

VICTORIA'S SPA AND WELLBEING TOURISM ACTION PLAN 2011 – 2015



Tourism Victoria



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TABLE OF CONTENTS

MESSAGE FROM THE MINISTER 2

EXECUTIVE SUMMARY 3

INTRODUCTION..... 4

MARKET OVERVIEW..... 5

COMPETITIVE ENVIRONMENT 9

INVESTMENT ATTRACTION..... 11

PRODUCT DEVELOPMENT 15

MARKETING..... 17

REPORTING 19

MESSAGE FROM THE MINISTER



Victoria has the unique advantage of being one of only a few locations in the world that has access to both natural mineral springs and geothermal waters.

The state is well positioned to tap into the increasing global consumer demand for enrichment and rejuvenation through connecting with nature and a focus on wellbeing.

There are over 100 recognised natural mineral springs across Victoria, by far the highest number of mineral springs in Australia. The majority are found in the Hepburn and Daylesford region – acknowledged as the nation's spa centre.

And with untapped geothermal water resources across the state, there is strong potential for the industry to grow further.

The rejuvenating and replenishing properties of this natural asset, offer not only therapeutic and wellbeing benefits, but the perfect indulgent escape. Whether it's our food or wine; rich arts and cultural heritage or our magnificent natural wonders, the Victorian experience is about holistic wellbeing and lifestyle and sets our state apart from the rest of the country.

The demand for spa and wellbeing experiences and the growth of the spa and wellbeing industry in Victoria has led to the development of *Victoria's Spa and Wellbeing Tourism Action Plan 2011-2015*.

This plan focuses on three key directions over the life of the plan; facilitating investment, strengthening skills in the industry and increasing consumer demand for spa and wellbeing experiences.

I look forward to working with you to leverage our natural resources for new tourism investments and maximising experiences for the discerning spa goer in our beautiful state.

A handwritten signature in blue ink, appearing to be 'Louise Asher', written in a cursive style.

HON LOUISE ASHER MP
MINISTER FOR TOURISM AND MAJOR EVENTS

EXECUTIVE SUMMARY

Victoria is unique in an Australian context because of its natural mineral and geothermal waters. There is a significant investment in dedicated spa infrastructure and destinations.

The plan capitalises on Victoria's strengths and the potential of the 2011-2015 Action Plan to enhance our leadership position and further increase awareness of Victoria's spa and wellbeing product.

With over 100 natural mineral springs, Victoria has the highest number in Australia. They have given rise to a rich heritage of authentic spa and wellbeing products showcased in destinations such as Daylesford and Hepburn Springs.

Victoria's spa and wellbeing offering appeals to affluent consumers, who earn more, spend more when travelling and have a focus on personal health and balance, community wellbeing and environment. This market wants authenticity in travel experiences; they value quality over price and seek enrichment and rejuvenation through connecting with nature and focusing on their wellbeing.

Victoria's Spa and Wellbeing Tourism Action Plan 2011-2015 identifies the actions that Tourism Victoria will deliver on behalf of industry to capitalise on Victoria's competitive position.

Tourism Victoria has identified three key directions:

- facilitating investment in spa and wellbeing product
- strengthening the professionalism of the industry
- increasing consumer demand for spa and wellbeing experiences.

The key actions include:

- supporting investments that utilise the state's natural geothermal and mineral waters
- promotion of *Victoria's Geothermal & Natural Mineral Water Tourism Investment Opportunities Guide* to potential investors
- facilitating cross-promotion and packaging opportunities for spa and wellbeing products
- educating spa and wellbeing businesses, working with the travel trade and establishing commissionable products
- focusing on marketing Victoria's unique competitive strength of natural mineral and geothermal waters and the regions that deliver tourism experiences around these waters
- positioning Daylesford as the leading spa and wellbeing village in Australia
- developing a marketing campaign to promote Victoria's geothermal water experiences in destinations such as Mornington Peninsula.

Tourism Victoria will take a leadership role in delivering the key actions contained in the plan and will work with industry to ensure that Victoria is recognised as the state strongly associated with spa and wellbeing.

INTRODUCTION

Victoria's Spa and Wellbeing Tourism Action Plan 2011-2015 builds on the success of the 2005-10 plan which saw Victoria increase its share of domestic overnight spa visitation to 38 per cent.

The wellbeing industry is still growing and there are new opportunities for spas in Victoria.

Some of the key factors in developing the 2011-2015 Action Plan are:

- ◆ Victoria faces increased competition from other domestic and overseas destinations which are becoming more innovative and aggressive in the way that they market and develop their tourism offerings
- ◆ low cost airlines contribute to potential for short city breaks
- ◆ planning regulation impacts on Victoria's capacity to attract new tourism investment
- ◆ the internet and social media empower consumers to make travel decisions – Victoria needs media cut-through
- ◆ Consumers increasingly seek healthy lifestyles, stress management and work-life balance programs, as part of their spa and wellbeing experience
- ◆ SpaFinder¹ forecasts that 'wellness tourism' - international travel for preventative services, diagnostics and spa and wellbeing holidays - will be important in the future
- ◆ Consumers are becoming increasingly spa savvy and concepts such as authenticity, health and nutrition are becoming more mainstream
- ◆ Consumers are seeking to learn how to integrate wellbeing into their everyday lives and hence take wellbeing into their own hands
- ◆ SpaFinder² forecast that in 2011 there will be a renaissance in spa bathing, especially with the Baby Boomer spa-goer demographic as the pain-relief benefits of soaking in thermal water are rediscovered
- ◆ The travel industry has reported that the number one emerging spa travel trend is people visiting spas for special occasions such as birthdays, anniversaries and weddings, adding to the growth in 'social spa-ing' including girls' weekends away.³

¹ 2010 SpaFinder, Inc, <http://www.spafinder.com/>

² 2010 SpaFinder, Inc, <http://www.spafinder.com/>

³ 2010 SpaFinder, Inc, <http://www.spafinder.com/>

MARKET OVERVIEW

Lifestyles of Health and Sustainability

Consumers worldwide are increasingly seeking healthier and more sustainable products and services broadly described as the 'wellness movement'.

In recognition of this trend, the Lifestyles of Health and Sustainability market (LOHAS)⁴ market has been identified to define shifting consumer values based on sustainable, environmentally and socially responsible lifestyle choices.

LOHAS consumers' lifestyle and purchasing decisions are informed by their personal, family and community health, environmental sustainability and social justice values. There has been an increase in participation of LOHAS-oriented leisure activities, such as health spa tourism. Key activities include massage, yoga, naturopathy, organic food and complementary services which provide a holistic and proactive approach to wellbeing⁵. In addition, LOHAS consumers value alternative transport, eco and cultural tourism and sustainability events and festivals. LOHAS consumers' concerns regarding personal health and wellbeing are strongly connected with their interest in community and environmental wellbeing.

The baby boomer generation is the core consumer group driving the growth of the wellness industry. Baby boomers have considerable spending power and seek treatments to maintain and prolong good health. Baby boomers are looking for a fusion of travel, health and wellbeing experiences.

However, younger consumers are interested in wellness products and services. Generation X and Generation Y perceive spa going as a necessity rather than an occasional indulgence. They seek wellbeing rather than pampering and often head to spas in groups.

LOHAS in Australia

- LOHAS consumers' lifestyle and purchasing decisions are informed by their values and attitudes which are driving the markets for products such as ecotourism, yoga, spa tourism and organic foods.
- Nearly 4 million adult Australians (26 per cent of adult population) are LOHAS aligned. The LOHAS market in Australia grew from \$15 billion in 2008 to \$19 billion in 2009 and is growing rapidly at over 20 per cent per annum.
- The estimated value of the 'Mind and Body' LOHAS category grew from \$3.5 billion in 2008 to \$3.9 billion in 2009.
- 11 per cent of the population are LOHAS Leaders, who have strong values and attitudes towards personal and community health and wellbeing. To them, a healthy and sustainable lifestyle is not something new, it's part of their everyday life.
- 39 per cent of the population are LOHAS Leaning and are prepared to adopt more LOHAS behaviours.
- 44 per cent of the population are LOHAS Learners. Learners would like to do the "right thing" but are not sure where to start. Solving their key barriers, which include price and availability, are paramount to unlocking this market.
- 6 per cent of the population are LOHAS Laggard who may begin to consider broader LOHAS issues as they move through different life stages.

Source: Mobium Group, Living LOHAS©3 Report, 2007-2010

⁴ Mobium Group, Living LOHAS©3 Report, 2007-2010

SPA VISITATION

The analysis below provides a synopsis of the number of domestic and international visitors participating in spa tourism activities. For the purpose of this analysis, a spa and wellbeing visitor is defined as a person who visited a health spa or wellbeing centre during their last trip in Australia. While these spa and wellbeing visitors are not our core target market from a marketing perspective, the data below provides an insight into the number of consumers visiting spas while on holiday.

Due to data limitations, a range of sources have been used in this analysis including the *International Visitor Survey (IVS)*, the *National Visitor Survey (NVS)* by Tourism Research Australia and the *Holiday Tracking Survey (HTS)* by Roy Morgan Research.

Domestic overnight visitation

According to the NVS, Australia received 216,000 domestic overnight spa tourism visitors for the year ending June 2010, accounting for 1.2 million domestic visitor nights. The average length of stay was 5.7 nights. During the same period Victoria received 82,000 domestic overnight spa tourism visitors.

Over the longer term domestic overnight spa visitation in Australia has maintained growth, increasing at an annual average rate of 3.4 per cent per annum during the period year ending June 2004-2010.

Share of domestic overnight spa visitors

The NVS indicates that Victoria received the highest share of all domestic overnight spa visitors in Australia at 38 per cent for the year ending June 2010. This is higher than Victoria's share of total domestic visitors during this period (24 per cent). New South Wales recorded the second highest share of domestic spa visitors (37 per cent), followed by Queensland (13 per cent).

Origin of domestic overnight spa visitors in Victoria

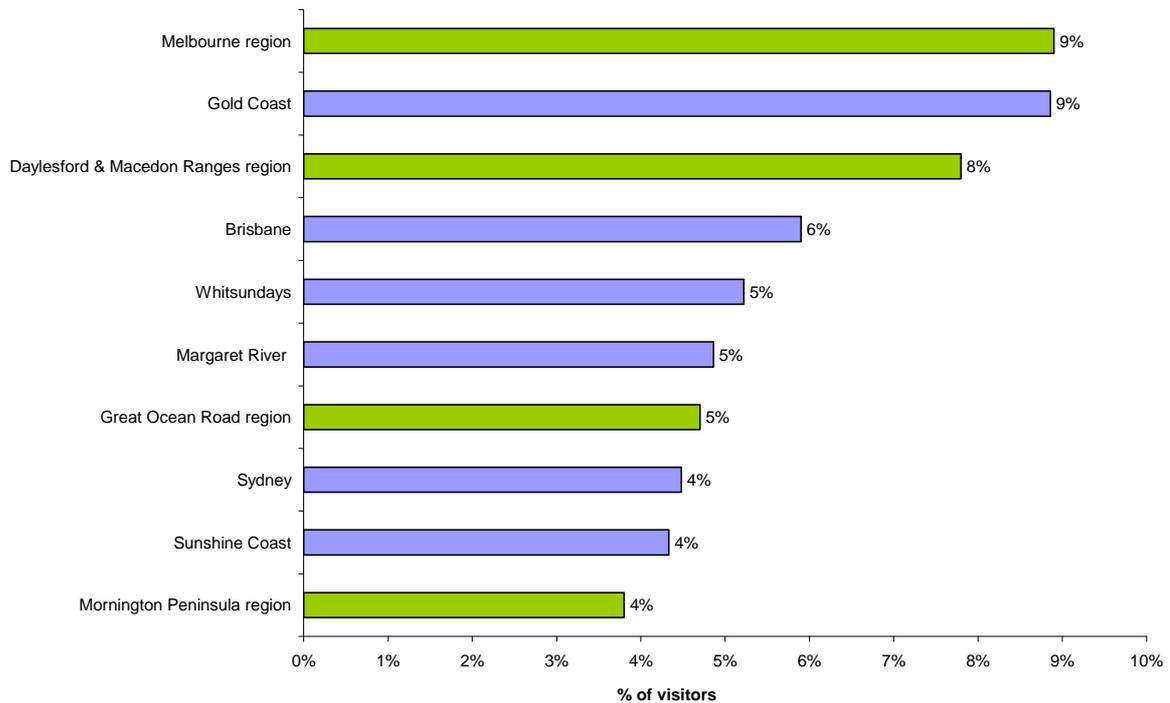
Results from the HTS indicate that Melbourne is the core source market for spa tourism in Victoria, representing 61 per cent of all domestic spa tourists to the state. While only 22 per cent of spa visitors come from interstate, over a third (35 per cent) of all domestic visitors to Victoria are interstate visitors, suggesting potential to further develop the interstate market⁶.

⁵ *Holiday Tracking Survey*, Roy Morgan Research, July 2006 - June 2010

Top destinations visited by domestic spa visitors

According to the HTS, four of Victoria's campaign regions are amongst the top ten destinations for domestic spa visitation in Australia. These include the Melbourne campaign region (9 per cent), Daylesford and Macedon Ranges region (8 per cent), the Great Ocean Road region (5 per cent) and the Mornington Peninsula region (4 per cent). Competition for domestic spa visitation includes coastal and resort destinations such as the Gold and Sunshine Coasts, the Whitsundays, Margaret River and cities such as Brisbane and Sydney.

Figure 1: Top 10 campaign regions/destinations for domestic spa visitation in Australia



Source: *Holiday Tracking Survey*, Roy Morgan Research, July 2006 - June 2010

Note: This chart highlights the destination/s visited by those that undertook a health resort/spa holiday on their last domestic holiday in Australia (>1 nights).

International spa visitation

Results from the IVS indicate that 174,200 international overnight visitors to Australia visited a health resort or spa in the year ending June 2010. Growth in international spa visitation to Australia has been strong over the long-term increasing at an annual average growth rate of 18.2 per cent per annum for the period year ending June 2004 to 2010. This highlights the growing interest of international visitors in participating in a spa experience whilst on a trip to Australia.

TARGET MARKETS

Victoria's spa and wellbeing offering appeals to an affluent group of consumers, who earn more, spend more when travelling and are more likely to live in capital cities, with Sydney a key market.

Research conducted for the *Daylesford. Lead a double life* spa and wellbeing campaign, identified the 'Enriched Wellbeing' segment as the primary target audience for this type of experience.

'Enriched Wellbeings' are progressive individuals who focus on personal health and balance, community wellbeing and the environment.

This segment is made up of financially secure individuals who are interested in cultural and creative pursuits as well as giving back through recycling, donating to charities and walking the talk on environmental issues. 'Enriched Wellbeings' appreciate quality and freshness in food and are more likely to buy organic foods whilst still indulging in wine and chocolate. This segment seeks authenticity in travel experiences; values quality over price and seeks enrichment and rejuvenation through connecting with nature. The characteristics of this market also identify with the LOHAS mindset.

Among Enriched Wellbeing consumers aged 18 years and over there is a female skew (64 per cent) with 53 per cent aged 35-64 and 22 per cent aged 25-34 years.

In research conducted as part of the *Daylesford. Lead a double life* campaign, the key interstate markets were identified as Sydney, Adelaide and Brisbane. In these markets there is a focus on increasing awareness of Victoria's spa and wellbeing product and positioning the natural mineral and geothermal waters, as a key point of difference from other Australian states and territories.

Victoria

From an intrastate perspective, Tourism Victoria's objective is to educate Victorians about the state's spa and wellbeing proposition. Loyal Victorians have a greater knowledge of key spa villages such as Daylesford and can be advocates for spa and wellbeing experiences, drive word of mouth and encourage the visiting friends and relatives (VFR) market to take day trips or short breaks. In addition, couples and girls' weekends away are significant target markets for Victoria's spa and wellbeing experiences.

International

Victoria's key international markets, including New Zealand, Japan, South East Asia, the United Kingdom and continental Europe, already have strong spa and wellness product offerings and it is unlikely that spa and wellbeing experiences will be a single motivator for travel. Spa and wellbeing experiences can be packaged as a value-add for overseas visitors and unique product experiences such as the natural mineral springs, geothermal waters and indigenous products can be promoted to these markets.

COMPETITIVE ENVIRONMENT

Victoria's Market Positioning

Victoria is the industry leader for this segment in Australia confirmed by the Roy Morgan Research *Brand Health Survey 2011*. Victoria is ranked first as the destination that most Australians associate with spa and wellbeing experiences. Queensland and New South Wales are ranked second and third. However a large proportion of respondents do not associate spa and wellbeing with any state, which provides an opportunity for Victoria to further improve its position.

Since 2005, Victoria has positioned itself as a leading spa and wellbeing destination and enjoyed significant developments within the industry, both with new infrastructure developments and significant marketing activity.

Victoria has a unique mineral water resource with over 100 recognised springs located across the state – the highest number of mineral springs in Australia. Over 80 per cent of Australia's effervescent mineral water reserve is in Victoria, particularly in the Central Highlands around Daylesford and Hepburn Springs. This reserve encouraged spa and wellbeing development from the late nineteenth century as European migrants visited to 'take the waters'. After a period of decline in visitation and investment, the region has been rejuvenated with a number of significant recent spa infrastructure developments including Hepburn Bathhouse & Spa, Mineral Spa at Peppers Springs Retreat and Salus Spa, Lake House.

Geothermal waters have also been discovered on the Mornington Peninsula and the southern coast of Victoria. The first geothermal resort, Peninsula Hot Springs opened in 2005 and the Sebel Deep Blue Warrnambool opened in 2007. With untapped geothermal water resources across the state there is potential for further industry growth.

The Waters Defined

Mineral water is groundwater, which in its natural state contains carbon dioxide and other soluble matter in sufficient concentration to cause effervescence or impart a distinct taste. It is relatively rare and can be used for drinking water or for bathing.

Mineral spring is a point where natural mineral water flows out of the ground.

Geothermal water is groundwater that is heated by the earth's energy. It is used for bathing and is not for consumption.

While competitor destinations offer consumers structured lifestyle retreats within a built destination, regional Victoria's spa and wellbeing experiences provide the opportunity for consumers to indulge in their passions and design their own holistic wellbeing experience.

Many of regional Victoria's spa and wellbeing products are located in natural settings in historic towns, coastal and alpine villages, enhanced by the access to complementary activities including nature-based and heritage experiences and quality food and wine.

Victoria's product differentiation is further supported by the availability of quality spa and wellbeing tourism product in Melbourne. Melbourne's spa and wellbeing product includes five-star hotel properties, urban experiences within architectally designed urban spaces and Central Business District day spas all set in the city's vibrant urban culture of theatre, shopping and dining experiences.

Spa businesses such as Crown Spa, Isika Day Spa at Crown Metropol, Chuan Spa at The Langham Hotel and Aurora Spa Retreat at The Prince reinforce Melbourne's positioning as a stylish, sophisticated and cultured city. Spa and wellbeing experiences can play a complementary role that may extend the length of stay of visitors.

Domestic competition

The spa industry in New South Wales and Queensland has grown as a result of hotel and resort developments rather than from the occurrence of a natural mineral water asset as in Victoria. Spa and wellbeing experiences are offered in all Australian capital cities and some regional destinations, however, apart from Victoria, no one state has promoted spa and wellbeing as a segment.

The main competition for Victoria comes from 'signature' lifestyle retreats or resorts with structured diet programs and classes designed to provide stress management and work-life balance solutions in a tropical or subtropical environment. Marketing is undertaken by individual properties rather than led by state tourism organisations. Signature retreats include Gaia Retreat & Spa (Byron Bay), Gwinganna Lifestyle Retreat (Gold Coast Hinterland) and The Golden Door (located in northern New South Wales and Queensland). Victoria is a key market for these resorts.

International competition

Many international destinations have a strong traditional spa heritage, based on the natural mineral and geothermal waters or ancient treatments and therapies. It is unlikely that spa and wellbeing activity is a major motivator for travel, rather an activity undertaken as part of a holiday.

New Zealand has more than 100 natural hot pools in 19 regions. Thermal pools and thermal pool complexes can be found at Waiwera just north of Auckland, Rotorua and Taupo in the central North Island, and Hanmer Springs in the South Island. Many of these thermal pools are supported by developed infrastructure such as day spa facilities, such as Hanmer Springs Thermal Pools & Spa, and resort accommodation. In recent years, New Zealand has sought to capitalise on this natural attribute through investment in new infrastructure and marketing.

In Asia, the growth in spa and wellbeing tourism has been based around each country's heritage and cultural practices. Ancient spa and wellbeing culture applies therapies that are used as effectively today as they have in centuries past. Cultural and traditional practices such as Ayurveda, Thai massage, Reiki and Chinese medicine are now practised in spa resorts across the world.

Bali, Thailand, Malaysia and India have developed resorts with luxury spa retreats within resorts. These retreats offer an extensive range of traditional and contemporary treatments at competitive rates, due to the abundant supply of staff and lower labour costs. With the introduction of low cost carriers and competitive accommodation rates, Asian destinations have become more accessible to Australians.

Many European countries such as Germany, France, Hungary, Switzerland, Italy, the Czech Republic and the United Kingdom have a long tradition of using the restorative waters of spas. Growth has been in established European spa villages, with significant redevelopment of facilities in locations such as Bath (England), Baden Baden (Germany) and Karlovy Vary (Czech-Republic).

INVESTMENT ATTRACTION

Why is this issue important?

Victoria has the unique advantage of being one of only a few locations in the world that has access to both natural mineral springs and geothermal waters. There are over 100 recognised natural mineral springs in Victoria, by far the highest number of mineral springs in Australia, with the majority found in the Central Highlands region of Victoria, incorporating the Hepburn and Daylesford region. There is also a smaller network of spring reserves in the Greater Geelong area including Geelong and Clifton Springs. The Geelong site at Eastern Beach however is the only site outside central Victoria that has a working spring and hand pump that is accessible for tasting.

With untapped geothermal water resources across the state there is strong potential for the industry to grow further.

Victoria's geothermal water and mineral spring resources are widespread, largely accessible for tourism purposes, and under developed. In several instances, these groundwater resources are already recognised for their therapeutic values, thus providing further opportunity to build on an established destination or brand.

Geothermal water and natural mineral water has long been associated with mental and physical health benefits whether for therapeutic bathing or enjoyment from drinking. Globally there are many popular tourism developments built around these natural resources.

Increasing demand for authentic health and lifestyle experiences based around geothermal and natural mineral water resources such as hydrotherapy, massage, mud packs and natural saunas provide attractive tourism and economic opportunities in regional Victoria, particularly when complemented by the provision of ancillary accommodation, local food and wine experiences and regional village experiences. Victoria is well positioned to capitalise on its unique assets and growing consumer demand in the spa and wellbeing market. With the abundance of natural resources available across the state, there is significant potential for investment in major spa and wellbeing developments to attract local, interstate and overseas visitors to Victoria.

Investors in the natural spa tourism industry are varied. In Australia, spa tourism is a relatively new industry, although in Victoria there has been considerable investment in recent years with government investment in several larger bathhouse developments including the \$13 million redevelopment of the Hepburn Bathhouse and Spa which opened in 2009.

Significant private investment has also taken place with the development of Peninsula Hot Springs, Mornington Peninsula and Sebel Deep Blue, a geothermal bathhouse launched in 2007 at Warrnambool. There are several private investors actively pursuing potential health and wellbeing development sites in Victoria and it is expected that a number of private businesses will open in the near future on private land.

Current and proposed private developments which will increase the quantity of premium spa and wellbeing product in the state include:

- redevelopment of Burnham Beeches in the Dandenong Ranges, a historic guest house with plans for renovations and potential access to natural mineral water
- Edgewater Resort, Warburton, a new resort being developed on the site of the former Sanitarium factory which will feature a spa and wellbeing retreat
- Lake Bellagio Resort, a proposed 336 room spa resort in Daylesford
- Sanea at Sault Estate, a proposed 180 room spa retreat featuring a natural mineral spring fed lake in Daylesford
- exploration of further development of the Peninsula Hot Springs, Mornington Peninsula.

These proposed developments are complementary to existing tourism experiences in these regions, including food and wine and nature-based tourism.

In recent years, competitor destinations have invested heavily in unique, world class spa and wellbeing facilities and Victoria is at risk of falling behind if new product investment is not realised.

Internationally, there are private owner/operators of smaller scale spas and large scale developments where investors include local governments, private/public joint ventures, health and wellness companies and large hotel chains. Hanmer Springs in New Zealand is an example of a local government successfully operating and developing a geothermal spa facility. In Europe, spa developments have often been supported by governments that recognise their contribution to the tourism industry. In the United Kingdom, there are coordinated efforts to promote spa heritage towns and ensure that the United Kingdom remains on the list of spa locations to visit.

Figure 1. Victoria’s geothermal and natural mineral water occurrences



Case Study: Peninsula Hot Springs

The Peninsula Hot Springs is a successful new private tourism investment built to meet spa tourism opportunities. Located on a 17 hectare site, 75 minutes from Melbourne, it was the first geothermal spa facility to open in Victoria. Private developers who purchased land on the Mornington Peninsula financed this venture. A 637 metre deep bore was installed to provide geothermal water to the spa facility.

The spa was opened in 2005 and to keep up with visitor demand undertook a significant \$8 million second development in 2009 including a new bathhouse with a variety of additional pools and bathing experiences. Peninsula Hot Springs employs approximately 120 staff from the region, ranging from catering, reception and garden maintenance services to massage and beauty therapists. In its first year of operating it attracted around 50,000 visitors and is now attracting over 150,000 visitors. It is anticipated that demand will grow to in excess of 250,000 visitors by the end of 2011 and 350,000 by the end of 2012.

Peninsula Hot Springs offers a global spa experience with geothermal waters providing spa temperatures of up to 43°C. Guests have the option of selecting from a range of indoor and outdoor hot geothermal water spas, saunas, steam rooms and many other bathing options in either a public or private setting. The Bath House has over 25 bathing experiences on offer with areas suitable for visitors of all ages. The Spa Dreaming Centre provides bathing and spa treatments in a tranquil, relaxing setting for guests 16 years and older. Therapies on offer include a wide range of massages, facials, mud, stone and steam treatments as well as private baths with a selection of oils, salts or muds. There are also two food outlets offering breakfast, lunch and dinner. Peninsula Hot Springs is open daily from 7:30am till 10pm providing early bird and twilight bathing experiences as well as dine and bathe packages.

Source: www.peninsulahotsprings.com

What will we do in the future?

For Victoria to remain competitive and maximise yield and dispersal from interstate and international visitors, a focus on innovative product development and investment attraction is required.

Tourism Victoria is committed to promoting the use of geothermal and natural mineral water in new tourism investment projects.

Victoria's Geothermal & Natural Mineral Water Tourism Investment Opportunities Guide will be used to encourage new investment in geothermal and natural mineral spring tourism product in Victoria by local government and private investors.

To increase the quantity of premium spa and wellbeing product in Victoria, Tourism Victoria will assist with funding for feasibility studies for potential public bathhouse facilities in key destinations including the Great Ocean Road, Mornington Peninsula, the Goldfields, Victoria's High Country, Gippsland and the Murray.

Action	Timing
Launch and promote <i>Victoria's Geothermal & Natural Mineral Water Tourism Investment Opportunities Guide</i> .	September 2011
Promote Victoria's unique geothermal and natural mineral spring tourism investment opportunities to local government and private investors.	Ongoing
Support public and private investment in geothermal and natural mineral spring infrastructure, including the Geelong Waterfront Bathhouse, further development to Peninsula Hot Springs along with other potential bathhouse facilities in regional Victoria.	Ongoing
Further explore opportunities to develop a geothermal bathhouse facility at Port Fairy.	2012
Assist with funding for feasibility studies for potential public spa and wellbeing tourism facilities in key destinations including the Great Ocean Road, Mornington Peninsula, the Goldfields, Victoria's High Country, Gippsland and the Murray.	2011 - 2015
Contribute funding to priority local government investment facilitation work for new geothermal and mineral water projects.	2011 - 2015

PRODUCT DEVELOPMENT

Why is this issue important?

Victoria's reputation for premium spa and wellbeing experiences relies on the continued capacity of industry to deliver high quality innovative experiences. It is essential that the industry continues to develop quality experiences consistent with consumer demand.

The Victorian spa sector is well developed with individual hotels and hotel groups such as Accor, Crown, Hyatt, Langham and Peppers investing in spa retreats. The sector is well positioned for a coordinated marketing campaign to outline the product offerings in Victoria. It is important to highlight each property's unique product experiences to establish a point of difference between hotel properties and destinations both nationally and globally.

There is an opportunity for spa product to partner with complementary products such as accommodation, food and wine experiences and nature-based products to develop packages and promotional activities. Engaging in cooperative ventures will encourage the travel trade to include spa and wellbeing products within their trade programs.

Spa and wellbeing tourism products are not a single motivator for international tourists to visit Victoria. However, given the abundance of natural resources in Victoria, spa businesses have the opportunity to source and include indigenous and other unique products within their treatments or product range, which may appeal to the international market and encourage them to add a spa experience to their travel itinerary.

Lifestyle retreats offering intensive and structured programs designed to provide solutions for work/life balance are becoming increasingly popular with consumers. Currently, New South Wales and Queensland dominate this market with their established lifestyle retreats. In 2011, Victoria does not have a branded integrated-lifestyle retreat offering an extensive program. There is a significant opportunity for a new or well positioned existing business to develop this concept. This will broaden Victoria's positioning in the spa and wellbeing segment and add to our proposition as the leading wellbeing destination.

The Australasian Spa Association (ASpa) is a non-profit organisation which was established to represent, develop and promote the spa and wellness industry throughout Australasia. ASpa's role in supporting industry growth is crucial and Tourism Victoria will continue to work with the association to encourage the development of the industry into the future.

Melbourne continues to build on its spa and wellbeing tourism experiences by building expertise in industry education and intellectual property. This is demonstrated by a number of tertiary research programs in Victoria including Monash University and Victoria University's Travel and Wellbeing research program for the Centre for Tourism and Services Research. In addition, RMIT University's Wellness Program aims to be a world leader in the wellness field, offering tertiary qualifications in the wellness sector to develop wellness industry leaders.

The Minister for Environment appointed the Victorian Mineral Water Committee (VMWC) as an advisory body for the management of Victoria's natural mineral water resources. Tourism Victoria will engage with the VMWC to recognise the policies, plans, strategies and guidelines in place to preserve the state's natural mineral water resources.

What will we do in the future?

Tourism Victoria will encourage spa businesses to work in conjunction with complementary products such as accommodation, food and wine experiences and nature-based products for cross-promotion through the Tourism Excellence Program.

Many spa operators do not provide commissionable product for the travel industry and are consequently unable to take advantage of appropriate distribution channels. Tourism Victoria will work with the industry to educate spa operators on the tourism industry and identify opportunities for the development of commissionable product.

Tourism Victoria will work with ASpa to support industry growth and development, including encouraging the development of lifestyle programs at existing spa and wellbeing retreats which increase length of stay and yield. In addition, Tourism Victoria will continue to work with universities and spa and wellbeing events and conferences (e.g. World Wellness Project Summit) to further develop the industry.

Tourism Victoria will engage with the VMWC to address issues impeding the development of mineral water usage in Victoria.

Victoria hosts a large number of business events (meetings, incentive travel programs, conventions and corporate events) attracting world leaders and investment decision makers from around Australia and the world. Of all international convention delegates, 46 per cent participate in pre or post-touring to other parts of regional Victoria and Australia. This offers great potential to leverage the number of delegate days and encourage conference organisers to include spa and wellbeing product in their pre and post touring itineraries.

Action	Timing
Work with the industry to facilitate cross-promotion and packaging opportunities for relevant spa and wellbeing tourism products.	2011 - 2012
Conduct workshops with spa and wellbeing products to educate them on working in tourism and establishing commissionable products.	2011 - 2015
Work with ASpa to support industry growth and development.	2011 - 2015
Work with the University sector and spa and wellbeing conference organisers to develop the industry and enhance Melbourne's reputation as a centre of knowledge for spa and wellbeing.	2011 - 2015
Engage with the VMWC to address issues impeding the development of mineral water usage in Victoria.	2011 - 2015
Work with the Melbourne Convention and Visitors Bureau and other conference organisers to promote the inclusion of spa and wellbeing product in pre and post business event touring.	2011 - 2015

MARKETING

Why is this issue important?

Spa and wellbeing is one of Victoria's core product strengths. As mineral and geothermal springs are found predominantly within 90 minutes of Melbourne, there are great opportunities to capitalise on the short break and day trip market to these destinations.

Victoria's natural mineral springs has given rise to a rich heritage of authentic spa and wellbeing experiences in destinations such as Daylesford and Hepburn Springs. This is supported by geothermal waters found on the Mornington Peninsula, Geelong, Port Fairy and Warrnambool.

As the global demand for spa and wellbeing experiences has increased, so has investment in spas within other Victorian destinations. These are often located in picturesque natural settings such as the alpine ski fields, scenic coastal destinations, wineries and historic villages. These regional locations offer a variety of complementary experiences including nature-based activities as well as gourmet food and wine, enhancing the overall spa and wellbeing experience. Within Melbourne there has been considerable investment in cutting edge architecturally designed spa retreats, something which has not occurred in other capital cities to the same extent.

Across the state there is depth and diversity in the number and types of therapies available based on a wellbeing culture, established by Victoria's European heritage, including taking to the waters, as well as embracing traditions and treatments from other cultures.

In order to increase Victoria's leading competitive spa and wellbeing position, ongoing investment in marketing this segment is necessary.

In 2009 the *Daylesford. Lead a double life* campaign was launched as a platform to showcase the diversity of experiences available in regional Victoria, with a particular focus on spa and wellbeing experiences and quality local produce. This campaign raised the awareness of Daylesford, in order to own spa and wellbeing as a destination and promote spa and wellbeing across the state. The campaign has also provided an opportunity to target consumers who have time and money to extend their trip beyond Melbourne to regional Victoria.

What will we do in the future?

Tourism Victoria is committed to owning the spa and wellbeing segment in Australia and will conduct consumer research and evaluate results from the Daylesford spa and wellbeing campaign to inform future marketing. Tourism Victoria will focus on Victoria's competitive strength in the natural mineral springs and geothermal waters. The primary focus for marketing activity will be the regions that deliver tourism experiences around these waters.

Uncovering greater consumer insights and tracking current results will assist in the development of a marketing strategy to ensure Victoria's unique point of difference associated with the waters and broader product offerings reinforces our positioning as the leading destination for spa and wellbeing experiences. Guidelines for Victoria's spa and wellbeing brand will be developed to ensure we leverage marketing and promotional opportunities.

To further understand what drives consumers to travel interstate for spa and wellbeing experiences, Tourism Victoria will conduct consumer research to identify key motivators amongst our core target market.

Tourism Victoria will build on the awareness Daylesford has achieved in interstate markets by continuing to position Daylesford as a unique premium brand and the leading spa and wellbeing village in Victoria. This activity will be complemented by promotion of Victoria's geothermal water experiences in destinations such as the Mornington Peninsula.

Spa and wellbeing experiences will be included as a key component of all relevant future Tourism Victoria marketing activities. This provides the opportunity for integrated promotion of spa and

wellbeing with complementary products and experiences, such as food and wine including organic produce and farm gates; and nature based tourism including the Goldfields Track and the Great Ocean Walk. These complementary experiences are available throughout Victoria's key spa and wellbeing destinations and are a compelling reason to increase visitors' length of stay. Tourism Victoria is committed to the development of a *Villages of Victoria* marketing program. Through this initiative spa and wellbeing will be profiled within regional villages that support Victoria's competitive strength of natural mineral springs and geothermal waters. Tourism Victoria will profile the depth and quality of Melbourne's spa retreats as a part of Melbourne marketing activities, with a particular focus on public relations and online.

From an international marketing perspective there is less potential for Victoria to be branded directly as a spa and wellbeing destination. There is however the opportunity to include and highlight product in international marketing activity as a complementary experience.

Given Victoria's high number of natural mineral springs and local manufacturers of mineral water, the opportunity exists to work with the VMWC to promote Victoria's natural mineral water and assess the feasibility of encouraging Victorian mineral waters to be served in a selection of Melbourne and regional Victorian award winning restaurants.

Action	Timing
Leverage the Daylesford spa and wellbeing campaign in key interstate markets to cement the position of Daylesford as the leading spa and wellbeing village in Australia.	2011 - 2012
Develop a marketing campaign to promote Victoria's geothermal water experiences in destinations such as the Mornington Peninsula.	2013
Include relevant spa and wellbeing product experiences as a key component of ongoing and future Tourism Victoria marketing activities including; <i>Villages of Victoria</i> , Melbourne and regional marketing programs as well as in conjunction with complementary experiences such as food and wine and nature-based tourism.	2011 - 2015
Conduct consumer research to build greater understanding of the motivations of spa and wellbeing tourists, particularly in interstate markets.	2012
Develop branding guidelines to ensure the consistent communication of Victoria's spa and wellbeing offering.	2011
To increase yield and length of stay, include spa and wellbeing product as a complementary experience for international markets.	Ongoing
Engage with the VMWC to explore issues impeding the distribution of Victorian mineral water in Melbourne and regional Victorian restaurants.	2011 - 2012

REPORTING

Tourism Victoria will implement a monitoring and evaluation program to assess changing environmental conditions and performance that may impact the directions of this plan.

A key element of the monitoring program will be the delivery of an annual report card on how Tourism Victoria is tracking in achieving the key milestones that are detailed within this plan. The report card will be made available to stakeholders upon request.

What targets will we use to assess Victoria's positioning as a leading spa and wellbeing destination?

Tourism Victoria has identified a range of performance measures which will be used to monitor progress. Specific campaign and program targets will be set on an annual basis by Tourism Victoria in cooperation with industry stakeholders where relevant.

Performance indicator	Measure	Target				
		2011	2012	2013	2014	2015
Assistance provided to develop new geothermal and mineral water projects.	Number of new investments assisted	1	2	2	2	2
Brand health position on key attribute of "Offers Spa and Wellbeing Experiences" 2011 ranking #1, leading by five percentage points.	Ranking and per cent change	Maintain lead				
Product Development: Assistance and education provided to spa and wellbeing operators including developing commissionable products.	Number of spa and wellbeing operators that attend workshops.	10	10	10	10	10