



EUROPE: *Monaco*

ECONOMIC CLIMATE

The Principality of Monaco's hotel inventory is primarily in the first and deluxe class categories with 2500 sleeping rooms. Monaco's spa facilities are either situated in these hotels or with direct access to the hotels (Willow Stream at the Fairmont Monte Carlo, ESPA at the Hotel Metropole Monte Carlo, Les Cinq Mondes at the Monte Carlo Bay Hotel and Resort and Les Thermes Marins with direct access to the Hotel Hermitage and Hotel de Paris.) The spa industry in the Principality is driven by tourism demand although some revenues are derived through memberships of local residents. Visitors enjoy the pleasures and benefits of spas as part of their overall experience in Monaco and the region but do not book the destination solely because of the spa. Due to the recent economic turndown, Monaco had a drop of 17% in bed nights from 2008 to 2009.

The hotel and spa market were affected by:

- a) The weak dollar and pound vs the Euro
- b) High unemployment rate
- c) Concern about the H1N1 virus

As a destination representing the epitome of luxury, cost and perception during the recent economic crisis has led to a significant drop in guests and revenues. Of Monaco's visitors, 77% are individuals coming for leisure purposes and the balance are participants in meeting and incentive travel programs.

Individuals were more reserved with vacation plans as they saw their portfolios drop in value. Corporations cancelled many meetings and motivation trips due to the AIG effect. Both audiences utilize spa services. The spas that cater to local consumers fared better than those dependent on the spending of travelers.

In Monaco, due to the general wealth of the population and their interest in health related services and their desire to relax, spas have been able to maintain a fairly good balance between revenues, therapist productivity and profitability.

Investors have been concerned regarding return on their investments which has resulted in the postponement and cancellation of future spa projects; however, Willow Stream proceeded with its plans and opened 9 months ago. To protect profitability, spa managers have had to be more vigilant to ensure a profit margin. Managers have had to give service a priority as customers are more aware than ever of the value for their money.

OPPORTUNITIES

Due to competitiveness, The Monaco Government Tourist Office is forging partnerships with key players in the destination to ensure consistent communication via e-mails, newsletters, social media to the press, and tour operators specializing in the wellness market. A study is being conducted on client expectations and what would be best to entice winter offers.

The government is encouraging all spa operators to ensure that their product lines are organic and biodegradable. Hotels, spas and restaurants are being encouraged to expand their menus to include more light and dietetic offerings.

The SBM Group has been using the time during this difficult period for the training of staff. Staff performance and quality service will drive frequency of visits and pricing as business returns.

With the growing interest in wellness and medical tourism, the Principality of Monaco has an opportunity to draw clients as there are two very reputable facilities with global reputations: The Cardio Thoracic Center Monaco Institute of Sports Medicine and Surgery.

SUBMITTED BY:

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The logo for Monaco, featuring the word "monaco" in a lowercase, rounded, sans-serif font. The letter "o" at the end is replaced by a solid red square.

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