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IN FOCUS:

THE NEWEST HEALTH AND WELLNESS HOTELS: EVEN AND ELEMENT

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The health and wellness travel segment is growing immensely, creating a market for hotels that cater to the health-conscious guest. The EVEN and Element hotel brands are pushing the envelope, with wellness built into their very design.

Introduction

Health and wellness has become more than a trend or a New Year's resolution. Companies embrace it because it makes their workforces more efficient. Cruise lines and resorts offer impressive gyms and five-star fitness workshops for guests. As more and more people look to improve their lives through a healthy routine, hotel industry innovators are working to make sure that routine isn't broken when people travel.



The Growing Wellness Travel Segment

For a broadening contingent of travelers, a vacation is less defined by utter indulgence and relaxation, but by a feeling of restoration. Indeed, basic assumptions about all kinds of travel are being viewed through the lens of health and wellness. In a 2011 study by Columbia University, researchers found cardiovascular-related health risks such as obesity and high blood pressure were increased by frequent or extensive travel.¹ In the act of traveling, people not only want, but need to relieve the pressures of their workaday lives and achieve a healthful sense of balance.



“Wellness Tourism,” as defined by the Global Wellness Institute, is “all travel associated with the pursuit of maintaining or enhancing one’s personal wellbeing.”² Wellness tourism is expected to grow to a more than \$675-billion market by 2017.³ Furthermore, while wellness tourism only represents 6% of all domestic and international trips, it accounts for more than 14% of expenditures, and this includes hotels. While these “primary purpose” wellness tourists specifically seek out vacation opportunities to restore or improve their health, a much larger segment of travelers looks for these opportunities on any given trip—be it business,

conference, or pleasure—and these tourists tend to spend about 150% more when they travel.

The wellness-oriented travel segment is growing at a much faster rate than the overall tourism industry, and its travelers, generally middle aged, affluent, and well educated, are spending more. How is the hotel industry working to appeal to, and capitalize on, the health-conscious traveler?

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¹ Richards, Catherine A. and Rundle, Andrew G. “Business Travel and Self-Rated Health, Obesity, and Cardiovascular Disease Risk Factors.” *Journal of Occupational and Environmental Medicine*. Volume 53, Issue 4. Pages 358-363. April 2011.

http://journals.lww.com/joem/Abstract/2011/04000/Business_Travel_and_Self-rated_Health_Obesity.4.aspx

² “The Global Wellness Tourism Economy Report.” Global Wellness Institute. Prepared by SRI International. October 2013.

http://www.globalspaandwellnesssummit.org/images/stories/pdf/wellness_tourism_economy_exec_sum_final_10022013.pdf

³ Ibid.

Hotels on the Cutting Edge of Wellness

In the past, a modest hotel gym satisfied the fitness needs of most road warriors. In today's marketplace, however, hotels are competing for patrons who are much savvier when it comes to issues of physical, nutritional, and mental health, and these travelers spend more at hotels that cater to these goals than at hotels with fewer wellness-focused amenities.

Fitness centers have become brand standard for many hotels. So has an offering of healthy options in market pantries or food and beverage outlets. However, several brands have taken things to the next level, offering everything from hotel rooms that alleviate altitude sickness to showers with vitamin-infused water. Innovative in-room fitness options include Omni Hotel's Get Fit Rooms, WestinWORKOUT guestrooms, and Kimpton's in-room yoga mats. Select Marriott properties are expected to roll out healthy vending machines through their partnership with Housebites later this year.⁴ The lighting in luxury brand MGM's Stay Well rooms, right down to the alarm clock's gentle glow, reputedly helps regulate sleep. Trump's Wellness Program provides guests with plentiful healthy menu options, in-room workout equipment, hotel-provided workout gear, pre-loaded iPods, exclusive training cards, and maps of local running paths.⁵ Brands such as Fairmont offer complimentary workout gear for top-tier rewards members, while the Westin offers this amenity to guests for a nominal charge.

These examples show how strongly the health and wellness trend has taken hold at hotels, and two brands have taken the trend even further by building wellness-based concepts into their very design: EVEN Hotels from InterContinental Hotels Group, and Element from Starwood Hotels & Resorts.

EVEN Hotels

IHG's first EVEN Hotels properties, which opened in June in Norwalk, Connecticut and Rockville, Maryland, could be said to fully usher in the era of the wellness-focused traveler. The brand name evokes a sense of balance, and EVEN Hotels support their health and wellness platform on four prescriptive pillars: Keep Active, Rest Easy, Eat Well, and Accomplish More. From check-in to departure, every aspect of an EVEN Hotels stay is designed to help guests leave in a better mental and physical state than when they arrived.



⁴ "Hotel brands making travel and healthy living compatible through innovation." Executive Travel Directors. March 28, 2014. <http://www.traveldirectors.com/hotel-brands-making-travel-and-healthy-living-compatible-through-innovation>

⁵ Haiken, Melanie. "3 Top Hotel Brands Offer New Healthy Travel Options." Forbes.com. November 9, 2013. <http://www.forbes.com/sites/melaniehaiken/2013/11/09/3-top-hotel-brands-offer-new-healthy-travel-options>



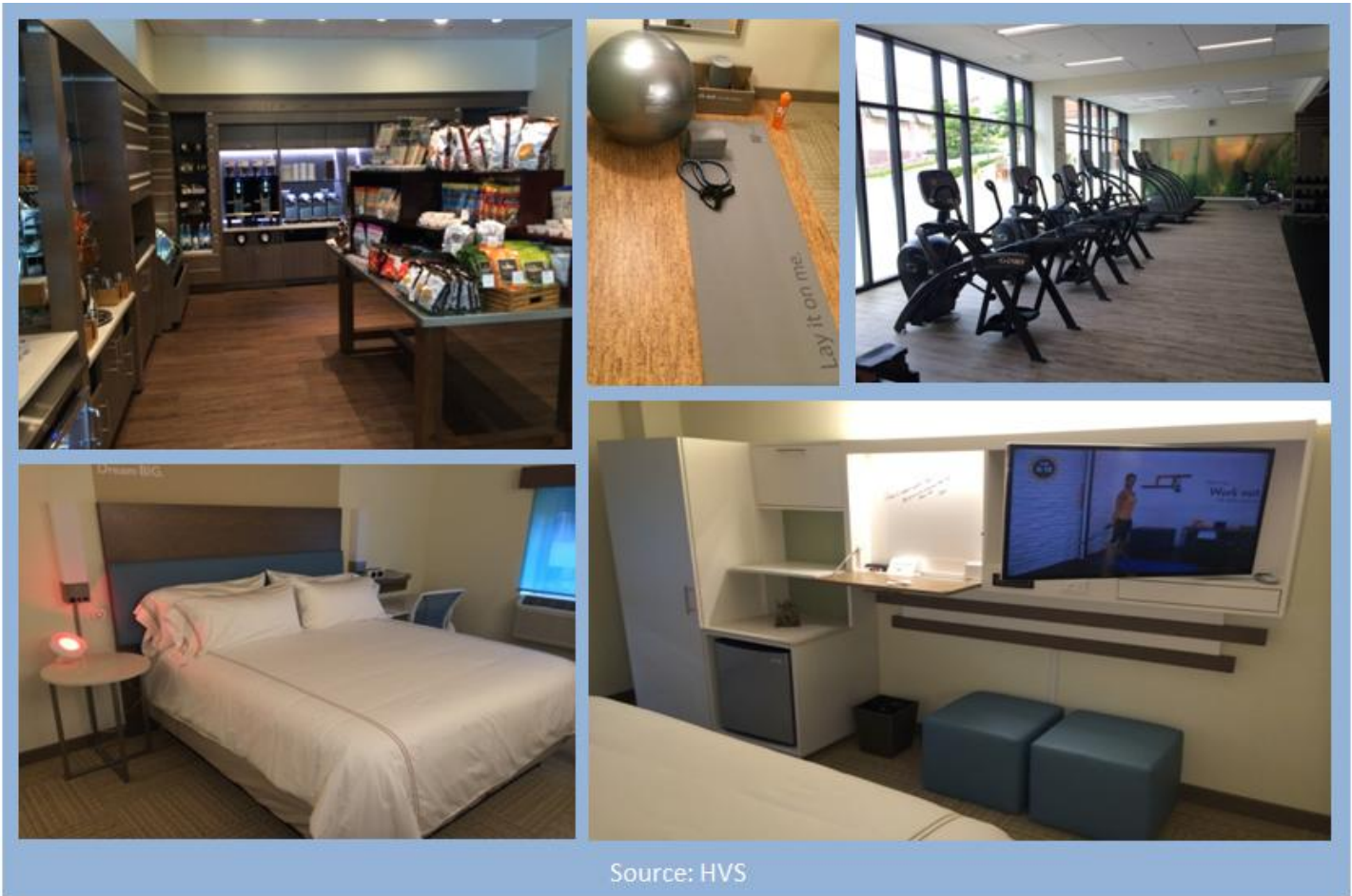
Source: HVS

Of course, “better” is difficult to qualify, let alone attribute to a single hotel stay. But with the EVEN Hotels brand, IHG has launched a health and wellness initiative that runs “much deeper than just hotels,” according to EVEN Hotels head Adam Glickman.⁶ The suggestion is that an experience with EVEN Hotels will help people on the road conduct themselves in a fashion as healthy—if not healthier—than that of their lives at home. EVEN Hotels sponsors the wellness-focused travel website *wellwell.com* and maintains partnerships with amenity provider EO Products and low-calorie, low-fat PopChips (which will be included in their open-style market and bar). The aim is to create a holistic sense of wellness that guests enjoy while at the hotel and internalize by the time they leave. This has enormous significance for EVEN Hotels’ marketing and brand recognition efforts, as guests are likely to recall their tailored experience at an EVEN Hotels property when they plan health and wellness into their next trip.

Every aspect of the hotel brand caters to the wellness theme: “Keep Active Agents” greet guests and offer an oil-infused towel at check-in at the hotels open-concept check-in table, which facilitates more authentic guest interactions. Wellness-geared experiences include access to nature trails and sessions in a best-in-class fitness center with Woodway treadmills and TRX suspension trainers. Healthy food and beverage options include fresh-squeezed orange juice, “bean-to-cup” coffee, fresh smoothies, organic cocktails, and gluten-free meals. EVEN Hotels also offer complimentary flavored water and filtered ice and water on each floor. Furthermore, the hotel staff leads fitness activities throughout the day ranging from manager-led morning runs to yoga classes taught by an EVEN Hotels employee.

Guestroom designs include stand-up and traditional desks, a cork in-room training floor, plentiful natural light, furniture that can be easily rearranged, and a sturdy pair of squares that double as a workout and luggage bench. Additionally, the EVEN Hotels Trainer wall-mounted in-room unit is designed to be aesthetically pleasing, while allowing guests to exercise in the comfort and privacy of their room. Guestrooms also feature eucalyptus sheets, handheld showerheads, natural cleansing products, and the option of energizing or calming shower gels to suit a guest’s mood. According to Glickman, each EVEN Hotels property is completely designed around the guest, to let guests work or rest on their terms. In short, EVEN Hotels put guests in control of their experience.

⁶ Glickman, Adam. Interview by McKenna Luke. May 8, 2014.



An estimated 17 million travelers identify as “health and wellness-focused,” and more than 40% travel regularly.⁷ EVEN Hotels targets these travelers with the upscale design, value, and wellness features they seek out. Since these guests will often pay a premium for a hotel brand that helps them keep on track, EVEN Hotels’ price point is anticipated to be slightly higher than other upscale brands, such as Courtyard by Marriott, Hilton Garden Inn, Hyatt Place, and Aloft.

Even with all the detail in the hotel’s design, the development cost of EVEN Hotels in terms of price per key is expected to be in line with that of similar hotel product types; the brand also includes many cost-saving options for operators.⁸ Hence, the EVEN Hotels brand could be an excellent option for the conversion of an existing property (in fact, the first two hotels under the brand are conversions). Furthermore, three New York City hotels, located in Midtown at West 35th, Midtown at East 44th, and Downtown Brooklyn, are anticipated to open by late 2015. IHG expects to sign a significant number of new licenses with prospective EVEN Hotels owners as the brand enters top-tier markets such as Chicago, Portland (Oregon), Seattle, Denver, Los Angeles, and San Francisco, as well as other urban and suburban markets with a large base of demand generators and wellness-minded customers.

{ EVEN Hotels’ price point is anticipated to be slightly higher than other upscale brands, such as Courtyard by Marriott, Hilton Garden Inn, Hyatt Place, and Aloft. }

⁷ Ibid.

⁸ Ibid.

Element

Starwood's eco-friendly Element brand is targeted toward environmentally conscious customers who share much in common with the health and wellness segment. Element customers are typically between 30 to 45 years old, have a post-graduate degree, travel frequently, and look for lifestyle hotel options to tailor their travel experience. In addition to well-appointed rooms, most Element guests seek out healthy foods and opportunities to exercise with minimal impact on the environment, and the LEED-certified brand even offers the option to operate electronic devices through pedal power in its fitness centers. To these ends, Element hotels "offer a smart new lodging option for travelers with bright, stylish rooms and public areas and an atmosphere designed to fuel a life in balance and on the move," according to Brian McGuinness, Global Brand Leader of Starwood's Specialty Select Brands.⁹

A wide variety of healthy foods and drinks are available through Element's RISE breakfast, RESTORE pantry, and RELAX evening reception; fully equipped guestroom kitchens are also stocked with supplies to prepare healthy meals. Modular furniture, invigorating rain showers, signature Heavenly Beds®, and ergonomic desks are all designed to help guests work and sleep at top levels during their stay. While this seems like the basic function of any well-designed, well-kept hotel, the Element brand has an edge in the health and wellness travel market because it focuses so specifically on what these travelers want most out of their hotel experience.



Source: HVS

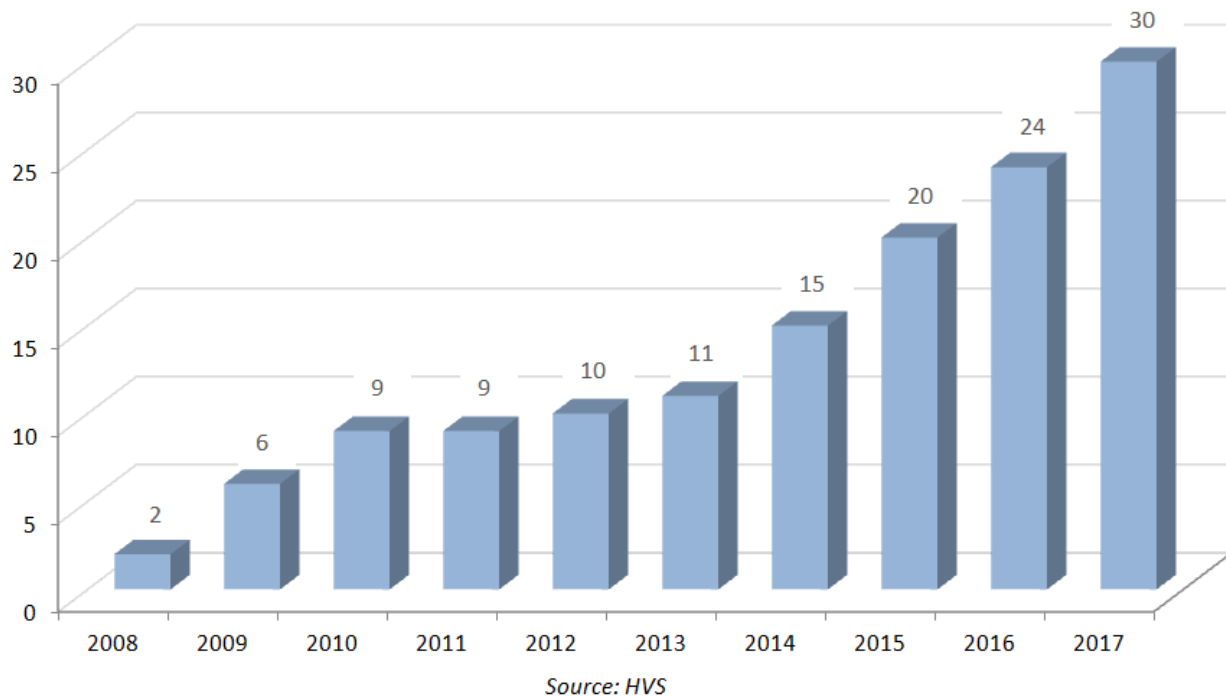


Source: Starwood Hotels

⁹ McGuinness, Brian. Interview by McKenna Luke. May 20, 2014.

Element “is on the cusp of unprecedented growth,” says McGuiness. The brand’s first hotel outside of North America, the Element Frankfurt Airport, is anticipated to open in September of 2014, and three additional hotels are slated to open in the U.S. this year. Eight new contracts, six franchise and two management, were signed in 2013, representing the strongest levels since before the recession; a similar number are expected in 2014. Five new hotels, including the first hotel in the Asia Pacific, are planned to open in 2015, four more in 2016, and an additional five in 2017.¹⁰ Currently, the brand is expected to more than double its number of hotels by 2017. Furthermore, dual-branded properties featuring an Element and Aloft, or Element and Westin combination, are being considered, and the brand is continuing to gain momentum with franchisees, emerging markets, and management contracts in areas such as China.

Number of hotels



Conclusion

The emerging EVEN Hotels and Element brands are built to embrace the next generation of the health and wellness travel market, which is growing by leaps and bounds. Hotel investors and operators increasingly recognize the economic benefits of wellness-focused amenities, and guests are actively seeking them out. As the trend continues to become established in hospitality markets worldwide, hoteliers should stay abreast of how their properties can benefit from investments in health and wellness-related features.

¹⁰ “Element Heats Up.” Starwood Hotels & Resorts. June 5, 2014. http://www.marketwatch.com/story/element-heats-up-starwood-hotels-resorts-trailblazing-element-brand-gains-significant-growth-momentum-2014-06-05?reflink=MW_news_stmp



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About the Author



McKenna Luke, a Senior Project Manager with the HVS consulting and valuation office in Dallas, works from a satellite office near Oklahoma City. McKenna earned her bachelors degree in Hospitality Management and MBA, with a concentration in Finance, from the University of Denver. McKenna's diverse hospitality background includes experience in rooms, food and beverage, events, sales, marketing, finance, and development for convention headquarters hotels, full-service branded hotels, and historic independent properties.

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