



## NORTH AMERICA: *United States*

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### ECONOMIC CLIMATE

In the U.S. 2009 was a very difficult year for any business that relied on the discretionary income of its clients. From Q4 2008 through the end of 2009, many spa businesses underwent a complete transformation, at least those that survived. On the negative side, of course it's terrible to see businesses have to close their doors and for people to lose their jobs. A more long-lasting and potentially damaging effect however, especially for the spa industry, is that clients learned that they could do without spa services, or traded down the quality of their retail purchases – some of these new behaviors are likely to stick. Experts predict that we have another two years to go before consumers feel more confident and that spending may never return to previous levels.

The U.S. spa market is predominately made up of day spas, with resort/hotel spas coming in second in terms of the number of units. Day spas are owned by people from all walks of life and with widely varying business skills. They usually do not have the deeper pockets of a corporation behind them. Survival depended on learning how to do more with less, and slimming down on overhead while not impacting the guest experience. Resort and hotel spas also had to make major operational changes to reflect the new economic reality. I think we learned a lot about how to be more strategic with cash flow, and to make necessary changes in some areas that were long overdue, such as employee compensation plans. Also, in a Darwinian twist, spas that were just getting by in 2008 either made major changes or closed their doors, so the facilities that remain are healthier and stronger.

### INTERESTING STATISTICS

I'm not aware of a particular statistic, however one thing I've seen is a huge jump in the number of spas using social media as a marketing vehicle. It makes perfect sense in the current economy, as it has proven to be both inexpensive and effective. A year ago, you could count on one hand the number of spas with a Facebook fan page or using Twitter – now there are too many to tally. The long-term implications are yet to be revealed, but I suspect we will see a continued migration to digital media from print for advertising and marketing initiatives.

### INNOVATION

- The U.S. is seeing the continued blurring of lines between wellness and traditional spas.
- Day spas and resort spas alike are embracing wellness initiatives, incorporating modalities such as Ayurveda, acupuncture, TCM, nutrition and hypnotherapy.
- Spas are offering collections of services oriented to a specific goal.
- At the same time, there is a return to simplicity as clients want the tried and true when it comes to massages and facials; service menus are becoming easier to navigate.

## SPA INDUSTRY BRIEFING: *United States*

- We are also seeing more spas or spa services being offered in varied venues such as hospitals, fitness centers and retail stores.
- I believe we will also see the continued growth of low-cost, low-frill service models targeting a specific audience.

This industry evolution means that spa services are available in more places to more people than ever before, and so becoming more mainstream and not just for special occasions. Having a collection of services and price points available means that consumers can find the spa experience that's perfect for them.

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