

## „The boom of spa hotels in Germany, Austria and Switzerland – winners and losers“

**Thessaloniki**

**17.11.2006**

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## Spa ... or ... Wellness

- Spas ... have a long history → China & India, Greece, Oriental baths, Roman baths, Middle Age baths, the “Cure baths”
- The “modern” spa industry started ... in USA about 1960  
... in central Europe about 1970

ghh research Wiesbaden – spa potential in Germany 2006:  
800.000 additional guests  
4 Mio. overnight stays in hotels  
20 Mio. treatments  
€ 1 billion revenue  
20.000 jobs

- We estimate that about 10 % of total tourism in Germany, Austria and Switzerland is already linked to spa and health development.
- Meanwhile we count about 1.000 “professional” spa hotels in Germany, Austria, Switzerland (plus 10 % each year).



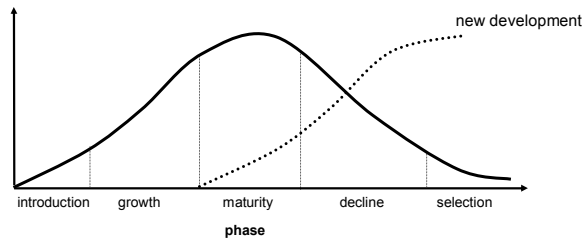
## The driving forces behind

- growing body orientation
- growing health and fitness orientation
- a general wish for a healthier life
- demographic changes in our societies ... we live longer and want to remain younger (- 15 years) ... we want “to look 30 years like 40”
- the new role of women in holiday decisions
- the trend towards spiritual experiences (meditation ... yoga ... Qi Gong ... etc.)
- the wish to get “a little bit of pampering in an otherwise brutal outside world”
- the pursuit of happiness
- “look good ... feel good ... life is good”
- **the ultimate wish for many spa enthusiasts:**  
**“to look sexier ... not healthier”.**



## Are these driving forces still valid – YES! Will they last forever – NO!

- there is an end to everything
- the spa boom is cyclical ... it is a “wave” ... a “boom”:  
introduction – growth – maturity – decline – selection – innovation;



- we have to expect changes in consumer behaviour (in their wishes and dreams)



## Are these driving forces still valid – YES! Will they last forever – NO!

- a never ending crowd of “imitators” creates huge over-capacities ... worldwide
- too many bad (poor) spa products ... at too high prices
- the international media is already very critical concerning the spa industry
- global competition is growing fast (Asia, 3<sup>rd</sup> world countries, ...)
- insiders to the spa industry see – in some areas – already an overheated spa development – a bubble to burst in the near future



## Consequences to the spa industry

- overcapacities will grow and lead to stronger competition ... price wars ... fierce selection ... survival of the fittest
- the former homogeneous spa product splits up in specialised niches; Swiss spa experts distinguish between:
  - light spa ... pool + sauna
  - spa plus ... pool + sauna + treatments like massage, cosmetic, baths
  - medical spa ... pool + sauna + treatments like massage, ... + serious medical “packages”
- there is a continuous stream of spa innovations in the pipeline (if you build a spa – don’t build an old one)
- the **better** (spa hotel) is the enemy of the **good** (spa hotel)
- successful marketing strategies are gaining importance



## Warning I

- poor ... “light” ... “me too” spas (the simple upgrading of old hotels) are the most endangered species
- spas without a complete concept and a clear marketing strategy
- spas with poor software in spa management, poor staff quality, unpleasant ambiance and interior, bad locations (in the cellar, ...)
- too many spas aim at the “luxury class” ... they start with very high prices ... are often not successful ... and then they start to climb down the social ladder; “the rich will make you poor” ... who is investing in an “affordable” spa?



## Warning II

- it is very demanding to build up - and to keep - a professional spa team
- in a "high end core competence spa" you have to streamline your clientele: no "MICE", no families, no groups, no à la carte restaurants ... only spa enthusiasts staying in the hotel are allowed in ...
- the ongoing operating costs of spas are the danger – not the initial investment costs:
  - 700 l drinking water per person per day
  - 7 towels per person per day
  - high energy costs, sewage, ...
  - high labour cost (1 therapist at € 3.000,-- per month is good for 8 treatments per day ...)



## To outsource a spa - or not

- difficult to answer – depends on the concept, strategy, size ... etc.
- many experts say that a standard hotel management has not the necessary competence
- hotel chains tend to outsource; there are more and more specialised spa operators worldwide
- many hotels try to avoid the risks connected with operating a spa



## Hotels with a core competence in spa

- want to have 100 % control over the quality in the spa
- want to determine the opening hours ... also on weekends ... the price structure ... the service
- want to coordinate the marketing and want to develop special spa packages
- try to create an overwhelming spa experience for their guests – from arrival to departure – from breakfast to dinner – from the garden to the linen (in the bed) ...
- consequently: they do not outsource the spa



## Before you invest in a new spa ... get as much personal information as you can

### SPA-HOTELS ... to learn of:

(personal choice ... not complete)

#### Austria:

- |                  |                    |                   |
|------------------|--------------------|-------------------|
| ➤ Lanserhof      | Innsbruck          | medical spa       |
| ➤ Krallerhof     | Leogang            | alpine resort     |
| ➤ Hochschober    | Turracher Höhe     | mountain spa      |
| ➤ Ronacher       | Bad Kleinkirchheim | 5* family hotel   |
| ➤ Alpenrose      | Maurach            | alpine spa        |
| ➤ Posthotel      | Achenkirch         | alpine spa        |
| ➤ Schwarz        | Mieming            | medical spa       |
| ➤ Der Steirerhof | Bad Waltersdorf    | thermal spa hotel |



### SPA-HOTELS ... to learn of:

#### Germany:

- |                              |                   |                  |
|------------------------------|-------------------|------------------|
| ➤ Zur Bleiche                | near Berlin       |                  |
| ➤ Alter Meierhof             | Glücksburg/Ostsee |                  |
| ➤ Friedrichsbad              | Baden-Baden       |                  |
| ➤ Brenner's Park Hotel & Spa | Baden-Baden       | 5* de luxe hotel |

#### Italy:

- |                            |         |                                |
|----------------------------|---------|--------------------------------|
| ➤ Dr. Chenot, Palace Hotel | Merano  | medical spa                    |
| ➤ Hotel Irma               | Merano  | 4*, family                     |
| ➤ Hohenwart                | Schenna | 4*, family                     |
| ➤ Vigilius Mountain        | Merano  | interesting architecture       |
| ➤ Saturnia                 | Tuscany | 5*, golf, thermae, medical spa |
| ➤ Adler Thermae            | Tuscany | 4*, resort spa                 |
| ➤ Bulgari Hotel Milano     | Milan   | 5*, designer hotel & spa       |



### SPA-HOTELS ... to learn of:

#### France:

- |                           |          |                 |
|---------------------------|----------|-----------------|
| ➤ Les Sources de Caudalie | Bordeaux | wine treatments |
| ➤ Vichy                   | Vichy    | traditional spa |

#### Switzerland:

- |                                       |            |   |
|---------------------------------------|------------|---|
| ➤ Victoria-Jungfrau Grand Hotel & Spa | Interlaken | 5* deluxe hotel & spa                   |
| ➤ Vals                                | Vals       | architecture                            |
| ➤ Bad Ragaz                           | Bad Ragaz  | 5*+ 4* hotels, golf, clinique, day spa, |

#### Hungary:

- |                   |          |                  |
|-------------------|----------|------------------|
| ➤ Gellért Heilbad | Budapest | tradition, arch. |
| ➤ Rudas Füüdö     | Budapest | tradition, arch. |

#### Iceland:

- |               |                |                       |
|---------------|----------------|-----------------------|
| ➤ Blue Lagoon | near Reykjavik | nature, thermal water |
|---------------|----------------|-----------------------|



### SPA-HOTELS ... to learn of:

#### Turkey:

- |                            |          |           |
|----------------------------|----------|-----------|
| ➤ Çemberlitas Bath (Hamam) | Istanbul | tradition |
|----------------------------|----------|-----------|

#### Asia:

- |   |                   |                           |
|---|-------------------|---------------------------|
| ➤ The Lalu                              | Taiwan            | architecture (built 1930) |
| ➤ CHIVA SOM International Health Resort | Hua Hin, Thailand | Asian spa                 |
| ➤ Begavan Giri Estate                   | Bali, Indonesia   | Asian spa                 |
| ➤ The Oriental Spa                      | Bangkok           | 5* city hotel, spa        |
| ➤ Spa Botanica                          | Singapur          | garden spa                |

#### Australia:

- |                             |            |           |
|-----------------------------|------------|-----------|
| ➤ Daintree Ec lodge and Spa | Queensland | Eco – spa |
|-----------------------------|------------|-----------|

#### USA:

- |                           |               |                          |
|---------------------------|---------------|--------------------------|
| ➤ The Golden Door         | California    | professional medical spa |
| ➤ Perrot Coy Resort & Spa | Caicos Island | Island retreat           |





Spa Botanica  
Singapur  
Garden spa



CHIVA SOM International  
Health Resort  
Hua Hin, Thailand  
Asian spa

## The future of spa hotels I

- at the moment ... no doubt ... we see future growth ... worldwide ... **between 5 % and 8 % +/-**
- spas are important ... remain important ... they seem to be unavoidable for quality resort hotels
- watch the following specialised "collections of spa boutique hotels":
 

- Aman Hotels	- Chiva-Som
- Amrita Spas	- One & Only
- Angsana Spas	- Mandarin Oriental
- Six Senses	- Oberoi
- Banyan Tree	- The Luxury Collection by Starwood
- Mardaval	- etc.



## The future of spa hotels II

- spa hotels will continue to innovate very fast ... splitting up in always better products ... nature spas ... exotic spas ... medical and health spas ... spiritual spas, family spas, senior spas, kids spas, ... Thalasso spas, Ayurveda Spas, TCM-Spas, Buddhist-Spas, Islamic spas, Zen spas, Tibetan (Dalai Lama) spas ...
- if you invest in a spa ... build a better one (a good one might not be enough)
  - don't imitate ... find your own niche in the niche;
  - make it authentic + original ... not uniform;
  - do it fast ... or say no!

