

Global Spa Benchmark Report: Spa Industry Trends

The global financial crisis (GFC) has reduced global spa visits for 2008 by 13% based on survey data collected via Intelligent Spas' ongoing **Global Spa Benchmark Program**. Employment has also been hit with spa operators recognizing a fall of 8.1% on the number of staff they predicted to employ in 2008, compared to actual people employed. Revenue results for 2008 was a surprising 8.5% up on forecasts, however spa operators predict a fall of 9.4% during 2009.



Asia Pacific's spa industry has been least affected by the GFC to date, with spas in this region recording a 7.4% growth in treatment room occupancy, a 12.2% growth in therapist productivity and 13.9% growth in average treatment rate between 2007 and 2008. In comparison, spas in the Americas region have experienced declines in all three key performance indicators (KPIs) over the same period and Middle East/Africa has seen declines in the first two stated.

The spa industry across the Asia Pacific region is also the most optimistic regarding the medium term, forecasting growth in a number of KPIs between 2009 and 2010 including a 16.3% increase in average revenue per visit and a 6.1% increase in visits per spa. During the same period, the Middle East/Africa

region and Americas regions are predicting single-digit decreases in average revenue per visit of 1.3% and 8.9% respectively, and spas in Europe suggest visits per spa could decline by over 40%.

The latest research also tracked qualitative trends and asked spa managers and owners what trends they were directly experiencing in their local markets. In addition to economic pressures, spa operators are also being forced to increase their standards as more knowledgeable clients visit with higher expectations relating to:



Service levels – spa clients' now expect great service, customized treatments and a relaxing environment. This should not be a problem if spas have the right policies, procedures and design elements in place. If not, then their return visitation rate will suffer. Product ingredients – clients are becoming very fussy about what they put on their skin. They typically want products to be as natural as possible, organic if possible, whilst also providing the anti-aging results they expect. Therefore, product selection is becoming much more important decision for spa operators.

Increased group visits are another trend noticed by spa managers and operators. They can range from family visits, corporate visits and special occasions such as a baby shower or pre-wedding, hens day out. To adapt to this trend, spa operators need to review their facilities and consider the necessary logistics to identify if the current spa infrastructure allows for group bookings. For example:

Can the reception hold multiple people as they wait for all the group members to arrive? Is there a

separate relaxation room for group bookings to gather and relax in so their chatter does not affect other clients? What maximum number can the spa cater for based on the number of rooms, beds and therapists available? Is there budget to allocate to the cost of promoting group visits and does the treatment menu has to be adjusted? What is the spas alcohol policy as often these groups are celebrating then a little champagne would be expected.

A number of other general trends were found to be consistent across the global spa industry, including:



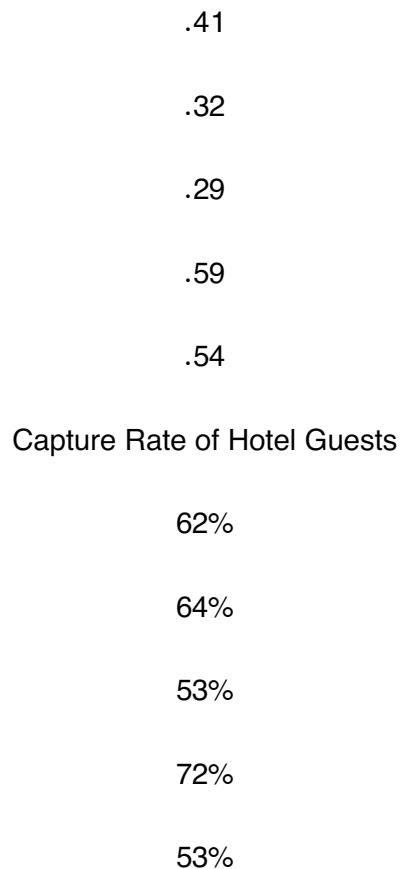
Retail spending is down on previous years. More value for money is expected. Memberships and loyalty programs are becoming more available. The proportion of male visitors continues to rise. Relaxation is still a significant part of the spa experience. Environmental policies are becoming more important to clients.

Key spa industry benchmarks include:

2008 Spa Industry Benchmarks

Global Benchmark

	Regional Benchmarks
Asia Pacific	
Middle East/Africa	
Americas	
Europe	
Treatment Room Occupancy	
34%	
37%	
27%	
32%	
31%	
Therapist Productivity Rate	
43%	
42%	
33%	
49%	
43%	
Average Treatment Rate (USD)	
\$90	
\$77	
\$87	
\$109	
\$111	
Revenue per Available Minute (USD)	



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