



# SPA2020

A Special Report from The Hotel Yearbook for Spa and Hospitality Professionals Worldwide

*Susie Ellis visualizes how today's trends might shape the spa business a decade from now*

*Andrew Gibson on the evolving nexus of hotels and spas*

*Alison Howland predicts the needs and expectations of four generations of spa consumer in the year 2020*

*Ingo Schweder on the Asianization of spas*

*Ralph Newman on challenges in the US market*

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# The coming Asianization of the spa business

**Over the next decade, the global spa industry will be influenced more and more by trends emanating from Asia, writes INGO SCHWEDER, the CEO of Bangkok-based spa consultancy GOCO. Not to mention the fact that outbound travelers from that part of the world will account for an ever-growing proportion of the world's international tourists – and their expectations will be high.**

## TODAY

A significant change in the world today is manifested in the inevitable shift of power and influence from the West to the East. Sauerkraut is now making way for wontons; burgers are making way for nasi goreng and sushi. This shift is evident in various aspects, whether it is economic, social, or political.

The Asia-Pacific region is expanding its influence, evident in the fact that the global economic recovery depends in many aspects on the growth engines of India and China. In a recent study by the Pew Research Center, Asians are now the fastest-growing immigrant racial group in the USA, thus effectively increasing the influence Asians have in the social, economic, and political situations in that country. According to the US Census Bureau, Asians are also the highest-earning and best-educated immigrant group in the country.

In the hospitality industry, we have seen tremendous growth in Asia, mainly in India and China. More and more international hospitality companies are opening and operating there, catering to the high demand generated by the respective domestic market. InterContinental Hotel Group (IHG) and Starwood have recently launched hotel brands specific to the Chinese market. Outbound travel from China and India is rapidly increasing due to their growing economies. Even Asian breakfast items, such as congee, have found their way into the previously Western-dominated coffee shops of hotel brands such as Fairmont, Swissôtel, and Marriott.

## MERGING

In return, many Asian hotel groups have expanded into the West, such as Banyan Tree, Shangri-la, Peninsula, and Mandarin Oriental. Outside of the hospitality industry, Asian companies such as Samsung and Toyota have become industry leaders, reducing the market share of former leaders like Nokia or General Motors. A global economic, social, and political power shift eastward has been established, and by 2020 this will have further expanded.

In the wellness industry, Complementary Alternative Medicine (CAM), which has long existed in Asia as traditional or oriental medicine, is gaining more popularity in the West. According to the 2010 Complementary and Alternative Medicine Survey by Health Forum, "More than 42 % of hospitals in the USA currently offer one or more complementary and alternative medicine therapies. That's a 5 % increase since 2007. By 2020, insurance companies in the West can be expected again to support alternative wellness modalities that will keep the population healthy, which in turn keeps the workforce more productive."

## WHAT'S HAPPENING

On the other hand, Asian countries are opening up to Western traditions through the establishment of Western medical hospitals, as well as offering the option of health insurance policies including Blue Cross, ManuLife, and Bupa, which covers Western medical procedures.

Currently, the key trends the market is observing in Asia are:

- **DNA/genetic screening/sequencing.** There has been a dramatic decrease in the cost for such processes. By testing newborn babies, far greater clarity is realized concerning their propensity for disease, thus providing for greater prevention opportunities as well.
- **Stem cells:** Use of stem cells in cosmeceuticals and beauty products is progressing. They aim to achieve anti-aging effects – to prolong youth.
- **Centenarians:** We are living longer. The Telegraph reported on a UK study that half of 30-year-olds today may live to be 100.
- **Obesity time bomb:** Globally, 25-30 % of youths are obese. This is not just a Western problem, as it is growing in prevalence in India, the Middle East, and China, too.
- **Super bacteria:** There is a need for greatly enhanced immune systems. With antibiotics causing more harm than good, a continued boom in homeopathic solutions and Complementary Alternative Medicine has occurred, allowing the population to defend against what have now become known as "lifestyle diseases," which include cancers, diabetes, and heart disease.



# *The coming Asianization of the spa business* cont.

We can anticipate that by 2020, there will be an even greater fusion of Eastern and Western medical practices prevalent in our daily lives.

## **LEARNING FROM THE PAST**

In the 1800s, leaders such as Otto Von Bismarck made state-paid wellness vacations in “sanitariums” or spas with medical facilities a key component of welfare systems in Germany

and Eastern Europe. A culture of preventative health was created which still prevails within the region to this day and is increasingly gaining awareness in other parts of the world.

## **NEW FRONTIERS**

With the worldwide explosion in consumer interest in wellness, governments, hotels, and companies have begun to make big investments in the wellness industry and tailored products to



# The coming Asianization of the spa business *cont.*

cater for upwardly mobile consumers in regions such as China and the Middle East. Companies all around the world have begun diversifying their products and services to cover the world of wellness. For example, IMC Octave, a private company with core businesses ranging from shipping and offshore engineering to mining, energy, and trading, has recently started developing a first-of-its-kind destination spa in eastern China, with a plan to expand this segment further.

Another example is the launch of Ahn Luh, a joint venture between China's largest tourism group, Beijing Tourist Group Co., Ltd., and the prominent regional developer Great Ocean Group, which is expected to start operations by 2015. In the medium term, it will be a luxury brand targeted at wealthy Chinese consumers in China. However, in the long term, the brand aims to specifically cater to Chinese outbound travelers all around the world, acknowledging the huge potential in growth of this customer base. The brand's concept is to infuse the richness of Chinese culture and traditions directly into the brand's selling propositions, for example making food and beverage authentic, and its spa offering will be based on traditional Chinese medicine. This will differentiate the brand from all its five-star competitors in China.

In the Middle East, Qatar Foundation has engaged GOCO Hospitality to conceptualize and bring onstream the country's first destination spa, a wellness lifestyle residential community, which is to be opened in 2016. The concept is truly unique: the

*By 2020, the world will have become even more "Asian-centric"*

spa will showcase wellness traditions from all around the Islamic world, the result of thousands of hours of academic research, and the production of a complementary product line. The spa aims to target visitors from neighboring countries, to tackle

common health problems such as obesity, and also welcome typical destination spa-goers from afar.

Demand for wellness services is increasing, and the development of wellness facilities is certainly on the rise. Coupled with a more educated, spa-savvy consumer, the challenge we will face in the future in Asia will lie in the expectation of greater quality and the need for more professionally trained team members. Once this level of respect has increased, it will attract new talent, encourage the desire for continuing education, and spread awareness that spa is in fact a reputable industry to work in.

As of February 2012, SRI International put global revenues of the wellness sector, combining beauty and fitness, spa, and wellness and medical tourism, at USD 2 trillion. Worth USD 106 billion, wellness tourism already generates twice the global revenues of the more established medical tourism market at USD 50 billion ("Wellness Tourism & Medical Tourism – Where do spas fit?", Global Spa Summit 2011.)

## THE WAY FORWARD

At present, the Asian population stands at approximately four billion people. By 2020, the world will have become even more "Asian-centric." The influences of Asian economies and societal cultures will have spread to the Western world, a reverse form of cultural imperialism and globalization. The center of growth and development for various industries, including wellness, will be in Asia. Comprehensive urban day-spa facilities that incorporate exercise, traditional treatments, fitness, thermal bathing, and consultative care will have increased in numbers in all parts of the world. Beauty clinics will become a mainstay. This will include such procedures from laser treatments and Botox to more advanced elements including stem cell technology for anti-aging and prolonged youth. Nations will put increased efforts behind the creation of wellness communities where a whole span of wellness services, hospitality, and real estate combine and celebrate the cultural symbiosis of the respective country. ●



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