

General Session: Spa Preferences of Affluent Travelers

Monday, May 21st

9:15 – 9:45PM

Empire Room

Scribes: Mariana Pires and Fransisco Cunha

Presenter: Peter Yesawich, Chairman & CEO, YPB&R, Florida

“Stars are in alignment for this business”. YPB&R has been a “National Travel Monitor” studying the impact of the spa and wellness businesses. The online penetration rates are increasing, and technology has determined the industry’s new trends. China and India have penetration rates below ten percent, so this means there is a new type of consumer developing in these countries now.

Six out of ten adults believe life is more complicated now, and they relate this mainly to technology, like the use of email and the fact that it is so time-consuming. Also, the work week is longer now. 41 % of US population feels they don’t have enough time, driven by the consumption of technology. This **time poverty** makes people seek new ways to relief stress in their lives.

Some highlights:

- Twice as many people now are interested in visiting a spa on vacation as there are adults interested in playing golf.
- 88% of US affluent travelers, in 2006, claimed that their primary motivation for leisure travel was to rest and relax.
- 80% also claim to want to spend time with their spouses, whereas 77% want to experience new places.
- Amenities are also valued: six out of ten say a full service spa is valued, but the highest driver is still in the selection of diverse dining.
- Massage is still the number one service preferred in spas, as well as exercise and fitness classes. Wellness is 24% only, so there is a knowledge gap in customers, and this should be a source of discussion for this summit.
- Nine out of ten adults claim that it’s usually not necessary to pay full (retail) price because they can buy items on sale. And there is also a culture of suspiciousness, proven by chat room discussions, blogs, etc.

Two social forces were tracked:

1. Sometimes you have to compromise your principles, although now much less.
2. Now, there is more a culture that celebrates diversity.

As consumers take the driver seat, they want to personalize their products, and they are getting practice also. Nike sneakers are one example of that.

Personalization is, hence, very important. Especially when you are seeking ways to personalize a purchase that is complex. The new service strategy is where the next fortune to be built is for your business. People want special vacations plus to lose weight, plus being with their friends and family. People are looking more for a connection and customization.

In 2007, people will take fewer vacations because they have to work and they don't have time. But on the other hand, 47% say they don't have enough vacation time. So, technology will reinvent lifestyle all over the World. Perhaps by establishing a four-day workweek. We are now marketing for a share of clock, where more vacations are small vacation trips.

52% people spend shorter vacations now, less than four days, whereas seven years ago the figure was 46%: this is an epic change. These so called "Speed Vacations" imply hurrying up and relaxing - Both at the same time. This will imply that the radius of marketing efficiency will have to change. People will choose travel more based on proximity so they can use the three or four days of vacation. And this means the new consumers will cascade around the World.

79 million Baby Boomers will turn sixty this year, so there is a change in demographic too. On the other hand, more than 40 million Chinese people will be over sixty-five will be. The "millennials", born between 1970 and 2000 act differently, and they are of great number in many countries. They are less brand loyal, more adventurous, more tech savvy, make decisions quicker, are highly educated, and the percentage of these with over 100K salaries will be 15%. This means a net worth of over a billion dollars. And why? Because of the value appreciation in real estate. There will also be a much more multi-cultural environment in the future: in the US nearly fifty million people will not speak English, but mostly Spanish. 42% Americans are now classified as "diverse", and this implies emerging markets, and highlights the fact that your business needs to embrace diversity.

It is important to understand the autonomy in the new psychology of the consumer, and see how they want to govern their own behavior. 80% of people rely more on their own instincts than on the opinion of experts. As an example, we see the use of the web to seek diagnostics and treatments on sites related to alternative medicine becoming more common. Also, 63% of people in the US think their IQ is higher than average, and 73% think their appearance is also higher than average.

Thank you and good luck!