

# spa business

ON THE COVER

## Ai Weiwei

The Chinese dissident and artist - designer of the ESPA-sponsored Serpentine Pavilion



## The Chateau

Malaysia's take on a French organic wellness resort

ASK AN EXPERT

### CORPORATE WELLNESS

The key components of employee programmes

## James Bermingham

THE VP OF MONTAGE HOTELS & RESORTS  
ON WHY SPAS ARE CORE TO ITS BRANDING

# Pearl of the Adriatic

Croatia is fighting off its war torn image to regain its ranking among Europe's top tourist destinations. IO Adria, one of the first operators to invest in the country once more, has opened its inaugural site in Dubrovnik, the Pearl of the Adriatic

“Croatia is one of the last remaining unspoilt canvases in Europe,” says Julian Houchin, commercial director of iO Adria, “and we aim to be its leading provider of leisure and hospitality.” And the UK investment company has raised funds of more than €187m (US\$230m, £148m) for this purpose.

I met the engaging and energetic Houchin at its first site, the Dubrovnik Sun Gardens. Perched on the stunning Dalmatia coast, where the mountains drop into the sea, this 18-hectare (44-acre) site in the country's capital was the holiday destination for rich communists in the 80s – when Croatia was part of Yugoslavia – and a prisoner of war camp during the Balkans war. Today, it's a five-star integrated resort, featuring the first Occo spa – a concept and product line focused on all things Croatian.

“In the 80s, Yugoslavia was high volume, low spend, but tourism is now moving towards the luxury end,” explains Houchin. “Croatia is now a playground for the rich and famous and the flights are starting to



▲ IO Adria has €1bn to develop integrated resorts in Croatia for a wealthy clientele

come back. We have visitors from 142 countries, 18 per cent of our visitors are from the UK, with a fairly even split across the rest of Europe and the rest of the world.”

With its acquisition of Dubrovnik Sun Gardens in 2009, iO Adria inherited a Radisson Blu hotel and a 2,500sq ft (762sq m) spa

by Anne Semonin – Radisson's spa partner. After 18 months, Anne Semonin was replaced by Occo and iO Adria took over resort operations. Overall, the development cost €130m (US\$160m, £103m) “I rolled up my sleeves, and came in as sales and marketing director and we put €1.8m (US\$2.2m, £1.4m) on the room's revenue within 12 months, achieving a 24 per cent uplift,” says Houchin.

## CROATIAN SPA BRAND

IO Adria considered other spa franchises, but found their projections unambitious. “They estimated a profit would take eight to 10 years, we wanted it in three, so set about creating our own spa brand,” says Houchin. It teamed up with UK-based spa consultant, Anna Doyle, to create an exclusive concept and product line which was rooted in Croatia. Doyle travelled to iO's seven development (see p66) to take a look at the local foliage, so each property had its own range and identity, using natural, local ingredients. Think costal rosemary and sage; deep forest cypress leaf and pine extracts; and grape, blackberry and figs from Istrian vineyards.



▲ Another hotel and 200 more residences are planned onsite



▲ The heat experience area was supplied by Klafs



- ▲ The Occo spa promises a return on investment in three years
- ▶ The spa will help establish a year-round trade outside of summer months



▲ To help sell residences, a 20 per cent discount is offered at the spa

### SPA SWEETENER

Barlafa has put together the treatment menu with highlights including three 30-minute, €42 (US\$51, £33) bath options using Occo products mixed with Adriatic sea salt. The most popular treatment is the 55-minute signature holistic massage (see p66) priced at €80 (US\$98, £63). Two new brands are being introduced this season: Maria Galand for corrective facials and Beyond Spa for cosmetic teeth whitening. There will also be three new treatments from Germaine de Capuccini – gold therapy, an anti-ageing wrap and massage using golden algae; a massage with shells; and an anti-cellulite treatment. “We have gone for shell and gold therapy because they are high-end treatments and because they give our guests an

experience they would not receive at many other spas,” says Barlafa.

As well as the 201-bedroom hotel, the resort has 207 apartments, which are being sold as holiday homes. The aim is to attract a steady repeat custom from wealthy people and as a further sweetener, residents receive a 20 per cent discount at the spa. “When one of our owners, who is from the Czech Republic, came with his two daughters, they each spent €300 (US\$368, £237) a day, for a week, at the spa,” says Houchin. “The spa is a very important part of the overall offering, but it’s hard to quantify exactly how much value it adds. It is smaller than both the conference and F&B businesses – we have 13 restaurants – but it’s a very important element of the resort experience and ▶

## RESORT SPA



▲ Occo spa, a celebration of the Croatian culture, will be exclusive to iO Adria resorts although each will be slightly different according to location

► decision making process. Each unit is run as an independent profit centre and we give our managers autonomy in cost control.”

### DESTINATION SPA

Dubrovnik is still a seasonal destination with the spa at its busiest – performing 30-45 treatments a day on average – in the peak from June to mid-September. “We are focused on generating business during the low and shoulder season [October to May],” says Houchin, “and as a result the first three months of this year saw room revenues increase by 77 per cent.” Much of the winter trade comes from the MICE market, special interest groups, the senior citizen market and the Japanese, however, plans are to push the spa as a destination in itself.

During the winter, the spa is sold more aggressively to the local market which accounts for 20 per cent of customers on average. Spa membership is offered for €66

### DUBROVNIK SUN GARDENS BY NUMBERS

- At full capacity, the resort can accommodate 1,200 guests
- In peak season there is 95+ per cent occupancy, with three bed apartments commanding €1,000 (US\$1,250, £790) a night and two-beds €630 (US\$773, £497) a night
- Average all year round occupancy is 40 per cent and the average room rate is €170 (US\$209, £134)
- The average length of stay in peak season is 7.2 nights, which according to Houchin is the longest in Dubrovnik
- Spend per head at the spa averages €93 (US\$114, £73). They are aiming for €217 (US\$266, £171)
- Occo retail products range from €17-56 (US\$21-68, £13-44)
- The 140-minute couples ritual is priced at €199 (US\$243, £157)



▲ The original resort included a Radisson Blu hotel and an Anne Semonin spa

(US\$82, £52) a month, with a 10 per cent discount on treatments. To avoid over crowding, memberships are limited to 30 people, but day passes are available for €25 (US\$31, £20). Ladies nights are also being introduced, where a group can have private use of the spa, treatments and champagne, which costs €240 (US\$296, £190) for three hours.

Going forward, Barlafa sees her target is to make the spa a year-round destination. For Houchin, after successfully repositioning the resort to compete with other leading five-star integrated resorts in Europe, his focus is selling the residences and says that early indications are strong with interest coming from a varied mix of source markets.

But development doesn't stop there. There are already plans to add another five-star hotel with 120 bedrooms onsite, plus 200 more residences. And elsewhere in Croatia iO Adria plans to spend upwards of €1bn (US\$1.2bn, £0.8bn) on developing seven other sites. These include three in Istria which will be designed as small boutique golf estates with spas; three boutique marina resorts in northern Dalmatia and an island resort planned on the island of Sipan near Dubrovnik Sun Gardens. The idea is that each spa will be slightly different, but the details are yet to be confirmed. If Occo is the benchmark, they're sure to be exciting. ●

For more on Croatia's growing spa tourism market see Spa Business, issue 2, 2010, p38

### OCCO SPA AT DUBROVNIK SUN GARDENS: FIRST-PERSON EXPERIENCE

Kath Hudson,  
journalist,  
Spa Business



I tried the most popular signature treatment, holistic massage, which is chiefly aromatherapy massage, with some Thai moves added. I soon discovered that Alisa, my therapist, is very strong – a trait that makes her popular with the Russians.

The treatment started with some Thai-style palming through a towel. Then Alisa climbed onto the bed and jammed her knees into my thighs while eliciting

some satisfying cracks from my back. Some people might raise their eyebrows at this, but I love it when the unexpected happens. As long as it works! Many a therapist has given up on the knotted mass which is my back and shoulders, but Alisa wasn't going to be defeated. She tried hands, elbows and stretches. I liked the fact that she didn't just follow a routine but put special emphasis into the areas I needed.

After the treatment my back felt so much looser from all the chiropractic cracks. It was an outstanding massage: if this is the standard, I think there will be plenty of repeat visits.