

FOR THE HEALTH OF IT...

A BUSINESS STRATEGY FOR SPA HEALTH & WELLNESS TOURISM IN CANADA



Discover our true nature



CANADIAN
TOURISM
COMMISSION



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Preface:

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PREFACE

Product innovation and enhancement at the CTC means working with the Canadian tourism industry to increase the country's supply of market-ready tourism products and experiences. Improving the quality and quantity of existing tourism products, and expanding the range of available products are among the objectives.

The CTC currently focuses on a number of distinct product lines, each supported by a business strategy and developed in conjunction with a product subcommittee or taskforce. The CTC undertakes partnership investments designed to:

- Improve the quality of Canada's tourism offerings stressing experiential products,
- Work with the tourism industry to increase the quantity of market-ready products available,
- Foster the development of new products, consistent with emerging market trends,
- Encourage the packaging of these products so they can be effectively marketed,
- Facilitate information sharing and networking relationships among individual operators and other potential tourism industry partners.

The selection of product clusters is based upon an assessment of market demand, industry segment needs, and Canada's existing/potential ability to satisfy market demand.





SPA HEALTH AND WELLNESS TOURISM

Introduction:

Extensive global research and market trend analysis strongly points to a boom in spa health and wellness vacations. In recent years, North America has witnessed significant growth rates in health and wellness consumers seeking to look and feel better; to lose weight; to slow the effects of aging; to relieve pain or discomfort; to manage stress; or to partake in the use of natural supplements like vitamins and minerals to improve their health. Today's health and wellness programs respond to growing consumer demands for fitness level improvement; for healthy lifestyle education; for nutrition counseling; for healing; for preventative medicine; for solving personal problems like stress or depression; and, for holistic, naturopathic, alternative or eastern medicinal practices/therapies. And the travel industry is reaping benefits of the health and wellness phenomenon.

Defining Spa Health and Wellness Tourism:

"Today's total spa – places providing programs devoted to an individual's health and fitness, are designed to make the guest feel significantly better than when they arrived. The combination of fun, exercise, a healthy and balanced diet, pampering relaxation, and education on managing stress offers magnificent chance for renewal. A spa is a comfortable environment in which to learn how to use the tools of life enhancement and get motivated to back into the real world and practice

what they have learned." Mel Zuckerman of Canyon Ranch in Arizona, USA

For the CTC, in defining the scope and parameters for its focus on spa health and wellness tourism for product innovation and enhancement purposes, we target those stakeholders of the spa industry segment who conform to these established guidelines:

Spa facilities that offer health and wellness programs administered by professionally trained medical personnel;

Spa facilities with fixed accommodations or accommodations offered through a cooperative agreement with a stand-alone accommodation facility;

Spa facilities for whom traceable tourism visitation accounts for a minimum of 10% of its gross revenues.

In drafting these criteria, the CTC is mindful of the large Canadian day spa constituency that may be less familiar with the tourism industry. From a consumer perspective, the Commission recognizes the importance of day spas in travel decisions made with respect to city destination travel. Leisure or corporate travelers, mindful of their personal health and wellness regime, may find it appealing to visit a wellness retreat as part of their city stay. Urban day spas may fulfill this required travel-related attribute. Hence, rural or urban day spas that actively pursue or wish to consider business development opportunities afforded through tourism are defined as part of spa health and wellness tourism stakeholder group to which the CTC's efforts are targeted.

Ultimately, as echoed in Mel Zuckerman's definition of health and wellness, it is through

professionally delivered health and wellness programs that people learn to be happy in life, find and maintain a sense or attitude of well-being or find personal fulfillment, meaning and purpose in life. Combining the consumer's quest for health and wellness with travel, leisure, and fun (products of the travel industry) is, simply stated, spa health and wellness tourism.



Spa Sector Profile

The spa sector is regarded as the leading player in health and wellness tourism in North America. In searching for health and wellness travel experiences, travelers can find structured and professionally delivered programs at several kinds of spa venues. These include club spas, cruise ship spas, day spas, destination spas, medical spas, mineral springs spas and resort/hotel spas.

ISPA estimates that there are about 2100 spas in Canada, with 75% of them categorized as day spas. Like the US, the Canadian spa industry segment is dominated by SMEs and most properties are independently owned. Forty-one percent of all spas in Canada are located in Ontario. British Columbia (19%), Quebec (18%), Alberta (12%), Atlantic Canada (6%), Manitoba/Saskatchewan (4%) and the Territories (0.4%) complete the regional breakdown. Geographically, the distribution of spas in Canada is spread out in proportion to the nation's population by region. The number of spas has grown by 38% in the last two years. Over 75% of all properties are less than 10 years

old indicating that the Canadian spa industry segment is growing rapidly.

Many of Canada's spa facilities that cater to travelers, offer a prime year-round vacation experience. They cater to young and old alike – those consumers who seek a pleasant and energizing vacation of exceptional quality and personal care complete with specialized services such as massage therapy, therapeutic treatments, beauty care and healthful cuisine. Health and wellness programs in Canada focus on hydrotherapy [*water based therapeutic treatments*], algotherapy [*all forms of the use of algae in therapeutic treatments*], angotherapy [*warm mud therapies*], sudation [*sauna*], exfoliation, pressure therapy and several message techniques. Fitness programs, wellness assessment, and nutritional counseling are other services offered.

Current research on Canada indicates that Canadians make some 20.2 million spa visits annually. This compares to the estimate of 8 million in 2002 and represents nearly 2.5 times the number of visits. For reference, in the United States, the number of visits is

estimated to be over 136 million per year. Consumer demand for programs and services to look and feel better continues to drive growth. People are living longer and working longer and because of this they need to maintain a healthy, stress-reduced lifestyle. The demographic profile indicates that spa goers are well educated and affluent and that spa experiences appeal to people across all adult age groups.

Trend Watch

Reputable organizations such as the International Spa Association and Spafinder who monitor spa industry trends recently note several trends that bode well for spa health and wellness tourism.

1. Spa savvy consumers envision the spa experience as a requisite to staying healthy and looking good. Spas are becoming more and more relevant, particularly to everyday Americans, as more people turn to spas to improve their looks and their well-being. The spa goer is more knowledgeable and is demanding better quality and consistency in spa products and services they receive. Good service and a good treatment are no longer enough. The consumer expects a stress-free environment complete with spa treatment programs that cater to improved well-being.
2. Spas are expected to become major vacation activity and spa vacations will enjoy the same profile and recognition as ski or golf vacations.
3. Balancing work and leisure responsibilities, consumers are seeking flexibility in booking spa vacations [shorter but more frequent visits].
4. Consumers want simplicity in their spa experiences, including getting back to the basics. There is a growing interest in services for couples particularly massage and hydrotherapy.
5. The Eastern/Asian wellness programs like yoga, pilates, reiki, ayurveda and Thai massage continue to be popular among Western consumers. There also general agreement that a blending of the European and North American spa models will appear.
6. Strong future growth is predicted for medical spas. The concept of an 'integrated



wellness centre" is becoming more popular. Here, traditional spas will be adding non-traditional medical treatments to their programming and medical clinics will add spa services. Medical type products such as laser treatments, botox, and medical acupuncture will be featured.

7. Medical spas will provide the prescription for health and wellness. Baby boomers will use medical spas for truly medical purposes – namely preventative health treatments and regimens, nutrition and fitness, and health and wellness education.
8. Spa experiences will become more mainstream with the corporate world. Mixing business with 'spa' pleasure entails that businesses will engage the use of spas to build relationships, motivate employees, and manage employee health. Innovative businesses, including insurance providers, will underwrite regular spa visits to



promote employee health and productivity and to lower medical costs.

9. The "Destination Day Spa" will become a new spa facility category. Destination day spas will offer a holistic mind/body/spirit experience similar to experiences normally associated with destination spas, minus accommodations. One-day mini retreats will include wellness education and fitness programs, and healthy meals, in addition to spa/beauty treatments.
10. The spa experience will become more affordable and inclusive of mainstream America, thanks to the continued explosion of affordable spas geared to middle income earners.
11. Spa cuisine will break out of the spa and into dining rooms, thanks to popular spa cuisine cookbooks and recipes. High-end spas will enlist celebrity chefs, expand menus, employ innovative branded diet programs, and accommodate special diets.
12. Spas will become the primary consideration for many travellers. Recently the fastest growing segment of the hospitality industry was hotels with spas. Indications are that spas with hotels will become an even bigger factor in consumer travelling decisions with spas being the deciding factor.
13. Spas will increasingly cater to pets; offer kennels and pet treatments and programs.
14. Spas will continue to attract men and offer male-focused activities like golf, outdoor adventure, male cosmetic programs and fitness programs. Men will use spas in record numbers and more spa facilities



that can assist operators with market/industry research, product development for market demand, market development, and improving industry standards, professional training and education.

The Canadian Tourism Commission's Spa Health and Wellness Tourism Taskforce was established in 2004 to focus on these resource requirements. With a two-year mandate given to it by its parent group, the CTC's Product Innovation and Enhancement Committee, the taskforce takes on an industry-led approach to:

across the spectrum will offer equal facilities for men and women.

15. A strong family orientation will prevail. Teenage girls use spas for beauty treatments and the glamour of a luxurious spa experience. It is predicted that spas will cater to even younger visitors including boys. These young spa-goers will come with their families seeking family-oriented activities, spas-for-kids, and or kids-only spa programs.

Working Together

Canada's spa health and wellness tourism sector is relatively young by global standards, given that the most spa facilities are just over decade old. Established and emerging spa health and wellness tourism businesses need to constantly improve their business and management skills, keep up with new changing trends within the sector, and develop good business contacts and partnerships. Access to resources are needed

- Create increasing, broad-based industry support and buy-in of CTC spa health and wellness tourism programming;
- Increase revenues and profit for Canadian spa sector operators;
- Foster sustainable, high quality, spa health and wellness travel experiences across the country;
- Increase the capability of Canadian spa health and wellness tourism operators to be globally competitive.

BUSINESS STRATEGY

Under an annual work plan, the CTC will partner with industry on a variety of initiatives aimed at providing business information tools or industry networking opportunities critical to the growth and vitality of the sector. Initiatives may fall within the broader categories of research, product innovation and enhancement,

market development, education & training and stakeholder communications.

Research

There are a variety of consumer and industry profiles for the spa sector that have been completed in recent years, particularly for the United States. Canada has been included in some of this research but a more in-depth sector and market profile for the country is needed. The CTC will investigate opportunities to undertake an updated national profile of the sector, seeking to reveal the spa health and wellness tourism product's true size and scope, analyse its supply vs. demand situation, and comment on its financial health.

On the consumer side, travel motivations and trend data for Canadian spa experiences need further clarification. Interpreting consumer data for the purposes of brand development, product positioning or product-to-market matching is needed. Opportunities to garner market segmentation research on Canadian, USA and select overseas countries will be explored.

We plan to undertake a consumer segment crossover analysis to determine what relationships, if any, exist between travel interests of outdoor, city, culture/heritage, cuisine and winter travel enthusiasts with spa travel opportunities.

The CTC will also consider the completion of a foreign competitor profile to better understand how other countries

are developing and marketing their spa health and wellness tourism experiences. We will seek opportunities create linkages with known, established spa health and wellness taskforces in other countries.

Working with spa and tourism industry stakeholders like the provinces, regional development agencies, DMOs, and spa sector associations, the CTC will carry out research that captures incremental or customized data that is not readily available but is essential to making informed business decisions. This research will be disseminated to all sector stakeholders.

Product Innovation and Enhancement

The CTC will work with Canadian spa health and wellness tourism operators to increase the country's supply of market-ready tourism products and experiences. The focus will be on improving the quality and quantity of existing tourism products, and expanding the range of available products.



Already regarded in the world for its high quality, professional standards, the spa sector seeks to ensure these standards are consistently applied across the country by national or provincial regulatory agencies. The CTC, led by a national industry collaboration process, will participate in the effort to develop 'benchmark standards' across Canada for hygiene, human resources, service, and quality control.

As a separate but related initiative, the CTC will investigate a spa rating system for Canada. In conjunction with the spa sector, spa category definitions and ratings criteria will be developed to support a consumer-oriented spa ratings system. Included is an investigation of existing rating systems, which may be adapted to incorporate ratings for spa facilities, treatments and customer services.

Where the opportunity presents itself and the need/support from the spa sector is identified, the CTC will consider undertaking best practices reports designed to advise and educate spa operators on product development or marketing issues relevant to their business environment.

Market Development

Spa travellers seek out unique spa facilities and destinations. In today's global and competitive spa travel environment, spa consumers have access to a diverse array of travel experiences. Canada is a relatively new and unknown destination for spa vacations so an enormous opportunity exists to develop consumer awareness for spa experiences found in our diverse outdoor landscapes and vibrant urban centres.



The spa sector continues to seek sales development opportunities to further promote the awareness of Canada's spa health and wellness product. The CTC, in conjunction with the sector, will continue to build business relationships with the travel trade, particularly in foreign countries. Similar efforts will be explored with spa, travel and health media.

Training and Education

Delivery of quality health and wellness programs is all about customer service, attention and professionalism. And this is accomplished with requisite, professionally trained staff. In Canada, not unlike anywhere else in the spa world, there are labour market issues. As the sector grows, the supply-demand issues for an accessible, trained labour pool will require careful monitoring.

In conjunction and collaboration with the spa sector, and partners such as the Canadian Tourism Human Resources Council and provincial tourism education councils, the CTC will support efforts to develop and promote required occupational standards and accreditation programs for spa sector professionals. In addition, the CTC will support collaboration with secondary and post-secondary education stakeholders in fostering student awareness for spa industry training and career development.

Stakeholder Communications

Stakeholder communications will be critical in the progress towards establishing Canada's competitiveness as an international spa destination. Thus the 'holistic' development of a well informed stakeholder group is essential.

The CTC and its spa health and wellness taskforce will develop a communications strategy/plan to build stakeholder awareness and buy-in on spa health and wellness tourism development. We will seek to build communication linkages with identifiable stakeholders in social, economic, education, business, financial and spa/tourism association networks.

Non-traditional partnerships may play a part here. We will investigate opportunities to work with health-oriented agencies like Health Canada and provincial health agencies in effort to promote spa health and wellness tourism under existing health promotion agendas.

The CTC has developed a number of external communication vehicles to reach industry audiences. These include *TOURISM Monthly*

Magazine and CTX News. These tools will be employed to convey the CTC efforts on spa health and wellness tourism portfolio, however, linkages to other national and provincial communication vehicles will be important. The CTC has also created devoted web pages under its business-to-business website at www.canadatourism.com. These web pages are another tool to be used to convey the CTC's overall effort against spa health and wellness tourism. Industry stakeholders will be encouraged to make use of the website. It will be continuously improved and update with new and relevant information as it becomes available.



CONCLUSION

Ultimately, the CTC and the task force, in their collective effort, will seek to foster growth and prosperity for the spa health and wellness tourism. This collaborative effort will assist to develop and initiate a distinctive Canadian brand strategy for spa health and wellness tourism that will provide a competitive marketing advantage for the country. A partnership focused on product innovation and enhancement, combined with coordinated and complementary efforts from the CTC's other business units like sales, marketing, research and industry relations will accelerate the segment's progress to becoming internationally competitive.



HEALTH AND WELLNESS TOURISM TASKFORCE

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