



Our Traveler's Health: A Matter of Life and Death

General Session: Research

Wednesday, June 6th 2012 9:25am - 9:45am

Paepcke Auditorium, Walter Paepcke Memorial Building, The Aspen Institute

Speaker:

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Transcription:

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ANDREA FOSTER: As you are traveling here, or any of your travels, as you're certainly around the world a lot, I wonder if you've ever seen any of these travelers. I see these travelers all the time, and it's really very sad. You see the multitasking woman who's driving, eating her bagel, talking on the phone, holding her coffee, trying to get somewhere quickly. You see a very depressed gentleman here who is clearly very sedentary. You see people eating terrible things.

What really started me on this was several years ago when I saw someone eating next to me on a gate who had an extended belly, he had a cinnamon bun he was balancing on it, he was drinking a coke, and it was 7 o'clock in the morning. I started to think — how many times a year does he do this? Is he traveling 100-150 days a year? How often is he putting his body through this, basically, because he is unable to find healthier things new to eat and many other type of things? How much exercise is he getting? Is he getting a good night's sleep? And from the way this man looks — certainly no.

This vision is becoming so frequent that a Princeton professor put an article out in March of this year suggesting that the growing number of oversize passengers should pay higher pieces for airline seats. So if your bag weighs more than 50 pounds, you are charged a fee, so what if a person weighs more, tips the scales? Kind of interesting things.

Typically when I follow Jan speaking, I present a lot of quantitative data, so this is a bit different for me. I began thinking several months ago about what to present, what are the really key things that we should be talking about here? I was aware of a

confluence of trends and perspectives. First, we know when we've been talking about spas have been extended just beyond the four walls of the actual spa, and we're talking about wellness such that we've added wellness to the Global Spa & Wellness Summit.

Next this year's theme, Innovation through Imagination, looking ahead to the future, also got me thinking. Additionally, I do recognize that we have an international audience here, international trends. At PKF the research we do on hotels and spas is U.S. based, so I am presenting a lot of U.S. data here. I just wanted to recognize that there is an international view here, but I think that this is still relevant and important to consider. I also held tight to the idea of hotels, the focus of hotels and how hotels meet spa and wellness since that is an area that we report on at PKF Consulting: hotel and spa trends. Lastly, I also thought about the wise words of a mentor of mine who is a vice chair here at the Global Spa & Wellness Summit, Philippe Bourguignon. He said, "Keep the vision intact, and the economic model is a subset." So it was here that I saw that opportunity that lies before us.

We hear plenty of information about that state of our nation's health. Leading causes of death in the U.S. include heart disease, cancer, stroke and diabetes. We've talked about it a great deal over the past three days; Dr. Carmona spoke about it a lot as well. And in the last three years our nation has reached its highest obesity level after dramatic increases over the last 20 years. We certainly know that genes play a part in these statistics, but research has shown and was shared here at the Summit that lifestyle, including nutrition, activity, hydration and stress levels, play a key role in determining which of us will become just another statistic. Age plays a factor in increasing the likelihood of these diseases and conditions the older that we get. In other words, continuing an unhealthy lifestyle as you age is like a momentum-building train that ultimately plummets off the end of the cliff. There are nearly 80 million baby boomers, the first of which turned 67 this year. So millions of Americans are living with chronic diseases that prevent them from living active lifestyles, and the indicators are that this will continue to increase.

With more hotel rooms sold in 2011 than any previous year, we are traveling more than we ever had before. Back to the comment of coming here and the stress that travel takes has on us — stress has become interwoven with travel these days: the stress of flying; airport security; to the fast-paced business we are doing when we travel; to the vacations that the stressed individuals take in order to relieve them of it. It's no wonder that we are the unhealthiest that we've ever been. From the hotelier's perspective, a specific number of resources [are] dedicated to creating competitive advantages between properties to ensure that a guest chooses your hotel over the competitors. Frankly speaking, it will no longer matter whether a guest chooses your

hotel or your competitors if they're dead. Or if they're suffering from chronic disease — sorry to be so blunt — prevents them from having a lifestyle that includes travel.

Hotel performance, hotel asset value, all the things that we measure in the hotel industry, is based on a consumption of continued demand, and for this we need a population that is able to travel. So there is a silver lining: We as a population are growing ever more aware of the dire straits that we are in, and we're beginning to make small strides in a better direction. At PKF, [we] started to look at the relationship between oil prices and travel, where people are giving up spending in order to spend more money on gas. [PowerPoint] Here's an example where, if you look in the pink bar here, halfway down, you'll see that this is the oil spike that began in early 2002 and went through mid-2005. You'll see at the very top that obviously more money was spent in people's budgets on gas and the trade-off was all of these other areas that they stopped spending. You'll see in this particular timing of the oil price spike, health and personal was a tradeoff, and spa and wellness fits into this category. People began spending less on them taking care of themselves because they needed to put gas in their cars. However, looking at the reaction five years later, the subsequent oil spike starting in 2007, consumers actually increased their spending in health and personal. Now see that this bar has gone up, and they traded off other things such as not buying a new automobile quite as quickly. This is an important psychological shift in the priorities that are placed in taking care of one's health.

We also see this popularity in the growing population of places like Whole Foods and others [and] in the creation of intense fitness programs like the Tough Mudder that's shown here on the right. In 2011, 40,000 people went through the Tough Mudder course, and in 2012, they're projecting 400,000 people going through it, so a 10-fold increase.

It's not just individuals who are beginning to pay attention to their own health: Even the U.S. military, through work with the first lady, is adopting nutritional guidelines and menu standards at their facilities, at their bases, through a program called "Food Transformation Initiative." In addition, they're creating fitness programs to fight obesity in military families.

How are these positive trends extending to the hospitality industry? First, I have to share a few numbers. Looking at hotel spas specifically — after several years of decreasing revenues, hotel spas saw increase in revenues in 2011 and have anecdotally shared in conversations that I've had [with them] that they're not only beating budget this year, but they're actually reporting their best month's response they've ever had, when comparing the early months of this year to previous years that same month. This is good news.

Through our research we've plotted the change in hotel spa demand along the trend of Maslow's hierarchy, where spa's demand is more severely impacted in an economic downturn than a hotel's revenue per available room, and where recovery happens first in hotel demand: its shelter. Then in food and beverage spend, sustenance, then in room rate growth, and then in hotel spas, which would be categorized in the self-actualization bank of the hierarchies. That's when hotel spas begin to show recoveries at that point in time.

There is more data available if you look on your USB sticks. I've shared the "2011 Hotel Spas Trend Report" from PKF Consulting with all the delegates, as well as a handful of slides showing up-to-date information on hotel spa performance. So when you're excited for data — what Jan got us all excited for this morning — there is more you can go see. With strong growth and hotel profits forecast for the next few years, we also anticipate strong growth in hotel spa revenues and profitability.

We do know that spas are only one aspect of multifaceted wellness. In hotels, spas are found in 62 percent of luxury properties and 12 percent of upper-scale properties, according to Smith Travel Research. Less than one percent of properties in lower categories have spas, which is certainly understandable from a demand and a positioning standpoint, but that doesn't mean that these other hotels and guests staying at hotels and spas shouldn't have wellness as part of their consideration.

What is the hospitality industry doing to care for the wellness of our hotel guests? Based on the statistics I presented earlier, we can comfortably assume that our hotel guests fall along this continuum. On the very left, they need to embrace a healthy lifestyle in order to avoid chronic disease — whether they are actively doing anything about it or not, they're in dire straits. Somewhere towards the center, they're opened to positive change, and as we know, when people are traveling, they tend to do things they wouldn't necessarily do at home. They're out of their routine and may be more open to trying something new. Or they're living healthy lives and expect to be supported in doing so when they are traveling.

At any point on this continuum, the need for the hospitality industry to take an active role in supporting the overall health and wellbeing of our hotel guests, [is] very important. Isn't it truly the ultimate in hospitality to take care of the wellbeing of our guests?

To that end, we interviewed executives at five top hotel companies — three of which represent multiple brands — to understand where wellness falls in their priority

hierarchies. Here I'm going to share three particular innovative companies and what they're doing to focus on guest and employee wellness?

First Mandarin Oriental: The leader in the hospitality, spa and wellness initiative, and it's communicated at the highest level of [its] brand communication. Evidence of this — this photo is what you see when you first go to [Mandarin Oriental's] website: a calming water image, relieving stress, bringing balance. Guest wellness is a top priority of [its] brand. [It provides] tranquil environments, five-star spas described as an oasis of calm. [It has] urban hotels that are extensions of [its] four wellness retreat hubs supporting a spa and wellness program based on Chinese medicine. And [it has] a natural path nutritionist who oversees guest menus and employee meals with a focus on healthy options and not spa cuisines, so there is truly something for everyone.

Andrew was kind enough to share with me an analysis Mandarin did in 2011, guest-based out of one of [its] international urban hotels and shared some statistics. I'm going to share them in U.S. dollars so we don't identify which property it was, but [it] found that a non-spa-goer stays about 2.7 days and spends \$2,200 during [his/her] stay. A spa-goer stays 3.7 days and spends \$5,500, so that's 2.5 times what the non-spa-goer spends. The difference is between \$4 million and \$5 million in a single property. Though these figures are specific to a specific urban property, a cross analysis of other properties produces similar analysis in increase of spend and length of stay are regardless of the urban destination. So thank you for that information. I wanted to give you a little international perspective as well.

The next I'll share is Westin. I call this the happiness hotel, and those are my words and not a new brand positioning. Westin has launched an innovative wellness concept in the hotel industry based on the fundamentals: positive psychology. The core of this I do not explain anywhere as near as good as Jeremy does, but we create a positive experience for our guest that ends on a peak note. We will have positively impacted their happiness and increased their likeliness to return. By increasing their happiness, their stress level is reduced. The less-stress focus is carried through Westin's website and core brand presentations, where I found these images on the right-hand side on [its] "About Westin" page. There are many ways that they do this, both in and outside of the spa itself, so the spa itself, The Heavenly Spa, and extensions such as the super foods or menu that they have created. With service based on the fundamentals of positive psychology, they're leaving feeling better than when they arrived. So applying positive psychology, one could draw the conclusion that over time and with repetition, a positive impact can be made on guest propensity for stress and lifestyle-related illness and disease.

The third I'll share is called "the new team player" because this is a proposed hotel. The Intercontinental Hotel Group defined 17 million Americans who desired to stay healthy on the road, but report that they fall off the wagon when they do. [The hotel group asked] themselves, "What's one of the biggest consumer trends out there?" and this, in fact, was it. So [the group] created an upscale brand that would compete with the Courtyard and the Hilton Garden Inns in the world. It's focused on healthy food, more convenient fitness options, a better night's sleep and increased productivity. By extending this into the upscale market that is not in the luxury set, they are extending this to more people, and these will launch in 2013.

I'm going to quickly go through the brand survey results we found, and as a priority — these are for the five hotel groups, multiple brands that we looked at — wellness ranked between six and 10. Famous offerings of fitness rooms in spas are still more prevalent than innovative wellness options, whether it's healthy cuisine or intentionally calming environments and the like. Newer brands are more readily embracing wellness as a core part of their mission. And wellness-related leadership exists at the highest levels.

The majority of hotel company respondents offered structured wellness initiatives for their employees. They all agree that wellness is increasing or significantly increasing as a priority overall both broadly and globally, as well as for their hotel companies specifically, over the next five to 10 years. They also reported focusing more on marketing wellness at the brand level through advertising and communication with the staff of their property, whereas promotion on their website was less important and less of a priority. This was actually what we found; we did a little study and went to 19 different brands' websites to find out how easy it was to find their spa and wellness philosophies, facilities and offerings. We found it was roughly a third, a third, a third to whether it was "easy," "moderately easy" or "difficult to find," or really just "difficult" or "unable to find."

There's a cost to all of this. Chronic disease is the single-biggest director of health care costs. I want to go through all of the statistics on this; we've heard it in the past few days, but it is absolutely and utterly staggering. SpaFinder put in [its] "2012 Trends Report" a section on employee wellness programs in spas, and as healthcare costs increase, companies will shift focus to prevention in order to reduce costs. Spas and hotels are uniquely positioned to provide support in this effort.

From the hotel industry perspective, we must take the initiative to offer wellness-oriented facilities, amenities and services to our guests, as we will reach a tipping point when company wellness programs and employee incentives will demand this of us. Though making wellness a priority for guests and employees all comes down to a

matter of dollars, it is the right thing to do. Remember: “Keep vision intact, the economic model will follow.”

Here are a few ideas to consider: How can the spa and wellness industry and hotels work together to improve the wellbeing of our guests? Here are just a few examples that I put together; there are so many more, and this merely scratches the surface. We can embrace corporate responsibility to not only do well, *but to do well*. We can offer healthy, green operations in our facilities. We can offer calming, rejuvenating, stress-reducing environments. We can add healthy menu options to our restaurants, our cafes and our shops. We can create creative fitness and activity solutions — an example from Even Hotels is [it is] putting in a bar in the closet that will double as a chin-up bar, so you could do exercises in your room. We can establish strategic partnerships for wellness-related guest offerings. This avoids having to build new spaces and hotels and allows you to use your local environment, providers and community in order to provide these services to your guest. Truly we can care about the wellbeing of our hotel guest and communicate it through our facilities, our amenities, services, products and delivery of the ultimate hospitality. Ultimately these offers will only be as successful as the support given from our industry leaders, each of you here today.

Today I leave you to ponder these questions. With our innovation, imagination, passion and perseverance, could this be the vision of our nation’s future travelers? In what groundbreaking ways can the spa and wellness industry and the hotel industry, each of us, all of us, work together to support this vision? Can we imagine this world?

Thank you.