Innovation using a renewal hotel and resort model in a global tourism market: The case of health and wellness tourism

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I. Introduction and research methodology

II. Modular design of a hotel and resort

III. Innovation in a renewal model for a hotel and resort with health and wellness centers

IV. Conclusions
I. Introduction and research methodology

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III. Innovation in a renewal model for a hotel and resort with HW

IV. Conclusions
This presentation is based on a research project undertaken by CITIS (Research Center on Tourism, Innovation and Services) for OTA (Tourism Observatory of the Azores).

The main conclusions we have reached are the result of applying a set of methodologies that we will refer in abbreviated form.
Research methodology

Research lines

- Document analysis
- Meetings w/ experts
- Study visits
- Surveys \(ightarrow\) demand
- Benchmarking \(\rightarrow\) Supply

Outputs

- Critical success factors
- SWOT analysis
- Destinations and clusters
- Marketing and brands
- Products and services
- Prices
- Promotion
- Distribution and sale
- Location
- Partnerships and business
- Management models
- Design and construction
- Sustainability and quality
- Human resources

Conclusions
### Meetings, interviews and visits

<table>
<thead>
<tr>
<th>Meetings and interviews</th>
<th>Supply segments</th>
<th>Nº</th>
</tr>
</thead>
<tbody>
<tr>
<td>National tour operators</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>International tour operators</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Hotels and resorts with spas</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Public administration</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>31</strong></td>
<td></td>
</tr>
<tr>
<td>Visits to national and international resorts</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td></td>
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</table>
### Demand surveys

<table>
<thead>
<tr>
<th>Objective</th>
<th>Needs, desires and expectations of tourists</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Satisfaction of tourists and residents</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Nº of questions: 82</td>
</tr>
<tr>
<td></td>
<td>Type of scale: Likert from 1 to 5</td>
</tr>
<tr>
<td></td>
<td>Response time: 12 m</td>
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<tr>
<td>Target</td>
<td>e-mail and mail</td>
</tr>
<tr>
<td>Valid sample</td>
<td>306 surveys</td>
</tr>
<tr>
<td>Confidence level</td>
<td>λ = 95%</td>
</tr>
<tr>
<td>Error level</td>
<td>ε = ±5,6%</td>
</tr>
</tbody>
</table>
The benchmarking analysis aims to compare worldwide the characteristics of the hotels and resorts with health and wellness (HW), in terms of products, pricing, communication models and business.

- Sites and portals SAP’s and resorts with SPA - 247: we analyse **35 units** (14,2%).

- Tourism sites and portals (not oriented to the HW) - we analyse **112**.

- Direct inquiries to tour operators and travel agents - we analyse **37**.
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Global resort of health and wellness

Offer oriented to residents and tourists

- Thematic Park (Mod. 4)
- Interpretation Center (Mod. 5)
- Beach Supports (Mod. 6)
- Shops (Mod. 7)
- Green Spaces (Mod. 8)

Hotel with SPA

- Geothermal Center (Mod. 3)
- Thalassotherapy Center (Mod. 2)

Residential Tourism (Mod. 9)
Modular design of the hotel

Hotel with SPA

Accommodation
Food and Beverage
Animation
Business Center
Sport and Leisure
Wellness Center
Fitness Center
Health Center
SPA
Agenda

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Innovation in a renewal model for a hotel and resort with HW

Some main conclusions of the research:

1. Tourism destinations
2. Localization Partnerships
3. Project and works
4. Supply components
5. Demand
6. Business model
7. Marketing strategy
8. Human resources and quality
1. **Tourism destinations**

- The **image** of a hotel and resort is inseparable from the **brand image of the destination** to which it belongs.

- The hotel and resort can be an **anchor project for the tourism destination**.

- It is essential to reduce the tourism destination **weaknesses** and enhance their **strengths**.

- The hotel, the resort or the global business must know how to profit the **local synergies of the tourism destination**.
2. Localization

- The localization of the hotel and resort should be **strategic**, at level macro (regional) and micro (local).

- Transport system needs to have **“good” prices** and be **frequent**.

- Good **access conditions** to the hotel and resort.

- Hotel and resort should be adequate to the local **eco-systems**, using **green energy** and operating according to the **characteristics and local conditions**.
Partnerships need to be developed in the perspective of:

- Territorial and/or sectorial cluster.
- **Sharing the business** with public and/or private partners, in terms of investment and operational phases:
  - ✓ Access to **financing sources**.
  - ✓ Access to **technology**.
  - ✓ Access to **markets**.
  - ✓ Access to **brands**.
4. Project and company lifetime

- **Architectural project** should be adapted to the specific conditions of the business.

- **Effective monitoring** of the work since its start to completion and during the company lifetime.

- **Commitments and agreements** are needed to:
  - Environmental sustainability.
  - Energy sustainability (wind and geothermic).
  - Functionality and economy of the future management.
5. Supply components (1/2)

- **Accommodation**: hotels and other traditional types...
- **Restoration** of various types (diet, vegetarian, Indian, Portuguese, Chinese, Spanish...).
- **Business center for** MICE segments.
- **SPA** with health, wellness, and fitness centers.
- **Leisure, sport and entertainment**: spaces and equipment for activities outdoor" and indoor.
- **Green spaces.**
5. **Supply components (2/2)**

- Offer "full service" aimed at a diverse range of demand segments.
- Creation of a service range and HW programs oriented guests and residents.
- Offer tailored programs considering different demand segments and different seasons.
- Use of qualified local supply.
- Accommodation unit also operates as a Country Club for residential and others.
6. **Demand**

- **Long stays**: seek to have an average stay of tourists for more than three days.

- **Demand markets**: have local residents, internal and international markets.

- **Trends**: continuous assessment of market developments and trends.
7. **Business model**

Given the complexity and variety of activities that integrate this type of venture, the investors should consider all the alternatives in terms of:

- **Investments**: partnerships and funding.
- **Operation** (different models):
  - Direct exploration;
  - Subcontracting services;
  - Concession business.
8. Marketing Strategy
8.1 Branding

- Definition of a *marketing program*, oriented to medium and high segments of demand mainly in Europe, America, Japan and China.

- Development of *own brands*, with distinctive character.

- Choice of *brand with visibility, reputation and presence* in target market segments.
Based on the exploratory research: inquiries, interviews, benchmarking, internet sites and leaflets, it is important to innovate on:

- **Customized products** according to the localization and characteristics of the hotel and/or resort.

- **Markets:** it is necessary to analyze continually the market trends:
  - Demand: Needs and expectations.
  - Supply: Global evolution of the competition.
8.2 Products (2/2)

- Broad range of products, services, activities, and programs.
- Leverage of resources and products associated with the destination.
- HW products resulting from the integration of existing resources to sell cosmetic, pharmaceutical, and merchandising products.
- Definition of anchor products for the hotel and resort.
In prices domain we can conclude that:

- For the same product, prices have great differences at international level.

- Prices are much more high in destinations or companies that are consolidated in market. This differences are higher in health and wellness (HW).

- The products and services in HW are not standard, being difficult their comparison.
Increasing availability of HW programs.

Integration of HW programs in travel packages that also include accommodation, F&B and other offerings. However, the "forfait" still exists.

Anchor products have different prices.
Alignment of prices at international levels, but taking into account the local situation and conditions of the Hotel and resort.

Prices generally increase in response to the notoriety that the Hotel and Resort acquires.

Different prices for products, programs and packages.

Special prices for anchor products.
## 8.3 Prices of anchor products (4/5)

<table>
<thead>
<tr>
<th>Prices</th>
<th>Vichy Shower</th>
<th>Emersion Bath</th>
<th>Whirlpool</th>
<th>Turkish Bath</th>
<th>Sauna</th>
<th>Gymnasium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max</td>
<td>26,10 €</td>
<td>9,50 €</td>
<td>38,00 €</td>
<td>35,00 €</td>
<td>35,00 €</td>
<td>25,00 €</td>
</tr>
<tr>
<td>Min</td>
<td>6,10 €</td>
<td>3,50 €</td>
<td>4,50 €</td>
<td>6,30 €</td>
<td>6,50 €</td>
<td>4,20 €</td>
</tr>
<tr>
<td>Med</td>
<td>14,40 €</td>
<td>6,00 €</td>
<td>11,20 €</td>
<td>15,30 €</td>
<td>16,50 €</td>
<td>9,50 €</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Prices</th>
<th>Applications of minerals silica, algae</th>
<th>General massage</th>
<th>Aromatherapy</th>
<th>Foot Reflexology</th>
<th>Stone Therapy</th>
<th>Lymphatic drainage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max</td>
<td>95,00 €</td>
<td>90,00 €</td>
<td>120,00 €</td>
<td>54,00 €</td>
<td>120,00 €</td>
<td>65,00 €</td>
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<tr>
<td>Min</td>
<td>3,80 €</td>
<td>10,40 €</td>
<td>13,00 €</td>
<td>28,20 €</td>
<td>33,10 €</td>
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<tr>
<td>Med</td>
<td>24,90 €</td>
<td>26,10 €</td>
<td>48,90 €</td>
<td>44,10 €</td>
<td>55,50 €</td>
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</table>
## 8.3 Prices of anchor programs (5/5)

<table>
<thead>
<tr>
<th>Thermal waters (SPA)</th>
<th>Programs wellness 2 days</th>
<th>Programs wellness 5 days</th>
<th>Programs wellness 7 days</th>
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</thead>
<tbody>
<tr>
<td>National SPA’s</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Max</td>
<td>291,00 €</td>
<td>653,00 €</td>
<td>1,369,00 €</td>
</tr>
<tr>
<td>Min</td>
<td>84,00 €</td>
<td>305,00 €</td>
<td>435,00 €</td>
</tr>
<tr>
<td>Med</td>
<td>171,20 €</td>
<td>442,20 €</td>
<td>748,50 €</td>
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<tr>
<td>International SPA’s</td>
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</tr>
<tr>
<td>Max</td>
<td>318,00 €</td>
<td>0,00 €</td>
<td>2,845,00 €</td>
</tr>
<tr>
<td>Min</td>
<td>318,00 €</td>
<td>0,00 €</td>
<td>268,00 €</td>
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<tr>
<td>Med</td>
<td>384,80 €</td>
<td>361,00 €</td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Max</td>
<td>291,00 €</td>
<td>653,00 €</td>
<td>2,845,00 €</td>
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<tr>
<td>Med</td>
<td>171,20 €</td>
<td>442,20 €</td>
<td>924,80 €</td>
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<tr>
<td>Variation of prices</td>
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<tr>
<td>(international)</td>
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<tr>
<td></td>
<td>213,50 €</td>
<td>-81,20 €</td>
<td>587,50 €</td>
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</table>
8.4 Promotion

Health and wellness hotel and resort

Communication Plan

- Communication plans of every module
  - Public Relations
  - Advertisement
  - Internet
  - Promotion
  - Sales Force
  - Events
  - Merchandizing
  - Exchanges
  - Sponsorship
  - Patronage

Customer
8.5 Distribution

Health and wellness hotel and resort

Distribution Plan

- Distribution plans of every module
  - Direct Sales
  - Indirect Sales
    - Travel Agencies
    - Tour Operators
    - Central of Reservations
    - Integrated System of Gross Distribution

Customer
8.5 Promotion and distribution

- The use of all promotion and distribution channels, depend on their relative effectiveness and cost.

- Special attention to the Internet
  - Presence on search engines.
  - Price comparison;
  - Marketing “Online”: Links Sponsored (“Pay Per Click”); E-mail Marketing; Social Networks; blogosphere; etc.

- Continuous monitoring of the effectiveness / cost of different channels of promotion and distribution.
9. Human resources and quality

Human resources:

- Implementation of an appropriate human resources management, particularly in terms of recruitment, competencies, training and wages.

Quality:

- Quality certification of the hotel and resort according to ISO 9001 and 14001.
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## Success is a never-ending story

1. Regional perspective
2. Cluster perspective
3. Right location
4. Right project design
5. Best partnerships
6. Right business design
7. Unique brand image
8. Sustainability
9. Eco-efficiency
10. Best practices
11. Full service
12. Effective communication with markets using international TV channels, Internet and social nets (e-mail, Facebook, Twitter, LinkedIn, ...)
13. Strong belief in knowledge and training
14. Continuous monitoring
Thank you for your attention