



SPA STUDY JULY 2014

INTRODUCTION:

THE GROWTH OF SPAS AS PROFIT CENTRES

“Making guests feel at home” has long been one of the missions of hoteliers worldwide. Early on, this simply meant offering a clean room with a comfortable bed. Yet, as home amenities and lifestyles have changed, hotels have reacted by adding to their facilities and services. Air conditioning, remote control television, and internet access are now all examples of household trends that have become commonplace in hotels.

Following this line of thought, a quick look at current homes and lifestyles might foreshadow facilities and services that will need to be included in tomorrow’s hotels. If you tour today’s model homes, you’ll frequently find an oversized whirlpool tub and / or exercise rooms. Follow a commuter and you’re likely to find them stopping at “the gym” before or after work. Once considered an extravagance, massages and facials are now booked as routinely as haircuts.

Progressive spa facilities acknowledge the mind/body by providing a menu of services designed to do everything from overcoming jet lag to restoring “personal balance and harmony”. The tranquil spa environment is also a trend mirrored in many homes, as evidenced by the proliferation of books and consulting services designed to ensure that a home has healthy “chi” and is properly “feng sui’ed”.

Spas and Lodging

The term “spa”, once reserved for European destination resorts where guests went to “take the waters” to restore a healthy balanced life, has become overly used to describe the many different types of facilities in the global lodging industry. At one end of the “spa spectrum” there are dedicated destination resort spas that have a market orientation aimed primarily at those seeking a specialized regime of health, fitness, and pampering. Treatments include special diets, massages, lectures, and adventures which can include, but are not limited to an array of activities ranging from non-surgical facelifts to helicopter skiing. At the other end of the spectrum there is the ubiquitous The-star commercial hotel that has added “...and spa” at the end of their name as a



Definition of a Spa – *Latin for “solus per aqua”; or you enter by means of water. Others have interpreted this to mean “health through water”.*



result of sub-contracting a massage therapist and converting the guest room closest to the swimming pool into an exercise room.



Somewhere in between these two extremes you have resorts and other large hotels that have spa operations within their facilities. At these hotels, the spa has historically been another component in the line-item similar to a restaurant, gift shop, or golf course.

The popularity and demand for all types of spa operations has risen in recent years. People seeking (or needing) a concentrated specialized health experience use their vacation time for a visit to a dedicated destination resort spa. But for others whose travel plans dictate they stay at a convention hotel, the offering of true spa services is becoming an important criterion for hotel selection and satisfaction.

Profitable Operations

Historically, spa operations were treated by management as similar to other revenue departments like food and beverage or telephone. These departments were simply perceived to be amenities needed to attract guests to the hotel. As long as these departments broke even, or didn't lose too much money, their ability to increase occupancy was deemed sufficient justification for their existence. However, in recent years, hotel spas have followed the path of the other operating departments and transformed from support facilities to profit centers.

From 2008 to 2013, Renard International's poll showed that when spas are operating in conjunction with a hotel, they represented 9.8% of sales.

While spas are a relatively small source of revenues from the sample properties, spa revenues are growing at a relatively strong pace. In 2008, spa revenue for the subject sample represented just 2.9% of total sales. However, 2011-2012 spa revenues grew 8-12%. This compares to revenue growth rates of 6.7% for rooms, 11.6% for food, and 1.6% for telecommunications (telephone and internet charges).

A Spa in Every Hotel?

Look for existing hotel spa operations to grow, while all properties will figure out a way to include some level of spa facilities and services in their operations. Already, we have seen almost every large resort, convention, and casino hotel either build a spa facility or lease out the operation to a "brand name" in the spa industry.



We realize that all hotels cannot afford to construct and operate a full spa operation. However, some accommodation will need to be available either on-site or off. For those hotels that currently operate spas, look to the dedicated destination spa resorts to set the trends in the types of spa facilities and services offered to guests. To some degree, all hotels will mimic these operations.

Hotel owners and operators have already displayed their ability to increase the profits of their food, beverage, and telecommunications departments, and use these departments to improve the competitive positioning of the property. Look for these owners and operators to treat spa operations the same way in the future.

SPA TYPES & SERVICES PROVIDED

Club Fitness

Cruise Ship Fitness and wellness

Day Spa Wellness

Destination Lifestyle improvement and health enhancement

Medical Medical wellness as well as conventional and complimentary therapies, treatments, surgical & non-surgical procedures

Mineral Springs Offering an on-site source of natural mineral, thermal or seawater used in hydrotherapy treatments

Resort/ Hotel Fitness and wellness

