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spa, health & wellness sector foreign competitor profiles

December 2006

Canadian Tourism Commission

In partnership with:

- Tourism British Columbia
- Alberta Economic Development
- Travel Manitoba
- Ontario Ministry of Tourism
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- Spas Relais Santé
- Economic Development Canada-Québec
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I. Introduction

Study Background

The Canadian spa industry is still fairly young. However, as in many countries around the world, the industry is growing rapidly. As the industry has matured, operators have come to realize that there is far more to the market than just local visitors. In fact, the recently completed 2006 Canadian Spa Sector Profile indicated that 29% of all spa visits to Canadian spas in 2005 were from people outside the spa's local market. Clearly, spa tourism is a key component of the Canadian spa industry.

The development of a coordinated spa tourism strategy is in its early stages. Recent research by the International Spa Association (ISPA) and the Canadian Tourism Commission (CTC) provides excellent information on the industry, the consumer and the spa traveller in North America. However, spa travellers and those who want to attract them can be found all over the world. Accordingly, CTC and its partners commissioned the Association Resource Centre Inc. to conduct secondary research to gain preliminary insights into the industry, the spa consumer/traveller and the spa tourism strategy in three of its primary markets – Australia, the United Kingdom and Germany. This report details the findings of this research.

Purpose and Objectives

The main purpose of this research was to develop preliminary profiles of three of CTC's primary markets – Australia, the United Kingdom and Germany. The specific research objectives in each market were to:

- Gain an understanding of the size and scope of the spa industry;
- Determine the degree of public-sector support for spas;
- Develop a preliminary profile of spa goers and spa travellers;
- Determine the most common travel distribution channels; and
- Determine from a competitive standpoint what these markets are doing to attract domestic and inbound spa travel.

Research Method

All information for this report was collected through existing sources. No primary research was done. It should be noted that in some markets, information on some of the topics of interest was very scarce. As such, information on some topics is not provided for some markets.

II. Summary of Findings

The information in this report helps Canadian operators…

- Gain a basic understanding of the structure of the foreign markets to provide a benchmark for the Canadian industry.
- Determine from a competitive standpoint what these markets are doing to attract domestic and inbound spa travel.
- Obtain a preliminary assessment of the potential outbound spa travel market.

Each of these areas is summarized below for each of the three foreign competitor markets. The chapters that follow provide detailed profiles for each of the three key markets studied.

Australia

As a Benchmark

As in Canada, the Australian spa industry is relatively young and in some ways is lacking definition. Despite this, the industry seems to be fairly well organized and is recognized as an important economic asset for the country. More specifically, there is definite government and other (i.e., association) support for the industry. While there is a lack of standards, they are on their way both in terms of accreditation and a rating system for consumers. When it comes to spa tourism, Australia is an excellent example of country with direction. The various tourism and association bodies have recognized spa tourism as a key focus area and are in the process of putting together comprehensive strategies to grow the spa tourism market both domestically and internationally. In this regard, Australia is considerably ahead of Canada. Those in positions to help the Canadian industry organize as a collective should pay close attention to what is going on in Australia over the next couple of years as Australia seems to truly have its act together.

As a Competitor

Though there may be some significant differences if we dig deeper, on the surface, the Australian spa industry seems to have much in common with the North American industry. In this regard, from a pure spa product perspective, the differentiation between Australia and Canada is not enormous as spa travellers would receive a comparable experience in both countries. Rather it is the more traditional tourism attributes such as culture, scenery, history and climate that will differentiate the two destinations for spa travellers. In addition to this, spas in both countries that offer a "unique" experience will have a definite advantage. As mentioned above, the Australian spa industry is currently in the process of developing comprehensive spa tourism marketing strategies to grow both the domestic and international markets. In the coming years, Australia is likely to become a major player in the spa tourism market. The tourism and association bodies' commitment to spa tourism will likely be a major contributing factor to Australia's success. Australia is a relatively new competitor and is one to watch out for.

As a Potential Market

The portion of travellers in Australia who go on spa holidays is quite small. However, according to some sources reviewed, the market is growing considerably faster than the travel market in general, at least domestically. While it may be difficult for Canada to attract Australia's domestic travellers, growth in this market bodes well for the international spa travel market. The major challenge for Canadian operators will be distance and "authenticity" or "exotic appeal". The top destinations for spa travel are currently Asia and New Zealand, both of which are considerably closer than Canada. In addition to proximity, Asia also has the advantage of being an originator of many spa treatments. Canadian spas definitely have their work cut out for them in this market.

United Kingdom

As a Benchmark

Given the long history of spas in the UK, it is somewhat surprising that there isn't better clarity on definition, organization or more information on size and growth. Despite this, the spa industry in the UK is very well established. When it comes to spa tourism, the UK appears to be lagging. While spas have been recognized as a key tourism asset, there does not appear to have been any major coordinated efforts to market the product though it appears that this may change in the near future.

As a Competitor

The UK certainly has solid product to sell for spa travel; but there is a lack of coordination to market spa travel to spas in the UK. The UK is clearly going to be a competitor to Canada in the European market due to proximity, however, for other markets where the travel distance significant to either location, Canadian spas do not appear to be at any great disadvantage.

As a Potential Market

Approximately 5% of UK adults have been on a spa holiday with 2% having been on such a trip abroad. While the percentage of UK adults that have been on a spa holiday is modest, there is great untapped potential as 22% have not been to a spa but indicated that they would like to go. As with all the European markets, UK travellers have a wide variety of choices available to them for taking a holiday that are within two to four hours flying time and several markets in Europe have well established spa industries to cater the spa traveller. The key will be differentiation and communicating that Canada's spa product is truly world class.

Germany

As a Benchmark

While there is no "one" definition of "spa" in Germany, the industry is very well defined in terms of types and what does and doesn't belong. It is also well established with deep historical roots. The German spa experience seems to be quite different than that of the North American one in that it is far more health oriented. In fact, many treatments are covered under the national health care system. As such, it may not be the best comparable for the present Canadian industry. On the spa tourism front, there is clear recognition by the tourism organizations of the importance of spa travel. Accordingly, Tourism Germany and the German National Tourist Board are quite active in the tracking and promotion of the industry.

As a Competitor

As indicated above, the German spa experience is far more health oriented than the experience in Canada. While Canada does have spas that offer this type of experience, it is not the industry's focus. The preliminary research suggests that Germany's spa industry is well differentiated from others. In addition to the health focus, Germany also has a long history in the spa industry which gives it greater "authenticity". The proactiveness of Germany's tourism agencies is presently a clear advantage. Canada is going to have to step up its spa tourism focus significantly if it is to compete with well established spa destinations like Germany.

As a Potential Market

Germany is a very health and wellness oriented culture. Unlike other markets, Germans do not need to be convinced of the benefits of a spa. The potential for outbound spa tourism from Germany appears to be quite strong. Moreover, the propensity of travel for health and wellness among Germans is considerably higher than in other European countries. In fact, sources indicate that in 2002, Germans accounted for half of the health and wellness tourism within Europe. The key challenge in marketing to German outbound health and wellness travellers will be competing European destinations. There are dozens of destinations throughout Europe offering premiere spa experiences that are within a two to four hour flight. In addition to differentiation, Canadian spas may want to consider packaging the services with other experiences known to appeal to Germans that Canada is renowned for.

A Final Caution

In closing this report, it is important to point out a major study limitation – all information in this report is derived from desk research, and suffers from all of the weaknesses of a non-quantitative study based on secondary sources (e.g., the secondary sources were designed to answer different questions than the ones CTC and its partners are interested in). Consequently, specific marketing strategies should not be formulated on this basis. What is clear from this research is that the foreign markets do view spas as a key contributor to tourism and have (or are developing) marketing strategies in this area. It is also clear that there is great potential in these markets for outbound spa travel, and it will be important to quantify the potential and the characteristics of these markets should Canada decide to pursue them further.

III. Australia

Australian Spa Definitions

Basic Definition

There is no set definition in Australia as to what constitutes a spa. In their Spa and Wellness Tourism Action Plan, Tourism Victoria puts forth several possible definitions suggesting the term can represent a variety of things, depending on circumstance and individual interpretation. These possible definitions include:

- The literal definition of the term 'Spa', which originated from the Latin acronym 'salus per aquum' and means "water based therapy."
- The International Spa Association's much broader view, which encompasses in its definition any "entity devoted to enhancing overall wellbeing through a variety of professional services that encourage the renewal of mind, body and spirit."
- Mueller and Kaufmann's definition of 'wellness' as an intrinsic aspect of the spa experience, describing it as a "state of health featuring the harmony of body, mind and spirit, with self responsibility, physical fitness/beauty care, healthy nutrition/diet, relaxation/meditation, mental activity/education, and environmental sensitivity/social contacts as fundamental elements."

Spa Types

The Australasian Spa Association (ASPA) has a detailed hierarchy of spa types grouped into the four broad categories of Day Spa, Destination Spa, Natural Bathing Spa and Related Spa. Each main spa type is further divided into several sub-categories, each with very specific criteria of what is required in order to belong to its group. **Exhibit 3-1** summarizes the four main categories of Australian spas. Detailed definitions of the sub-categories can be found in *Appendix A*.

Exhibit 3-1 — Australasian Spa Association Spa Categories

CATEGORY	DEFINITION	SUB-CATEGORIES
Day Spa	A business that provides professionally administered Spa services that are offered to clients on a daily basis within appropriate Day Spa facilities.	Wellness Spa, Bath House Spa, MediSpa, Cosmedi Spa
Destination Spa	Spas that provide Spa style treatments with accommodation or Spas within accommodation environments.	Resort Spa, Hotel Spa, Spa Retreat, Health Spa
Natural Bathing Spa	Spa business operating within a retreat location, offering extensive use of communal bathing in naturally occurring waters or mud pools with a full range of Spa services which may or may not be provided on site, and guest accommodation.	Mineral Spring Spa, Hot Spring Spa, Natural Mud Spa, Sea Water Spa
Related Spas	Businesses that incorporate spa principles into their philosophy and practices, with minimal water therapy facilities and minimal guest amenities.	Salon Spa, Dental Spa, Nail Spa

Source: Australasian Spa Association

Intelligent Spas also provides a list of spa categories. While not nearly as extensive as ASPA, Intelligent Spas' categories generally match those listed above. Three spa types are not included in the spa categories put forth by ASPA – club spa, retail spa and slimming centre spa (see **Exhibit 3-2**)

Exhibit 3-2 — Intelligent Spas Spa Categories Not Covered by ASPA

SPA TYPE	DEFINITION
Club spa	A day spa operating within a health, sports, recreational or social club facility
Retail spa	Primarily a skin care retail outlet, which also offers spa treatments in basic treatment rooms, without supporting facilities.
Slimming Centre Spa	Primarily a slimming centre, which also offers spa treatments in basic treatment rooms, without supporting facilities.

Source: Intelligent Spas

Definition of Tourism Oriented Spa

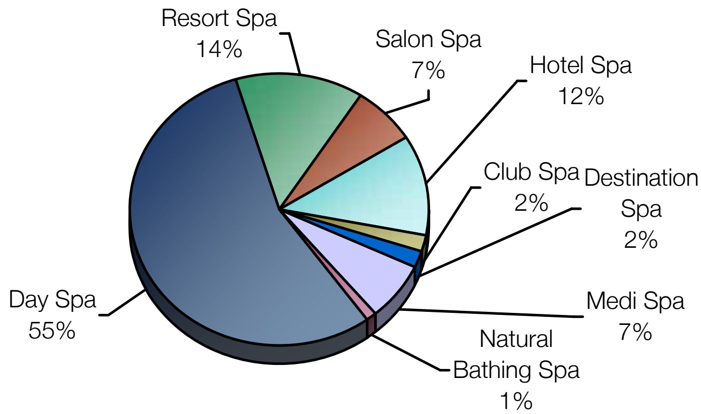
There is no set definition for what constitutes a 'tourism oriented' spa in Australia. Tourism Victoria, for the purpose of their Spa and Wellness Action Plan adhere for the most part to ASPA's spa categories when explaining what type of facility constitutes a 'tourism oriented' spa. ASPA's 'Related Spas' category, however, is specifically excluded on the basis that "the majority of these facilities service the local population and have limited spa and wellness tourism offerings."

Industry Profile

Industry Size

According to Intelligent Spas' recently released Spa Industry Profile Australia 2002-2007, there were approximately 503 spas in Australia in 2006. The report also provides a breakdown of spas by type (see **Exhibit 3-3**). As seen in North America, the largest segment of spas in Australia is day spa at 55%. Other significant segments include resort spa (14%) and hotel spa (12%). It should be noted that these results are based on Intelligent Spas' category definitions.

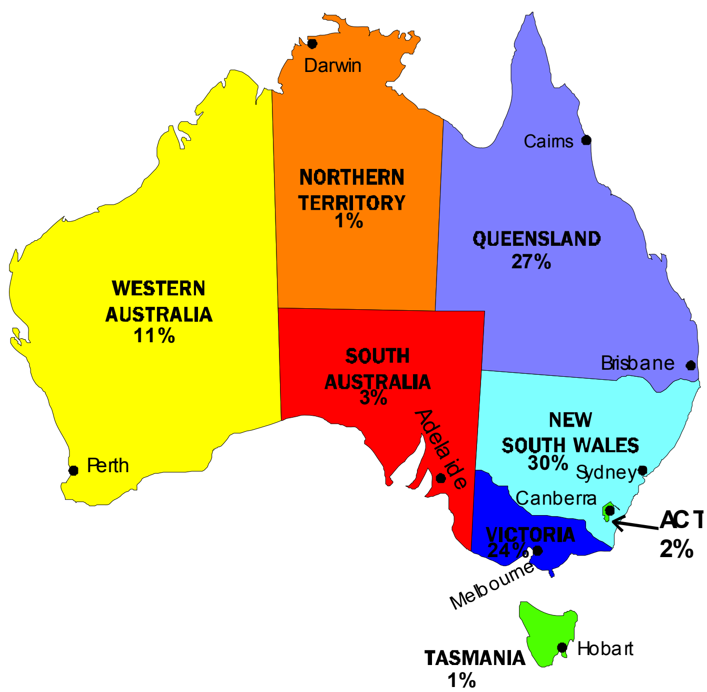
Exhibit 3-3 — Distribution of Spas by Type in Australia



Source: Intelligent Spas – Spa Industry Profile Australia 2002-2007

The vast majority of Australian spas can be found on the eastern side of the country. As outlined in the Intelligent Spas report, the three largest states in terms of the number of spas are New South Wales (30%), Queensland (27%) and Victoria (24%). These findings are summarized in **Exhibit 3-4**.

Exhibit 3-4 — Distribution of Spas by Region in Australia



Source: Intelligent Spas – Spa Industry Profile Australia 2002-2007

Note: ACT = Australian Capital Territory

According to Intelligent Spas' 2003 Spa Industry Survey, the Australian spa industry generated over AUD $200 million between July 2002 and June 2003 (**Exhibit 3-5**) from an estimated 2.4 million spa visits. At that time, the industry employed just over 3,100 people. There is no indication as to the proportion that is full time vs. part time. Size estimates were not provided in the most recent report.

Exhibit 3-5 — Other Key Industry Statistics

Revenues (June 2002 to June 2003)	> AUD $200 million
Employment (June 2003)	3,120
Spa Visits (June 2002 to June 2003)	2,350,000

Source: Intelligent Spas – 2003 Spa Industry Survey

Industry Growth

Most sources agree that the spa industry in Australia is growing. According to Tourism Australia, this growth is most acutely being felt in the Day, Destination and Resort Spa sectors. According to Intelligent Spas' 2002-2007 report, the number of spas in Australia grew by 68% from 300 spas in 2004 to 503 in 2006. This follows a 36% in locations from 2002 to 2004. Clearly, there is strong growth in the Australian industry.

Despite this trend, some feel that spa industry growth is being tempered by the growing number of spa facilities in Australia. According to Intelligent Spas, the estimated 2.4 million spa visits between July 2002 and June 2003 represents a growth of 17.5% from the previous period. In contrast, the growing saturation of the marketplace actually drove down the average number of visits per spa by 13.8% from the previous year.

Intelligent Spas further claims this trend is affecting industry employment. Again, while the number of people employed by the spa industry grew by approximately 10.8% in 2002/03, the average number of employees per spa actually dropped by a significant 18.8% from the previous year.

While there does not appear to be any data on industry revenue growth, Intelligent Spas did report that the vast majority of those interviewed in the Spa Industry Profile 2002-2007 (95% and above) predicted continued growth in the number of spa visits and revenue within their facilities for the year 2006 and 2007.

Industry and Employment Standards

One of the challenges facing the spa industry in Australia, according to the Victoria Tourism Wellness Action Plan, is the "variable" nature of the country's "industry training and excellence in delivering a professional service to consumers."

While there are several training and accreditation programs as well as standards available to spa professionals through various industry associations and public entities, there are no apparent mandatory employment standards within the Australian spa industry.

This may soon change, however, as ASPA is currently working with Tourism Australia, along with other tourism and government agencies to develop a universally accepted accreditation program for the Australian spa industry.

When it comes to industry standards, ASPA has developed a proposed icon system to help consumers and media gain an understanding of what to expect at different spas. The icon system that has been proposed combines two rating systems, the familiar star rating already used by hotels (one to five stars) to identify the extent of guest services and facilities and a water drop (one to five drops) to indicate the water facilities available. At the time of this research, a detailed overview of the proposed system could be accessed on the Australasian Spa Association website.

Industry Associations

Following are the five associations in Australia with direct or indirect ties to the country's spa industry:

- ***Australasian Spa Association (ASPA):*** Leading body in Australia representing all members of the spa and wellness industry. ASPA exists to promote growth, professionalism and awareness to the industry and the global community. Website: www.australasianspaassociation.com
- ***Massage Association of Australia (MAA):*** To be of service to members, practitioners and the whole profession of massage and body-work methods and the schools which teach these; Liaising and building bridges between the massage and other health professions; dissemination of information; educating the general public regarding the numerous benefits from massage; and, maintaining a realistic view of massage. Website: www.maa.org.au
- ***Australian Association of Massage Therapists (AAMT):*** Fosters high standards of ethical and professional practice and currently self regulates the massage therapy industry. These standards are achieved by recognizing individual practitioners for membership that hold formal qualifications defined by the Australian National Training Quality Framework though the Health Training Package. Website: www.aamt.com.au
- ***Australian Aromatic Medicine Association (AAMA):*** Dedicated to educating Practitioners, Students and people across the globe in natural health care techniques & practices based on Essential Oils. Website: www.aama-oz.org
- ***Australian Natural Therapists Association (ANTA):*** National democratic association of 'recognized professional' traditional medicine and natural therapy (complementary medicine) practitioners who work in the areas of health care and preventative medicine. Website: www.anta.com.au

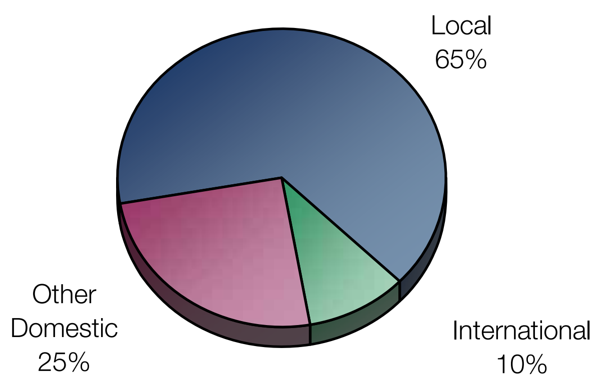
Extent of Tourism in the Spa Industry

According to Tourism Victoria's Spa and Wellness Tourism Action Plan 2005-2010, the International Visitors Survey by Tourism Research Australia reported that 0.2% (or 167,000) of domestic visitors within Australia and 1.2% (or 59,500) of all international visitors to Australia in 2004 visited a health spa on their trip. While the numbers are relatively small, the year over year growth in domestic visits to a spa while travelling (13.8%) significantly outpaced the growth in domestic trips (1.6%) in general. It is important to note that these numbers represent visitors and not actual spa visits. One visitor may make multiple visits to a spa on a given trip.

As mentioned earlier, the Intelligent Spas 2003 Spa Industry Survey reported that there were approximately 2.4 million spa visits between June 2002 and June 2003. The report goes on to indicate that roughly one third of these visits are generated by tourism. Specifically, the report indicates that one quarter (25%) of spa visits were made by Australians outside the local market and a further 10% were made by international visitors. This translates into roughly 587,500 intra-state visits and 235,000 international visits. The breakdown of visits is shown in **Exhibit 3-6**.

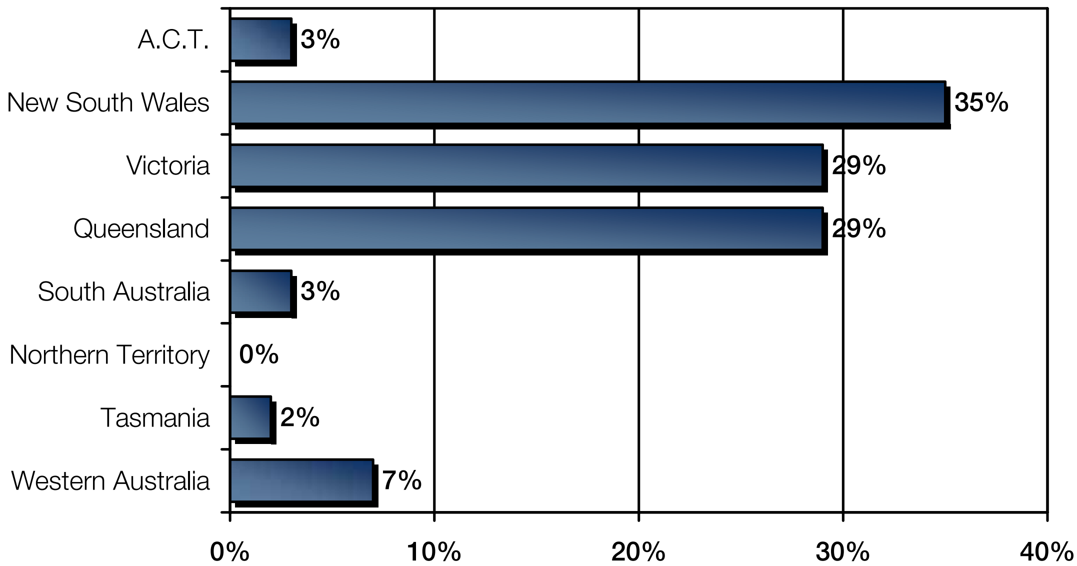
According to the Roy Morgan Holiday Tracking Study (2001-2004), three regions in Australia see the lion's share of domestic spa travellers (see **Exhibit 3-7**). With one third (35%) of domestic spa visitors, the region with highest market share is New South Wales. Victoria and Queensland, each at 29%, are not far behind. For reference purposes, a map of Australia is provided in **Exhibit 3-4**.

Exhibit 3-6 — Origin of Spa Visits



Source: Intelligent Spas – 2003 Spa Industry Survey

Exhibit 3-7 — Regional Market Share of Domestic Spa Travellers



Source: Holiday Tracking Survey, Roy Morgan Research, years ending December 2001-2004
Note: Percentages sum to more than 100% to account for visits in multiple regions on the same trip.

Public Sector Support

Public tourism agencies, like Tourism Australia (TA) are becoming very involved in the development of the Australian spa industry, particularly in the area of spa travel. In addition to working with ASPA toward the development of a spa accreditation program, TA along with ASPA and some of Australia's regional tourism agencies, have been involved in some of the following projects and strategies:

- ***Australian Federal Government/Tourism Australia - 2004 Tourism White Paper:*** "The Australian Government's Tourism White Paper (2004) identifies tourism as a way to foster long-term economic growth"[1] in a number of 'niche' areas including spas and wellbeing. According to the Australian Government website (www.industry.gov.au), the government will work with the industry to identify "niche markets with growth potential and develop strategic market plans to attract both domestic and international visitors"[2]. The website goes on to say that the government will provide AUD $14.7 million over four years for this initiative (for all

[1] Australian Government, Department of Industry, Tourism and Resources - http://www.industry.gov.au/content/itrinternet/cmscontent.cfm?objectID=EFE8E899-65BF-4956-B72DD638AC41FC1E

[2] Ibid

niche markets combined). The Tourism Australia website indicates that the Spa Tourism Plan is currently being developed by ASPA. The site also provides information about partnered marketing opportunities. The plan for spa tourism is clearly in its infancy when compared to other niche markets listed on the website. In addition to marketing opportunities, for other niche markets the site lists research and statistics, consumer and trade shows and communication panels among other things.

- ***Tourism Victoria – A Spa and Wellness Tourism Action Plan 2005 – 2010:*** Tourism Victoria's website outlines an action plan for spa tourism in the region with the following four stated objectives[3]:
  - Position Victoria as the leading destination for spa and wellness tourism, incorporating the state's natural attributes, including mineral springs, geothermal waters and world class spa resorts and facilities
  - Increase visitation, length of stay and expenditure by spa and wellness visitors
  - Encourage further investment in spa and wellness product and infrastructure
  - Increase professionalism and excellence amongst those delivering a spa and wellness experience.
- The plan goes on to outline broad strategies for several key areas of the industry including marketing, interstate strategy, international strategy, product development, industry development, professionalism and excellence, business sustainability and investment opportunities.
- ***Australasian Spa Association - 2004 Spa Tourism Plan:*** According to Tourism Australia's Niche Market Development Plan, ASPA decided at its 2004 conference to develop a Spa Tourism Plan with the ultimate goal of creating "a shared vision for developing and growing spa experiences as a healthy and high-yield sector of Australia's tourism industry." The objectives of this plan were as follows:
  - To address growing global demand for "spa and well-being holidays domestically and internationally"
  - Create a plan in order to avoid "fierce competition and price wars" within the Australian industry.
  - To provide coordinated activity and efforts.
  - To catch up to other countries that are "well ahead on planning and promoting spa tourism experiences."

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[3] Tourism Victoria, Victoria's Spa and Wellness Tourism Action plan 2005-2010 - www.tourismvictoria.com.au/spaandwellness/spa-and-wellness-tourism-strategies

- According to the ASPA's project outline (www.australasianspaassociation.com/documents/SpaTourismPlanProjectOutline.PDF), a working group was established to take charge of finalizing and gaining approval for the plan in October 2005. The implementation of initiatives and applications for grant funding are scheduled to take place in 2006 and 2007.
- ***Tourism Australia – Consumer Website (*www.australia.com*):*** One of the 'Spas and Wellbeing' niche market's development marketing activities is the use of Tourism Australia's consumer website (www.australia.com) to "provides instant access to motivational and destinational information for the international travel market." One of the functions of the site is to highlight some of Australia's best spas by giving an overview of the facilities, available treatments and sometimes information about the regions in which they are located.
- ***Australasian Spa Association – Public Support:*** As an initiative to engage more public sector support for the spa industry, ASPA uses its website (www.australasianspaassociation.com/about/about_aSpa.shtml) to outline a plan to begin actively seeking out government funding initiatives. As a first step, ASPA recently appointed an individual to work with Federal and State entities and to take advantage of "funding opportunities available to industry associations." The ultimate goal of this initiative is to "enable the association to take education and training initiatives out to the public all over Australia."
- ***Tourism Victoria – Public Support:*** As part of its Spa Tourism Action Plan, Tourism Victoria is providing support to the spa industry in that region by producing guidelines for the development of tourism opportunities at Victoria's geothermal and mineral springs reserves. These guidelines are seen as a valuable tool for the attraction of greater investment in geothermal and mineral spring attractions and are ultimately meant to help grow the spa and wellness segment in Victoria.

Consumers – Spa Traveller Profiles

Australian Spa Goer Profile

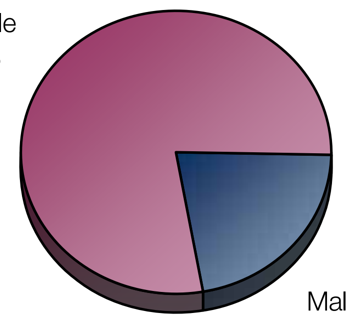
The only statistics on Australian spa goers in general were found in Intelligent Spas' 2003 Spa Industry Survey. The report indicates that spas report that 78% of all spa visits in Australia are from female consumers (see **Exhibit 3-8**). However, because this comes from an industry study, it would include visits by international tourists and is not necessarily an accurate representation of the Australian spa going public.

Also according to Intelligent Spas, the average spending per spa-goer visit is AUD $123.

Inbound Spa Traveller Profile

For the year ended September 2005, the International Visitors Survey by Tourism Research Australia found that 43% of international spa travellers during this period were male (see **Exhibit 3-9**). This is in contrast to the overall market where males account for only 22% of all spa visits. Over half (52%) of international spa travellers were between the ages of 15 and 34. The next largest group at one third (35%) are those aged 35 to 54.

Exhibit 3-8 — Spa Visits by Gender



Source: Intelligent Spas, 2003 Spa Industry Study

Exhibit 3-9 — Age and Gender of Inbound Spa Travellers

GENDER (04/05 est.)	
Male	43%
Female	57%
AGE (04/05 est.)	
15-34	52%
35-54	35%
55+	13%

Source Tourism Research Australia, International Visitors Survey

Australian Spa Traveller Profile

This section provides a snapshot profile of Australian spa travellers (total, domestic and outbound) based on special data runs from Roy Morgan Research's Holiday Tracking Survey for the period of April 2004 to March 2006. According to the results of the study, there were an estimated 93,000 Australians who visited a health resort or took a spa holiday on their most recent trip in the past twelve months. Approximately 20,000 Australians did so on their last international trip while 75,000 did so domestically.

Spa Traveller Demographics

A basic demographic profile of those who visited a health resort or took a spa holiday on their most recent trip (overall, domestically and internationally) is presented in **Exhibit 3-10**.

Australian spa travellers are defined as Australians who visited a health resort or took a spa holiday on their most recent trip in the past twelve months. They tend to be female, 14 to 49 years old and well educated (36% have a university degree). The majority of spa travellers live in New South Wales, Victoria or Queensland.

In comparison to domestic spa travellers[4], international spa travellers are more likely to be female (70%), aged 25 to 34 (27%), better educated (42% have a degree or diploma) and belong to socio-economic groups AB or C (60%). Interestingly, they are somewhat less likely to reside in Victoria.

Exhibit 3-10 — Australian Spa Traveller Demographics

	All Spa Travellers (n=233)	Domestic Travellers (n=184)	International Travellers (n=51)
Estimated Market Size	93,000	75,000	20,000
Gender			
Male	40%	41%	30%
Female	60%	59%	70%
Age			
Aged 14-24	28%	30%	26%
Aged 25-34	21%	20%	27%
Aged 35-49	34%	33%	31%
Aged 50-64	15%	14%	12%
65 and Over	3%	3%	4%
Socio-Economic Quintiles			
AB Quintile	23%	22%	26%
C Quintile	28%	27%	34%
D Quintile	17%	18%	22%
E Quintile	20%	21%	11%
FG Quintile	12%	13%	8%
Education Level			
Primary School	0.4%	0.4%	0%
Some Secondary/Tech.	15%	17%	5%
Intermediate/Form 4/Year 10	13%	10%	21%
5th form/Leaving/Year 11	8%	8%	4%
Finished Tech./Matric/HSC/Year 12	17%	17%	15%
Some/ Now at University	12%	11%	14%
Have Diploma or Degree	36%	36%	42%

[4] Note that differences in results between domestic and international travellers are not statistically significant due to the small sample sizes, but are being evaluated qualitatively as generally pointing in a direction (unless otherwise stated).

Exhibit 3-10 — Australian Spa Traveller Demographics

	All Spa Travellers (n=233)	Domestic Travellers (n=184)	International Travellers (n=51)
States			
New South Wales (Including Australian Capital Territory)	40%	41%	44%
Victoria	32%	33%	22%
Queensland	16%	15%	20%
South Australia	3%	3%	2%
Western Australia	7%	6%	11%
Tasmania	2%	3%	2%
Northern Territory	0.1%	0.1%	0%

Source: Holiday Tracking Survey, April 2004 to March 2006, Roy Morgan Research.
Base is Australian travellers who visited a health resort or took a spa holiday for their most recent trip.

Trip Characteristics

Spa traveller trip characteristics are detailed in **Exhibit 3-11**. Key findings include:

- There is little seasonal variation on when Australians take their spa trips, with travel on spa holidays equally common throughout the year.
- Spa trips are typically short, averaging just over a week in duration (8.7 nights).
- Australian spa travellers spend an average of AUD$2,568 per party on their spa trips. This works out to about AUD$157 per person per night.
- Australians generally travel with their spouse / partner (43%), and in many instances their children (21%) on a spa holiday.

A comparison of international and domestic spa travellers reveals that international spa travellers are significantly more likely to take longer trips, which is to be expected given the distances involved. Their overall trip expenditures are also considerably higher, primarily due to the substantially longer trip length. Per person per night expenditures are also higher, although moderately so.

While family travel is equally prevalent among international spa travellers, they are somewhat less likely to travel as a couple. They are also somewhat less likely to travel in the first quarter of the year (January, February or March), choosing to travel during the high season instead (July, August, September).

Exhibit 3-11 — Spa Traveller Trip Characteristics

	All Spa Travellers (n=233)	Domestic Travellers (n=184)	International Travellers (n=51)
Month of Trip			
January	9%	11%	3%
February	4%	4%	4%
March	7%	7%	8%
April	9%	9%	13%
May	7%	8%	2%
June	7%	6%	11%
July	10%	10%	12%
August	4%	4%	7%
September	7%	6%	9%
October	4%	4%	5%
November	11%	12%	7%
December	8%	8%	9%
No Answer/ Can't say	13%	11%	11%
Trip Length			
Average Duration (nights)	8.7	5.4	23.5
Trip Expenditure			
Average Total Cost (AUD)	$2,568	$1,775	$6,880
Average Cost Per Person Per Night (AUD)	$157	$151	$205
Travel Party Composition			
With a partner/As a couple	43%	44%	33%
As a family with children	21%	20%	20%
With a friend or small group of friends	14%	13%	15%
By Yourself	10%	10%	14%
With other family or family and friends	8%	9%	12%
With a school/university group	2%	1%	5%
With a tour group/singles group, etc	0%	0%	0%
Other	1%	1%	0%

Source: Holiday Tracking Survey, April 2004 to March 2006, Roy Morgan Research.
Base is Australian travellers who visited a health resort or took a spa holiday for their most recent trip.

Outbound Destinations

In terms of where spa travellers are taking their vacations, according to the Roy Morgan Holiday Tracking Study, Asia is by far the most common at 41% of most recent outbound destinations. This is significantly higher than the 36% for Australian outbound travellers in general. New Zealand is a distant second at 21% of most recent spa trips. Not surprisingly, distance plays a key role in destination selection. This is evidenced by the fact that only 10% of most recent spa trips were to the Americas, the bulk of which were to the United States (8%). As far as individual countries go, Canada ranked 12th at 1.5% of most recent outbound spa holiday destinations (interpret with caution due to small sample size) or approximately 290 Australians.

Spa Travel Motivations

As shown in **Exhibit 3-12**, the top travel motivation for Australian spa travellers is taking a 'short break to escape the grind'. They look to travel in a 'vibrant, stylish, cosmopolitan place where (they) can re-energise' and like FIT touring travel where they can 'discover things at (their) own pace'. Not surprisingly, a 're-energizing' holiday is the top choice for international travellers, with two fifths having taken this type of trip in the past twelve months.

Exhibit 3-12 — Spa Travel Motivations

	All Spa Travellers (n=233)	Domestic Travellers (n=184)	International Travellers (n=51)
HOLIDAY TYPES - LAST TRIP			
A holiday in a vibrant, stylish, cosmopolitan place where I can re-energise myself	29%	26%	42%
A short break to escape the grind	42%	43%	37%
Touring around by car and discovering things at my own pace	26%	26%	22%
A holiday where I can undertake some active outdoor pursuits	20%	20%	18%
A family holiday where I can relax and the kids are occupied	14%	15%	14%
A very active holiday where I can pursue physically challenging activities	6%	6%	7%
Other type of holiday	23%	23%	30%

Source: Holiday Tracking Survey, April 2004 to March 2006, Roy Morgan Research.

Base is Australian travellers who visited a health resort or took a spa holiday for their most recent trip.

Information Sources and Distribution Channels

As seen in **Exhibit 3-13**, the top information sources consulted in planning spa trips are the internet (32%), friends or family (29%) and travel agents (21%). When it comes to actually booking the trip, spa travellers are likely to book directly with providers (e.g., airlines, accommodations) (37%), use a travel agent (25%) or the internet (21%). Two fifths booked their trip by phone, with in-person bookings and internet bookings also being relatively popular.

Not surprisingly, international travellers are significantly more likely to plan and book their trips using a travel agent, perhaps due to the relative complexity of planning an international trip. Few by comparison are choosing to book their trips directly with providers.

Exhibit 3-13 — Information and Distribution Channels Used for Spa Travel

	All Spa Travellers (n=233)	Domestic Travellers (n=184)	International Travellers (n=51)
Information Sources Consulted			
Travel Agent	21%	11%	60%
Friends or Families	29%	30%	29%
Internet	32%	34%	26%
Travel or guide books	15%	14%	25%
I had been there before	14%	13%	23%
Brochures	11%	12%	12%
Airline	6%	4%	9%
Some other	8%	9%	5%
Newspapers or Magazines	12%	14%	4%
State Tourism Authority/ Government Travel Centre	5%	5%	4%
Motoring Club (e.g RACV, RACQ, NRMA, etc)	5%	6%	3%
Total TV or Radio	8%	10%	2%
Loyalty programme	3%	4%	1%
Tour Operator	1%	2%	0%
How Last Trip Was Booked			
Travel Agent	25%	14%	73%
Internet	21%	21%	26%
Booked directly with providers	37%	42%	16%
Airline	8%	8%	10%
Some other	11%	13%	3%
Motoring Club (e.g RACV, RACQ, NRMA, etc)	2%	2%	1%
State Tourism Authority/ Government Travel Centre	4%	5%	1%
Tour Operator	1%	1%	0%
Online only travel booking company (e.g Zuji, Wotif.com)	11%	14%	0%
Shipping Line	0.1%	0%	0%

Exhibit 3-13 — Information and Distribution Channels Used for Spa Travel

	All Spa Travellers (n=233)	Domestic Travellers (n=184)	International Travellers (n=51)
Medium Used To Book Last Trip			
In person	27%	21%	54%
Internet	23%	22%	30%
Over the phone	37%	41%	16%
Some other	3%	3%	3%
SMS/Text Message	2%	3%	0%

Source: Holiday Tracking Survey, April 2004 to March 2006, Roy Morgan Research.
Base is Australian travellers who visited a health resort or took a spa holiday for their most recent trip.

IV. United Kingdom

UK Spa Definitions

Basic Definition

There appears to be a lack of cohesiveness among the key players within the UK spa market when it comes to defining the term, 'spa.' Some adhere to the holistic vision outlined by ISPA and agree that "spas are devoted to enhancing well-being through a variety of professional services that encourage the renewal of mind, body and spirit."

Others, however, focus more on the water therapy element of the spa experience. The British International Spa Association (BISA) for example, defines a spa as "an establishment providing a minimum of one approved water based treatment using water of known composition. The spa should be staffed by appropriately trained therapists and have minimum standards of furnishings. The water should be enhanced with minerals, either naturally or with an additive."

Alternately, others, like the Spa Business Association (SBA) are reluctant to define the term at all, stating: "Many of our members have their own interpretation of the word spa - we do not feel it is the Spa Business Association's role to pronounce on what is right, though we may occasionally have a view as to what is the wrong use of the word." Despite this statement, however, the SBA puts forth several 'possible' definitions, as set out by the former British Spas Federation (pre 2004). It is important to note that even in their reluctance to define the overall term, water does appear to be a key element. The BSF's definitions are as follows:

- ***Historical:*** A spa, holy well or spring that was a special place where natural spring waters were reputed to bring relief and cure from a range of ailments. These waters engendered strong spiritual associations and mystical understanding.
- ***Traditional:*** Spas with a tradition of being centres for healing and rehabilitation, being based on hydrotherapy administered under medical supervision. Recreation and relaxation are also encouraged alongside social interaction and entertainment.
- ***Contemporary:*** Presently spa facilities are dedicated to physical and emotional well-being. Spas must use water as the primary medium for the delivery of therapies and treatments. Based on the use of natural mineral springs wherever possible, the contemporary spa provides for relief and rehabilitation of sports injuries through the spectrum of care to integrated medicine and complementary treatments, de-stressing and relaxation to the beauty and pampering end of the market. Spas create unique environments which must respect the natural assets of their site and location.

Spa Types

Mintel broadly categorizes spas into the two main groups of “water based and not water-based facilities offering a range of health/medical/beauty/relaxation treatments.” Alternately, the Spa Business Association lists a series of spa types, in addition to ISPA’s seven main categories, that include the categories outlined in **Exhibit 4-1** (a detailed table is available in *Appendix B*).

Exhibit 4-1 — Spa Business Association Supplementary Spa Categories

CATEGORY	DESCRIPTION
Destination Spa	Sometimes known as ‘health farms,’ or ‘hydros’ and include resorts. If you are visiting a destination spa, you will be going for a relaxing break to take time out from the world, to be pampered, to experience new therapies and activities, to eat healthily and possibly to lose weight, de-tox or give a healthier lifestyle a kick-start.
Day Spa	Just to take a few hours out of a busy schedule or demanding home life can be very beneficial, and day spas are there to help you to achieve a few hours of bliss. Whether they are set in a historic building, a brand new facility or within an existing health club, or perhaps even a shopping centre, day spas often have a unique offer that will tempt you to find some "me-time".
Hotel Spa	More and more hotels are adding spas and spa treatments to their leisure facilities, and some are fairly luxurious, but there is a huge range in terms of quality and quantity facilities on offer.
Spa Town	By the 18th century, when towns such as Bath, Buxton and Tunbridge Wells became "resorts of frivolity and fashion", the designation "spa town", came to signify much more than just a place with a spring. Today spas across Europe offer a range of facilities from clinics to casinos, leisure pools to horse riding and luxury hotels to beauty salons.

Source: Spa Business Association

For its 2006 Spa Industry Survey Report for Great Britain & Ireland, Topaz Consulting Group used the six spa category definitions outlined in Exhibit 4-2 below.

Exhibit 4-2 — Topaz Consulting Spa Categories

CATEGORY	DEFINITION
Hotel Spa	A spa within the boundaries of a property where the primary business is a hotel.
Natural Spa	A spa offering a naturally-occurring on-site source of mineral, thermal or sea water, or peat and mud and other natural materials utilized for treatments.
Day Spa	A stand-alone spa, which could be part of another business (e.g., store or salon) offering individual treatments or packages where the client may spend at least half a day.
Sport & Fitness Spa	A spa within a facility whose primary purpose is fitness.
Destination Spa	A spa whose sole purpose is to provide guests with lifestyle improvement and health enhancement through professionally administered spa services, physical fitness, education and nutritional advice on a residential basis.
Medi-Spa	A spa where medically prescribed treatments are administered by qualified medical staff.

Source: Topaz Consulting – Spa Industry Survey Report for Great Britain & Ireland

Definition of Tourism Oriented Spa

There is no formal definition of a 'tourism oriented' spa in the UK.

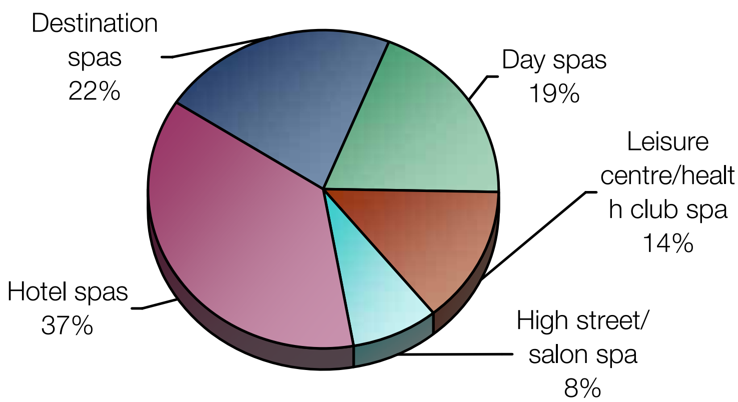
Industry Profile

Industry Size and Distribution

There does not appear to be a current estimate of the size of the spa industry in the UK. Nancy Cockerell and Jill Trew, in their article, Health and Spa Tourism in the UK (May 2003) – The Potential, indicate that different organizations that maintain lists of facilities have between 200 and 3,000 businesses on their lists. However, there is no indication as to completeness of these list or degree of scrutiny as to what constitutes a spa. There were no statistics found on the total industry revenues, employment, visits or square footage.

In its 2006 Spa Industry Survey Report for Great Britain & Ireland, the Topaz Consulting Group does provide a number of breakdowns to help profile the industry. However, it should be noted that Topaz's survey, which was sent to over 8,000 businesses, was completed by only 102 spa facilities. As such, the results may or may not be a true industry wide representation.

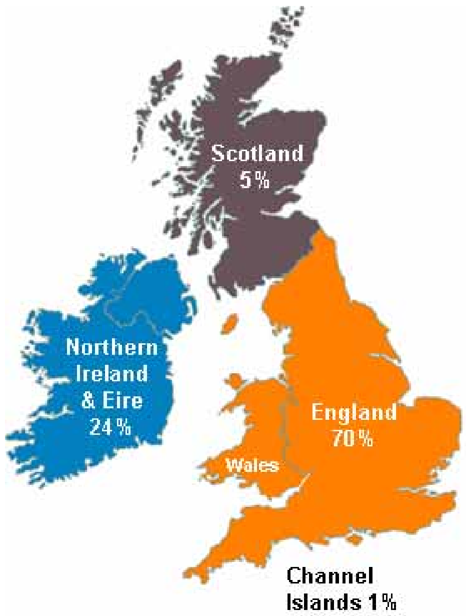
Exhibit 4-3 — Distribution of Spas by Type in the UK



Source: Topaz Consulting Group – Spa Industry Survey Report for Great Britain & Ireland (2006)

According to the Topaz report, the largest group of spas in the survey population was hotel spas which accounted for one third (37%). Destination spas are second at 22% followed by day spas at 19% (see **Exhibit 4-3**).

Exhibit 4-4 — Distribution of Spas by Region in the UK

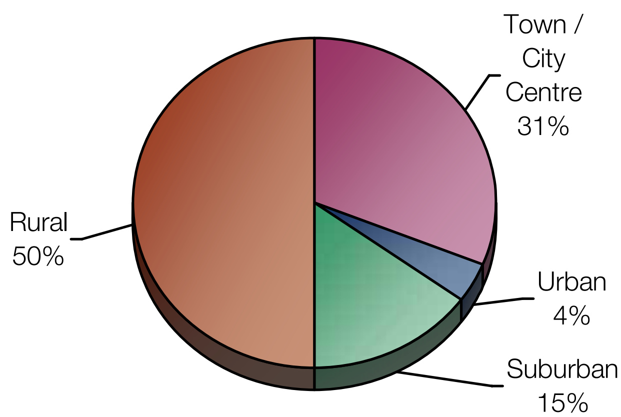


Source: Topaz Consulting Group – Spa Industry Survey Report for Great Britain & Ireland (2006)

As seen in **Exhibit 4-4**, England accounted for a large majority (70%) of spas in the Topaz survey population. Northern Ireland and Eire is the second most significant region at one quarter (24%) of respondents.

Interestingly, if the Topaz results are representative, half (50%) of the UK's spas are located in a rural area compared to 31% in a town or city centre. A further 15% are in suburban areas. These results are summarized in **Exhibit 4-5**.

Exhibit 4-5 — Distribution of Spas by Location in the UK



Source: Topaz Consulting Group – Spa Industry Survey Report for Great Britain & Ireland (2006)

Industry Growth

While there are no concrete industry numbers when it comes to growth, several information sources provide data or anecdotal information that suggests that there is strong growth in the UK spa industry. For example, Nancy Cockerell and Jill Trew indicate that supply is expanding rapidly as a result of fast-growing demand. Moreover, Cockerell and Trew suggest that the number of spa goers in the UK is expected to increase as people seek "less energetic ways to cope with their stress-filled lives."

If the Topaz Consulting Group survey is assumed to be representative, the results suggest the industry may have doubled in the past five years. More specifically, 57% of respondents to the Topaz survey opened their facilities within the past five years.

The inbound spa travel market has suffered over recent years, along with the rest of the tourism industry due to several challenges including foot-and-mouth disease, 9/11 and the more recent Tsunami disaster in Southeast Asia. Despite the downturn, Mintel's Spa Holidays Leisure Intelligence (January 2005) predicts that "high levels of disposable income have encouraged similar levels of growth within consumer expenditure, and this is expected to continue." This is expected to benefit the spa holiday industry.

Industry and Training Standards

There are currently no enforced training standards within the UK spa industry. Most training takes place within the "various product houses and manufacturers" which some are concerned is leading to "inconsistencies in the delivery of treatments" (Mintel).

Despite this, there has been some movement among industry associations and various government entities to set industry and training standards. Quality standards are currently undergoing examination through a cooperative survey between SpaBA and Visit Britain, the results of which are expected to help the two entities to develop a "national quality standard for the spa industry." In terms of training, Mintel states that BISA has "launched the new Diploma in Spa Therapies in conjunction with the Scottish Qualifications Authority." The purpose of this program is to "standardise training and raise the benchmark for professional spas internationally."

Industry Associations

Following are the four associations in the UK with direct or indirect ties to the country's spa industry:

- ***British International Spa Association (BISA):*** Leading representative body for UK spas and a worldwide organization set up by professionals in order to establish quality standards and education provision for the spa and health resort industry. Website: www.spaassociation.org.uk
- ***European Spa Association (ESPA):*** Umbrella organization representing 25 members from 22 European countries - together representing over 1,200 spas and health resorts – working together on matters of common interest. They feel that spas not only offer health services; they are also often a crucial economic factor and important employer in infrastructure-weak regions. Website: www.espa-ehv.com
- ***Spa Business Association (SpaBA):*** Replaced the British Spas Federation (BSF) in 2004 and has since been promoting itself as the "one voice" for the spa industry in the UK and Ireland. Website: www.spabusinessassociation.co.uk
- ***Spa Research Fellowship (SRF):*** Promotes education, research and scholarship into all aspects of spa and health resorts and the use of mineral and spa waters. It also provides assistance and guidance in the conducting of research and the promotion of the findings. Website: www.thespasdirectory.com/discover_the_spa_research_fell.asp

Public Sector Support

While government entities such as VisitBritain are starting to play a role within the spa industry, particularly with regard to spa travel, it is felt by some that the UK is well behind other spa markets when it comes to public sector involvement. While many believe the potential for developing a strong spa travel industry within the region is high, a coordinated effort on the part of the public sector for cooperation in developing "a sound marketing and distribution strategy" must be a key factor in the industry's future development (N. Cockerell, J. Trew).

"As mentioned earlier in this report, while there has not evidently been much support when it comes to marketing, VisitBritain has recently been involved, along with the SBA and BISA, in commissioning a Quality Standards Consumer Research Report. The goal of the qualitative report was to examine consumer needs, understanding and expectation of UK spas. The results suggested a need for a method to compare and evaluate spas and has since led to a cooperative effort among these three entities to develop an accreditation scheme (discussed in more detail earlier in this report) and is scheduled to be released in early 2007 (TNS Travel and Tourism).

Publicly Supported Investment

The one area where the spa sector appears to be getting financial support is in the development and renewal of some of the UK's traditional spa towns. The Bath Spa Project, initiated by the municipality of Bath, was meant to reconnect the town with its original "reason for being-the naturally occurring thermal springs (Thermae Bath Spa Homepage)." In 1997, the project received a substantial 7.8 million pounds (approximately 16.2 million CAD) from the publicly-supported Millennium Commission with the "intention that Bath would become an exemplar for spa revival within other UK spa towns (Bath & North East Somerset Council)." The construction of the Thermae Bath Spa is due in large part to this grant. Other traditional spa towns, such as the Peak District's Buxton Crescent and Spa Project, funded in part by the Heritage Lottery Fund, are beginning to follow suit (N. Cockerell, J. Trew).

Consumers – Spa Traveller Profiles

UK Spa Goer Profile

According to the International SPA Association's 2003 Spa-Goer Study for the United Kingdom, one in three (35%) UK residents aged 16 and over had visited a spa in the 12 months leading up to the study. This is in contrast to the findings from the Mintel Spa Holidays Leisure Intelligence Study (2005) which indicates that only 12% of adult Britons have visited a spa and only 1% of Britons are regular spa goers.

As seen in **Exhibit 4-6**, the ISPA study indicates that almost half (48%) of all spa goers in the UK are male. Interestingly, however, the Topaz Consulting Group Spa Industry Survey Report indicates that males account for only 30% of actual visits. In other words, the female spa goer in the UK visits the spa more frequently than her male counterpart.

Also according to the ISPA report, spa goers in the UK tend to be fairly young with almost half (48%) being under the age of 35. Two thirds of spa goers are married and the average annual household income is £30,500.

As presented in **Exhibit 4-7**, resort/hotel spas are the most commonly visited according the ISPA study with two thirds (66%) of respondents indicating they had visited one in the last year and one third (36%) having done so on their most recent visit. Day spa is a close second (51% and 32% respectively) followed by club spa (49% and 23% respectively).

Exhibit 4-6 — Spa Goer Demographics

GENDER	
Male	48%
Female	52%
AGE	
16-24	18%
25-34	30%
35-44	25%
45-54	23%
55-64	4%
65+	0%
Average Age	36.3
Income	
Average Household Income	£30,500
Marital Status	
Single	28%
Married	66%
Divorced/widowed/separated	6%

Source: International SPA Association – 2003 Spa-Goer Study, United Kingdom
Base is spa goers.

Exhibit 4-7 — Spa Going Characteristics

SPA TYPE VISITED IN THE PAST 12 MONTHS*	
Resort/hotel Spa	66%
Day Spa	51%
Club Spa	49%
Destination Spa	17%
Mineral Springs Spa	14%
Cruise Ship Spa	6%
Medical Spa	0%
SPA TYPE VISITED ON MOST RECENT VISIT	
Resort/hotel Spa	36%
Day Spa	32%
Club Spa	23%
Destination Spa	3%
Mineral Springs Spa	4%
Cruise Ship Spa	0%
Medical Spa	0%
Unknown	2%

Source: International SPA Association – 2003 Spa-Goer Study, United Kingdom

*Notes: *Percentages do not match source as they have been adjusted to represent the spa-goer population instead of the entire UK population. Base is spa-goers.*

Spa Traveller Profile

According to Mintel, approximately 5% of the UK population (15 years and older) has been on a spa holiday. Specifically, 3% have been on a domestic spa holiday while 2% have been on a spa holiday abroad. More importantly, the Mintel report suggests that there is great untapped potential with 22% of the adult population indicating that while they haven't been on a spa holiday, they would like to go.

Mintel figures suggest there were approximately 20,000 outbound spa holidays sold in the UK during the year 2003/04, with a value of approximately £20 million (approximately 41.6 million CAD). Mintel also indicates that trade sources estimate the overall UK spa travel market (domestic and outbound) at £50 million to £70 million.

Incidence of Spa Travel in the UK

Exhibit 4-8 summarizes the incidence of past spa travel and interest in visiting a spa by key demographic groups according to Mintel's Spa Holidays, Leisure Intelligence (2005). The results surprisingly show that males and females are equally likely to have been on a spa holiday (5% have been). However, when it comes to interest, the portion of females who would like to go to a spa is almost double the portion of males.

Exhibit 4-8 — Incidence of Spa Travel by Key Demographics

	% Who Have Been On a Spa Holiday	% Have Never Been to a Spa But Would Like to Go
GENDER		
Male	5%	15%
Female	5%	29%
AGE		
15-19	4%	47%
20-24	4%	42%
25-34	5%	34%
35-44	6%	24%
45-54	6%	19%
55-64	5%	10%
65+	3%	5%
SOCIO-ECONOMIC GROUP*		
AB	7%	21%
C1	5%	22%
C2	3%	19%
D	3%	27%
E	4%	24%
REGION OF RESIDENCE*		
London	4%	24%
South	4%	22%
Anglia/Midlands	6%	19%
Southwest/Wales	4%	28%
Yorkshire/North East	4%	24%
North West	6%	21%
Scotland	3%	20%

Source: Mintel UK Report

**Note: Detailed distribution of socio-economic groups available in Appendix C*

While the portion of UK adults who have been on a spa holiday is almost the same across all age groups, there is a wide discrepancy in interest. More specifically, interest in visiting a spa greatly diminishes with age. Forty-seven percent (47%) of those in the 15 to 19 age group indicated interest compared to only 5% in the over 65 group. Clearly the highest potential exists among those aged 15 to 34.

Despite their higher interest in visiting a spa, those in lower socio-economic groups are, not surprisingly, less likely to have taken a spa trip.

Generally, adults in all regions of the UK are equally likely to have taken a spa holiday. Most regions are also equal in their interest in visiting a spa. The key exception is the Southwest/Wales region where 28% of adults would like to visit a spa.

Characteristics of Spa Travel

Average Cost of a Spa Package

While there is no definitive data on the average expenditure by outbound UK spa travellers, the Mintel study does provide estimated average package costs by duration and distance of travel. Averages range from CDN $940 for a three to four night short haul trip to CDN $3,750 for a seven night long haul trip. The costs (shown in **Exhibit 4-9** below) have been converted from UK pounds to the approximate cost in Canadian dollars.

Exhibit 4-9 — Estimated Spa Holiday Spending

	Short-Haul, (e.g. Eastern Europe)	All other short-haul & all other	Mid Haul	Long Haul
7 Nights*	$1,250	$1,875	$2,500	$3,750
3-4 Nights*	$940	$1,250	$1,875	$2,500

Source: Mintel UK Spa Holiday Report 2005
**Conversions made at a rate of 2.0833.*

Key Travel Motivators

While motivations for taking a spa trip are not specifically mentioned anywhere, the Mintel report does cite "enticements" to take a spa holiday among the adult UK population as a whole. The top enticements include receiving the spa holiday as a gift (32%), if a group of friends came along (17%), all-inclusive package with food and drinks included (14%) and special family discounts (12%).

Destinations

According to Mintel, tour operators report that UK spa travellers are seeing Bulgaria as a "value for money destination and mid-haul destinations, such as Dubai, are becoming popular for short breaks."

However, they also report that the market for spa holidays in the "Far East and the Indian Ocean," are becoming increasingly popular (Mintel). Also interesting to note is that Condé Nast, which recently polled its UK readers on their preferred spa holiday destinations, included Canada's own Willow Stream Spa in the Fairmont Banff Springs Hotel as one of the UK spa holidaymaker's top spa destination choices. Other top destinations included spas in the Turks and Caicos Islands, Thailand, France, Seychelles, Malaysia, Maldives and the Bahamas (Mintel).

Outbound Spa Travel Distribution Channels

Typically, UK spa travellers book their holidays through general tour operators that sell holidays in resorts where spas are part of a variety of "attractions" (Mintel). Increasingly, however, these operators are selling spa packages as specialized or 'niche' holidays. Web-based booking is also becoming popular with the emergence of web-only booking agencies on the rise (N. Cockerell, J. Trew).

Exhibit 4-10 lists of some of the UK's leading travel operators.

Exhibit 4-10 — Leading UK Travel Operators

Specialist Spa Travel Operators	Popular Destinations
A Spa to Life	Hungary, Austria, Czech Republic, Slovakia, Italy, Belgium, France, the UK, Ireland, Spain, Portugal, Canary Islands, and Malta.
Caribtours	Caribbean
Champney's Health Resorts	UK, India and Switzerland.
Erna Low	Hungary, Malta, Spain, Switzerland, Cyprus, Portugal, the UK, France, Portugal, Ireland, Germany, Austria and Italy.
Thermalia	Western Europe, Slovakia, Slovenia, Czech Republic, Hungary and Poland, Sri Lanka, South Africa, Jordan, Cyprus
Luxury Spa Travel Operators	**Popular Destinations**
International Travel Connections Ltd.	Thailand, St. Lucia, Bali
La Joie de Vivre Travel	Europe, the Middle East, the Indian Ocean, the US, the Caribbean, and the Far East
Tropical Locations	Far East, Middle East, Indian Ocean, India, South Africa, and the Caribbean
Mainstream Spa Operators	**Popular Destinations**
First Choice Holidays	Eastern Mediterranean (Greece, Turkey, Cyprus) and Central/Western Mediterranean (Bulgaria, Tunisia, Spain, Portugal, Madeira, and the Canary Islands). Long-Haul destinations include Mexico, the Dominican Republic, Cuba and Goa.
TUI UK	Dedicated spa towns such as Albano Terme in Italy, Bad Ischl in Austria, and the Terme Catez in Slovenia

Source: Mintel UK Spa Holiday Report 2005

V. Germany

German Spa Definitions

Basic Definition

There is no over-arching definition for the term ‘spa’ in Germany although many agree that the concept of ‘wellness’ and purpose of spa facilities derive from a desire within Germany to promote health, activity and taking responsibility for ones’ health, in a large part to save costs to the health care system (Quality Standards for Health resorts, erholungsorten and mineral springs, April 2005, German Therapeutic Spa Federation and the German Tourism Federation). In fact, treatments related to the ‘Kur’ system, described in a later section of this report, are often covered under the national health care system.

As in other ‘European’ markets, the importance of ‘taking the waters’ in Germany is also an important aspect of the spa experience. This likely has to do with the many mineral springs and thermal baths that exist within its borders, each with its own healing and/or therapeutic properties (Cockerell and Trew).

Spa Types

Most sources articulate four main spa types in Germany. **Exhibit 5-1** details the types of spas that exist in this market, as defined by the Deutschen Heilbäderverbandes (German Spa Association) and a description of each as described by the Frommers Travel Guide.

Exhibit 5-1 — Deutschen Heilbäderverbandes Spa Types and Frommers Guide Descriptions

SPA TYPE	DESCRIPTION
Mineral & Thermal Spas/Springs	Springs with at least 1 gram of dissolved mineral substances per litre of natural water are designated "mineral springs." If the water emerges from the ground at a temperature of 68°F (20°C) or more, it's called a "thermal spring." The treatment provided in mineral and thermal springs is as varied as the composition of the waters. Some of these waters are suitable for bathing.
Climatic Health Resorts	These health resorts lie in densely wooded areas permeated with fresh air. Climatic therapy consists of open-air kinesitherapy and constitutional walks along paths.
Seaside Spas & Health Resorts	Seawater and mud from coastal shallows are much used in therapeutic treatments, often for treating circulatory disorders and cardiac defects, for rehabilitation after operations, and for skin diseases and other treatments.
Kneipp (Hydropathic) Spas & Health Resorts	This treatment was first developed by Sebastian Kneipp in 1849. It's based on a strengthening of the body's intrinsic immune system and on developing a proper macrobiotic rhythm. Warm water relaxes, cold water stimulates, and a natural way of life brings harmony -- this is the basic Kneipp formula. Treatments consist of the following: (1) hydrotherapy for exercising the vascular and circulatory systems and for strengthening the immune system, (2) consumption of natural basic whole foods to ensure regular metabolism, (3) use of medicinal herbs to activate self-health powers, (4) physical training and kinesitherapy to improve cardiac activity and blood circulation, and (5) adjustment therapy to ensure a balanced way of life and a harmony of mind and body.

Source: Deutschen Heilbäderverbandes (German Spa Association) and Frommers Travel Guide

It is important to note the difference between Frommers' description of a 'climatic health resort' to that as set out by the German Heilklimatischer Kurort (Healthy Climate Association), which describes this type of spa as follows:

- Climatic health resorts are facilities that "can scientifically prove the therapeutic effectiveness of their climate and a permanent high air quality… (and) distinguish themselves by medical-therapeutic facilities, competent specialists and beautiful spa gardens."

According to the HCA, this type of spa can be found in a variety of 'climate zones,' varying from seaside facilities to those located in the 'high mountains.'

Definition of Tourism Oriented Spa

In its online magazine, Verbandszeitschrift heilbad & Kurort, the German Spa Association published an article examining the development of the definition and quality standards of health tourism and the 'kur.' The general interpretation of the definition put forward for the concept of 'health tourism' encompasses some of the following elements:

- A 'Health Tourism' facility is a place where one can go for limited periods of time where the focus is on wellness.

Visitors travel to these facilities for some of the following reasons:

- The therapeutic value of the climate
- The provision of a 'special' diet for spa visitors
- 'Quiet' in the spa
- 'Gymnastics' and sport.

Industry Profile

Industry Size

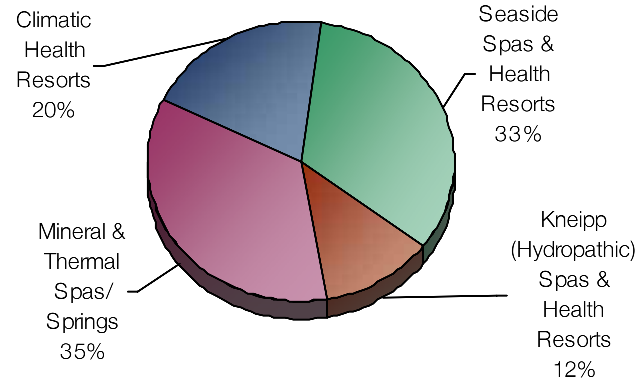
According to the Tourism Germany website, there are approximately 350 health and spa resorts in Germany (the date is not specified). German spa industry size numbers are also found in Cockerell and Trew's report on Health and Spa Tourism. Their article suggests that at the end of 2002, "Germany had 330 officially-recognized spa towns and resorts." While there is no data segmenting the number of spas by region in Germany, Cockerell and Trew suggest the regions with the largest number of spa resorts (fifty or more) are Baden-Württemberg, Bavaria and Hessen.

The German Spa Association estimates that the industry saw a total of 17.6 million visits in 2005. The breakdown by spa category is presented in **Exhibit 5-2**. As seen in the exhibit, mineral & thermal spas/springs (35%) and seaside spas & health resorts (33%) are the largest visit generators each accounting for one third of industry visits.

Industry Growth

Industry visits in Germany grew by a modest 2.4% from 2004 to 2005 and by 12.7% between 1999 and 2005. Growth in industry visits by spa type is shown in **Exhibit 5-3**. The fastest growing sector for 2004 to 2005 was climatic health resorts at 5.4%. However, it is the seaside spas & health resorts that have seen the biggest growth in visits from 1999 to 2005 at 22.1%.

Exhibit 5-2 — Distribution of Visits by Spa Type in Germany



Source: German Spa Association - http://www.deutscher-heilbaederverband.de

Exhibit 5-3 — Industry Visits by Spa Type

	2004	2005	04/05 Growth	Total Growth 1999-2005
All Spas	17,214,515	17,623,743	2.38%	12.69%
Mineral & Thermal Spas/Springs	6,203,661	6,240,972	0.60%	9.47%
Climatic Health Resorts	3,227,010	3,453,527	5.39%	4.26%
Seaside Spas & Health Resorts	5,698,489	5,848,652	2.64%	22.13%
Kneipp (Hydropathic) Spas & Health Resorts	2,035,355	2,080,592	2.22%	13.25%

Source: German Spa Association - http://www.deutscher-heilbaederverband.de

While many spa treatments in Germany have traditionally been covered through the national health plan, tightening of legislation related to coverage over recent years has led to a real concern that the industry would suffer significantly as a result. Despite the concern, however, the German National Tourist Board claimed in a publication about "The Importance of Tourism," that by 2004, up to 70 percent of guests in some spa resorts/facilities were funding their own stay.

When it comes to international spa visitors to Germany, the nation appears to be doing well after some stagnation in the years following 9/11, SARS and the beginning of the war in Iraq. The year 2004, according to Tourism Germany was the "most successful year ever for the travel industry" and the spa industry has benefited as a result. The 2006 FIFA World Cup, which took place this past summer, is also expected to grow tourism to the area and also has the potential to give the spa industry an added boost.

While Germany faces competition from many excellent spas across Europe, growth, both in the domestic as well as in the international market is expected to continue. In fact, Tourism Germany states that "A representative survey commissioned by the German National Tourist Board (GNTB) showed that travel agency managers are looking forward to a successful 2005... 87 percent believe the greatest potential lies in wellness and activity holidays."

Tourism Germany figures there were approximately 12 million arrivals to Germany's spas and health resorts in 2004, which represents a 1.1 percent increase over the previous year. In addition, while the number of overnight stays to spas and health resorts decreased by 3.7 percent to 66.2 million room nights in 2004, the average length of stay, which was 5.5 days, was still almost double the average for the overall overnight stays to Germany (2.9 days). In addition, seaside spas and health resorts also enjoyed a 2.9 percent increase in international arrivals during the same year.

Industry and Employment Standards

The German Spa Association in cooperation with the German Tourism Federation has developed a series of standards-related definitions related to 'the Kur' or 'Cure.' These are 'self-enforced' by spa facilities and resorts across Germany and in some regions, work in cooperation with local legislation. In addition, any 'medically' related treatments must meet guidelines set out by Republic legislation.

Industry Associations

Following are the five associations in Germany with direct or indirect ties to the country's spa industry:

- ***Deutschen Heilbäderverbandes (German Spa Association):*** Represents approximately 300 therapeutic baths and health resorts, 900 bath physicians and 200 members of the scientific community for bath and climate therapy. Website: www.deutscher-heilbaederverband.de
- ***European Spa Association (EPSA):*** Umbrella organization representing 25 members from 22 European countries - together representing over 1,200 spas and health resorts – working together on matters of common interest. They not only offer health services; they are also often a crucial economic factor and important employer in infrastructure-weak regions. Website: www.espa-ehv.com
- ***Die Vereinigung für Bäder- und Klimakunde e.V. (Academy of Balneology and Climatology) (VBK):*** The primary goal of the Academy is the ongoing study and research of the health resort environment in conjunction with the medical and therapeutic benefits of bath and climate therapy. Website: www.abc-vbk.org

- ***Verband Deutscher Badeärzte (Federation of German Bath Physicians):*** The purpose of the Federation is to work for the benefit of German Spa Physicians and to provide information about new research and treatments. The federation also works on behalf of its members on contracts of employment and insurance issues. Website: www.badeaerzteverband.de
- ***Heilklimatischer Kurort (Healthy Climate Association):*** Representing more than 50 climatic health resorts in Germany. Website: www.heilklima.de

Public Sector Support

Tourism Germany – Public Sector Support

Tourism Germany plays a significant role in helping to promote the spa industry. In addition to keeping facts and figures on issues including the number of facilities and growth across the sector, the devotion of a section of one of its tourism marketing brochures to the spa market suggests that the agency places a significant level of importance on the spa sector as a niche market. (The Importance of Tourism - Tourism Germany Publication, 2004)

Tourism Germany has also taken a role in helping to market the spa industry to foreign travellers visiting Germany through its website. In addition to providing browsers with extensive information about the various spa towns and resorts to be enjoyed in Germany, there are also details including the benefits and unique cultures of each region as well as the different types of treatments and spa packages available across the nation (www.germany-tourism.de/spa_vacation.htm).

German National Tourist Board – "Destination Germany"

"Destination Germany" is a widespread domestic marketing initiative which has been an ongoing project of the German National Tourist Board since 1999. The goal of the project is to analyse and observe the domestic tourism market and in so doing, "bring together themed holiday products at a national level and promote them using a full range of marketing tools."

With a focus on the key themes of 'health' and 'culture,' two workgroups have been developing and carrying out advertising campaigns since 2004 in some of the following areas:

- Marketing through www.germany-tourism.de
- Marketing through "cooperation agreements with the media and industry with a focus on "health and fitness holidays and city/short breaks," encompassing segments including: Health, fitness & beauty holidays, holidays in the countryside, active holidays and sport, short breaks, events, art and culture and culinary Germany. "Activities related to spas and health resorts in Germany and other activities are also included under these themes."

- Spas featured as possible 'mini-breaks' in "Tour Germany," a 28 page magazine insert published in June 2004 by the GNTB and its partners together with lifestyle magazine 'Fit for Fun."
- Brochure entitled "Relax and enjoy Germany's towns and cities" in June 2004 aimed at the over-45 age group and designed to "bring together cultural tips and beauty and fitness packages with information about short breaks and city breaks and includes contact and booking details."
- A 2004 domestic radio campaign using the slogan "Germany, the Insider's Tip - Experience More."
- Ongoing cooperation with internet portal Bild.T-Online.de in 2004 to showcase a wide range of information about the "many facets of Germany as a travel destination."

German National Tourist Board – "Wellness in Germany"

'Wellness in Germany' is a product segment showcasing Germany's various spa types and treatment packages. Focusing on the concept of Germany as a "feel good" destination, the campaign uses the internet to promote a variety of "healthy holiday" and "relaxing indulgence" packages offered by spa and health resorts across the country. In addition to using an interactive map to promote the nation's top spa facilities, the GNTB's website, www.germany-tourism.de, also provides users with some basic information on the Germany spa industry as well as an A-Z glossary of the types of therapies visitors can enjoy during their visit.

German National Tourist Board – "Wellness Brochures"

Seeking to promote Germany's spas abroad, the GNTB developed a series of brochures, scheduled to be published in 2005, focused on marketing its spa holidays and packages to the regions of South-Western Europe. Available in five languages, the brochures incorporated various German spa holidays and packages and were to be integrated into a series of GNTB's "market-specific" websites for this region. They were to be distributed using trade shows, workshops, "mail shots" and at the GNTB's various visitor facilities.

Publicly Supported Investment

Traditionally, many preventative and rehabilitative 'Kur' treatments in Germany have been covered by German healthcare and insurance providers. Despite this, Cockerell and Trew claim that the 'tightening of eligibility rules' over recent years has significantly diminished the amount of public dollars previously keeping a significant portion of the spa industry afloat. For the most part, the industry appears to have overcome this adversity by diversifying its offerings and today, an ever-growing number of spa visits and treatments in many facilities are consumer-funded.

Consumers – Spa Traveller Profiles

German Spa Goer Profile

Gender

While there is no statistical data outlining the demographic breakdown of male versus female spa goers in Germany, Cockerell and Trew suggest at the time of their study (2003), that women spa goers slightly outnumbered men but that this ratio was in-line with the "ratio of women to men in the population."

Age Group

Once again, while they offer no statistical evidence, Cockerell and Trew maintain that "there is a sharp increase in propensity to take the waters as Germans grow older."

Income

Cockerell and Trew suggest that because of the role of health care in facilitating spa visits and treatments for German nationals, income has not been as much of a determining factor when it comes to spa-goers in that country. Tightening of legislation over recent years, however, may well alter this trend to be more in line with other markets where primary spa goers tend to be individuals from the higher income brackets.

Region of Residence

Cockerell and Trew claim that, as of 2003, international visitors to German spas originated primarily from the Netherlands, Austria and Belgium. They also quote the GNTB as saying that the number of spa visitors from across Eastern Europe as well as residents of the USA (before 9/11) were the two groups of international spa visitors that were growing the most significantly.

Spa Going Characteristics

According to a study commissioned by the Hungarian Tourist Board from KPMG, Cockerell and Trew state that because of its "clear spa culture," the highest level of spa usage in Europe – for health or wellness – is among Germans." Cockerell and Trew further suggest that, as of the late 1990's, up to 3% of German adults aged 14 and over were regular spa clients while an additional 24% purported to be 'occasional' spa goers.

Spa Traveller Profile

According to the European Travel Monitor (ETM), health and wellness tourism made up only 1% of the total European outbound trip volume in 2002 for holidays lasting four nights or more. This translates, according to Cockerell and Trew, to slightly over four million trips during that year made by Europeans for the purpose of health or wellness.

What is interesting to note, however, is that "the respective share was highest for Germans (3%) which means that Germans generate around 50% of Europe's total count."

In fact, data from the Reiseanalyse 2005 indicates that the incidence of 'spa' and/or 'health' holidays among Germans is increasing. The report indicates that from 1999 to 2001, approximately 4.1% of Germans had taken a spa trip. This increased to 6.5% for 2002 to 2004 and is expected to be 7.0% for 2005 to 2007. Similarly, the incidence of health travel has gone from 7.6% for 1999 to 2001 to an anticipated 8.6% for 2005 to 2007.

Looking ahead, the Reiseanalyse 2005 report indicates that 7.2% of Germans are very likely to take a spa holiday between 2005 and 2007 while a further 10.1% indicated that the would consider such a trip. Clearly, there is strong potential for spa travel in the German market.

Incidence of Health and Wellness Travel

The 2005 Reiseanalyse, conducted by the research institute Forschungsgemeinschaft Urlaub und Reisen (FUR) in Hamburg (which excludes all non-holiday health travel) indicates that while the incidence of taking wellness holidays is evenly spread across different age groups, there is a sharp increase in propensity to take spa and/or health holidays with increasing age in Germany (see **Exhibit 5-4**). Moreover, the incidence of spa travel for those 60 years of age and over is more than triple the incidence for those in the 40 to 59 age range.

Exhibit 5-4 — Incidence of Spa, Health and Wellness Travel by Demographics 2002 to 2004

	% taking holidays for:		
	Spa	**Health**	**Wellness**
Age			
14-29	0.90%	2.60%	2.70%
30-39	2.20%	3.70%	3.40%
40-59	4.50%	7.50%	5.00%
60+	14.50%	15.20%	3.80%
Monthly Household Income (Euro)			
Under 1,500	7.80%	8.80%	3.00%
1,500 – 2,499	6.80%	8.50%	3.30%
2,500+	4.60%	7.30%	5.70%
Education			
Basic	8.20%	9.40%	3.30%
Secondary School	4.30%	6.40%	4.30%
Further Education	6.00%	8.70%	4.90%

Source: Reiseanalyse RA 2005: Gesundheitsreisen, Wellness, Fitness und Kur

The Reiseanalyse data for 2005 indicates that the incidence of travel for both spa and health decreases with income while the incidence of travel for wellness increases moderately with income. The incidence of spa and/or health travel is highest among those with basic education. The incidence dips for those with secondary education before rising again for those with further education. On the other hand, the incidence of wellness travel increases with education.

Trip Characteristics

Interestingly, according to the Reiseanalyse 2005 report, domestic trips within Germany account for a significantly greater share of health trips (55.5%) than they do of trips in general (30.8%). The top five outbound destinations for health trips among Germans are the Czech Republic (7.9% of health trips), Poland (7.5%), Hungary (7.1%), Spain (6.5%) and Italy (4.4%). Trip characteristics for health travel among Germans are summarized in **Exhibit 5-5**.

Exhibit 5-5 — Health Tourism Trip Characteristics

	All Trip (n=7,779)	Health Trips (n=251)
Destination		
Germany (domestic)	30.8%	55.5%
Czech Republic	1.3%	7.9%
Poland	1.8%	7.5%
Hungary	1.8%	7.1%
Spain	13.6%	6.5%
Italy	7.4%	4.4%
Trip Length		
Average Duration (days)	12.9	15.2
Trip Expenditure		
Average Cost Per Person (Euro)	812	927
Booking Channel		
Package tour	32%	29%
Travel Agent	15%	14%
Direct through operator	27%	37%

Source: Holiday Tracking Survey, April 2004 to March 2006, Roy Morgan Research.
Base is Australian travellers who visited a health resort or took a spa holiday for their most recent trip.

Health trips taken by Germans tend to be slightly longer (15.2 days for health vs. 12.9 days overall) and more expensive (927 Euro/person vs. 812 Euro/person) than average. Just over one third of health trips (37%) are booked directly through the operator while just under one third (29%) are booked as package tours.

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Appendix A – Detailed ASPA Spa Definitions

Following are the detailed spa definitions according to ASPA.

Day Spa

A business that provides professionally administered Spa services that are offered to clients on a daily basis within appropriate Day Spa facilities.

Day Spa Sub Types

Spa Type	Definition	Criteria
Wellness Spa	Combines Spa services with Wellness Programs within appropriate Day Spa facilities	Evidence of: Day Spa facilities, spa therapy and body therapy, wellbeing and lifestyle programs, and the offering of spa cuisine
Bath House Spa	Combines Day Spa services in a bathing environment	Evidence of: Day Spa facilities, spa therapy and body therapy, as well as bathing facilities
MediSpa	Medical and wellness care in an environment that combines Spa services as well as orthodox medical, and/or cosmetic medical with complimentary therapies and treatments	Demonstrate the ability to fit one of the two medical categories of MediSpa, or CosmediSpa
Medi Spa	MediSpa sub-category involving businesses that fully integrate orthodox medical services alongside wellness programs and Spa therapies	Evidence of: Day Spa facilities, fully integrated complimentary therapies and orthodox medical services, Spa services that include body and water therapy.
Cosmedi Spa	MediSpa sub-category involving medical businesses that offer cosmetic medical procedures, beauty and spa therapies	Evidence of: Day Spa facilities, cosmetic medical procedures, beauty and Spa services that include body and water therapy.

Destination Spa

Spas that provide Spa style treatments with accommodation or Spas within accommodation environments.

Destination Spa Sub Types

Spa Type	Definition	Criteria
Resort Spa	Spa business operating within a resort location, offering Spa style beauty and body treatments with some water therapy and spa style service. May or may not offer wellness programs and spa cuisine/healthy food option.	Evidence of: Spa services that include body and water therapy, as well as available guest accommodation.
Hotel Spa	Day Spa business operating within a hotel location offering full Day Spa therapies and services including water therapy and relaxation areas. May or may not offer wellness programs and spa cuisine/healthy food option.	Evidence of: Day Spa facilities, Spa services that include beauty, body and water therapy, and hotel accommodation.
Spa Retreat	Accommodation based facility offering Spa and body treatments, with some water based therapy as well as spa cuisine/healthy food options.	Evidence of: Spa services that include body and water therapy, Spa cuisine, and Guest accommodations.
Health Spa	Spa business operating within a retreat location, offering a full range of Spa Services and Wellness Programs that address the client's health and lifestyle needs, providing on site guest accommodation.	Evidence of: 3 -7 day + packages that are programmed and include, diet, fitness etc. Packages to be supplemented by Spa/body treatments. Spa Cuisine and guest accommodation must also be available.

Natural Bathing Spa

Spa business operating within a retreat location, offering extensive use of communal bathing in naturally occurring waters or mud pools with a full range of Spa services which may or may not be provided on site, and guest accommodation.

Natural Bathing Spa Sub Types

Spa Type	Definition	Criteria
Mineral Spring Spa	Spa business operating within a retreat location, offering extensive use of communal bathing in naturally occurring spring water pools or baths with a full range of Spa services, which may or may not provide on site guest accommodation.	Evidence of: Spa services, in conjunction with extensive communal bathing facilities that include but are not limited to mineral springs. Guest accommodation may or may not be available.
Hot Spring Spa	Spa business operating within a retreat location, offering extensive use of communal bathing in naturally occurring Hot Spring Water pools or baths with a full range of Spa services. May or may not provide on site guest accommodation.	Evidence of: Spa services, in conjunction with extensive communal bathing facilities that include but are not limited to hot springs. Guest accommodation may or may not be available.
Natural Mud Spa	Spa business operating within a retreat location, offering extensive use of communal bathing in naturally occurring mud pools or mud baths with a full range of Spa services. May or may not provide on site guest accommodation.	Evidence of: Spa services, in conjunction with extensive communal bathing facilities that include but are not limited to natural mud. Guest accommodation may or may not be available.
Sea Water Spa	Spa business operating within a retreat location, offering extensive use of sea water in baths and treatments with a full range of spa services that may or may not provide on site guest accommodation.	Evidence of: Spa services with extensive use of sea water. Guest accommodation may or may not be available.

Appendix B – Detailed Spa Business Association Spa Definitions

Destination Spa

Sometimes known as 'health farms,' or 'hydros' and includes resorts. If you are visiting a destination spa, you will be going for a relaxing break to take time out from the world, to be pampered, to experience new therapies and activities, to eat healthily and possibly to lose weight, de-tox or give a healthier lifestyle a kick-start. Criteria include:

- Comfortable accommodation
- Spa facilities (e.g. steam rooms, bubble-jet pools, sauna, relaxation areas)
- A range of therapeutic treatments
- Healthy eating and nutritional guidance
- Fitness assessment
- Tailor-made packages
- A countryside setting with plenty of fresh air and a good quality environment
- Outdoor activities
- Gym or fitness equipment, and a range of organised classes and activities with on-site instructors
- Relaxation areas
- A health check questionnaire or visit to medical personnel

Day Spa

Just to take a few hours out of a busy schedule or demanding home life can be very beneficial, and day spas are there to help you to achieve a few hours of bliss. Whether they are set in a historic building, a brand new facility or within an existing health club, or perhaps even a shopping centre, day spas often have a unique offer that will tempt you to find some "me-time". Criteria include:

- Spa facilities (e.g. steam rooms, bubble-jet pools, sauna, relaxation areas)
- A range of therapeutic treatments
- Special packages
- Membership offers or benefits for frequent visitors
- Some gym facilities and classes such as yoga or Pilates with qualified instructors

Hotel Spa

More and more hotels are adding spas and spa treatments to their leisure facilities, and some are fairly luxurious, but there is a huge range in terms of quality and quantity facilities on offer. Criteria include:

- Spa facilities (e.g. steam rooms, bubble-jet pools, sauna, relaxation areas)
- A range of therapeutic treatments
- Some gym or fitness equipment

Spa Town

By the 18th century, when towns such as Bath, Buxton and Tunbridge Wells became "resorts of frivolity and fashion", the designation "spa town", came to signify much more than just a place with a spring. Today spas across Europe offer a range of facilities from clinics to casinos, leisure pools to horse riding and luxury hotels to beauty salons. In France it is still necessary to see a Doctor prior to any treatment, in Spain legal action is threatened against those using only tap water in facilities called "balneario" or spa, and in Germany measures are being sought to strengthen the definition and use of natural mineral and health waters.

Criteria include:

- A water source, often rich in minerals and legend, sometimes credited with specific healing properties
- Spa architecture and historic facilities - some now being brought back into use
- Cultural activities and festivals Parks and outdoor activities
- Restaurants and hotels to make your stay comfortable.
- Climate and environment in which to enjoy walking, cycling and outdoor activities.

Appendix C – UK ACORN Categories

ACORN CATEGORY	ACORN GROUP	% OF POPULATION
Wealthy Achievers - Category 1	**Total Group**	**26.5%**
	A - Wealthy Executives	9.5%
	B - Affluent Greys	7.6%
	C - Flourishing Families	9.4%
Urban Prosperity - Category 2	**Total Group**	**11.1%**
	D - Prosperous Professionals	2.3%
	E - Educated Urbanites	4.8%
	F - Aspiring Singles	4.0%
Comfortably Off - Category 3	**Total Group**	**26.9%**
	G - Starting Out	2.2%
	H - Secure Families	17.4%
	I - Settled Suburbia	5.2%
	J - Prudent Pensioners	2.0%
Moderate Means - Category 4	**Total Group**	**14.7%**
	K - Asian Communities	1.7%
	L - Post Industrial Families	5.7%
	M - Blue Collar Roots	7.3%
Hard Pressed - Category 5	**Total Group**	**20.9%**
	N - Struggling Families	14.4%
	O - Burdened Singles	3.3%
	P - High Rise Hardship	1.1%
	Q - Inner City Adversity	2.0%

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