



# HEALTH & SPA TOURISM

*This report focuses on tourism that involves visiting health retreats, spas or other well-being centres. The primary purpose of Health Retreats and Spas is to address fitness and preventative health measures. The report does not include people travelling for other health-related purposes (eg surgery related to illness, appointments with specialists etc.).*

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Health Retreats and Spas are a rapidly growing sector of the tourism industry where there has been new interest in "new age" remedies and traditional remedial therapies. Consumer demand is driving the growth, people are searching for an escape from work related stress, and they are realizing the long-term benefits of taking care of themselves.

In December 2002 Tourism Queensland conducted a review of current research to gain a better understanding of the health tourism market. Specific objectives of conducting the review were to:

- Develop a market profile of the health tourism sector in Queensland;
- Provide information on what people are looking for in a health tourism experience; and
- Identify core issues that confront both the operation and development of tourism businesses targeting the health market.

Available data for health and spa tourism is very limited. There is currently no reliable data available on health tourism consumers in Australia. This report has been based on international data, primarily from the USA.

## 1.1 Market Insight

- Consumers are increasingly seeking the spa experiences as an alternative or complement to other leisure activities.<sup>i</sup>
- Results from the 2001 International SPA Association (ISPA) member survey revealed healthy growth for the spa and wellness industry. In a time when many corporations were experiencing layoffs and small companies were closing their doors, the spa industry was thriving and prospering.<sup>ii</sup>
- Nearly half (49 percent) of the day spas, resort/hotel spas, destination spas, medical spas, mineral springs spas, and club spa members who responded to the ISPA survey said their average sales volume during 2000 was between \$1 and \$5 million. 17 percent of respondents reported their sales volume between \$5 and \$10 million.<sup>ii</sup>
- The global revenue generated by the health tourism industry is said to be in the order of 7.7 billion per year, but how much of that is generated in Australia is virtually unknown.<sup>iii</sup>
- ISPA spa members averaged just over 37,000 visitors per spa during 2000 – that is approximately 100 visits per day (this figure is an average that includes day spas as well as destination spas). Spa owners are optimistic the demand will continue, as ISPA's spa companies expected they each would average more than 54,000 visitors in 2001.<sup>ii</sup>
- Health Retreats and spas are sought largely by people who are in high stress positions of employment in the cities.<sup>iv</sup> Business travellers in particular appear to be dealing with more stress and jet lag and are booking hotels that offer full-fledged spa services.<sup>v</sup>
- The core market for spas/ health retreats are baby boomers who are very keen, and very willing, to spend on preventing those health conditions that are potentially going to stop them in their tracks - they demand preventative services. Younger professionals are also seeking preventative services for stress related/burn out conditions that are impacting them far too early in life.<sup>vi</sup>
- The majority of spa clients are female, married, and over age 50. 34 to 52-year-olds also make up a large part of the market, and men account for a quarter of spa users.<sup>vi</sup>
- There is an increasing number of men seeking spa therapy, especially massage.<sup>vii</sup>
- Over the next 12 months, 32 percent of adults (18+) in the United States have an interest in future day spa visits; 25 percent reported an interest in future resort/hotel spa visits; 23 percent are interested in future cruise spa visits and 20 percent reported an interest in future destination spa visits.<sup>x</sup>
- Thirty-nine percent of 1999 spa guests in America were first-timers.<sup>vi</sup>
- A large majority of those who have visited a spa intend to do so again within the next year or so. For Day Spa Users, 81% intend to return within a year or so, for Resort/Hotel Spa Users, 78% intend to and for Destination Spa Users, 81% intend to.<sup>viii</sup>
- Group bookings have increased dramatically in recent years. Groups of friends (both female and male), couples, and families (mothers/daughters) are going to spas together. Businesses and

corporations are taking employees to spas for relaxation and are offering spa gift certificates as perks.<sup>ix</sup>

- People are driving to spas/ health retreats in their area, rather than flying across the country to do so.<sup>ix</sup>

## 1.2 Industry Trends<sup>ix</sup>

**Industry Growth.** There are currently no available figures for growth of the Australian health Retreat and Spa industry. Figures below are American growth figures, which have been included in this report to give an indication of the potential growth of the industry.

- **Locations.** The number of spa locations has doubled in number every four years. The number of locations has increased by an average of 20 percent annually over the last eight years. The resort/hotel spa segment has been expanding faster than any other and showed a cumulative two-year increase of 143 percent in number of locations. Mineral springs spas are also growing faster than the industry average.
- **Revenues.** Industry revenues have grown by 114 percent between 2000 and 2002. However, the annual growth in revenues for individual spas has moderated from 28 percent in 1999 to only 14 percent in 2000 and 8 percent in 2001.
- **Employment.** The spa industry saw an 87 percent increase in the total number of employees in the past two years.
- **Spa visits.** Demand continues to be the driving force behind the tremendous growth of the industry. Despite poor economic conditions, the number of spa visits continues to grow rapidly, increasing by 71 percent between 1999 and 2001.

**Establishment Types.** Day spas continue to dominate the industry in terms of number of establishments; but resort/hotel spas are gaining ground. The resort/hotel spa group was the fastest growing sector, firmly establishing it as the second largest segment, well ahead of club spas.

**Product Trends.** The Eastern/Asian influence continues to be very strong in the industry, influencing products, services and spa design. There is a strong trend towards "medical type" products and services. Food- and plant-based treatments have also gained widespread popularity.

Spas are responding to the increasing interest by males by gearing some services specifically to men.<sup>vii</sup>

**Consumer Trends.** Many people no longer see the spa as "pampering", but as a requisite to stay healthy and look good. These consumers want simplicity in their spa experiences and are returning to more traditional spa products. Consumers' limited free time means they have less time available to spend at the spa, and the industry is designing its offerings around this trend.

**Technology Trends.** The industry's use of technology has advanced in the past two years. Spas have moved beyond the use of the Internet as a simple research or e-mail tool, and now report major investments in database management, integrated channel customer contact systems and marketing products/services online.

## 1.3 Type of Experience Sought

Relaxation is the primary reason respondents gave for visiting a spa according to 43 percent of day spa-goers and 61 percent of resort/destination/cruise spa-goers. Pampering and stress reduction followed respectively with weight loss, health reasons and exercise and fitness at the bottom of the list.<sup>x</sup> The majority of clients are visiting spas to escape the news and forget about the real world for a while.<sup>ix</sup>

## 1.4 Treatments/ Product Offerings<sup>viii</sup>

- Massages remain the most popular treatment and mind/body services are being requested frequently.
- Non-traditional products such as “Eastern” treatments and products with fitness components are gaining popularity.
- Traditional products -- the ‘tried and true’ therapies like hydrotherapy and mud baths -- continue to be highly popular.
- Keeping a healthy body and mind (holistic approach) and using natural and organic materials are a focus of new product and service offerings in spas.
- Services for couples such as dual massages and hydrotherapy are being requested more frequently.

## 1.5 Spa/ Health Retreat Selection Factors

- The most important factors in choosing one spa over another (for both day spa, resort/hotel spa and destination spa users) are the spa treatments available and the atmosphere/surroundings of the spa. Personal growth classes and activities ranked as the least important factor in choosing a spa amongst American spa users.<sup>x</sup>
- Of resort/destination/cruise spa-goers, 56 percent reported healthy meal choices to be important in the selection of accommodations; spa facilities were important to 42 percent of the respondents and 37 percent said workout facilities were important.<sup>x</sup>
- Desirable requirements of comprehensive wellness facilities include:<sup>xi</sup>
  - Qualified staff
  - Swimming pool
  - Sauna
  - Whirlpool/ steam bath
  - Facilities for healthy nutrition
  - Physical fitness
  - Provision for relaxation, cultural activity and mental activity
  - Presence of at least one wellness professional (doctor, physiotherapist, wellness trainer or sports instructor) to provide individual care and advice
  - Sufficient information about health topics
  - Access to health tips the guests can use back home
  - Nature tracks for recreation activities such as walking, cycling and jogging<sup>xii</sup>
  - Facilities for aged and disabled<sup>xii</sup>

## 1.6 Characteristics of Spa-Goers<sup>x</sup>

- The majority of both day spa-goers and resort/ destination/ cruise spa-goers consider themselves to be in good or excellent health. The majority also worry about health concerns, including what they eat and getting enough exercise.
- Sixty six percent of day spa-goers and 65 percent of resort/ destination/ cruise spa-goers take vitamins
- 58 percent of day spa-goers and 61 percent of resort/destination/cruise spa-goers limit the amount of fat they eat.
- Among day spa-goers, 47 percent consider themselves average weight and 44 percent said they are above average in weight. Of resort/ destination/ cruise spa-goers, 51 percent reported they are average weight while 39 percent said they are above average in weight.
- Fifty two percent of day spa-goers and 44 percent of resort/destination/cruise spa-goers agreed with the statement, “I am always looking for new ways of reducing the stress in my life.”
- Fifty one percent of day spa respondents and 41 percent of resort/ destination/ cruise spa-goers agreed with the statement, “My looks are very important to me.”

- Seventeen percent of day spa-goers and 15 percent of resort/destination/cruise spa-goers agreed with the statement, “I will do whatever it takes to look as young as possible.”
- 63 percent of day spa-goers and 71 percent of resort/ destination/ cruise spa-goers take long, vigorous walks on a regular basis in their everyday life. Fifty percent of both groups reported that they ride a bike or stationary bike on a regular basis.

## 1.7 Demographic Profile

- In 1980, 98% of spa-goers in the United States were women, 2% men. However in 2001, 70% of American spa-goers are women and 30% are men.<sup>xiii</sup>
- The majority of American spa users are:
  - Female
  - Married with no children under the age of 18 living in the household
  - College graduates or higher
  - Employed full-time
  - Average ages: Day Spa – 41 years, Resort/Hotel Spa – 44 years and Destination Spa – 45 years
  - Average annual household incomes: Day Spa - \$96,000, Resort/Hotel Spa - \$122,000 and Destination Spa - \$125,000<sup>viii</sup>

Day Spa-Goers <sup>x</sup>	Resort/Destination/Cruise Spa-Goers <sup>x</sup>
• 85 percent are female	• 65 percent are female
• 46 percent have had some college, while 39 percent are college graduates	• 41 percent have had some college, while 39 percent are college graduates
• 63 percent are married	• 66 percent are married
• 32 percent have an annual income between \$45,000 and \$74,999; 26 percent have an annual income of \$35,000 or less	• 31 percent have an annual income between \$45,000 and \$74,999; 27 percent have an annual income of \$35,000 or less
• 47 percent are “boomers” between 34 and 52 years of age	• 54 percent are “boomers” between 34 and 52 years of age

## 1.8 Information Sources

Among American day spa-goers, 12 percent used the Internet to obtain spa and/or pricing information within the last 12 months while 4 percent used the Internet to purchase spa products. Of resort/ destination/ cruise spa-goers, 52 percent used the Internet to obtain spa and/or pricing information within the last 12 months while 6 percent used the Internet to purchase spa products.<sup>x</sup>

## 1.9 Barriers

There is a serious lack of industry information and statistics relevant to Australia. This limits the ability of potential operators to develop appropriate product and to efficiently target their markets.

## 1.10 Opportunities<sup>xiv</sup>

- According to Accor, at least 20 percent of Europeans are looking for more active, health oriented holidays and would like to find some kind of health and fitness facilities integrated in their holiday resorts, or even take their holidays in a dedicated health resort. These findings are in line with the results of the European Travel Monitor (ETM), which indicate that health holidays have consistently grown in market share. This is due both to the increasing number of health and fitness enthusiasts, but also to those simply in search of a few days cossetting and pampering.

- Germany accounts for the biggest share of international spa and health business, representing between 30-40 percent of total European and probably world demand. A survey conducted in 1996 indicated that some 2.3 percent of German adults aged 14 years and over are regular clients of spas and health resorts and an additional 20.7 percent go occasionally. Given the increased reluctance of state and private medical insurance schemes to reimburse the cost of spa treatment, more and more Germans are going abroad to sample the delights of foreign spa treatment.
- Money spent on spa goods and services can encourage other tourist activities such as healthy, gourmet dining at local restaurants. This, in turn, can help boost the economy.
- Australia has a reputation for having world-class facilities and services related to fitness, wellness, rehabilitation and recuperation.
- Health tourism helps countries and destinations diversify their overall tourism product and better position themselves for a changing consumer market. The incorporation of health tourism also helps broaden the marketability of destinations or country's product, bringing increased attention to the general tourism offering of the country/ destination.
- Since health tourism has the ability to reach out to a higher socio-economic level of travellers, countries would receive a higher ratio of expenditure per visitor earnings and therefore realise a higher volume of foreign exchange. Queensland Health tourism has proved to have a high "repeat-user business".
- Health tourism provides an opportunity for the reassessment and modernisation of existing facilities, which in turn can stimulate investment and create a significant impact on local economies.
- Spa health tourism will contribute to regional development because it would generate employment, increase government revenue and diversify the economy within many areas.
- The development of health tourism particularly spa tourism could act to preserve natural resources, in that it makes use of special features, such as hot springs, lakes, lagoons and seas.
- Alternative and traditional medicine offerings could provide additional health care options to tourists both foreign and local.
- In addition to the valuable asset spas represent for tourism, economic development and environment, spas may provide a vital solution for cutting soaring health spending.

## 1.11 Marketing

- The International Spa Association (ISPA) officially declares one month per year as Spa Awareness Month. The purpose of this month is to provide programs aimed at enhancing awareness for the wellness and relaxation benefits achieved from the spa experience.
- The Natural World Expo held annually in Sydney works to promote Alternative therapies such as:
  - Health Retreats
  - Natural and Organic Products
  - Environment Conservation
  - Natural Therapies and Holistic Health
  - Eco Living
  - Sustainability
  - Nutrition
  - Socially Responsible Resources

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<sup>i</sup> "International Spa Association's 2001 Member Survey", Press Release from Debra Locker, International Spa Association.

<sup>ii</sup> "State of the Spa Industry December 2001", Press Release from Debra Locker, International Spa Association

<sup>iii</sup> Degrees, School of Hospitality, Tourism and Marketing, Victorian University, December 2001 sourced from [www.businessandlaw.vu.edu.au/HTM\\_Content/Degrees\\_Newsletter/degreesDec2001.pdf](http://www.businessandlaw.vu.edu.au/HTM_Content/Degrees_Newsletter/degreesDec2001.pdf)

<sup>iv</sup> Sue Hawkins, Byron Bay Yoga, 14/5/02

<sup>v</sup> [www.destinationspa.com/Magazine/capitalizing.htm](http://www.destinationspa.com/Magazine/capitalizing.htm) – May, 2002

<sup>vi</sup> Spa Australasia: Trendwatch (2/7/2001) sourced from <http://www.spaelegance.com/spavivantDetail.asp?SpaVivantID=126&Type=7>

<sup>vii</sup> <http://health.discovery.com/stories/retreats/growth.html>

<sup>viii</sup> The ISPA 2001 Day Spa User Study, Cox Consulting, 2001

The ISPA 2001 Destination Spa User Study, Cox Consulting, 2001

The ISPA 2001 Resort/Hotel Spa User Study, Cox Consulting, 2001

<sup>ix</sup> The ISPA 2002 Spa Industry Study, Pricewaterhouse Coopers, 2002

<sup>x</sup> The American Spa-Goer: Market Habits, Preferences and Intentions, Yesawich, Pepperdine & Brown, 1999.

<sup>xi</sup> Journal of Vacation Marketing, January, 2001, "Wellness Tourism: Market Analysis of a Special Health Tourism Segment and Implications for the Hotel Industry", P. 5.

<sup>xii</sup> [www.rainforestresort.com.au](http://www.rainforestresort.com.au) – May, 2002)

<sup>xiii</sup> <http://destinationspagroup.com/travelProf/powerpoint/2001ta.htm> – May, 2002

<sup>xiv</sup> [www.tourism.gov.ph/tourism/health.htm](http://www.tourism.gov.ph/tourism/health.htm) – May, 2002

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