

NORTH AMERICA: UNITED STATES

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

All the ink is going to boutique fitness, fitness fashion, meditation, and juicing.

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

Spas: US spa industry is still highly fragmented and there are only a handful of national brands. Growth is occurring primarily in the non-luxury sector, the low cost, membership franchise model.

Wellness Tourism: Wellness tourism is feeding the insatiable appetite for wellbeing, spa and fitness experiences. Offered in conjunction or as an extension of a hospitality venue, programs such as boot camps, retreats, festivals, lifestyle educational programs all engage, and attract hotel and resort guests. Further, these programs activate the local community, and bring life, energy and drive incremental revenue, something all hotels and resorts are working very hard to achieve.

Wellness Living Communities/Real Estate: Demand for wellbeing living has continued to increase in urban and suburban markets. Enlightened developers are starting to expand the manifestation of wellbeing living—to incorporate more than traditional spa and fitness facilities. We are seeing development that foster wellbeing and healthy lifestyles through design, sustainability, environmental considerations, as well as programs and community centric measures. We have just scratched the surface.

Beauty: Personal care innovation is centered on prevention and beauty for skin, nails, hair.

Fitness: Boutique fitness studios are poised in the sweet spot of an attractive growing industry. The Boutique sector is a \$7B segment predicted to double in the next five years. Barre, yoga, spin, boot camp studios with premium experiences,

quality instructors, group energy and a strong sense of community are proliferating and stealing market share from gyms. The entrance and rapid growth of third party platforms such as Classpass are making headlines and disrupting the sector.

Nutrition: Food is more than nutrition. It is now viewed as a powerful weapon to prevent illness, improve sleep + wellbeing, and better lives.

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

On the positive end, workplace wellness is becoming more imbedded in company culture, more part of the fabric of the workplace. Wellness in both the physical and cultural sense. Think how those that play together, stay together. It's about creating bonds, which improves camaraderie, team-building, employee engagement, and general workplace happiness, all of which are growing in importance especially among millennials.

On the other end, workplace wellness programs are controversial because they are focused on measuring results and tying them to reduced benefit costs. The tracking and measurement has led to discrimination concerns and privacy concerns. Perhaps the perspective should be shifted *from measurable programs to desired programs*. Every organization has a unique employee profile, and one may be drawn to mindfulness training and on-site yoga classes while another wants smoking cessation and stress management programs. If the members of the organization have a voice in the selection of programs, the compliance and participation might be higher. And then, the programs would generate higher engagement and improved sense of community, and—better outcomes!

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

The spa/wellness sector has garnered substantial interest from the private equity community. They are especially interested in early niche concepts which had not been well developed. They paid for potential and assumed that immediate growth was the priority, leading to investing in the company's infrastructure to grow the business at a rate 3-5X of its previous level.

The barre class segment has seen real investment and most are using the franchise structure for future company growth. Pure Barre, Bar Method, XTend Barre and Barre 3 have benefited from recent investment. Yoga Works was recently sold to a new private equity firm. Barry's Boot Camp was another benefactor of this movement.

Soul Cycle is about to go public. Flywheel also received private equity investment. And Class Pass, a marketing aggregator, has received significant venture funding in

the last year. The studio concept is being studied regularly, especially by private equity firms who are not current investors in the space. This is a "hot" targeted segment.

There are two major transactions that occurred this year in the spa sector. Hand and Stone, a franchise mid-market membership spa brand was acquired by Levine Leichtman Capital Partners, and Catterton took Steiner Leisure private for \$925mm.

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

This is not a responsibility. This is an opportunity. Building a well world is a pursuit that offers hope for addressing real problems and the future of mankind depends on it.

Industry leaders and associations have the opportunity to thoughtfully identify, articulate and align around the problem, and agree on a shared mission and voice, and attract other enlightened leaders in business and the medical world to collaborate on the platform.

The pursuit is so big no one entity or collection of entities can be held responsible. This is a movement, a campaign. A good example is Koop taking on big tobacco. It was generational, and it worked, but over many years. Wellness is, I think similar. The time is ripe.

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