

Peninsula Hot Springs Charles Davidson, Director

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Charles and Richard Davidson first heard about the presence of hot mineral water on the Mornington Peninsula during the mid 1990s, but it took ten years to bring their dream to fruition in the rolling dune country behind Rye.

The water rises from deep below the ground to surface at 50 degrees, is slightly cooled and then is fed into ten bathing pools and private baths. A spa centre, with seven treatment rooms, provides a range of relaxation, healing, therapeutic and pampering experiences. A 60 seat café and retail store completes the offering.

The new experience on the Peninsula was instantly popular and has attracted increasing numbers of visitors even since opening, especially on weekends. Patronage during peak times is often 200 % to 300 % higher than capacity. The limited change rooms have trouble coping with demand at times. Staff often need to seat customers in the café on a waiting list until a vacancy becomes available in the bathing area.

Although the directors have committed to an expanded facility, it will not open till mid 2008 and they have introduced measures to ameliorate the current capacity problem. A new pricing structure has been introduced, which has increased the cost of general bathing during peak times, but has reduced the cost between Tuesday and Thursdays and during evenings.

The directors have fast-tracked stage 2 of the hot springs development. This involves the creation of an additional, significantly larger general bathing facility. It will introduce a number of new experiences and will cater for up to 250 bathers at a time. The new bathing centre will have its own entrance from the car park and all new facilities, including a reception, change rooms, retail store and café.

The existing bathing area will be dedicated to the spa patrons and will provide a more relaxed ambience. The current café area will be converted into a 'welcome' lounge, where visitors to the spa centre can relax in peace and enjoy a light meal after a blissful treatment.

Director Charles Davidson admits that the expansion so soon in the life of the business will create some financial pressure, but that it had to be brought forward to keep up with demand and to be able to retain the ambience that the facility seeks to provide its customers.

Stage three of the development will include up to 150 rooms of on-site accommodation, a day and residential Wellness Centre and further day and residential spa facilities. Even after completion of the on-site accommodation, the hot springs will continue to package with Peninsula accommodation houses, such as Peppers Moonah Links. The directors prefer to partner with a developer to build and operate the accommodation.

Key Lessons

- Sudden success and much higher than expected public response to a new product can catch-out operators and can create almost as much stress as having too little business.
- If you can't immediately cope with the higher than expected numbers, the quality of the experience may suffer and poor word of mouth can result.
- Responses to sudden success need to incorporate short term measures to address the immediate problems, but often also involve medium to longer term change.
- Be flexible in your thinking and planning for the facility. Be prepared to bring forward plans to overcome the problem, which may involve introducing new equity partners to share the financial burden.

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