

THE AMERICAS: UNITED STATES

1. What is currently making news in your country in spa and wellness?

According to SRI International, the USA is the largest spa, wellness and wellness tourism market. While there are several trends making headlines, some social and health realities are first needed for context:

America famously suffers from a healthcare crisis: More than a third of adults are obese — forecast to rise to half by 2030 — and half live with at least one chronic health condition (CDC data, 2014). We spend more on healthcare than any nation, but our healthcare outcomes are consistently ranked among the lowest worldwide. Americans are stressed out: working more hours than any country, but taking some of the least time off at just 10 days per year (International Labor Organization, 2014 and Expedia data, 2013).

These realities portend opportunity and growth for the spa and wellness industries. Consumers' appetites for the latest fitness, yoga and healthful lifestyle trends seem to be growing in multiple directions, particularly in urban centers, where everything from juicing to locally sourced foods, meditation to Pilates, and even fashion, is being driven by a multi-faceted wellness revolution.

And with the US economy strengthening, innovation and expansion are clearly afoot. Top highlights include:

Spas: One spa industry headline is growth: ISPA/PwC's new data shows US revenues hit a record \$14.7 billion, spa visits a record 164 million and spa locations a record 20,183 in 2013. As spa-going has become mainstream, a key trend is ongoing growth for affordable spas — from big chains like Massage Envy (1,000-plus locations) to an explosion in ethnic (Thai, Korean, etc.) spas. And a hybrid “day wellness” model is rising: spas offering more yoga/fitness classes, and fitness studios adding spa treatments.

Healthy Hotels: Traditional hotels are working hard to secure “healthy” stamps, with most big brands (Fairmont, Marriott, Sheraton, Trump and more) attempting to deliver new lifestyle programming (healthy food, fitness, yoga, sleep, free bike use, etc.) and design elements to attract

a growing, wellness-minded consumer base. Westin Hotels and Resorts has announced plans to invest \$15 million to help guests lead healthier lives. And new on the scene is IHG's EVEN Hotels — a fully integrated wellness concept, which just opened in two US cities, with more locations in the pipeline.

Branded Fitness Boom: Fitness brands are exploding — from “label-conscious” boutique brands to mainstream ones, including CrossFit, aerial yoga, SoulCycle, TRX suspension training and many others. There are also multiple hybrids of group classes surfacing well beyond the studios or gyms of New York and Los Angeles, often with the goal of being more fun, engaging and social.

The Yoga Lifestyle: Yoga and Pilates adoption is extraordinary: The number of Americans doing yoga has skyrocketed from 4.3 million in 2001, to over 22 million today, creating a \$27 billion market. The yoga and Pilates industry is one of the top 10 fastest-growing industries in the US overall, and this is spawning offshoots in the fashion and apparel industries, travel and entertainment, and more.

Mindfulness Top of Mind: Given most Americans' 24/7 work lives, and the increasing challenge to “unplug,” an interest in mindfulness and meditation is surging from classrooms to boardrooms. And in many markets, the historical “pampering” image of spas and “hippie” reputation of yoga — both long-time pioneers of mindfulness — have evolved to be more widely accepted, thanks in part to more medical validation of the effectiveness of spa and wellness therapies. We're now seeing yoga and meditation taught in American schools, prisons, the military, hospitals and workplaces, fueling and legitimizing both the effectiveness and business of wellness.

2. With the buzz about wellness technologies, how do you see spa and wellness establishments using wellness technologies in your country in the future?

The biggest buzz is wearable wellness technology, and the USA appears to be leading the charge. According to Nielsen, about 15 percent of Americans use some form of wearable health technology, whether FitBits, Nike FuelBands or the thousands of mobile apps tracking the number of steps we walk, the calories we burn and the quality of our sleep.

The concept may not appeal to all Americans (almost half of whom don't exercise), but estimates suggest the market could be as large as 100 million people, and it's clear that all this wired wellness should be a big opportunity for creating stronger client connections for the spa and fitness industries. Like it or not, 48 percent of American wearable users are under 34 years old, a telltale sign of what's to come. Additional signs of both demand and potential include:

Corporate/Employee Wellness: Employers are increasingly interested in tracking the success of employee wellness programs, which have had mixed results in the past. The integration of newer gaming and social aspects are also being trialed to drive greater employee engagement, and also to connect people with similar interests.

Staying Connected: There is a clear desire for owners of both spas and fitness establishments, as well as patrons, who have become friends, to stay connected outside the four walls of these kinds of properties. American gyms are out in front of spas in exploiting wearable devices to create stronger client connections. For example, the Equinox chain just rolled out an app that captures members' wearable device data to give people a simple picture of all their daily activity and progress, and then provides them with custom tips, content and class recommendations, along with the ability to share with others members.

Spas Need to Catch Up: Spas are too often experienced as sporadic “special events,” yet there's great potential in using wearable devices, apps and online classes to make the client bond, and to help his or her respective lifestyle changes to stick. At the same time, spas and wellness centers are increasingly safe havens from our digital-intensive world, which will breed opportunity for those able to help us to unplug and detox from the silicon in our lives.

3. When it comes to wellness tourism, what is happening in your country?

According to SRI International, the USA is by far the largest national wellness tourism market (\$167 billion in spending, international and domestic) — roughly four times bigger than number-two Germany. The vast majority of US wellness tourism trips are taken domestically, and the country ranks number two for outbound wellness travel. Thus the wellness tourism market is well established, and while the USA will take more wellness trips than any other nation through 2017 (46 million), the annual rate of growth (5.8 percent) will be slower than the global average (9.9 percent).

Nationally, this segment of the tourism market is not yet promoted, but there are interesting developments surfacing at the regional or city/state level. For instance, casino-focused Las Vegas (which also has some of the country's largest, most comprehensive high-end resort spas) has been aggressively marketing itself as a top wellness travel destination. And the state of Colorado has a multi-pronged campaign to brand itself as “the wellness state,” including public-private partnerships between the University of Colorado's Anschutz Health and Wellness Center and resorts like The Peaks and the Stanley Hotel, with the goal to create comprehensive, medical/wellness destinations.

In addition, every segment of the wellness tourism space appears to be growing: spas, yoga and fitness retreats, adventure/nature (hiking, camping) and hot springs. And wellness travel — whether for business or leisure — seems to be in greater demand, as are indigenous, authentic, “deeper” experiences that give more meaning to our otherwise fast-paced lives.

4. Please provide one sentence that best describes the latest developments in your country for each of these categories:

Hotel Spas: With increased competition from day spas, a continued surge in branded spa concepts (both in-house and third-party), rising demand from the wellness-minded consumer and the growing evidence behind spa and wellness modalities, there is opportunity for innovation and better marketing to both hotel and local spa guests.

Destination Spas: For the first time in over a decade, there have been new openings (Salamanca Resort and Spa outside Washington, DC), multi-unit expansion (Mirbeau) on and offshore (Canyon Ranch is now operating its Celebrity Cruise ship spa) and reinvention in this sector of the marketplace, as well as a distinct rise in “urban-close” destinations just outside city centers (Miraval at Natirar, one hour outside of New York City in New Jersey).

Hot springs Spas: In the USA, hot springs destinations have long been associated with the “funky” and “hippie-ish,” but now they are trendier and higher-end; examples include historic spots like Two Bunch Palms (Desert Hot Springs) or The Homestead (Hot Springs, Virginia) and new builds like Royal Teton Ranch Hot Springs at Yellowstone Park.

Wellness Living Communities: This concept has expanded beyond what was historically referred to as “spa real estate” and is now a hot trend, fueled by the desire to live well all year round. A wide variety of projects include everything from DELOS Living’s NYC apartments to mixed-use resort/residences to whole towns built around comprehensive, sustainable, community-based wellness (Serenbe, outside of Atlanta, Georgia).

Corporate or Employee Wellness Programs: Healthcare costs are devouring American corporate profits, so 79 percent of businesses have adopted some form of employee wellness program (far higher than any other country), with a new wave of programming focused on employees’ overall wellbeing (not just the narrow focus of yesterday’s smoking cessation, weight-loss and fitness-based programs).

5. Fast-forward five years and tell us what you think the spa and wellness industry in your country will look like.

In five years, I think that there will be much more focus on the business of wellness. With the Affordable Care Act — now mandating that insurers cover numerous preventative services and therapies already offered at today’s spas and wellness centers — you will also see a greater number of doctors and physicians prescribing evidence-based modalities (such as acupuncture, yoga and massage) for the treatment of chronic lifestyle conditions. And with all this will come questions.

Additionally, the consumer’s thirst for all things “well” will not dissipate any time soon and spans multiple generations in varying and growing degrees. This phenomenon should spawn a great deal of innovation and entrepreneurship, further pushing the spa and wellness industry to “fast forward.”

SUBMITTED BY:

Mia Kyricos

Chief Brand Officer

Spafinder Wellness, Inc.

mia.kyricos@spafinder.com

+1 212 924 6800

www.spafinder.com

