

## **General Session, Keynote Speaker: The Legacy of Health**

Monday, May 21<sup>st</sup>

10:30AM – 11:15AM

Empire Room

*Scribes:* Christopher Sanson and Se Bum Oh

*Keynote Speaker:* **Kevin Kelly**, President & Chief Brand Officer, Canyon Ranch, Arizona

Lifestyle patterns discussed here are about America but apply globally.

Canyon Ranch helps people find health as it relates to the enjoyment of life. Our measurement of success is how deeply we touch them at an emotional level and how much we empower them to live a healthy and enjoyable life. We think that wellness is the concept of healing and awakening. Canyon Ranch has been focusing on health and wellness of life. And we are moving to the next step.

Spa industry is part of the larger wellness lifestyle category. There is increasing demand for integration of wellness lifestyle, meaning spa, medicine, beauty, spirituality, fitness, etc. To be a leader in the wellness lifestyle industry, we have to provide our guests not only the individual components of fitness, spa, nutrition, and medicine, but also have to integrate all these things together.

*The multiple divisions/operations for Canyon Ranch are:*

1. Rooms Division

- Stand alone resorts and partnership at Venetian Las Vegas

2. Health Division

- Develop online site to engage customers after they leave

3. Product Division

- Skin-care line

4. Living Division

- Third Canyon Ranch Living project in Mexico after Miami and Chicago
- There has been a 28-49% increase in sale price per square feet over other luxury brand properties. There is an incredible appetite for healthy living lifestyle products.

Canyon Ranch has USD 5 billion management contract all over the world today. It has a strong brand loyalty as well as very talented people.

What wellness really means in the consumers' perspective is to have more hope, joy, and energy in one's life. Canyon Ranch is targeting the baby boomers, but has to prepare for the Generation Xers. Consumers created the category – not businesses – and the businesses have to catch up with that. Thus, it is required to deliver different type of services as hospital and restaurant do. Consumers' expectations are constantly being raised and we must rise to meet those expectations. The most important thing is that at Canyon Ranch we are a value-based and mission-oriented business. The ability of expanding this business is tremendous.

25-30 years ago the early adopters started the niche market as an alternative to the mainstream industry. The niche has now become the mainstream and adopted the healthy value system. The early adopter's

expectation was small, value-based, cultural service, but they were disappointed in some ways. One of the most important drivers of this industry was dissatisfaction of the people with the American health care system. The health care system measures success by number of diseases diagnosed and amount of medicine dispensed. Instead, success should be measured by diseases avoided and emphasize disease avoidance over just treatment. The consumers were dissatisfied with the treatment from the American health care system, and they were seeking alternative treatment. We and our children are in great danger of various types of life-threatening illnesses. All the advances in sewer management, abundant food, and the rest are being counter-balanced by sedentary lifestyle and a poor diet. 1 out of 3 children by 2050 will develop Type-2 diabetes. We are the first generation to pass down a reduced life expectancy to our children. However, we can find a way to solve this problem.

Healthy Gourmet Food is the #1 thing that Canyon Ranch guests say they'd like to see in their daily life. Disney also found out that 70% of their customers wanted to see healthier food in their parks.

We need to shift the paradigm. We need to create a welcoming and warm spa environment. We need people who have great related knowledge. The wellness leaders need to be the nucleus for change. These opportunities also mean greater complexities that require us to invest in our people more. Busy schedules are resulting in shorter spa trips. We need to create a greater impact in a shorter period of time.

At Canyon Ranch our measure of success is not just a good meal and a beautiful building but for our guests to learn something they can take home with them to improve their life.

Wall Street is interested in the spa business, and we are enjoying the increasing capital sources. We do not view the spa simply as a unit, but as an experience.

In consequence, the future of spa industry is going to be more medical and experience-oriented. We need to concentrate more on the generation Xers and Yers. We need to anticipate what they need.

## **Q&A**

**Q.** How will FDA's recognition of integrative medicine affect the industry?

**A.** It is double-edged sword, but ultimately the ability to standardize and regulate will be good to help protect the consumer.

Energy medicine: We are now trying to integrate Energy Medicine and find a way (with university of Arizona) to define the scope of the service.

The reason why we are involved in the development in Macao is for two reasons. 1) We were often asked by Macao; and 2) we see the possibility to deliver on our promise and make profit after evaluation by our development team.