

BUSINESS INSIGHTS WELLNESS TOURISM NICHE RESEARCH





PRELUDE

In efforts to propel Aruba's road to discovery and come out even stronger out of this pandemic, we as a nation need to reinvent ourselves. Through a niche research completed by Aruba Tourism Authority, we are providing you with free business highlights and insights that can be applied to your business with the purpose to create additional value to your operation, resulting in higher revenue as we meet the needs of our ever-changing visitors.

The summary below focuses on further understanding and developing the Wellness niche segment.



01. DEFINITION

WELLNESS TOURISM THE ART OF PURSUIT BY MAINTAINING OR ENHANCING ONE'S PERSONAL WELLBEING

Wellness tourism is travel for the purpose of promoting health and well-being through physical, psychological or spiritual activities. Wellness tourism is one of the tourism industry's major segments and according to the Global Wellness Institute (GWI) is the second largest segment behind Cultural Tourism.

The concept of wellness tourism includes healthy food, exercise, spa treatments and

opportunities to experience or expand personal spirituality and creativity, learning how to better care for oneself physically, psychologically and spiritually. Wellness tourism is typically undertaken at 'destination spas' packaged as Spa Resorts or Luxury Wellness Resorts, and the total atmosphere is geared to supporting wellness. However, this concept has broadened due to the pandemic.



02.

THE GLOBAL PICTURE

MARKET SIZE, VALUE, TRENDS

ACCORDING TO THE GLOBAL WELLNESS INSTITUTE (GWI), THE GLOBAL WELLNESS INDUSTRY WAS WORTH US\$4.5 TRILLION IN 2018. WELLNESS EXPENDITURES ARE MORE THAN HALF AS LARGE AS GLOBAL HEALTH EXPENDITURES (US\$7.8 TRILLION). FOR A MARKET IT IS FIERCE, REPRESENTING 5.3% OF THE GLOBAL ECONOMIC OUTPUT.

GLOBAL WELLNESS ECONOMY

\$4.5 TRILLION MARKET



Notes: The diagram gives an illustration of the relative size of each market. Figures specifically relate to 2018 data

Topline figures issued by GWI in 2018 revealed that Wellness Tourism is the third largest segment within the wellness industry with a value of US\$639 billion behind Beauty & Anti-Aging (US\$1,083 billion) and Healthy Eating, Nutrition and Weight Loss (US\$702 billion).

KEY SECTORS INCLUDE

- Personal Care, Beauty and Anti-Aging (\$1,083 billion)
- Healthy Eating, Nutrition and Weight Loss (\$702 billion)
- Wellness Tourism (\$639 billion)
- Fitness and Mind-Body (\$595 billion)
- Preventative and Personalized Medicine and Public Health (\$575 billion)
- Traditional and Complementary Medicine (\$360 billion)

- Wellness Lifestyle Real Estate (\$134 billion)
- Spa Economy (\$119 billion)
- Thermal/Mineral Springs (\$56 billion)
- Workplace Wellness (\$48 billion)

Wellness tourists are “high-yield tourists”, who typically spend 130% more than average tourists, and consequently bring greater economic impacts to a destination as international wellness tourists spend around 65% more per trip than the domestic wellness tourist. Wellness tourism also makes other direct and indirect contributions locally:

- Supporting the preservation of traditional culture and natural assets, and stimulating entrepreneurship.



- Bringing in revenues and creating employment, which ultimately helps to improve the well-being of the local population. The sector was estimated deliver or contribute 11.7 million direct jobs or 1.8% of global GDP in 2012.

According to latest report on wellness tourism data and trends published by GWI in 2018:

- Wellness tourism was a \$639 billion market in 2017, projected to reach \$919 billion by 2022.
- Wellness tourism grew by 6.5 percent annually from 2015–2017, more than twice as fast as tourism overall (3.2 percent annually, based on Euromonitor data).
While these figures are to give an idea of the potential of the niche, these figures might not be valid anymore after Covid-19.
- World travelers made 830 million international and domestic wellness trips in 2017, representing 17 percent of all tourism expenditures.
- International wellness tourists on average spent \$1,528 per trip, 53 percent more than the typical international tourist. Domestic wellness tourists spent \$609 per trip, 178 percent more than the average domestic tourist did.
- Secondary wellness travelers account for

89 percent of wellness trips and 86 percent of expenditures.

CHARACTERISTICS OF THE WELLNESS TOURIST

- Primary purpose international wellness tourists represent the smallest segment but they spend the most per trip (US\$2,066).
- Secondary purpose domestic wellness tourists constitute the largest segment but spend the least per trip (US\$680).
- The top source countries for outbound international wellness travellers are currently in Europe and North America.
- Future wellness tourism growth will be driven by countries and consumers in the Asia, Middle East and Latin America.

MARKET

The top five countries for both inbound and domestic wellness tourism are the US, Germany, Japan, France and Austria which together account for more than half the market (63%) in terms of expenditure. Mexico is the only Latin American country to feature in the top 20. Data in the following sections refers to both domestic and international tourism.

North America

In 2012, North America ranked first in wellness tourism in terms of expenditure (US\$181 billion) and second in terms of trips (163 million; 31.1%) after Europe. The domestic market is key in North America – typically, American nationals have fewer vacation days than other nations and consequently the most attractive wellness holidays are domestic short haul trips, weekend trips and city breaks. Weeklong trips are typically the preserve of the very wealthy.

Europe

Europe accounted for the largest number of wellness trips in 2012 (202.7 million; 38.7%), and expenditure was reported to be US\$158.4 billion, after the US. Germany is the leading country for wellness tourism trips (49.2 million) followed by France (27.2 million) and the UK (17.8 million).

Latin America

With an expenditure of US\$22.4 billion and accounting for 6.1% of trips, Latin America is the fourth largest region for wellness tourism and the region is still considered to be in its infancy. There is a booming market for cosmetic surgery in countries such as Brazil, Colombia, Venezuela and Argentina from which it is possible increased wellness tourism will develop. In the Caribbean, wellness tourism is dominated by relaxation and recreation (e.g. hotel and resort spas, sun, sand and sea activities), serving mainstream tourists from North America. Puerto Rico is the leading destination for wellness tourism in the Caribbean with 49.3 million trips

TRENDS

1. Wellness tourism has become an extension of the values and lifestyle of the tourist, which are including incorporating elements of health, prevention, experience and mindfulness. This group of consumer is expanding and the wellness industry is well-placed to take advantage of this trend, particularly as the wellness tourism market is not limited to leisure tourist but any type of traveller, whether for business, medical or other, who is interested in their health.

2. New and varied business models have emerged in recent years to meet the needs of wellness tourists who are demanding more than the traditional wellness resort hotel with the standardised spas and gyms. Wellness offerings have expanded in order to provide differentiation in the market place and now include healthy cuisine; healthy environment through the provision of hypoallergenic or natural products, wellness and fitness-themed rooms, wellness-focused packages, and so on. Some airports (Dubai, Singapore and Hong Kong) have introduced spa facilities alongside buffets, showers, exercise and rest areas specifically aimed at transit passengers with long stopovers.

3. Governments are increasingly recognising the broad commercial benefits of wellness tourism for both their economies and the health of their citizens. Within tourism industries, wellness tourism offers potential to tap into existing niche markets. The growing importance of authentic local experiences to large consumer groups like the Millennials, along with a growing interest in ‘active’ experiences means that wellness tourism is well placed to attract an increasing market.

4. Wellness travel expert Paul Joseph, co-founder of the specialist tour operator, Health and Fitness Travel, identified some key travel trends in spa and wellness for 2017:

- Healthy Mind and Emotion Healing Holidays
- Stop Smoking Retreats
- Optimal Health for the Modern Man
- Post-Cancer Recovery Retreats
- Full-Body MOT Holidays
- Eat-Well Detox Holiday
- Zen Adrenaline Junkies
- Physical Therapy Holidays
- Family-Wellness Holidays
- New Waves in Wellness
- Preventative Health to Lower Your Biological Age
- Social Group Fitness Holidays
- Workplace Wellness
- Eco-Friendly Wellness Retreats

03.

COVID & POST COVID RECOVERY



ALL TRAVEL IS WELLNESS TRAVEL?

According to Conde Nast travelers publications in 2021, Global Wellness Institute has indicated that 2021 may just be the year where all travel is intended as wellness travel. Everyone has suffered one way or the other in 2020 and therefore is seeking to regain their mental composure in and around all things, they do.

MOVING TOWARDS WELLNESS AND NATURE

The mixture of Wellness, nature, and giving back will be closely intertwined as we move forward. Now that people are getting their confidence back towards travel with the vaccine programs, visitors are looking for that being in open outdoor spaces, away from everyone and anything as a means to settle back down. One easy example comes from Simon Marxer, the director of spa and wellbeing at Miraval Group stating that many repeat guests have specifically returned to find balance in their lives again. Miraval has adapted some of its signature programmings by moving many yoga, meditation, and exercise classes to outdoor areas. Wellness regimens that incorporate nutrition, exercise, and meditation are what many travelers are seeking, especially in times of stress.

NO MORE SUPERFICIAL TREATMENTS

According to an article in Skift, post-pandemic, more wellness travelers will engage in prior research and look beyond superficial experiences at the resort. “With people becoming interested in the scientific benefits of wellness and evidence-based therapies, Nawagamuwage views the Covid pandemic as a golden opportunity — and critical juncture — to educate the wellness sector as well

as the general populace on their understanding of wellness as opposed to well-washing prevalent in the industry before the crisis”. “It’s not just having a couple of therapists and calling it wellness. Wellness needs to be leveraged in the right way to be more scientific,” Nawagamuwage remarked.

RECONNECTION TO EXISTENCE

According to health guru Deepak Chopra, the definition of wellness moving forward will change, while some travelers will look for the usual wellness treatment, others will hyperfocus on experiences that relate to spirituality instead. Looking for reconnecting to their existence.

“In the future, we’ll see travel combine wellness with exploring nature in all its amazing diversity: birdwatching, walking through rainforests, connecting with the life in the savannah, spiritual sites like Bali,” he says. “You’re going to see an influx of wellness travel for more than one reason.” All this relates to holistic mental health and building mental resiliency, Chopra says.

How does this translate towards Aruban entrepreneurs, first of all, in this post Covid-19 era, we have been catalyzed to change our mindset and move towards a new and unique way to reinvent ourselves. Pre Covid-19 tactics will not necessarily work in this new era. Researching and harnessing your unique competitive advantage in such a way that makes you stand out is crucial. Educate yourself more in what future wellness travelers are seeking and see if and how in an authentic way you can meet these needs. Wellness has become more than spa is related to, so your service should encompass these factors as well.

04. PROFILE OF CONSUMERS



Wellness tourists are comprised of two major types, whether travelling to domestic or international destinations:

PRIMARY WELLNESS TOURISTS

Where wellness is the sole purpose or motivating factor for the trip or choice of destination, and they account for 13% of the market and 16% of wellness tourism expenditures.

SECONDARY WELLNESS TOURISTS

Like to maintain their wellness and/or participate in wellness experiences whilst on holiday. They account for the large majority of wellness tourists (87%) and expenditures (84%).

DEMOGRAPHICS OF WELLNESS TOURISTS

- Middle aged
- Wealthy
- Well-educated
- From western and/or industrialised countries
- Major source markets: Europe and North America
- Emerging markets that are predicted to grow: Asia, Middle East and Latin America

MOTIVATIONS OF AND ACTIVITIES ENJOYED BY WELLNESS TOURISTS

SEEK	DO	VISIT
PHYSICAL	FITNESS – fitness classes, stretching, Pilates	Gyms, Fitness Centres
	HEALTHY EATING – nutrition, weight management, detox, culinary experiences	Organic, natural restaurants
	HEALTH – check-ups, diagnostics, chronic condition management	Wellness Centres, Health Centres
	SPA & BEAUTY – massage, bathing, body treatments, facials, hair & nails	Healthy hotels, wellness cruises, health resorts, spas & salons, baths & springs, Thalasso
MENTAL	MIND-BODY – yoga, meditation, Tai Chi, Qigong, Biofeedback	Yoga studios, martial arts studios
SPIRITUAL	SPIRITUAL & CONNECTION – praying, time with family, time alone, volunteering	Yoga retreats, spiritual retreats, Ashrams
EMOTIONAL	PERSONAL GROWTH – retreats, life coaching, reducing stress, reading, music & arts	Lifestyle Retreats, Wellness Retreats
ENVIRONMENTAL	ECO & ADVENTURE – hiking, biking, walking, nature visits	Parks, Wildlife Sanctuaries, Nature Reserves

05.

OVERVIEW OF ARUBA'S PRODUCT

ARUBA HAS CONSIDERABLE POTENTIAL TO GROW ITS WELLNESS TOURISM OFFER. IT HAS SEVERAL SPA RESORTS INCLUDING THOSE THAT ARE PART OF INTERNATIONAL HOTEL CHAINS SUCH THE ARUBA MARRIOTT, HYATT REGENCY, AND THE RITZ-CARLTON



Aruba.com states 'Natural wonders offer a secluded, relaxing escape' and use of 'Aruban aloe' and the website's featured spas are listed as: Eforea Spa, Etnika Spa, Indulgence by the Sea Spa, Intermezzo Day Spa, Mandara Spa, New Image Spa, Okeanos Spa, The Orchid Spa, Pure Indulgence Spa, Purun Spa, The Spa at Tierra del Sol, Spa Del Sol, Vita Novus Spa, ZoiA Spa.

Bucuti & Tara Beach Resort launched Aruba's first fully-customised resort wellness program in 2016, with personalised plans for each customer in areas of Nutrition, Physical Fitness, Mental Wellness and Mind/Body Balance.

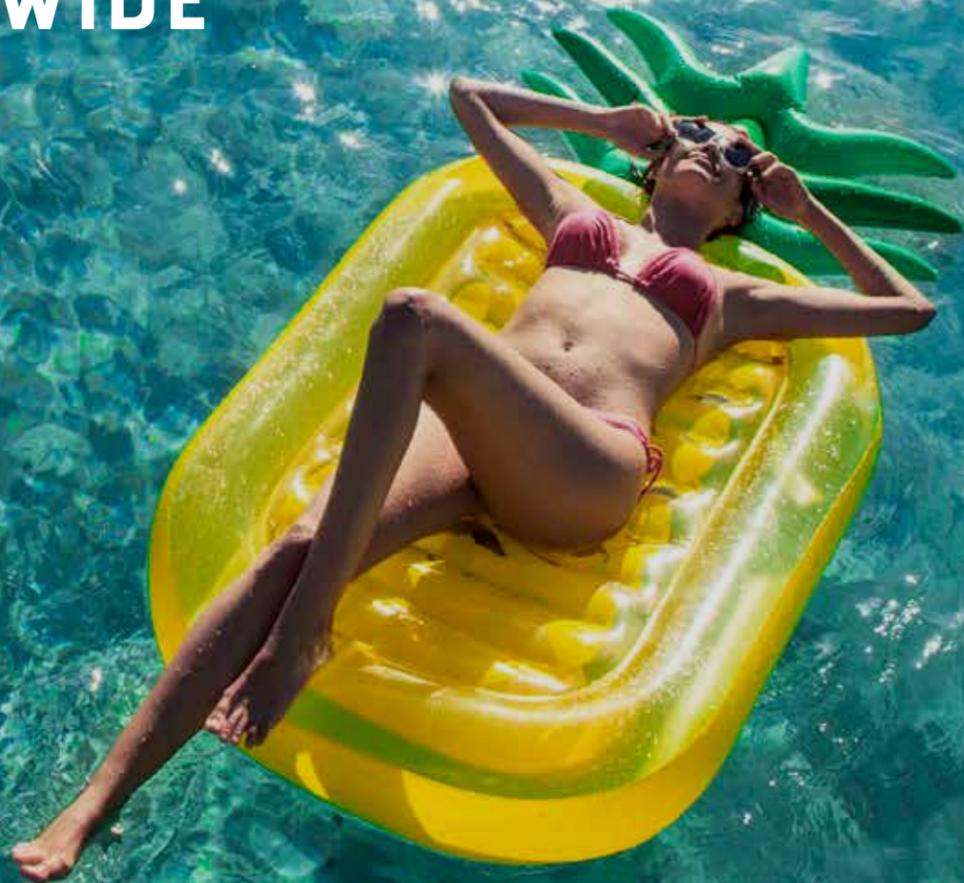
Wider Wellness activities include: Beaches and organised beach walks, kitesurfing, windsurfing,

paddleboarding, snorkelling, yoga, TaiChi, Qigong, nature hikes, spas, Aruba Aloe, healthy Caribbean food, dancing, beach tennis and volunteering.

Aloe has been grown in Aruba since the 1840s and it is an intrinsic part of Aruban history and culture. The main producer of aloe products is the Aruba Aloe Company, which uses pure, fresh aloe and a significantly higher percentage of aloe than most other aloe products on the international market. Aloe is a core wellness product and the Aruba Aloe Company sees opportunities to increase the activities with the spas and other players in the wellness sector, for instance by increasing the knowledge base of spas who generally do not understand the wellness applications of aloe.

06.

COMPETING DESTINATIONS WORLDWIDE



Identifying leading wellness destinations is somewhat subjective as the market is vast and locations are numerous. To offer some insight into the current state of the competitive market, the winners of Conde Nast Traveller Spa Awards in 201 were announced as:

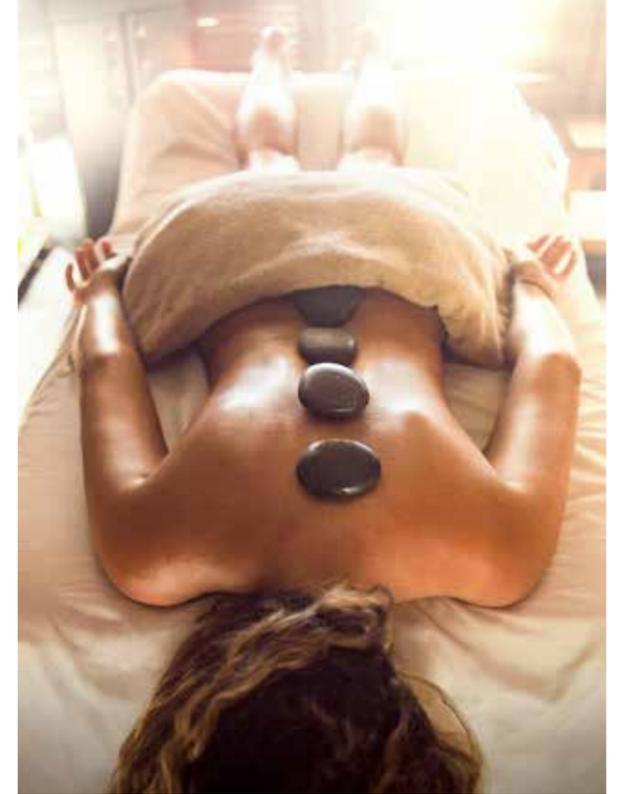
1. Chiva-Som, Hua Hin, Thailand- BEST DESTINATION SPA
2. Euphoria Retreat -BEST FITNESS PROGRAMME
3. Four Seasons Resort Maldives at Landaa Giraavaru- MOST MEANINGFUL EXPERIENCE
4. Masqi, The Energy House, Spain- BEST HOLISITIC HIDEAWAY
5. Ayurveda Parkscholesschen- BEST AYURVEDIC RETREAT

While Travel+Leisure top 10 international destination spas for 2017 were listed as:

1. Schloss Elmau, Elmau, Germany
2. Rancho La Puerta, Tecate, Mexico
3. Mountain Trek, British Columbia, Canada
4. BodyHoliday, St Lucia
5. Fonteverde, San Casciano dei Bagni, Italy
6. Ananda in the Himalayas, Uttarakhand, India
7. Chiva-Som, Hua Hin, Thailand
8. Les Pre d'Eugenie-Michel Guerard, Eugenie-les-Bains, France
9. Les Source de Caudalie, Bordeaux-Martillac, France
10. Kamalaya, Koh Samui, Thailand

Top ranking wellness destinations and resorts in the region are:

- Blue Waters Living Retreats, Antigua
- Parrot Cay, Turks & Caicos
- Sugar Ridge Spa & Resort
- The BodyHoliday, St Lucia
- Jewel Paradise Cove, Jamaica
- Sivananda Ashram Yoga Retreat, Bahamas



- Aqua Wellness Resort, Nicaragua
- Asclepios Wellness and Healing Retreat, Costa Rica
- Natural Cabana Boutique Hotel & Spa, Dominican Republic

ATA COMPETITOR DESTINATIONS

The Aruba Tourism Authority (ATA) identified Aruba's five main competitor destinations as: The Bahamas, Jamaica, St. Lucia, St. Martin, US Virgin Islands.

The niche product offer of each of these competitor destinations was analysed by assessing the destination's online marketing activity and the reviews and coverage of the destination by key travel bloggers, review sites and tour and experience distributors. This methodology was used to replicate what a potential visitor would find by undertaking Internet research of each destination. Aruba's niche product was reviewed using the same methodology.

BAHAMAS

'The Bahamas lives up to its title as the World's Leading Wellness Destination 2015' – more than 700 islands with numerous unique locations Featured properties

Things to know:

- Wedding Professionals
- Wedding FAQs
- Licence Requirements
- Honeymoon Registry
- Ceremonies & Venues

JAMAICA

Wellness has not been identified as a key niche market in Jamaica although there are several resorts that regard their properties as Wellness retreats and there are a number of day spas:

- Oneness Wellness Farm
- Hotel Mockingbird Hill – Jamaica’s most sustainable Eco Boutique Hotel featuring Slow Food with a Jamaican twist
- Eden Garden Wellness Resort and Spa
- The Cliff Jamaica
- FieldSpa at Goldeneye
- Strawberry Hill Spa

ST LUCIA

- St Lucia has a history of offering rejuvenating and restorative treatments dating back to the late 1700s when Louis XVI constructed baths fed from the hot mineral-rich springs of the Soufriere volcano.
- Several locations – restored baths in the Diamond Falls Botanical Gardens; bathing pools in the Sulphur Springs
- Many hotels with spas including the award-winning Wellness Centre at The BodyHoliday, resembling a mini-Alhambra.
- Others take advantage of memorable locations – set into the Cliffside, located in rainforest, links to early settlers

ST MARTIN

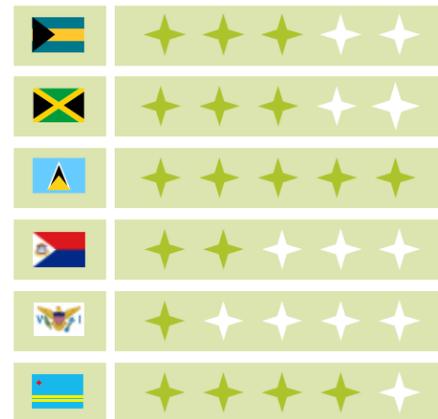
There are several beauty centres and spas, located in major hotels, and wellness is promoted as a tourism feature. However, the niche appears less exploited than other Caribbean destinations.

US VIRGIN ISLANDS

Not promoted as a key activity on USVI.

CONCLUSION ARUBA’S CURRENT POSITIONING

St. Lucia, with its history of offering rejuvenating and restorative treatments since the 1700s, stands out as a wellness destination amongst Aruba’s key competitors. However, Aruba is also considered to have a strong offer, supported by the local production and use of aloe.



The wellness segment is broad and there are considerable opportunities to build on cross-sectorial linkages and provide additional promotional opportunities.

07. SWOT ANALYSIS OF ARUBA

STRENGTHS

- Existing wellness and spa facilities
- Wide ranging group of treatments
- Good competitive position compared to Aruba’s key competitors
- Existing brand strapline of ‘One Happy Island’
- Natural product grows on the island – aloe vera
- Aloe Wellness Month Aruba – several spas join with the programme offering special spa menus in June, and hotels offering cooking demos

WEAKNESSES

- Lack of health-conscious options highlighted in local cuisine
- Staffing challenges are being encountered to find trained and certified staff
- Quality control required, too many unqualified people are offering services without being registered
- Limited healthy food offer
- Lifestyle: imported food and related chemicals; sugar
- Environmental degradation is being noticed by ‘Repeaters’ who have a high emotional attachment to Aruba

OPPORTUNITIES

- Up and coming experiences like Moreu Spa, Viana and alternative healing
- Wellness is a high value and growing segment
- Develop additional activities within the niche and cross-sectorial, e.g. make more of beach tennis, volunteering
- Link with MICE
- Strong visitor market for high quality facilities – target Returners
- Yoga – growing in popularity for women and men – scope for new businesses. Link with paddle boarding;
- ATA needs to play a more proactive role in setting standards and maybe certifying and inspecting facilities to ensure the quality standards are maintained.
- ATA could also consider marketing workshops for the sector to teach people how to market their services. Support needed to attract right travel/fitness influencers
- Private sector could set up association or sub group of AHATA to strengthen lobbying
- Agriculture – increase local produce
- Provide micro finance, market information for SMEs
- Promote wellness sub-brands

THREATS

- Health issues of local population (cardio and radiology) may undermine a ‘wellness’ brand
- Cost of desalinated water is very high for agricultural production and chemical composition is not suitable for all plants
- Strong competition from CTO members’ 2018 Year of Rejuvenation and Wellness campaign
- Long-term inability to deliver the ‘One Happy Island’ brand experience
- COVID less touching/ hands to body necessitates another form of massage
- Less focused on the mind and body and just taking the body into account
- Visitors want to be outside more and in open space, no confined spaces
- Lack of hygiene



07. RECOMMENDATIONS



MARKET OPPORTUNITIES

Wellness Tourism is a high-value and growing segment that has cross sectorial linkages with cultural, culinary and agritourism, eco and sustainable tourism, adventure, sports and medical tourism. It extends beyond leisure to engage any type of traveller, including MICE and business tourists who are interested in their health.

The vast majority (87%) of wellness tourists principally want to maintain their wellness while on holiday, with the other 13% choosing a destination

primarily because of its wellness facilities, primarily spas.

This market configuration provides Aruba with the opportunity to use wellness as an overarching segment that could guide product development and marketing strategy, and within which it can cultivate niche product development activities. It is important to note that the development of the broader wellness segment also closely relates to environmental, nature and cultural tourism.



RELATIONSHIP BETWEEN WELLBEING, THE WELLNESS SEGMENT AND ARUBA'S RELATED NICHE PRODUCTS

America and Europe are the major source markets for wellness tourists, with Latin America predicted to grow, which fits well with Aruba's current inbound markets.

Wellness tourists are considered 'high-yield tourists', they are primarily middle aged, well-educated and wealthy, and typically spend 130% more than average tourists. Wellness is also well placed to attract the Millennials if it can provide the authentic and active experiences that this increasingly wealthy market is seeking.

The wellness segment and its related niche products could, if developed to a high quality and driven by local stakeholder participation, innovative entrepreneurship and appropriate regulation, offer the opportunity to deliver a visitor experience that reflects Aruba's 'One Happy Island' brand slogan.

When the Competitor Analysis was undertaken in February 2018 the wellness offer in Aruba held a relatively strong position compared to Aruba's key competitors. However, there is strong competition in the sector with the Caribbean Tourism Organisation (CTO) declaring 2018 the Year of Rejuvenation and in March launching a Wellness and Rejuvenation Guide to promote its members related products. Aruba is not a member of the CTO and will have to invest significantly in its marketing activities if it is to retain its position against these joint promotional campaigns.

KEY ISSUES TO ADDRESS

Develop Cross Sector Linkages

The linkages with related niche products that can be further developed and promoted include:

- Agritourism
- Culinary tourism
- Cultural experiences
- Land-based activity/ adventure
- MICE
- Sports – Beach Tennis, Marathon, Triathlon, Golf
- Volunteering
- Water-based activity/ adventure – kite and windsurfing, diving
- Yoga

Broader wellness activities are currently featured in a blog on the Aruba.com website on 10 Reasons why Aruba is a Wellness Vacation Paradise. These include:

Beaches and organised beach walks, kitesurfing, windsurfing, paddle boarding, snorkelling, yoga, Tai Chi, Qigong, nature hikes, spas, Aruba Aloe, healthy Caribbean food, dancing, beach tennis and volunteering. Further investment is required to develop linkages between these activities and the wellness segment.

Cultural Engagement

Arts, craft, music and cultural activities and experiences, such as creative workshops with local artists, as well as the use of traditional healing ingredients and practices, are important parts of the emotional and personal growth element of Wellness tourism and require further development.

Environmental Management

The quality of the environment plays a significant role in the sense of well-being and minimising environmental degradation would need to be part of the strategic development of Wellness tourism.

Quality Standards

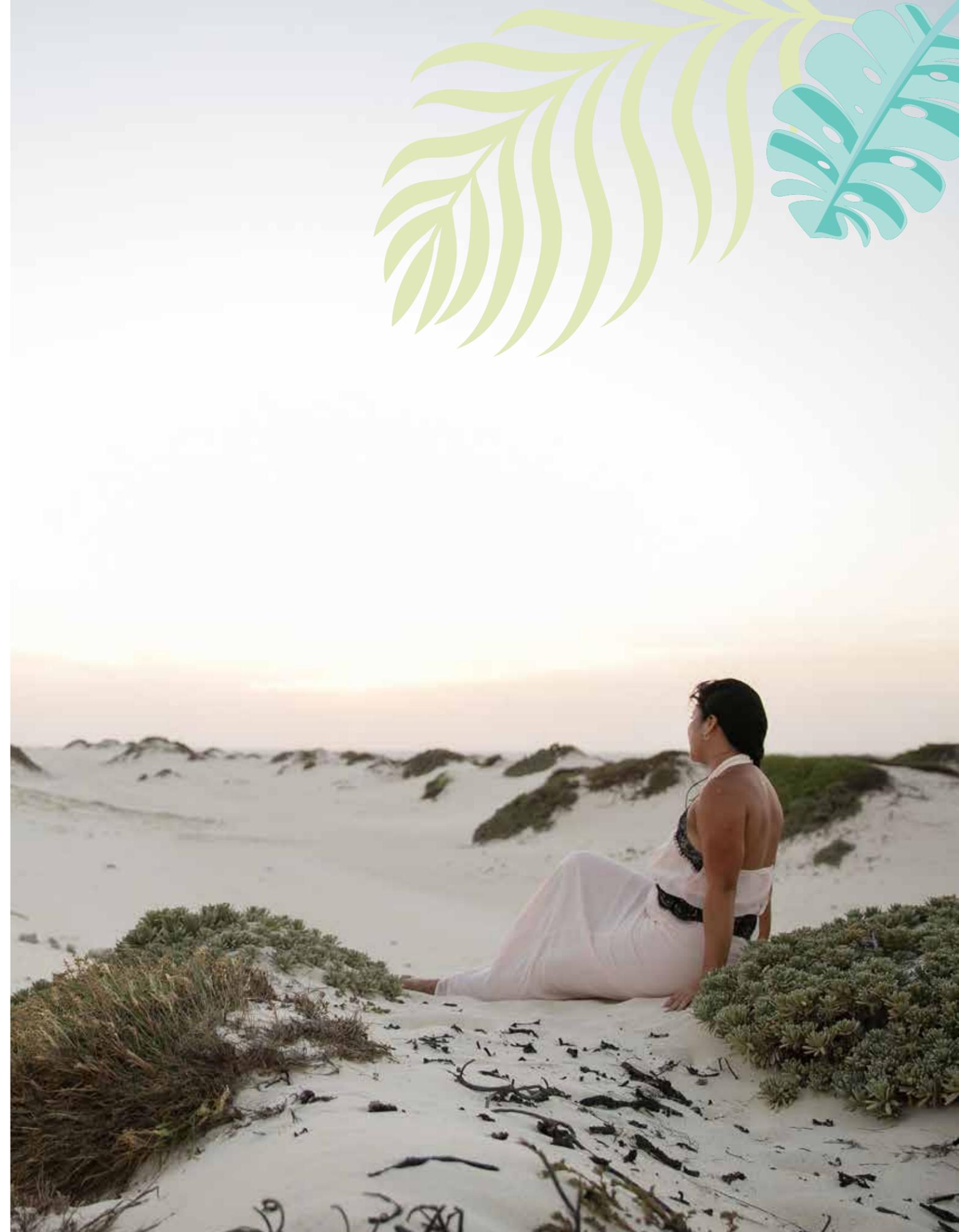
The Wellness market demands and is prepared to pay for quality products. Regulation will be required to ensure facilities and services offered meet international standards and visitor expectations, and that unqualified and unregistered suppliers are minimised.

Agriculture

Aruba's agricultural story is focused around the production and use of aloe vera as well as its need for and treatment of de-salinated water. Although agricultural production in Aruba is very limited, it is important to encourage and maximise the production and use of local produce where possible.

PRODUCT DEVELOPMENT OPTIONS

The product development options that relate to individual niches are considered in the relevant Niche Market Reports and stakeholders should be consulted for their input on the types of products that could be created to meet the expectations of the wellness sector. In addition, co-ordinated support for the calendar of sporting events could further strengthen the sector. Several small committed groups are currently working independently to create local events, these include Hi-Winds, beach tennis, golf, the half and full marathon and triathlon. If an events co-ordinating group was established these organisations could share best practice, as well as, administrative and marketing expertise.





ARUBA TOURISM
AUTHORITY