



## Soaking Up History...Steaming into the Hot Springs (R) Evolution

### *Breakout Discussion Forum*

#### Facilitators:

**Amy McDonald**, Chair of Global Hot Springs Initiative, Global Wellness Institute & CEO, Under a Tree, US

**Mark Hennebry**, Co-Chair of Global Hot Springs Initiative, Global Wellness Institute & Board of Director, Danubius Hotel Group, UK

#### Participants:

**David Clay Large**, Senior Fellow Institute of European Studies, UC Berkley, US

**Tom J. Bauer**, COO, VAMED Vitality World, Austria

**Charles Davidson**, CEO & Co-founder Peninsula Hot Springs, Australia

**Tominori Maruyama**, Chief Research Consultant & Manager, Mitsui Knowledge Industry Co., Ltd. Japan

**Wendi Gelfound**, Director of Marketing, Ojo Caliente Mineral Springs Resort & Spa, US

#### Panel Discussion

The session began with a brief overview of the state of hot springs in the world today. Each panelist then delved into a particular perspective that, woven together, provided a compelling global perspective on the shifts, trends and demographics of hot springs visitors as well as areas of growth and associated pressures within these markets. Perspectives included historical, European, Australian, Japanese and American.

#### Historical Perspective by David Clay Large

This presentation briefly discussed the astonishing recovery of the grand Central European spa-towns following the devastation of World War II, highlighting the differing fates of the major spas in Western Germany/Austria and in the East (Czechoslovakia). Concluding thoughts included general comments about the Central European spa scene today, outlining strengths and weaknesses.

**Bad Gastein in Winter:** Central European grand spa towns, including those in Alpine Austria, had during their early years offered only a summer cure-season for their many patrons. But with the advent of alpine skiing in the 1920s, and, as a mass sport, in the post-World War II era, alpine Kurorte (cure-towns) like Bad Gastein and Bad Ischl could add a lucrative winter season. Having been battered by the two world wars and the rapid decline of their traditional aristocratic client base, this added cure/ski season proved to be a godsend. It is why elegant Bad Gastein, which also

offers night skiing, remains one of the premier wellness/recreation destinations in the world.

**Getting Naked at the Friedrichsbad:** Coed naked bathing at the major thermal-spring resorts in the German region and Switzerland played an important role in those spa-towns' Renaissance-era revival- there had also been nude bathing during the Roman Empire, but this practice fell by the wayside, along with the grand spas in general, during the long medieval drought, which the French historian Michelet called "One Thousand Years Without A Bath". Baden-Baden's palatial Friedrichsbad pioneered in another nude coed bathing revival starting in the 1950s. The practice remains a chief attraction at this fabulous bath-palace, which indeed mandates a "textile-free" bathing experience on three days of every week.

**Baden-Baden Casino:** Casino gambling was a central dimension in the rise of Central European spa towns like Baden-Baden in the 19<sup>th</sup> century, where the main casino entrepreneurs were imported from France. However, gambling was banned across the new Reich by Emperor William I in 1872. This was a huge blow to the grand German spa towns, which had derived much of their revenue from their casinos. During the Third Reich Adolf Hitler allowed a resumption of casino gambling in Baden-Baden in order to bring in much-needed foreign revenue. After World War II the French and American military occupation regimes authorized yet another casino revival in their territories – and ever since then the roulette balls have never stopped rolling. Once again, they attract legions of gambling addicts, these days especially from China, Russia, and the Middle East.

### European Perspective by Tom J. Bauer

**Demographics and new expectations:** The motivation for visiting thermal waters and hot springs within Europe has steadily changed. Several decades ago the average age of visitors to thermal spring spas was higher. Within VAMED's 9 properties, for example, there has been an increase in the number of guests 14 years old and younger from 9% to 21% and a sharp decrease in the number of guests over 60 (formerly over 50% of guests) within the last 20 years.

These changes in demographics point to a change in motivation in the market. Previously, the main goal of a visit to thermal waters was for musculoskeletal issues or back injuries, as well as for skin and other ailments. The motivation has shifted more to relieving stress and being in a healthy environment.

**Diversity and the new accessibility:** With the increase in urbanization, many people choose to forego a car, and this affects the need for transportation for both older and younger age groups to make visiting the facility more accessible. Creating concepts which take care of logistics, with ease of transportation- will be important for both older and younger generations of guests.

**Time and the new level of luxury:** The reality is people are working more years before they retire. Additionally, many jobs involve high levels of stress, less in terms of physical movement and more in terms of multitasking and project deadlines. With this high stress comes a need to "recharge". One Day vacations with fast lane check in, amenities at the ready and dedicated services to ensure a quick transition to relaxation are what more and more guests are looking for.

**Contemplation:** There is a need for people to have a place for contemplation, essentially the time for reflection on the meaning and focus of one's experience. This can be fostered through creating the space of quiet, not forcing but rather inviting the silence to share its gifts. The future of thermal spring spas will incorporate more spaces for contemplation, essentially offering places for observation and silence.

### Australian Perspective by Charles Davidson

Every state of Australia has hot springs with a total of approximately 50 identified to date. Located beneath 20% of the Australian continent from the Far North of Queensland down into central New South Wales and across to the Northern parts of South Australia is the Great Artesian Basin. The temperature of water rising under its own pressure from this basin varies from 30° to 90° C (86° -194° F).

Dalhousie Springs in the North of South Australia on the edge of the Simpson Desert is the largest manifestation of thermal waters in the world with a natural flow rate of 17,000 liters per second. In the Dalhousie area, as in many other parts of Australia there are cultural practices and stories associated with the springs. Some springs are designated as culturally significant for old men, old women, men and women as well as boys and girls – the springs have a life and a story that is connected to life and its stages.

There are two locations in the State of Victoria that currently have commercially operated hot springs, and there are 10 sites along the coast of Victoria that are being considered for development.

Hot springs in Australia have been categorized into three industry sectors for possible development including: 'Relaxation and Wellbeing' hot springs for tourism, recreation and rejuvenation; 'Thermal Water Parks', for year round family fun and entertainment; and 'Thermal Rehabilitation Health Centers' operated by health practitioners with a focus on providing cure for particular ailments.

In Victoria current hot springs development include \$10 million + at Peninsula Hot Springs; \$3-4 million at Warrnambool and \$10-15 million at Phillip Island. In Western Australia at Tawarri Hot Springs in Perth there are plans for a \$25-30 million hot springs facility. Plans are also being drawn up for the transformation of the Morewell open cut coal mine and Hazelwood power generation facility from being one of the world's worst polluting brown coal fired power plants to being a mecca of sustainable geothermal led tourism, health and lifestyle. The massive site will include five hotels, relaxation thermal day spas, a thermal water park, a rehabilitation hot springs center, hot springs heated agriculture (greenhouses) and aquaculture as well as golf courses, water skiing, walking, bike riding and many other lifestyle activities.

In total it is estimated there is \$1.5-2 billion in investment potential in the hot springs industry in Victoria, Australia. Because of its very small base Australia should be the fastest growing hot springs country in the world for the next 5-10 years.

### Japanese Perspective by Tominori Maruyama (Maru)

Japan has seen a steady and consistent rise to the number of visitors from other countries within the last few years. With this increase in tourism, the government is focused on the promotion of wellness tourism with new brand values for national

parks. They expect a 2 or 3-fold increase in tourism by the Tokyo Olympics in 2020. Wellness tourism is expanding however there are some hurdles to overcome with regard to hot springs due to cultural differences.

The Onsen, or hot water/public bath experience, is a historically rich aspect of Japanese culture. There are five types of facilities that offer Onsen experiences: Ryokan, Hotel, Club Resort, Pension/Inn, and Day-Visit Onsen. As can be seen in the chart below, the growth of popularity of these facilities has grown by 11% from 2011-2014.

Types of Accommodation	Annual Turnover (billion yen)		
	2011	2014	Growth Rate
Ryokan	1,425	1,420	-0.4%
Hotel	949	1,201	26.6%
Club Resort	264	314	18.9%
Pension / inn	73	75	2.7%
<b>Total</b>	<b>2,711</b> (\$ 27 billion)	<b>3,010</b> (\$ 30 billion)	<b>11.0%</b>

Of these facility types that can offer Onsen, currently 36% of them do. Additionally there are day visit Onsen without any accommodations, that alone account for 400 B ¥ in revenue (approx. \$4 B) in Japan.

Japan in particular is addressing the issue of how to attract foreign visitors to enjoy the hot spring experience through creating a federally sponsored “Onsen Office” dedicated to the promotion of Onsen Hot Springs. This office provides access to genuine wellness resorts fulfilled with the national standard including (1) excellent quality & volume of hot springs water, (2) bountiful natural environment, (3) supported by medical doctors who have the expertise of balneo-therapeutics etc.

Onsens are being touted based on their specific qualities such as temperature, minerals and healing properties. For example Minakami Onsen, classified as a “Simple Spring”, is noted to support general ailments and is considered low in mineral and gas content. In contrast, the Kusatu Onsen is a “Sulphur Spring” and contains higher levels of Sulphur or hydrogen sulphide. It is specifically known to support dermatitis, rheumatism and specific skin ailments. This process is meant to support visitors in differentiating between the different locations and in choosing bathing sites based on specific wellness goals.

### American Perspective by Wendi Gelfound

#### **Historical Perspectives of US Hot Springs & Water-Cure Towns**

Mid-19<sup>th</sup> Century water-cure towns burgeoned in the US with a much more therapeutic focus towards health and wellness. Ojo Caliente opened in 1868. Then in the 1930’s, Franklin Delano Roosevelt (FDR) was noted for “taking the waters for polio”. He enjoyed being photographed and promoting the idea of self-care. Hot

springs resorts were also social destinations usually featuring casinos and sometimes brothels.

### **What's Old is New Again**

Today hot springs destinations are once again becoming gathering places for a broad range of guests creating a sense of community. People are actively looking for a place for connection, and guests specifically are interested in:

- Affordable and accessible destinations to de-stress
- Girls' Getaways
- Engaging experiences with mud

Additionally the millennial segment is exploding on the scene. Younger audiences seek a greater sense of health and wellbeing. They enjoy unique, authentic experiences from singularly branded destinations (non-chain). Facilities that address this need include Glen Ivy, which features water focused evening events e.g. movie nights while soaking.

### **2015 By the Numbers (GWI)**

- US Thermal/Mineral Springs = 217
- US Thermal/Mineral Springs with Spa = 106
- US Thermal/Mineral Springs Revenue \$488 M
- US Thermal/Mineral Springs Spa Revenue \$327 M

### **Expansion is Hot**

There are a handful of hot spring destinations that are investing in wellness tourism and expanding with large vision and purpose. These facilities are challenged with addressing issues of overcrowding, noise and water cleanliness. Below are several examples of destinations that are investing wisely in this area:

- Iron Mountain Hot Springs in Colorado
- Ojo Caliente Mineral Springs in New Mexico with the addition of 12 rooms, Lithia Pool, and patio restaurant
- Two Bunch Palms in California - renovation
- Glen Ivy in California with large scale expansion and plans for large development

### **Conclusions**

The session ended with the opportunity for the audience to ask questions of the panelist, sparking a discussion on the trends and changes occurring in the industry. Additionally, an interactive quiz with fun thermal water facts offered participants to enjoy a lively discussion and receive prizes. The focus of the panel was to provide a clear analysis of the industry with an understanding of the implications of the changes in this arena. This was accomplished through a comprehensive overview of the pressures and changes - past, present and future- that are shaping this market.

### **Submitted by:**

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