



**GLOBAL WELLNESS
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2017 ROUNDTABLE REPORT

Best Practices, Wellness in the Baltics

**APRIL 20, 2017
RIGA, LATVIA**

2017 SUMMARY REPORT

Best Practices, Wellness in the Baltics

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I. A GLOBAL WELLNESS INSTITUTE (GWI) ROUNDTABLE

On April 20, the GWI's Eastern European Initiative, in cooperation with the Baltic Spa Association, convened a roundtable event at Hotel Bergs in Riga, Latvia to explore the trends, opportunities and challenges in the Baltic region entitled "Best Practices, Wellness in the Baltics." The roundtable was moderated by Alla Sokolova, chair of GWI's Eastern European Initiative.

The invite-only event gathered key influencers and wellness experts in the region from the fields of spa operations, medicine, education, academia, science and hospitality.

Ilona Ansone, managing director, Beauty School; Representative of FEMTEC in the Baltics (Lithuania, Latvia, Estonia)

Dan Grasmanis, certified water sommelier and member of the Expert Council of Water Sommeliers, Germany

Dr.sc.pol. Marina Gunare, director of Hotel and Catering Services, Tourism and Leisure Organization, Baltic International Academy

Jelena Krasilnikova, M. D., assoc. prof. of Human Physiology and Biochemistry Department, Stradine University

Mare Kuruson, co-founder and CEO, Wellmonde

Inna Milovanova, spa director, Baltic Beach

Aljona Säilev, physiotherapist, MSc.; Instructor at the International Massage Academy (Tallinn); Lecturer at University of Tartu

Mariam Sargsyan, managing director, Inbalans Group

Svetlana Shabalina, president, Baltic SPA Association

Alla Sokolova, founder and CEO, Inbalans Group

II. MARKET GROWTH & KEY DEFINITIONS

To set the stage, moderator Alla Sokolova reviewed the definitions of wellness and wellness tourism and then opened the table up for discussions.

According to the Global Wellness Institute's proprietary research, **the global wellness economy is now a \$3.72 trillion dollar industry**. Analyzed by the GWI, Europe is the leader in key wellness markets including wellness tourism, spa industry, and thermal and mineral springs.

Wellness Defined: Consistent with the World Health Organization's definition of "health," the GWI defines wellness as a state of complete physical, mental and social well-being. It goes beyond mere freedom from disease or infirmity, and emphasizes the proactive maintenance and improvement of health and well-being. Expressed on a continuum that extends from reactive to proactive approaches to health, wellness falls firmly on the proactive side, incorporating attitudes and activities that prevent disease, improve health, enhance quality of life and bring a person to increasingly optimum levels of well-being.

Wellness Tourism Defined: Wellness tourism is travel associated with the pursuit of maintaining or enhancing one's personal well-being. This market includes two types of wellness tourists: those who take a trip entirely for wellness purposes (primary wellness tourists) and those who seek to engage in wellness activities as part of any kind of trip (secondary wellness tourists).

Spas Defined: Spas are defined as establishments that promote wellness through providing therapeutic and other professional services aimed at renewing the body, mind and spirit. Most consumers and industry executives agree that at its core - no matter its size, form or business model - a spa is an establishment that focuses on the promotion of wellness. The concepts of wellness, the healing traditions drawn upon, and the therapeutic techniques applied differ dramatically across both nations and businesses.

Wellness Tourism: From 2013-2015, wellness tourism revenues grew 14 percent, more than twice as fast as overall tourism expenditures (6.9 percent). World travelers made 691 million wellness trips in 2015, 104.4 million more than in

2013. Wellness tourism now accounts for 15.6 percent of total tourism revenues – nearing one in six of total “tourist dollars” spent. That’s because wellness travelers spend much more per trip: international wellness tourists spend 61 percent more (\$1,613/trip) than the average international tourist, and the premium for domestic wellness travelers is even higher at \$654 per trip or 164 percent higher than the typical domestic tourist. Wellness tourism is responsible for 17.9 million jobs worldwide.

Spa Industry: The spa economy – including spa facility revenues (\$77.6 billion), education, consulting, associations, media and event sectors that enable spa businesses (\$21 billion) – grew to be a \$98.6 billion market in 2015. Spa locations jumped from 105,591 in 2013 to 121,595 in 2015. Since 2013, the industry has added 16,000 spas, more than 230,000 workers (to reach 2.1 million) and \$3.5 billion in revenue. The modest 2.3 percent annual revenue growth rate (2013-2015) is largely due to the U.S. dollar currency conversion from large spa markets across Europe and Asia. If global spa facility revenues are converted to the Euro, the market actually grew a robust 25 percent: from €56 billion to €70.1 billion.

Thermal & Mineral Springs: The number of revenue-earning thermal/mineral spring properties grew from 26,847 in 2013 to 27,507 in 2015 – a gain of 660 facilities across 109 countries. These businesses earned \$51 billion in 2015, up 2 percent from 2013. While this gain looks modest, GWI research finds rapidly rising consumer interest in springs-based activities – and 2015 revenues are heavily impacted by the depreciation of European currencies against the dollar, as Europe represents 39 percent of industry revenues.

III. ROUNDTABLE DISCUSSION POINTS AND OUTCOMES

The purpose of the roundtable was to discuss the main issues shaping the wellness economy in the Baltics, including the challenges and opportunities of educating and promoting authentic wellness practices in the region.

- All participants agreed that there is a need for a platform that enables experts from multidisciplinary fields to come together to collaborate and find solutions about how to progress the industry in the Baltics. Participants agreed that the roundtable is an excellent first step to initiate the conversation.
- The Baltics has deep-rooted wellness traditions. The growth of wellness tourism is a huge opportunity to stimulate a stronger position within the global arena for the region.

Participants were asked how the “Baltic Spa” concept could be expanded and promoted:

- The Baltics have a centuries-old heritage of using natural mineral waters, mud, and amber to heal, cleanse and beautify, as well as a long-standing sauna culture that makes the region well positioned as a wellness destination
- Collaborate with graduate students and universities to encourage research on natural medicine, balneology and climate therapy in order to generate evidence-based findings for marketing “Baltic Spa” to wellness travelers.
- Participants agreed that there is a strong need to invest in marketing and positioning the region as a wellness destination, and agreed that a strong partnership with government entities could further this along.
- Discussions also included exploring what the Baltic wellness industry could learn from the success stories behind the rebranding of two successful Lithuanian health resorts – Druskininkai and Birštonas – which came to fruition with the help of both private and public entities.
- Ilona Ansonė pointed out that today’s travelers are looking for safety and family-friendly travel as well as a holistic wellness approach – something that traditional Baltic resort towns can deliver. This is another opportunity to strengthen the position of the Baltic region as a wellness destination.

What are some of the key strengths of Baltic Spa?

- Inna Milovanova shared data based on guest reviews of the Spa, Baltic Beach (Guests are predominantly coming from Russia, but also Kazakshstan, Germany, America):
 - ▶ Value for money.
 - ▶ No language barriers (Staff must know three languages: Latvian, Russian, English).
 - ▶ High level of expertise and medical background.
- Authentic, indigenous treatments:
 - ▶ Svetlana Shabalina, founder of Baltic Spa School, highlighted the use of Amber in treatments – the actual stone, amber peelings and even amber acid used as supplement. Amber is a signature practice from the Baltic region, and more marketing is needed to popularize the practice.
 - ▶ Ilona Ansonė mentioned the heritage of sauna culture, which could also be popularized as it is different from Finnish sauna and Russian baths and is a true signature of the region.
 - ▶ Dan Grasmanis mentioned the importance of developing the water culture – understanding the different kinds of waters, its consistencies and benefits in spa, both drinking water and water used in treatment. The concept of mineral waters should be popularized by promoting research and understanding more about water as a whole.

What are the challenges/opportunities for “Baltic Spa”?

There are a wide variety of services and benefits from authentic practices that spas can offer yet the classic massage is still the most popular treatment.

- Research! To progress business activities and make evidence-based claims, the industry needs to support research.
- Develop a sales platform for wellness tourism in the Baltics with stronger links to the end consumer.
- Cultivate more tourism operators to specialize in selling wellness products in Eastern Europe.

- Importance of recognizing the professional standards when it comes to spa and wellness and health tourism.
- Mariam Sargsyan mentioned the lack of “centralization” and a unified approach when it comes to promoting wellness practices, as well as a lack of alignment with government bodies to strengthen the opportunities to position the region as a wellness destination.
- More active participation in opportunities such as the Global Mentorship Program and Global Wellness Day

Wellness educational programs underway in the Baltics:

- A new spa and wellness management program is being developed by the Baltic Academy to address the needs of the market. More people need to be qualified to “sell” the services offered in the region.
- Baltic Academy is collaborating with Erasmus and creating a professional course for spa receptionists.
- Latvia’s labor union has created a standard for spa specialists. The next step is to create standards for management and administration when it comes to wellness.
- Parnu University offers an advanced degree called “International Service Design and Management.” There is an opportunity to enhance and strengthen this program to better prepare spa managers to understand a global approach to wellness.

IV. FINAL TAKE-AWAYS:

- Growing the wellness industry in the Baltics requires a multidisciplinary approach. The first step has been jumpstarted through the Global Wellness Institute roundtable.
- Continue the conversation! The Baltic Spa Association will facilitate the next meeting.

- Develop stronger collaboration with educational institutions. The Baltic Academy called for action to work with PhD and Masters students directing research topics around wellness and wellness tourism.
- Experts agreed that there is a gap in the market when it comes to managing and selling wellness services. The Baltic Academy is working on a spa management course as well as a professional course for spa receptionists.
- More research needs to be produced when it comes to natural medicine, use of mineral waters in spa, authentic practices such as the benefits of Amber and the Baltic sauna culture.
- Develop a stronger partnership with government entities to promote the region as a wellness destination.
- Educate consumers about the benefits of wellness and the wide array of services available.
- Build awareness through activities like Global Wellness Day.
- Develop more professional wellness coordinators to help educate clients and communicate the importance and benefits of wellness practices.

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To learn more about GWI's Eastern European Initiative, visit:
<https://www.globalwellnessinstitute.org/eastern-european-initiative/>

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