

# NORTH AMERICA: *Canada*

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## ECONOMIC CLIMATE

The spa industry in Canada has been a success story until 2009, growing 329 % between 1996 and 2006. There were more than 2,300 spas located across the country as of March 2006 as hotel and resort spas became the new default amenity for any new property. Despite narrow margins compared to other hospitality services – roughly five to 20% on spa services (where a hotel room might garner as much as a 70% mark up) the industry contributed more than \$1 billion to the Canadian economy in 2006.

However the bright picture started to fade with the recent economic downturn, especially for the hotel and resort spa sector. This category is more dependent on the tourist trade and as Statistics Canada reported in the summer of 2009, U.S. tourism – accounting for 75% of spas' foreign clientele – is experiencing its longest decline since 9/11.

Add those bleak tourism numbers to the corporations and government groups worried about the appearance of booking spa time, and to the individual spa goers who are cutting back on spending as they suffered through cutbacks. In addition sales of spa retail products are down and “signature treatments” – a standard service such as a pedicure with something extra – have fallen away in favor of core treatments, such as a massage from a registered massage therapist which can be claimed, in many company health plans, as a legitimate medical expense.

It all adds up to challenging times but in the end, there is at least one upside to these leaner times. Where once a rash of new spa openings left employers vulnerable to losing their trained staff, the labor market is in a different position than it was a couple of years ago and employees are remaining with their current employers much longer.

## STATISTICS

- 64% of spa goers are women and 36% are men, which is a large increase of male clients.
- On average they are 42 years of age in Canada.
- Average annual income of spa travelers in Canada is \$68K as opposed to the U.S. with \$98K.
- Generally spa travelers most popular leisure pursuits are culture, cuisine and shopping.
- Americans (63%) are more likely to visit a spa while traveling than Canadians (49%).
- Canadian travelers are more likely to take their spa vacations close to home.
- Most popular service among the Canadian spa visitor: 86% want a massage, followed by facials, body treatments and manicures/pedicures.
- The five most important factors Canadian consumers consider when choosing a spa vacation destination are: 1: lodging accommodations, 2: personalized service, 3: cost/value for money, 4: affordable destination, 5: type of spa treatments offered.

## INNOVATION

With the drop-off in U.S. tourism, competition between spas has become fiercer and is challenging spa operators to come up with creative solutions to attract the local or international spa-goer. Assisting the “doing whatever it takes” attitude of spa operators, The Canadian Tourism Commission (CTC) and 58 leading spas across the country collaborated to put Canada on the international wellness map. With innovative treatments such as Ontario maple-sugar scrubs, exfoliating treatments with Saskatchewan sea minerals, wild rosehip and chamomile oils from British Columbia, Canadian spas rank up there with the world’s best. According to CTC, the Spas Initiative was undertaken to identify spa experiences across the country to help develop awareness of Canada as an international spa destination.

Another initiative to attract the elusive client has led Leading Spas to develop Spa-Bay, based on e-Bay-style auctions. Member spas post weekend getaways and gift certificates to the Spa-Bay site, allowing anyone to bid on low-priced vacations – with bidding for \$100 gift certificates starting as low as \$15 – keeping numbers up at the spas themselves and opening the door for up-selling/cross selling once the consumer visits.

In another marketing effort, an Oasis-brand fruit juice promotion sees participating spas give discounts to customers who come to the spa with their specially marked fruit juice caps.

Some day spas hire luxury coaches to travel from hotel to hotel to pick up conference attendees and their spouses and bring them to their location and also offer double-duty treatments, such as a pedicure running simultaneously with a facial, for those clients pressed for time as they are working longer hours due to the reduction of staff at many companies.

Our clients’ goal is obviously to profitably change customer behavior and therefore maximize the value of their clients. In order to support this goal, SpaSoft has added functionality to the core application to isolate and collect the best data to identify, engage and grow the most valuable customer relationships and assist in managing loyalty awards.

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