



Profitable Spas: Be On-Trend Rather Than Trendy

As printed in *Hotels*, 4/15/2008

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As someone who has made a career out of researching, planning, marketing and providing management advisory services for the spa industry, I have seen the "good, bad and the ugly" in terms of facilities, treatment menus, service standards, staffing schedule, compensation programs, marketing messages, financial statements, etc.

As I look ahead, there are many challenges and opportunities for the spa industry. In this article, I am presenting some ideas that might help you prepare for the future. Keep in mind that the future is tomorrow, so if any of the ideas make sense, think about how you can use them now.

One of the most popular marketing terms in the hospitality industry is the 3 letter word called "spa." Other industries have since adopted this term as a marketing tool, e.g., auto spa, spa tea, spa shoes, spa pillows, spa music, spa candles, spa cuisine, spa lifestyle, etc. Spas have become an adjective as well as a noun. They are a commodity as well as an experience. This is good because it broadens the awareness of the term, but there is a danger in the hospitality industry with people jumping on the spa bandwagon to develop or operate a spa without always understanding what the consumer expects, what it costs to build and operate, what are the economic realities and risks, etc.

Spas are "hot" but it is easy to get "burned" unless your spa development, marketing and management plans are on-trend and market-driven. There is very little room for error. Spas are part of just about every new four and five star resort, condo-hotel and lifestyle real estate development. They are also being added to existing properties so that the property does not lose its market share or competitive positioning. Consumers are very spa savvy so it's important to know how to make your spa different from and better than that of your competitors.

We always tell our clients that they do NOT want to be in the spa business per se. They should only build a spa if it contributes to their "core" business of selling rooms or real-estate. We are not believers in "build it and they will come" although if you do not have a spa, your property may not even be considered by meeting planners or leisure guests. Hospitality operators need to be committed to marketing and integrating the spa into their "core" business if they want it to be a profitable business as well as an asset to the overall lodging or real estate venture.

If you are planning to add a new spa or re-position your existing spa, consider some of the following trends that will help your spa be marketable and profitable. As you read these, you will see how each of these trends can be a stand-alone idea to create new business opportunities for you or you can inter-twine one trend with another so that the whole is greater than the sum of the parts.

1. Resort-Based "Hybrid" Spa: The "hybrid" spa concept helps a spa to maximize it's economic potential because there is a focus on yield management techniques through market diversification. While still staying true to your concept, the goal is to broaden the market appeal in order to increase treatment room utilization. The hybrid spa is a resort-based spa that attracts a variety of markets in order to maximize its appeal, profitability and yield management potential. It combines the best features of the most popular and marketable types of spas. It is a resort-spa for the conference guest who may only have time for an ala carte treatment, yet it also appeals to the leisure guest who wants to enjoy an ala carte treatment, a half day spa package or a multi-day themed spa get-away. The local community can use it as a "day spa" that provides everything from an hour to a full day "spa vacation" experience with facilities that the local stand-alone day spa can not provide. The spa can be a membership-based "club spa" for the local community as well as for the lifestyle condo-hotel or residential resort home-owner. The destination spa resort is the slowest growing segment of the spa industry whereas the resort spa is the fastest growing. The hybrid spa combines the best of everything and while you are

not "all things to all people," you have more options to market the spa and make money.

2. Spas are a Business: There will be more of a focus on the business side of spa operations. Most resort-based spas are still a "lazy asset" but more and more resort operators are becoming spa-savvy in terms of understanding the many facets that need to be carefully monitored and measured in order to have a marketable and profitable spa venture. There will be increased focus on the realities of spa economics. Developers of all types of spas will need to understand and be willing to commit the financial resources for a turn-key spa which includes everything from the building to the training. Operators will need to understand the day-to-day costs and initiatives required for internal and external marketing as well as hospitality and technical service training and delivery. Spa directors will need to be business managers, motivators and marketers. It is important that developers, owners, operators and staff understand how expensive it is to build and operate a spa, and they need to be realistic and focused on the ROI. They also need to be focused on how the spa helps to sell vacations, meetings and real-estate.

3. Lifestyle, Workstyle and Medical Real Estate: Spas will be part of up-scale residential and country club communities so that people can "live the spa life." Spas will also be an essential element in mixed-use retail, commercial and condo-hotel developments so that people can find more balance between work and relaxation and thereby increase their lifestyle balance, well-being, productivity and creativity. More and more people will want to live and work in communities with spa and lifestyle programs that enhance their quality of life with fitness/wellness activities and life/health enrichment programs. The spa will be a new type of social and business center or club as well as a place for personal renewal. This could be popular as a networking venue especially for professional women and for people who work from home. The spa will be a place where people can go to take care of themselves and to take care of business if they feel the need to stay "turned-on and connected." It would be good for the spa to have access to meeting facilities, a business center and dining. In a resort setting, these additional areas can be part of the resort facilities. In a stand-alone spa, you will need to be more creative so that the areas have the highest and best use which means it might be scheduled by the guests as well as the staff.

4. Spas are Places of Celebration and Connection: Spas have gone beyond the pampering experience, yet pampering is still important because we all need a "time-out." They will focus on providing quality, purposeful leisure time with the goal being that when people leave the spa they look and feel better than when they arrived. People will go to a spa to enjoy some private time and space to connect with oneself as well as social time and space to connect with friends and family. Spa design will need to include a variety of spa suites to accommodate 2 or more people (this will be an important way to attract more men since they can go into the spa and actually spend time with their companion/wife/girlfriend). Some suites will be a full "spa within a spa" with a private lounge/eating area, treatment areas for a variety of spa services, bathroom with steam shower and sauna, outdoor patio, etc. Some will be "cluster suites" with a private lounge and 3 – 4 lock-off treatment rooms so that this whole area can be sold to a group or the rooms can be used on an ala carte treatment basis if there is not a spa group reserving the suite. Some suites will actually be hotel rooms with spa treatment areas as well as fitness equipment. Versatility and flexibility in design and programming will be critical in order to meet the needs and interests of the various markets who visit the spa for everything from privacy to partying and from a "time-out" to a "work-out," and from a "me" to a "we" experience with intergenerational family get-togethers, professional networking and friendly socializing. Just like home gyms have presented a challenge for the health club business, spas are competing with the lifestyle home spa sanctuaries including at-home massage services, spa showers and tubs, massage chairs, aqua massage tables, etc. Spas need to meet the social, inter-personal, connection needs of people; otherwise, people will create their own spa experience at home.

5. Spa Spot Specialty Areas: There will be more integration of spas within health clubs, salons, wellness centers, etc. and other related businesses in order to provide a more convenient and all-inclusive means to promote health and well-being. Some of these Spa Spots will may be not be the "typical" stand-alone spa ventures. They could be kiosks in a mall that focus on specific treatments such as back, hand and foot massages. Health clubs and corporate buildings can set up relaxation/re-energizing rooms that have a variety of self-service equipment like what is found in Brookstone or Sharper Image. Resorts can set up a hammock area where guests can feel cradled as they relax. People will think about how they can include and introduce spa-type activities, products, foods, etc. for relaxation and re-energizing. These can be stand-alone centers, additional profit centers or used to market the "real spa."

6. Spa Anywhere/Everywhere: The spa does not need to be confined to the four walls of the spa facility. You can add "spa-ish" pleasures in your guest rooms, dining room, lobby, meeting space, pool area, etc. with music, aromas, textures, special lighting, toiletries, etc. Your retail outlets and the on-line shopping section of your web-site can sell a variety of "home spa" products and accessories that extend your brand and your profits. Look for opportunities to create spa pleasures and benefits that do not require people actually having to go into the spa. When done well, these spa touches can be marketing tools as well as generate additional revenues. The "Anywhere & Everywhere Spa" based on Special Pleasurable Amenities or Special Personalized Approaches.

7. Spa Playgrounds: Spas will pay more attention to creating better facility areas that actually become experiential, self-service treatment areas rather than amenity areas. Spa playgrounds can include aromatherapy steam rooms, environmental saunas, air jet color therapy tubs, specialty hydro-massage showers, reflexology water walks, relaxation meditation pods, product bars, aqua massage tables, foot massagers, spa "toy boxes" with a variety of mind-challenging and entertaining puzzles and games, etc. This will appeal to the "spa virgin" who has never been touched and wants to move at their own pace in a safe environment. It will also appeal to the "spa veteran" who wants something more than the under-whelming facility area which typically consists of a steam room, sauna and whirlpool. The playground can also include a retail area or a mini version of a Brookstone or Sharper Image with "feel good try and buy" areas for the home spa experience.

8. Spas Need to Offer Service and Not Just Services: Spas will need to focus more on hospitality. Spa staff can not be "order takers"...they need to be "experience makers" and "memory makers." This will happen with customized, personalized service where there are signature WOW moments and features in every area of the spa. Successful spas will be those that "over-deliver rather than over-whelm." Spas do not need to offer the "encyclopedia of world-wide spa treatments" since this can create stressful decisions for the guests, inadequate training for the staff and too much money tied up in product inventory. It is better to do a few things very well and create your signature touches rather than think that "more is better."

9. Spas Will Go Mainstream: Most of the spas today are still planned for and marketed to the well-to-do female, but there will be a movement to make spas more affordable, accessible and gender-friendly so that people will take spa treatments on a regular basis rather than just on a special occasion basis. Spa facilities, treatments and pricing will start to focus on the "masses" and not just the "wealthy." The luxury market expects the spa to be part of their conference or vacation experience, but there are lots of other people who would also enjoy and benefit from the spa experience. A client once told us "the rich will make you poor and the poor will make you rich." Main Street has more people than Wall Street. If spas are more affordable, we might see an increase in spa utilization. As spas become more holistic in their appeal and less intimidating, they will attract a broader range of people. They will offer simpler, more affordable services so that more people can go from being "spa virgins" to "spa veterans." The spa marketing message needs to include how the spa experience helps you rather than just pampers you. Mass customization will be important. You will need to creatively orchestrate how you can personalize rather than homogenize the spa experience so that guests achieve their goals based on their interests, time and budget. The goal is that people should leave the spa feeling better than when they arrived so that they feel that the experience was worth the time and money. Today's spa-goers are well read, traveled, and experienced when it comes to spas, and they will continue to demand that spas meet their needs.

10. Male-Friendly Spas: We know that men only make up about 30% of the spa-goer market. If we want to attract more men, we need to consider their needs when planning facility features and interior ambiance, creating treatments, selecting products, choosing guest attire and creating the marketing script and photos. Men's personal care is the fastest-growing segment in the Bath and Body Care category. This applies to all generations. If we want to grow the male market, we need to look at ways to integrate them into what is a "traditionally female" spa experience.

11. Wellness & Completeness: Spas will be the new centers for personal enrichment. They will expand their offerings to include life-enriching seminars and programs that focus on activities such as wine tasting, art, music, cooking, pain management, healthy aging, etc. There will be a focus on programs that are life-stage and lifestyle-oriented. Spas will be places where people can go to be educated, motivated, inspired and/or entertained. Spas will be learning centers with guest speakers, workshops, life and wellness coaches, and "artists" in-residence programs. Spas will become centers for well-being with programs on fitness, wellness, integrated medicine, behavior modification, etc. Spas can be the bridge between traditional medicine and complementary alternative medicine. Advancements in skin care and the continuous integration of Eastern and complementary medicine will enable spas to help guests look and feel younger and to age naturally and gracefully. Spas may have a Longevity and Age Management Center or Department. There will be a focus on "spaceuticals" which are truly customized and maybe even "prescribed" spa products and services. The mind/body connection will be an even greater component of spas as the spiritual aspect of healing and reducing stress becomes commonplace. The internet will help spas to become global platforms for wellness education and products. If you have something that can help people, let them know about it via various distribution channels. Perhaps you have some unique products, an exercise program, a relaxation tape, memory-enhancers, sleep program, etc. that can help you maintain your relationship with existing guests and show potentially new guests how you can be a resource for lifestyle enhancement and self-actualization whereby people can gain important information and tools for quality living and high-level longevity.

12. Spas Need to be Experience-Driven: Spas are not about how many treatments you can offer and how many product lines you can sell. It's about creating experiences that touch and change peoples' lives. People are moving away from purchasing products and are moving towards experiences that are new and exciting where they are intrigued, entertained, enlightened and even transformed. Bricks and mortar have been replaced by moments and memories. Trendiness and gimmickry have been replaced by authenticity and integrity. It is important to create spa experiences that will touch people physically, socially, emotionally, intellectually and spiritually. Staff need to be trained to be "experience makers" not "order takers." The staff need to be taught how and empowered to customize and personalize the spa treatments so that they create an experience that touches all 5 senses with such precision and care that the guest transcends into a 6th sense which becomes their personal transformation journey. When you are able to connect to a guest on this level, you have established a USP that no other spa can duplicate or imitate.

13. Customize & Personalize: If a guest is to enjoy a true spa "experience," it needs to be customized based on the person's needs, interests, time and budget. The customization can be in terms of products, lighting, music, temperature, etc. The ultimate in personalizing a treatment is when a spa charges a flat rate for a certain period of time (an hour or more) then allows the service provider to do whatever is in the best interest of the guest so the guest leaves feeling and looking better and knows that it was time and money well-spent. Guests appreciate when they feel "in control" and can participate in their "self-discovery" experience that is meaningful, memorable and results-oriented.

14. Green is Good: Spa-goers are concerned about taking care of themselves and the environment. They appreciate it when the spa has green policies regarding organic products, cleaning agents, utilities, etc. While they are advocates of and will support the policies and will pay more, it is important that these policies do not pose any inconvenience for the guests. Sustainability of the environment and of "self" are important and inter-related and guests want to know that the spa has a social conscience, integrity and ethics regarding a "healthy you" in a "healthy environment."

15. Minimize Stress...Keep Things Simple: More is not necessarily better. You don't need to have a big, luxurious, expensive spa with the "encyclopedia of international spa treatments." Sometimes you may be better off with a Simple, Pleasurable, Affordable approach that is more stress-free, non-intimidating and indigenous to your environment. People go to spas to reduce stress but, all too often, we create stressful experiences, e.g., a flow that makes no sense, an encyclopedia of "world-wide" treatments, too many choices especially when the service provider makes recommendations during the treatment and there's an extra charge involved, etc. Wouldn't it be nice to have a simple, stress-free menu where people could buy a 30, 60, 90 minute massage, facial or body treatment and there was one price based on time and the service provider could totally customize the experience by using whatever products and modalities would result in the maximum benefit. Perhaps you think this is too simple, but do guests really know if they need a moisturizing or hydrating 60 minute facial or should it be up to the service provider to analyze the skin and make the recommendation without any up-sell in price. There are two enhancers to the simplicity approach: quality and authenticity.

16. Welcome the "Spa Virgin:" There are a lot of people who have never been in a spa and may never go into a spa if spas do not make some changes. If spas expect to grow their business, they need to think about how to attract the non-spa-goer. These "spa virgins" can become "spa veterans," but in order to do so, more attention needs to be focused on consumer research and understanding spa psychographics so that we can grow the spa-goer market. Spas will need to be more sensitive to and overcome the various barriers to entry: anxiety of the unknown in terms of what to wear, how to tip, fear of looking or acting like an "outsider;" price sensitivity with treatments; guilt in spending money and time on "self" for a perceived luxury; overwhelming and almost paralyzing number of treatments; etc.

17. Spas as Theater: Spas will be carefully orchestrated venues of enjoyment and enrichment. They will be created like a Broadway play. It will start with an idea that gets developed into a story (spa concept). There will be a script and playbill (treatment menu, packages, programs), stage design (facility planning), stage decorations (FF&E, products, supplies, laundry/linen) wardrobe creation (staff uniforms and guest clothing), rehearsals (training program) and show time (the spa is open for daily performances). Each member of the audience (guest) needs to feel the thrill, excitement, stimulation and awe so that he/she will be a raving fan (return guest and spa ambassador through word-of-mouth marketing). Each cast member (employee) needs to give the best performance of his/her life with every guest interaction (customize and personalize the experience to create memories and joy). When you create, orchestrate and deliver a unique spa "story," you play the role of the story-maker, producer, director, set decorator, wardrobe artist, actor, audience, etc. with a focus on how every detail helps to create "raving fans."

18. Design for A Profitable Experience: It is important to create facilities that are nurturing, relaxing oases of tranquility for your guests by paying attention to textures, aromas, lighting, sound, etc. At the same time, the flow needs to be operationally efficient for the staff and able to generate profits for the owner/operator. The spa does not need to be confined to what will fit within 4 walls. The spa can be as much about outdoor activities as it is about indoor treatments. Make sure the treatment rooms are flexible and multi-functional and that they accommodate a variety of treatments while being accessible to both male and female guests and staff members yet have a flow that allows for privacy.

SUMMARY

Spas are here to stay. They are not a passing fad. If you want your spa to be an asset and not an albatross, you need to understand what the market wants then deliver it. You need to know what your competition is doing, then do something different from and better than them. When properly planned, marketed and managed, the spa should be a viable, marketable and profitable business in and of itself as well as an integral component of your "core" business which may be to sell rooms and real estate.

Judith L. Singer, Ed.D., ISHC, is the President & Co-Owner of Pompano Beach, Florida-based Health Fitness Dynamics, Inc. (HFD) (www.hfdspa.com) an internationally recognized spa consulting company that specializes in the planning, marketing and management support services of spas for fine hotels and resorts, day spas and mixed-use developments. HFD is also actively involved in conducting economic and consumer spa research. Since its inception in 1983, HFD has been the consulting firm to over \$650 million of completed spa projects. A partial list of clients includes: The Umstead, Rosewood Mayakoba, Canyon Ranch in the Berkshires, Little Dix Bay, Four Seasons Hulalai, Miraval, Malliouhana, Cranwell, Pinehurst, The Homestead, The Greenbrier, Bacara, Silverado and the Delano. Dr. Singer is also the past chairperson of The International Society of Hospitality Consultants (www.ISHC.com) and was on the ISPA Committee for the inaugural edition of the Uniform System of Financial Reporting for Spas. As we go into our 25th year as spa consultants, HFD will be focusing more of its experience and expertise on helping existing spas to be more profitable via management advisory services. Dr. Singer can be contacted at 954-942-0049 or judysinger@hfdspa.com

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