

The Global Wellness Tourism Economy



GLOBAL SPA & WELLNESS SUMMIT 2013

Industry Research Partner Quotes

Massage Envy Spa is privileged to be a sponsor for the Global Spa and Wellness Summit because of the Summit delegates' strategic leadership and innovation, activism in promoting health and wellness and commitment to the future growth of spa worldwide.

CG Funk, Vice President of Industry Relations & Product Development



At JHĀNA we are dedicated to establishing a harmonious balance between East and West for the integration of healing, mindfulness, meditation and yoga and the role they play within the spa industry. We are excited to support GSWS research initiatives as it substantiates the role these components can have on wellness, healing and spirituality within the spa industry from inside – out.

Felix Lopez, Founder



Lighting Science has a mission to unleash the science of lighting to make people and our planet look, feel and heal better. We believe the mission of the GSWS is similar and is synergistic with our goal of empowering people and the planet toward optimal health and wellness. It's a partnership that makes so much sense for us on many levels.

Jeremy Cage, CEO



GLOBAL SPA & WELLNESS SUMMIT 2013

Industry Research Partner Quotes

At Elizabeth Arden Red Door Spa, we strive to enhance peoples' lives through beauty, harmony, and well-being. Elizabeth Arden founded the company over 100 years ago on the fundamental belief that for a woman to be beautiful on the outside, she must first feel beautiful on the inside. To us, "spa" is wellness. We are proud to support GSWS's research that promotes this belief and our industry."

Todd Walter, President & CEO



RED DOOR SPA
Elizabeth Arden

At SpaFinder Wellness 365, we see growing demand for consumers who want to keep well every day, including when they travel. Whether for business or pleasure, people appear increasingly interested in maintaining healthier lifestyles on the road, and we believe our industry can benefit from better understanding who they are, where they go and why.

Mia Kyricos, Chief Brand Officer



The most powerful message is the one substantiated by credible research. WTS International and its 2,000 employees worldwide stand behind the GSWS efforts in conveying a call for action behind the advancement of wellness and its positive effect in all of our lives and the health of our communities.

Alfredo Carvajal, Chief Operating Officer

W T S INTERNATIONAL

GLOBAL SPA & WELLNESS SUMMIT 2013

Industry Research Partner Quotes

Successful hospitals of the future will be those that will engage in body work, demonstrating the ability to integrate the science of mind, body and spirit. It's complimentary, alternative and integrative wellness. Thomas Edison (1847-1931) wrote, "The Doctor of the future will give no medicine, but will interest his or her patient in the care of the human frame in a proper diet and in the cause and prevention of disease." The GSWS- SRI Research Report on the Economic Impact of Global Wellness Tourism can be a progressive platform which supports the consumer's will to be proactive about using preventative care, with the integration of global wellness options and its impact on economic growth of hospitals, physicians, spas, wellness retreats, travel and home care.

Desiree Watson, President



SM

wellness interactive, inc.®

About The Authors

The *Global Wellness Tourism Economy* report was prepared by SRI International in agreement with the Global Spa & Wellness Summit. The study was led by Ophelia Yeung, Senior Consultant, and Katherine Johnston, Senior Economist, with contributions from Nancy Chan, Economic & Technology Policy Analyst.

About Global Spa & Wellness Summit

The Global Spa & Wellness Summit (GSWS) is an international organization that brings together leaders and visionaries to positively impact and shape the future of the global spa and wellness industry. Founded in 2006, the organization hosts an annual Global Spa & Wellness Summit where top industry executives gather to exchange ideas and advance industry goals. For more information on the Global Spa & Wellness Summit, please visit: www.gsws.org.

About SRI International

Founded in 1946 as Stanford Research Institute, SRI International is an independent, non-profit organization that performs a broad spectrum of problem-solving consulting and research and development services for business and government clients around the world. More information on SRI is available at: www.sri.com.

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About This Study

The Global Spa & Wellness Summit (GSWS) has commissioned this study to explore wellness tourism and understand its broad global impacts. The study seeks to:

- Define wellness tourism and the traveler characteristics, motivations, activities, and businesses associated with it.
- Measure the size of wellness tourism and its projected growth, as well as estimate its economic impacts.
- Encourage further investigation of wellness tourism as an important component of national, regional, and global tourism industries.
- Discover how the spa industry can take a leadership role in the wellness tourism marketplace, and advance partnerships that will help foster industry growth.

The estimates of the size of the wellness tourism economy were developed using economic modeling techniques and drawing upon a wide range of sources, including: spa industry data developed by SRI International for the Global Spa & Wellness Summit; country-level tourism industry data gathered from Euromonitor, World Travel & Tourism Council (WTTC), World Tourism Organization (UNWTO), and other sources; country-level socioeconomic and demographic data; and qualitative inputs gathered via interviews and research conducted from January to August 2013.

Travel has not always been compatible with wellness, but this is changing.

Travel today can be bad for your health. Airport stress and transportation hassles, jet lag and poor sleeping, disruption of exercise routines, and excesses in eating, drinking, and sun exposure can leave a traveler more stressed and less well after a trip. A recent Columbia University study of business travelers found that frequent and extensive travel can even increase cardiovascular risk factors (obesity, high blood pressure, high cholesterol).¹

This is ironic because many people look forward to travel as an adventure and as an opportunity to rejuvenate and de-stress. In fact, when an SRI International survey asked consumers what they do to maintain/enhance their personal wellness, “take a vacation” was among the top five activities selected.² As more and more people pay attention to their health, they increasingly want to keep up their






healthy habits when they travel. And a growing segment of travelers are even taking trips specifically focused on maintaining and improving their personal health and well-being. This is driving the growth of wellness tourism.

Although wellness tourism is a relatively new niche segment within the global travel and tourism industry, the practice of wellness-focused travel is not new. Since ancient times, people have visited the Dead Sea for its therapeutic properties. Romans traveled to baths, hot springs, and seaside resorts for treatments, healthier climates, purification, and spiritual rituals. For 1,500 years, the Japanese have traveled to hot springs or *onsen* for healing and community. In spite of the rigors of travel in today’s world, the act of travel itself has long been considered a wellness-enhancing activity.

Defining Wellness Tourism

There is much that is unwell about travel today. Wellness tourism is *travel associated with the pursuit of maintaining or enhancing one’s personal well-being*.

Unwell Travel

-  Unhealthy & over-eating
-  Travel stress
-  Excessive drinking
-  Poor sleeping
-  Disruption of fitness routine

Wellness Travel

-  Healthy living
-  Rejuvenation & relaxation
-  Meaning & connection
-  Authentic experiences
-  Disease prevention & management

Primary Purpose Wellness Traveler:

Wellness is the sole purpose or motivating factor for their trip & destination choice.

Secondary Purpose Wellness Traveler:

Seek to maintain wellness while taking any type of trip.

¹ Richards, Catherine A. and Rundle, Andrew G. “Business Travel and Self-rated Health, Obesity, and Cardiovascular Disease Risk Factors.” *Journal of Occupational & Environmental Medicine* 53.4 (2011): 358-363.

² SRI International survey of 1,077 consumers worldwide, conducted in 2010.

Wellness-minded consumers integrate healthy habits and activities into their lifestyles and their travel.

The unhealthy aspects of travel reflect a broader trend – people are unwell, and increasingly so. Aging populations, an alarming rise in chronic disease and unhealthy lifestyles, failing medical systems with rising costs, and the stress associated with the modern lifestyle are all driving a mounting global health crisis. While these challenges are already pervasive in developed world, they are also rapidly rising in developing countries as people grow more wealthy, urbanized, and sedentary, and increasingly adopt Western lifestyles and products.

Many consumers are fighting back, seeking better ways to take care of themselves, actively making lifestyle changes, and taking greater responsibility for maintaining good health. This trend is driving the emergence of a wellness industry – broadly including complementary and alternative medicine, nutrition and weight-loss, spa, fitness and mind-body activities, beauty and anti-aging, preventive and personalized health, and wellness tourism.

Consumers who have integrated wellness into their lifestyles are also reflecting these interests when they travel. While some wellness travelers may take a trip entirely for wellness purposes (“primary-purpose wellness tourism”), others may engage in wellness-related activities as part of a trip (“secondary-purpose wellness tourism”). Both segments represent unique and important opportunities for businesses, tourism destinations, regions, and countries that want to attract this high-yield customer segment.

What Is Wellness?

The word “wellness” entered the mainstream lexicon in the 1970s and has dramatically grown in popularity over the last 10-15 years. Still only hazily understood by most consumers, in popular usage the term can be applied to anything that makes one feel good or that is “healthy.” The modern concept of wellness is very much rooted in the Western (U.S. and European) traditions and may not be well understood in other parts of the world. However, the tenets underlying wellness can be traced to the ancient civilizations of Asia, Greece, and Rome.

Consistent with the World Health Organization’s definition of “health,” this study defines wellness as *a state of complete physical, mental, and social well-being*.³ It goes beyond mere freedom from disease or infirmity and emphasizes the proactive maintenance and improvement of health and well-being.

Expressed on a continuum that extends from reactive to proactive approaches to health, wellness falls firmly on the proactive side, incorporating attitudes and pursuits that prevent disease, improve health, enhance quality of life, and bring a person to increasingly optimum levels of well-being (see below).⁴



³ Preamble to the Constitution of the WHO, www.who.int/about/definition/en/print.html.

⁴ The continuum concept is adapted from Dr. Jack Travis’ Illness-Wellness Continuum. Travis was one of the pioneers of the modern wellness movement in the late-1970s.

Wellness Travelers...



Source: SRI International

Wellness tourism represents the intersection of a powerful lifestyle trend and a growing global industry.

As one of the world's largest industries, tourism directly accounts for 100 million jobs worldwide. Its economic impact supports 9% of global GDP (\$6.6 trillion in 2012, according to the World Travel & Tourism Council).⁵ The rise of the global middle class – and the basic contemporary human need to rest, de-stress, and experience other places and cultures – continues to fuel an industry whose worldwide growth has surpassed that of major industries such as manufacturing, financial services, and retail.

At the same time, global demographic, lifestyle, and health trends are drawing attention to how wellness may be able to improve life, enhance businesses' bottom lines, and reduce societal healthcare costs. As a result, wellness tourism is positioned at a profitable intersection between the rising wellness industry (estimated by SRI International to be approximately \$2 trillion in 2010) and the world's massive tourism economy.

Why Study the Wellness Tourism Economy?

- Tourism is a large and fast-growing industry.
- Wellness is a strong consumer trend.
- Wellness tourism is growing faster than the overall tourism industry.
- Wellness tourists are high-yield tourists who bring greater economic impacts.
- Wellness tourism can support preservation of traditional culture and natural assets, and can stimulate entrepreneurship.
- Wellness tourism brings in revenues, creates jobs, and may help improve the well-being of the general population.

Why Is Wellness Important To People, Business, and Government?



Worldwide obesity has nearly doubled since 1980.



Almost 10% of the world's adult population has diabetes.



Chronic disease is responsible for 60% of all deaths.



Over half the global business population has experienced an appreciable rise in workplace stress in recent years.



From 2002-2020, health spending in OECD countries will more than triple, to \$10 trillion.



Between 2000 and 2050, the proportion of the world's population over 60 years will double.

Source: WHO, PWC, Regus

⁵ WTTC, *Travel & Tourism Economic Impact 2013*, www.wttc.org/site_media/uploads/downloads/world2013_1.pdf

Defining and Measuring the Wellness Tourism Economy

Measuring the size and economic impact of an industry is complicated and can be especially daunting for a segment that is not easily defined. Following international conventions for measuring tourism, this study measures wellness tourism by aggregating the expenditures of people who are defined as wellness tourists, instead of aggregating activities of “wellness tourism industry businesses.”

Wellness tourism spending may or may not take place in businesses or activities that one typically associates with wellness. For example, the lodging used by a wellness traveler could be a destination spa or a traditional hotel/resort. Other categories of wellness tourism expenditures (food & beverage, shopping, etc.) may range from “generic” to “wellness specific.” *All of these types of expenditures are part of the wellness tourism economy so long as they are made by a traveler whose primary or secondary trip purpose is to pursue wellness.*

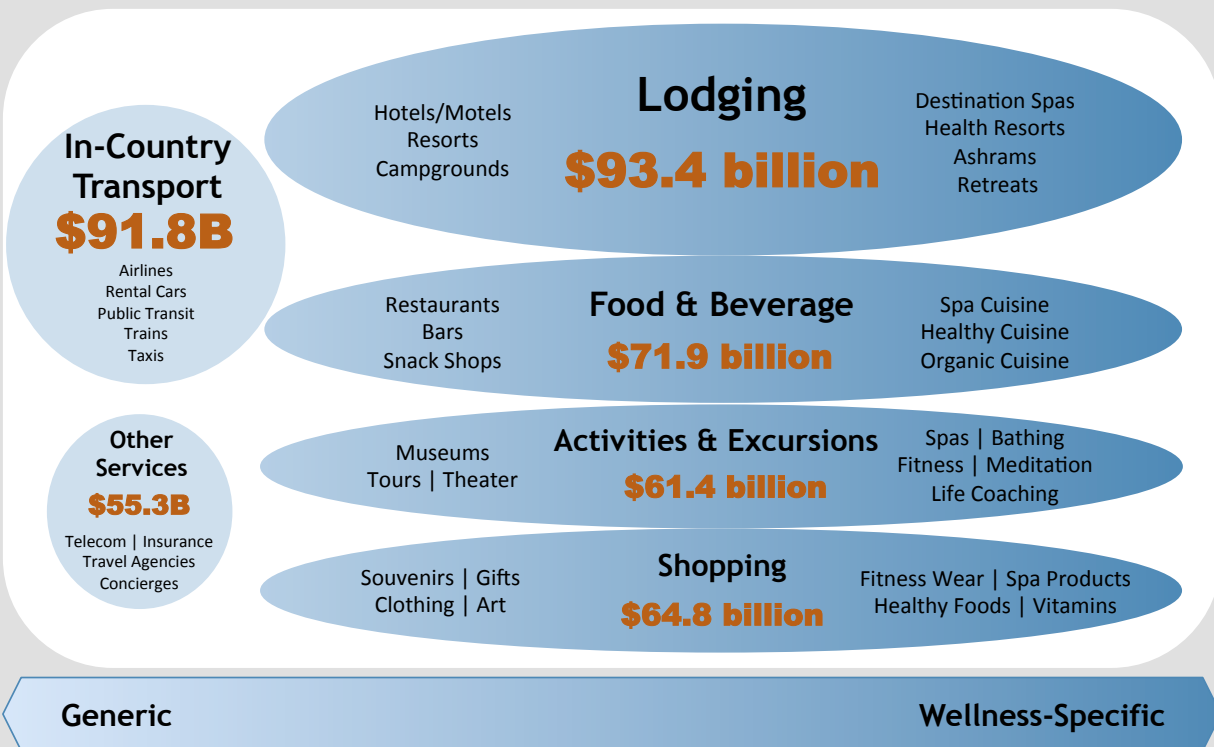
Definitions

The wellness tourism economy is *all expenditures made by tourists who seek to improve or maintain their well-being during or as a result of their trip.* It includes two types of expenditures:

- **International Wellness Tourism Receipts:** All receipts earned by a country from inbound wellness tourists, with an overnight stay.
- **Domestic Wellness Tourism Expenditures:** All expenditures in a country made by wellness tourists who are traveling within their own country of residence, with an overnight stay.

See wellness tourist spending sub-categories below.⁶

The Wellness Tourism Economy \$438.6 billion global market



The examples provided in each sub-category are illustrative and not exhaustive.

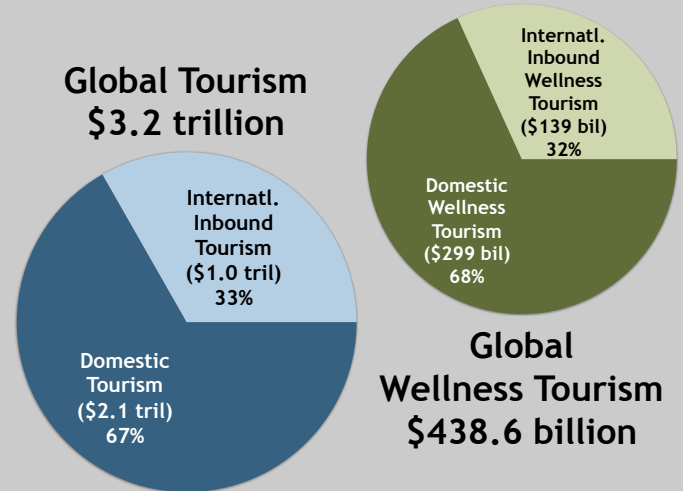
Source: SRI International

⁶ Note that, following the conventions for calculation of international tourism statistics, international airfare is excluded from the calculation of wellness tourism expenditures.

Overview: The Wellness Tourism Economy

- Wellness tourism represents about 6% (524.4 million) of all domestic and international trips.
- Wellness tourism accounts for about 14% (\$438.6 billion) of all domestic and international tourism expenditures.
- Domestic wellness tourism is much larger than international, representing 84% of wellness tourism trips and 68% of expenditures.
- Those who seek to maintain wellness while traveling (secondary-purpose wellness travelers) represent 87% of wellness tourism trips and 86% of expenditures.
- Wellness tourism is projected to grow by more than 9% per year through 2017, nearly 50% faster than overall global tourism.
- Wellness tourism generates 11.7 million direct jobs, delivering \$1.3 trillion of global economic impact (1.8% of global GDP in 2012).

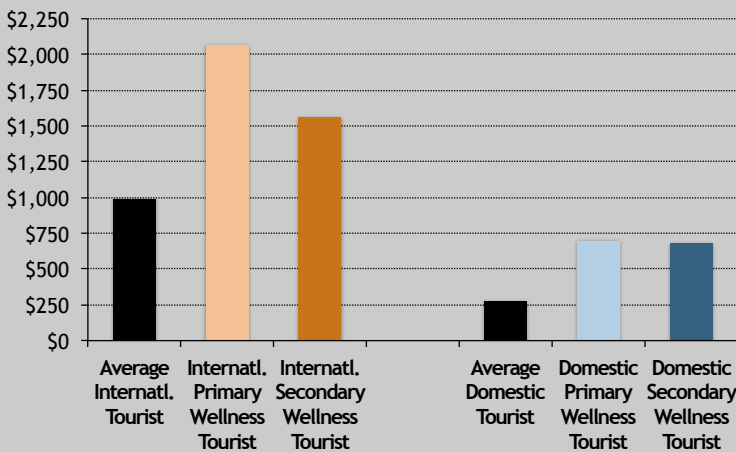
Wellness tourism is a \$438.6 billion global market and a rapidly growing niche within the \$3.2 trillion global tourism economy.



Source: SRI International for wellness tourism data; Euromonitor for general tourism data.

Characteristics Of Wellness Tourists

Wellness tourists are “high-yield” tourists, spending 130% more than the average tourist.



An international wellness tourist spends about 65% more per trip than the average international tourist.

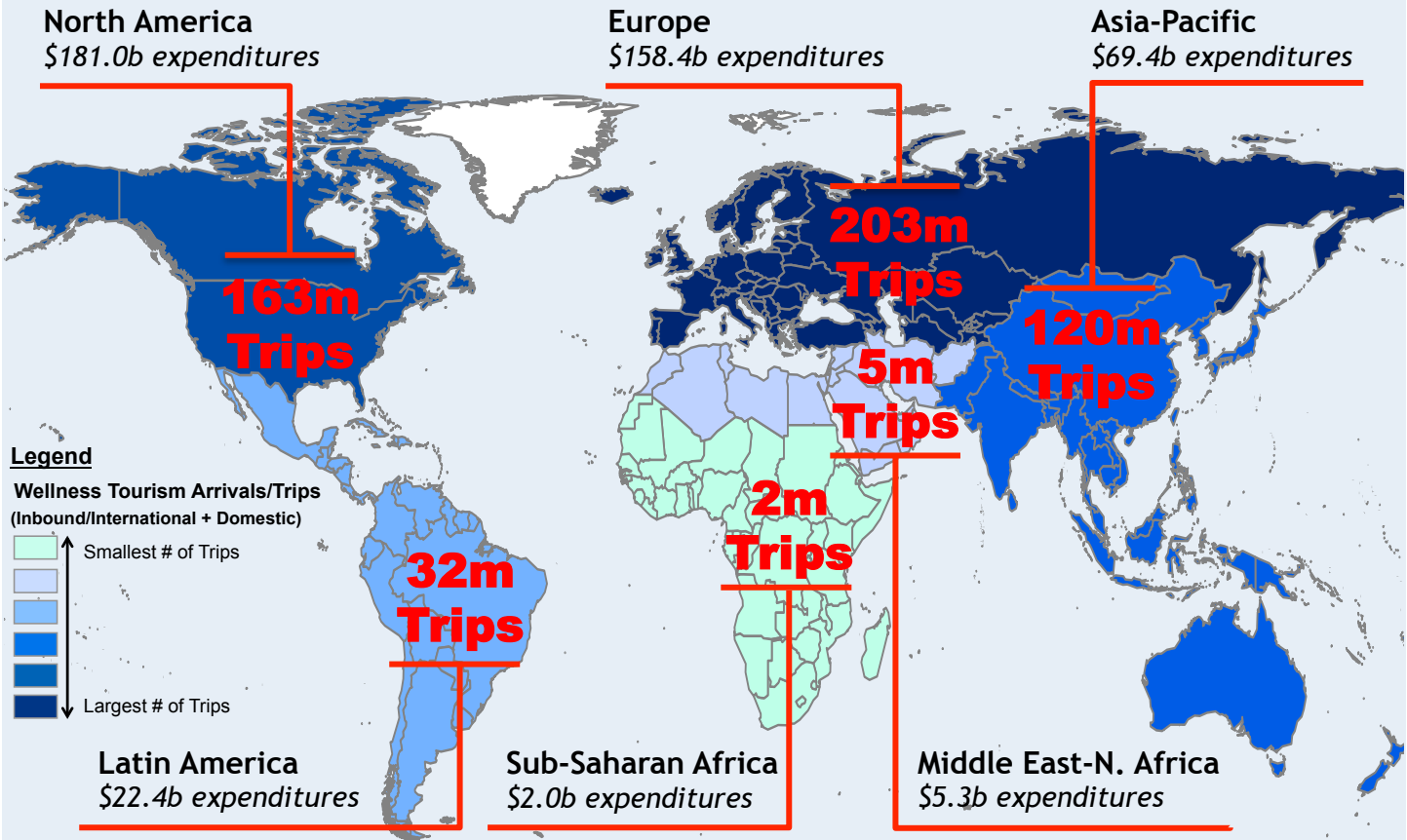
A domestic wellness tourist spends about 150% more per trip than the average domestic tourist.

- Primary-purpose international* wellness travelers represent the smallest segment, but they spend more per trip (\$2066).
- Secondary-purpose domestic* wellness travelers constitute the largest segment, but they spend less per trip (\$680).
- Wellness tourists currently tend to be middle-aged, wealthy, educated, and from Western and/or industrialized countries.
- The top source countries for outbound international wellness travelers are currently in Europe and North America.
- Future wellness tourism growth will be driven by countries and consumers in Asia, Middle East, and Latin America.

Source: SRI International for wellness tourism data; Euromonitor for general tourism data.

Wellness Tourism By Region

Combined international/inbound and domestic wellness trips in each region, 2012

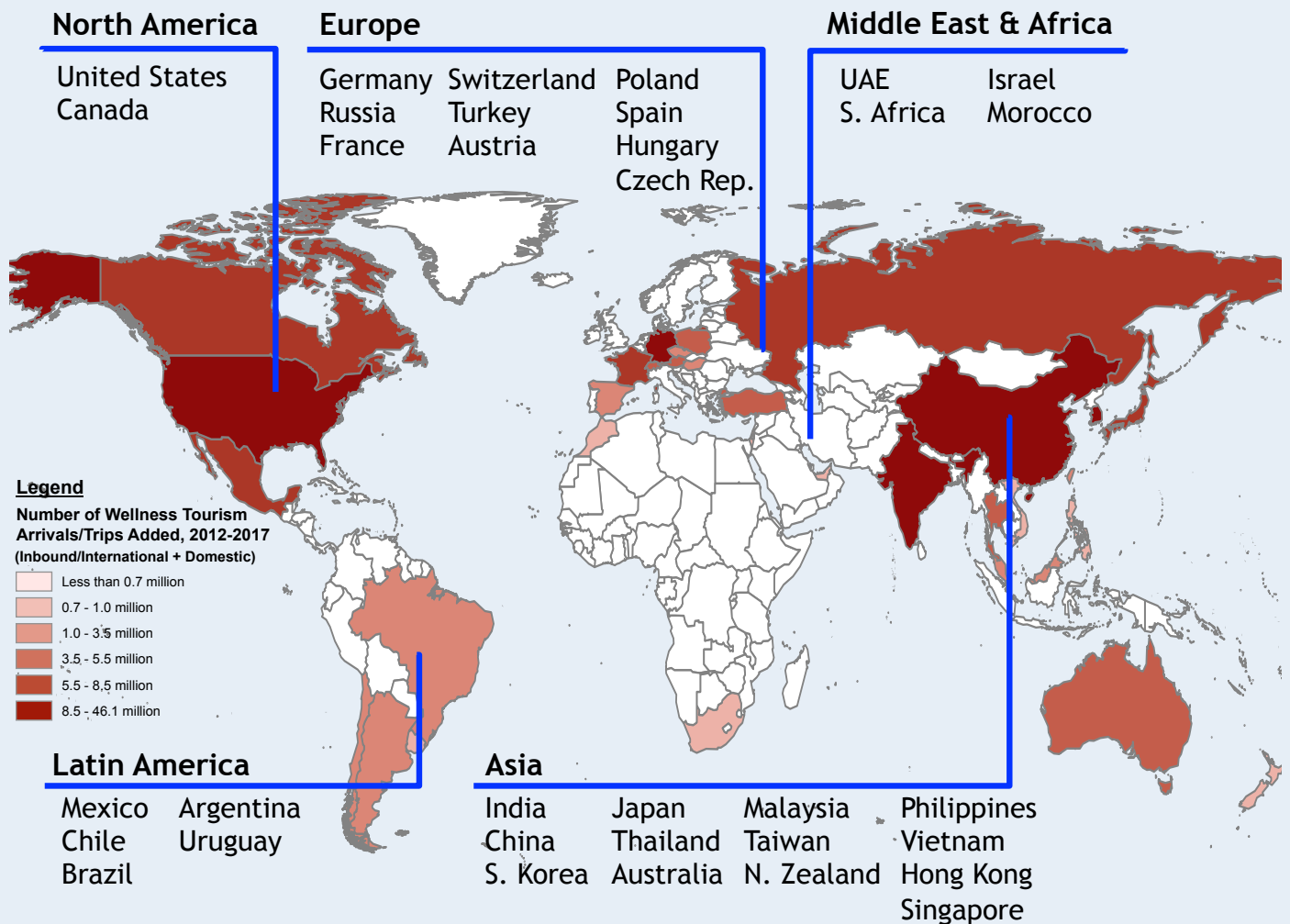


- The top five countries (United States, Germany, Japan, France, Austria) account for over half of the market (63% of expenditures).
- Among the world's top twenty countries for inbound/international and domestic wellness tourism (in terms of combined market size), over half are in Europe.
- Countries that receive the most *inbound international* wellness tourism arrivals: United States, France, Austria, Germany, Switzerland.
- Countries that have the most *domestic* wellness tourism trips: United States, Germany, Japan, China, France.
- Fifteen countries account for 75-85% of *outbound international* wellness trips, led by Europe, North America, and wealthier/developed Asian countries.

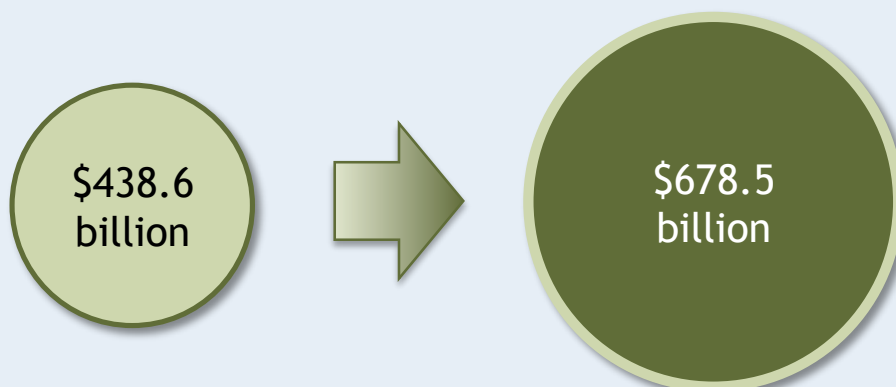
Source: SRI International

The Future Of Wellness Tourism

Top countries for growth in inbound/international and domestic wellness trips, 2012-2017



Over half of the projected growth in wellness tourism trips through 2017 will take place in Asia, Latin America, and the Middle East/North Africa.

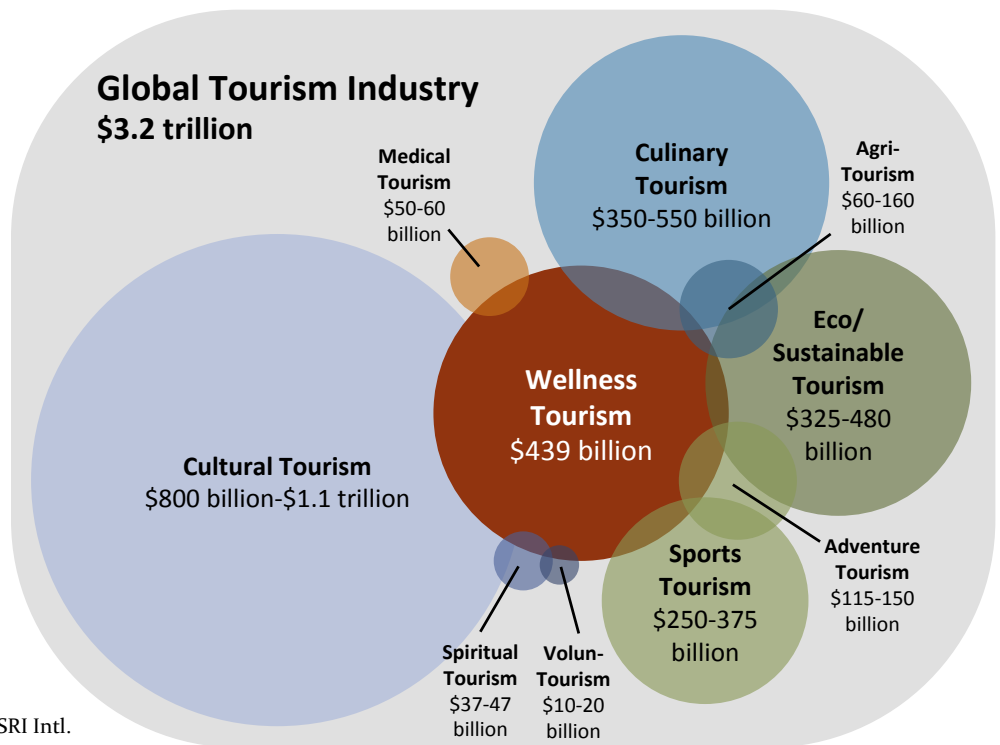


Wellness tourism is projected to grow by 9.1% annually through 2017, a growth rate that is nearly 50% higher than that of overall global tourism.

Source: SRI International

Wellness tourism has synergy with many high-growth niche segments.

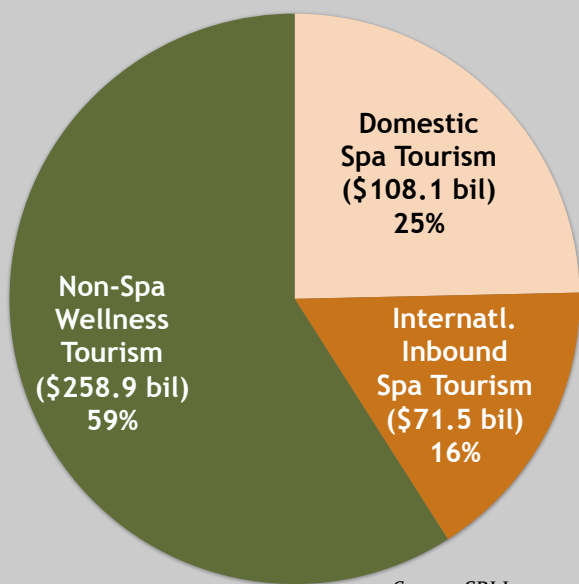
Niche tourism, or special interest tourism, has long been a growing global phenomenon. Wellness tourism shares many commonalities with other niche tourism segments, including overlapping traveler motivations and interests. A “secondary purpose” wellness tourist may be simultaneously engaging in adventure tourism, culinary tourism, or eco-tourism. We estimate that international and domestic wellness tourism is similar in size to eco/sustainable tourism and culinary tourism.



Source: SRI Intl.

Note that the market size for Medical Tourism shown here includes only international/inbound tourism (as domestic tourism figures are not available). All other segments include both international and domestic tourism combined.

Spa tourism represents about 41% of wellness tourism expenditures.



Source: SRI International

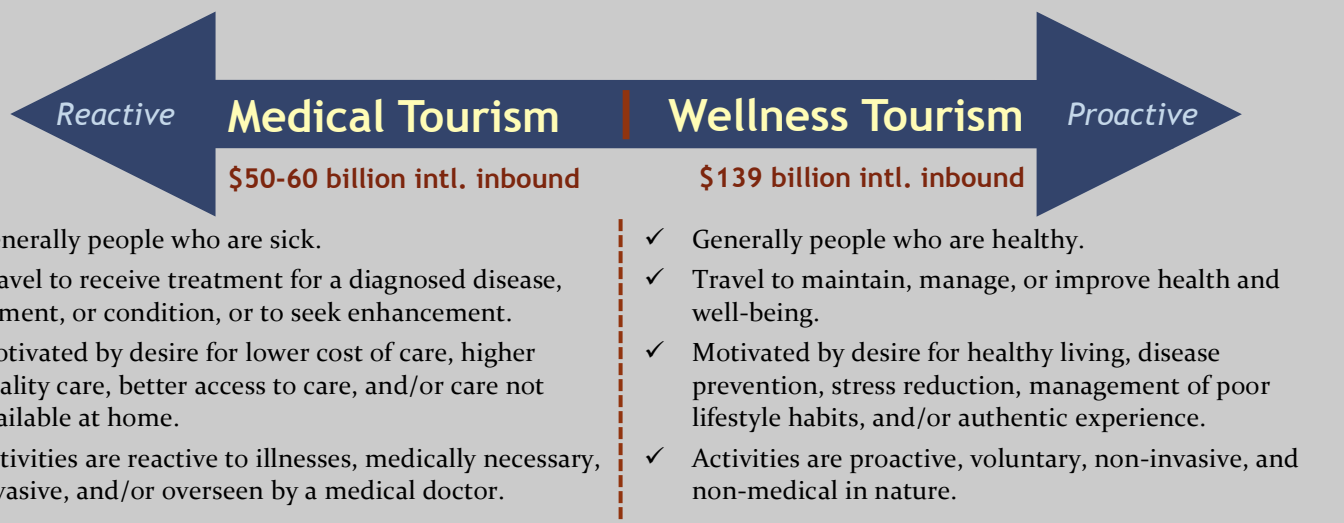
Spa Tourism and Wellness Tourism

- Spa is a core business within wellness tourism and accounts for a significant portion of the wellness tourism economy.
- In 2012, spa tourism represented a \$179.7 billion market, with 224.9 million spa trips made both internationally and domestically.
- In 2007, SRI International estimated spa tourism at \$106.0 billion, with 142 million spa trips. This represents 11.1% average annual growth in spa tourism expenditures over the last 5 years, and 9.6% average annual growth in the number of spa trips.
- Non-spa wellness tourism expenditures are made by tourists in many other types of wellness-specific and “generic” activities and businesses, as presented on Pages iii and v, including healthy hotels, fitness, yoga, retreats, preventive health checkups, lodging, restaurants, retail, and so on.

Wellness tourism is different from, and larger than, medical tourism.

Medical tourism and wellness tourism are fundamentally different activities that meet different traveler or patient needs. The conditions and factors that make a destination successful in either type of tourism are also very different. The distinction between medical tourism and wellness tourism is best understood by applying the concept of the “continuum of health” (see Page ii and below). Inconsistent use of these terms, as well as attempts to market medical tourism and wellness tourism together, have led to confusion among industry,

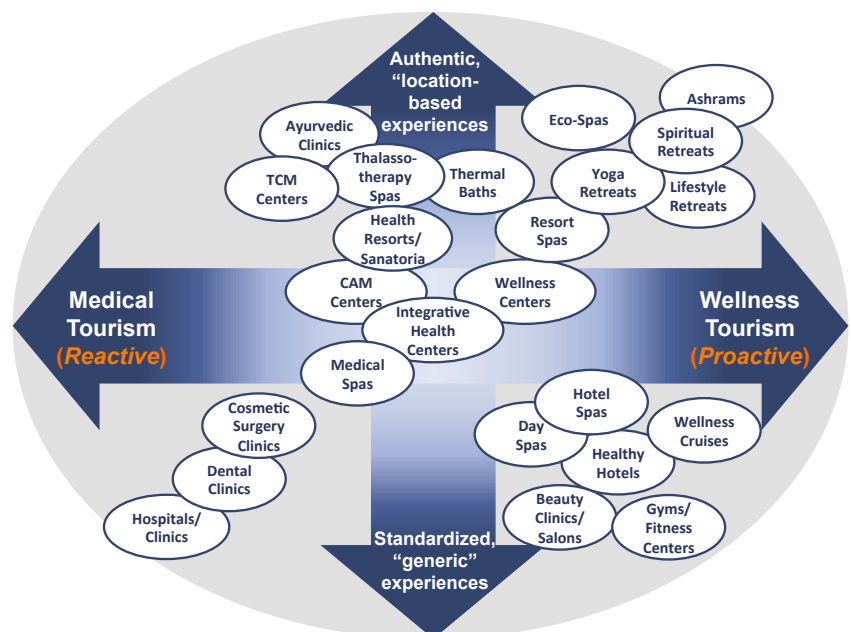
governments, and consumers alike – to the detriment of both sectors. In fact, it is best to avoid using vague terminology such as “health tourism,” since it is not clear whether this term refers to medical tourism or wellness tourism, or is casually linking the two. While there are areas of overlap, cross-marketing must be pursued carefully to target specific consumer markets. From a policy and industry promotion perspective, the two are best developed and marketed separately.



Conventional medicine is beginning to embrace preventive and alternative approaches to care.

The overlap between wellness tourism and medical tourism occurs around activities toward the middle of the health continuum, such as thalassotherapy, thermal baths, health resorts, sanatoria, medical spas, DNA testing, and executive checkups – activities that can be both preventive and curative.

As the conventional medical industry increasingly turns toward preventive, alternative, and traditional approaches in order to deliver more effective care and improve costs – and as the scientific evidence base for alternative and wellness-oriented therapies grows – the lines between medical tourism and wellness tourism will in some instances blur.



Graphic adapted from Johnston, Puczko, Smith & Ellis, *Wellness Tourism and Medical Tourism: Where Do Spas Fit?* May 2011.

Key Messages About Wellness Tourism

1

Well-Positioned

Wellness tourism is riding a wave of demographic and lifestyle trends that is putting proactive health, mindfulness, and prevention at the center of consumer decision-making.

2

Preventive and Proactive

Wellness tourism and medical tourism occupy distinct yet complementary spaces, meeting consumer needs along the vast health continuum.

3

High-Yield

Domestic wellness tourism represents a large opportunity that can be leveraged to attract higher-spending international tourists.

4

Think Local

Locally-rooted offerings are a key differentiator to attract travelers who seek authentic, place-based experiences.

5

Healthy Hotels To Hospitals

New and varied business models are emerging to meet the wellness needs of travelers.

6

Government Support

Governments are recognizing the wide commercial benefits of wellness tourism, as well its impact on the health of their economy and their citizens.

A wide variety of private and public sector entities have a stake in wellness tourism and can partner together to advance these opportunities.



**WE ACKNOWLEDGE AND THANK OUR
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Massage Envy Spa

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Lighting Science

Red Door Spa

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