spa business association

Spa Industry Survey Report for Great Britain & Ireland

Summary document

TOPAZ

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1.0 Executive Summary

Spas vary greatly in size, facility type and overall performance.

The current interest in spas has led to the development of facilities that vary greatly in size, facility type and overall performance. In the current marketplace, hotels are leading the way closely followed by day spas. One of the main findings in this report is the great variety of facilities that use the term 'spa' to define their business. The size and type of facility operating under the title of 'spa' varies greatly from under 3000 sq ft all the way up to 100,000 sq ft plus.

Characteristics of spas are becoming more complex.

The definition of what is a spa is now becoming an issue. Many spas have returned to their historical roots to provide customers with a more varied and interesting spa experience covering a multitude of heat experiences, water features and an ever-growing list of hands-on treatments. While saunas, steam rooms and spa hydrotherapy pools are as popular as ever, many facilities have now supplemented these traditional facilities across five key areas covering hot rooms, water, relaxation, dry treatments and spa cuisine.

The balance of activity and rest is an important mix in many spas

Despite being places for rest relaxation and pampering, up to 53% of those sites participating in the research had areas set aside for gyms and exercise studios. There is evidence that spa and fitness is coming together in programmed exercise classes and holistic-based activities.

Lack of commercial management skills a threat to industry development

Some operators view spas as a support service and a trophy facility rather than a proper business entity. The research found that 20% of spas do not employ a full-time manager. This is indicative of the approach of many spa businesses. There is evidence that many spas are underperforming because of the lack of good management practice and commercial nous.

Demand for good therapists increasing.

50% of spas had vacancies for at least one therapist and 32% of facilities also required one or more support staff. Some areas of the UK were better supplied for therapists whereas others struggled to get the staff they wanted. There were less vacant positions higher up the spa ladder where staff tended to stay longer in post. Few management positions were reported as vacant.

Professional qualifications in spas are many and varied

The need for a standard approach to qualifications at all levels will become more important as the spa industry grows. The current mix of national and international qualifications, the increasing presence of many overseas workers now employed as therapists, together with the expanding number of product houses and demand for unique treatments, means that employing the right staff and then training them according to the needs of the business will be an even bigger challenge in the future.

A huge variance in the number of treatments carried out by spas.

The numbers of treatments carried out by spas ranged between 500 a year to 20,000 a year. This reflects the differing nature of spas and the number of rooms for this purpose located at each facility. However, when a more useful benchmark comparison for the number of "treatments per room per annum" (TPR) is applied, then the range was from a very low 182 to just under 3,800 (TPR).

Other issues covered by the Report include:-

Retail sales have a long way to go in many spas

With the importance of retail sales a major ingredient to the overall profitability of a spa, the research showed that many spas have very low sales in this particular area. Getting customers to buy retail products varied in the research from ………..

Massages and facials are the most popular and most profitable treatments.

As more and more innovations and new variations take hold of spas, massages and facials remain the most popular as well as the most profitable hands-on treatments. These are closely followed by ……………

Prices for treatments reflect the location and type of facility

Average prices for a typical massage ranged from the mid twenties to in excess of sixty pounds. Almost 60% of destination spas and 40% of day spas charged a minimum of ……………….

Majority of spas opt for more than one product house

Many spas use a combination of different professional products that complement each other. It is not unusual to have two or three main products for the face and body which are then supplemented by ……………

Destination spas have the greatest number of visits

The facilities with the greatest number of individual spa visits were destination spas. Hotel spas had the widest spread of visits from below ………….

1.0 Executive Summary

Spa consumers are predominately female.

Overall, the spas that responded to the survey reported that 70% of their customers were female compared to 30% who were male. Anecdotal evidence suggests males prefer ……….

Gross annual sales increasing by 28% per annum in the survey sample.

Based upon the reported levels of annual sales, the survey identified year-on-year growth rates of 26% and 28% respectively for 2003 and 2004. The main drivers of revenue seem to be ………………..

Salaries and wages the single most significant cost of running a spa.

Salaries and wages as a percentage of total expenditure varies greatly within the spa industry. The differences identified ranged from 22% to 69% of total expenditure. Nearly 50% of spas have salaries and wages bills in excess of ……………….

Hands-on treatments are considered to be the most important for a quality grading scheme of spas.

As part of the research, VisitBritain requested that the spa industry respond to what they considered to be the most important elements when defining a spa. In the opinion of spa operators, the provision of ………………….

2.0 Introduction

Introduction

As the spa industry continues to develop and grow, the demand for good quality market intelligence has never been greater. The Spa Business Association (SpaBA), in partnership with Topaz Consulting and Visit Britain has set about launching a major research study into this industry by surveying current spa venues to collate the largest pool of performance data in the UK in order to identify a series of standard 'benchmarks' for the industry.

SpaBA intends to undertake this survey on a regular basis and the information provided by these surveys will also be used to support various initiatives such as the Quality Standards Initiative which SpaBA is undertaking in association with Visit Britain and the British International Spa Association (BISA).

It is hoped that the industry (particularly spa operators) will support this on-going research and provide comprehensive and complete responses to these surveys to help to monitor and measure the growth of the industry and provide quality market intelligence for the benefit of the industry as a whole.

3.0 Methodology

Topaz Consulting, through discussion with the Board of Spa Business Association, developed a four-page, self-administered questionnaire asking for detailed information in five separate sections. 8,000 copies of the questionnaire were printed and distributed via a national business-to-business spa publication. Additionally, individual copies were mailed direct to the entire membership database of SpaBA to encourage operator members to participate. The questionnaire was also made available online via Topaz Consulting and the SpaBA website. Overall, 102 spas in the UK and Ireland responded to this survey.

The fact that the survey was taking place was publicised at various leisure events including Leisure Industry Week, Professional Spa & Beauty UK and Professional Spa & Beauty Ireland as well as via press releases in all the major leisure press.

From the outset and in recognition of the growing spa market in Ireland, locations from all over the UK and Ireland were encouraged to respond to the questionnaire and submit their data.

The survey focused on 5 different areas. Section One asked about the nature and make up of a spa, its category and location: respondents were requested to categorise the type of spa they were currently operating in the market today be it a destination spa, day spa, hotel spa, health club spa or high street location. Information was also elicited about the footprint, space allocation, internal facility mix and length of operation of the spa since opening.

Section Two dealt with staffing and qualifications; the survey questionnaire asked about the current staffing mix within spas, elicited responses about the qualifications currently being employed in the industry and requested how members of staff allocated their time in operating a spa business.

Section Three enquired into products, treatments and services; respondents were asked to name the professional and retails products used within their venues, list the most profitable and popular treatments, and state the treatments currently available together with the relevant price.

Section Four asked about attendances, income and expenditure: respondents were requested to report on the number of visits they received, the age of participants, plus how that then fed through to sales and the relevant expenditure in providing a spa service.

Finally, Section Five was dedicated to the proposed new VisitBritain spa grading scheme. Spas were asked to provide views about the nature and frequency of a proposed spa grading programme.

Interpretation of Evidence.

The type of information requested was designed to provide a unique insight into the spa industry at a time of unprecedented growth. All the information submitted is completely confidential as it contains sensitive business data and as the questionnaires do not provide the opportunity to enter any address or company name etc. the data received cannot be attributed to any individual facility.

The purpose of the survey is to identify and clarify the issues that concern the establishment and operation of spa facilities. Each question in the survey has been analysed and illustrated with either a graph or table followed by detailed comment whereby conclusions have been drawn.

Benchmarking

Benchmarking and performance measurement have been addressed where possible to provide comparative data via distribution scores on a continuum. The table below illustrates how scores are tabulated to show the performance of an individual facility in relation to the other facilities that answered each question in the survey questionnaire.

3.0 Methodology

The highest and lowest scores are calculated and the remaining scores are then allocated across the continuum within one of the four performance quartiles.

Lowest score	Quarter benchmark	Mid Point benchmark	Three Quarter benchmark	Highest score
First Quartile	Second Quartile	Third Quartile	Fourth Quartile	

In other examples, straightforward averages have been employed to provide a 'mean' rather than a 'median' level of performance.

Although the report comments upon the data, no attempt has been made to interpret these results as either good or bad. The facilities concerned are sometimes very different in nature and in a fast growing market; they can be at different levels of business maturity.

A copy of the questionnaire used in this research can be viewed at;

www.topazconsulting.net or www.spabusinessassociation.co.uk

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