Extended Executive Summary:
Rapid Assessment of the Potential Wellness Tourism Industry in Sri Lanka

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In the following pages an executive summary of the report "Rapid Assessment of the Potential Wellness Tourism Industry in Sri Lanka" is given. The interested reader may refer to the specific chapter in the full report.

Introduction

The vision of the National Export Strategy (NES), developed by Sri Lanka's economic industry as well as governmental institutions, has earmarked wellness tourism as one of six pillars to drive the export economy in the coming years. In 2018, officials registered 2.3 million tourist arrivals to Sri Lanka, mostly from Europe and Asia. While most (83%) of these guests arrive for the purpose of "pleasure or vacation," no numbers have been collected in regard to how many come to Sri Lanka for a wellness holiday.

The global wellness tourism industry is currently valued at $4.5 trillion and has grown 12.8% from 2015-2017. The wellness tourist also spends 53% more than the average tourist. Sri Lanka's tourism economy could benefit immensely from an increase of this travel segment, but in order to develop a wellness tourism product of high value to attract the "right" target group, a number of things need to be taken into consideration.

This report outlines the main cornerstones that Sri Lanka needs to develop on a public sector and private business level in order to be perceived and experienced as a top-notch wellness destination, with a focus on the German-speaking market. The consultancy team of Linser Hospitality, which includes Dr. Franz Linser and Nicole Heidenreich, drew on their years of experience within luxury hospitality and tourism development and management as they worked on this report. They also looked at strategy development as well as synthesis and gap analysis, conducted a primary research field trip to Sri Lanka, attended an Ayurveda symposium, and conducted secondary data research, including stakeholder interviews and focus group discussions. Their findings and advice are included within the report and the annex.

Tourism destination

Wellness tourism and its capacity for development are embedded in four main factors: an environment that is conducive and enabling to tourism, the availability and integrity of natural and cultural resources, policies that enable conditions concerning tourism in general, and the overall existence of transportation and ground infrastructure, including accommodations. If those factors are not considered within the overall tourism development of Sri Lanka, a sub-product such as wellness tourism will be negatively influenced, if not rendered irrelevant altogether.

In terms of transportation infrastructure, direct flights to Sri Lanka from Europe are hard to come by; there are daily direct flights from London and Istanbul, and one from Zurich twice a week, but no direct flights from Germany or Austria, making for long travel times from most of the German-speaking hubs, which represent a potential 34 million people.

Within Sri Lanka, buses are varied and affordable, but not necessarily reliable, while trains are affordable and more reliable, but still subject to strikes. Domestic flights are the most convenient, time-efficient and relevant for the wellness tourist.

In terms of accommodation, most of the wellness or Ayurveda hotels are located in the South and West of Sri Lanka, and some overlap exists in terms of offerings at the two types of hotels. Wellness resorts seem to turn up more often and be slightly higher rated than Ayurveda resorts on online booking and ratings platforms, and also to be priced higher. Sri Lankan hotels tend to be owned by Sri Lankans, a fact that may help create an authentic experience rooted in the unique offerings of the country – something the wellness traveller is looking for. Stakeholders perceive Ayurveda resorts and Ayurveda hospitals, followed by wellness hotels, as most congruent with international health & hygiene standards, but the unregulated import of Ayurveda products from abroad has been raised as a concern.

There is a sense in Sri Lanka that it is difficult to find qualified staff for wellness treatments, mostly due to the fact that there are no appropriate training institutes for vocational staff and the fact that wellness tourism is not well integrated into the curriculum of tourism studies.

The support of the Sri Lankan Tourism Promotion Bureau (SLTPB) is generally perceived as weak; a local organization “Tourism Alliance,” founded after the Easter attacks of 2019, has managed to raise international awareness of Sri Lanka as a travel destination, but is run by tourism stakeholders rather than any government organization.

Safety & Security scores for Sri Lanka have decreased, which may have a vast negative influence on the overall tourism arrivals and reduce the attractiveness of the destination for wellness tourists.

While Sri Lanka boasts some of the most impressive biodiversity in the world, its natural and cultural resources scores are low, mainly due to the impact of deforestation on the country’s habitats – more than 50% of its forests have been lost in the past 50 years. Sri Lanka has only just started to showcase its natural beauty to the world, but it’s important that it learn from other countries in terms of protecting its habitats from development and not succumbing to overtourism.

Sri Lanka’s cultural wellness offerings, Ayurveda and Hela Wedakama, combine natural elements of Sri Lanka with wellness, and would be attractive to the wellness traveller. Linser Hospitality looked at a number of different stakeholders with an interest in wellness tourism and grouped them into four categories: supportive, mixed-blessing, non-supportive and marginal. Wellness associations and

Ayurveda resorts were deemed to be ‘supportive’ and therefore organizations to collaborate with, while tourists, international tour operators, the Sri Lankan Tourism Promotion Bureau and the Sri Lankan Tourism Development Authority were named as ‘mixed blessings’ stakeholders that should be collaborated with as much as possible. Since it is mostly locals who sustain the Ayurveda industry and many people expect Ayurveda to play a major role within wellness tourism, a ‘non-supportive’ behaviour of locals could hinder the development of wellness tourism. Key stakeholders need to reinforce current beliefs and values regarding the potential of wellness tourism in Sri Lanka, including a stringent maintaining of programs and projects to showcase the importance of development.

The Wellness Product (Demand)

Wellness tourism – defined as “***travel associated with the pursuit of maintaining or enhancing one’s personal wellbeing***” – is an extraordinarily fast-growing tourism segment that has increased 6.5% annually from 2015-2017, with a total of 830 million wellness trips taken in 2017. Wellness tourism has outperformed general tourism, growing about twice as fast globally, mainly due to a growing desire to adopt a wellness lifestyle, a rising interest in experiential travel and a growing global middle class. The predictions for the period 2017-2022 are even better, with an expected annual growth rate of 7.5%, which means that the global wellness tourism market will have grown by 44% in only five years. By 2022, wellness tourism expenditures are expected to reach over $919 billion, representing 18% of the global tourism market.

The wellness tourist is a high-yield tourist, and the most lucrative wellness tourist is the ‘International Primary Wellness Tourist‘, who spends over $1,800 per trip. This kind of tourist will be very relevant for Sri Lanka due to the country’s geo-strategic position, its size and specific natural, cultural and healing capacities. The rather upscale and wealthy wellness tourist originates from source markets that happen to coincide with regions in which new paradigms of health are currently evolving; this has led to a myriad of health impairments – physically, mentally, socially and spiritually. Stress and stress-related diseases are on the rise and call for new paradigms in terms of how people should live and how to stay healthy sustainably.

The global wellness tourism growth rates show considerable differences regionally. For Asia-Pacific, an annual growth rate of 13% is expected until 2022. For the Middle East-North Africa region (MENA), predictions are similarly high (11.8% annual growth). This is very good news for Sri Lanka, which is well-connected to both Middle Eastern hubs as well as to major metropolitan areas in Asia-Pacific. No valid wellness tourism research data specifically about Sri Lanka could be found, but existing data of related countries have been collected and matched with existing statistical data about tourism in Sri Lanka in order to make some qualified assumptions about the status quo and possible development scenarios of Sri Lankan wellness tourism. This includes an estimate of 618,000 wellness tourism trips to Sri Lanka in 2019, with an average spend of $1,160. Wellness tourism trips to Sri Lanka could nearly double within five years, assuming a stable political situation and no further terrorist attacks.

Wellness tourism is fuelled by the desire for healthy living, disease prevention and improvement of lifestyle, and wellness tourism activities are by nature proactive, voluntary and non-invasive. This is in contrast to medical tourism, whose activities are reactive to illness, usually overseen by a doctor, and often invasive. It is crucial to realize that wellness tourism and medical tourism aim at different target groups and meet different consumer needs.

Wellness travellers expect smooth customer journeys throughout their entire trip, including air travel, airports, ground transportation, food, environmental standards, air quality, the wellness qualities of locals, and more – going far beyond the wellness experience in the resort. Destinations that are able to make their wellness guest feel "well" holistically – through the country, its people, nature, culture, history and environment – will be successful.

Some trends to look at in terms of wellness tourism include people wanting to interact with nature and society in a more sustainable and responsible way, and to live in an 'Age of Less' marked by a conscious simplification of life. The new luxury is based on authentic experiences, quality and values. Consumers have returned to buying quality products, and are looking for things that are individual, customized and authentic. Today's consumers feel empty, mentally weak and disease-prone, and no longer seek mere distraction from their problems – they want solutions. This provides an enormous potential market where there is a clear need for a solid, holistic portfolio offering a clearly defined prospect for change. Mindfulness and meditation have entered the mainstream, and while most wellness guests are looking for self-improvement, they may have different ways of getting there.

Nature is an increasingly important component to wellness offerings, and providing treatments or programming outdoors will be key in future developments. New types of health and wellness resorts are emerging on top of the mountains, in the middle of the woods, in the snow and – in the form of tree houses, igloos, houseboats or tree saunas – as modern-day versions of nature-inspired cocoons. This search for peaceful and quiet surroundings may open a new (and possibly lucrative) segment within the advanced wellness industry. All those savvy early adopters out there who understand the different USPs for these new target groups will have a great opportunity to address a new and profitable customer segment.

Consumer demands in the wellness industry have changed from a need to be entertained to a desire for depth. Guests are no longer primarily looking for a bargain, they are seeking to invest their money in a meaningful way to improve their health and wellbeing. The policy has transformed from spending less to spending better. Guests are also seeking community and connection, and a destination or resort that has clearly defined programming can attract like-minded visitors and offer opportunities for this. There is a need for new concepts in tourism that offer a world of conscious reduction and slowing down for defining personal life goals. Guests need to gain strength and receive a toolset, a fresh perspective and a heightened awareness to incorporate into their world.

A wide range of opportunities exist to develop wellness tourism across different socio-economic strata, but the most profitable for Sri Lanka include Lifestyle Change Wellness, which can focus on many different fields of individual self-optimization; Detox Ayurveda, which will see a considerable growth in demand from Germanic and Scandinavian markets, and which should take into account the fact that Sri Lanka has a deeply rooted, well-established history of Ayurvedic practice; Yoga Light Retreats, capitalizing on the unparalleled growth in demand for yoga in Germanic and Scandinavian markets by offering yoga in unique exotic venues combined with Ayurvedic treatments; Nature & Adventure Exploration trips that combine wellness with experiences in nature that take advantage of Sri Lanka's small size and wide range of flora and fauna; and Wellness Holidays, which cater to the secondary wellness tourist whose prime motive for travel is not wellness, but who wants to incorporate wellness components into his or her vacation.

As Sri Lanka prepares itself for a bright international wellness tourism future, it can build on established wellness source markets based in Europe as well as significantly growing source markets in the MENA region and Asia/Pacific. The question for Sri Lanka – which possesses all the necessary prerequisites for a world-class wellness tourism destination – is not whether there is demand; the question is whether Sri Lanka is ready for this unique opportunity.

Competitor Analysis

India, specifically Kerala, is a main competitor for Ayurveda, and Linser Hospitality also identified Bali and Thailand as potential competitors offering wellness tourism with tropical beaches and pristine natural settings.

While flight connections are well-established and affordable in the South-East Asia region, Sri Lanka's competitors have a wider range of airports and airlines, making it easier and often more affordable to fly there compared to Sri Lanka. Except for India, all competitive destinations score lower for ground and port infrastructure. Both Indonesia and India have poor infrastructure in terms of roads, drainage and traffic systems, which do not fit the wellness element. Challenging waste management and pollution control also make India and Indonesia, and to a lesser extent Thailand, less attractive than Sri Lanka, which is still relatively clean. However, caution needs to be exercised in Sri Lanka as the tourism economy expands further.

Between the compared competitive destinations, Sri Lanka has the least amount of Google search results in many categories, which is a barrier for travellers to choose Sri Lanka as a destination; in order for Sri Lanka to be more present online as an Ayurveda destination, efforts need to be made to increase its presence on the internet.

Improving environmental sustainability is a major competitive advantage in ensuring the future attractiveness of a tourism destination. All of the compared competitive destinations – including Sri Lanka – score low in the pillar of environmental sustainability.

Thailand has South-East Asia's largest natural resources score and some of Asia-Pacific's most attractive natural resources, but India charms international tourists with its vast cultural and natural resources and is growing its cultural resource rating by increasing the protection of cultural sites and UNESCO World Heritage Listings and via an increased digital presence. Culturally, Sri Lanka sits at the bottom in the pillar, with fewer UNESCO World Heritage sites, few large sports and entertainment events, and few searches related to a country's cultural resources.

Thailand has South-East Asia's largest travel and tourism GDP, which is reinforced by an efficient tourist services infrastructure that rises above its competitive destinations. Sri Lanka, India and Indonesia score low in regard to the supply of hotel rooms, and all of Sri Lanka's competitors have more wellness facilities and treatments available. India has established itself as a wellness retreat destination for both domestic and international tourists using the ancient practices of Ayurveda, yoga, Sidha, meditation, rejuvenation and naturopathy.

Bali's mix of affordability, diversity, and a combination of local and modern infrastructure and product offerings make the island one of Asia's most popular wellness destinations. A combination of local therapies carried out by locals with local ingredients – often in a natural setting, along the seaside or in the rainforest – adds to the uniqueness of the experience. Bali has around 3,200 traditional wellness centres, such as herbal medicine practices and spas, and has also become a popular as a top-notch yoga destination. Bali a diverse offering for surfers, yogis, families, solo or couple travellers, and for all for all sorts of budgets. The downside is that this can also be overwhelming for the wellness seeker; with so much to choose from, it's difficult to find and decide on the most suitable retreat and experience. Whereas Bali has more cultural presence, the abundance of wildlife and nature stands out more in Sri Lanka, which is a pristine, young destination with more biodiversity on land. The high number of tourists in Bali has also brought both positive and negative impacts on the destination; pollution on the beaches and traffic congestion are both common and challenging results of the overdevelopment of tourism in Bali.

Kerala is generally cheaper than Sri Lanka when it comes to inbound flights, accommodation, sight-seeing experiences and food, and Kerala also has a wider range of tourist accommodation options than Sri Lanka, which has mostly high-end or budget hotels and a gap in the market for good mid-class hotels. That said, the Sri Lankan rupiah is generally weaker than the Indian rupiah, which makes Ayurvedic treatments cheaper in Sri Lanka than in India. Sri Lanka is perceived as cleaner and less overwhelming as a place to visit than India. In terms of safety and security, Sri Lanka has more favourable conditions – at least according to the data prior to the attacks in April 2019. Kerala is presented better online as destination to visit for yoga and Ayurveda, which may make it a more favourable choice for potential wellness visitors. However, with easier and quicker visa procedures, Sri Lanka is more accessible for last-minute trips.

Sri Lanka is a relatively young destination that certainly still has some gaps to bridge when it comes to internal destination development and external destination management. This is true for the overall tourism development in general, and in specific for the niche market of wellness tourism. Compared to its biggest competitors, Sri Lanka is still in its growth phase.

Sri Lanka is perceived as less busy, less intense and overwhelming, and cleaner than its main competitor destinations of Bali or India. Sri Lanka has a more relaxed atmosphere and more exotic beaches, and has everything in terms of beauty and wildlife that Bali and India do, but in a more compact area. Product development and marketing strategies should pick up on these strengths. Ayurveda is and will remain a big part of the wellness tourism product of Sri Lanka, but its strong relation to its own indigenous wisdom should be stressed more in order to focus on Sri Lanka's uniqueness and differentiate it from other Ayurveda destinations. Another competitive advantage Sri Lanka has is that it is one of the few places that offers both yoga and surf retreats. With beginner-friendly waves and much cleaner beaches than Bali, Sri Lanka has a competitive edge in this category in Asia, and is the only Asian destination offering a kitesurf & yoga retreat.

Both Sri Lanka in general and specific wellness resorts within the country need to look at marketing campaigns and materials, including websites, social media presence, attendance at European trade travel fairs, and attendance at international wellness conferences and festivals in order to increase their presence in the wellness space.

Gap analysis & Strategy Development

There are several gaps between the current state of wellness tourism and the potential future scenario, which are outlined in detail in this section. These gaps include:

- a potential perception of Sri Lanka as unsafe
- insufficient and uncoordinated promotion of wellness tourism
- lack of education in wellness tourism
- insufficient coordination between Ayurveda enterprises and international stakeholders
- political instability that may threaten the future of wellness tourism
- unclear access to funding, insufficient knowledge of product development and marketing

- lack of standardization and certification, particularly in relation to Ayurveda
- difficulty in accessibility of wellness tourism hubs within Sri Lanka
- slight difficulty in accessibility from German-speaking markets
- lack of variety in types of wellness offerings
- lack in Ayurveda and wellness product quality
- missing product positioning
- lack of recognizing Sri Lanka’s unique assets as part of the wellness tourism product

Various short-, medium- and long-term solutions to these gaps are provided in the respective section in the full report, along with a look at the degree of urgency each requires.