



*Diagonal Reports*

## **“Spa Market USA 2010”**

**Overview for delegates attending  
2011 Global Spa Summit (GSS),  
Bali**

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## SECTION 1 SUMMARY

**TABLE 1 USA day spa market, key data**

<b>Day spa market</b>	<b>Data</b>
Units	20,000
Revenues a year (2009)	US \$15.5 billion
Market variations 2009/2008	-(15)%
Market variations 2010/2009	+1.5%

(Source: Diagonal Reports USA Day Spa 2010.)

Key data on the US day spa market is set out in the table above.

The approximately 20,000 day spas generated revenues of \$15.5 billion a year in 2009. (\*)

The market shrank in both volume and value terms. Revenues fell by an average of 15% in 2009 over 2008 in the US day spa companies interviewed.

The contraction of 2008 came as a shock to this sector, in which many businesses were relatively new and where the main experience was one of market growth. In 2009, spa revenues fell by 15% with respect to the previous year.

The experts interviewed are not optimistic, they forecast, on average, growth of only 1.5% in 2011.

There is a consensus among the spas interviewed that consumers will continue to hold down spending for the foreseeable future. Experts think there will be no return to the level of sales in their best year, 2007, “any time soon.”

Spa revenues will be, at best, stagnant in 2010, and market experts do not expect any upturn until 2011 or even 2012.

More details about market challenges are set out in the Section “Going Forward.”

\*“Day spa revenues” refers to the total revenues generated in the 20,000 day spas in the USA from the sale of treatments or services, and from product retail that is the sales of products over the counter (OTC) to clients.

## **SECTION 2 DAY SPA MARKET SEGMENTATION, INDUSTRY STRUCTURE**

### **Fragmented market**

The US day spa industry is quite fragmented. It runs the spectrum from mega businesses and facilities to tiny, solo-operated businesses.

The small number of large-sized spas that offer a wide range of services account for most spa industry revenues. This is unlikely to change. Less than 20% of spas could account for almost half of industry revenues.

The concentration of spa revenues in relatively few spas in the USA is much same as in other countries.

The largely fragmented spa industry, where most are single unit operations, is consolidating with the roll out of national chains (multiples).

### **Spa geography**

The regional distribution of the 20,000 days spas mirrors that of the US population: the highest number of spas are in the most populous areas. The exception is the states with a significant tourist and vacation industry, which have a high number of spas relative to the resident population.

### **The top ten states for spas**

US spas are concentrated in a relatively small number of the 50 states. Five states combined account for more than 36% of the industry, and ten states account for 65%.

The following the top ten states with 65% of US day spas and spas are:

- California
- New York, New Jersey, Massachusetts, and Pennsylvania
- Florida
- Texas

The other three states in the top ten account for the remaining 13% of spas. They are Illinois, Arizona, and Georgia.

**TABLE 2 Market segmentation (%) day spas, hotel and medspas**

Type	%
Day spas	77%
Hotel spas and med spas	23%
TOTAL	100%

(Source: Diagonal Reports USA Day Spa 2010.)

Most of the “spas” in the USA are day spas. Others are hotel spas and medspas, the latter specialize in “medicalized beauty” treatments.

Day spas are freestanding spa facilities, while hotel spas are spas that are located inside a hotel or a resort facility. Both types of spas offer much the same assortment of services, while the third type, medspas, specialize in medical beauty services.

National surveys, including those conducted by the International Spa Association - ISPSA ([www.experienceispa.com](http://www.experienceispa.com)), consistently estimate that day spas account for approximately 80% of the sector.

**TABLE 3 Distribution of spas (%) of single unit and multi unit companies**

Type	%
Single unit	89%
Multi unit	11%
TOTAL	100%

(Source: Diagonal Reports USA Day Spa 2010.)

The spa market runs the spectrum from single unit, solo-operator businesses, to multi unit national and international corporations. A Diagonal Reports’ analysis of a database of US spas and day spas shows that 11% are multi unit operators and the remaining 89% are single unit.

## SECTION 3 SPA MARKET BUSINESS ACTUALITIES

### A few services lead

Though day spas can offer a very wide menu of services, individually and collectively, most spa revenue comes from two or three of the services offered.

Typically, these are facial skincare, hair removal (depilation), and massage treatments. These services are not only the mainstay of spas' income, but their importance has increased because demand for other spa services has all but collapsed since the economic downturn.

**TABLE 4 Day spa revenues (%) from treatments, and from product retail**

(As average % revenues in the spas interviewed.)

Revenue source	%
Spa treatments	86%
Product retail	14%
TOTAL	100%

(Source: Diagonal Reports USA Day Spa 2010.)

The table above sets out the average distribution of revenues in terms of services compared to retail in the US spas interviewed. Some 86% of revenues are from the sale of spa services, and the rest is from the retail of products to clients.

**TABLE 5 Spa revenues (%) by treatment category**

(As average % revenues in the spas interviewed.)

Treatment category	%
Massage	50%
Facials and other	50%
TOTAL	100%

(Source: Diagonal Reports USA Day Spa 2010.)

The table above sets out the average distribution of revenues from the different services in the spas interviewed.

Massage therapies lead, they are followed by facials. These categories with hair removal account for almost 85% of spa revenues. The "other services" are a mixed bag that varies from spa to spa. Examples would include eyebrow shaping, nail care, hair services, teen treatments, fitness, and even food services.

### **Demand for the basics and the exotics**

The services that account for most spa revenues reflect “a truth” that spas have long insisted upon. Although the media may focus on exotic services, it is always the basics that generate the money.

To quote a spa company: “Media-hyped, exotic sounding services may attract attention, but in the end people buy the basics - massages and facials.”

### **Free services can obscure usage rates**

Some day spa industry practices make it difficult to quantify the actual use of different services. This happens when hotel accounting systems only report paid-for services, with no record of the use of free (“free to guests”) services.

Examples of the free would include whirlpool, hot tub, fitness, and sports centers. As casino operators note, their records do not reveal massages offered free (as rewards) to high-level players (gamblers).

**TABLE/GRAPH 6 The spectrum of spa offerings**

<b><u>SPA SERVICE SPECTRUM</u></b>		
<b>Beauty Maintenance Services</b> (e.g., facials, hair removal, nails)	<b>Massage Services</b> (e.g., body massage)	<b>Relaxation</b>
<b><u>SPA SPECTRUM</u></b>		
<b>Beauty Salon</b>	<b>Day Spa</b> 90% of spas	<b>Stay Spa</b> 10% of spas

(Source: Diagonal Reports USA Day Spa 2010.)

The above set outs a spectrum of services offered in different types of spas. It illustrates that the differentiation of the spas by type is necessarily arbitrary and to some degree subjective.

The menu of services on offer is broadly the same in the different types of spas, such as day spas and hotel spas, but the actual percent of revenues generated by any service varies from spa to spa and, in spa chains, by unit location.

In hotel and resort spas, relaxation massages are more important than beauty services. These spas tend not to offer some beauty services, such as hair removal and hair care, because they require a different set of skills, and because consumers do not trust their haircut and color to a stranger.

Different practical considerations determine the actual services offered. One of the most important is the scope of therapists' licenses, which means that in order to offer a range of different beauty services, a spa must employ a large staff. (See Section "Spa Menus.")

## **SECTION 4 SPA MARKET BUSINESS ACTUALITIES MESSAGES**

### **Day spa massage business**

Massage therapies have acquired an almost iconic status as the definitive “spa” treatment.

Indeed, for many professionals and consumers, it is the offer of massage therapies that distinguishes a “spa” from the lesser entity of a “beauty salon” (also called a day spa). This is partly because spas were the channel that launched massage into the public consciousness.

Massage is the single most important revenue category for spas, and accounts for almost half of sector revenues. This is set to continue even though the category is increasingly competitive.

Massage is somewhat more important for hotel spas than for day spas.

Though spas offer more than one massage modality, the leading massage therapy is Swedish massage. Demand for luxury massages, like other spa luxuries, has all but collapsed.

Spa massage revenues are almost entirely from treatment fees, because spas generate almost no retail sales. Massage costs are mainly labor.

The arrival of massage chains is a challenge for the sole practitioners who have dominated this category — in spas and other channels providing the service.

### **Drivers, issues, threats for day spa massage**

- Lifestyles drive consumer demand
- No DIY alternative to spa massage
- Clients upgrade
- Easy access/availability
- Competition, including over supply of massage therapists
- Consumer confusion about therapies
- Sleaze

The above is a list of the main factors that impact the spa massage market. Perhaps the leading positive for spa massage is that massage is very much a “do it for me” service - consumers cannot massage themselves.

### **Regular lifestyle or occasional indulgence?**

The rapid expansion of the massage market in the USA, and elsewhere around the world, indicates that massage is now a mass consumer phenomenon. That is, the many millions of consumers for massage suggest that it is seen as a way to maintain and enhance wellbeing and quality of life, in both the short term and in the long term.

Massage could not have exploded and become a mass market phenomenon had it remained what it was more than a decade ago: the preserve of a time and money rich elite, and only an occasional indulgence for everyone else. Spas interviewed linked the rise of massage with a greater concern with health.

### **How mice and monitors can drive massage**

Millions of consumers want massage because it meets needs that are widespread and the product of typical work and lifestyles.

Spa managers observe the large number of clients who want a massage to relieve muscle strain from work, specifically computer screens, monitors, and keyboards. Furthermore, teenagers' constant use of mobile phones and texting may ensure long term demand for hand massage.

The wide appeal of massage is obvious from the very wide range of consumer segments it attracts. Spas report a higher percent of men for massage than for beauty services.

### **Easy availability, more competitive**

A growth driver of the massage market has been its easier availability. Over the past decade, the USA has seen an explosion in the number of therapists and businesses offering massage.

Massage is set to become more accessible with the proliferation of massage that offer lower prices (than more traditional spas), and often better quality facilities and amenities, and a wider menu than do the sole practitioners.

Many different types of business want to grab a share of the growing massage pie. They include department stores that have installed massage chairs, tanning chains that have installed automated water-based massage beds, and chairs for guided meditation.

### **Competition / churn in the massage sector**

The more competitive massage is increasing the “churn” rate, that is, the numbers of massage therapists (MT) who enter and leave the industry every year. The professional organization, the ABMP, estimates the annual attrition rate among massage therapists at 18% a year.

### **Spa massage ... threat sleaze**

Some consumers may avoid going for a massage because they are afraid they may inadvertently end up in sleaze, that is, in a “massage clinic” that is really only a front business for a brothel. Massage is the spa category most affected by “sleaze.” This sector is, by its nature, hard to quantify.

Sleaze can represent a barrier for many potential consumers, or it can attract the “wrong sort” of consumers who might leave a spa open to staff litigation (if propositioned for sex).

Some spas require clients to sign a form which notes that any sexual suggestiveness or advances will result in the contract being terminated.

## **SECTION 5 SPA MARKET BUSINESS ACTUALITIES FACIALS**

### **Day spa facials and skincare business**

Skincare is one of the most important revenue categories in spas.

Spas have been an important engine for the upgrade of the skincare market, and a launching pad for introducing consumers to innovative technology and products.

Facial skincare will continue to be crucial for spas. It is proving to be one of the most recession resistant spa categories. However, demand for luxury skincare, like all other spa luxuries, has all but collapsed in spas.

### **Drivers, issues, and threats for day spa skincare**

- High value / high priced service
- Generates spending upgrades and add-ons in services and retail
- Skincare covers wide demographic (many problems/ages)
- Recession resistant drivers (aging, workplace pressures)

The above lists the main factors identified affecting the skincare market in day spas.

Skincare will continue to be important, underpinned as it is by a large population and broad consumer demographics. Consumers include the young and the not so young.

Skincare clients are among the most regular and most loyal of day spa consumers. The core consumers are women, over 30 years, who want to delay or reduce the signs of aging.

Other important consumer segments are those who want solutions for skin blemishes, acne scars, and sun damage.

### **Facial because face is visible**

The same reasons that make facial skincare a high value day spa category make it (relatively) recession resistant. Skincare is a high value day spa category because consumers will pay for quality professional services to enhance their most visible body part, the face.

### **Services hard to duplicate at home**

Professional skincare will continue to command consumer loyalty, and high prices, because it delivers results that cannot easily be reproduced at home. Spa professionals have access to high levels of technical skills, quality professional products, and a range of tools and equipment.

### **Spas the catalyst for new skincare categories**

Skincare is such big business in day spas because it is the day spa channel that adopted and rolled out almost all recent innovations such as scientific (“high tech”) skincare and organic skincare.

The term scientific skincare is used to refer to treatments, products, and tools that are the result of major technical innovations and ongoing improvements in older techniques.

Among these are dermal injectables (e.g., Botox), fillers, laser/LED, and peels.

The innovations produced hitherto unobtainable outcomes, in particular in anti-aging. This is why the new treatments commanded prices that were many multiples of more traditional skincare.

(About the impact of innovations in the beauty and skincare market, see Diagonal Reports, [New Beauty Culture 2009](#).)

### **Spa skincare - threats**

There are many, many competitors for day spa skincare services and products. At one end of the market, the top end, spas compete with specialist spas (i.e., medspas, laser clinics) and medical professionals (doctors, dermatologists).

Spas express some concern that medical professionals might succeed in limiting, by regulation, the right to use certain products (e.g., peels) and tools (e.g., lasers) to themselves.

At the other end of the market, the bottom, day spas compete with recently unemployed estheticians who work on a casual basis (outside the tax net), with budget spas (e.g., discount membership spas, tanning clinics), and with retailers.

## **SECTION 6 SPA MARKET BUSINESS ACTUALITIES OTHER SERVICES**

### **Hair removal**

Hair removal, or depilation, is an important revenue category in spas. While the service trails other categories in terms of revenues generated, hair removal is a “must have” category.

Hair removal is becoming more and more competitive. There are the many clinics that specialize in hair removal, as well as the retail market, that is, consumers buy many different types of products to depilate at home.

Waxing is one of the most recession resistant day spa treatments. It is a must have for the core consumers, women, and for an increasing number of men.

Spa hair removal is proving more recession resistant than more expensive treatments. But this may be due to low prices. Hair removal is a high volume / low value spa category.

Spas must offer hair removal as it is an essential service for clients. Nowadays, large numbers of consumers regard hair removal as a necessity.

### **Threat of competition worsens, the threaders**

Many spas fear that the already extremely competitive hair removal market is becoming even more competitive due to a mixed bag of factors, including the many alternatives to spa hair removal, both professional and DIY.

In fact, there is an oversupply of many different types of hair removal businesses - specialist clinics for laser/electrolysis, waxers, and recently, “threaders.”

Spas fear changes in the current licensing regimes, which restrict waxing to licensed certified estheticians, that is, those who have completed 600 hours (this rises to 1,000 hours in some states).

## **SECTION 7 GOING FORWARD, CHALLENGES, THREATS, AND CONSUMER BEHAVIOR (DO RECESSIONS CAST A LONG SHADOWS?)**

### **Day spa market challenges, threats and unknowns**

- Downturn exacerbates existing fault lines
- A new consumer is born?
- Many marketing challenges for spas
- Democratization of the day spa market
- “Unbranded” categories in services and products
- Day spas an engine for new product categories
- Snake oil and sleaze
- Unknowable, unpredictable, unprecedented

The above lists what experts identified as the most important challenges for the day spa market in the USA.

### **The down turn – a “double whammy”**

The economic downturn exacerbates the problems of a spa market suffering from oversupply.

The economic downturn created a “double blow” for the spa industry; by 2008 the market suffered from an oversupply of businesses and therapists, and many spas had an “unrealistic” cost basis. (See under heading, “Downturn exacerbates existing fault lines.”)

### **Not just a decline, a disaster — the phones stopped ringing (quotes)**

The standstill was a shock for those who entered an industry where business had doubled year on year. A random quote from one hotel spa company conveys the lived experience of the downturn: “The phones were simply not ringing, absolutely everything came to a standstill in 2009.”

### **In denial, spas delay responding to new behavior**

Data from 2008 research would suggest that some spas could have been in denial about sales trends. Of hotel spas interviewed by Diagonal Reports in 2008, some 60% reported their sales had been stagnant or fallen that year.

One noted: “Consumers became very value-conscious ... noticeably shopping around. We know this from compare enquiries without actual bookings, which can indicate price resistance. Clients want to understand the value.”

But despite such data, most hotel spas reported that they planned to expand in 2009, based on their belief that the spa market would grow in single digit and even double digit figures each year — until 2011. This belief was a product of their own experience - many had only known growth, and often only strong growth.

In retrospect, spas would admit that until mid-2009 they continued to hope that the downturn was a short-term blip. This is why most of the spas interviewed in 2010 report they did not adjust their prices until mid 2009, and even late 2009.

### **Downturn exacerbates existing fault lines**

- Oversupply
- Unrealistic costs
- Credit crunch

The economic downturn hit spas at a bad time. The industry had become saturated, not just in terms of spas but estheticians, and even equipment. Further, many spas had unreal/high operating costs. They entered the current downturn and credit crunch with high, if not excessive, operating costs. Many are seriously over-borrowed and unable to service debts undertaken to expand, or to pay high rents and leases not just on premises but also equipment. Few had the savings to survive even a short downturn.

### **Adjustment difficult - labor**

The proliferation during the boom of spa training schools created an oversupply of graduates, some of questionable quality. Hiring low quality staff has added to costs. To quote one manager of a national hotel chain: “Everyone competed for the same pool. Every graduate got hired, top of the class to bottom. Spas that hired those without the quality of skills required added to costs when they had to invest in their own training.”

### **Oversupply detected in 2006**

Diagonal Reports' research reported that by 2006 there were indications that the spa market was becoming saturated.

We noted the extremely uneven performance of medspa companies in 2006, and that some core services (e.g., laser hair removal) were saturated. (See, for example, Diagonal Reports, The Medspa Market USA 2007.) The research from different years, that is 2007, 2008, and 2010 is not always directly comparable because it does not always interview the same companies.)

### **A new consumer is born**

A big worry for spas is the economic downturn could be shaping a new type of consumer behavior: one that will impact the spa business not just in the short term, but in the long term.

Spas worry that if many consumers make a habit of frugal spending low priced/low quality services and products, and that the market might never again return to its pre-downturn level.

### **Spas only themselves to blame, deep discounts**

Some spas would blame the industry itself for some changes in consumer behavior, that is, the very deep discounts on offer by some spas could turn consumers into bargain chasers. Deep discounts could accustom consumers to low prices in spas.

### **Changes in consumers' demands since 2008**

Consumer behavior is changing.

A striking commonality of the spas interviewed, which included spas catering to different price points, is that since 2008 the sales of luxury services have all but collapsed in all categories (e.g., massage, facials, body treatments). Some day spas simply eliminated all of the high priced luxury offerings.

In the year 2010 revenues have been from — almost exclusively — “beauty maintenance services” and “quality of life services.”

Spas note that consumers look for “smaller prices and smaller time packages.” This demand translates into sales of 30 or 60 minute facials and massages, rather than the 90 minute services, and in hotel spas, day long packages are outsold by shorter time packages.

### **Short an opportunity?**

Dismal as the economic downturn has been, the changing spa market also opens new possibilities. For example, consumers now want to make a smaller money and time commitment to the spa, creating a demand for products geared to quicker and less expensive spa services. Also, smaller sized, and thus less expensive, products encourage consumers and spas to experiment with new brands.

### **Lifestyle driven shift, long term**

Spas may well be witnessing a profound change.

The consumer behavior identified in USA day spas (that is a shift to maintenance, and short time treatments) is consistent with trends in a more widely used personal care services such as in hair salons.

Diagonal Reports research in 2008 (when the credit crunch was beginning to bite) showed that, in day spas offering hair and other services, women continued to spend on what they saw as necessary maintenance and cut out the nonessentials.

To quote one manager: “Women can go three months without a facial, but they must color to prevent gray roots showing.” (Diagonal Reports, US Hair Color/Styling 2008.)

### **Precedent in beauty for recession as game changer**

The professional hair services market offers an object lesson on the impact of an economic downturn on consumer behavior. Hair salons interviewed during the 1990s by Diagonal Reports often commented that the recession of the 1980s marked the beginning of a long period of stagnation, because it profoundly changed the frequency of consumers’ visits, which fell from an average of about 12 a year to about six.

This report is not the place to detail the factors other than the recession that contributed to the falling frequency of visits. These included a switch from high maintenance hairstyling (e.g., curly perm) to simpler styles, and the many easy-to-use hair products launched in the retail channel for at home use.

### **Many marketing challenges for spas**

- Marketing challenge: are spas quality of life, or a luxury indulgence?
- New media and social media (e.g., Facebook).

### **Might previous spa spending become one of the scapegoats?**

Spas are very concerned about how consumers answer an underlying question: are spas a luxury or a necessity? To quote: “As long as people continue to see a spa visit is an utter luxury, spas will be expendable.”

Spas fear what might be described as the “long shadow of the AIG effect.” That is, consumers might blame the current financial woes (their own and the economy’s) on previous spending habits, habits that, in retrospect, appear to have been indulgent. The consumers’ solution might be to eliminate former indulgences from their budget.

### **Democratization and pricing pressures**

The rolling out of a new spa concept, that is, the lower priced branded spa chains operated by consolidators, increases consumer volumes, but it also intensifies competition.

The new entrants popularize a new spa concept, the modernized spa, that offers large numbers of consumers convenience – in terms of time and of money, such as for example, “compact” services.

### **Spa market generates product innovation**

The spa market has been the driver behind the two most popular innovations in skincare: the organic products category and the science-based products category.

Spa consumers’ demand for, on the one hand, formulations in sync with healthy and ecologically-aware lifestyles and, on the other, for formulations that deliver demonstrable results, have driven innovation and dramatically grown sales in these categories. This trend will continue to present opportunities for product manufacturers.

### **Unbranded**

A striking feature of the spa market is that some of the core treatments are “unbranded.” These are massage therapies and waxing.

They are described as “unbranded” because spas seldom specify the company or brand they use in these services. The existence of large unbranded categories in the spa channel could be a weakness for spas and their product suppliers. That is, it could be an entry point for competitors to the spa market, which is facing continuing pricing pressures.

The large “unbranded” spa categories are an entry point for low quality brands.

### **Snake oil and sleaze**

Many in the spa industry are concerned about what might be described as “snake oil” and “sleaze.” The term “snake oil” is used to refer to claims made for spa treatments and products that are unfounded, cannot be proven, and in some cases harm consumers.

Sleaze is used to refer to spas that are a front for prostitution. Massage is the category most affected. Massage therapy is now to sleaze what saunas were in previous decades.

### **Unknowable, unpredictable, unprecedented**

- Economy.
- Employment.
- Consumer confidence.

Spa experts interviewed in early 2010 are shaken by the experience of falling sales. Many spas insist that is impossible to forecast the future, and even those with long industry experience say that current consumer behavior is unpredictable and erratic. This is largely because the current downturn is unprecedented in their lifetime.

The managers of US spa chains argue that even an improvement in the domestic spa market could be derailed by as yet unforeseen events, not just at home but abroad.

### **Erratic behavior by consumers**

Many managers report that sales are erratic because consumer behavior is erratic. To quote one: “Early 2010 we are balancing around the bottom, some days are dead and utterly quiet, while others are astronomically busy.”

### **Too soon in “new” year to tell**

Spas interviewed in early 2010 were reluctant to extrapolate from sales in the first months of the new year. Many note: “January is always a bad month for

spas” – it is when the bills for Christmas spending fall due. Furthermore, winter weather can depress sales.

The bad weather during the 2009/2010 ‘winter season’ hits even spas in Florida, Arizona, and New England.

- “January is almost always a bad month for day spas. Consumers are maxed out on spending from Christmas, and credit card bills land on the mat.”
- “The weather in New England during 2009/10 winter has not helped – people don’t feel like getting out.”

## **SECTION 8 SPA MENUS - DETERMINATES OF SPA OFFER**

### **Factors that determine the service menus that spas**

- Consumer demand.
- Business practicalities.
  - Physical size of spa.
  - Scope of license.
  - Insurance conditions.
- Offer multiple treatments.
- Subjective (e.g., estheticians can dislike some treatments).

The above sets out the factors that determine the service menus that day spas offer. The larger and the best performing day spas, including segment A spas, offer more than one service. The single service day spas are the solo operator, micro spas.

Spas offer many services to attract the largest number of consumers, and to counteract the seasonal demand for some services (e.g., hair removal).

Almost every day spa offers the most popular services (facial skincare, hair removal, massage). These services attract the largest numbers of consumers, and they are the services that are the entry point for many first time visitors. As managers note, not offering some services (e.g., hair removal), even when they are low margin, would lose them business.

### **Business practicalities**

One of the most important practical considerations that determine the actual services offered is the scope of the therapists' licenses.

Occupational licensing regulations require that beauty therapists be qualified and licensed in the service provided (e.g., hairstylists, skincare, massage). In practice, this means that a business offering a range of different beauty services must employ a large staff. That is, facials are limited to licensed estheticians, deep pressure massages are limited to massage therapists, etc.

### **Avoid license infringement**

Therapists can be inventive when they seek to avoid licensing infringement. Massage therapists, who are not entitled to provide facials, can describe their offer

as a “wellness facial” or “facial massage.” Aestheticians use terms such as “beauty enhancement massage.” Licensing is why department stores must employ estheticians to provide facials, because non-estheticians are restricted to the application of makeup.

### **Disjuncture spa industry structure / consumers**

There is an ongoing disjuncture between the day spa industry structure (the large numbers of sole practitioners whose menus are limited by the scope of their license) and consumer demands for many services.

### **Challenge of occupational licensing systems**

An ongoing challenge for the day spa market, not just in the USA but in many countries, is to cope with the business practicalities of the scope of occupational licensing systems.

The challenge is that every technician must be licensed in the services provided. Licensing requirements are a barrier for day spas that want to diversify the menu of services.

The main spa treatments (massage and beauty) are covered by different licensing systems, that grew up under different professions. The many sole practitioners who can only offer one therapy are not able to satisfy the large numbers of consumers who want the convenience of being able to combine to different services. Skincare and massage categories face competition from licensed medical professionals.

### **Spa consumer complaints (editor picks)**

- Rude front of house / reception.
- Kept waiting.
- Pushy retail sales (interested in wallet, not client).
- Crowded space (not enough).
- Loud noise.
- Infection (e.g., includes nasty tubs, saunas, dermal contact).

The above is list of what spa managers and technicians and others identified as some the most common consumer complaints.

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