



**GLOBAL WELLNESS
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RESEARCH REPORT

Middle East-North Africa Spa & Wellness Economy Monitor



Middle East - North Africa Spa & Wellness Economy Monitor



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About the Global Wellness Institute

The Global Wellness Institute (GWI) is considered the leading global research and educational resource for the global spa and wellness industry and is known for introducing major industry initiatives and regional events that bring together leaders and visionaries to chart the future of the industry. GWI positively impacts global health and wellness by advocating for both public institutions and businesses that are working to help prevent disease, reduce stress, and enhance overall quality of life.

About the Authors

The *Global Spa & Wellness Economy Monitor* was prepared by SRI International in agreement with the Global Wellness Institute. The study was led by Ophelia Yeung, senior consultant, and Katherine Johnston, senior economist. The information included in the Middle East-North Africa Spa & Wellness Economy Monitor originally appeared in the inaugural issue of the Global Spa & Wellness Economy Monitor (2014) and The Global Wellness Tourism Economy (2013).

About SRI International

Founded in 1946 as Stanford Research Institute, SRI International is an independent, non-profit organization that performs a broad spectrum of problem-solving consulting and research & development services for business and government clients around the world. www.sri.com

I. Global Wellness Economy

September 2014

Individual health and well-being are universal desires shared by people across all ages, incomes, beliefs, cultures, and continents. The desires to be free of disease; to age well as we live longer; and to enable our minds, bodies, and spirits to fulfill their potential are as old as civilization itself.

Since 2008, the Global Wellness Institute (GWI) and SRI International (SRI) have pioneered a construct that focuses on the preventive, proactive aspects of wellness. Among the landmark SRI-GWI research studies are The Global Spa Economy 2007 (2008), Spas and the Global Wellness Market (2010), and The Global Wellness Tourism Economy (2013).

Since we began studying the size of the global spa economy in 2007^a, the world has gone through major upheavals, including a financial market collapse and global recession; natural disasters such as earthquakes, hurricanes, tsunamis, and floods; and regime changes, civil wars, and cross-border conflicts. They have disrupted economies, destroyed jobs, reduced consumer spending, and depressed investments across the world.

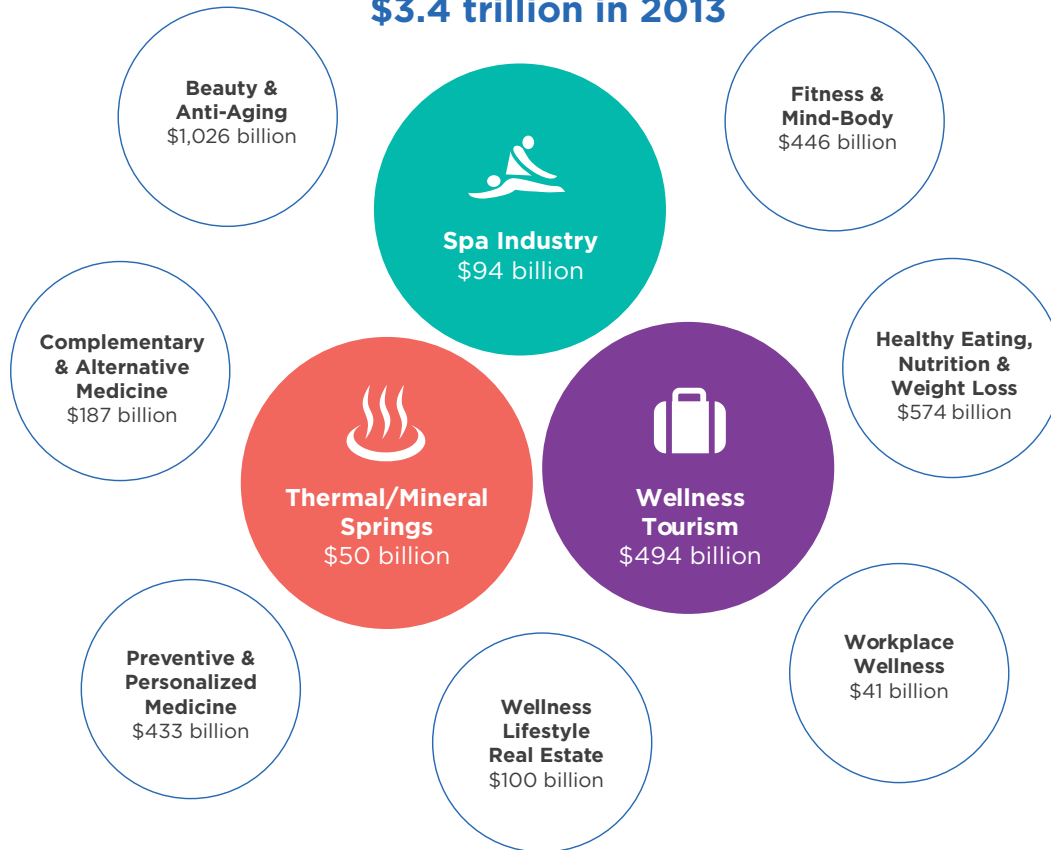
Despite these events, the wellness economy has been growing rapidly in recent years because of converging global currents that defy temporary disruptions: population aging, widespread economic prosperity in emerging economies, the rise of lifestyle diseases associated with sedentary and stressful modern living, and the failure of the conventional healthcare paradigm to help people prevent illness.

As more and more consumers take preventive measures to maintain good mind-body health, prevent diseases, and to age well as they live longer, the demand for wellness industry products and services will only increase.

Information included in the Middle East-North Africa Spa & Wellness Economy Monitor originally appeared in the inaugural issue of the Global Spa and Wellness Economy Monitor (2014) and the Global Wellness Tourism Economy (2013).

^aSRI International, The Global Spa Economy 2007, May 2008

Global Wellness Economy: \$3.4 trillion in 2013



Note: Numbers may not add due to overlap in segments.

Estimates by SRI International, drawing upon data from Nutrition Business Journal, IHRSA, Markets and Markets, Global Industry Analysts, IBISWorld, Cushman & Wakefield, Kaiser Family Foundation, PWC, WHO, and others.

Research Scope and Methodology

The analysis and data presented in this report are based upon extensive primary and secondary research conducted by SRI International from March to September 2014. Research included a review of recent literature and reports on spas, wellness, wellness tourism, and thermal/mineral springs, along with telephone interviews with numerous spa, wellness, and tourism stakeholders around the world. SRI also conducted a web-based global industry survey in June-July 2014, collecting more than 1,000 responses from spa and wellness industry stakeholders.

The estimates presented here on the size of the global wellness economy, spa industry, wellness tourism, thermal/mineral springs, and other subcomponents were developed by SRI International based upon our research and economic modeling techniques, and also based upon methodologies developed in previous studies for the Global Spa & Wellness Summit (GSWS). The development of these estimates drew upon previous industry data prepared by SRI International for GSWS, a wide variety of secondary sources, and qualitative inputs gathered through interviews and research.

II. Executive Summary

The Middle East-North Africa region is experiencing dramatic growth in spa and wellness.

A growing global middle class will continue to expand the consumer base for spa and wellness industries. Economic growth is rapidly enlarging the global middle class, which is projected to grow from the current 2 billion to almost 5 billion in 2030. This increase will be concentrated in emerging economies with large populations in Asia (e.g., China, India, Indonesia), as well as in Latin America, Africa, and the Middle East. As their incomes rise above the basic needs level, middle class consumers have discretionary funds to spend on goods and services that improve their lives, including spa and wellness. This rise of the global middle class will continue to drive the growth of the spa and wellness economy.

Spa Industry

Globally, the spa industry has been growing by 7.7% annually, from \$60 billion in 2007 to \$94 billion in 2013. The industry is comprised of five interdependent segments. The largest segment is spa facilities, estimated at \$74 billion in 2013, a 7.9% annual increase since 2007. Spa media, associations, events, education, consulting and capital investments together add another \$20 billion to the cluster. They provide vital services and activities that enable and support the spa industry. The number of spas has increased by 6.7% annually since 2007 and is estimated at 105,591 in 2013. Spas employed more than 1.9 people in 2013, compared to 1.2 million in 2007.



Middle East-North Africa Snapshot Spa Industry

The number of spas in Middle East-North Africa more than tripled from 2007 to 2013.

Number of Spas

3,889 (284% growth since 2007)

Spa Revenues

\$1.7 billion (134% growth since 2007)

Spa Employment

57,308 (174% growth since 2007)

Wellness Tourism

We all live in a more complex, and interconnected, world where the interest in personal wellbeing and in travel are both at all-time highs. The fact that these two relatively young industries, each with incredible power and potential, are now intersecting should be of interest to every country, industry and person in the world. Future wellness tourism growth is being driven by countries and consumers in Asia, Middle East, and Latin America.

Middle East and Africa are the smallest regions for wellness tourism in terms of both number of trips and expenditures but are the second-fastest growing region (after Sub-Saharan Africa). Key inbound source markets come from Europe and wealthy/developed Asian countries, as well as intra-region travelers.



Middle East-North Africa Snapshot Wellness Tourism

Middle East-North Africa was the second fastest-growing region for wellness tourism in 2013.

Number of Wellness Trips

7.0 million (48% growth since 2012)

Wellness Tourism Expenditures

\$7.3 billion (39% growth since 2012)

Thermal/Mineral Springs

Throughout history, people have used thermal and mineral springs for bathing, healing, socializing, and spiritual reasons. Those traditions are the roots of today's spa industry, and they continue today. As consumers increasingly seek authentic, natural, and place-based experiences and expect results from their spa-going, there is a resurgence of interest in thermal/mineral springs around the world.

Globally, we count over 26,000 establishments in 103 countries that have wellness, recreational, and therapeutic facilities and services built around thermal/mineral springs. Collectively, these establishments earned more than \$50 billion in revenues in 2013.



Middle East-North Africa Snapshot Thermal/Mineral Springs

Most springs-based establishments in Middle East-North Africa are small, traditional, and primarily serve a local population.

Number of Thermal/Mineral Springs Establishments

315

Thermal/Mineral Springs Establishment Revenues

\$0.2 billion

III. Middle East-North Africa Top Ten Markets

Top Ten Spa Industry Markets in Middle East-N. Africa, 2013

	Number of Spas	Spa Revenues (US\$ Millions)	Spa Employment
United Arab Emirates	566	\$581.6	18,251
Morocco	1,699	\$253.1	13,317
Israel	336	\$203.4	4,856
Saudi Arabia	271	\$180.6	5,092
Tunisia	176	\$95.4	2,817
Qatar	54	\$70.7	1,683
Kuwait	76	\$68.4	1,722
Egypt	318	\$65.2	3,219
Oman	40	\$63.5	1,007
Bahrain	42	\$52.3	1,261

Top Ten Wellness Tourism Markets in Middle East-N. Africa, 2013

	Number of Trips (Millions)	Receipts/Expenditures (US\$ Millions)
United Arab Emirates	1.2	\$2,249.3
Morocco	2.2	\$1,748.2
Israel	0.8	\$1,052.6
Tunisia	0.8	\$429.1
Jordan	0.4	\$337.9
Egypt	0.4	\$309.5
Saudi Arabia	0.3	\$223.0
Oman	0.1	\$208.2
Bahrain	0.2	\$180.9
Qatar	0.1	\$180.6

Top Six Thermal/Mineral Springs Markets in Middle East-N. Africa, 2013

	Number of Establishments	Revenues (US\$ Millions)
Tunisia	67	\$60.0
Israel	5	\$57.0
Algeria	163	\$36.0
Iran	46	\$31.6
Jordan	4	\$15.0
Morocco	11	\$14.0

IV. Middle East-North Africa Developments

- Middle East & North Africa is the second fastest growing region in the world for spas, more than doubling the industry size between 2007 and 2013. Much of this growth is concentrated in the Gulf and North African countries that experienced rapid economic growth in a stable political environment. Countries with the largest spa growth since 2007 include Morocco, the United Arab Emirates (especially Dubai), Saudi Arabia, and Israel.
- Consumers in the Middle East have long associated spas with relaxation and pampering. Rising incomes, population growth, and increased tourism inflows in the Gulf countries have continued to drive the growth of day spas and hotel spas, many of which also target the luxury local consumer segments. The region has added many hotels and resorts in recent years, catering to key tourism markets of Europeans (especially Russians), wealthy Asians, Gulf visitors (especially Saudi Arabia), and business travelers. Extensive spa and fitness facilities are now standard and expected amenities in high-end hotel/resort and real estate developments.
- The region has a long tradition of bathing associated with the hammams/Turkish baths. While most of these facilities cater to local customers, some of the historical facilities are being modernized into spa-like destinations that also serve tourist markets, and hammam bathing traditions are being integrated into spa services. Morocco's spa market has experienced the fastest growth in the region, leveraging a local consumer base, deep hammam traditions, and a strong tourism industry with rapid growth in international arrivals (especially from Europe).
- There is significant untapped potential in thermal water-based offerings in the Middle East & North Africa. Outside of a few large and well-developed locations in Israel and Jordan, most of the region's hot springs bathing establishments are small, traditional, and unknown beyond the local markets. Countries such as Tunisia, Algeria, Morocco, and Iran have extensive natural thermal resources that offer strong potential for spa and resort developments to attract both local and international tourist markets, especially as the geopolitical climate improves. Tunisia's thermal sector is the most developed in the region and is supervised through the government's Office du Thermalisme (established in 1975). In Morocco a major investment is currently underway to develop a modern spa resort at its major thermal station, Moulay Yacoub.

V. Middle East–North Africa Wellness Tourism Market Trends

- Middle East and Africa are the smallest regions for wellness tourism in terms of both number of trips and expenditures.
 - Key inbound source markets: Europeans and wealthy/developed Asian countries, as well as intra-region travelers.
 - Wellness tourism is dominated by international tourists, who, account for 63% of wellness tourism trips and 75% of wellness tourism expenditures in Middle East, and 60% of trips and 94% of expenditures in Africa.
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- In the Middle East, the concept of wellness tends to be linked with luxury, pampering, and beauty. Consumers mostly associate wellness with pampering and relaxation at a spa, rather than as a more holistic concept of improving health and quality of life through nutrition, fitness, mental balance, etc. Demand for healthy lifestyle services and activities (nutrition, yoga, Pilates, etc.) and alternative services and treatments (e.g., ozone treatments) is starting to grow in the region but is still nascent.
- The Middle East has a long tradition of bathing associated with the hammams/Turkish baths. Some of these historic facilities are now being modernized into spa-like destinations that serve tourist markets, and hammam bathing traditions are also being integrated into spa services in the region. The region also has a strong cultural tradition of hospitality that is an asset for tourism and especially for building wellness tourism.
- The Middle East region – in particular the GCC countries – have been experiencing massive infrastructure investment and construction of tourism facilities and amenities. Construction is primarily driven by higher-end hotels and real estate developments focused on luxury. Extensive spa and fitness facilities are now standard and expected components in these developments, but very few are being developed with a broader wellness concept in mind. Key inbound tourist markets targeted by these developments include Europeans (especially Russians), wealthy Asians, and Americans, as well as intra-GCC region tourists.
- Due to the limited facilities and high cost of healthcare, the Middle East (especially GCC countries) is a huge source of outbound medical and medical/wellness crossover tourism to Europe, North America, and Asia. Governments in the Gulf region have recently started to focus on medical tourism development and are investing in infrastructure and hospitality services/packages to promote the sector (e.g., Dubai Healthcare City).¹ These developments are largely intended to capitalize on the demand for healthcare within their own countries and the region. Government level efforts toward promoting wellness tourism have not yet arisen. However, unhealthy lifestyles and chronic diseases that accompany rapidly rising income are beginning to capture the attention of policymakers and the popular press in the Gulf region. As a result, the concept of wellness and wellness tourism will likely gain momentum in the coming decade.

- In most of Africa, both wellness and spa are still new and developing concepts. Wellness tourism is concentrated in a few regions and is dominated by international tourists. In Northern Africa, countries such as Tunisia and Morocco have a well-developed resort spa sector primarily serving leisure vacationers from Europe. In Sub-Saharan Africa, wellness tourism tends to be linked with safari and adventure tourism. Luxury game reserves and safari camps in countries such as South Africa, Botswana, and Kenya typically offer wellness and spa facilities and services that incorporate natural and cultural African elements. A few island destinations in Africa (Seychelles, Mauritius) offer luxury resort and destination spas serving a wealthy international clientele. South Africa is the only part of Africa that has appreciable domestic wellness tourism, with an overall more developed spa market and wellness destinations such as spa resorts, hot springs, health farms, and wellness centers that attract both domestic and international visitors.
- Both wellness tourism and tourism in general are expected to grow rapidly in Africa as the region develops – attracting international attention as the next frontier for tourism – and also as intra-African tourism increases. New spas, hotels, and resorts are opening in African countries that have until recently not been on the map for the wellness tourism/spa/hospitality sector (e.g., in Eastern African countries such as Ghana, Gambia, Senegal). Governments in countries throughout the continent are starting to prioritize development of the spa and tourism industries, with an accompanying increase in promotion of spa and wellness tourism.

1. For example, in 2012 the Crown Prince of Dubai announced a concerted strategy to position Dubai as a regional hub for medical tourism, through a partnership of the Dubai Health Authority and Dubai Department of Tourism & Commerce Marketing, with significant investments in hospitals, health centers, and hotels. See: www.eturbonews.com/35026/dubaiaims-become-top-destination-health-tourism-middle-east and www.imtj.com/news/?entryid82=421412.

Middle East And Africa: Top Wellness Tourism Countries (2012)

	Trips			Market Size	Economic Impact	
	Total Wellness Arrivals/ Trips (000s)	Intl./ Inbound Wellness Arrivals (000s)	Domestic Wellness Trips (000s)	Wellness Tourism Receipts/ Expenditures* (\$ millions)	Wellness Tourism Direct Employment (jobs)	Wellness Tourism Economic Impact (\$ millions)
South Africa	1,489.7	665.9	823.8	\$1,487.3	75,671	\$4,601.2
UAE	779.4	603.6	175.8	\$1,410.4	9,133	\$3,042.7
Israel	630.8	262.1	368.7	\$973.2	14,387	\$3,241.0
Morocco	837.9	464.2	373.7	\$824.0	80,247	\$1,775.4
Egypt	939.8	593.4	346.4	\$702.1	56,555	\$1,544.9
Jordan	339.3	271.9	67.4	\$327.6	15,809	\$1,218.4
Tunisia	481.9	354.5	127.4	\$252.1	16,872	\$526.3
Saudi Arabia	221.2	48.0	173.2	\$175.4	2,598	\$420.9
Oman	78.1	52.3	25.7	\$152.0	2,407	\$347.6
Seychelles	62.2	58.5	3.6	\$146.5	6,637	\$374.9
Lebanon	41.7	33.3	8.3	\$132.6	3,869	\$358.5
Bahrain	180.0	180.0	0.0	\$125.4	2,813	\$315.0

* Receipts/Expenditures figures include both international/inbound and domestic wellness tourism spending. All figures include both primary purpose and secondary purpose wellness tourism. Estimates by SRI International.

V. Looking Forward

Spa & Wellness will continue to be a dynamic, high-growth industry as businesses innovate to meet global economic, travel, wellness, and lifestyle trends.

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While each spa market is unique and generalizations are too simplistic, we have observed several trends and themes across continents that put the global spa and wellness economy in context and suggest strong momentum in the future.

- A growing global middle class will continue to expand the consumer base for spa and wellness industries. Economic growth is rapidly enlarging the global middle class, which is projected to grow from the current 2 billion to almost 5 billion in 2030. This increase will be concentrated in emerging economies with large populations in Asia (e.g., China, India, Indonesia), as well as in Latin America, Africa, and the Middle East. As their incomes rise above the basic needs level, middle class consumers have discretionary funds to spend on goods and services that improve their lives, including spa and wellness. This rise of the global middle class will continue to drive the growth of the spa and wellness economy.
- There is a shift in consumer attitudes toward taking personal responsibility for individual health. Aging, the rise in lifestyle diseases, and the failure of the conventional medical system to pre-empt and treat chronic conditions are driving many consumers toward wellness and preventive services to maintain and improve their health. Spa-going, along with other wellness activities, are no longer considered a luxury or the domain of the wealthy. Many consumers now regard massage and hydrotherapy as treatments for daily stress and chronic pain, facials as essential to improving skin health and reducing the effects of aging, and reflexology as part of regular health maintenance.
- Global tourism is growing, and tourists increasingly incorporate wellness into travel. Tourism has been growing faster, and is projected to continue growing faster, than global economic output. Travelers increasingly seek to incorporate wellness into their trips, choosing hotels that offer healthy rooms, healthy menus, spas, fitness facilities, and other wellness offerings. The spa industry will continue to benefit from ongoing growth in tourism and the wellness tourism niche.

Acknowledgements

The Global Wellness Institute and SRI International would like to thank the following individuals for their contributions to this effort:

Judith Akoto, Special Adviser, Allure Africa Group and Allied Companies, Ghana

Katie Barnes, Managing Editor, Spa Business Magazine, United Kingdom

Majda Berrada, President, A-Spa-Maroc, Morocco

Joanne Berry, Director of Spa & Wellness, Bellus Academy, United States

Mark Bodnar, Director of Spa, The St. Regis, United States

Elena Bogacheva, Founder & President, Spa & Wellness International Council, Russia

Claude-Eugène Bouvier, Managing Director, Conseil National des Exploitants Thermaux, France

Marianne Brephol, Co-Owner, Lapinha Spa, Brazil

Anna Bjurstam, Vice President of Spa & Wellness, Six Senses Hotels Resorts Spas, Sweden

Sarah Camillieri, Editor-in-Chief & Publisher, European Spa magazine, United Kingdom

Alfredo Carvajal, Chief Operating Officer, WTS International, United States

Johnny Chang, CEO & Founder, Spa Solutions Training and Management Consultancy Ltd., China

Sandhya, Chipalkatti, Editor & Publisher, SpaMantra, India

Charles Davidson, Founder & Owner, Peninsula Hot Springs, Australia

Dzignbordi K. Dosoo, Founder & CEO, Allure Africa Group and Allied Companies, Ghana

Susie Ellis, Chairman/CEO, Global Spa & Wellness Summit, United States

CG Funk, Vice President of Industry Relations & Product Development, Massage Envy, United States

Jean-Guy de Gabriac, Founder & CEO, Tip Touch International, France

Andrew Gibson, Vice President, Spa and Wellness, FRHI Hotels & Resorts, United Arab Emirates

Missy Godfrey, Board Member, Spa Finder Wellness, United States

Fif Kao, Director & Editor in Chief, Spa China Magazine, China

Verena Lasvigne-Fox, Senior Spa Director, Four Seasons Resort Marrakech, Morocco

Dr. Franz Linser, Founder & CEO, Linser Hospitality, Austria

Sophie Louet, Founder & Manager, Renaissens Esthétique, Morocco

Jeff Matthews, President of Steiner Spa Consulting and Mandara Spa, Steiner Leisure, Indonesia

Tomonori Maruyama, Chief Researcher & Manager at the Research Institute, Mitsui Knowledge Industry Co., Ltd., Japan

Amy McDonald, Principal, Under A Tree and Amy McDonald & Associates LLC, United States

Acknowledgements Continued

Beth McGroarty, Research & PR Director, Global Spa & Wellness Summit, United States

Clive McNish, General Manager, GOCO Retreat Niutuo, China

Diana Fernandez Mestre, Spa Consultant, Mexico

Kenneth Ryan, Senior Director, Global Spa Operations, Marriott International, United States

Marion Schneider, CEO and Co-Owner, Toskanaworld GmbH, Germany

Paul Scialla, Founder & CEO, Delos Living, United States

Alla Sokolova, Co-Founder & General Manager, Inbalans, Latvia

Vivienne Tang, Editor-in-Chief, AsiaSpa Magazine, Hong Kong

Liz Terry, Editor, Spa Business Magazine, United Kingdom

Todd Walter, President & CEO, Red Door Spa Holdings, United States

James White, Hot Springs Research and Development, James White Ltd., New Zealand

Anne McCall Wilson, McCall & Wilson, United States

Simon Xie, Director, Spa Solutions Training and Management Consultancy Ltd., China

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INDUSTRY RESEARCH SPONSORS
WHO MADE THIS REPORT POSSIBLE:**

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