Investing in Health, Wellness and Hospitality: 

Realistic expectations vs. thin air 

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Director of Industry Intelligence

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Wellbeing
Experience Planner & Engineer
WELL OF WHAT?
In London lampposts have been padded to soften the blow for careless phone users.
Technology is turning your kids into digital junkies.

TECHNOLOGY IS A DIGITAL DRUG YOU MAY NOT THINK OF

SMARTPHONES ARE LIKE COCAINE TO CHILDREN

Technology is turning your kids into digital junkies.
MEN'S FERST-DRY™ FREEFLOW WELLNESS PANTS

FERST-DRY™ & Anti-Bacterial • top stitched waistband with interior drawstring • front welt pockets with mesh pocket bags • all over cover stitch • imported

Fabric: 87% Nylon / 13% Black Spandex

Color

[Image of pants]
McDonaldization of Wellness
WELLBEING
Wellbeing

A state of being or a feeling which is achieved by connections with family or community, with an emphasis upon making the best of life by self contentment and less stress

<table>
<thead>
<tr>
<th>Work-life Balance</th>
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</thead>
<tbody>
<tr>
<td>Financial Stability</td>
</tr>
<tr>
<td>Looking One’s Best</td>
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<tr>
<td>Feeling One’s Best</td>
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<tr>
<td>Spirituality</td>
</tr>
<tr>
<td>Happiness</td>
</tr>
<tr>
<td>Fitness</td>
</tr>
<tr>
<td>House</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td><strong>Spa</strong></td>
</tr>
<tr>
<td>• A place</td>
</tr>
<tr>
<td>• Passive</td>
</tr>
<tr>
<td>• Looks</td>
</tr>
<tr>
<td>• Physical</td>
</tr>
<tr>
<td>• Partial co-creation</td>
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<td>• ...</td>
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</tbody>
</table>
Wellness Anxiety
Generation Rush to Relax
BLUE ZONES
LONGEVITY HOTSPOTS

BLUE ZONE LIFE LESSONS
- MOVE NATURALLY
- RIGHT TRIBE
- RIGHT OUTLOOK
- EAT WISELY
People May Understand It Differently
EACH WOMAN WEIGHS 150 LBS

WEIGHT IS JUST A NUMBER
People May Respond To It Differently
IT'S SUPPOSED TO RELIEVE STRESS...
Acquapole is a low-impact workout.
Capibaras must know what is good for them!
INTERNATIONAL WELLNESS, SPA & TRAVEL MONITOR (5TH EDITION)

KEY FINDINGS
Role of Tourists in Demand

- **Foreign guests**: 15%
  - USA/CAN: 15%
  - German-speaking countries: 15%
  - Spanish-speaking countries: 30%
- **Domestic guests**: 45%
  - USA/CAN: 65%
  - German-speaking countries: 30%
  - Spanish-speaking countries: 60%
- **Local guests**: 40%
  - USA/CAN: 20%
  - German-speaking countries: 40%
  - Spanish-speaking countries: 25%

Colombian Market: 15%
<table>
<thead>
<tr>
<th>Market Positioning</th>
<th>USA/CAN</th>
<th>German-speaking countries</th>
<th>Spanish speaking countries</th>
<th>Colombian Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upmarket/Luxury</td>
<td>82%</td>
<td>36%</td>
<td>43%</td>
<td>30%</td>
</tr>
<tr>
<td>Mid-level market</td>
<td>12%</td>
<td>64%</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>Budget</td>
<td>6%</td>
<td>17%</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>Demographic Group</td>
<td>Demand Distribution</td>
<td>USA/CAN</td>
<td>German-speaking countries</td>
<td>Spanish-speaking countries</td>
</tr>
<tr>
<td>---------------------------</td>
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<td>----------------------------</td>
</tr>
<tr>
<td>Post-war cohort (born before 1946)</td>
<td>10%</td>
<td>13%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>Baby boomers (born 1946-1964)</td>
<td>30%</td>
<td>23%</td>
<td>27%</td>
<td>21%</td>
</tr>
<tr>
<td>Gen X (born 1965-1975)</td>
<td>30%</td>
<td>32%</td>
<td>25%</td>
<td>33%</td>
</tr>
<tr>
<td>Gen Y (born 1976-1995)</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>Gen Z (born 1996-)</td>
<td>5%</td>
<td>10%</td>
<td>7%</td>
<td>8%</td>
</tr>
</tbody>
</table>
**Demand Distribution**

**USA/CAN**
- #1 - Couples
- #2 - Groups of friends
- #3 - Single women

**Spanish-speaking markets**
- #1 - Different country-by-country
- #2 - Couples
- #3 - Mother & Baby

**Colombian Market**
- #1 - Families with children
- #2 - Hotel guests looking for healthy services
- #3 - Group of friends
Key Motivations

USA/CAN #1
- Local market
- Treatments & Services
- Domestic market
- Treatments & Services
- Foreign guests
- Brand & Reputation

Spanish-speaking markets #1
- Local market
- Curiosity
- Domestic market
- Brand & Reputation
- Foreign guests
- Treatments & Services

Colombian Market #1
- Local market
- Prices & Treatments & Brands
- Domestic market
- Architecture & Brands
- Foreign guests
- Architecture & Brands
**USA/CAN #1**
- Local market
- *Lifestyle oriented workshops*
- Domestic market
- *Services based on natural resources*
- Foreign guests
- *Healthy options & Natural resources*

**Spanish-speaking markets #1**
- Local market
- *Natural elements based therapies*
- Domestic market
- *Natural elements based therapies*
- Foreign guests
- *Natural elements based therapies*

**Colombian Market #1**
- Local market
- *Services based on local or natural resources and traditions*
- Domestic market
- *Natural elements based therapies (e.g. thermal water)*
- Foreign guests
- *Natural elements based therapies (e.g. thermal water)*
USA/CAN #1
- Local market
- Family spas & Spas based on natural resources
- Domestic market
- Sport/fitness themed hotels & hotels with healthy options
- Foreign guests
- Adventure spas & Spas based on natural resources

German-speaking markets #1
- Local market
- MedSpas
- Domestic market
- Healthy hotels & resorts
- Foreign guests
- Spa/Wellness Living Environments

Colombian Market #1
- Local market
- Family spas and wellness facilities
- Domestic market
- Family spas/wellness facilities
- Foreign guests
- Eco or Adventure spas and wellness facilities
### Local demand

<table>
<thead>
<tr>
<th></th>
<th>Colombia</th>
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</thead>
<tbody>
<tr>
<td>Number of guests (altogether)?</td>
<td>6%</td>
</tr>
<tr>
<td>Number of first time guests?</td>
<td>7%</td>
</tr>
<tr>
<td>Number of guests using</td>
<td></td>
</tr>
<tr>
<td>spa/wellness services?</td>
<td>5%</td>
</tr>
<tr>
<td>Average length of stay?</td>
<td>4%</td>
</tr>
<tr>
<td>Number of treatments sold per</td>
<td></td>
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<tr>
<td>visit?</td>
<td>4%</td>
</tr>
<tr>
<td>Average revenue per guest?</td>
<td>6%</td>
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</tbody>
</table>

### Domestic demand

<table>
<thead>
<tr>
<th></th>
<th>Colombia</th>
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<tbody>
<tr>
<td>Number of guests (altogether)?</td>
<td>6%</td>
</tr>
<tr>
<td>Number of first time guests?</td>
<td>12%</td>
</tr>
<tr>
<td>Number of guests using</td>
<td></td>
</tr>
<tr>
<td>spa/wellness services?</td>
<td>3%</td>
</tr>
<tr>
<td>Average length of stay?</td>
<td>4%</td>
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<tr>
<td>Number of treatments sold per</td>
<td></td>
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<tr>
<td>visit?</td>
<td>6%</td>
</tr>
<tr>
<td>Average revenue per guest?</td>
<td>7%</td>
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### International demand

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Number of guests (altogether)?</td>
<td>2%</td>
</tr>
<tr>
<td>Number of first time guests?</td>
<td>3%</td>
</tr>
<tr>
<td>Number of guests using</td>
<td></td>
</tr>
<tr>
<td>spa/wellness services?</td>
<td>3%</td>
</tr>
<tr>
<td>Average length of stay?</td>
<td>2%</td>
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<tr>
<td>Number of treatments sold per</td>
<td></td>
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<tr>
<td>visit?</td>
<td>3%</td>
</tr>
<tr>
<td>Average revenue per guest?</td>
<td>3%</td>
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<tr>
<td></td>
<td>USA/CAN</td>
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<tr>
<td>----------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Foreign guests</td>
<td>200 USD</td>
</tr>
<tr>
<td>Domestic guests</td>
<td>200 USD</td>
</tr>
<tr>
<td>Local guests</td>
<td>180 USD</td>
</tr>
<tr>
<td>Colombian Market</td>
<td></td>
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<tr>
<td></td>
<td>180 USD</td>
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THE BIG PICTURE
perfectly imperfect.
GIG ECONOMY

Analog
Wellness
THE BIG INVESTMENT PICTURE
Wellbeing

Health Tourism

Medical Services

Wellness Services

Medical Wellness

Holism

Spirituality
Perceptions vs. Reality

- Assumed revenue contribution
- Assumed brand proposition
- Assumed property value
- Actual revenue contribution
- Realised brand proposition
- Realised property value

Hotel with spa
Spa/Wellness Hotel
Wellbeing Hospitality
Over-development

Space

+30%

Capex

+50%

GOP

-65%

Under-performance

Source – Resources for Leisure Assets
The two cross-references, i.e. health developments do need wellbeing hospitality, and wellbeing hospitality may be turned to health tourism.
Break Down Barriers

Property value

Wellbeing property value

Wellbeing Approach + TRevPAR Effect

Wellbeing
MICE
F&B
RoomRevenue
High Yield Business vs. Self-Actualization
Global Brands vs. Local Artisan Brands
Global (Mass) Distribution vs. Specialist Distribution
Core Business vs. Cherry on the Cake

Wellness in Travel Businesses
Recreation & Relaxation vs. Specific Objective Driven

Passive vs. Active & Explorative

Wellness in Travel Customers

Savvy Travellers vs. Spontaneous Customers

Brand Driven vs. Experience & Outcome Driven

RLA
Me too!

Novelty & Curiosity

Charity

Lifestyle

Mirage

Enchantment

Fitting in

Wellbeing
Spending Power Correlation

1. **Fitting in**
   - Fashion, social media, peer groups make customers want to fit in & copy others.
   - Buying services to award themselves, switch very easily.

2. **Mirage**
   - Wellness, spa services and locations seem appealing due to imagery, brands, design and location.
   - Buying services to be blown away.
   - Loyalty can be limited but spending power is high.

3. **Enchantment**
   - Rituals and flowing servicescapes provide often one-off or short lived hedonistic benefits.
   - Buying services as part of a more solid understanding of wellbeing.

4. **Personal Wellbeing**
   - Living well and happy is deeply rooted in lifestyle.
   - Buying wellness services regardless. Loyal and repeat customers with solid expectations.

Source: RLA
Baltic Health Tourism Products

- Baltic Lifestyle
- Coastal wellbeing
- Forest therapy
- Eco-cosmetics
- Water and spa treatments
- Peat and mud
- Combined sea and nature
- Farm and eco-spas
- Air, climate, light
- Insomnia treatments
- Amber treatments
- A Baltic menu
# Take home messages

<table>
<thead>
<tr>
<th>Free from</th>
<th>NOT free from</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Generalisation</td>
<td>• Reality check</td>
</tr>
<tr>
<td>• Digital overload</td>
<td>• Value proposition</td>
</tr>
<tr>
<td>• Obsessions</td>
<td>• Exchange</td>
</tr>
<tr>
<td>• Additives</td>
<td>• Transformation</td>
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<td></td>
<td>• Relevance</td>
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<td></td>
<td>• Locality</td>
</tr>
<tr>
<td></td>
<td>• Nature</td>
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Thank you! ¡Muchas Gracias!

László Puczkó

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