

## Support for Saint Lucia to Implement the Gender-Responsive National Strategy for the Development of the Four Priority Services Sub-Sectors

# TRADECOM II PROGRAMME



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## Market Pointer – Exporting “Spa & Wellness” Services to the United Kingdom

### Demand

The ITC does not have data on the Spa & Wellness sector in line with other sectors discussed so far. The Global Wellness Institute (GWI) provides some data that gives an indication of the size of global demand. The wellness economy encompasses industries that enable consumers to incorporate wellness activities and lifestyles into their daily lives. According to GWI ten sectors in the global wellness economy taken together were worth \$4.2 trillion in 2017, representing 5.3% of global economic output. From 2015-2017, the wellness economy grew from \$3.7 trillion to \$4.2 trillion, or by 6.4% annually, nearly twice as fast as growth in the world economy for the same period.

### Market entry requirements

Below is an assessment of the requirements of Saint Lucian Spa services providers seeking to render their services in foreign jurisdictions on a temporary or permanent basis.

Under the CARIFORUM-EU EPA Contractual Service Suppliers can supply midwife services in all EC countries (including the UK). However, this is subject to an economic needs test. More generally, anyone wanting to work in the UK as a midwife must register with the Nursing and Midwifery Council (NMC) at <http://www.nmc.org.uk/>. To be accepted for registration applicants must have successfully completed

an approved programme of midwifery education and must also meet the NMC requirements of good health and good character. The registration requirements for midwives are different depending on where the applicant qualified. The NMC sets requirements and standards for midwives from outside of the UK and EEA. These must be met by any midwife whose initial training was not within the EU or UK and wishes to apply to join the NMC register. Since October 2014, individuals who trained outside of the UK or EEA and meet all the minimum requirements set by the NMC, need to successfully complete a 2-part application process. Part one is a computer based multiple-choice examination which will be accessible in many countries around the world for applicants to access in their home countries. Part two is a practical objective structured clinical examination (OSCE) which will always be held in the UK.

## Current trends

The global trends in the Spa & Wellness industry within the last decade can be summarized as follows. Emerging from the economic and financial crisis of 2008 significant recovery of the global lodging and travel industry only resumed in 2011. Since Spas are linked to the luxury segment of the hospitality industry, they experienced the strongest negative impact due to drastic cuts in corporate travel budgets and reduced disposable incomes.<sup>1</sup>

In the past, Spas were added to many hotels and resorts only as an afterthought, or at most as a necessary amenity since the impact of the Spa on the overall bottom-line was considered minimal. However, as hotel occupancies reflect negative patterns, the emphasis now is on each operational department to achieve efficiencies to support itself independently as well as work harder towards promoting synergistic revenue and profit growth.

RevPAR for the U.S. lodging industry remained below its historical peaks that were achieved in 2006 and 2007, until 2013. The hospitality market in the short- to mid-term is likely to see increased transactions and consolidation, as distressed assets change hands.

A major contributor to the global Health & Wellness discourse is led by the Global Wellness Institute (GWI), which defines wellness as the active pursuit of activities, choices, and lifestyles that lead to a state of holistic health. The wellness economy encompasses industries that enable consumers to incorporate wellness activities and lifestyles into their daily lives. According to GWI ten sectors in the global wellness economy taken together were worth \$4.2 trillion in 2017, representing 5.3% of global economic output. From 2015-2017, the wellness economy grew from \$3.7 trillion to \$4.2 trillion, or by 6.8% annually, nearly twice as fast as growth in the world economy for the same period.<sup>2</sup>

There are around 800 day, residential, leisure club and hotel spas in the UK and the sector has shown consistent, healthy growth in the last 15 years according to the trade body for the industry in Great Britain and Ireland, the Spa Business Association (SpaBA).<sup>3</sup>

Also, spas have become much more attractive to a mainstream audience in the UK with more than 35 million Brits a year spending £5.2Bn on services and treatments. The substantial growth in the hotel spa

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<sup>1</sup> "Global Spa & Wellness Industry Briefing PAPERS (2010)" prepared for the Global Spa Summit by Ernst & Young

<sup>2</sup> Global Wellness Economy Monitor, October 2018.

<sup>3</sup> <https://www.director.co.uk/7891-uk-spa-industry-booming/>

market segment, and the entry of leisure club operators such as Bannatyne, Virgin Active and Center Parcs, have helped bring spas to a much wider audience.<sup>4</sup>

It is estimated that there are over 4000 treatment rooms available for treatments, with average therapist and room occupancy levels of 65%-75%. The average treatment room income is £50,000 per year per room. However, larger spas are achieving in excess of £100,000 per room per year operating at 85% - 90%. Hotel spas account for 41% of the market, and spas within fitness clubs account for 27% and yet they attract, on average, 12,600 and 10,900 consumers per annum, respectively. Day spas only account for 12% of the total number of spas but attract nearly twice the number of consumers that spas within fitness clubs do, on average, 20,400 consumers every year. There is a large variance across the UK in the value of a spa visit. In London visitors will consider spending between £150-£400 for a spa break experience. Nirvana Spa the UK's leading day spa has a range of packages that start from as little as £45 excluding treatment sales.<sup>5</sup>

### Future trends

Prior to COVID-19 pandemic the Global Spa Services Market projects that the market would reach \$154.6 billion by 2022. Medical spa is expected to register the fastest growth, during 2016-2022. Spa services refer to a collective term assigned for various services such as facial, body massage, manicure, pedicure, body treatment and others provided under expert administrations that revitalizes the brain and body.<sup>6</sup>

The global spa services market is witnessing constant innovations such as use of hybrid spa technology, which utilizes its gas generated hybrid system to keep the spa heated up. The technology involves lesser usage of carbon and other chemicals, compared to other such heating systems, and is cost effective as well. The market is driven by hectic lifestyle in urban areas, rising demand from emerging markets, new developments in spa services, and rising demand from teenagers. Lucrative opportunities prevail in the spa industry owing to rising percentage of geriatric population and increasing demand from emerging markets. However, the market growth is hindered by high cost of skilled therapy professionals and low penetration in the underdeveloped countries.<sup>7</sup> The hotel spa segment would emerge as one of the most lucratively growing segments in the global spa services market during the 2016-2022 period. Rapid growth in travel and tourism industry will continue to generate significant revenue for this segment.

GWI projects robust growth in the five wellness sectors they track in detail, based on their own data sources and estimation models. They also believe the three sectors that represent the three core spheres of life will have the strongest growth – wellness real estate, workplace wellness, and wellness tourism – while the other wellness sectors will continue to grow as they support the integration of a wellness lifestyle into all aspects of daily lives. Specifically, the projected growth of these sectors from 2017 to 2022 are as follows: Wellness Real Estate (8.0%; from USD \$134.3Bn. to \$197.4Bn.); Workplace Wellness (6.7%; from USD \$47.5Bn. to \$65.6Bn.); Wellness Tourism (7.5%; from USD \$639.4Bn. to

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<sup>4</sup> <https://www.director.co.uk/7891-uk-spa-industry-booming/>

<sup>5</sup> Companiesandmarkets.com

<sup>6</sup> <https://www.alliedmarketresearch.com/press-release/spa-market.html>

<sup>7</sup> Ibid.

\$919.4Bn.); Spa Facilities (6.4%; from USD \$93.6Bn. to \$127.6Bn.); and Thermal/Mineral Springs (6.5%; from USD \$56.2Bn. to \$77.1Bn.).<sup>8</sup>

Looking to the future, there are huge opportunities for the UK spa sector, driven by a growing interest from people who want to change the way they take care of themselves – what has loosely been described as the “wellness trend”. SRI International says the global wellness industry, which encompasses spas, complementary and alternative medicine, healthy eating, workplace wellness, fitness and anti-ageing therapy is worth \$1.9 trillion (£1.2 trillion).<sup>9</sup>

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<sup>8</sup> Global Wellness Economy Monitor, October 2018.

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