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spa business uniting the world of wellness



Susie Ellis (centre) with this year's co-chairs Neil Jacobs and Anna Bjurstam



Pete Ellis says the GWI will raise funds to help move the industry forward



International architect Bjarke Ingels spoke about 'hedonistic sustainability'



BRIGHT FUTURE

Fast Forward, the theme for this year's Global Spa & Wellness Summit, gave international spa industry leaders a glimpse of what to expect down the line – and it's promising. Katie Barnes reports on the annual event

The eighth Global Spa & Wellness Summit (GSWS) held in September at the Four Seasons Marrakech, Morocco, was the biggest summit to date. It attracted more than 400 delegates from 45 countries, representing key people in the global spa and wellness sector and related industries including ministers of tourism, private equity firms, real estate developers and architects. Their mission? To put aside competitive differences and come together

for the good of the sector to help it develop and to raise its profile. Or as the GSWS tag line simply puts it – 'joining together, shaping the future'.

In keeping with the summit's overarching theme of *Fast Forward*, delegates heard about the Global Wellness Institute's (GWI) plans to drive change in the sector. GWI, an umbrella body which launched last year (see SB13/4 p70), has been formed to attract investment from outside the industry to fund research and support other initiatives. It was revealed that monies will be raised via a newly-developed membership

structure – with tiers starting at US\$100,000 (£78,000, £61,670) a year – for leading companies, organisations and governments which share its vision for "empowering wellness within their own organisations, cities, regions or the world". In addition to members, GWI ambassadors will provide essential support with annual contributions of US\$1,000 (£788, £622).

Via collaborative sponsorships, the GWI will look to fund best practice manuals such as one on hydrothermal areas (see p90) as well as key pieces of industry research. Since inception, the GSWS has



Economist Kjell Nordström warned about a loneliness pandemic



Watch out for 3D product printing and robots in retail said Paul Price



Celebrating Africa: delegates donned bright-coloured kaftans, ate tagine and danced in the desert under the stars at the Arabian Nights gala dinner



commissioned sector-specific studies and figures from this year's report – the 2014 *Global Spa & Wellness Economy Monitor* by SRI International – were attention-grabbing. The worldwide spa industry is worth US\$94bn (€73bn, £57bn), employs an estimated 1.9 million people and has grown by 56 per cent since 2007, it was announced. It's part of a global spa and wellness cluster which SRI values at a whopping US\$3.4tn (€2.6tn, £2tn) and we take a closer look at this data on page 94.

Outsider influence

The 2014 co-chairs Neil Jacobs and Anna Bjurstram from Six Senses (see SB13/2 p30), along with GSWS president Susie Ellis, put together a roster of compelling speakers from outside the industry who provided fresh perspectives.

Retail guru Paul Price from Creative Realities looked at the shopping experience of tomorrow using technology that's yet to come and urged everyone in the room to "move technology into

your marketing department". He spoke about the importance of social commerce, pointing out that Instagram has already integrated a buy button, wearable tech (see p98) and painted a picture of an AI store. In the store, customers will be spotted using facial recognition technology and recommended purchases based on their digital profile. Although the AI store seems a while off, it does sound plausible for spas and we highlight another application for facial recognition systems in our Spa Foresight™ on page 37. Other things we've picked up on in our foresight that Price mentioned include both robots (see p33) and 3D printing (see p34) which could have huge implications for product houses.

From international architect Bjarke Ingels, delegates heard about 'hedonistic sustainability'. Using a number of thought-provoking case studies, he demonstrated how his firm, BIG, specialises in creating designs that are not only eco-friendly but also increase people's enjoyment. A standout example was an urban ski slope

he's developing around a recycling waste incinerator in Denmark. He suggested a new approach to spa architecture: "You not only have the ability, you have the responsibility to change the spaces we live in."

Prepare Yourself for the Urban Express was the theme of Swedish economist Kjell Nordström's presentation. The co-author of *Funky Business* said that "we're at the beginning of the fastest urbanisation in human history. In 2006, 50 per cent of people lived in cities. In 30 years time that figure will be 75-80 per cent. The world economy will be transformed from 200 countries to 600 cities." The trend will impact on health as well, with loneliness being a key factor. As the traditional family unit disappears, more people are living alone – even today, 50 per cent of households in most major western cities are those of single occupancy. Loneliness has severe ramifications for health and this is something else observed in the Spa Foresight™ (see p30), along with how spas might address the problem.



Delegates said 'yes' to Global Wellness Day, an initiative started by Belgian Aksoy (back centre), to encourage people to lead a healthier/better life

► Inside the industry

Each year, the GSWS sets aside time for sub-sectors of the spa industry – from education to hot springs facilities – to group together and discuss ways to tackle obstacles and to further growth. Where necessary, task forces are set up to work on points of action in between the summits to make change happen.

The focus of the **Hydrothermal Spa Forum** was the launch of the *Guide To Hydrothermal Spa Development Standards* which outlines health, safety and development guidelines of hydrothermal areas: one of the most technically complex elements of any spa. Top equipment suppliers including Design For Leisure, Barr

+ Wray and Thermanium all share their knowledge in the book which was edited by Cassandra Cavanah and is available via www.globalspaandwellnesssummit.org.

The **Hot Springs Forum** was buzzing from SRI's research which includes the first ever benchmarking of the worldwide thermal and mineral spring industry – a sector that's worth US\$50bn (€39bn, £31bn) spanning more than 26,800 facilities (see p94). It was agreed that the next move should be to measure how much money thermal/mineral spring treatments can save national health

services as this is what governments and the medical sector will take most note of.

In the **Corporate Wellness Forum**, delegates spoke about a desire for spas to come together to develop an industry-wide 'best offer programme' outlining the unique elements it can bring to corporate wellness. A relaxing environment and specialism in rejuvenation are two particular USPs that should be highlighted, they argued.

The talking point in the **Destination Spa & Wellness Retreats Forum** was a call to get behind Global Wellness Day, an initiative started by forum facilitator Belgian Aksoy who owns the Richmond Nua Wellness destination spa in Turkey. Launched two years ago, Global Wellness



We need to keep spreading the word about wellness tourism agreed delegates in the Wellness Tourism Roundtable Forum



African focus (left to right): Magatte Wade; Morocco's Minister of Tourism; and Elaine Okeke-Martin of Africa's spa association

What we need now is for more companies to offer spa internships, as it's something that's clearly lacking in the industry

Day falls on the second Saturday in June and the idea is to encourage people to change one thing in their lives for the better - whether its to drink more water, eat organically or to stop using plastic bottles. This June, Aksoy got celebrity support by taking Global Wellness Day to the Emmys and now she's calling for the spa community to become ambassadors.

There was lots of news from the Spa Education Forum. Its task forces have been busy creating a global framework for staff mentee and mentorship programmes, as well as a comprehensive internship manual which any spa can use or adapt. "What we need now is for more companies to offer spa internships, as it's something that's clearly lacking in the industry," said forum facilitator Lori Hutchinson of Hutchinson Consulting. Work is also well underway on creating a social media and PR campaign to attract more people to the global spa workforce.

"Treat staff the same as guests and give them the same access to wellbeing", was a takeaway point from the Hotel Wellness & Hotel Spa Forum. It was also recognised that if hotels and spas are to properly deliver wellness, they need to go way beyond just healthy food and look into areas such as sensory perception and brain energy.

It's no surprise that the Wellness Tourism Roundtable Forum co-chaired by Anni Hood, founder of Wellness Business Consultancy, and Josef Woodman, CEO of Patients Beyond Borders, was a jam-packed session. Excitement surrounding



Hot Springs Forum: new research shows the sector is worth US\$50bn and spans more than 26,800 facilities

wellness tourism - travel associated with the pursuit of maintaining or enhancing one's personal wellbeing - has picked up following the first Global Wellness Tourism Congress (GWTC) in 2013 and SRI's inaugural research showing that wellness tourism had an estimated value of US\$439bn (€346bn, £273bn) in 2012 (see SB13/4 p80). Indeed, that figure has already shot up to US\$494bn (€384bn, £301bn) as outlined on p94.

That said, the group concurred that continuing education about 'what is wellness tourism' is still required at government, public and private sector and consumer levels. Already, Yolanda Perdomo, a director of the affiliate members programme for the UN World

Trade Organization, has pledged her support in championing wellness tourism throughout the organisation. Another priority, echoing the point made in the Global Hot Springs Forum, is to quantify the economic benefit of wellness travel to the bottom line of businesses.

In summary, Hood said: "Here, in this environment, there's already great understanding and knowledge for wellness tourism. External to this, we still have many bases to cover but momentum and recognition is already evident."

All about Africa

With the backdrop of Marrakech, a new continent for the GSWS, much attention was focused on Africa, its growing economy and middle class, and what this means for the spa industry.

The Moroccan Agency for Tourism and Investment (SMIT) was one of the key sponsors for the summit and delegates heard about Morocco's ambitious 2020 Vision which has been implemented by His Majesty King Mohammed VI (see SB10/4 p40 and SB10/2 p64). "His majesty thinks of tourism as an opportunity to create wealth and jobs," said Morocco's Minister of Tourism Lahcen Haddad, who explained that the overall goal is to double the size of tourism in the country by 2020 - adding at least 200,000 tourist beds - to put it among the top 20 tourist destinations in the world. "We think that wellness and the spa industry is a real opportunity to help develop the tourism sector."



Closing toast: GSWs board members and organisers raised their glasses in celebration of a inspirational event

Magatte Wade, the CEO and founder of Tioissan – a luxury Senegalese skincare brand – gave a powerful talk about brands embracing African culture as the spa industry grows. “There’s a need to create more jobs on the continent and the spa industry is labour intensive so it’s perfect,” she said. “But... it drives me crazy to see Asian inspired spas. Why do I not find African inspired spas?” Africa has all the right ingredients for wellness, from the varied biodiversity which brings us everything from shea butter and argan oil to traditional healers. “What we have is so rich that it’s bound to make a difference to people,” she said, adding that she’s committed to fighting for authentic African brands both within the country and outside. “The last frontier is going to be through consumer brands – this is the way that we can change the perception that the world has of Africa. That’s what you people in this room can help me with.”

Meanwhile, in separate discussion with *Spa Business*, Elaine Okeke-Martin, the president of the Spa & Wellness Association of Africa spoke about plans for the organisation to represent all spa trade associations on the continent and about setting up partnerships with them. It will have board members and advisors from the spa industry in the north (Raoul Andrews Sudre), south (Janine Shipra), east (Alison Caroline Ng’ethe) and the west (Dzigbordi K Dosoo). It will focus on developing guidelines about what an African spa concept might look like and consist of, with a goal of promoting the continent’s spa sector domestically and internationally. Okeke-Martin also said plans are afoot

for an association magazine, as well as a conference next September in Mauritius. To top off the African theme, the GSWs hosted an Arabian Nights gala evening in the desert, complete with local artisans, bedouin tents, camels and traditional dancers. Delegates donned bright-coloured kaftans, dined on Moroccan tagine and danced under the stars in an evening that celebrated the best of African culture.

Mexico calling

In the final session this year’s co-chair Anna Bjurstam said: “Well, I’m standing here, with lots of ideas flying around my head. I think you’ve all had a lot of inspiration too, and I think it’s all very exciting that we’re just at the starting phase of big change [in the industry]. I’m looking forward to next year.”

Along with Neil Jacobs, Bjurstam passed the summit co-chair baton onto Gina Diez Barroso de Franklin and Alfredo Carvajal. Diez Barroso de Franklin, who was appointed to the GSWs board in January, is the president and CEO of Grupo Diarg, which specialises in promoting and developing Mexican creativity. Carvajal is the president of Delos International and Signature Programs and also has a lot of knowledge about the Latin American spa market. They will help to organise the 2015 summit which, it was announced, will be held in Mexico City, Mexico.



Mexico bound: the 2015 co-chairs are Alfredo Carvajal (left) and Gina Diez Barroso de Franklin (far right)

This will be the first time the GSWs will be held in Latin America. “It’s exciting [for the summit] to be in different countries and immerse delegates in different cultures because every experience is unique,” said Susie Ellis. The urban location was specifically chosen over more well-known Mexican beach resorts such as Cabo San Lucas and Riviera Maya as it was thought that most people won’t have been there.

Delegates will be in for a treat, Carvajal concluded: “Mexico is a place where I’ve personally seen some of the best spas in the world. And we’re going to try to create a wellness offer you can’t refuse!” ●



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The entire global spa and wellness cluster (including fitness) is a US\$3.4tn industry



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STRENGTH IN NUMBERS

The global spa industry has grown by 56 per cent since 2007 and is now worth US\$94bn according to a brand new study. Researcher Ophelia Yeung takes a closer look

It's been six years since SRI International released the first *Global Spa Economy* study in which it defined and measured the size of the global spa industry (see SB08/4 p40).

Many events have happened following that original study, which was commissioned by industry body the Global Spa & Wellness Summit (GSWS), including the global financial crisis, regional conflicts and natural disasters ranging from tsunamis to hurricanes and floods. So it's surprising to see that the spa and wellness industry has not only been growing but thriving. According to SRI's 2014 *Global Spa & Wellness Economy Monitor*, it's now worth US\$3.4tn (€2.6tn, £2tn). The research was revealed by SRI at the eighth GSWS held last month (see p88).

The global spa and wellness cluster outlined by SRI encompasses many industries that provide products and services to help consumers integrate

wellness into their daily lives, from what they eat and how they exercise, to how they live and work (see Diagram 1). SRI's research focuses on three components of this cluster: the spa industry, wellness tourism, and thermal/mineral springs.

Outpacing economic growth

Revenue in just the global spa industry cluster reached US\$94bn (€73bn, £57bn) in 2013, a 56 per cent growth from 2007, compared to a 31 per cent change in world GDP during the same period. While spa facilities are at the centre of this cluster, they're supported by other businesses such as spa education, consulting, media, trade associations and events and investment. All of these businesses also experienced robust expansion during this period.

During the same time, the world added almost 34,000 spas, bringing the estimated total to 105,591 spas in 2013.

Unsurprisingly, spa industry growth is not evenly distributed across the globe.

Sub-Saharan Africa and Middle East-North Africa are two regions that experienced the fastest revenue growth from 2007-2013. The spa sector in these regions is still small but stimulated by economic growth in some countries such as South Africa, Nigeria, the UAE and Saudi Arabia; and by robust tourism in others such as Morocco, Kenya, Mauritius and Botswana.

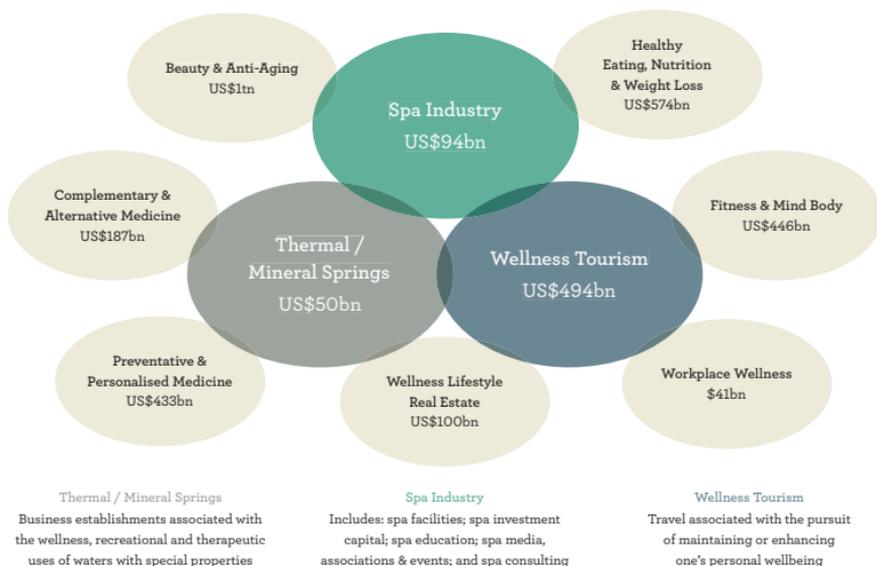
Growth in Asia and Latin America is driven by emerging markets such as China, India, Brazil, Mexico and Argentina.

Strong growth in Europe reflects the resilience of several major western European spa markets in the face of global recession such as Germany, the UK and France; and strong economic momentum to the east including Russia, Poland and Turkey.

North America, a mature spa market of which the US accounts for 89 per cent, grew modestly despite an environment of slow economic and job growth.

The five largest markets account for almost half of global industry revenue

DIAGRAM 1: 2013 Spa and Wellness Cluster: a US\$3.4tn industry*



*Note: numbers may not add up due to overlap in segments.

Source: 2014 Global Spa & Wellness Economy Monitor, SRI International

(see Table 1). Since 2007, China entered the top five markets, Russia entered the top 10, and Indonesia, Poland and Brazil entered the top 20.

However, the spa workforce needs to increase to accompany projected growth. Spas employed an estimated 1.9 million people worldwide in 2013, including about 1.1 million therapists and 200,000 spa managers and directors. If the spa industry continues growing at the same rate at which it grew from 2007-2013, then there will be a projected 2.7 million people employed by spas in 2018. An additional 500,000 trained spa therapists and 80,000 experienced spa managers/directors – above the current levels – will be needed by the industry in 2018.

Inaugural springs data

The *Global Spa & Wellness Economy Monitor* research included the first-ever analysis of the global thermal and mineral springs market, worth US\$50bn (€39bn,

Outpacing the economy: revenue in the global spa industry grew by 56 per cent from 2007, compared to a 31 per cent change in world GDP during the same period

€31bn) spanning 26,846 properties across 103 nations. In many countries and regions, the modern spa experience is rooted in the age-old traditions of bathing, rejuvenating and healing the body and spirit in thermal and mineral waters. This natural resource is enjoying a resurgence of interest around the world as consumers increasingly seek out authentic, natural and place-based experiences.

In the study, SRI estimated the revenues of business establishments associated

with the wellness, recreational and therapeutic uses of waters with special properties including thermal water, mineral water and seawater.

It was revealed that thermal/mineral springs without spa services are far more prevalent – they account for 20,343 establishments against the 6,504 that have spa treatment facilities. However, those springs with spa services and bathing facilities bring in significantly more revenue because, in most countries, bathing and swimming facilities alone earn low admission fees and are often traditional or rustic in nature. In fact, those establishments offering spa services earn almost twice the revenue as those without, US\$32bn (€25bn, £20bn) against US\$18bn (€14bn, £11bn) annually.

The global thermal/mineral springs industry is heavily concentrated in a small number of countries in Asia and Europe. China and Japan alone account for 51 per cent of global revenues. The

TABLE 1

Top 10 Spa Markets, 2013

	Number of Spas	Employment	Revenues (US\$ billions)	Rank in 2013 (2007 Rank)
United States	22,852	354,610	\$16.25	1 (1)
Germany	5,575	126,481	\$5.97	2 (3)
Japan	6,958	113,397	\$5.95	3 (2)
China	9,452	225,341	\$4.70	4 (7)
France	3,556	70,232	\$3.12	5 (4)
Russia	2,728	101,373	\$2.91	6 (13)
Italy	2,679	61,398	\$2.76	7 (5)
United Kingdom	2,964	52,908	\$2.51	8 (6)
Spain	2,432	45,381	\$2.14	9 (8)
Canada	3,658	42,771	\$2.04	10 (9)

Source: 2014 Global Spa & Wellness Economy Monitor, SRI International

► top 10 countries represent 88 per cent of thermal/mineral springs establishments and 85 per cent of revenues (see Table 2).

As the renewed interest in the special properties of thermal and mineral waters continues to pick up momentum, we expect to see an increasing number of businesses built around springs in the countries where the industry is less developed. In well-established markets in Europe, many countries are refurbishing their facilities and modernising their offerings to appeal to modern wellness consumers and travellers.

Wellness tourism and lifestyle

The global spa and wellness cluster outlined in the research also included wellness tourism which SRI defines as "travel associated with the pursuit of maintaining or enhancing one's personal wellbeing". In total, this represented a US\$494bn (€384bn, £301bn) market and 587 million trips in 2013. The number of trips grew at a 12 per cent annual rate – which is significantly higher than the 9 per cent SRI previous forecasted (see SB13/4 p80).

Besides the spa industry, thermal/mineral springs and wellness tourism, the global wellness economy includes many other industries that help consumers take a proactive approach to maintain health and prevent diseases – from healthy food, weight loss, anti-aging, fitness/mind-body, to wellness real estate and workplace wellness. These additional industries that help consumers realise a wellness lifestyle add a significant US\$2.8tn (€2tn, £1.7tn) to the global wellness market.

Strong future

The SRI research outlined four underlying trends that suggest strong future growth for the spa and wellness economy.

The first is demographics, specifically, the growth of a global middle class. Two billion people around the world are considered middle class now. They have money beyond food and shelter to buy goods that make their lives better. This includes wellness products and services. The global middle class is expected to grow to 5 billion in 2030. The growth will primarily occur in Asia, but also in Latin America, the Middle East and Africa.

The second factor is the evolution of how consumers think about health. Around the world, people are realising that they need to adopt a healthy lifestyle to prevent or mitigate chronic diseases, many of which are related to lifestyle and stress. More consumers are interested in healthy foods, going to the gym, practicing yoga and getting a therapeutic massage. These activities are no longer considered a luxury but a part of routine health maintenance for some and to provide stress relief or pain relief for others.

The third theme is travel. Global tourism is growing fast and more people are incorporating wellness into their travel. Many are now choosing hotels that offer healthy menus, good sleeping conditions, exercise facilities and spas. Some airlines, such as Qatar Airways, are already touting

TABLE 2

Top 10 Thermal/Mineral Springs Markets, 2013

	Number of Establishments	Revenues (US\$ millions)	Rank in 2013
China	2,160	\$14,078.3	1
Japan	17,653	\$11,687	2
Germany	1,265	\$7,520	3
Russia	776	\$3,688.5	4
Italy	756	\$1,742.7	5
Austria	124	\$928.8	6
Turkey	196	\$862.4	7
Hungary	531	\$691.3	8
Czech Republic	84	\$686.4	9
Spain	165	\$672	10

Source: 2014 Global Spa & Wellness Economy Monitor, SRI International



SRI revealed the research in September

their "fly healthy" advantages.

The spa industry in particular will continue to benefit from this phenomenon.

Finally, we see businesses innovating to capture this growing market by creating different models to meet the price points and needs of middle-income consumers. Spa Envy has successfully pioneered a franchising and membership model in the US,

encouraging customers to get a regular massage at a low price (see SB14/2 p34). Other business such as salons and fitness centres are also adding spa-like treatments, making wellness services more accessible and affordable.

As consumers become more experienced, they also become more sophisticated and tend to value experiences that are authentic, unique to the place, or related to nature. This has given rise to a differentiation in wellness hotels and boutique resorts and also treatments that are incorporating local and traditional healing practices, ingredients and environment. We believe that continued innovation among businesses will keep the spa and wellness industries on a growth path that's firmly anchored to consumer demand. ●

To download the research for free visit www.globalspaandwellnessummit.org



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