



# EUROPE: *Russia*

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## SPA & WELLNESS INDUSTRY

Spa and wellness industry in Russia has been in the last 5 years the focus of attention of both governmental and business circles. Protection of the Healthy Population was declared as a national program for the period of 2003- 2010. The size of the Russian market for spa and wellness services is still small (as compared to most European countries), but the industry is being developed at a very high rate.

All categories of spas (apart from cruise spas) can be found in Russia, the most numerous and quickly developing ones being medical spas. There are no precise statistics of the Russian spa industry due to the fact that criteria of spa are controversial in the professional community.

A large number of existing spas (2118) are classified as sanatoriums (medical health resorts). They have been known for a strict medical approach to health maintenance and offer a wide range of natural curative methods, including hydrotherapy, thalassotherapy, balneology, etc. Until recently these facilities were subsidized by the government, and about 30% these establishments have been modernized according to the international spa concept. Deterioration of sanatoriums is underway, which affects the quality of medical and spa services.

Day spas opened by private companies correspond more to the European standard, although the number in Moscow does not exceed 150 and the population of the city is over 17 million people. A variety of spa services are also being introduced by beauty salons and cosmetology institutes that do not consider themselves as part of spa and wellness industry.

Apart from investment, staffing is the most serious problem in the Russian spa industry. Any spa requires a medical license for operation, and medical education for spa therapists is a must. Health resorts and sanatoriums, as well as rich natural resources of Russia provide a huge potential for further development of spa and wellness industry in the country.

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## ECONOMY

The economic crisis has not yet visibly affected the newly emerged spa market. While a certain number of small beauty salons closed, city spas are still fully booked, the most popular treatments being massage and pedicure. The number of clients on health resorts even displays some growth, as tours abroad are in less demand due to higher expenses.



## SPA INDUSTRY BRIEFING: *Russia*

The current economic situation has generated a different attitude to expenses. Luxury items are in less demand, and spa gift certificates have become a healthy trend, especially given to family members. Nutritional classes and Eastern practices (such as Yoga and Tai-chi) are offered by most spa and wellness centers. Wealthy men who are less involved in business activities are becoming active spa-goers.

Russian spa professionals are expecting a decrease in revenues for hotel spas (10-15%) and some growth in the segment of urban day spas (due to reduced beauty market). The economic crisis has first of all affected companies selling and distributing products and equipment for spa and wellness industry. The smaller companies are obliged to reduce supplies because of seriously elevated import prices. A number of new projects of spa and wellness centers and resorts have been cancelled, therefore suppliers of equipment from Western Europe are experiencing a tangible decrease of demand.

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### **CURRENT & DEVELOPING PROJECTS**

Future Olympic Games to be held in Sochi (South Russia) have created a new demand for the spa and wellness industry. There are over a dozen projects under development in that region. There are 8 to 10 medical and hotel spa projects that have been placed on hold in Moscow and St. Petersburg. There are a number of projects under development based on the home luxury spa concept. The resort spas to be opened in Sochi will combine the Russian “sanatorium” tradition with Western hospitality service. The huge project of Wellness and Rehabilitation center in Moscow (developed by the Federal Research Center for Rehabilitation Medicine and Balneology) will be trend-setting for the Russian spa industry.

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### **OPPORTUNITIES**

Almost all key structures of the Russian spa and wellness industry have already either reduced or closed their budgets for advertising services and products. The recent “Intercharm Professional” Exhibition has welcomed a much smaller audience in the past 14 years. Spa services have been so far unavailable to the majority of Russian population due to their high prices. 90% of beauty products and equipment is being imported from Western Europe, Asia and the USA. Use of the region’s natural resources and technologies developed by Russian scientists may be a key for spa business to cut expenses and modify their offer on the market.

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