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People & Places

April 2024

Economic impacts of spa and wellness tourism in Rotorua



Wai Ariki Hot Springs and Spa

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April 2024

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2. Executive summary

This report has been commissioned by RotoruaNZ. Its purpose is to estimate the economic impacts of spa and wellness tourism across Rotorua. The objective is to deepen understandings into how much economic activity and employment is likely to be supported by visitors who partake in spa and wellness experiences in Rotorua.

At its heart, this report helps answer the following questions:

- How many holidaymakers enjoy spa and wellness experiences during their holiday in Rotorua?
- How much do these holidaymakers spend during their time in Rotorua?
- How many jobs are supported by spending associated with spa and wellness tourism?
- What could a future growth scenario for spa and wellness tourism in Rotorua look like?

2.1. What is spa and wellness tourism?

The Global Wellness Institute defines wellness tourism as “travel associated with the pursuit of maintaining or enhancing one’s personal wellbeing”.¹ Spa tourism sits as a subset within this broader wellness category and some Rotorua operators offer unique products that pair authentic cultural experiences with spa and wellness activities.

In this report, a spa and wellness tourist is defined as a holidaymaker who comes to Rotorua with a primary or secondary purpose of bathing in a hot pool or visiting a spa.

Holidaymakers interested in immersing themselves in a hot pool or visiting a spa are different to holidaymakers who only gaze at geothermal surface features (e.g., geysers and mud pools) during their visit. Geothermal surface features are already known to be an essential drawcard within Rotorua’s tourism product offering, but the exact role which spa and wellness experiences plays in the tourism economy is less known, despite there being an expectation that spa and wellness tourism could offer significant growth opportunities for Rotorua in the future.

2.2. Context of spa and wellness tourism in Rotorua

Rotorua offers a wide range of spa and wellness activities across a variety of commercial operators, many of which use geothermal water. The selection of operators with spa and wellness as a primary focus include paid attractions such as: Hell’s Gate, Lake Rotoiti Hot Pools, Polynesian Spa, QE Health, Secret Spot Hot Tubs, Soda Springs, Wai Ariki Hot Springs and Spa, Waikite Valley Hot Pools, and Waiora Lakeside Spa.

The most recent addition to Rotorua’s spa and wellness activities is Wai Ariki Hot Springs and Spa, a \$60 million development that opened in June 2023 and is the largest investment in spa and wellness in the city in over a century.

As well as these spa and wellness operators, many accommodation providers also offer hot pools as a secondary focus to their overall accommodation package. Alongside paid offerings, there are also several free-to-access geothermal hot pool bathing sites scattered across the Rotorua region.

¹ Source: Global Wellness Institute’s (GWI) Global Wellness Economic Monitor (2023). The GWI is a non-profit organisation considered to be the leading global research resource for the global wellness industry. The Institute has defined and measured the global wellness economy over the last 15 years.

Spa and wellness is a core tourism development focus for Rotorua. The Rotorua Destination Management Plan (2021), which was drafted with extensive involvement of tourism operators and the community, identified wellness tourism as one of three action areas that could bring transformational change to Rotorua's tourism sector. Geothermal spa and hot springs are a centrepiece of this opportunity.

RotoruaNZ's goal is for Rotorua to become the spa and wellness capital of the Southern Hemisphere. To reach this goal will require additional investment and development.

2.3. Key findings of this report

- More than 260,000 domestic holidaymakers and nearly 160,000 international visitors are estimated to have experienced a spa and wellness activity in Rotorua in 2023.

Holidaymakers in Rotorua doing spa and wellness experiences in 2023



- Wellness travellers typically spend 41% more than the average traveller.

Collectively, these spa and wellness holidaymakers spent \$277.6 million within the Rotorua region in 2023, which is projected to rise to an inflation-adjusted \$408.2 million by 2028.

- International research has shown that about 12% of wellness trips are primarily motivated by wellness experiences, meaning that spa and wellness is estimated to be the primary motivation for \$33.5 million of current spending and is projected to rise to \$49.3 million by 2028.
- Growth scenarios to 2028 are based on international demand expectations for wellness tourism from the Global Wellness Institute, but to ensure adequate spa and wellness capacity is available in Rotorua there will need to be ongoing investment and development.
- 11% of spa and wellness holidaymakers' spend is directly on spa and wellness activities, with the remainder spread over hospitality, accommodation, transport, retail, and non-wellness activities.
- Some 1,324 jobs in 2023 could have been supported by total spending by spa and wellness holidaymakers during their stay in Rotorua. Of these jobs, 144 would be directly supported by spending with spa and wellness activity operators and 1,180 supported across other businesses.

3. Current state of spa and wellness tourism in Rotorua

This section estimates how many holidaymakers to Rotorua experience spa and wellness activities.

3.1. How many holidaymakers experience spa and wellness?

Spa and wellness tourism is a key part of holidaymakers' Rotorua experience. Data points that highlight the pivotal role of this wellness tourism within the overall visitor experience include:

- 47% of New Zealanders associate Rotorua with spa and wellness²
- 27% of New Zealanders interested in a Rotorua visit are also interested in hot pools or spas³
- At least 35% of international holidaymakers experience a hot pool or spa in Rotorua.⁴

Research has shown that two thirds of holidaymakers overnight in Rotorua, while one third only spend the day in Rotorua.⁵ There were an estimated 1.4 million holidaymakers to Rotorua in 2023, with 955,008 holidaymakers coming from around New Zealand and 456,399 coming from overseas.⁶

Of the 1.4 million holidaymakers to Rotorua in 2023, it is estimated that 421,520 visitors experienced a hot pool or spa – 261,780 of these people were domestic visitors and 159,740 were international.⁷

Figure 1

Holidaymakers in Rotorua doing spa and wellness experiences in 2023



Given that two thirds of spa and wellness travellers overnight in Rotorua, we can estimate that 281,013 of these holidaymakers stayed overnight, while 140,506 visited only during the day.

² Source: Angus & Associates Market Insights: Rotorua (2023)

³ Source: Tourism New Zealand's Domestic Growth Insight Tool (DGIT), available here: <https://www.dgit.nz/>

⁴ The Ministry of Business, Innovation and Employment's (MBIE) International Visitor Survey (IVS) for the 18 months to Dec 2023 shows 62% of international holidaymakers, who stay in Rotorua, experience a hot pool or spa during their New Zealand trip (versus 27% of international tourists who don't stay in Rotorua). If all holidaymakers are just as likely to use hot pools or spas in other parts of New Zealand, then this suggests the extra 35% (62% minus 27%) propensity to use a hot pool or spa is due to participation in such activities during the Rotorua component of their trip. This assumption is likely conservative, because some of the 27% of tourists, who don't stay in Rotorua, may still pass through Rotorua during the day and participate in a spa.

⁵ Source: Angus & Associates Market Insights: Rotorua (2023). The overnighting propensity quoted here is for domestic holidaymakers, but this propensity is assumed to be the same for international travellers to Rotorua.

⁶ Total international holidaymakers were estimated using overnighting data for Rotorua in the IVS, which was scaled to factor in visitors who day trip. Total domestic holidaymaker estimates were formed using Angus & Associates Market Insights: Rotorua (2023) and Statistics NZ 2023 Population Estimates. Holidaymakers are the main source of visitors to Rotorua – the IVS (Dec 23) showed 71% of international travellers in Rotorua were holidaymakers, with the rest split between visiting friends and family and other purposes (e.g., business).

⁷ These estimates are formed using the participation rates in hot pool or spa activities identified above.

4. Spending by spa and wellness holidaymakers

This section introduces the economic impacts of spending by spa and wellness holidaymakers in Rotorua. The analysis focusses on visitors whose primary reason for coming to Rotorua is to experience spa and wellness, because their spend represents new money into the local area that wouldn't have existed in the absence of the activity. Spending by spa and wellness tourists with a secondary motivation to visit is also given as this still represents economic activity that has an association with spa and wellness.

4.1. Spa and wellness holidaymakers' budgets

International spa and wellness holidaymakers who overnight in Rotorua are estimated to spend \$434 per day, while overnighing domestic spa and wellness visitors spend \$352 per day. These daily spends represent a 41% premium on typical holidaymakers to Rotorua.⁸

Figure 2 – Average daily spends by overnighing spa and wellness holidaymakers to Rotorua across 2023⁹



Given that the average overnight visitor to Rotorua stays for 2.2 nights, this suggests that each overnighing international spa and wellness visitor is worth about around \$958 across their stay, compared to \$778 for domestic spa and wellness holidaymakers.¹⁰

Spa and wellness holidaymakers who pass through Rotorua for the day, without overnighing, are estimated to spend slightly less due to an absence of accommodation expenditure and a reduced hospitality spend. It is estimated that the average day visitor to Rotorua for spa and wellness from overseas spends \$275, while a domestic day visitor for spa and wellness spends \$288.¹¹

⁸ The Global Wellness Institute's Global Wellness Economic Monitor (2023) estimates that the spending premium for wellness tourism internationally is 41% compared to the average tourist.

⁹ These spa and wellness daily spends in Rotorua have been formed by applying the 41% wellness tourism spending premium to estimates of daily spends for the average international and domestic visitor. Average daily spend for international travellers is derived from the International Visitor Survey, while domestic holidaymakers are assumed to spend 81% of what international visitors spend each day based on evidence from average transaction values in Marketview's Tourism Tool of card spending data.

¹⁰ The average stay length of visitors is calculated from commercial accommodation data in MBIE's Accommodation Data Programme, December 2023 year, and AirDNA monitoring of private accommodation.

¹¹ These estimates have been informed with calculations using MBIE's Monthly Regional Tourism Estimates (MRTE) for the 12 months to October 2023 – they took total visitor estimates and assumed day trippers do not spend on accommodation and have only half the daily hospitality budget in Rotorua as overnight visitors.

4.2. Spa and wellness holidaymakers' motivations to travel

Approximately 12% of spa and wellness holidaymakers are assumed to travel with wellness as the primary motivation for their trip, while 88% travel with wellness as a secondary motivation to travel.¹²

The 12% of wellness travellers who have wellness as their primary travel motivation would be unlikely to visit Rotorua in the absence of spa and wellness experiences. The 88% of secondary wellness travellers see spa and wellness as part of a broader mix of experiences, nevertheless their overall visit experience is still associated with partaking in spa and wellness activities.

4.3. Total spending supported by spa and wellness tourism

It is estimated that holidaymakers to Rotorua, who participated in spa and wellness activities, collectively spent \$277.6 million in 2023 during their time in Rotorua. Of this spend, \$33.5 million was by holidaymakers whose primary motivation for visiting was spa and wellness.¹³

Figure 3 – Spending brought into Rotorua by spa and wellness holidaymakers in 2023



Spa and wellness holidaymakers spend money not just directly on spa and wellness activities, but they also spend money on accommodation, hospitality, transport, retail, and non-wellness related activities.

About 11% of spa and wellness holidaymakers' spending is spent directly on spa and wellness activities, with the remainder spread across hospitality, accommodation, transport, retail, as well as non-wellness related activities.¹⁴

To put these estimates spa and wellness visitor spending into perspective – total spending by visitors who mountain bike when in Rotorua was estimated at \$139.8 million in 2021.¹⁵ Like spa and wellness, mountain biking is a well-known Rotorua attraction associated with health and lifestyle. There is likely to be some cross-participation by some travellers partaking in both biking and spa and wellness, especially for the large cohort of spa and wellness travellers with wellness as a secondary travel motivation.

¹² Source: wellness trip motivation in the Global Wellness Institute's Global Wellness Economic Monitor (2023)

¹³ Total spending in Rotorua by spa and wellness holidaymakers was calculated as the total number of spa and wellness holidaymakers multiplied by the average stay length and relevant daily spend estimate. The spending associated with holidaymakers with a primary wellness motivation was estimated at 12% of this total.

¹⁴ Calculated by comparing scaled estimates of spending with health and wellbeing activity operators in Marketview's Tourism Tool against the total spending by spa and wellness holidaymakers. Marketview's activity operator estimates capture card spending only, which was scaled to account for cash and prepayments using an implied scaling factor calculated from Infometrics Rotorua Regional Economic Profile.

¹⁵ See 2021 report by Benje Patterson, available here: <https://www.rotoruanz.com/do-business/insights/rotorua-economy-data-and-research/mountain-biking-report>

5. Jobs supported by spa and wellness tourism

This section outlines the employment in Rotorua supported by spa and wellness visitors' spending. It is important to note that these calculations are based on the theoretical level of employment which could be supported by the spa and wellness holidaymakers' spending. Actual outcomes may differ depending on each business' hiring behaviour.

5.1. Jobs estimates supported by spa and wellness tourism

Employment has been used as a proxy to capture some of the social wellbeing effects of spa and wellness tourism in Rotorua.

Employment is a key factor within social wellbeing because it provides the financial security for people to set and achieve goals.¹⁶ Statistics New Zealand data shows that 70% of people in satisfactory employment rate their overall life satisfaction to be 8 or higher (on a 1-10 scale) compared to just 48% of unemployed people who give such a rating.¹⁷

Spending by spa and wellness holidaymakers supports a considerable amount of employment in Rotorua.

It is estimated that as many as 1,324 filled jobs in 2023 in Rotorua were supported by spending by spa and wellness holidaymakers across their visit. Of these jobs, 144 were directly within spa and wellness activity operators, and 1,180 were supported in other businesses.¹⁸

Figure 4 – Jobs supported in Rotorua by spa and wellness holidaymakers' spending in 2023



To put this employment supported by spa and wellness holidaymakers' spending in perspective, data from Infometrics suggests that there were a total of 36,680 jobs across the Rotorua economy in 2023.

¹⁶ This assertion regarding employment is supported by the Department of Prime Minister and Cabinet's [Guide for Central Government Engagement with Local Government](#) which highlights that social wellbeing encompasses factors (including financial security) that enable people to set and achieve goals.

¹⁷ See: Statistics New Zealand's [Job Satisfaction and Wellbeing](#), released 23/07/19.

¹⁸ A filled jobs estimate was formed by using a multiplier of tourism spending to jobs calculated from Infometrics Rotorua Regional [Economic Profile](#) with data extracted on 22/03/24. The apportionment of these jobs into those which are directly with spa and wellness operators and jobs in other businesses was made using spending shares calculated in footnote 14.

6. Future growth scenario for spa and wellness tourism

This section introduces a potential future growth scenario for spa and wellness tourism in Rotorua. The scenario introduced assumes that sufficient capacity in geothermal spa and wellness water takes is available for operators of commercial spa and wellness activities to be able to service this demand.

6.1. Introducing a potential scenario for growth

Future analysis is based on the following five-year scenario for spa and wellness tourism growth to 2028:

- **International demand** for spa and wellness tourism in Rotorua will grow at a rate consistent with global wellness tourism spending trends predicted by the Global Wellness Institute. By 2028, global wellness tourism spending is expected to rise to 111% above its pre-Covid 2019 peak.¹⁹ Spa and wellness expenditure by international tourists in Rotorua is already well on track against this forecast, given that in 2023 it was already 17% above its 2019 level, while global wellness tourism spending at its most recent measure in 2022 was still 10% below its 2019 level.²⁰
- **Domestic demand** for spa and wellness tourism in Rotorua is assumed to grow in a similar manner to international demand, but that growth rate is adjusted for relative differences in population growth between New Zealand and the rest of the world. New Zealand's population is expected to grow faster over the next five years than the global population, which will increase domestic demand for spa and wellness faster than international demand.²¹ By 2028, spa and wellness expenditure by domestic holidaymakers in Rotorua is expected to be 116% above its 2019 level. Growth is well on track against this trajectory, given that spa and wellness spending by domestic tourists in Rotorua in 2023 was already sitting 44% above its 2019 level.²²

6.2. Spa and wellness spending under the growth scenario

Total spending across all holidaymakers, who experience spa and wellness activities during their stay in Rotorua, would rise from \$277.6 million in 2023 to \$408.2 million by 2028.²³ If wellness remains the primary motivation for 12% of these visitors, then this spending would rise from \$33.5 million to \$49.3 million among the cohort primarily motivated to visit by spa and wellness.

This five-year spa and wellness spending projection would represent inflation-adjusted average annual spending growth of 8.0%pa. Such growth in Rotorua's visitor economy has been achieved before across the sector. For example, Infometrics estimates that Rotorua's tourism economy expanded at an average rate of 10.4%pa in real terms over the five years to 2019.²⁴

¹⁹ This comparison between the 2019 historical level and a 2028 projection was calculated using data from the Global Wellness Institute's Global Wellness Economic Monitor (2023). The Monitor projects growth out to 2027 and it is assumed that the average pace of growth since 2019 in these projections continues to 2028.

²⁰ The Rotorua spa and wellness expenditure comparison between 2019 and 2023 has been calculated using data from Marketview's Tourism Tool, while the global data comes from the Global Wellness Institute's Global Wellness Economic Monitor (2023).

²¹ Projections from the United Nations show that the global population in 2028 is expected to be 8.4% above its 2019 level, while Statistics New Zealand medium population projections expect the New Zealand population in 2028 to be 11% above its 2019 level.

²² Calculated from Marketview's Tourism Tool

²³ These estimates were formed using the total spending growth assumptions in section 6.1, alongside a 2%pa inflation adjustment. Estimates are presented in current price terms (2023 dollars).

²⁴ Calculated from tourism GDP in Infometrics Rotorua Regional [Economic Profile](#) (data taken on 22/03/24).

Table 1 – Spending brought into Rotorua by spa and wellness holidaymakers, 2023 vs 2028 scenario

Total spending by spa and wellness holidaymakers to Rotorua in 2023 vs 2028 growth scenario		
<i>Author calculations of spa and wellness visitor spend 2028 scenario relative to 2023 baseline, \$ million</i>		
Spa and wellness visitor type	2023 level	2028 growth scenario
Primary wellness holidaymaker	\$33.5m	\$49.3m
Secondary wellness holidaymaker	\$244.1m	\$358.9m
Total spend (all spa and wellness holidaymakers)	\$277.6m	\$408.2m

It is important to emphasise that the future spending projections for spa and wellness tourism in Rotorua are demand-led. This means that the projections are based on anticipated global demand patterns for spa and wellness tourism. For the projection scenario to be achieved it will be necessary not only for demand to unfold in a manner anticipated by the Global Wellness Institute, but there will also need to be capacity within Rotorua's tourism sector to service this demand.

6.3. Jobs under spa and wellness future spending scenario

Under the growth scenario, the total number of jobs supported by spending across Rotorua by all spa and wellness holidaymakers could rise from 1,324 in 2023 to 1,947 in 2028.

Of the potential employment growth under the future scenario, jobs directly within spa and wellness activity operators would climb from 144 in 2023 to 211 by 2028, while jobs supported in other types of business by spa and wellness holidaymakers' other spending would climb from 1,180 to 1,736.

Table 2 – Estimated jobs in Rotorua supported by spa and wellness holidaymakers' spend, 2023 vs 2028

Jobs supported by spa and wellness holidaymakers to Rotorua in 2023 vs 2028 growth scenario		
<i>Author calculations of jobs supported by spa/wellness spend 2028 scenario relative to 2023 baseline</i>		
Jobs supported by spa/wellness visitor spend	2023 level	2028 growth scenario
Directly within spa and wellness activities	144	211
Jobs supported in other types of businesses	1,180	1,736
Total jobs (all supported by spa/wellness visitors)	1,324	1,947

7. Concluding remarks

This report has highlighted the significant role that spa and wellness tourism plays in economic and employment (social wellbeing) outcomes across Rotorua.

It is estimated that more than 260,000 domestic travellers to Rotorua each year experience a spa and wellness activity, with a further almost 160,000 international visitors experiencing such activities during their time in Rotorua.

Collectively these spa and wellness travellers spent \$277.6 million within the Rotorua economy in 2023. International research has shown that about 12% of wellness trips are primarily motivated by wellness experiences – meaning that spa and wellness is the primary motivation for \$33.5 million of this spending, while it forms a secondary travel motivation for \$244.1 million of the estimated expenditure.

There are opportunities for the spa and wellness sector to grow further. RotoruaNZ identified spa and wellness experiences as a key growth opportunity, which is consistent with both existing momentum in Rotorua's tourism sector, as well as anticipated growth in global wellness tourism by the Global Wellness Institute.

Under a growth scenario where Rotorua's spa and wellness sector mirrors projected growth in global demand, then total spending by spa and wellness holidaymakers to Rotorua could exceed \$400 million by 2028, with the share of this spending attributable for travellers with wellness as a primary motivation hitting almost \$50 million per annum.

But achieving this growth is not just reliant on demand – growth is also dependent on spa and wellness activity operators having sufficient and appropriate capacity to service this demand. To future-proof this capacity, the spa and wellness sector will require additional investment and development.

