



Horwath HTLTM
Health & Wellness

INDUSTRY REPORT

Wellness-Themed vs Wellness Hospitality

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Wellness-Themed vs Wellness Hospitality

“A true wellness resort is more than just a place to relax and shed a few pounds; it is a place to make transformative life changes that last well beyond the vacation.”

Thomas Klein, President, Canyon Ranch

The rise of non-communicable diseases is fueling the growth of the wellness economy, prompting many companies to incorporate various elements of wellness into their product and service offerings in an attempt to capitalize on this ever-growing market.

Large hotel companies such as Marriott International, Hilton Worldwide, and Wyndham Hotel Group are launching new initiatives to integrate wellness into the guest experience – offering specially furnished fitness guest rooms, a running concierge service, healthy menus packed with “superfoods”, organizing mind and body classes, cooking classes, seminars, and many others.

InterContinental Hotels Group and Hyatt Hotels & Resorts have taken the trend to the next level, aspired to include wellness as part of their portfolio.

In 2012, InterContinental announced the launch of a new wellness-centric brand, EVEN Hotels, and opened its first property soon thereafter in early 2014 (the conversion of a 129-key Four Points by Sheraton in Connecticut).

Hyatt then followed, with plans to expand its portfolio with the acquisitions of Miraval Group (a leading wellness resort and spa company) in early 2017 and Exhale (a chain of wellness lifestyle centers) later that year.

As wellness is increasingly more established in upscale hospitality developments, large fitness companies are also leaning towards a hospitality solution. Equinox, a chain of luxury fitness studios, is planning to launch its first luxury hotel in New York by 2019.

What these recent and upcoming developments indicate is that wellness is no longer about a spa or a fitness center, but rather about the impact the experience at the property has on the guest’s wellbeing – during the stay and beyond. Although hotels are increasingly incorporating wellness elements, an all-encompassing offering tends to be overlooked. Today, wellness and hospitality continue to merge, and as these two industries are gradually interweaving, there is a need to clarify key industry terms and set standards for the wellness hospitality industry.

Note: This graphic outlines typical wellness features and services found at wellness-themed hotels and resorts worldwide and compares them to standard product and service offering of dedicated wellness resorts and wellness retreats.

Wellness-Themed Developments

Authentic Wellness Developments

<ul style="list-style-type: none"> In-room workout stations In-room fitness equipment Apps for guided training/meditation Supplements and shakes in minibars Adult coloring books/postcards 	<p>IN-ROOM FEATURES</p>	<ul style="list-style-type: none"> In-room yoga and meditation stations Extension of the healing process (e.g. Vitamin C shower, Ozone-enriched air) No in-room snacks <p><i>*Offering minimal distraction from the program</i></p>
<ul style="list-style-type: none"> Healthy food and beverage selection Private and group fitness classes Private and group yoga sessions Meditation programs Running concierge services Running clubs Workout gear lending Bike rentals 	<p>SERVICES/ PROGRAMING</p>	<ul style="list-style-type: none"> Pre- and post-stay consultation Custom food and beverage plan Custom workout sessions Twice-a-day meditation/yoga sessions Personal wellness concierge Educational workshops/seminars Sense of community
<ul style="list-style-type: none"> Collaboration with wellness/fitness brands Sustainability initiatives 	<p>OTHER INITIATIVES</p>	<ul style="list-style-type: none"> Collaboration with medical clinics Wellness community standards Biophilic design standards Sustainability and use of ‘healthy’ materials

Source: Horwath HTL Health & Wellness, 2018



A number of years ago, the International Spa Association (ISPA) defined a wellness resort (also referred to as a destination spa) as:

“a facility with the primary purpose of guiding individual spa-goers to develop healthy habits. Historically a seven-day stay, this lifestyle transformation can be accomplished by providing a comprehensive program that includes spa services, physical fitness activities, wellness education, healthful cuisine and special interest programming.”

Over the years, along with the growth of the wellness industry itself, wellness-related terminology has evolved and been further refined.

In April 2018, the Wellness Tourism Association (WTA) created a glossary of industry terms, defining the following:

- A **wellness resort**, also referred to as a **wellness sanctuary** or **wellness clinic** in some parts of the world, is any facility with accommodations and a range of hospitality services where the primary purpose is to provide programs and experiences for the wellness traveler¹ (note: not to be confused with a wellness visitor²). The wellness resort is comprised of four primary elements: (i) accommodation, (ii) a variety of wellness activities, (iii) healthy dining options, and (iv) wellness-related facilities.

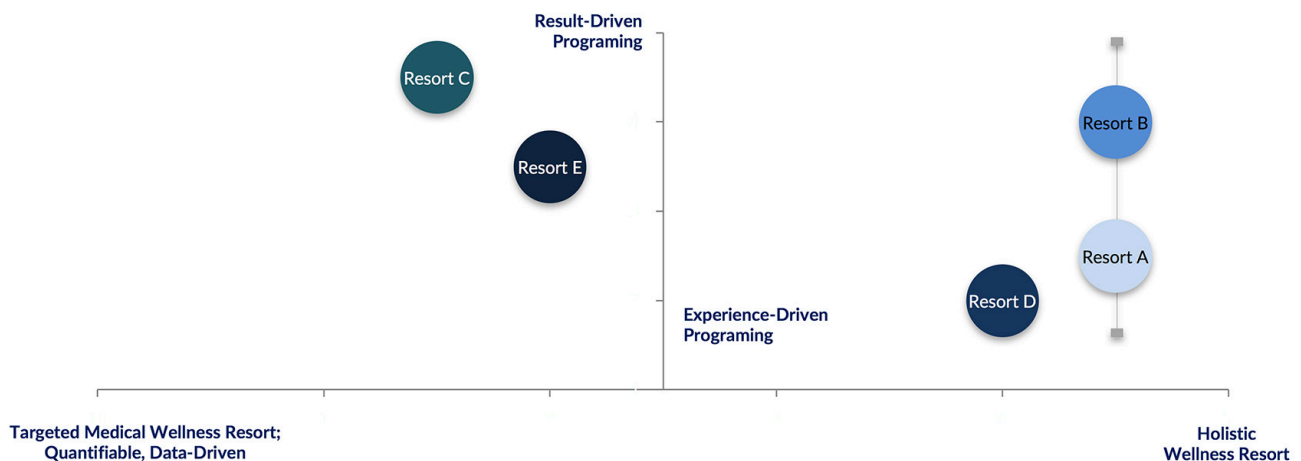
- A **wellness retreat** is a guided, intention-driven, multi-day program with a set or semi-set schedules, and hosted by one or more facilitators. The program may include learning and lifestyle workshops such as meditation and healthy eating, as well as fitness activities such as yoga, nature walks, and hiking.

From these definitions, it is evident that many recent hospitality developments incorporate elements of wellness, yet do not qualify as true wellness resorts or wellness retreats.

To place the health and wellbeing of wellness travelers at center stage, today’s hospitality operators are required to think one step ahead. When developing a wellness-centric property, hospitality experts have to take into account the choice of materials, colors & textures, usage of biophilic design standards, incorporation of nature into the overall architecture, and creating social spaces that inspire connectedness and engagement.

1. Often referred to as the “primary wellness traveler,” an individual who makes wellness the primary purpose of their travels.
2. Often referred to as the “secondary wellness traveler,” an individual who works elements of wellness into their travels for business or pleasure.

Wellness Resort Classification



Source: Horwath HTL Health & Wellness, 2018

Most of the acclaimed global leaders in wellness hospitality fall somewhere in-between the definition of a traditional resort and a wellness resort, with only a handful of properties qualifying as true wellness resorts and targeted wellness programming retreats. While most of these operators incorporate elements of wellness, they do not adhere to the core principles of wellness travel³, which is to pro-actively maintain or improve one's personal health and wellness through result-driven, multi-day programs, nor do these operators attract wellness travelers or comply with the latest architectural and construction standards.

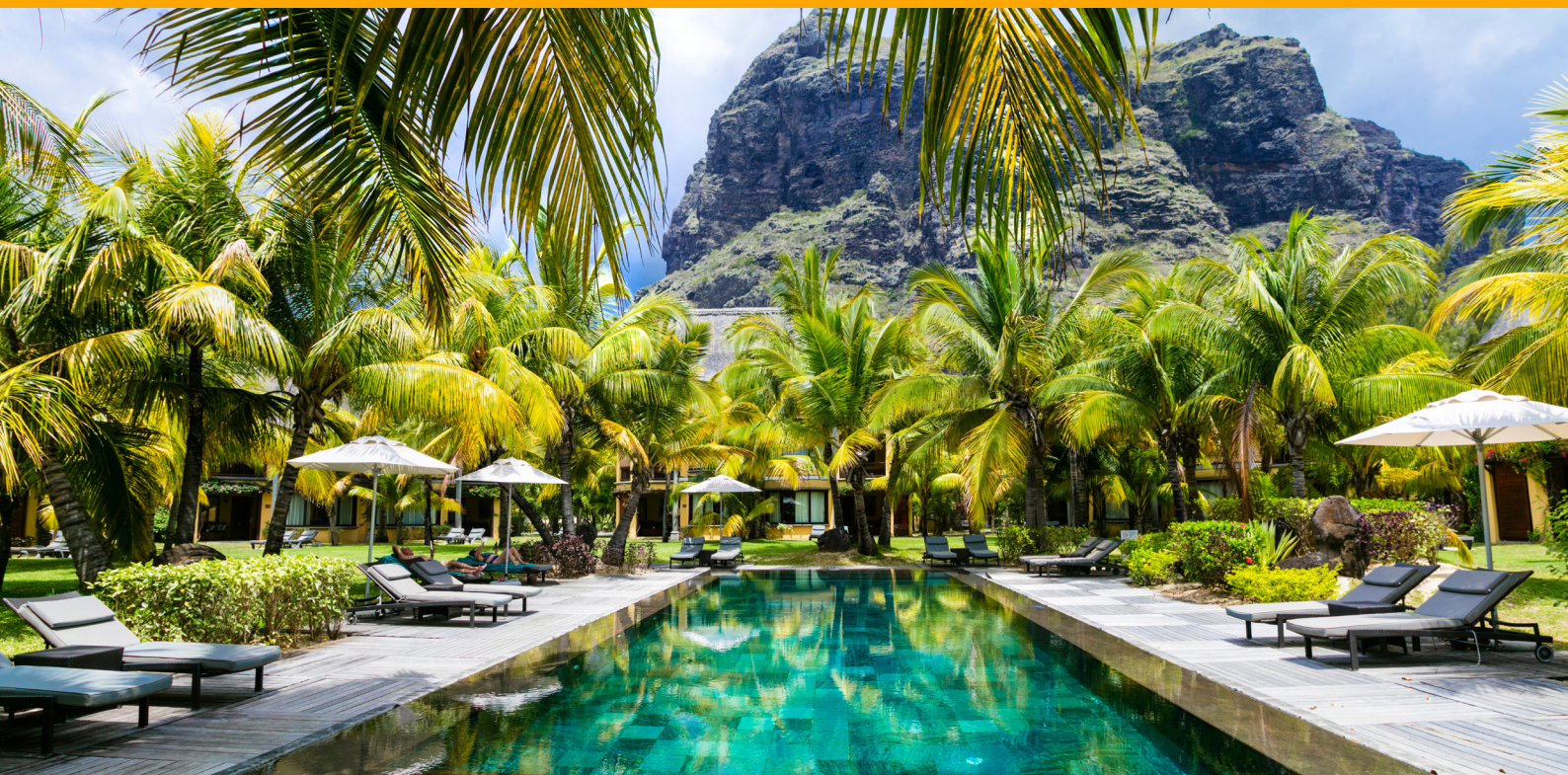
There is, however, no 'one size fits all' when it comes to wellness resort or retreat development – some wellness resorts choose to specialize in a single treatment modality (targeted), while others offer a multifaceted approach (holistic). Wellness programming may also vary from general pampering packages to serious, result-driven health programs.

Based on our professional experience, we have identified five main types of wellness resorts, as illustrated in the following graph. Understanding the intention and vision of a future development is key, as it determines the required skillset for the project.

Wellness resorts, in general, may contain elements of the following property concept segmentation and may incorporate a focus on healthy eating or a minimum of mindful food and beverage choices, some form of exercise, and reduction in consumption of stimulants (e.g. caffeine, alcohol, or tobacco). The classification of a wellness resort is not mutually exclusive and may overlap in some cases.

- **Resort A** offers spiritual and mind-based development and is best exemplified by travelers wishing to engage in activities that enhance their spiritual wellbeing. This includes meditation programs that are guided by the teachings of dedicated owners or gurus.
- **Resort B** is a fully immersive health and wellness environment, offering a dedicated selection of wellness packages. The focus is on a variety of traditional healing modalities and self-improvement.
- **Resort C** incorporates the latest advances in traditional and alternative medicine (e.g. diagnostics). These types of resorts create the optimum level of objectively measurable results for the wellness traveler in a short period.
- **Resort D** offers spa-like treatments, healthy gourmet food and an abundance of outdoor sports activities. Wellness travelers have the chance to combine outdoor sports with luxury spa treatments and healthy food and beverage options.
- **Resort E** which shows similarities to Resort C, specializes in aesthetic treatments. Among the service offering is luxurious beauty enhancements to the skin, teeth, and body shape. Typically, the service platform does not go beyond minimally invasive treatments. Aesthetic retreats typically offer external quick fixes, but do not provide an all-encompassing wellness experience for body and mind.

3. Travel that allows the traveler to maintain, enhance or kick-start a healthy lifestyle, and support or increase one's sense of wellbeing.



When developing a wellness resort, it is essential that both the owner's and the developer's visions are aligned with the operator's brand strategy and operating philosophy.

This includes a concept strategy that is operable and commercially viable. Within this process, a series of operating criteria must be developed to ensure that the proposed wellness resort development strategy makes commercial sense and appeals to the targeted audience.

In addition, the location may be of secondary importance. As guests typically travel to a wellness resort for a specific purpose, creating an oasis that is rooted in authenticity, programming, and healthy dining options to service an entire stay. These are crucial elements associated with wellness resorts. Authenticity and a genuine guest experience take center stage while luxury is not necessarily the priority.

- **Development:**

During early stages of development, it is essential to consider certain services and facilities that distinguish wellness retreats from traditional resorts, including tangible aspects (e.g. number of keys, spa size, guest-room-to-treatment-room ratio, number of dining outlets) and services (e.g. pre-arrival guest consultation, all-inclusive wellness packaging, schedule of visiting health and wellness professionals, and healthy food and beverage offering). To successfully realize a wellness resort development, the developer should employ or outsource to a multidisciplinary

team of professionals with sufficient experience and know-how in hospitality, real estate, finance, design and architecture, sales and marketing, spa and wellness resort operation. For a wellness resort, the pre-opening and management planning process is slightly longer than for a traditional resort due to the complexity of service delivery, e.g. on-boarding of key employees. Thus, an experienced team of industry advisors with specialized expertise is recommended.

- **Operations:**

Online booking channels of traditional chain hotels are designed to prompt potential guests to select rooms and not experience, whereas, dedicated wellness resorts encourage guests to select packages to tailor-make experiences for each individual guest. Statistically, wellness resorts are less impacted by seasonal changes of a destination, maintaining stable occupancies throughout the year (for reference, wellness resorts in Thailand operate at an average annual occupancy of 80%). Wellness resorts are the most seasonality proof product in the hospitality industry, breaking the traditional resort model and recording a substantially longer average length of stay (5-7 nights), and higher repeat guest visit ratio (40-50%). Wellness resort room nights are typically charged per person even if two guests are sharing one room. Therefore, wellness resorts show on average 2.5x higher RevPAR compared to traditional resorts of a similar standing.



- **Marketing:**

Approximately 18 months before the opening date of the wellness resort, the wellness resort's team should start to market the new facility. The niche market of wellness resorts requires a strong and specialized marketing strategy. At dedicated wellness resorts, 39% of bookings are received through the brand website, whereas other forms of direct bookings make up an additional 35% of reservations, resulting in over 70% of direct bookings. This is because wellness travelers typically spend significantly longer researching different wellness programming options than traditional tourists. Furthermore, unlike traditional resorts, wellness resorts do not accept bookings through global distribution systems and online travel agencies, which are commonly replaced by specialized travel agents. Thus, it is important to deploy a four fold marketing strategy, including:

- (i) marketing to increase market awareness and sustain competitive advantage;
- (ii) attracting guests from existing competitors;
- (iii) attracting new customers; and
- (iv) maintaining existing customer base, driving repeat visitation.

Investors and developers entering the space where the health and wellness dollar merges with the hospitality dollar must understand and fully support the dynamics and concept of a true wellness resort. It is critical to

understand the target market (wellness traveler vs. wellness visitor), understand the functionality of the essential facilities, accept a longer maturation period and higher initial investment, and be familiar with the specialized marketing strategy, and the pre-opening and management requirements of such product. In the pursuit of wellness globally, merely highlighting a few wellness features or amenities is 'well-washing' and does not provide a true wellness experience. Engaging a specialized wellness consulting and management company would ensure efficient and appropriate design and help with cost management, along with helping avoid poor asset performance in the long run.

Horwath HTL Health & Wellness, offers a full range of consulting services that make a difference in hotel and spa performance. Together with its sister company, GOCO Hospitality, Horwath HTL Health & Wellness provides a turnkey solution for wellness-centric developments - from preliminary market research and feasibility work to pre-opening support and management services.

The multidisciplinary team is made up of passionate experts who specialize in hotel and spa operations, food and beverage, sales and marketing, finance and feasibility, development, design, and master planning. The Founder and Managing Director of Horwath HTL Health and Wellness, Ingo Schweder is a Co-Founder of the Global Wellness Institute and brings more than 30 years of experience from the fields of spa and hospitality.

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Managing Director & Founder of Horwath HTL Health & Wellness, and CEO & Founder of GOCO Hospitality, the world's leading wellness hospitality design, development, and management company, Ingo Schweder brings more than 30 years of experience from the fields of spa and hospitality, and has been involved in the design, development and worldwide operation of numerous iconic hotels and wellness destinations.

Under his guidance, Ananda in the Himalayas, the globally recognized destination spa, was established. Ingo has been a board member of Mandarin Oriental and earlier Corporate Director of Operations for Oberoi Hotels & Resorts. His company, GOCO Hospitality purchased the 85-acre Glen Ivy Hot Springs in Southern California, the USA's highest grossing hot spring resort, and is expanding it with a wellness community featuring 250 residential homes and anchored by a 120-room destination resort.

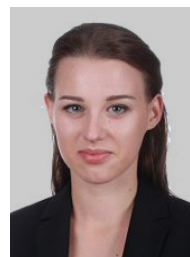
Ingo has been recognized with countless industry awards, including 'Spa Personality of the Year', 'Excellence in Hospitality Design', 'Most Distinguished Industry Motivator', and 'Best Spa Company'. Always engaging and willing to share his expertise, he is a frequent speaker at hospitality-related symposia and sits on the Board of the Spa India Association and the China Spa Symposium. Many of his past projects still top the list of some of the leading industry awards, including Condé Nast Traveler, winning 'Best Resort' and 'Best Spa' honors.



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Fabian plays an instrumental role in the research and development of individualized wellness-centric hospitality and mixed-use development feasibility studies and strategic advisory assignments. Before joining Horwath HTL, Fabian worked as the Assistant Manager - Hotel Development with Orascom Hotels & Development and was involved in the development of all international luxury hotels and resorts in Oman, Montenegro, Morocco, Egypt, and Switzerland.

Prior to his engagement in the development industry, Fabian began his hospitality career with the Ritz-Carlton Hotels in China and Thailand. Having graduated with two Bachelor degrees in International Hospitality Management and Finance from Glion Institute of Higher Education and Les Roches-Gruyere University of Applied Science, Switzerland, with a Certification in Hotel Real Estate Investments & Asset Management from Cornell University, USA, and the Swiss Restaurant License, brings multidisciplinary experience as an operator, developer, and researcher to his work.



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Krystyna is primarily responsible for the development of market research and feasibility studies, business plans, and client presentations for wellness-centric hospitality projects and mixed-use real estate developments. Krystyna holds a BA in Hospitality Management with Real Estate Finance and Revenue Management from Glion Institute of Higher Education, Switzerland, and a Certificate in Hotel Industry Analytics from American Hotel and Lodging Association. Krystyna is a member of Eta Sigma Delta International Hospitality and Tourism Management Honor Society.

Front Cover Image: SHA Wellness Clinic



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