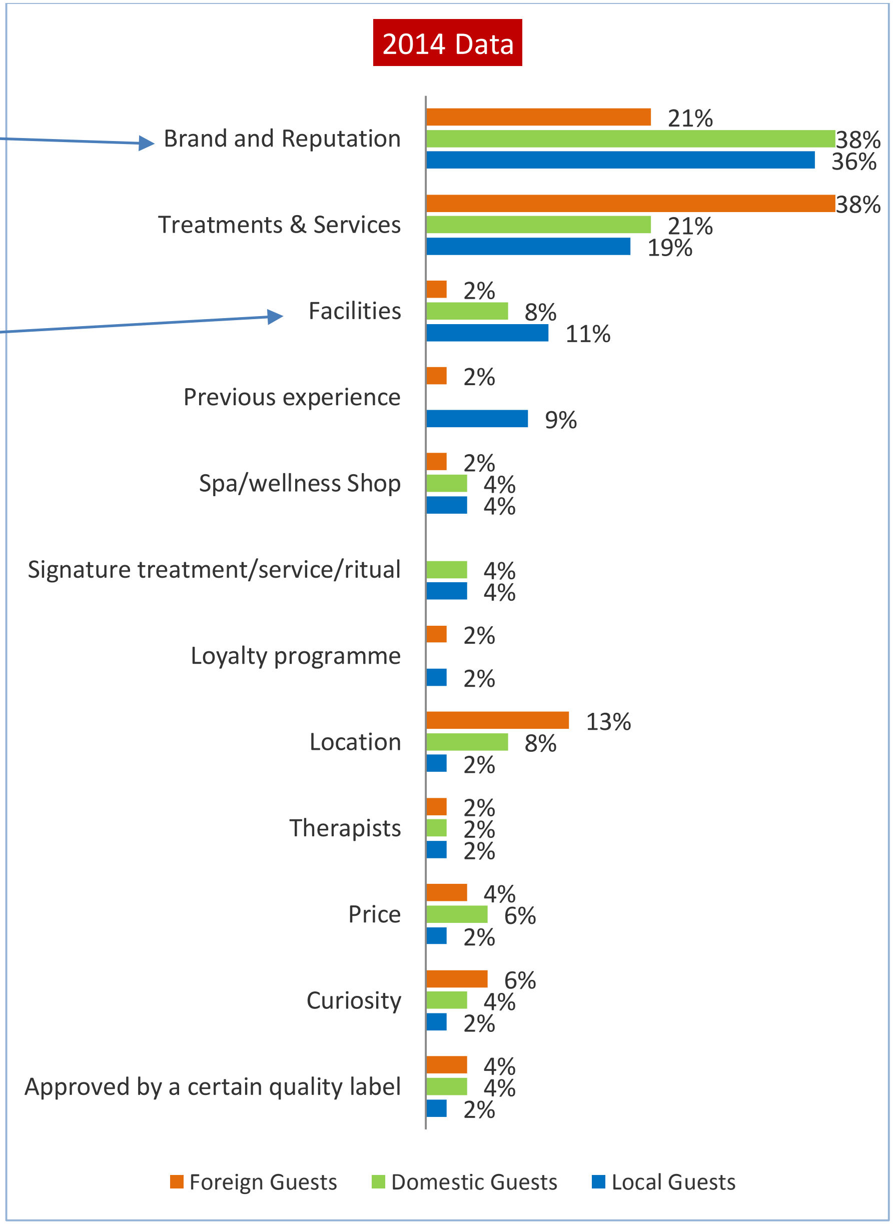
Motivations of customers

There is a clear change in the key motivations. Brands and reputation became more important for domestic travellers and local guests. Treatments remain the most important motivation for international guests.

Location is a relevant factor for international/foreign guests. The importance of therapists changed significantly and became less significant in the decision making of guests.

Probably a little unexpectedly, technology, design or fashion have no real impact on motivation and decision making. This is a very telling finding since many facilities keep investing large sums in technology/equipment and/or design in the hope of attracting more guests. For the second time running, however, IWSTM could not find clear justification for such (often very pricey) developments.


2012/2013 Data
Treatments & Services 32% 28% 30%
Brand and Reputation 25% 26% 23%
Location 14% 12% 5%
Signature treatment/service/ritual 5% 3% 2%
Facilities 5% 5% 5%
Curiosity 5% 3% 5%
Architecture 3% 1% 1%
Price 3% 5% 9%
Approved by a certain quality label 3% 3% 1%
Loyalty programme 2% 1% 2%
Therapists 1% 3% 8%
Spa/wellness Shop 1% 1% 1%
Previous experience 1% 6% 6%
Technology 1% 1%
Fashion 1% 1%
Design 1%
Foreign Guests
Domestic Guests
Local Guests

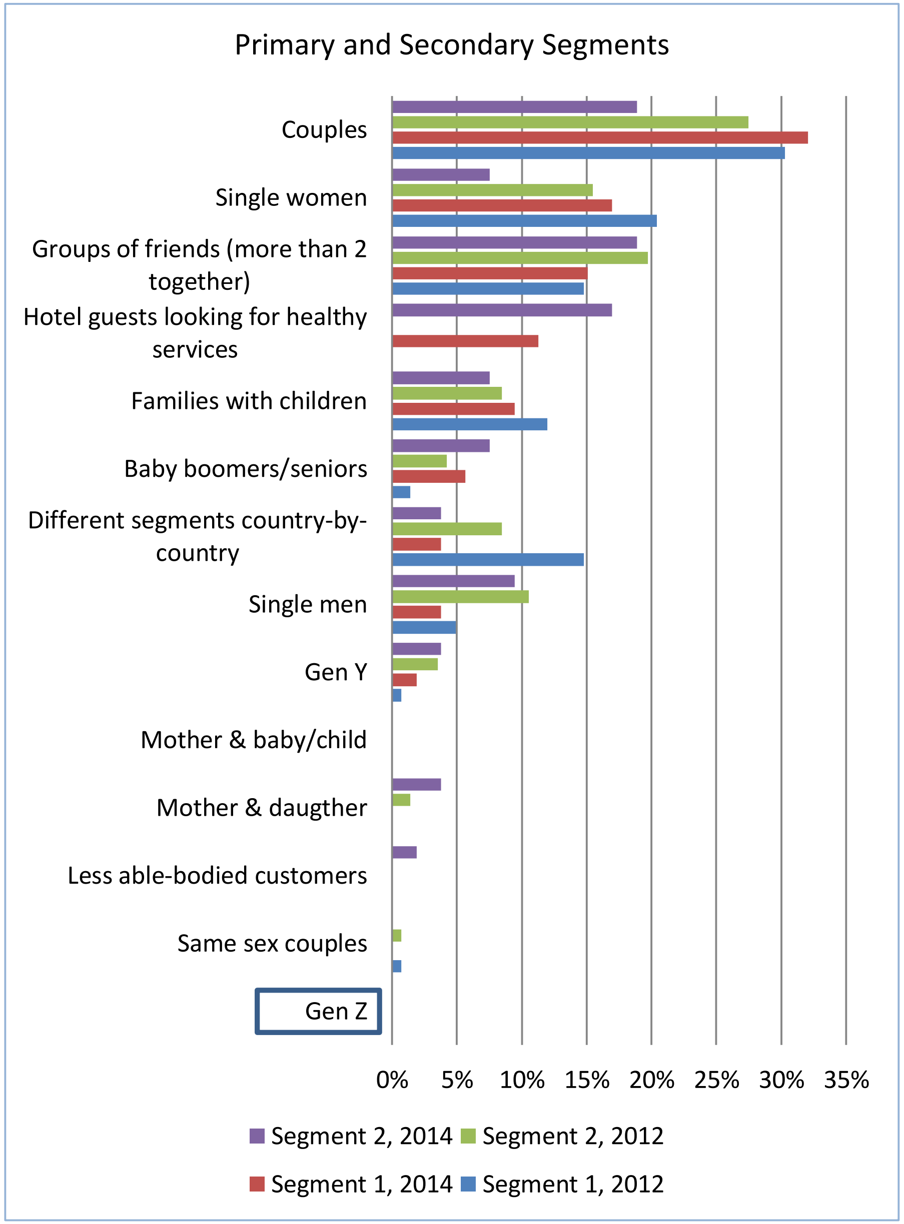

2014 Data
Brand and Reputation 21% 38% 36%
Treatments & Services 38% 21% 19%
Facilities 2% 8% 11%
Previous experience 2% 9%
Spa/wellness Shop 2% 4% 4%
Signature treatment/service/ritual 4% 4%
Loyalty programme 2% 2%
Location 13% 8% 2%
Therapists 2% 2% 2%
Price 4% 6% 2%
Curiosity 6% 4% 2%
Approved by a certain quality label 4% 4% 2%
Foreign Guests
Domestic Guests
Local Guests

Targeted key segments

The key market segments targeted by wellness and spa facilities and operators are typically couples. This confirms the changes we have been observing over the last couple of years. Women as the stereotypical core market for standard spa services may not keep their exclusive role.

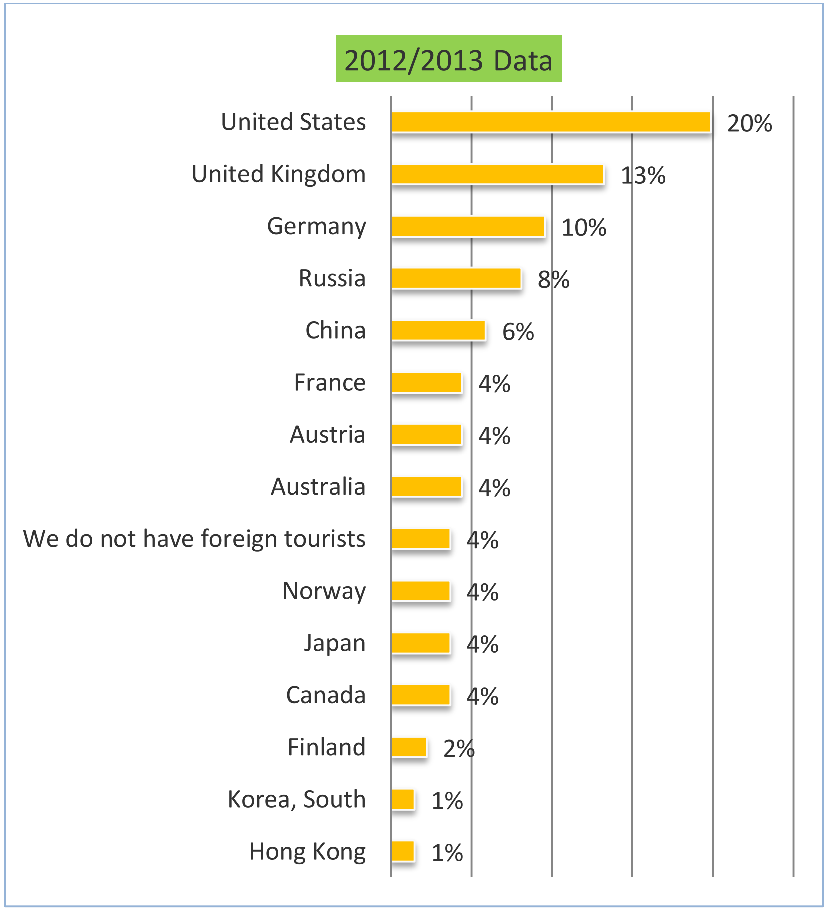
The consumption of wellness and spa services has become more social, i.e. treatments and services are more likely to be taken by partners or friends together.

It is rather surprising to see that operators have not yet identified Gen Z as a key market segment, although these young and healthy people will or at least could become the customers of wellness and spa services in the very near future.

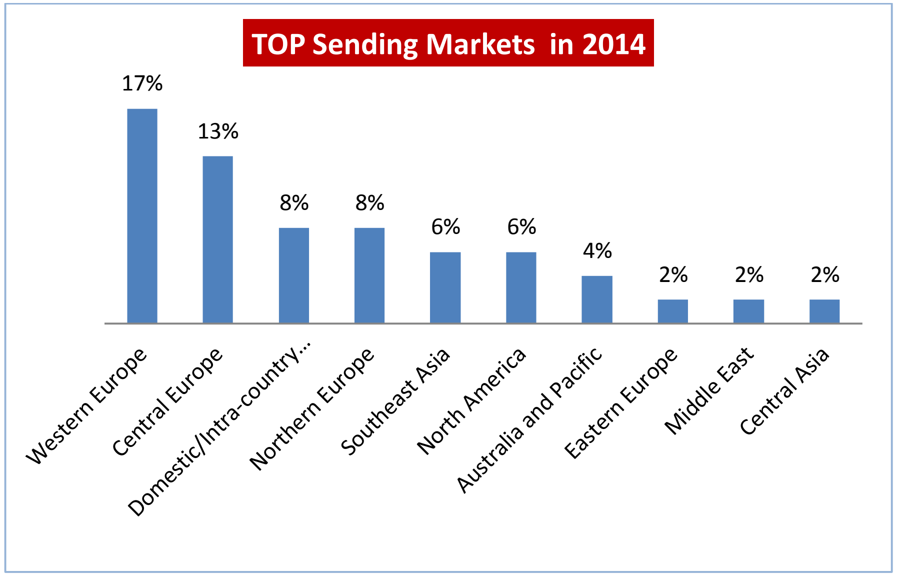


Source Regions for tourism

In our previous benchmark we identified the key sender countries in wellness and spa motivated travel. The USA, UK, Germany, Russia, China, Austria and France were the leading market countries for wellness and spa services.

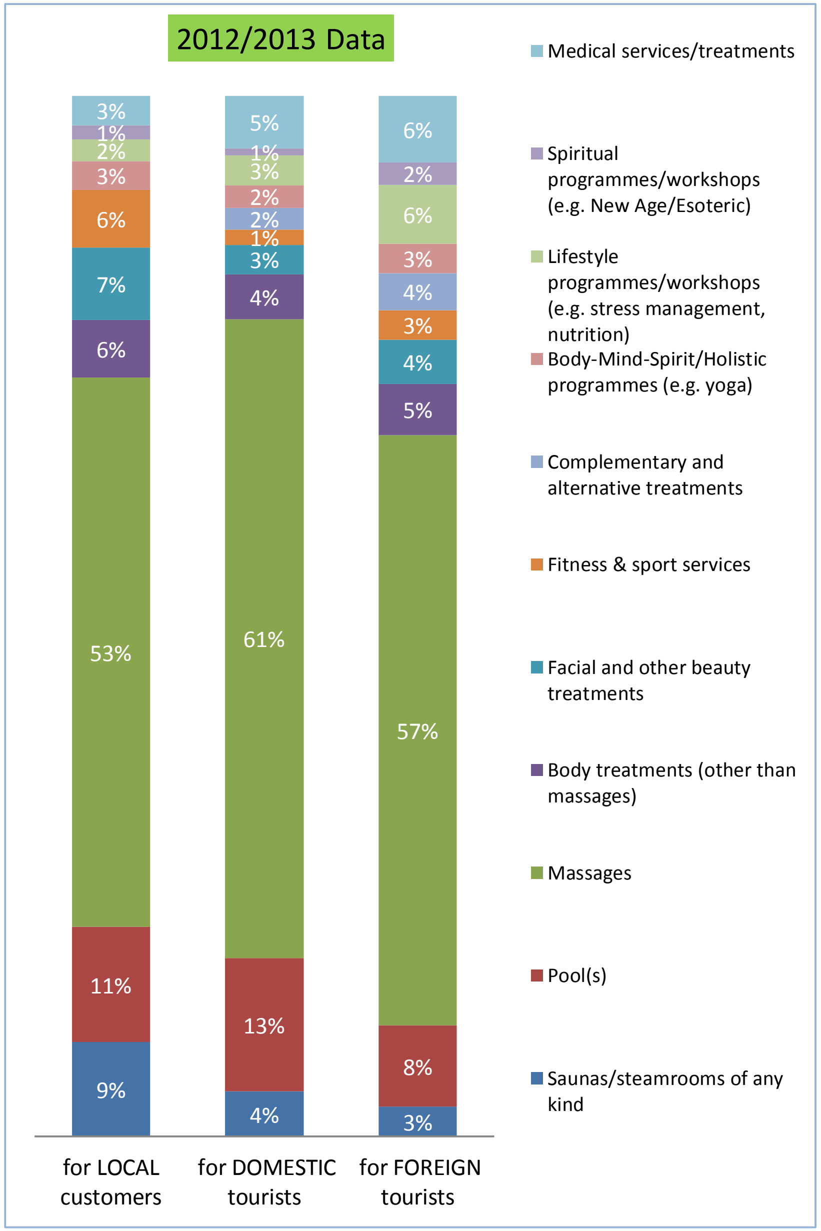


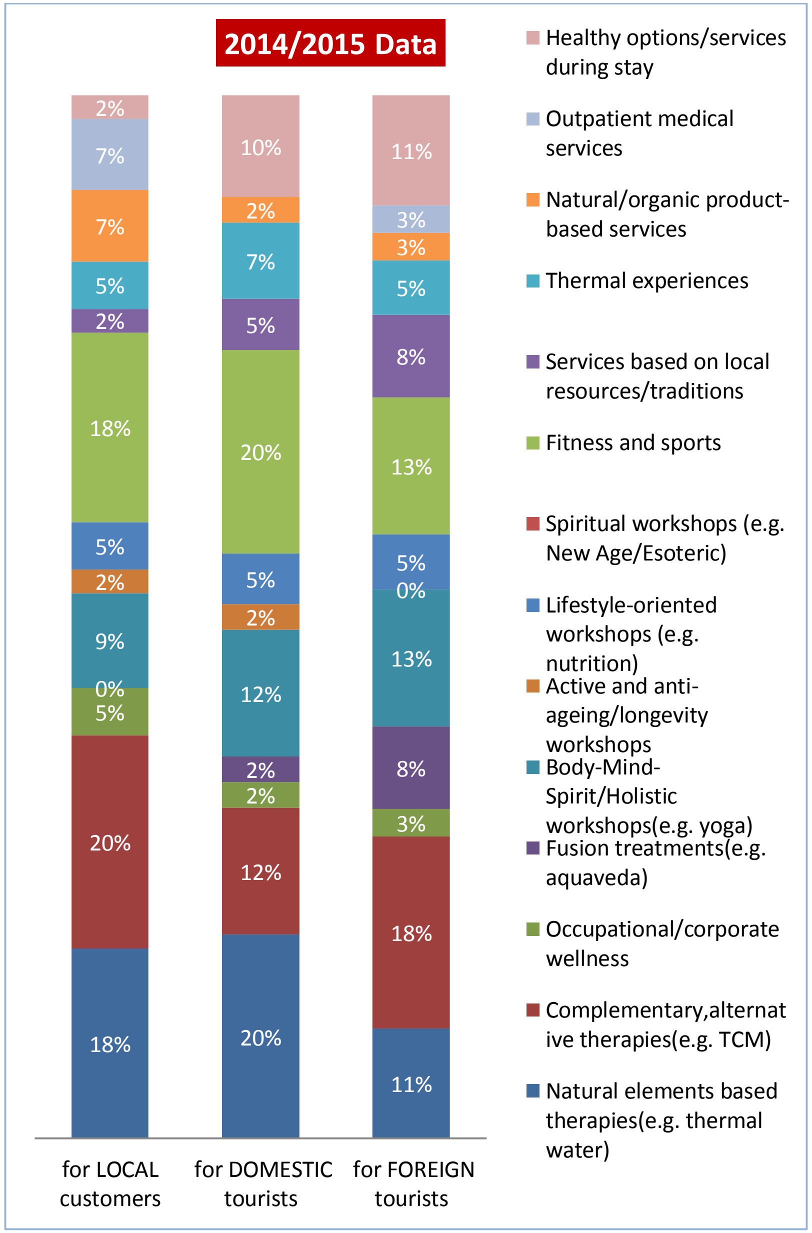
In the 2014/2015 study we could identify some changes in the demand. Whereas Europe, especially Western and Central Europe still is the most important sender region in wellness and spa motivated travel, North America and South east Asia are now of similar importance, i.e. South east Asia has moved away from its traditional destination-only status to a more balanced receiver as well as sender country..



Popular services

Popular services are where we can see the three guest groups being the most similar. In 2012/2013 not unexpectedly, massages were the most popular services on offer in wellness and spa facilities. International guest data showed growing interest in medical services at wellness and spa facilities. Interestingly as we saw before, lifestyle-oriented services also gained popularity.


2012/2013 Data
Medical services/treatments
Spiritual programmes/workshops (e.g. New Age/Esoteric)
Lifestyle programmes/workshops (e.g. stress management, nutrition)
Body-Mind-Spirit/Holistic programmes (e.g. yoga)
Complementary and alternative treatments
Fitness & sport services
Facial and other beauty treatments
Body treatments (other than massages)
Massages
Pool(s)
Saunas/steamrooms of any kind
for LOCAL customers
for DOMESTIC tourists
for FOREIGN tourists


2014/2015 Data
Healthy options/services during stay
Outpatient medical services
Natural/organic product-based services
Thermal experiences
Services based on local resources/traditions
Fitness and sports
Spiritual workshops (e.g. New Age/Esoteric)
Lifestyle-oriented workshops (e.g. nutrition)
Active and anti-ageing/longevity workshops
Body-Mind-Spirit/Holistic workshops(e.g. yoga)
Fusion treatments(e.g. aquaveda)
Occupational/corporate wellness
Complementary,alternative therapies(e.g. TCM)
Natural elements based therapies(e.g. thermal water)
for LOCAL customers
for DOMESTIC tourists
for FOREIGN tourists

Based on the inputs from industry partners we changed the services category in 2014. It is now understood that the new list provides a better map of the current supply of services in wellness and spa facilities. Massages are certainly the most popular forms of treatment and services, but we wanted to know which other treatments or services can also be considered as popular, therefore massages were not included in the list anymore.

The popularity of Complementary treatments as well as Body-Mind-Spirit has grown significantly from 2012/2013.

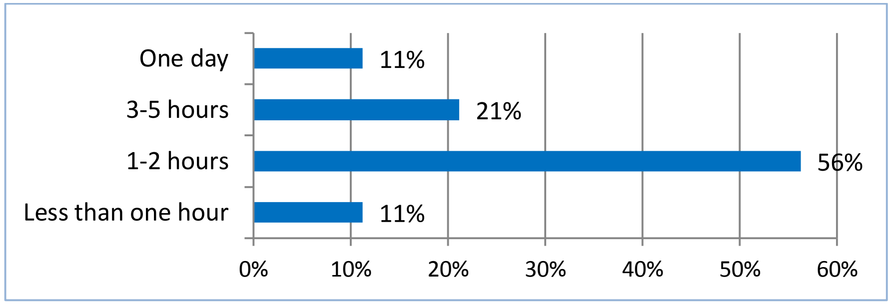
It is interesting to see how the relatively new category of Healthy Options gained popularity very quickly especially for facilities catering for international tourists whose interests are wider than those of the other two segments (i.e. local and domestic guests).

That means international guests who are the representatives of the core market require a rather wide range of services during their wellness motivated travels. However, it has to be noted that it is rather difficult to clearly identify guests who may use some wellness/spa services during their travels and those whose initial travel motivation was influenced by wellness or spa. The first group of customers are 'health' conscious travellers, while the latter are wellness tourists!

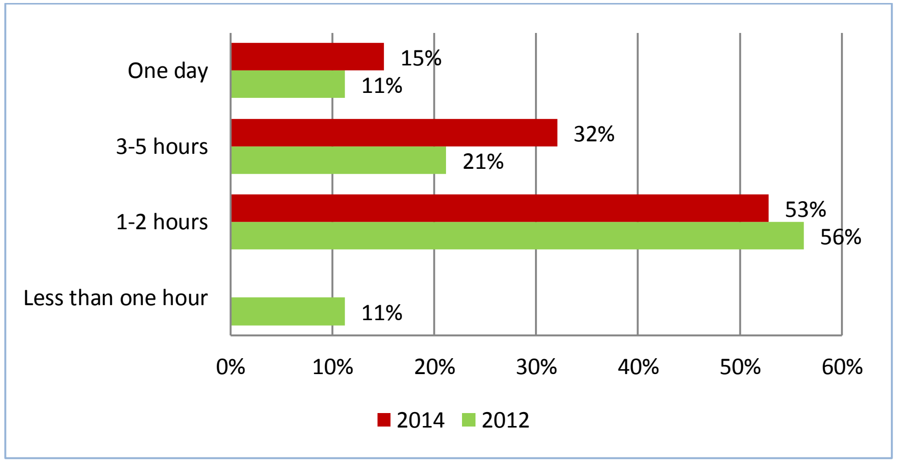
Length of stay

Business performance is very much linked to the average length of stay at wellness and spa facilities. This is one of the management areas that is often overlooked!

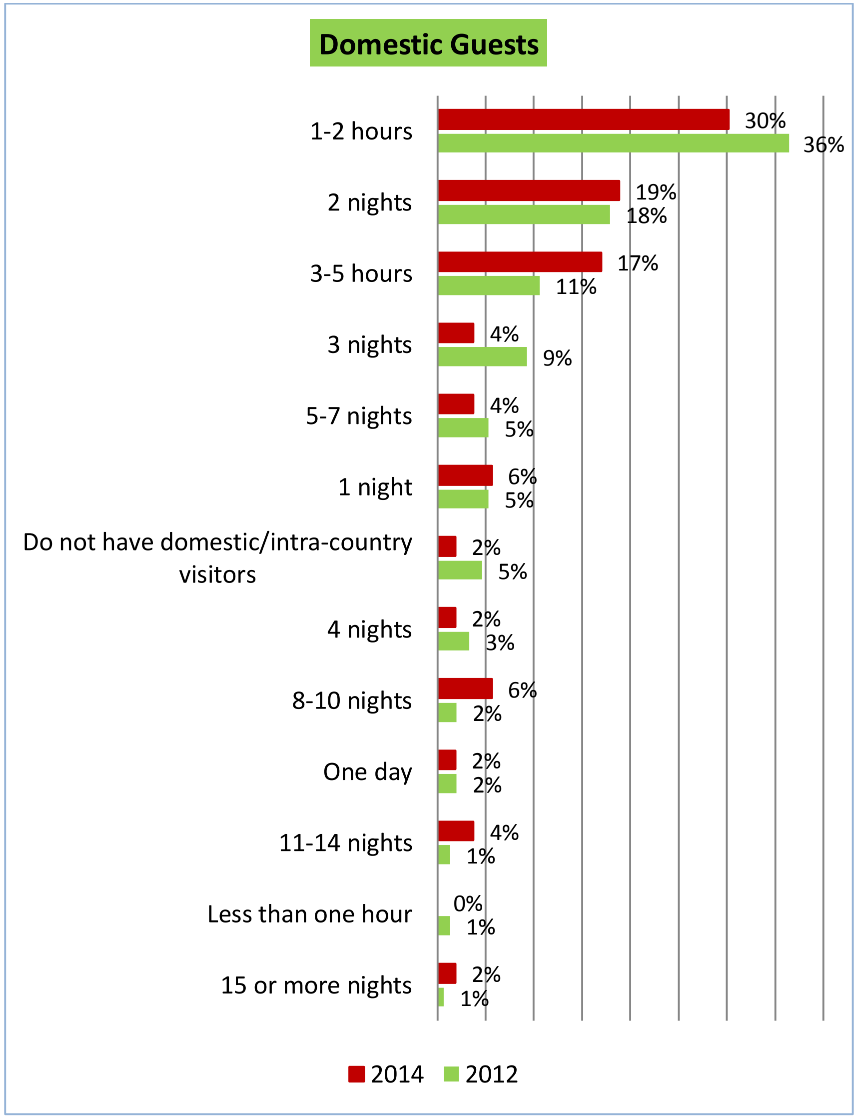
Local customers tend to spend rather a short time at wellness and spa facilities (2/3 spend less than 2 hours).



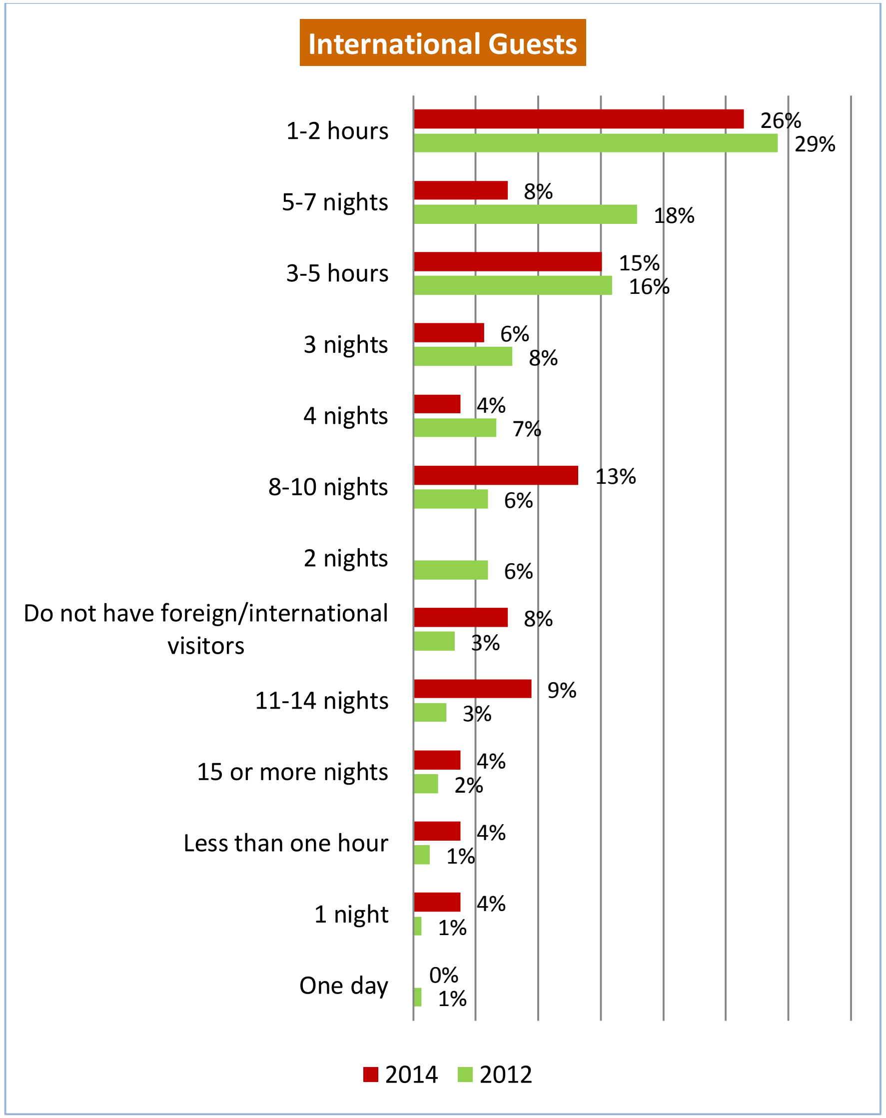
The short average length of stay characterizes domestic guests. Data show a typical pattern of weekender domestic tourists and one week long stay international tourists.



Domestic guests spent a somewhat longer time at wellness and spa destinations in 2014/2015 than they did in 2012/2013 and their very short visits (only 1-2 hours) decreased.



The benchmark information shows that the average stay of foreign guests has become longer. Especially the 8-10 nights length has grown significantly, but in almost every category we can observe growth.



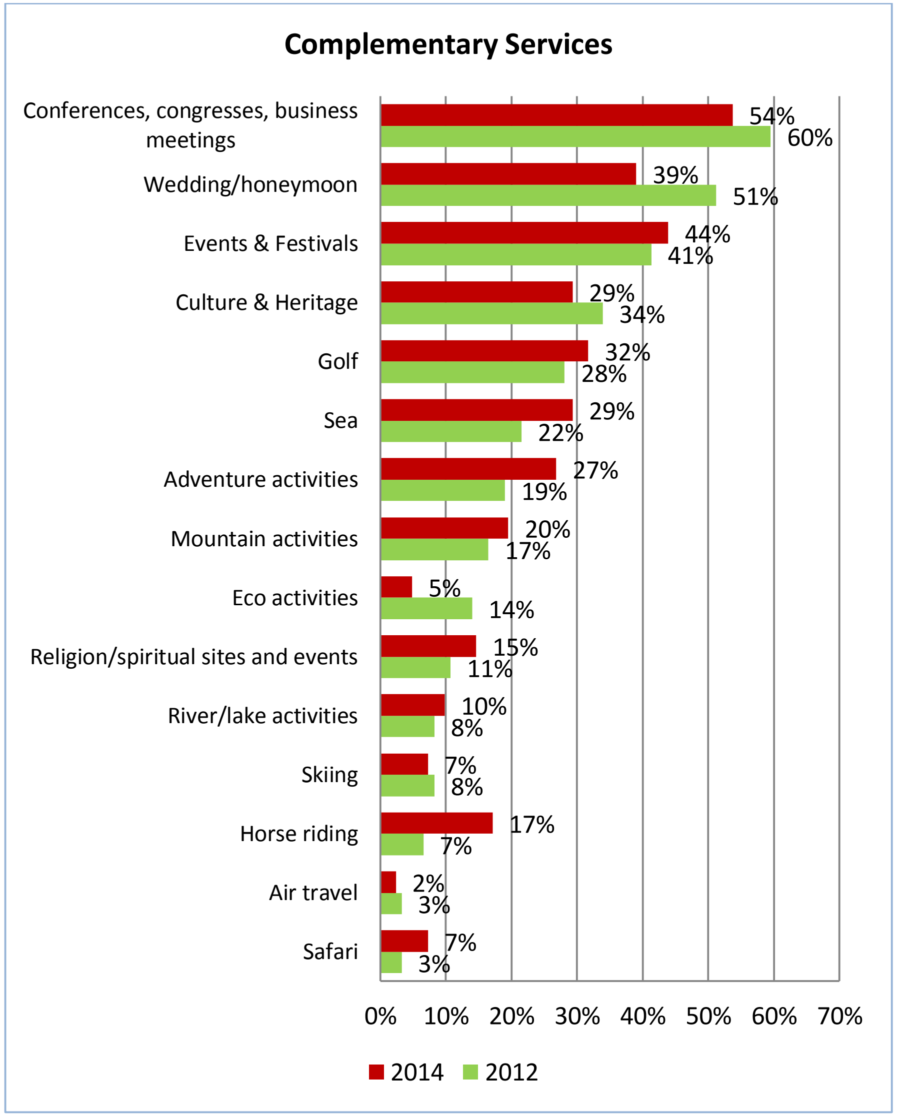
Complementary products and services

In cases when wellness and spa are not the core elements of the tourist package, such services can complement other guest services, but the big question is which ones? Weddings and honeymoons, or golf or the sea/beach have traditionally been strong 'allies' for wellness and spa services. Local specialities, e.g. ski and spa (during the skiing season) can also create a very competitive package.

We can observe some demand changes over the last few years. The role of business events and weddings decreased, whereas the role of adventure activities has grown notably.

This means a slow shift in the packaging of wellness and spa services moving away from the 'traditional' complementary services (such as weddings) to a more diversified and more active portfolio.

The rationale of complementing business events with wellness and spas has often been questioned. Conference and meeting organizers have to recognize that participants of business events and congresses may not want to socialize with colleagues or bosses in a wellness facility or in a spa (or in the sauna!). Although business events are often organized in wellness or spa hotels and resorts, the actual use of wellness and spa facilities remains rather low.



Signature treatments

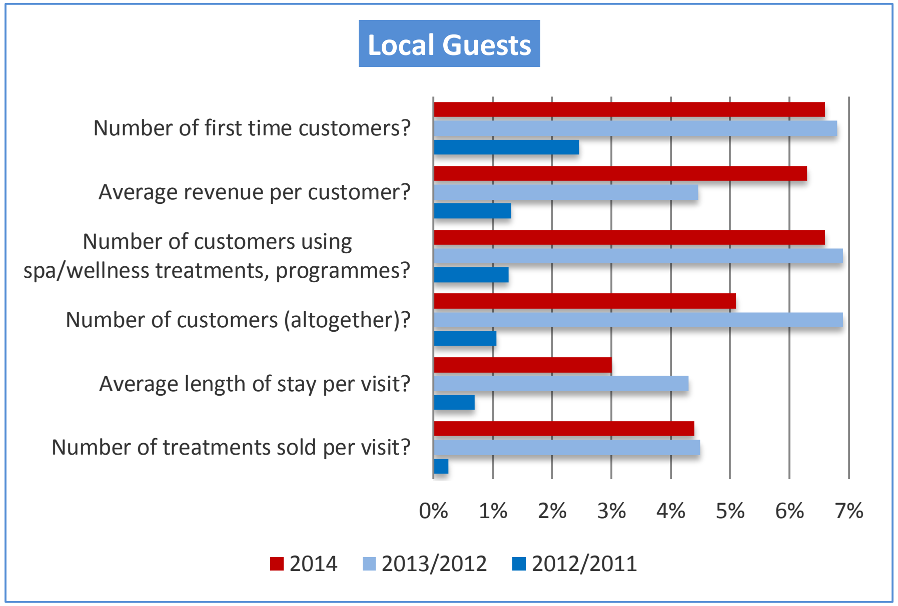
Signature treatments and services are essential elements of creating unique and competitive brand and customer experiences. IWSTM data show that more than third of the respondents have already created at least one signature treatment or service.

Africa	Very diversified: rituals, massages, detox treatments based on local ingredients
The Americas	Mainly rituals, based on global brands, plus energizing massages, welcome packages Mud treatments Ayurvedic treatments
Asia	Mainly complex rituals (e.g. wraps, massages, scrubs, facials). My spa experiences (special massage, treatments in own villas), as well as energizing treatments based on local products and specialities. Luxury services, e.g. pearl powder
Australia/New Zealand	Mud and bath therapies based on local resources as well as underwater massages Indigenous Aboriginal massage techniques
Europe	Local resources in treatments: Amber, thermal water, mud, Nordic plants Holistic treatments: co-listening
Middle-East	Local traditions incorporated: Camomile, mint

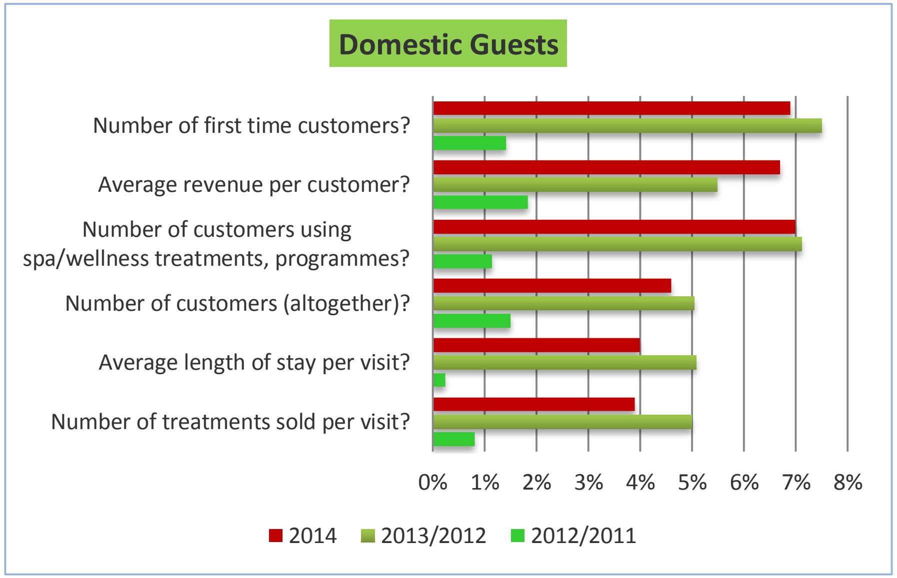
Business changes

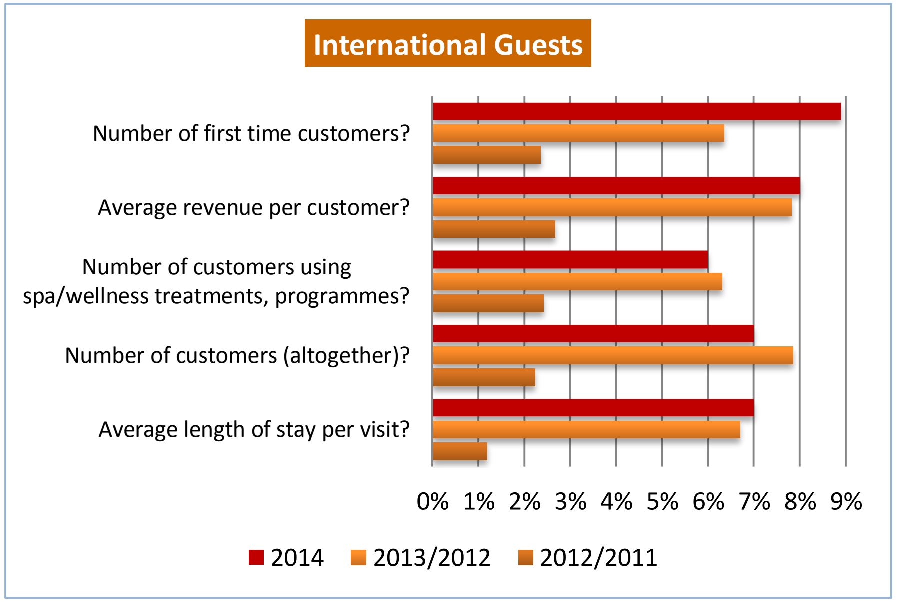
Facilities reported close-to-zero increase in the main business indicators for 2012/2013 over 2011.

Data show the robust recovery of the market in the last two years.

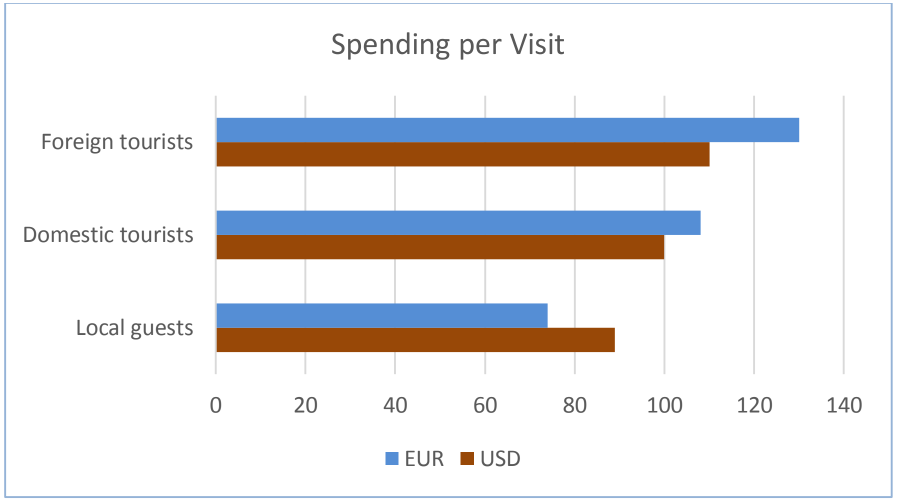


The industry should find it very encouraging that the number of first time customers as well as the average revenue per customer have grown significantly.





In terms of revenue generating capacity the three segments represent similar patterns as far as tourists are concerned. The average revenue generated per visit to the wellness/spa unit is the highest in the case of foreign travellers. This is not surprising since they tend to be core customers who are willing to take more or complex services (which cost more).



Traditional spa treatments still are the most important revenue generating sources followed by CAM and lifestyle programmes.

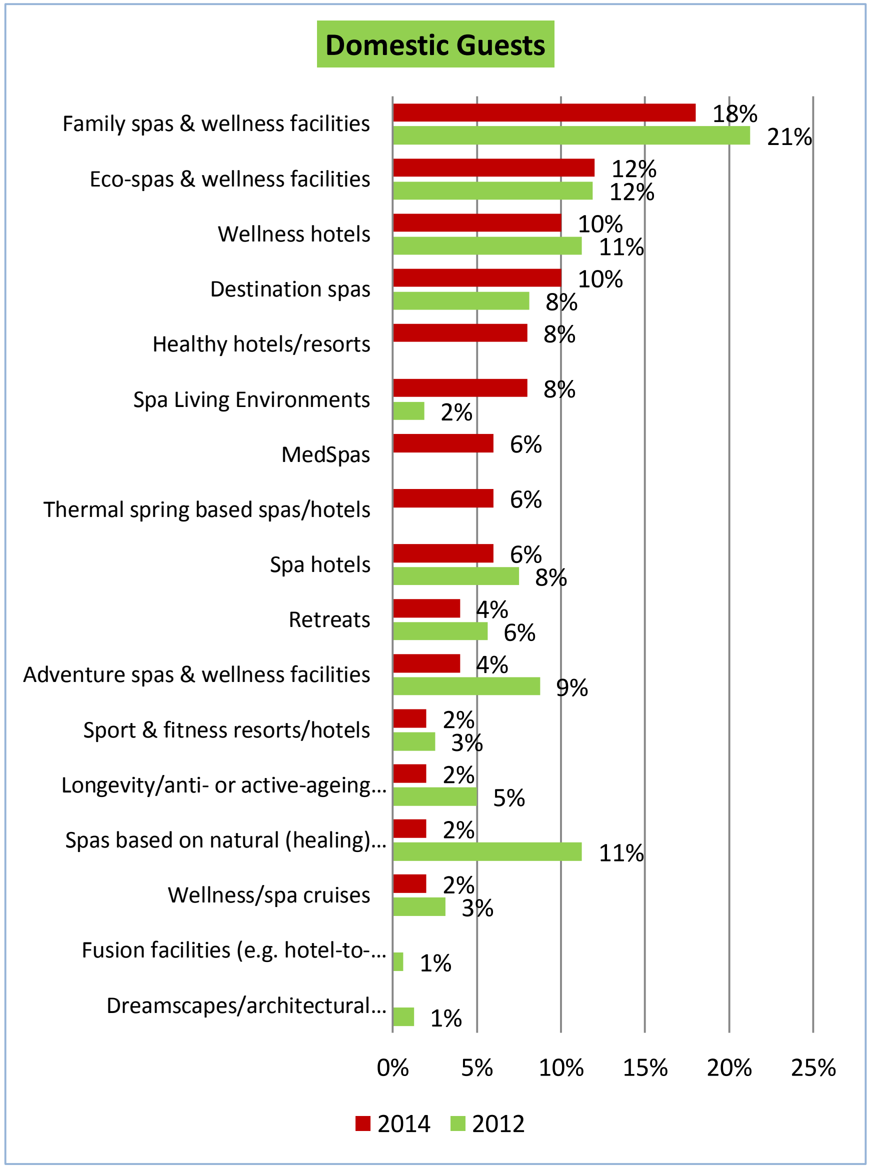
	Rating
Beauty and body treatments (e.g. facials, massages)	1
Admissions	2
Complementary and alternative treatments (e.g. Traditional Chinese Medicine)	3
Product sales	4
Fitness and sport	5
Body-Mind-Spirit/Lifestyle programmes/workshops (e.g. yoga)	6
Medical treatments	7

Growth Areas

Market data show interesting changes. Whereas in the the 2012/2013 our Monitor identified destination spas with very high growth, by 2014/2015 a relatively new category of 'healthy hotels/resorts' took the lead over.

This trend is certainly true for international tourists, but not as much for domestic guests who are still expected to be interested in family-oriented and ecologically minded wellness and spa facilities.

It is also interesting to note that the expected growth of facilities based on natural (healing) assets seems to be slowing down (compared to the data from 2012/2013).



Domestic Guests
Family spas & wellness facilities
Eco-spas & wellness facilities
Wellness hotels
Destination spas
Healthy hotels/resorts
Spa Living Environments
MedSpas
Thermal spring based spas/hotels
Spa hotels
Retreats
Adventure spas & wellness facilities
Sport & fitness resorts/hotels
Longevity/anti- or active-ageing...
Spas based on natural (healing)...
Wellness/spa cruises
Fusion facilities (e.g. hotel-to-...
Dreamscapes/architectural...
18%
21%
12%
12%
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11%
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10%
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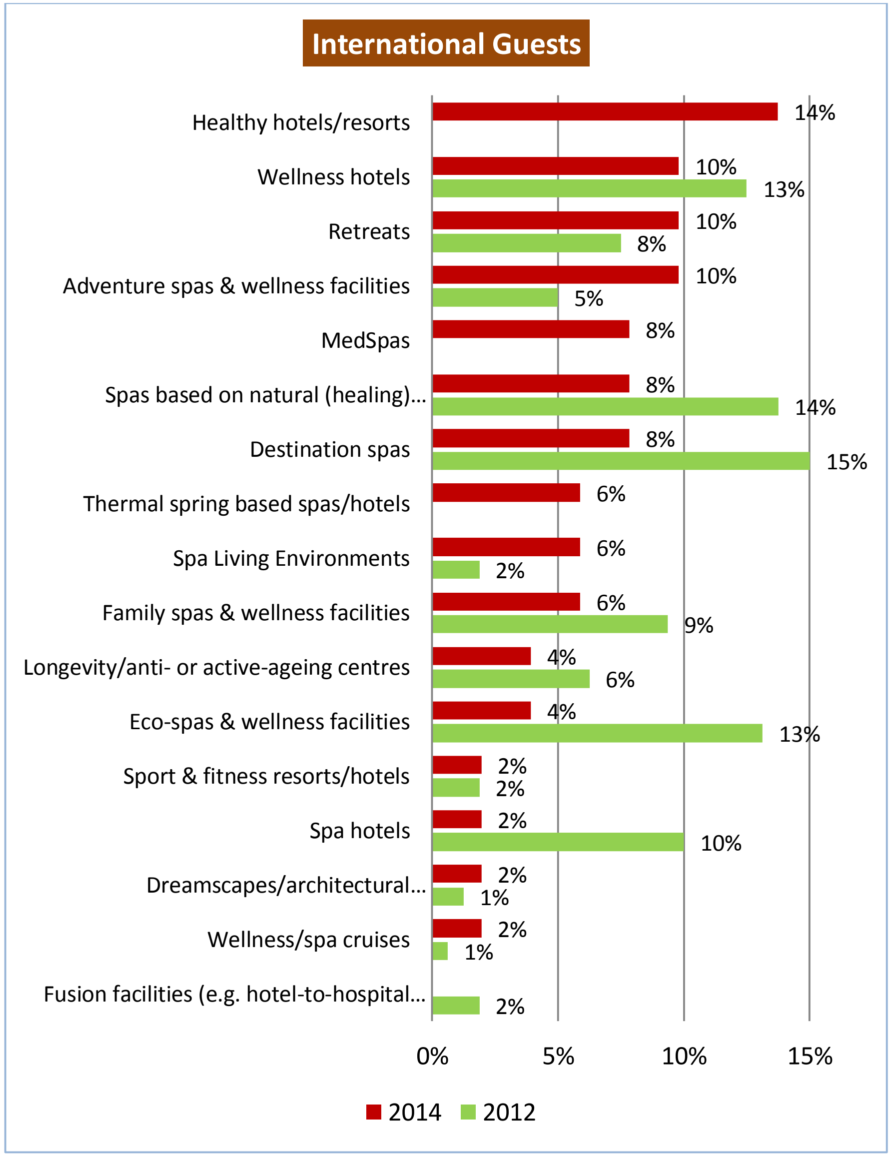
25%
2014
2012



International Guests
Healthy hotels/resorts
Wellness hotels
Retreats
Adventure spas & wellness facilities
MedSpas
Spas based on natural (healing)...
Destination spas
Thermal spring based spas/hotels
Spa Living Environments
Family spas & wellness facilities
Longevity/anti- or active-ageing centres
Eco-spas & wellness facilities
Sport & fitness resorts/hotels
Spa hotels
Dreamscapes/architectural...
Wellness/spa cruises
Fusion facilities (e.g. hotel-to-hospital...
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2%
0%
5%
10%
15%
2014
2012

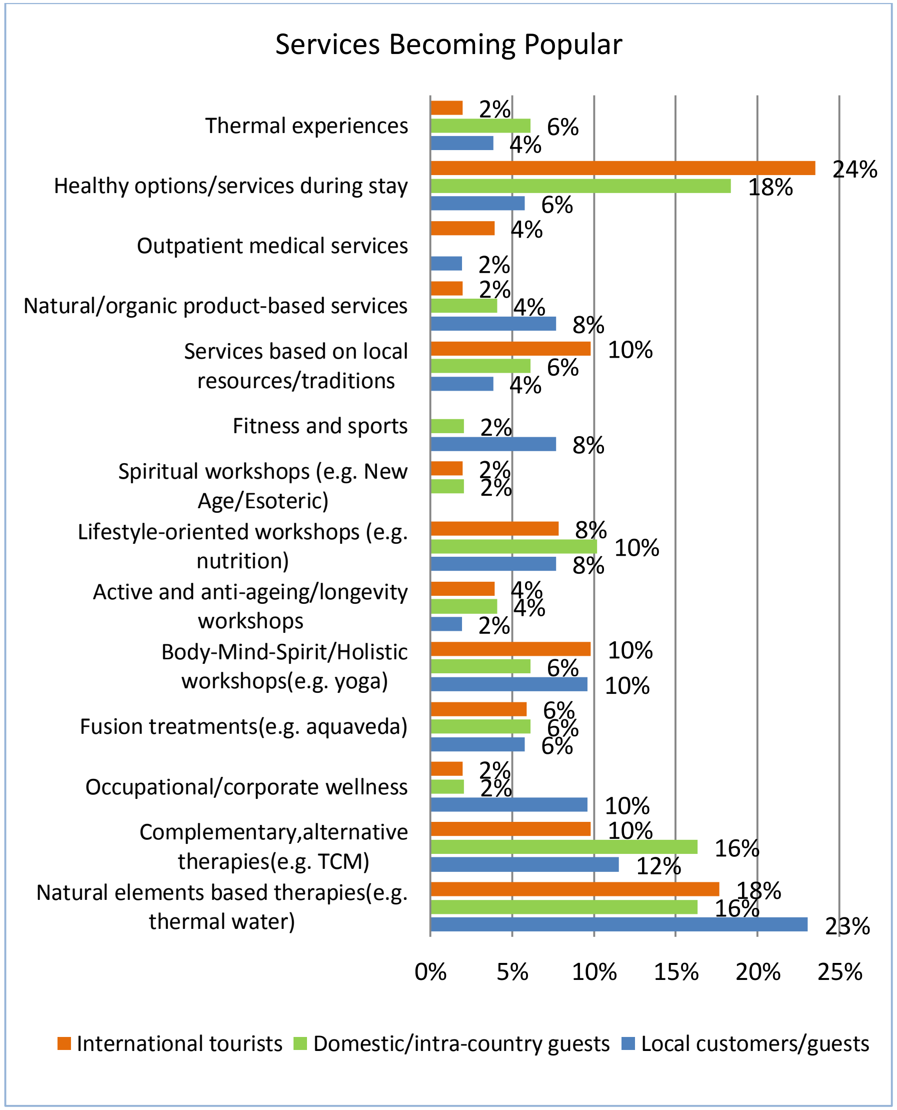
Services Becoming Popular

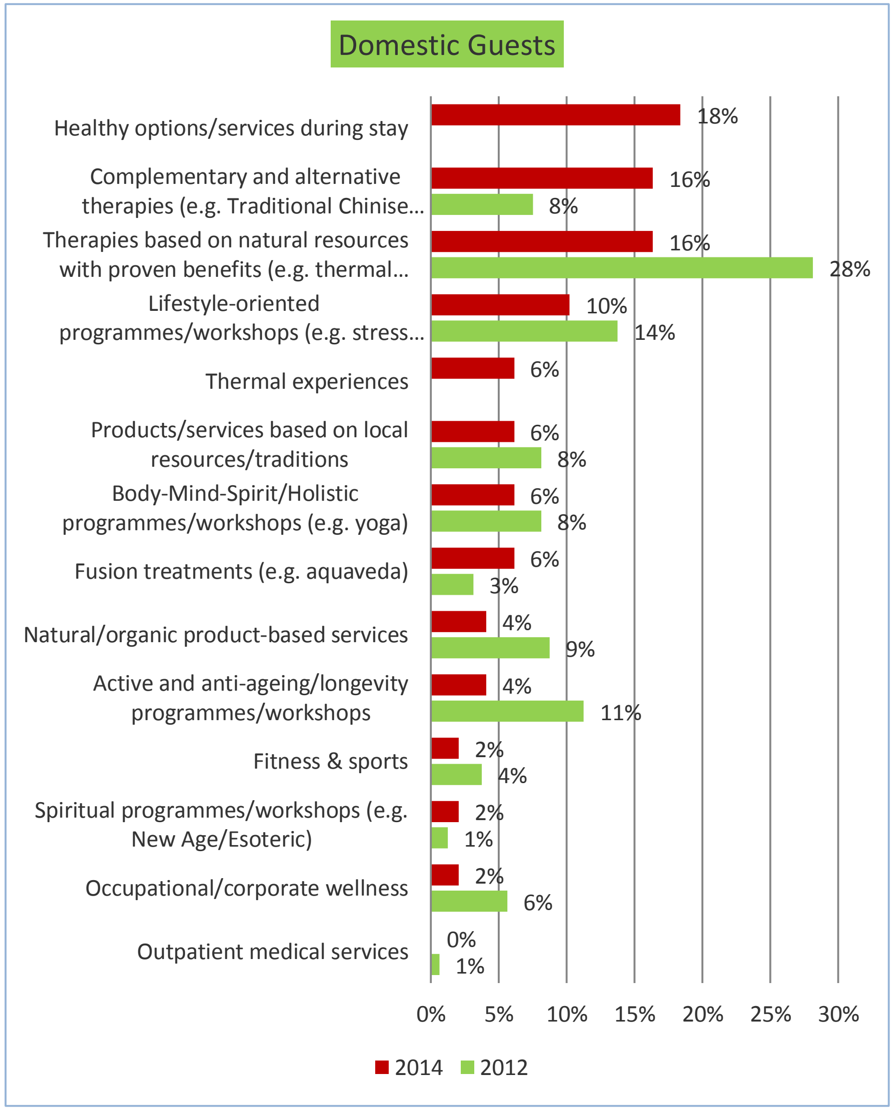
There is a clear shift in the market to natural resources with proven impacts and evidence. This is particularly interesting, since in many parts of the world these resources have (not) yet been identified or tested for healing (or wellness-improving) properties.

This market information is somewhat unexpected since the services specialized in natural resources seem to have been losing growth potential. Services based on local resources or traditions typically attract foreign guests.

The growth forecasted for healthy options, especially in the case of international guests indicate that leisure and hospitality facilities in general should be prepared to provide healthy or healthier service options to every visitor, not only for the core wellness tourists.

It is interesting and also telling to see that the currently very popular concept (and services) of corporate or workplace wellness are not really seen as products for travellers (neither domestic nor foreign). These services are considered to be attractive to local guests (and corporate workers from the local area).




Domestic Guests
Healthy options/services during stay
Complementary and alternative therapies (e.g. Traditional Chinise...
Therapies based on natural resources with proven benefits (e.g. thermal...
Lifestyle-oriented programmes/workshops (e.g. stress...
Thermal experiences
Products/services based on local resources/traditions
Body-Mind-Spirit/Holistic programmes/workshops (e.g. yoga)
Fusion treatments (e.g. aquaveda)
Natural/organic product-based services
Active and anti-ageing/longevity programmes/workshops
Fitness & sports
Spiritual programmes/workshops (e.g. New Age/Esoteric)
Occupational/corporate wellness
Outpatient medical services
18%
16%
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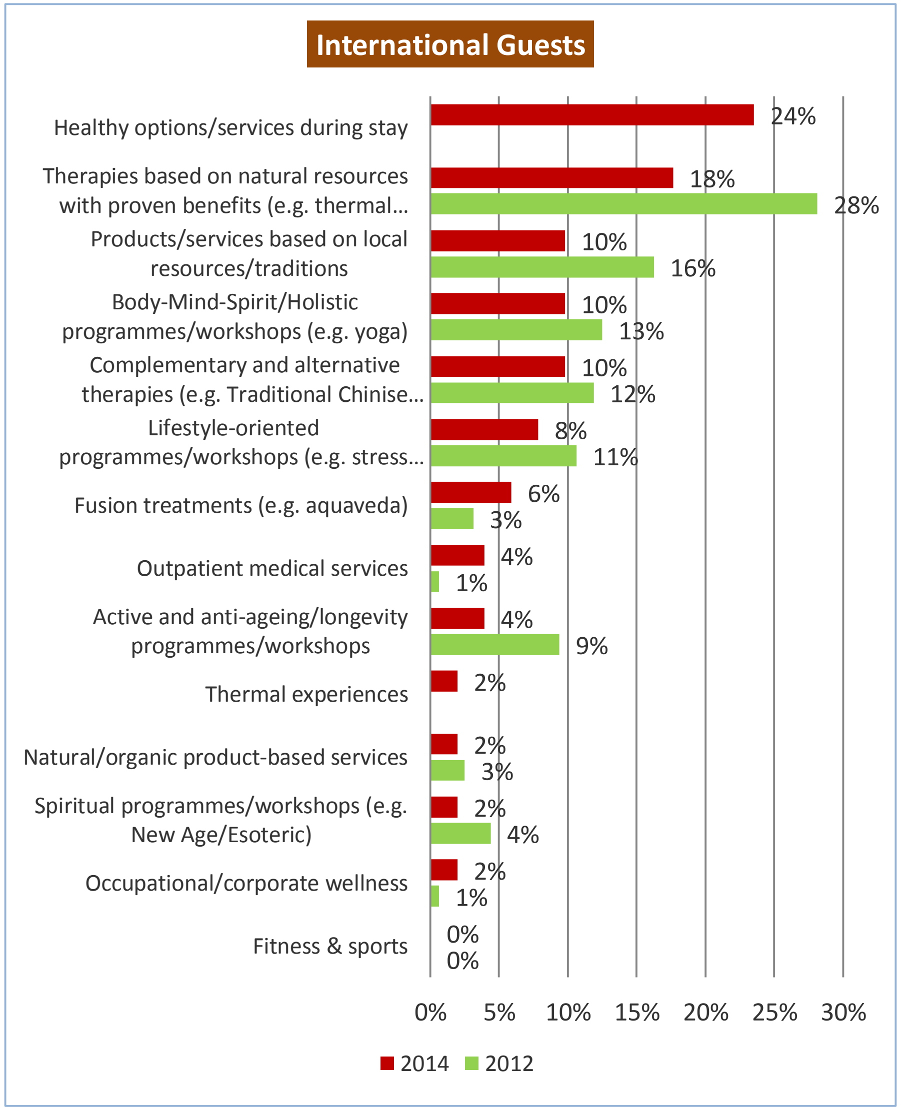
0% 5% 10% 15% 20% 25% 30%
2014 2012


International Guests
Healthy options/services during stay
Therapies based on natural resources with proven benefits (e.g. thermal...
Products/services based on local resources/traditions
Body-Mind-Spirit/Holistic programmes/workshops (e.g. yoga)
Complementary and alternative therapies (e.g. Traditional Chinise...
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2014 2012

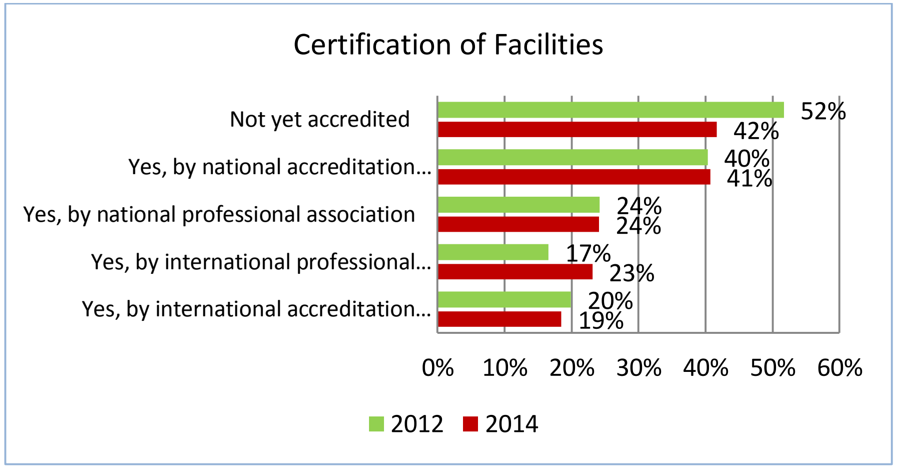
Certification of facilities

Accreditation or certification are still two of the serious business questions many service providers have been considering, especially since the spa world does not have internationally recognized standards. The main objective of certification is to ensure a certain level of quality based on the pre-approved protocols, which define how any element of the service would fit the whole picture. Some 60% of IWSTM participants have already gone through some kind of certification process, which is a significant change from 2012/2013.

Based on our research it seems that fewer and fewer wellness and spa facilities have not yet been certified. These certifications can come either from state or industry organizations or third party companies and organizations (that are specialized in accreditation or certification). IWSTM participants named the following types of accreditation organizations:

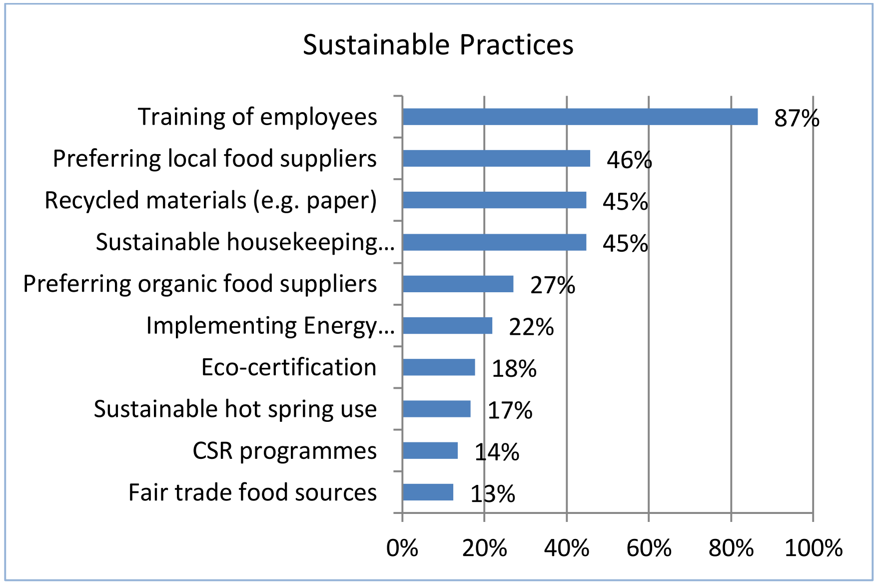
- National bodies
  - Health ministries
  - National accreditation boards
  - State-led medical/wellness associations
  - Eco-labels
  - Tourism authorities
  - Country industry associations
- International initiatives, e.g.:
  - ISO standards
  - ISPA
  - Hotelstars Europe
  - Europespa Med/Wellness

As said, the industry is lacking a global set of standards, but many believe that it is not needed at all (note: ISO is about to launch its spa standards in early 2016).



Sustainable practices

Sustainable practices are really taking a big turn in wellness and spa facilities. We can map a wide range of approaches and tools from staff training to fair trade food resources and CSR programmes.



Concluding Remarks

IWSTM does not collect information from end-users, only from operators and owners.

We believe that collecting information regularly from the market players provides the industry with special insights and market intelligence about trends and performances.

Our focus is tourism and tourists but to understand what tourists want and how they do things necessitates the understanding of how local guests may use wellness and spa services as well.

Only a certain segment of the wellness and spa supply caters for domestic and/or foreign guests. In our last 2012/2013 monitor we paid very special attention to breaking the data down to facility types, since the guest mix is determined by the type of facility in question.

Our current 2014/2015 Monitor applied a simpler approach. We decided to run a detailed market benchmark every other year, i.e. in 2016 we will publish a more detailed version of IWSTM.

Should you wish to learn more about where the world of health tourism is going look for the second and revised edition of our book titled: **Health, Tourism and Hospitality. Wellness, Spas and Medical Travel** (published by Routledge, in Q4 2013).

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