



NORTH AMERICA: *Mexico*

ECONOMIC CLIMATE

In 2009 Mexico experienced one of the most dramatic drops in tourism due to the combination of Influenza, perception of unsafe conditions and economic down turn.

It was not uncommon to see occupancy levels as low as 10 %. This negatively impacted the spa industry and prompted the introduction of highly discounted rates and incentives to entice travelers. Additionally spas were forced to reduce their work force and in some cases it was necessary to close.

On a more positive note it enhanced the relationships of the private and public sectors. Additionally Federal and State governments allotted funds for the promotion of tourism in all troubled areas. Stronger committees to promote regional tourism were created and businesses went from competing to collaborating.

The industry turned to its local market in order to survive. Most of the destinations that previously relied on international travelers had to invest in sending a welcoming message to the Mexican markets, as well as adjusting its pricing accordingly.

STATISTICS

I would venture to say that some of the most interesting statistics in Mexico and specifically in the Northwest region are related to the shift from international markets to national markets, and the focus on the creation of an inelastic market based on medical and wellness spas.

The Baja region historically targeted the U.S. market and counted on its disposable income and available credit to grow its resorts, vacation homes and spa industries. This of course collapsed in 08/09 and most of the unfinished projects were abandoned.

The medical and wellness spa industry in the region has caught the attention of the tourism secretary and the tourism sector, and is viewed as an opportunity to bring back the U.S. market to the region. Some examples they looked at closely are Rancho La Puerta and Sanoviv, a destination spa and a medical spa accordingly.

The trend shows that India is the preferred global destination for medical tourism however Mexico leads as the preferred medical destination for Americans. This trend has inspired leaders in the industry to place medical and wellness spas as a priority in its growth strategy.



SPA INDUSTRY BRIEFING: *Mexico*

As a result the Governor of Baja California has signed an agreement with the tourism industry to support this trend and has assigned resources for the promotion of such facilities in the state.

INNOVATION

Mexico's spa industry is in a very young and not so organized stage and is greatly influenced by the trends in the United States. These trends are seen primarily in the resort towns. As Mexico's spa industry matures more sophisticated brands will be leading the way.

More effective designs are being introduced in order to make spas viable businesses, and the primary focus for the design of the space is based on the culture and character of the area.

The primary market is Mexican nationals and we continue to see women leading the way, but are now seeing more business men using these facilities. Mexico's main cities are enjoying an increasing number of citizens with more disposable income, whose lifestyle embraces the use of spas for wellness purposes.

The wave of indigenous treatments based on ancient communities has been a saving grace for the spa industry in Mexico. Most spas embrace the ancient traditions of the Mayans, Aztecs and other lesser known but important tribes. Our traditional remedies have proven to be effective and are backed by scientific studies and the use of herbs and medicinal plants play an important part of a spa's identity.

Organic and regional products are the preferred choice, but some European brands have gained a strong presence at the spas. The trend for sustainable products and practices is supported by the vast majority of Mexicans.

Rancho La Puerta has taken advantage of the challenges that 2009 brought to Mexico to revisit its operating practices. By maintaining and enhancing its leadership as an innovator, and promoter of green practices and evidence based treatments and programs. We have continued to promote wellness as a vital element for all humans, and have taken a stronger stance in social responsibility and responsible tourism.

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