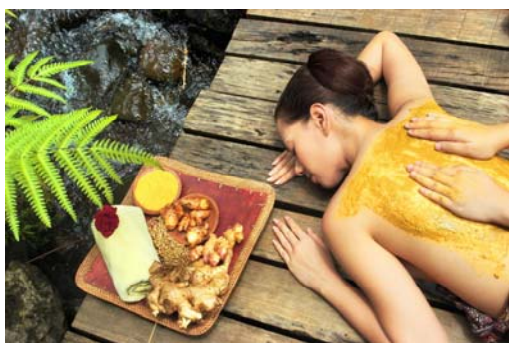


North American Spa Vacation Industry in the Crossroad (Lessons learned from running a Hotel Spa in a Ski Resort)

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One of the things that medias/surveys are telling us is that Spa Industry is booming and it is growing fast all over North America. To no one surprise, this trend encourages Hotel/Resorts to build more Spas, not only bigger, but also more lavish, more sophisticated and sometimes more gimmicky. As a result, spa operator anywhere sees a confusing marketplace with so many players coming to the scene claiming to bring something new to their clients. It is not unusual to hear that a new Spa is opening and promised to offer different style of treatment, different atmosphere, and different modalities so therefore it is catered to a certain market. But, at the end we are all targeting the same market, offering basically the same types of treatments and essentially using the same marketing technique like everybody else. In Whistler, we don't see the difference between a veteran and a first-time Spa-goer. They all look the same and they are all blended in. In small area like Whistler with so many Spa players, this proves to be challenging. Because many of the Spas do not have marketing network beyond the resort, we are all competing to get the business mostly from the Vacationers that already arrive here. Most Spas in Whistler are independent business unit apart from the Hotels they reside on, so they are not always part of the Hotel's national/international marketing campaign. It is difficult enough to do proper marketing within the resort with its limited budget, not alone trying to expand its marketing campaign beyond the resort.

When Whistler experiences a decline in Tourist visits for 5 years in a row, many businesses in Whistler and especially the Hotel Operators start to wonder if Ski Industry alone is going to be enough to sustain a healthy economy

for the resort. At the same time Whistler saw the numbers of Spas in the resort double especially in the Hotel Spas sector. Why do we need more Spas when the number of Tourist visits is declining? Do the Visitors want more choices of Spas? Or is this more like an irrational reaction to overly optimistic projection of growth in the North American Spa Industry? Or could this trend be fueled by the promise of the explosion of Tourist visits leading to 2010 Winter Olympic in Whistler? But why Spa gets more interest from Hotel Operators? Why not the other sectors, like restaurants, retails or outdoor activities? Whatever the answer might be, it all comes down to one thing, market will decide the fate of this industry and what direction it will go. Can Spa Vacation become the third pillar in our Resort Economy, beside Ski/Winter and Golf/Summer Vacation? Can Spa Vacationers fill Hotel rooms in the low seasons? And spread the economic benefits to other businesses in the resort? Is this market sustainable in the long term? If the answer is yes, what needs to be done?

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Even in the open market economy, the industry players still believe that there is something we can do to make the market work for our benefit. Tourism Whistler then reacted by forming a Health & Wellness subcommittee to facilitate collective marketing campaign beyond the Resort. This sub-committee not only represents Spas but also conventional Health & Wellness providers like Dental clinics, Medical clinics, Psychologists, Physiotherapists, Chiropractors, Nutritionists, Personal trainers and even the not-so conventional providers like New Age and Herbal stores. It surely creates confusion on how to make this work and how we can possibly put all these services in one clear message about Whistler's Health & Wellness experience. But there is one thing that makes us all stick together (at least for now); we want to make Whistler known as premier Wellness Destination in Canada one way or another.

We believe Spas and other Health & Wellness providers in Whistler have a potential to provide *balance* to other conventional Whistler's Attraction. Unlike Ski and Golf Vacation, we do not base our growth solely on volume; we are more accustomed to provide more personalized service to our customers than Ski and Golf

Operators are. Customer's loyalty has to be won one person at a time in Spa business. Unlike Ski and Golf operators, we do not push people to "play" harder but giving our client more chance to relax, never rushed them in line or address them by assigned numbers or bar codes. Unlike Ski and Golf, Spas and other Health & Wellness in Whistler are weather independent and can become alternative attraction between outdoor activities. Due to the nature of our business, we can operate all year round in Whistler without doing any major organizational changes seasonally. Therefore, the Spa sector is one of the very few sectors in this Ski Resort that can become a true "all-season" Attraction/Activity for the Guests. Not only that, Spa also can be enjoyed individually or in a group. This certainly has larger appeals and can easily be incorporated to virtually any activities that our visitors originally planned when they decide to come to Whistler.

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When the ISPA/CTC survey on Spa Traveler in North America came out early this year, we started to learn the new terms: *Spa Vacation* and *Spa Traveler*. It all becomes clear to some of us that Spa Vacation is what the North American market demands from the Tourism/Hospitality Industry. Spa Vacation is a new market that carries 3 important characteristics: it is *Consumer-driven*, it is *Industry-led* and now it is also *Research-based*.

The survey says that this particular market now has between 20-25 million Adult followers in North America alone and has potential growth of 20% per year for at least the next 3 years. One particular point that came out really strong about this market is that the Spa Travelers are savvy travelers and they travel quite virtually *all year round* in a pursuit of their dream Spa Vacation. This is definitely a perfect match for Whistler that is looking for a *Consumer-*

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Now to make this Spa Vacation market a new engine for Growth in our Ski Resort, we will need to find a formula in order to sustain this Industry in the long term. In my opinion, there are 4 characteristics that need to be established:

1. **It has to revolve around Tourism/Hospitality Industry.** By nature, Spa Vacation is an activity for Tourists, so Hotel operators in Whistler need to embrace this new market just like they embrace the Ski Industry in the past.
2. **It has to become an integral experience in the eyes/minds/hearts of our Guests.** Spas in Whistler need the supports from other businesses, not only from Hotels but also from Restaurants, Retails and Event Organizers/Activity Operators. According to the ISPA/CTC survey, Spa Traveler loves to shop, to dine-out and to watch a show. Spas are not in the business of providing those services, so it has to come from other businesses in town.
3. **It still has to strive to be attractive all year round.** The only way to make Spa Vacation becomes a year round pursuit, we need to give the Spa Traveler a reason to come back to Whistler every season. Whistler needs to create Festivals and Workshops all year round that satisfy the Spa Traveler's needs of Entertainment and Education. Again, spas are not in the business of providing those services, special event organizers need to come on board to provide this service.
4. **It has to look professional in the eyes of the Spa Traveler.** Since that there is no Spa/Hotel in Whistler that can provide all the above services individually, we all need to do this collectively. We need to work collaboratively in order to service the Spa Travelers like single entity. Operationally, there will be some information sharing and complementary services cost-sharing among the different operators. Consequently, a standard protocol needs to be established among these different operators in order to carry the operation smoothly.

Spa Vacation has revolutionized the Tourism/Hospitality Industry in Asia and some parts of Europe in the past couple of years. But, It barely scratches the surface here in North America because many Hotel/Resort operators here are still yet to realize its true potential. One needs only to see what is going on in Asia to understand the impact of Spa Vacation to the

overall Tourism/Hospitality Industry. In Asia, Hotel/Resort is transforming itself to be a Spa Vacation Destination when a Spa started to operate inside its property. Spa Vacation becomes a Lifestyle not only for their Guests, but also for many of the people who work for the Hotel/Resort. This new Lifestyle subconsciously changes their attitudes and personality when they deal with their Guests. In an Industry that is always striving to give a *personal touch* to their guest, Spa Vacation is surely a natural fit to Tourism/Hospitality Industry.

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The crossroad is then whether or not Tourism/Hospitality Industry in North America is willing to embrace this new reality. Are they going to let the Spa Industry alone to figure out our way to become a mainstream among North American Vacationers? Or will the North American Tourism/Hospitality Industry rush a new era of Spa Vacation in this continent? This new reality is yet to come for many Industry players here and only few are smart enough to incorporate it into their core product/service offerings before everybody else does so. One thing for sure, the North American Spa Vacation Industry will not grow unless we are all feeding it. While we all try to figure out what to do here, remember that every resort in Asia and Europe is not standing still. Most of them have transformed themselves to be a premier Spa Vacation Destination not only for their own geographic market but also more aggressively for North American consumers.

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