

ASIA: CHINA

1. What is currently making news in your country when it comes to wellness or wellbeing?

The Health and Wellness industry has been growing rapidly in developed countries whilst in China the health industry is still in its early development stage. Recently the government has put “Health and Wellness” as a national strategy and is predicting a US\$1.6 trillion market value in wellness, health and medical industries.

In the high-end customer group (those who own more than US\$1 million in assets) 88% are willing to invest in health, and health ranks first amongst needs of education and social responsibility. (Hurn Research Institute Survey)

With an increase in health management awareness, people are choosing to relax in spa centres, join fitness clubs, use health devices or APPs, check their body regularly and purchase different types of health care products to better manage and improve their health. According to the Boston Consulting Group estimates, ‘Due to insufficient knowledge in health products and no trust in product promotion, brand and reputation of products and services becomes important and the first thing the consumer considers. However, as a traditional health service, TCM is welcomed by people of different ages to improve their body health.

2. Please provide one sentence that describes what you think are important developments in your country for each of the following:

Hotel Spa: Many five star hotels are tending to re-position or upgrade their spa centres. Offering a relaxing place only no longer satisfies the guests who are looking for more integrated and holistic health services from their hotel spa experience. This encourages hotel spas to create and provide wellness services that address guests’ body, mind and soul balance.

Beauty Spa: Beauty spas have seen huge development in the China market, and now show increasing segmentation with specialist beauty spa’s such as weight loss, freckle removal, breast beauty etc. These are able to quickly attract guests, but overlook guests’ holistic wellness improvement due to their limited services. However, several spas, with central locations and high-tech products and services, targeting mid-high end business people, have very clear brand positioning, and provide integrated wellness services and multifunctional packages, which enable guests to have brand new wellness experiences.

Destination Spa: Very few destination spas have been developed in the China market, the closest are hot spring hotels that have started to offer wellness

packages. Interest in establishing Destination Spa's is however growing rapidly and several are expected to open in the next few years. Qin Wellness a 25000 sqm, 80 room property, in Haikou, will open in 2017 as possibly the first full service destination spa in China.

Wellness Tourism: Wellness tourism is perhaps the fastest growing market. 80% of Chinese see travelling as a way of stress relief. According to Ernst & Young, the Chinese tourism industry will outpace that of the U.S., and wellness tourism will be growing as overseas travel grows. The factors that drive Chinese wellness tourism are government support, growth of income, deteriorating health conditions, and increase in health management awareness.

Wellness Living Communities/Real Estate: Very little development to date. Many properties are themed as 'wellness living communities/real estate' however they offer little beyond natural resources – such as sunshine, beach, or meeting the Chinese green building standard. The market is increasingly aware of the importance of wellness living and more wellness living communities are expected. For instance, many of the top real estate developers are considering large scale developments with wellness as a core value.

Beauty: The market value of the beauty industry is 3 Trillion RMB (US\$0.5 Trillion) per year with steady growth of 15% every year, which is moving even faster than the increase in GDP. According to the China Beauty Economy Annual Report beauty ranked fifth in value following consumption in real estate, vehicle, e-communication and tourism.

Fitness: A report by IBIS World estimates the current value of the gym, health and fitness industry at US\$5.14 Billion. In 2004 IBIS estimated there were 1413 fitness centres, generating US\$582 million and this grew to 5749 fitness centre and US\$3.69 billion in 2012. Fitness is now very popular in China and services have continued to improve. A few top fitness trainers with U.S. ACE certificate are working in fitness centres in Beijing and Shanghai, charging more than US\$300/hour.

Nutrition: Older Chinese have long understood the value of nutrition, when to eat what and why, however the knowledge that formerly passed from one generation to the next has started to be lost as the newer generations suffer consequences of urbanisation (convenience foods, limited time). This has opened opportunities in the nutritional supplements market which offers assistance with everything from reducing blood fat, anti-fatigue, beauty, weight loss, reducing blood glucose, enhancing sleep and vitamin supplement. Enhancing immunity, reducing blood fat, anti-fatigue and vitamin supplements contribute 50% of overall nutritional products.

3. How would you describe the state of workplace wellness in your country?

Work place wellness has historically been limited. In 2012 Regus surveyed Chinese employees and 73% reported their jobs were a source of stress indicating that corporations aren't addressing work place wellness successfully. Many companies do have weekly fitness activities for their employees to join and the recent national strategy to focus on health and wellness will start to have a positive effect on work place wellness.

4. What has been the general attitude about investing in spa/wellness in your country in 2015? Specific examples?

Mr Zhao, president of the Changian Group recently said 'the first half of my life I devoted myself to the real estate industry. The second half I will dedicate it to bringing a brand new health and wellness lifestyle to the China market. These comments represent a great number of investors who want to enter into the health and wellness industry.

In a country whose real estate market is suffering because of poor positioning and product Health and Wellness is seen as a beacon of light. Octave Living by IMC is an example of a huge property development based around wellness.

5. Whose responsibility is it to create a well world?

Establishing a well world is everyone's responsibility. From government and related departments, including wellness supporting policies to master planning, architect design, interior design, furnishing, operation, all parties should be responsible for creating a well world.

SUBMITTED BY:

Name: Joy Menzies and Kristy Kwan

Title: MD and Project Director

Company: Destination Spa Management China Ltd.

Email: joy.menzies@dsmgurus.com and

Kristy.kwan@dsmgurus.cn

Phone Number: (+66) 817 535 154 and Kristy (+86) 139 2513 6684

