



The wellness imperative

How hospitality and leisure can deliver what consumers want

 **BARCLAYS**

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Covid-19 has accelerated demand for wellness offerings

The growing demand for health and wellness to be woven into every aspect of our daily lives represents an enormous opportunity for the hospitality and leisure industry. Consumers want to see healthier options and wellness offerings at all venues – and they are willing to pay for them.

- Health and wellness are extremely important to us, particularly in the aftermath of the Covid-19 pandemic. On average, we, as consumers, rank it as 8.1 out of 10, i.e. 'extremely important', and only 1% say it's not important at all. The average score post-pandemic was around 7% higher than before the onset of Covid-19.
- As we come out of the national Covid-19 lockdown that began in March this year, people are seeking rest, relaxation and rejuvenation. The most popular types of post-lockdown leisure activities to improve mood and mental health were reported to be short breaks (44%), long holidays (33%) and restaurant visits (30%).
- The rise of the staycation also presents a huge opportunity for hospitality and leisure providers. Nearly a quarter of people (22%) reported an intention to take more UK-based holidays and breaks over the next 12 months, but only 7% intended to take more international breaks.
- A key part of harnessing the opportunities of a surge in interest in wellness and motivation to holiday and leisure at home will be investment in this area. By 2023, wellness offerings could add:
 - £21.1bn to the annual revenue of hospitality and leisure firms
 - £11.1bn of added value* to the UK economy.
- In 2019, the global wellness industry was valued at US\$4.2tn¹. The UK market for services related to wellness has meanwhile been estimated to be worth £12.4bn in 2020, with annual growth averaging nearly 4% per annum since 2015².
- On average, Brits will pay 5.8% more for an enhanced health and wellbeing option in our day-to-day lives, particularly for holiday resorts and health clubs.
- Businesses were already recognising the growing importance of wellness, even before Covid-19. They rated its importance on average as 8. Consequently, 57% said they expect to spend more on health and wellness in 12 months' time, while 61% expected to be spending more in three years' time.



By 2023, wellness offerings could add:

£ £21.1bn to firms' annual revenue

£ £11.1bn added value to the UK economy.

*Added value here means Gross Value Added (GVA). GVA is a measure of the net contribution of different industries to the national economy. Put simply, it is the value of a sector's output less the costs of production.

The great reset: how Covid-19 is changing the world

The Covid-19 pandemic is the very definition of a life-altering event, changing how we live, work and interact with each other. But many view this upheaval as a chance for renewal and to find a way to lead happier, healthier, more sustainable lives.

We are living in a different world. There is no aspect of our lives today that has not been touched by the Covid-19 pandemic and the lockdown that followed. This life-changing event has caused all of us to re-examine and reassess our lives and, for many people, this reboot is a chance for renewal. People want to start afresh, leading healthier, happier lives with more accountability for our society's welfare as well.

A wider wellness

There was already a cultural shift in pursuit of greater health and wellness, but after Covid-19 consumers are even more focused. The national lockdown brought sudden changes to our lifestyle and work patterns, forcing us to look at the balance in our lives, while the pandemic's impact on physical and mental health has highlighted the importance of a life lived in wellness.

22%



7%



22% said they intended to take more **UK-based holidays** and breaks over the next 12 months, compared with only 7% planning to take **more time off abroad**.



“Wellness practices (healthy habits) are a lifestyle route to an improved state of wellbeing... The decline in human wellbeing that is being witnessed so conspicuously at present means it is more coveted than ever.”

Anni Hood, Chief Executive, Well Intelligence

Today, just as before the pandemic, people see health and wellness as a key part of their more holistic wellbeing, where personal, societal and planetary health intersect, physical and mental health have equal weight and being well encompasses health, fitness and how we feel every day. Wellbeing is influenced by lifestyle choices such as how we eat, sleep and move, but also how we feel and connect. The influence of wellness adoption is strongly felt in the hospitality and leisure industry.

“People want to start afresh, leading healthier, happier lives with more accountability for our society’s welfare as well.”

Meat-free eating, to take one example, is on the rise, but not just for health reasons. People approach this through a range of diets, from veganism and vegetarianism to flexitarianism, a mainly vegetarian diet supplemented by occasional meat or fish, and pescatarianism, a vegetarian and fish diet. They see reducing their meat intake as an opportunity to positively impact their carbon footprint and reduce the effects of climate change. Or they may choose to eat less meat due to animal welfare concerns.

How Covid-19 has accelerated wellness

There was already a deep pull to incorporate wellness into consumers’ lives and in the midst of it, Covid-19 struck, bringing people to examine their overall wellbeing in a whole new light. This extraordinary event is likely to accentuate the longer-term shift towards healthier eating and more physical activity, while the desire of everyone to renew out of this crisis means that the social motivations for healthy living and more focus on wellbeing from employers and government are stronger than ever.

Our survey after the Covid-19 pandemic had taken hold found that consumers rated health and wellness as extremely important, up 7% on the results just a few months before, when the pandemic had not started yet in earnest. A significant minority of those surveyed reported that they had made, or planned to make, lifestyle changes linked to improved health and mental wellbeing during lockdown, including more regular exercise (28%) and dietary changes (23%).

As hospitality and leisure venues reopen after the national lockdown, there are significant challenges to overcome, but there are also key opportunities in embracing the health and wellness opportunity and in the rise of the staycation. Our pre-Covid-19 research found that investing in wellness across the accommodation, food and drink, arts and entertainment, and sports and recreation sectors could add £19.3bn in annual revenue by 2023. In the wake of the pandemic, that number has risen to £21.1bn, an increase of 9% if the increased interest in healthier lifestyles is sustained beyond 2020.

Leisure in the new normal

These numbers are further supported by the change in how people emerging from lockdown view their leisure time. People’s reasons for going on holiday, for example, are attuned to rest, renewal and relaxation, which will likely continue the trend for the growth in wellness tourism outperforming trends in the tourism industry as a whole. As a wellness tourism destination, in 2017, 23.2 million tourism trips were made to the UK for the purpose of wellness, ranked as ninth globally, employing 200,000 and with expenditures of \$13.5bn³.

As they emerge from lockdown, people are seeking out ways to improve their mood and mental health, including 44% reporting that they wanted to take a short break and 30% hoping to eat out at a restaurant. Given the circumstances around quarantines and border controls, the majority of leisure activities will be happening right here in the UK. Just under a quarter of respondents (22%) said they intended to take more UK-based holidays and breaks over the next 12 months, compared with only 7% planning to take more time off abroad.

Consumers expect wellness to be woven into their daily lives, at work, at leisure and on holiday. Although people said they would pay a premium of, on average, 6% per person for a healthier option on the menu in pubs and restaurants, we need to contrast that against those who believe wellness-focused products and services should be standard. Nearly a third of UK adults, at 31%, believe that health and wellness offerings should be included as standard by leisure sector establishments. Wellness is a permeating culture, that includes commodities like spa treatments and vegan haute cuisine, but also fresh air, a relaxing environment or walks in the countryside.



31% of UK adults, believe that health and wellness offerings should be included as standard.

Wellness investment can foster loyalty and give a competitive edge

These statistics highlight the strength and penetration of the wellness opportunity and are a strong signal to the industry to sit up and take notice. There are intensely challenging times ahead. The lockdown forced many hospitality and leisure facilities to close their doors and furlough their staff. In the gradual reopening, there are new guidelines to adhere to, which while necessary, may impact on business' ability to operate at full capacity. There are also local lockdowns to consider and the possibility of further serious outbreaks requiring more restrictions.

Beyond Covid-19, there is the economic fallout from the national lockdown, whose depth and intensity are unknown, and Brexit, a similarly unquantifiable economic factor.

Responding to this uncertain environment requires great ingenuity and strong business strategy. Hospitality and leisure companies in the UK need to invest carefully and respond nimbly to consumer demand in order to future-proof their business. As wellness culture continues to grow, it represents great potential for the industry, offering the opportunity for new revenue streams, to strengthen customer satisfaction and loyalty and a place in a renewed world where holistic health includes each of us and our wider society.



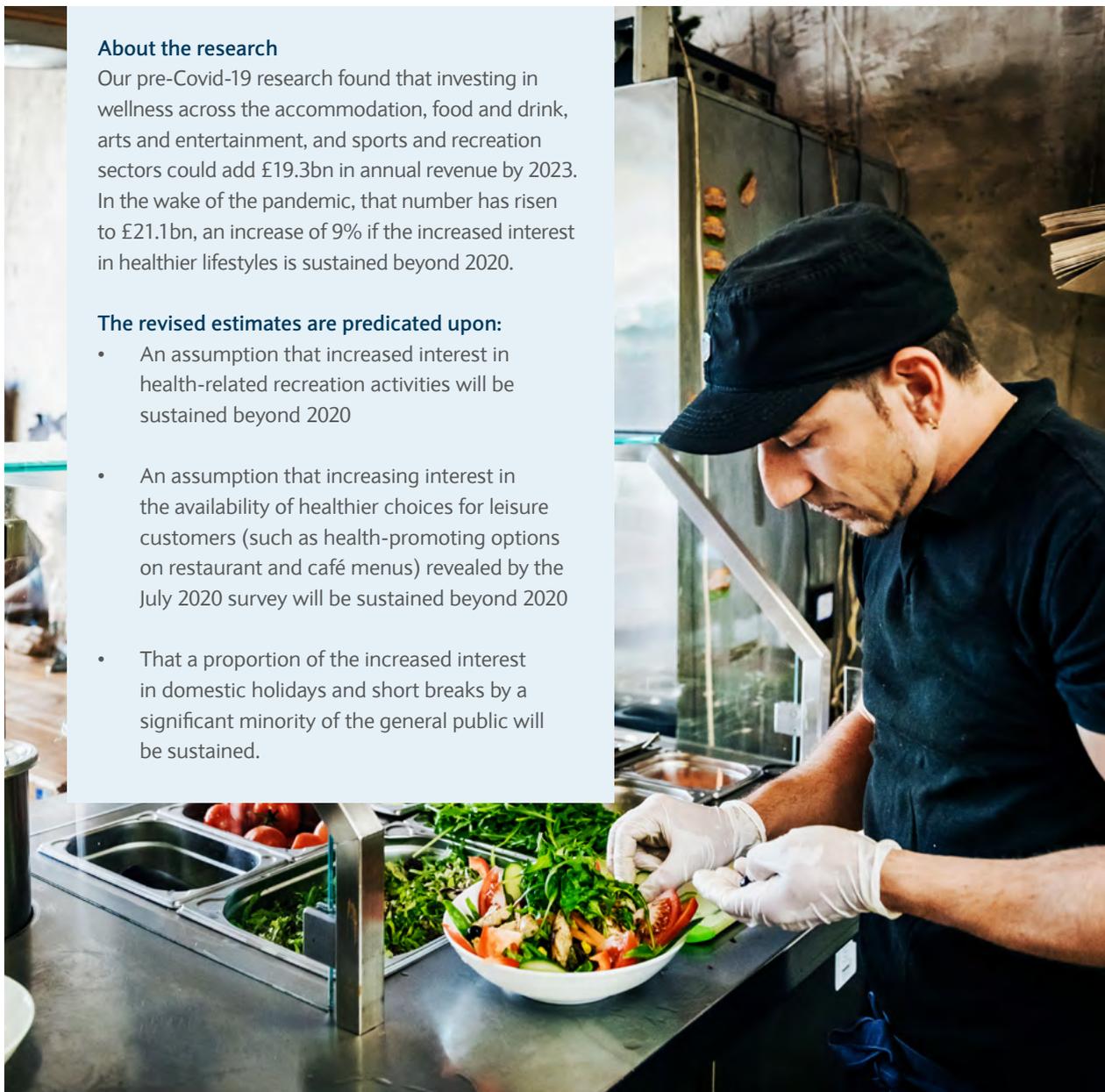
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About the research

Our pre-Covid-19 research found that investing in wellness across the accommodation, food and drink, arts and entertainment, and sports and recreation sectors could add £19.3bn in annual revenue by 2023. In the wake of the pandemic, that number has risen to £21.1bn, an increase of 9% if the increased interest in healthier lifestyles is sustained beyond 2020.

The revised estimates are predicated upon:

- An assumption that increased interest in health-related recreation activities will be sustained beyond 2020
- An assumption that increasing interest in the availability of healthier choices for leisure customers (such as health-promoting options on restaurant and café menus) revealed by the July 2020 survey will be sustained beyond 2020
- That a proportion of the increased interest in domestic holidays and short breaks by a significant minority of the general public will be sustained.



Wellness in the wake of Covid-19

The global pandemic has prompted many people to stop and take stock of their lives. So, it's no surprise that health and wellness have risen up the agenda.

In the wake of the pandemic, health and wellbeing have clearly grown in importance to consumers. When Barclays asked them how important this was for them on a scale of one to 10 before Covid-19, 57% rated it very important (scoring from eight to 10). When asked how important health and wellness is to daily life now, however, 69% said it was very important. And the top score of 10, extremely important, has jumped from 23% to 33%.

It is clear why health is a growing concern for people amidst a pandemic but, more holistically, wellbeing and lifestyle are at stake. The lockdown has had a wide range of effects, from boredom on one end of the spectrum to the stress of juggling young families and work on the other. Many people experienced working from home for the first time or saw their perceived worth change as they were classified as key workers. Life-changing events like these tend to make people re-examine their own lives and reassess what's important.

“Before the pandemic, 57% rated health and wellness as very important to daily life. That figure is now 69%.”



As a result, 59% of respondents say they have made, or intend to make, long-term health and wellness changes. The most common changes include starting exercise or increasing the amount of exercise they do, which was reported by over a quarter of respondents (28%). Just under a quarter, at 23%, said they had made changes to their diet. And just over a fifth (21%) have also made a concerted effort to spend more time in nature.

Holistic health

This trend towards wellness is not just for the young, although more growth is expected to come from that demographic. Older generations, and particularly women, rate wellness as highly important. In the pre-Covid-19 study, women were more likely to regard health and wellness as extremely important compared with males (72% vs 63%). There was also a marked increase among older people, with 82% of those aged 55 and over regarding health and wellness as extremely important compared with 52% of those aged 18-34.

The pre-Covid-19 survey also showed that this focus on health and wellness doesn't necessarily translate into direct action, like attending a gym for example. People are still more likely to visit pubs (58%), restaurants (50%) and cinemas or theatres (28%) over the course of a typical month compared with a health club or gym (20%). But what people want is to see wellness incorporated into all aspects of life.

There are opportunities here across demographics. Although older people and women report that they care

“What people want is to see wellness incorporated into all aspects of life.”



more about health and wellbeing, they are less likely to act on it. Men are nearly four times more likely to say they do nothing to enhance or maintain their health and wellness (11%) than women (3%). But this may contradict actual behaviour, as men are more likely to go to a health club once a month (22%) than women (18%). Tackling the disconnect between interest in health and action could be a key driver for the industry, whether that's helping to create awareness of wellness offers or making it easier to make healthy choices.

When hospitality and leisure businesses offer a healthier option, some customers are certainly willing to pay more for it. They would pay an average of 4.5% for a healthier food option in a pub/café through to 6.3% for healthier short breaks and 6.5% for health club options or a specific resort or holiday park experience. And when asked if they had ever chosen a certain venue, trip or event because they believed it provided healthier options, 40% said they had done so for restaurant trips, 35% for pub or café trips and 28% for holiday or leisure trips.

An opportunity for greater wellbeing

Wellness has enormous potential for the hospitality and leisure industry, to strengthen existing customer loyalty and start up new revenue streams. But it's more than this – consumers and employees expect the right behaviour from brands and leaders and to see words put into action.

There's no doubt that the current economic climate and the uncertainty of the ongoing effects of Covid-19 and end of the Brexit transition period make it a challenging time for business. It's always important for business to study investment opportunities carefully, but doubly so in an uncertain environment.

“What businesses today can plan for is the huge boost to staycation demand and the desire for wellness.”

Give customers what they want

The potential for investment in health and wellness to add to revenues for the hospitality and leisure industry was already substantial prior to Covid-19, and now, that potential has grown. In Barclays' early 2020 study, it was estimated that the accommodation segment of the sector would gain additional industry revenues of nearly £4.1bn per annum by 2023 from the wellness trend. But based on the July 2020 survey findings, the predicted value has increased by £388m to nearly £4.5bn per annum by 2023. In fact, growth in predicted revenues was noted across all major categories; accommodation, food and drink services, arts, cultural and entertainment services, and sports and recreation services.



The pandemic has significantly added to consumer demand for more health and wellness offerings in the hospitality and leisure sector. At the same time, it has put people in the position of accessing more leisure activities closer to home. As the situation surrounding foreign travel remains uncertain, people are focusing more on travel and leisure here in the UK. The stress of this world-changing event has also made consumers keener to focus on short breaks for rest and relaxation rather than long adventure holidays. These requirements are all tailor-made to help promote spa breaks, yoga retreats and escapes into nature, all fuelled by healthy eating and fitness options.

Both tourism and business travel are important revenue streams for the hospitality and leisure industry, but their future is uncertain. What businesses today can plan for is the huge boost to staycation demand and the desire for wellness.

Playing to Britain's strengths

The UK's attractions as a tourist destination already include aspects compatible with this cultural shift, such as access to nature, and British people were drawn to wellness breaks prior to the pandemic. An ABTA study released in January 2020 found that more than two million UK holidaymakers were planning to take a wellness trip over the next 12 months⁴. One in three people were also planning to take part in activities focused on improving their wellbeing, regardless of the type of holiday, such as yoga, meditation, spa and holistic treatments or taking time away from technology.



Expedia Group data from 2019, meanwhile, shows significant growth of almost 25% for tourism demand for outstanding natural destinations including the Cotswolds, Lake District and Scottish Highlands⁵. The firm also reported high growth in demand for destinations appreciated by travellers for scenic walks through the countryside, spa retreats and a range of leisure activities.

The desire for a healthy break has only grown in the wake of the Covid-19 pandemic. The Barclays survey found that the main priorities for consumers post-Covid-19 when on holiday will be resting, relaxing and recharging (54%) followed by spending time with their loved ones (42%) and experiencing the natural world (33%). Amongst those who plan to take holidays/leisure trips, two-fifths (43%) said they would prioritise outdoor space and access to nature. Just under one fifth (19%) said they would prioritise healthier food and drink options, and 13% intend to prioritise health and wellness facilities.

Britain has built a reputation for wellness tourism by highlighting areas of natural beauty and now is the time to capitalise further. Businesses that align themselves with wellness need to ensure that their messaging tells the right story in the right way. Harness seasonality, strong agricultural history and organics, for example, to tell the story of the origins of your food in the British supply chain.

Focusing on wellbeing, and the bottom line

These priorities present promising opportunities for hospitality and leisure firms in the UK. Consumers are demanding a new type of leisure, with a focus on wellbeing, and businesses that stay ahead of the curve and evolve quickly will gain an edge on the competition. Proactive, nimble companies will be able to respond dynamically to the Covid-19-driven growth in awareness of wellness, remain aware of seasonality and build upon their existing offerings to entice domestic tourists.

By 2023, health and wellness offerings could add £21.1bn to the annual revenue of hospitality and leisure firms and £11.1bn of added value to the UK economy. Food and drink is the sector with the most to gain, as healthy eating becomes a key differentiator. But there is some variation in this theme. People still place more value on wellness in some settings over others. For example, consumers would pay a premium of 12.1% for healthier food and drink options in health clubs, compared with 4.5% in a pub or restaurant. But the potential opportunity is there for companies across regions and sectors.

In 2019, the global health and wellness industry was valued at US\$4.2tn¹. The UK market for services related to wellness has meanwhile been estimated to be worth £12.4bn in 2020, with annual growth averaging nearly 4% per annum occurring since 2015². By 2022, British consumers are forecast to spend £487 per head annually on wellness, according to analytics firm GlobalData⁶.

Top priorities when taking a holiday following Covid-19

 Resting, relaxing and recharging	54%
 Spending time with my loved ones	42%
 Experiencing the natural world (e.g. beaches, forests)	33%
 Seeing the sights (e.g. museums and galleries, famous landmarks)	30%
 Enjoying a different cuisine	16%
 Getting some exercise	13%

“Customers want to hear messaging from outlets about the measures they’re implementing and how these processes help to keep everyone safe and healthy.”

What consumers want today

Catering for health and wellbeing used to be a nice-to-have in the hospitality and leisure industry. Now, it's essential.

There are many ways in which wellness has become incorporated into our lives. Just over a quarter (26%) of businesses surveyed by Barclays said they currently offer health and wellness tips to customers as part of their experience. Other frequently provided services include gym/pool/spa (25%) and yoga or meditation (23%).

Businesses also show a keen awareness of the digital side to fitness and health. Over two-thirds of companies (70%) are planning to introduce additional services in the next 12 months, including offering wearable technologies to track performance (14% of respondents) and planning fitness applications with guided workouts (13%).

Another key factor driving the commercial element of the cultural shift towards wellness is a desire for healthier eating. A recent survey highlighted that around 12 million people in the UK say they plan to follow a vegetarian, vegan or pescatarian (fish and vegetable) diet by the end of 2020. If these plans are followed through, around 11% of the UK adult population will be following some form of meat-free diet⁷.

What are customers most likely to expect to see as standard when choosing a place to eat, holiday or spend leisure time?



Healthy people, healthy world

The clean-eating trend demonstrates amply the holistic nature of the drive towards health and wellbeing. The choice to go meat-free is often as much about environmental or animal welfare concerns as it is about physical health.

This meeting of a societal responsibility with personal wellness is also very clear when it comes to wellbeing in the workplace. The concept and importance of healthy employment has changed significantly in the last few years, from a narrow focus on health and safety to a wider sense that includes work/life balance and mental health. When asked about measures to support wellbeing at work, consumers ranked subsidies for physical health (23%), access to healthy foods (21%) and mental health – including mediation and mental health apps (18%) – most likely to support everyday health and wellbeing.

In the wake of the Covid-19 pandemic, wellness at work has become even more pivotal. The current prevalence of homeworking may curtail some of the options available to employers, but it is unlikely to change employee expectation. Instead, employers could concentrate more on mindfulness, yoga and other offerings that can be given virtually, and which support mental as well as physical health.

“Just over a quarter of businesses surveyed said they currently offer health and wellness tips to customers as part of their experience.”



What’s driving business investment in health and wellness?



Companies need to consider employee wellbeing not only for their workers, but also in terms of their reputation and consumer trust. Hospitality and leisure companies must show that the wellbeing of their staff is a factor in business decisions, particularly as they reopen after lockdown. Customers will want to be reassured that their safety is considered in restaurants and hotels, but also that the safety of staff is taken care of. They want to hear messaging from outlets about the measures they're implementing and how these processes help to keep everyone safe and healthy.

The government's health drive

The wider response to Covid-19 is also important, particularly the UK government's aim of reducing obesity. After Prime Minister Boris Johnson was hospitalised with coronavirus, he said that he believed that his pre-existing health had contributed to the severity of his case.

"I'm not normally a believer in nannying, or bossing type of politics. But the reality is that obesity is one of the real co-morbidity factors. Losing weight is, frankly, one of the ways that you can reduce your own risks from Covid-19," Johnson said, when announcing a £10m ad campaign to cut obesity in England⁸.

It's too early to say how this programme to cut obesity will play out in the long term. But it will, at the very least, add to the drive to improve physical fitness and healthy eating. Government support for healthier eating will add to the growing clamour of voices propelling the overall wellness trend.

Wellbeing as standard

This is not about added extras for many British people, they believe that wellbeing should be incorporated into what the hospitality and leisure industry has to offer. A sizeable proportion of UK adults consider that healthier options such as non-alcoholic drink alternatives (40%), vegetarian food (34%) and outdoor space and access to nature (34%) should be offered as standard.



The business response

Hospitality and leisure firms were already responding to the wellness trend, but they need to note the acceleration of the trend from both Covid-19 and the intersection of societal, planetary and personal health. Now is the time to future-proof your business by investing in change.

Even before the pandemic, wellness was being embraced by the hospitality and leisure industry. Our survey found that the majority of businesses regarded health and wellbeing options as important, with an average overall score of eight out of 10 (where 10 was “extremely important”).

Investing in better health

It's not just that businesses see the importance of wellness, they are also showing that they see it as a smart investment. On average, businesses are putting around £52,723 into providing healthier options, including their staff costs.

Further investment was already planned by the industry prior to Covid-19 and those who can follow the opportunity will likely only accelerate this. However, there will be many for whom investment is curtailed or that even have to close in the short term due to the economic fallout from the pandemic. Pre-pandemic, 57% said they expect to spend more in 12 months' time while 61% expected to be spending more in three years' time. At that time, only around 2 to 3% were expecting to spend less.

Winning in wellness

Investment is also following proven revenue growth. Our surveys found that the regions that stand to increase revenue most with investment in health and wellness were London and the South East, followed by Scotland. Correspondingly, companies in these areas are spending more on the wellness trend. The average level of expenditure in London is £83,612, businesses in the South East invest an average of £58,760 and Scottish firms are spending around £47,830 each year. In comparison, companies in the South West average £38,178.

“On average, businesses are putting around £52,723 into providing healthier options.”

Businesses can see the connection between health and wellness offerings and consumer demand for companies to do more good in the world. The most frequent responses about the reasons for current and planned investment were customers returning (46%), happier customers (45%) and profitability (40%). But this was closely followed by the idea that investment in wellbeing was “the right thing to do” (40%).

Post-pandemic, all of these reasons to maintain or increase investment in offering health and wellbeing options remain, and indeed, in many cases, they have been further strengthened. The challenge will lie in business' ability to respond to these consumer demands.

A challenging environment

The sudden lockdown in March left most customer-facing hospitality and leisure businesses unable to trade. While some restaurants were able to pivot to takeaway services and some hotels have been able to plug the gap by providing accommodation to critical workers or vulnerable people, many companies were forced to close and furlough their staff.

Despite the easing of the national lockdown and reopening of businesses, necessary requirements for social distancing continue to prevent venues from operating at full capacity and consumer spending has been volatile and uncertain. Chancellor Rishi Sunak's Eat Out to Help Out scheme, offering discounts for restaurants and gastropubs through the month of August, provided a much-needed boost.

Most of the summer trade for accommodation was lost, but the season ended with a strong demand for staycation properties, as people newly out of lockdown sought rest and relaxation.

Strategic thinking

But the coming months will be a balancing act. While there remains a strong appetite for staycations and leisure activities in the wake of the lockdown, Covid-19-related restrictions are in flux. Hospitality and leisure companies need to be mindful of a potential second national lockdown or local lockdowns in their area. They also need to weigh the possibility that a depressed economy may curb consumer spending in the winter months.

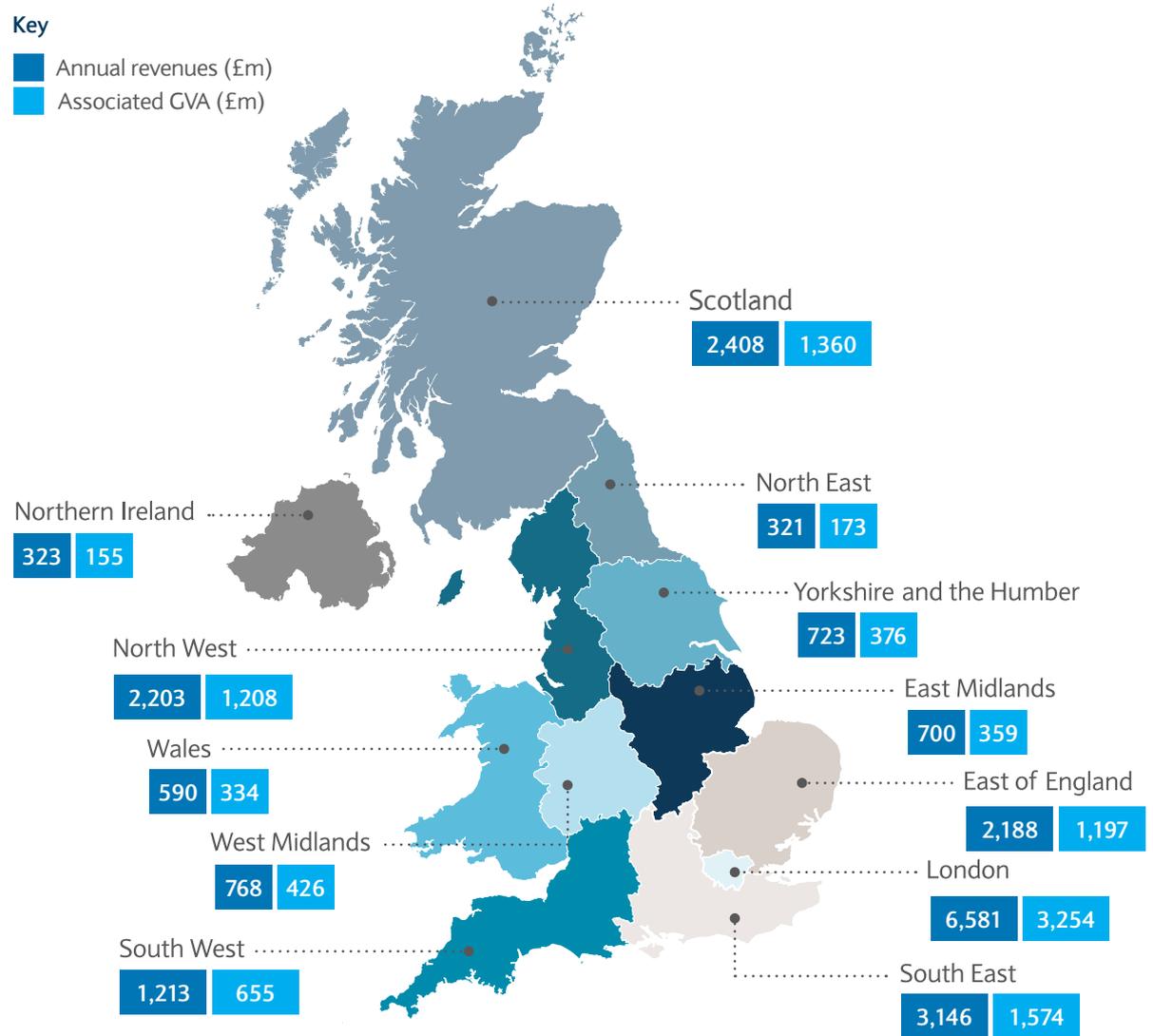
Surviving in adverse economic conditions is not about shutting down investment, however. It's about future-proofing business by making the right investment. The wellness opportunity is stronger than ever, bolstered by government support, connected to a wider consumer demand for societal good and driven by the impact of the pandemic. There is great potential for wellbeing to increase revenues and gross-value add in Britain, with a combined increase of £21.1bn and £11.1bn associated GVA. This is an opportunity that cannot be ignored.

“Surviving in adverse economic conditions is not about shutting down investment. It’s about future-proofing business by making the right investment.”

Potential future contributions by 2023 by region (2017 prices)

Key

- Annual revenues (£m)
- Associated GVA (£m)



UK totals:

£21.1bn annual revenue
 £11.1bn added value to the UK economy

Not just another trend

Far from a fleeting fad, wellbeing is a deepening culture that it here to stay, says Chief Executive, Well Intelligence, Anni Hood

The concept and idea of a healthier, more 'well' lifestyle is not a new one. Over the decades and years that have led to today's pandemic, we have seen a conflation of desire for, awareness of and, more recently, a sharpened existential need for whole person health focus. A more greatly connected self also fosters more connected community and a more rooted people-centric culture. This is significant. Instinctively, the value placed on personal and family wellbeing for the consumer has grown irrevocably, for several reasons. Covid-19 has given rise to a fresh receptivity in the hearts and minds of every citizen but there is also anxiety – this means they are responding differently to communications and how they make spend decisions.

Wellness and wellbeing in context

The terms wellness and wellbeing are often used interchangeably, more accurately, wellness practices (healthy habits) are a lifestyle route to an improved state of wellbeing. The lifestyle choices made every day (wellness) cumulatively contribute to whole person health (our sense and state of wellbeing). Lifestyle choices include what we eat, how well we sleep, how much we move and how we choose to invest in ourselves to feel better mentally, emotionally and spiritually.

Why wellbeing focus is winning in the minds of consumers

The increased demand for wellness-related products and services has been evident for decades already, but acceleration now is happening for a few key reasons:

- 1. Self-reflection, contemplation and soul searching** – the global stop sign that Covid-19 has signalled has been profound on many levels. For individuals it has given time for introspection. People have become more acutely aware of what is important to them. Health and wellbeing is rising to the top of their lists.
- 2. Concern for the planet** – the rapid improvement of planetary health globally when air traffic and general consumption ceased has been a wake-up call to consumers. That, along with growing realisation that human and planetary health go hand in hand is driving an adjusted decision-making process in the minds of consumers.
- 3. Fresh receptivity toward improved health** – it has become obvious that Covid-19 will not disappear overnight. Optimised health is the hottest commodity, but there is no silver bullet. It is conscious choices that support that quest. Still fun, enjoyable, relaxing and engaging and also with 'feel better, be better' values through the lens of wellbeing.



A bona fide, authentic proposition holds increasing value. In business, having a wellness or wellbeing label will not automatically mean success. It will be how a brand or product resonates with the mindset of today's consumer.

Wellness culture is not transactional. People are seeking more depth, meaning and connection. The decline in human wellbeing that is being witnessed so conspicuously at present (rising Covid-19 cases, mental health issues, loneliness, lifestyle illness and disease, not to mention the stress of unemployment and financial pressures that are expected) means it is more coveted than ever: a lower sense of wellbeing means elevated value and more demand.

“In business, having a wellness or wellbeing label will not automatically mean success.”

A value shift – meet your customers where they are and future-proof your asset

People are more in touch with themselves, their worth, their purpose and their communities. They are speaking up, human emergence is on the rise, expect more activism. People want to connect with values that resonate and they want to see integrity that is beyond lip service. There is a more discerning perspective of wealth that has nothing to do with money. What matters to people has become clearer, simpler. Wealth has become about quality of life, optimised health, relationships with others and a deeper connection with self, a desire to live one's own truth. These are increasingly the consumers of today and certainly tomorrow.

Why is this emergence accelerating now? Think back to your own experience of lockdown. Different for everyone but for many, common factors included more stillness and time to reflect, a simpler life and a natural realignment with the things that matter most. Immersion in nature also played a huge part in grounding, clarity and connectedness for people. Any business operation that has the potential to extend or capitalise on outdoor experience, should seize it.

The documented evidence of nature's healing for reduction of stress, boosting immunity and diminishing heart attack and stroke risk is significant. The trends being described were already shaping up, but the lockdown experience throughout the world has rapidly accelerated what may have taken three to five years to evolve. This may feel like a radical shift for some but with consumers (and employees) leading, the choice for business response is an obvious one.

Interdependence and in-person purchasing

An aspect of consideration that often gets missed is the interdependence of macro influence segments. Vertical silos have become inclusive horizontals. Nothing exists in a vacuum. Significant change to any of the macro sectors has a knock-on effect on the rest: economic, societal, environmental, geopolitical, technological. Wellbeing has a growing role and identity in every sector. The realisation of this on a broader scale is happening rapidly. The view (and desire) of many economists and business leaders alike is that Covid-19 becomes the 'great reset' – an opportunity for business introspection, innovation, reinvention, new positioning and progressive traction in the newly defined normal.

There remains uncertainty around purchasing patterns and how people will choose to revert to in-person shopping, dining out in restaurants and generally being in the presence of strangers post Covid-19. Inescapably though, people need people. People need to eat. People need social interaction as well as a sense of belonging, people enjoy being a part of a like-minded tribe. One certain increase in consumer behaviour is the use of digital and online platforms. Interaction with and use of these platforms will only increase – every business should be utilising this to maximum value, not only as a means to make business transactions contactless and more efficient for sales but as a means to innovate, grow strength in communities and provide support via online hubs over in-person. Don't underestimate the power of technology to cultivate genuinely felt connection.



Anni Hood
Chief Executive,
Well Intelligence

Strategies for success

Investing in the wellness imperative can help hospitality and leisure operators to future-proof their businesses.

Reimagine your business

Waiting for a return to normal will hinder your recovery plans. See the future as an era of reinvention, from leadership, strategy and values to products and services. For example, use facilities differently by running outdoor cinema nights on extensive grounds or adding takeaway services to supplement reduced table service for social distancing.

Communicate to build trust

As restrictions continue, reassuring both customers and staff about their health and safety, as well as that societal good is considered alongside profits, will be essential. Educating customers in advance about the measures you have in place will generate good first impressions, but also reduce enquiries, reassure them that it is safe to visit and help them to follow your guidance.



Invest in technology

Covid-19 and the sudden need to adapt operations has accelerated existing technology trends. Whether partnering on delivery or using in-house tech to help power bookings and harness big data for marketing, technology has a major role in the new normal. It is not only a sales channel, but a way to build meaningful connections with customers, build loyalty and drive longer-term spend.



Reach new audiences

The trend for domestic tourism looks set to continue, but it's not just hotels that can benefit. All venues in popular UK destinations need to think about new or growing audiences they might be able to attract.



Expect the unknown

The pandemic is not over, and the full economic fallout is uncertain. The end of the Brexit transition period is fast approaching. The businesses that thrive will be those that build contingencies, access all support and talk to banks and financial advisers to solidify their financial position.

Fitness gets phygital



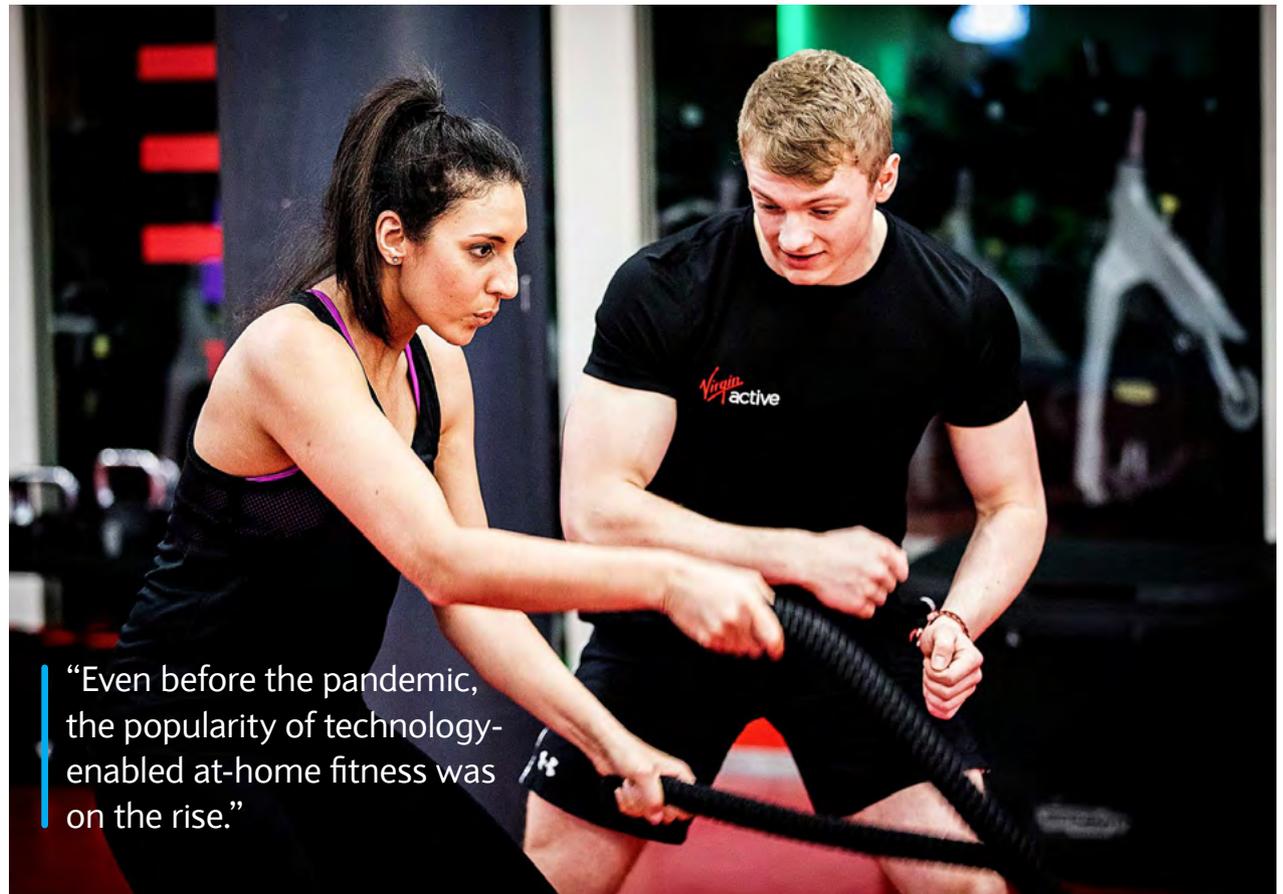
Gyms and health clubs are busy facing into the Covid-19 pandemic, as well as an explosion of competition in the digital fitness space: both present challenges and opportunities.

As the world continues to experience a cultural shift towards wellness, it's not surprising that leisure facilities like gyms and health clubs are growing businesses. The 2019 State of the UK Fitness Industry Report⁹ found that total membership grew by 4.7% to 10.4 million and total market value increased by 4.2% to £5.1bn. The UK penetration rate also passed 15% for the first time last year.

But even before the pandemic, the popularity of technology-enabled at-home fitness was on the rise. Then, like other face-to-face businesses, they were hit hard by the national lockdown, which also had the effect of spotlighting at-home fitness for those who could no longer attend the gym.

Virgin Active goes digital

From Peloton to YouTube to Strava, technology has revolutionised people's ability to exercise alone while still reaping the benefits of professional help and competition. As the UK slowly comes out of lockdown, gyms and health clubs need to make up for lost time, they need to provide Covid-secure facilities, and they still need to answer this challenge.



“Even before the pandemic, the popularity of technology-enabled at-home fitness was on the rise.”

“Some people choose digital-only exercise, others visit gyms and it’s been our plan for a while now to join those services up properly. We launch our new digital offering in December. Members will be able to choose to be a digital first member at a lower price point to the club members (who will also benefit from the digital offer),” says Ashley Aylmer, UK Managing Director at Virgin Active. “We have a wide range of exercise products at Virgin Active – world-class exercise experiences, including yoga, pilates, cycle, Grid Training (HIIT), boxing and family fitness – each of which can be experienced in the club and online. Members will also be able to work with our excellent personal trainers and coaches digitally.”

Merging digital and physical

Virgin Active has taken a long-term idea to bring a digital dimension to gym membership and is accelerating that plan to meet customer expectations today. The company’s plans not only include online classes and personal training sessions, but also partnering with businesses across the chain, bringing nutrition and equipment offerings to the package.

Virgin Active’s digital offering is an opportunity for the club to expand and to take full advantage of all its assets. Ashley says that live classes will be streamed and will form part of a member’s overall timetable so that they can decide to take a particular programme online or in club depending on what suits them on a particular day. He is sharing resources and assets across Virgin Active’s global business, streaming yoga classes from a beach in Sydney, for example.

Going digital also has the potential to allow a wider audience to experience Virgin Active’s exercise experience and talent, not just geographically for those too far from a gym, but also demographically.

“We see digital as an opportunity to target different groups,” Ashley explains. “We are building a level of personalisation based on ability and goals to ensure that digital product can meet a diverse range of member needs. We have always had a diverse and inclusive offering and digital enables us to build on that in an increasingly personalised way,” he adds.

Optimising the exercise experience

This merging of digital and physical membership also prepares Virgin Active for the likelihood of working from home becoming a long-term trend. Many gyms are in city centres, to catch people coming to and from work, or on their lunch break. More flexible working could be a boon if it enables workers to go to the gym throughout the day, but it will also likely reduce their time spent in the office.

“Our hypothesis based on what we are seeing now is that people will probably spend two or three days in the office,” says Ashley. “We are building a digital and physical offering to follow that change in consumer behaviour and as we will have both, and our physical offering is compelling, people will enjoy the best of both worlds at Virgin Active. With some people working in city centres and others at home every day, then the experience in the clubs will be even better, because usage is spread throughout the day. A sense of community is even more important in these times. Our digital product will help that but also it is one of the reasons why people will continue to want to exercise in gyms.”

As health and wellbeing increase in importance at work, a digital offering could also be attractive to corporate clients. Signing employees up to classes online helps companies to address wellness at work in a more cost-effective and relevant way, particularly if their workers are at home.



The talent to make it happen

Virgin Active’s keenest focus for making its new strategy work is in talent acquisition and retention. Its trainers, known as Activists, are boosted by the company’s Academy.

“The Academy encompasses learning and development and recruitment, but it’s also a community for exercise professionals. We see that as a key enabler for the digitalisation of our products and the experience in our clubs. We’re laser-focused on attracting and retaining the best exercise professionals to serve our members both online and in our clubs. “Whether a member chooses to consume their exercise online or in one of our clubs, the experience must be world class and welcoming to all. It is our people who facilitate that,” Ashley concludes.

Safety and serenity boosts spending

The Malvern Hotel and Spa has responded proactively to the Covid-19 pandemic, accelerating long-term strategy for added value and focusing on customer service.

During the months that the UK was in national lockdown, the Malvern Hotel, a luxury spa venue in Worcestershire, did not rest on its laurels. Instead, it took the opportunity to prepare for guests' return, refreshing decoration around the entire building and completely revamping its relaxation room. This same spirit of proactivity underpins its response to welcoming guests back to the hotel.

Safety first

"We decided that the best way to get people to come and relax at the spa would be to ensure that they felt completely Covid-secure. I think I can say that we have done everything we can think of to achieve that," says Huw Watson, shareholder at the Malvern.

"We have taken all of the standard precautions – enhanced cleaning procedures, social distancing and PPE for staff – but also some additional measures. Instead of just taking people's temperature, for example, we have a detection monitor at the entrance that can tell the difference between somebody who's run or cycled to the hotel and somebody who has a fever. That's proved very popular with guests and staff alike."



"It's not just the technology that makes guests feel safer. It's the procedures in place, the presence of the cleaning staff and the social distancing rules."

There are also air cleansing units in the all the rooms, which use UV light and ozone purification, among other technologies, to filter the air. These measures represent a significant investment for the Malvern, which Huw estimates at about £25,000. But it's not just the technology that makes guests feel safer. It's the procedures in place, the presence of the cleaning staff, who clean high-frequency touchpoints every 15 minutes, and the social distancing rules.

Elevating customer experience

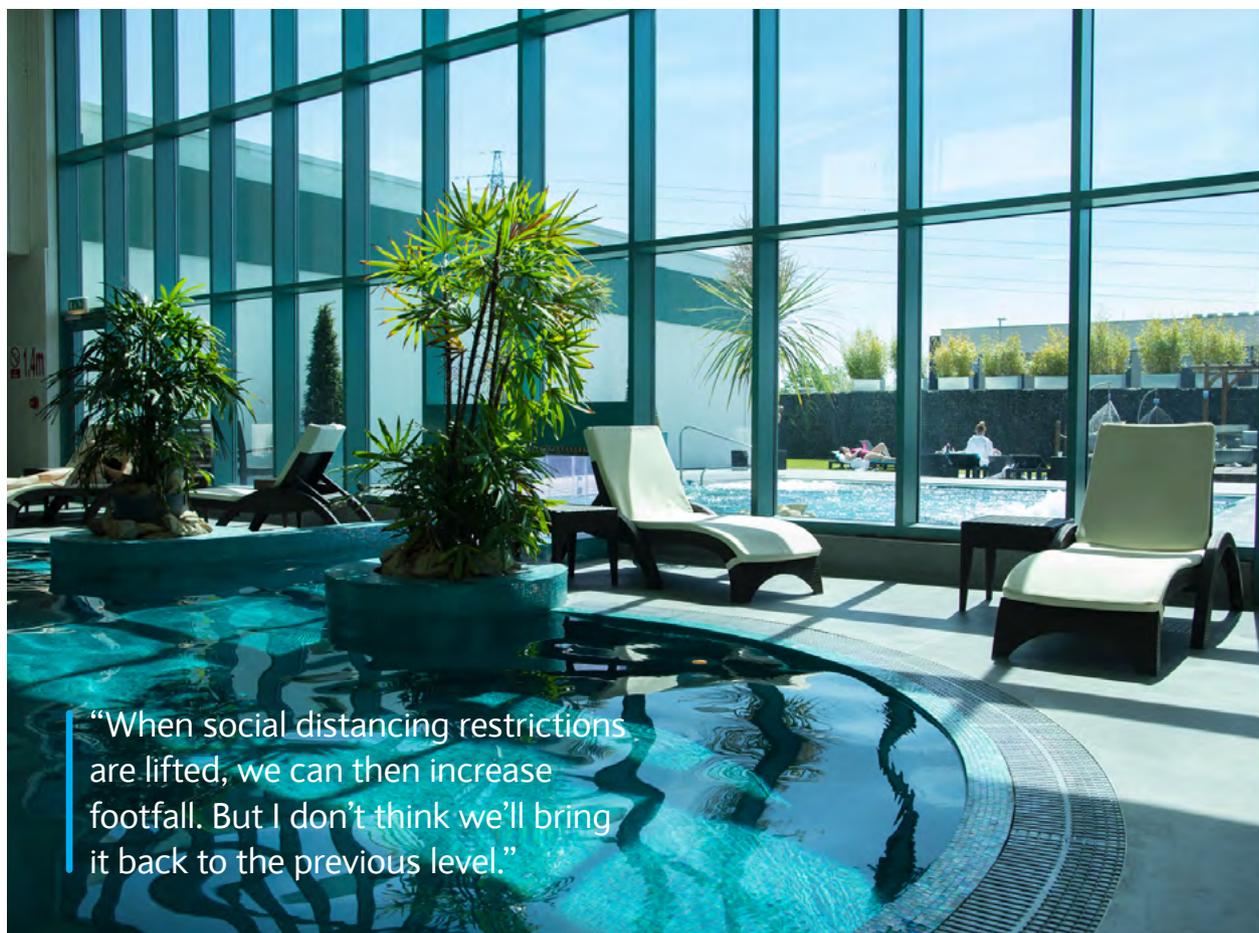
Every visitor, whether hotel guests, spa-day clients or members, must check in for treatments and even to book sun loungers by the pool. For members, the new rules have sometimes chafed, but for most guests, booking in ahead of time is making for a better and more relaxing experience.

“The spa-day guests and hotel guests do prefer it,” says Huw. “And if there are fewer people around the pool, there’s more saleability for treatments, which gives people a better experience.”

The restrictions have, of course, had an impact on guest numbers. The hotel is currently operating at just over 50% of normal capacity in terms of footfall. But Huw estimates that they’re still generating 80% of their previous revenue. The increase has been down to a long-term plan quickly implemented in the wake of the pandemic – having fewer guests paying more for a better experience.

Next steps

“When social distancing restrictions are lifted, we can then increase footfall,” says Huw. “But I don’t think we’ll bring it back to the previous level. I think our ability to very quickly introduce what was going to be a long-term, incremental strategy has made a big difference in the short term and will make a very significant difference in the coming years.”



“When social distancing restrictions are lifted, we can then increase footfall. But I don’t think we’ll bring it back to the previous level.”

The other strategy that the Malvern plans to continue is its investment in technology. The next focus will be on access control and how guests pay for services at the hotel, including food and beverage offerings. The hotel hopes to move to a more streamlined check-in process that happens via guests’ phones, which they can also use to access their room. They’ll be able to book and pay for treatments and food and drink in the same manner.

For now, Huw believes the industry needs to be confident in its pricing. The pandemic has accelerated people’s commitment to wellness, and they are willing to pay more for a better experience. Social distancing restrictions have forced venues to relinquish their focus on footfall and, for the Malvern, that has come with the positive realisation that space can add serenity to a spa trip – and boost spending.

About the author

For further information and to find out how our sector specialist team can help your business respond to the issues outlined in this report, please contact [Mike Saul](#), Head of Hospitality and Leisure or call us on **0800 015 4242***.



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Mike is head of Barclays' UK-based Hospitality and Leisure team. With over 30 years' experience, he and his team support a wide-ranging client base with their dedicated specialist approach, industry knowledge, and sector-specific products and services.

*Calls to 0800 numbers are free from UK landlines and personal mobiles, otherwise call charges may apply. To maintain a quality service we may monitor or record phone calls.

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To find out more about how Barclays can support your business, please email [Mike Saul](#), Head of Hospitality and Leisure, Barclays Corporate Banking, or connect with him on [LinkedIn](#).

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