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How the East and West Work Together to Expand the Hotel Spa Market

By [Michael G. Tompkins](#), Executive Recruiter, Hutchinson Consulting

In the last decade, we have seen an increased willingness of hospitality and spa companies to cross geographical and cultural divides and move into markets outside of their traditional regions. It is really a function of and a result of globalization, which is impacting all business sectors. One geographical jump that seems to be getting a lot of attention these days is the Asian hospitality market. Big investors in the

East are diving head-first into the Western wellness boom by buying landmark spa properties in the United States, recruiting top executive talent to lead their spa divisions in Asia, and integrating their traditional spa modalities with modern wellness culture.

This influx of Asian investors isn't necessarily seeking greenfield projects or new resorts to enter into the destination hotel market; they're choosing iconic properties that already have a foothold on the market. For example, Two Bunch Palms, the oldest hot mineral springs resort in the country and the first carbon neutral resort in America sold to CCL Holdings in 2015.

Also, Lansdowne Resort and Spa, a historic property in Leesburg, Virginia, recently sold this past April to Deja LLC, a first-time U.S. hotel investor based in Hong Kong. Typically, Asian investments are focused on the West Coast (for obvious geographical reasons), but Lansdowne is significant because it is one of the first east coast properties acquired by an Asian investor. Also, it is important to note that one of the investor's main draws to Lansdowne was its wellness-oriented amenities, including the 12,000-square-foot spa. No doubt Deja investors saw the opportunity to jump aboard the wellness tourism boom with an already established iconic brand.

Furthermore, last year Glen Ivy Hot Springs was purchased by Thailand-based GOCO Hospitality. GOCO plans to add a comprehensive wellness center, a Medi-Spa, organic farm and retail village, hiking trails, additional hot springs bathing zones, an education center for holistic medicine and a real estate component with 125 residential units-all while continuing to operate the iconic hot springs and spa.

So why are these Asian investors interested in iconic U.S. properties? First, Chinese tourism to the U.S. is at an all-time high. According to the latest United Nations World Tourism Organization World Tourism Barometer, Chinese tourist spent US\$ 261 billion traveling abroad in 2016, a huge chunk of which was in North America. Asian investors are aware of this boom and wish to capitalize on it, and because the Chinese real estate bubble has Asian investors seeking alternative places to put their money, they're looking to the United States. The combination of tourism influx and the wellness boom in the United States makes this an attractive market for these investors. They know the people are coming and want to be there when they do.

Outbound Chinese tourism aside, the ever-growing wellness industry, when paired with spa, continues to see upward trends in growth. According to International SPA Association (ISPA) Industry Studies from the past ten years, the U.S. spa industry has been on a steady incline of 5 percent increase in revenue year after year. ISPA spa revenue statistics show the U.S. spa industry topping US\$16 billion. Hoteliers are no longer seeing spas as amenities positioned in the basement, but as full-fledged resources to drive guest numbers and increase hotel revenue. With lifestyle and experiential travel at the height of baby boomer and millennial minds, hotels are looking to spa as differentiators and drivers to room nights.

With this increase in spa demand, there is currently a huge shortage of qualified therapists in the United States. The same ISPA industry study estimated that there were over 38,000 open positions in U.S. spas in 2016 alone. Of the hotel and resort spas surveyed, 80



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percent of them reported having un-staffed service provider positions that they are actively trying to fill, one in two of which are massage therapist positions. This is particularly important as massage is, and will continue to be, the most popular spa treatment around the world. As the industry continues to grow, this staffing shortage will only grow with it, which means it will draw foreign therapists and technicians, many from Asian countries, to the U.S. to fill jobs. This constant movement of workers and talent from top to bottom is presenting a cultural exchange the industry has never seen before.

"In our business, I really see it as a great exchange of ideas and cultural practices, and moving into markets that have the density of populations to support growth, but with a quicker return on the investment," says Patrick Huey, who was recently named Asian group spa director at Minor Hotels in Bangkok, Thailand. "But at the end of the day, whether we are in the West or in the East, we are all trying to cope with similar challenges."

Huey isn't the only top spa executive to make the jump across the Pacific. In the midst of all this investment in the U.S. market, Western executives are being heavily recruited to head spas and corporate spa divisions in Asia. Huey continues by saying, "When companies begin to move from one geographic region to another, it is good to have people in leadership positions that are familiar with the new market and can help navigate some of the intricacies of that transition."

The allure of Asian culture and breadth of opportunities available are huge pulls for top executives to make the move to Asia. Todd Hewitt, corporate director of spa, health clubs and recreation at Shangri-La Hotels and Resorts in Hong Kong says he couldn't pass up "the opportunity to learn more about Asia, its rich culture and its history of healing for over 2,500 years."

Hewitt isn't alone in his interest of Asian healing treatments. As Asian investors acquire U.S. spa properties and North American executives head east, the spa world has begun to trade an influence of cultures that is being reflected in treatment modalities around the world. Unique offerings of spa services like Asian themed spa rituals, soaking tubs, and expansion of meditation services from Asian mindfulness based principles are becoming the norm in western spas. Simplicity is now key and spa customers expect it.

I recently visited a GOCO spa in Venice, Italy where menu was contemporary from a western perspective but had rituals from eastern perspective-like the process of having tea. GOCO is exceptionally pairing western contemporary with eastern traditions in a way that doesn't feel kitschy; it has authentic feel. As the Asian influence on the world wellness market continues, this pairing will begin to become the norm.

"Spa customers are completely embracing this blend of east-west modalities," agrees Hewitt. "You see Asian-inspired treatments and traditional Chinese medicine such as cupping and acupuncture showing up at the Olympics (Michael Phelps famous cupping bruises) and on menus around the world. Also, the shift in the medical community to more natural healing is growing in popularity, and Asian treatments completely embrace this concept."

As the trusted leader in the global spa industry, ISPA has always had a presence in the Asian market. Now, the group is working to facilitate these partnerships between the eastern and western spa community with the goal of strengthening the industry on both continents. The association has several board members based in Asia, which allows ample opportunity for networking between North American and Asian executives. Plus, the number one draw for ISPA membership, particularly in Asia, is its educational resources. These resources include best practices, job descriptions, and other operational tools to help new spa operators streamline business practices, which is another reason why Asian brands are recruiting Western executives: they are interested in applying their successful business models to their destination and hotel spa chains in Asia and beyond.

"It is always good to have a new set of eyes looking at your business and shaking up the status quo," says Huey, who is also a member of the ISPA board of directors. "This happens times 10 when you have not only an outsider come into your organization, but also when the outsider is from a completely different part of the world. They will bring their own unique approach and ideas about the industry to the business."

And these western executives that are now leading many of Asia's top brands are bringing western business practices to a soon to be booming market. And if you think these top executives are jumping the American ship, you're not paying attention. As Asian real estate investors put their money in the United States wellness market, our spa industry will rise in tandem with theirs. Wellness is the new global frontier, and smart investors are using the best of both worlds to further the industry around the world. "There is a cultural exchange that happens in this situation that is good for the business and good for the people in the business," adds Huey. "When you have this exchange of ideas and practices, it can be magic."

A leader in the luxury hospitality, wellness, and spa industries, Michael G. Tompkins has led celebrated brands to success for 20+ years. He moved from healthcare to hospitality with Canyon Ranch Health Resorts. As Vice President of Hotels and Spas for Turning Stone Resort and Casino, he led their team to be the first property east of the Mississippi to have two Four Diamond AAA Hotels, garnering Best New US Spa for Skana Spa and earning New York State Hospitality Association's Hotel Executive of the Year. From there he helped reposition Miraval Resorts in Tucson, AZ starting as General Manager then promoted to President/ CEO of Miraval Resorts. Mr. Tompkins can be contacted at 707-935-9760 or michael@hutchinsonconsulting.com Please visit <http://www.hutchinsonconsulting.com> for more information. **Extended Bio...**

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