



AMERICAS: *Canada*

SUMMARY

Canada's spa and wellness industry has been affected. For most spa and wellness operations, there has been a slight negative impact on revenues reported compared to year-to-date last year. The spa industry however has not seen an affect as severe as some other leisure and other industries in Canada (i.e. the ski industry).

The first-time entrance of large hotel organizations into Canada's big cities suggests near-term recovery. W Hotels entered the Canadian market with its first hotel and spa in Montreal. Thompson, Trump and Gansevoort Hotels also have scheduled openings for Toronto. Shangri-la recently opened its first location in Vancouver and has scheduled a second for in 2011 in Toronto.

CHANGES IN CONSUMPTION

A large driver of consumption to spa is disease-prevention, stress-relief and an increased public awareness of alternative therapies for increased mind and body wellness. As a result we continue to see massage as the most requested treatment.

CHANGES IN SPENDING PATTERNS

Canadians are also staying close to home as a result of the economic crisis and are exploring mini vacations and weekend getaways as opposed to long exotic vacations. There is higher growth in spending inside the country as opposed to a drop in money spent outside of the country.

SHIFT IN REVENUES

Stress-free services such as massage will continue to push forward versus esthetic services. Healing and detoxifying therapies, yoga, etc will also continue to drive revenues.

EFFECTS OF ECONOMIC CRISIS

Fewer visits and decreased spending per visit have resulted in more competition for between spas. There have been some spa closings but mostly cut backs in staff or staff hours to compensate for the drop in revenues.

CURRENT SPA AND WELLNESS RELATED PROJECTS

British Columbia is seeing some hotel and spa developments in preparation for the positive growth expected at the 2010 Vancouver Olympics.

Sparkling Hill (Swarovski Crystal) is poised to be a glittering addition to the spa industry in Canada scheduled to open later this year.

Dove Spas out of the UK recently opened its first spa in Canada and is scheduled to open an additional four in the near future. We are also seeing the expansion of hotel and spa chains such as ALT Hotels (Germain Group) who are opening their first hotel and spa in Quebec. As mentioned, many hotel chains are moving into Canada for the first time, bringing spas with them.

TREND-SETTING AND UNIQUE PROJECTS

Trends in the Canadian spa and wellness industry include indigenous, natural and healing treatments. For example, the continued success of the Nordic spas in Quebec. As a natural source of healing and a great way for Canadians to 'get outdoors' during long winters, these spas are very appealing to both women and men. (Quebec reports the highest percentage of male spa-goers in Canada.)

The Leading Spas of Canada, Canada's leading spa and wellness association, is working closely with the Canadian Tourism Commission to market Canada as a leading international spa destination. Research suggests that spa tourism has not even come close to reaching its full potential in Canada (Source: Canadian Tourism Commission ("CTC") 2006 Canadian Spa Sector Profile). The CTC study indicates that tourism is a key component to the spa industry, as tourists represent 29% of total spa visits and 25% of spa revenues in Canada.

ADAPTING TO THE CURRENT ECONOMIC CRISIS

We are seeing an increase in online marketing and the use of social media versus traditional marketing initiatives. Online booking engines and the incorporation of yield management across all booking channels are also making huge headway to help increase spa revenues and competitive edge.

Value in economic slowdown is more important to consumers than ever. Some discounting is seen through promotional marketing but not much. Bundling services has become more prominent in the industry where spas are not eroding the value of the brand or of the services but giving clients a feeling of increased value.

OPPORTUNITIES

Opportunities always present themselves amid crisis, as a crisis forces us to think in an effort to find solutions. As an industry, the economic crisis drives us to become masters of our business and focus more than ever before on streamlining costs and executing better business practices that will lead to new efficiencies.

Peoples' health awareness and the importance of stress-reduction amid crisis is aligned to the spa and wellness industry through the education of the importance of spa. We now see more spas than ever using the term wellness in their marketing endeavours. (Used by 75% of spa members in their marketing efforts [April 2009 ISPA Snapshot Survey]).

We also continue to see a cleansing of the industry. The good spas will inevitably survive the economic crisis whereas many of the mediocre spas may not.

SUBMITTED BY:

Frank Pitsikalis
Founder & CEO
ResortSuite
+1.416.259.0715
frankp@resortsuite.com
www.resorsuite.com

