Data, Dollars and Decisions

Jan D. Freitag
Senior Vice President
www.hotelnewsnow.com
Click on “Hotel Data Presentations”
Luxury Hotel Overview
### Supply / Demand Imbalance Drove Last 12 Months

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Room Supply</td>
<td>38.5 mm</td>
<td>0.7%</td>
</tr>
<tr>
<td>Room Demand*</td>
<td>27.6 mm</td>
<td>5.4%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>71.7%</td>
<td>4.6%</td>
</tr>
<tr>
<td>A.D.R.</td>
<td>$264</td>
<td>5.1%</td>
</tr>
<tr>
<td>RevPAR</td>
<td>$189</td>
<td>10.0%</td>
</tr>
<tr>
<td>Room Revenue*</td>
<td>$7.3 bn</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

*All Time High*  

12 Months Ending March 2012, Total US Results
Q1 2012: Highest Demand - EVER (6.75 Million Rooms Sold)
Demand Growth Expected To Revert To Mean. Supply Not An Issue

*Luxury Hotels, Supply & Demand % Change, 12 MMA 2002 – 3/2012
ADR Rebound Strong (But Not As Strong As Expected)

*Luxury Hotels, ADR & Demand % Change, 12 MMA  2002 – 3/2012

© 2012 Smith Travel Research, Inc. All rights reserved
ADR Discounting at Twice The Speed of ADR Increases

*Luxury Hotels, ADR $, 12 MMA 2008 - 2011
### Total United States

**Chain Scale Key Performance Indicator Outlook**

**2012F by Chain Scale**

<table>
<thead>
<tr>
<th>Chain Scale</th>
<th>Occupancy (% chg)</th>
<th>ADR (% chg)</th>
<th>RevPAR (%chg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury</td>
<td>+2.6%</td>
<td>+5.1%</td>
<td>+7.9%</td>
</tr>
<tr>
<td>Upper Upscale</td>
<td>+1.5%</td>
<td>+4.2%</td>
<td>+5.7%</td>
</tr>
<tr>
<td>Total United States</td>
<td>1.5%</td>
<td>4.0%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>
Spa STAR Overview
Spa STAR Data Points

- Total Treatment Revenue
- Total Number of Treatments
- Total Treatment Room Hours Available
- Total Treatment Room Hours Used
- Total Salon Revenue
- Total Number of Salon Treatments
- Total Salon Station Hours Available
- Total Salon Station Hours Used
- Total Retail Revenue
Definitions

- **Treatment:** Any service booked under Massage or Skin Care Revenue including but not limited to relaxation massage, therapeutic massage, specialty massage, hydrotherapy, wraps, scrubs, specialty body treatments, standard facials, specialty facials, body hair removal and or facial hair removal (USFRS Major Account Number 250-100 and / or 250-150)

- **Salon:** Any service booked under Hair and/or Nail Revenue including but not limited to color, perms, relaxers, extensions, haircuts, specialty styling, nail enhancements, specialty manicure / pedicure and standard manicure / pedicure (USFRS Major Account 250-200 and/or 250-250). Excludes make-up and medically supervised services.

- **Retail:** Any revenues generated including but not limited to apparel, gifts and accessories, products and other retail (USFRS Major Account number 250-500).
Spa STAR Metrics

- Treatment Room Utilization Rate
  \(= \frac{\text{Hours Used}}{\text{Hours Available}}\)
- Average Treatment Rate
  \(= \frac{\text{Revenue}}{\# \text{ of Treatments}}\)
- Revenue Per Available Treatment Hour
  \(= \frac{\text{Revenue}}{\text{Hours Available}}\)

- Salon Station Utilization Rate
  \(= \frac{\text{Hours Used}}{\text{Hours Available}}\)
- Average Salon Rate
  \(= \frac{\text{Revenue}}{\# \text{ of Services}}\)
- Revenue Per Available Salon Hour
  \(= \frac{\text{Revenue}}{\text{Hours Available}}\)
Welcome to Spa STAR!

STR's easy to use Spa STAR Report provides you with never-before-seen insights into the spa marketplace. Spa STAR participants can compare the performance of their spa to similar spas in their price range or select a competitive set to allow for accurate, actionable analysis.

Whether you are a spa manager or owner, you can better understand the environment in which your spa is operating by signing up for the Spa STAR program, brought to you by the most trusted name in benchmarking: STR.

Download a PDF Sales Sheet to Learn More

Download a Sample Spa STAR Report

After you become a participant in the Spa STAR program, you can log in to this website to submit and edit your performance data and download your recent Spa STAR reports.

If you have any questions or are interested in learning more about the Spa STAR program, please email us at info@str.com or call +1 615 824 8564.

Spa STAR is endorsed by The Global Spa Summit.
So, how much is it, Jan?

- **Free**
  Report compares to total US numbers
  (more countries as sample builds)

- **Fee**
  Report Compares to Comp Set
  $600 / yr for 12 reports
  $400 / yr in Year 1 for ISPA members
Luxury Hotel Spa Overview
Average Treatment Rate Still ~$10 Off Peak

*Luxury Hotel Spas, Average Treatment Rate $, 2006 - 2011
Not Much Upward Movement Since 2008

*Luxury Hotel Spas, Average Treatment Rate $ & Average Salon Service $, 2006 - 2011
% Change: Flat Pricing For The Last 2 Years

-4.2 0.2 0.3
-5.3 0.5 0.5
-18.9 -4.2 5.7

$ / Treatment  $ / Salon Service  Luxury ADR

2009  2010  2011

*Luxury Hotel Spas, Year End % Change 2009 - 2011
Average Treatment Rate ( Mostly ) In Same Range Over 3 Years

*Luxury Hotel Spas, Average Treatment Rate, $,
Average Treatment Rate (Mostly) In Same Range Over 3 Years

*Luxury Hotel Spas, Average Treatment Rate, $,
Treatment Room Utilization Dips In the Summer

*Luxury Hotel Spas, Monthly Treatment Room Utilization, 2009 - 2011
Treatment Room Utilization Dips In the Summer

*Luxury Hotel Spas, Monthly Treatment Room Utilization, 2009 - 2011*
Salon Rate: Upswing Interrupted?

*Luxury Hotel Spas, Monthly Average $ / Salon Service, 2009 - 2011
Salon Rate: Upswing Interrupted?

*Luxury Hotel Spas, Monthly Average $ / Salon Service, 2009 - 2011
Salon Utilization: 18% Seems To Be The Average

*Luxury Hotel Spas, Monthly Salon Station Utilization %, 2009 - 2011
Without You It’s Nothing But An Idea

Thank You:
Anne McCall Wilson, Fairmont
Andrew Gibson, Mandarin Oriental
Mary Tabacchi, Cornell
ISPA

... and, of course,
GSWS12
Questions?

To view this presentation, go to HotelNewsNow.com and click on “Industry Analysis” then “Hotel data presentations”