ENGLISH TOURISM COUNCIL

Health Benefits

The market opportunities for health tourism in England

Health Benefits

New opportunities for tourism in England

Nothing can be more important than the nation's health. And nothing can be more important for a healthy tourism industry than making sure we recognise opportunity and provide services that are of the highest quality throughout.

Health tourism is where these two priorities come together, forging a vital link between holidays, short breaks or day trips and wellbeing of mind, body and spirit.

The market already contributes £6.4 billion (£5 billion from sports activities; £1.4 billion from spa breaks) each year to the nation's economy. However, nearly three times as much again goes abroad, as England residents take health breaks overseas.

England can win a greater share of that market. By offering the right products, competitively priced and of high quality, tourism businesses in England can keep more domestic customers at home, and attract more visitors from overseas.

ETC research has identified major growth potential in health tourism. Although sports is the largest sector, the one with the greatest potential is the dedicated health break – both day visits and residential – at spas, health farms and hotels with luxury leisure facilities.

This is a niche market, one that is high earning and not dependent on mass market volume. It also dovetails with the clearly established trend towards shorter breaks, taken throughout the year.

Health tourism also caters to the growing public awareness of health issues. The importance of a balanced diet, exercise and avoiding stress is widely recognised. People have more disposable income than ever before, and they are willing to spend it on themselves.

Experience on the Continent shows that the spa sector can be very lucrative. Their gain is England's loss. UK residents take around 13.8 million spa trips per year, but only half of those trips are in England, and only 17% of the total £8 billion is spent here – £1.4 billion.

This is not a new market for England. We once had a major spa tradition with 220 destinations. However, of the remaining ten traditional spa towns, the new Bath Spa Project will be the only one to have a functional mineral spring spa when it opens in October 2002. We are missing an opportunity.

Some businesses are doing well in the sector – more than 20,000 already cater for health tourism. This number can grow. Around 19 million UK residents take a health tourism break in England, though not necessarily each year. ETC analysis shows that given the right market promotion and availability, this number could increase to 21 million. Spas show potential growth of 100% and sports tourism 5%.

The number of sporting and spa trips is estimated to be growing by 7.4% each year. In addition to this growth, ETC estimates that there is a growth potential of a further 11%, given greater levels of product development and marketing.

To help tourism businesses to identify how to take this forward, ETC has created a model which defines customers in a new way. This framework, which is explored further in the Fact File, looks at what each group wants from health tourism breaks or day trips.

Signpost to success

This report identifies the significant market potential for health tourism and related products. We estimate that this latent demand could support approximately 200 new facilities in England and also offers opportunities for the redevelopment and enhancement of existing elements of tourism supply, particularly in terms of accommodation.

Provision of facilities to match forecast demand could create 20,000 jobs and contribute an estimated £650 million to the economy in England.

While it is for the private sector to realise these opportunities, much can be done to support the development of a range of health-related products by government and its development agencies. Equally, there are opportunities for local authorities to use the burgeoning health-related market as a tool for urban regeneration, with the Bath Spa project being a leading example of what can be achieved. Certain seaside resorts and other inland spa resorts have an opportunity to reinvent themselves as health resorts given the vision and commitment of key players and adequate investment. Any such development should be underpinned by a commitment to quality throughout.

Many different types of tourism businesses are able to exploit the potential. Larger hotels may invest in spa/leisure facilities to add value and extend stay and can often successfully target the corporate market. Local memberships to use such facilities can add a further revenue stream. Similarly, health and spa facilities are often now required as part of quality self-catering operations while other smaller providers may benefit from arranging concessionary agreements with nearby health operators. A wide variety of alternative product development options exist from the high investment/high value 'country club' sector through spa development for day or stay markets to specialised and alternative treatment centres.

Day spas have a role to play in attracting visitors as well as local residents, and can tie effectively with accommodation interests. Day spas can add value by providing packages to include complementary goods such as local foods and crafts. Visitors to residential spas can be a captive, high spending market, but are also demanding with quality paramount. The tension between maintaining exclusivity and pursuing more of the mass market may lead to a reduction in quality. The same applies for mixing residential and local/day membership use. Curative spas are specialist centres and follow regulated medical and ethical practice, but with appropriate staff qualifications and customer care, this is an area with some development potential.

The health tourism sector is diverse and fragmented. A range of bodies such as the British Spas Federation and the Regional Tourist Boards can advise on development opportunities and regional market demand for health tourism proposals. Contacts for these and other specialist organisations are given on the back page of this document.

England once had a thriving mineral spa market. We now have the opportunity to revive this lucrative tradition, and enhance it with modern spas and related products to attract domestic and overseas visitors alike.

More detailed evidence to support the case for health tourism can be found inside this folder and in the accompanying Fact File.

1 Health tourism market

Defining the market and its product

The health tourism market in England is not as mature as that in continental Europe, but has more in common with North America. For this reason we have adopted the following North American definition[1]:

‘Health tourism encompasses those products and services that are designed to promote and enable their customers to improve and maintain their health through a combination of leisure, recreational and educational activities in a location removed from the distractions of work and home.’

Health means different things to different people in relation to taking a break. For a few, it becomes a priority only when threatened by illness, with a break taken to convalesce and recover health. For many others it incorporates an idea of fitness or self-improvement. A health break may be seen as an opportunity to re-energise, a sporting activity, an indulgent relaxation, or simply a way to escape or explore alternative ways to achieve a sense of wellbeing.

Figure 1 illustrates these main areas and some of the motivations for taking such a health break.

Figure 1 Health categories

Physical	Psychological
Diet (from ‘sensible’ to ‘rigorous’)	Energy
Exercise	Optimism
Rest	Confidence
Sleep	Wellbeing
Pampering	Happiness
Stress management	Self-contentment
	Long life

Health tourism businesses

Businesses providing health tourism facilities range from those with a single facility, be it a tennis court or gym, through to those providing the full range of sports and spa facilities. Some provide accommodation, some do not.

There are estimated to be around 20,125 health-related residential and non-residential establishments and approximately 71,000 other facilities which support health and leisure businesses in the UK[2]. The vast majority are in England. (See Figure 2 below)

Spas in England represent roughly a quarter share of the health tourism market with approximately 5,000 establishments.

The day spa market is growing, with an estimated 1,050 day spas now operating in the UK[3].There are also 910 fitness clubs with spa facilities. Investment in building a day spa averages £5-6 million per establishment[4].

Serviced accommodation offering health breaks

Health tourism facilities provided by serviced accommodation establishments can also be divided into the two main sub-sectors – sports facilities and health and beauty facilities.

There are three basic types of sports facilities:
- Water sports (subaqua, boating/canoeing, wind surfing, surfing, sailing, water skiing)
- Campus sports (garden games, squash court, tennis court, badminton court)
- Country sports (private fishing/shooting rights, clay pigeon shooting and permanent or specific arrangements for golf)

Figure 2 Health tourism business

	Residential		Non-Residential		Support businesses	
Spa	Accommodation with full spa facilities	527	Day spas	1,050	Beauty/Image/Weight	42,000
	Accommodation with some spa facility	2,384	Club spas	910	Medical services	11,400
	Destination spas	100			Medical centres	3,600
	Total spa	3,011		1,960	Nanny/creche	714
Sports	Accommodation with full sports facilities	126	Fitness clubs	2,500	Clubs/Associations/ Centres/Courses	13,286
	Accommodation with some sports facility	10,028	Leisure clubs	2,500		
	Total sports	10,154				
Total		13,165		6,960		71,000

Source: Trades Exhibitions Ltd 2001/ETC TRIPS database 2002

1. The Strategy Group, Industry Canada/ Tourism British Columbia Report 1996
2. Trades Exhibition Ltd
3. Yellow Pages Business Directory 2000
4. Professional Beauty Awards, April 2001

Figure 3 Health establishments

England	Nights (m)	No. of establishments	% establishments
Total market	396.4	34,399	63.2
Any health facility	158.1	13,065	38.1
Any sports facility	137.1	10,154	29.6
Any spa facility	21.0	2,911	8.5

Source: ETC UKTS/TRIPS

Health and beauty facilities include:
- aerobics
- beauty treatments
- relaxation techniques and stress-relief
- diet/nutrition/detox
- water-based therapies

TRIPS, the ETC’s database of accommodation in England, lists over 13,000 serviced establishments with some kind of health-related facilities: 38% of total serviced accommodation. The database does not have a distinct spa category, so the search analysis covered facilities found in a spa (gym, sauna, solarium, swimming pool or therapies). (See Figure 3 above)

Many hotels and country clubs develop spa facilities to add value and attract higher spending visitors. Some international customers have come to regard such facilities as ‘must have’.

There are nine health farms in England. Industry sources estimate that these operators have spent £70 million in upgrading facilities in the last five years and another £100 million has been invested by hotels in spa facilities in the same period.

5. British Spas Federation1999
6. ESPA 1999

Spa towns

England once had around 220 spa towns. There are now ten: Bath, Buxton, Cheltenham Spa, Droitwich Spa, Harrogate, Royal Tunbridge Wells, Royal Leamington Spa, Malvern, Matlock and Woodhall Spa. None are currently operational as spas, but many remain popular as tourist destinations. In 1999, 1.3 million customers visited the spa towns[5] and some, such as Harrogate, have successfully reinvented themselves as conference and leisure destinations.

There are plans to revive the domestic traditional spa market, including the Bath Spa Project. Buxton is also planning a £15.5 million re-development as a spa.

2 The opportunity

Spa breaks

Although spa tourism in England – worth around £1.4 billion – is smaller than the sports sector, it is still at a relatively early stage of development. A total of 1.2 million customers, or 2.6% of the adult population, take spa breaks, accounting for 7 million trips and over 21 million nights. However, this sector has the potential to double in the next few years.
- Three quarters of spa tourism spend goes abroad.
- Industry estimates put Great Britain’s spa growth at 7% per annum[6].
- Spas represents 22% of health tourism spend but only 18% of trips.
- Customers spend 66% more per trip than average, and it is with these high spenders that the opportunity lies.

Figure 4 Health opportunities

	UK resident interest (m)			England domestic market (1999)			1990-1999 growth		
	Actual	Potential	Growth	Trips (m)	Nights (m)	Spend (£m)	Trips	Nights	Spend
All tourism		41m		123	396.4	12 913	59%	27%	21%
Total health	18.9m	21m	11%	38.1	158.1	6 392	NA	NA	NA
Total sports	17.7m	18.6m	5%	31.1	137.1	5 002	63%	86%	50%
Health and fitness	1.2m	5m	316%	7	21	1 390	NA	NA	NA

Source: ETC Demand Model 2000/UKTS 1999

- The spa sector is broadening its appeal to be more mass market, and losing its exclusive image.
- 40%[7] of UK residents are likely to choose England as their destination choice, which could increase given greater product awareness.

Comparison in international markets

The global spa market population is estimated at 160 million. In Europe in 1998, it was valued at £9 billion[8]. In 2000, Great Britain had a 5% share of the 20 million European customers and 11% of nights[9]. Figure 5 illustrates comparisons in international markets.

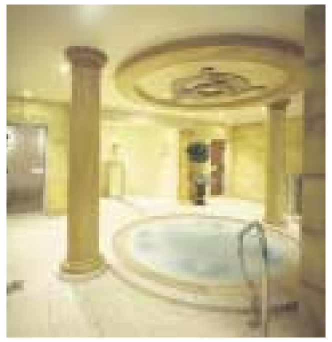
Spas in Continental Europe

Many countries in continental Europe have an established spa culture. Spas are often owned by the state, and have a medicinal focus, receiving funds from the domestic health services. Between 70-80% of visitors to spas in Germany, Italy and France are subsidised, via doctor's prescription paid for by social security or by private health insurance. There are 1,200 spas in Europe, providing more than 186 million bed-nights with an average of six nights per visit.

International health and fitness penetration

The US market for health and fitness is the most developed in the world, with an estimated 11.2% of the population being a member of some sort of health club facility in 1999. The private health and fitness club market is also highly developed, with 6.7% of the population being a member in 1999.

Compared to the US, many clubs in Europe are little more than body-building gyms, small in size and with very few facilities. In France, the Netherlands, Italy and Belgium, the majority of clubs are small, independently-owned gyms with their more modest facilities reflected by a low average cost of membership. Spain is probably the nearest to the UK in terms of the size of clubs and facilities, particularly those clubs located in the big cities such as Barcelona and Madrid.



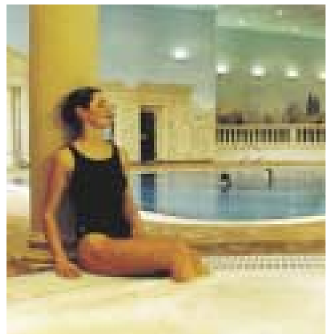
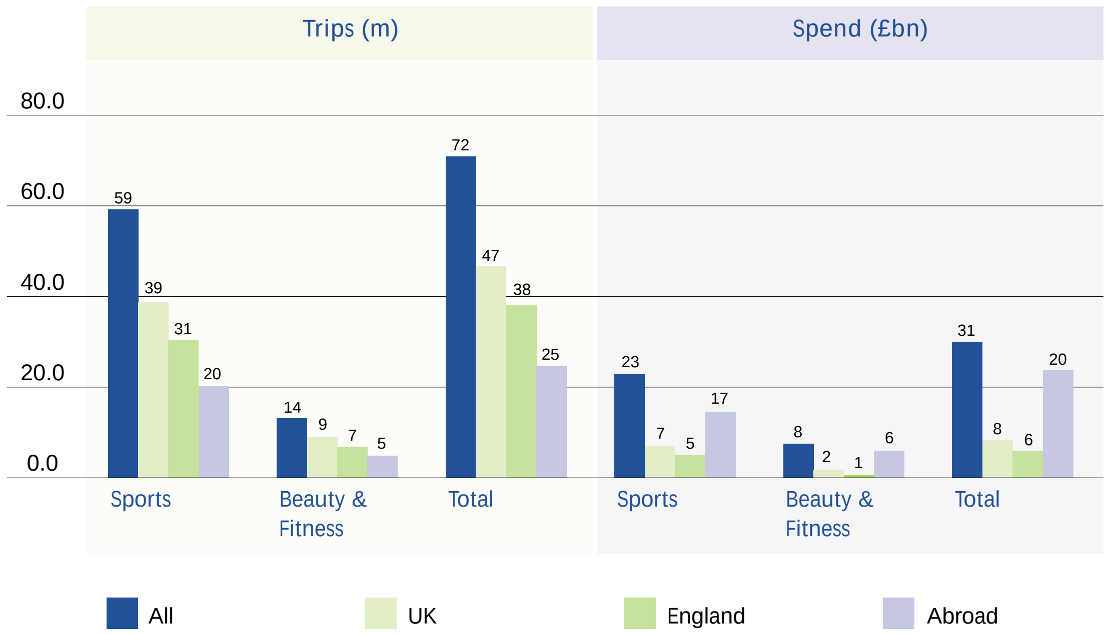


Figure 5 Health tourism trips and spend by UK residents (estimated UKTS 2000)



Please note that some individual trips can include a combination of activities

7. ETC Demand Model – Health and Fitness 2000
8. ISPA 1998
9. ESPA 2000

In terms of revenue, the UK has the largest market for health and fitness clubs in Europe, ahead of Germany, although it has fewer clubs and a lower penetration of the population.

Figure 6 illustrates numbers of health and fitness clubs in major European countries in 1999.

Figure 6 European health and fitness clubs

Germany	6,000
Italy	6,000
France	2,500
UK	2,500
Spain	2,000
Netherlands	1,500
Belgium	630

Source: VdF/IHRSA/Mintel

Figure 7 illustrates a comparison of US and European fitness clubs by revenue and membership.

The Health Benefits Fact File which accompanies this summary document provides comprehensive detail on:

- Underlying trends affecting health and holiday taking activities among the general public
- A description of the product offering in England and comparisons with international markets
- A description of the market currently using the product, as well as description of potential new markets and products development opportunities based on demand model analysis

For ordering details, please see back cover.

Figure 7 Major US and European private health and fitness clubs revenue and membership 1999

	Revenue (euro m)	Percentage of population
US	13,178	6.7
UK	2,003	4.1
Germany	1,675	5.2
Spain	994	4.0
France	858	2.9
Italy	828	3.5
Netherlands	408	6.5
Belgium	156	3.6

Source: IHRSA/VdF/Mintel

Picture supplied courtesy of British Spas Federation and Professional Spa Magazine

Regional Tourist Boards

Cumbria Tourist Board
Ashleigh, Holly Road, Windermere, Cumbria
LA23 2AQ
Tel: 015394 44444 Fax: 015394 44041
www.gocumbria.co.uk

East of England Tourist Board
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www.eastofenglandtouristboard.com

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www.visitheartofenglandtouristboard.com

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www.visitnorthumbria.com

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www.seetb.org.uk

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www.southerntb.co.uk

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www.swtourism.co.uk

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Specialist Organisations

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