



# Challenges in spa evolution Can hot springs help?

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# Hot Springs: an opportunity to evolve the Spa business model



- Broadening spa's appeal
  - A mainstream rather than luxury event
    - Addressing perceptions of affordability
    - Removing the fear factor
- Deepening the spa experience
  - Meaning as well as R&R
- Improving efficiencies
  - High Day Spa Costs

# Broadening the Appeal of Spa

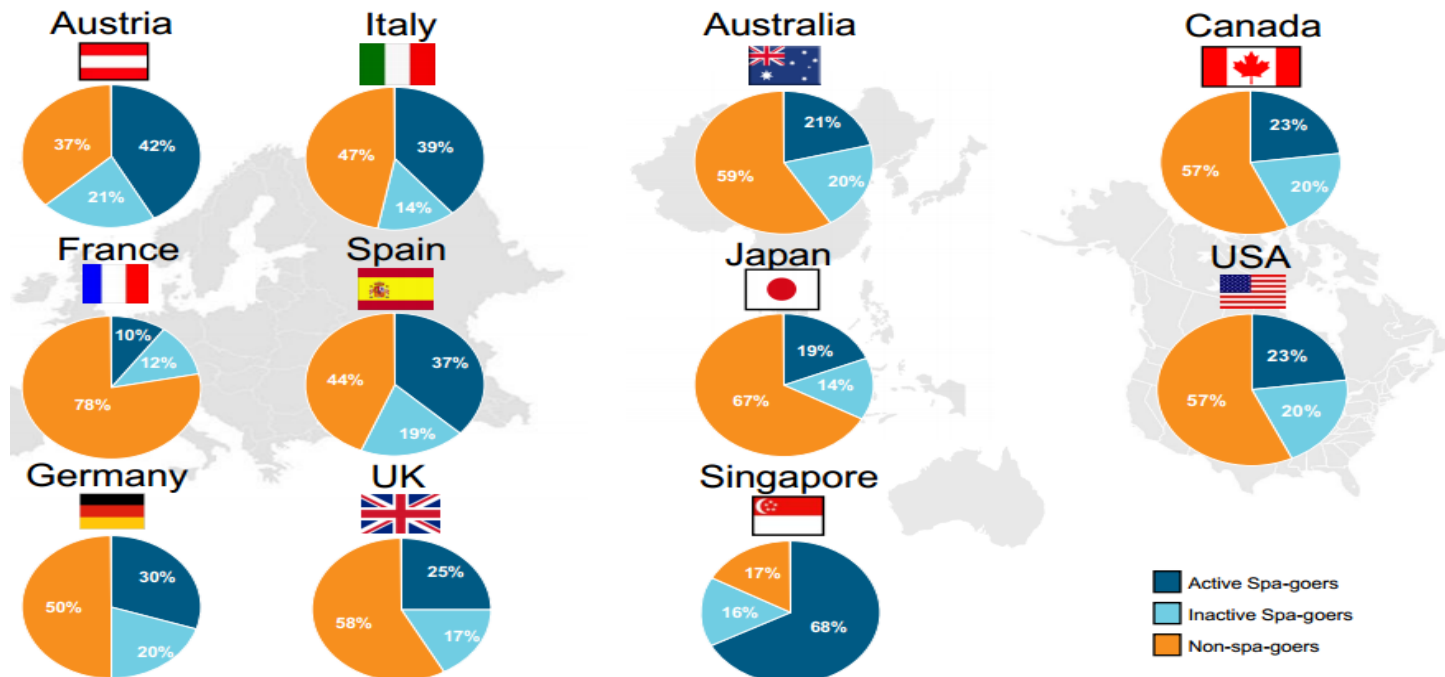


# The appeal of Spa 1



- 59% of Australians have never visited a spa
- Only 21% have visited in past 12 months

## Spa Incidence Past 12 Months

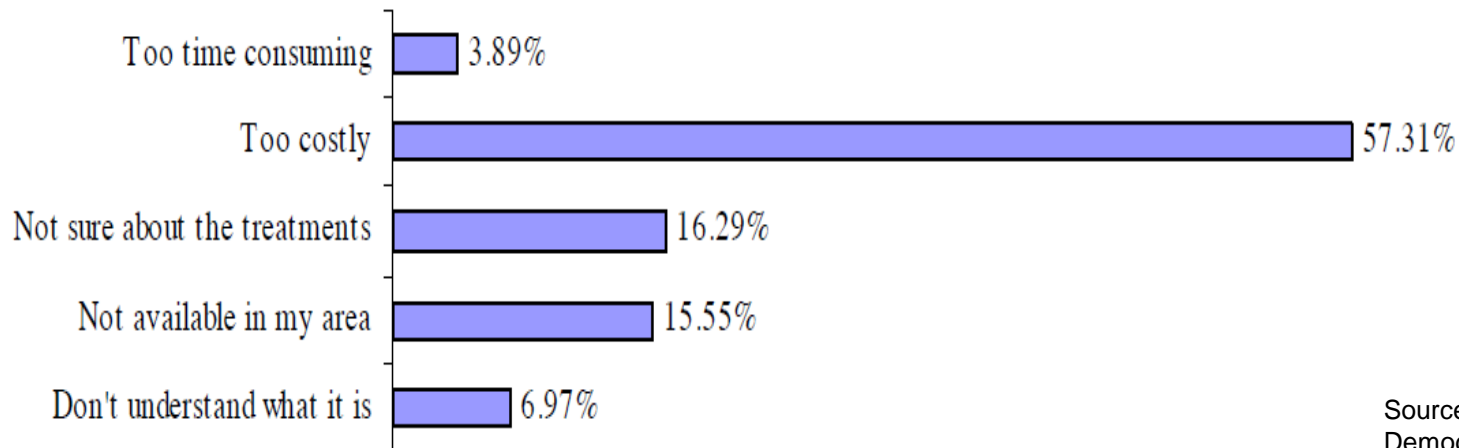


Source: ISPA 2008 Global Consumer Study Research International

# Why so many people don't visit day spas?



*If you answered "Never" why?*



Source: The Marketing Demographics of a Day Spa-Goer: Report Presented by The Day Spa Association. All Data Compiled from Online Survey Between Dec 2000-Jan 2009.

# Costs of hot springs spas vs. day spas



- Avg hot spring spa NZ = approx \$20 per client
- Avg day spa NZ = approx \$90 per client

# Question



- Can hot spring spas utilise their low cost bathing model to entice clients to try out day spa “lite” services?

# Deepening the Spa Experience







It's all wellness

## Primary Reasons for Going to a Spa

Spa-goers

- Primary reasons for going to a spa are to relax and relieve/reduce stress or for overall health.

Primary Reasons for Going to a Spa																
	Avg	Europe						Asia-Pacific			N. America		Internet Population*			
		Austria	France	Germany	Italy	Spain	UK	Australia	Japan	Singapore	Canada	USA	China	India	Russia	Thailand
Relax and relieve/ reduce stress	60%	63%	58%	53%	59%	67%	64%	60%	71%	70%	60%	62%	50%	55%	49%	61%
Overall wellness/health	37%	53%	56%	42%	45%	47%	24%	24%	13%	30%	30%	21%	44%	43%	50%	29%
Pampered	29%	46%	18%	43%	22%	26%	42%	39%	-	43%	33%	38%	-	14%	20%	15%
Soothe sore joints/ muscles	24%	15%	38%	18%	25%	30%	24%	30%	18%	25%	26%	29%	21%	12%	17%	39%
Self-indulgent	23%	37%	34%	34%	-	-	15%	16%	34%	13%	22%	19%	12%	10%	29%	30%
Therapeutic for my body	19%	20%	13%	20%	19%	24%	15%	15%	32%	15%	19%	18%	19%	19%	27%	16%
Make me look better	21%	-	-	10%	25%	14%	18%	11%	10%	24%	18%	18%	31%	35%	34%	30%
Therapeutic for my mind	17%	-	-	-	20%	14%	12%	11%	25%	-	14%	20%	-	18%	-	-
Look younger	22%	-	-	-	10%	-	-	-	18%	13%	-	-	32%	29%	28%	-

Source: ISPA 2008  
Global Consumer Study  
Research International



Out of their comfort zone

## Reasons for Not Visiting a Spa

Non-spa-goers

Reasons for Not Visiting a Spa																
	Avg	Europe						Asia-Pacific			N. America		Internet Population*			
		Austria	France	Germany	Italy	Spain	UK	Australia	Japan	Singapore	Canada	USA	China	India	Russia	Thailand
Spas are very expensive	55%	55%	67%	43%	54%	56%	62%	52%	48%	67%	59%	65%	48%	49%	51%	56%
I don't have enough time to go to a spa	26%	29%	22%	24%	28%	35%	18%	22%	27%	29%	19%	18%	19%	27%	35%	31%
I don't know exactly what to expect in a spa	24%	28%	18%	31%	26%	26%	28%	26%	18%	29%	28%	29%	14%	26%	26%	12%
I don't know what services spas offer	19%	19%	23%	23%	16%	20%	16%	22%	22%	14%	17%	14%	17%	22%	21%	12%
Spas are not in a convenient location for me	18%	-	12%	25%	28%	17%	29%	25%	10%	17%	19%	21%	10%	20%	14%	21%
I would feel out of place in a spa	15%	14%	-	13%	13%	-	27%	25%	-	17%	23%	29%	14%	10%	12%	14%
Spas are just not for people like me	15%	11%	-	12%	11%	-	21%	18%	19%	14%	20%	22%	22%	19%	13%	12%
A hard sales approach during visit makes me uncomfortable	14%	14%	-	20%	-	-	-	-	-	36%	-	-	21%	-	21%	35%
Embarrassed others see me without clothing at spa	13%	12%	-	10%	10%	-	19%	16%	-	28%	16%	16%	11%	11%	-	18%
Uncomfortable with a male spa employee massaging/treating me	13%	10%	-	-	10%	-	11%	15%	-	25%	17%	19%	18%	13%	-	21%
Uncomfortable other people touch my body	10%	-	-	-	-	-	12%	14%	13%	23%	15%	15%	10%	14%	-	-

Source: ISPA 2008  
Global Consumer Study  
Research International

"-" Less than 10%  
Which of the following has kept you from visiting a spa or has decreased the frequency of your visits?

\* Convenience sample

# Questions



- Can the health benefits from hot springs bathing further broaden the appeal of spas?
- Can the social aspect of hot springs bathing overcome many of the comfort zone concerns of non attendees?

# Make it social

## Hamam workshops

The Hamam is a room for relaxation, cleansing and detoxification. While many people enjoy just sitting in the Hamam, traditional practice is to participate in a process of cleansing and relaxation.

Fun workshops are now available with our trained spa therapists who teach you the techniques to make the most of this very special practice. One hour workshops are held twice daily at 10am and 4pm.



The following is an introductory guide to enjoying a traditional Turkish Bath ...

### 1. Heat the body

A sweat can be raised by sitting in the Hamam for approximately 10 minutes or, to raise your body temperature faster, lay on the heated centre stone in the Hamam.

Note: Pre-heating in the hot spring pools or sauna is also a possibility.



### 2. Cleanse with vigorous scrubbing

Once heated, use a mitt (kese) to scrub your body, exfoliating a layer of skin and removing any retained dirt.

### 3. Massage & manipulation of the muscles

A massage of the back, neck, arms and scalp can be a great part to the Hamam experience. It is best to bring along a friend to help each other with the scrub and massage.



### 4. Soap lather

Using the Hamam soap create suds and lather the body. While lathering the body the massage can continue.

### 5. Rinsing

Use the the rinsing bowl (Tas) to scoop water from the marble bowls and wash away soap suds.

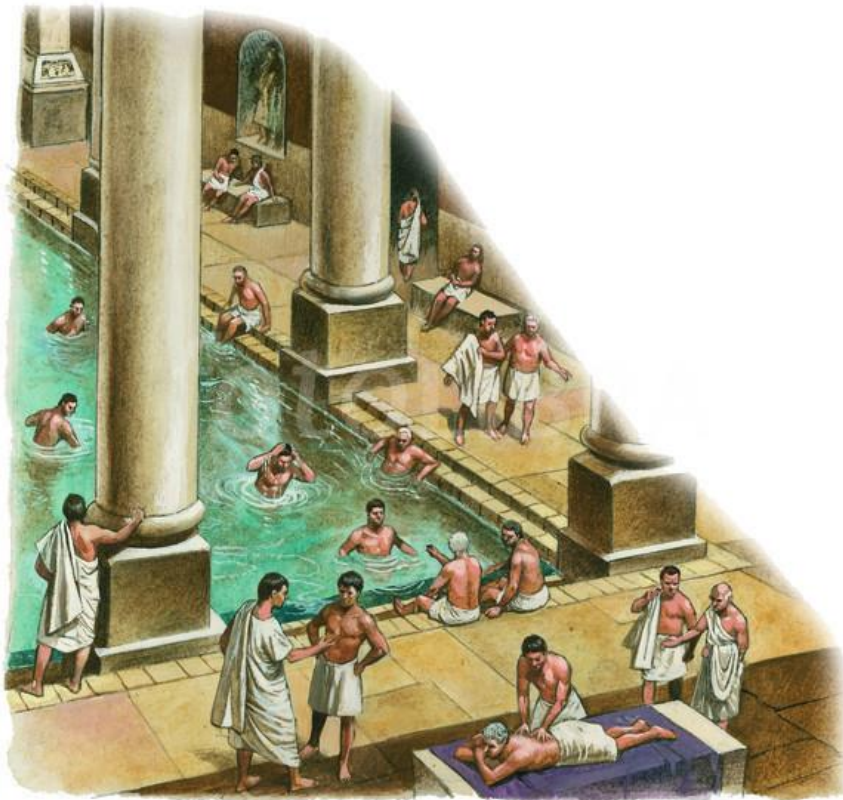
Source: Mornington Peninsula Spa Website.

For Hamam Workshop bookings send enquiries to [groups@peninsulahotspings.com](mailto:groups@peninsulahotspings.com) or call 03 5950 8712. For a group of min 5 and max 12 people the cost is \$100 per person which includes entry to the Bath House bathing area

# Make it educational



- How the Romans did it?



# Make it fun



**Hells Gate**<sup>TM</sup>  
**MUD SPA**

MUD BATH & SPA  
SULPHUR SPA  
MUD THERAPIES  
MUD SPA PRODUCTS

The advertisement features a man and a woman in a mud bath, both smiling and covered in grey mud. The man is applying mud to the woman's face. The background is dark and textured, suggesting a natural hot spring environment. The text is prominently displayed at the top and bottom of the image.



# Improving efficiencies



# Day Spa direct costs



- As a percentage of total sales in Day Spas, Direct Labor Cost increased from 50.2% in 2010 to 56% in 2011
- In Day Spas, Total Direct Costs increased from 69.0% to 69.3% of Sales. Day Spa Direct Costs are about as high as they can afford to be

Source:<http://www.wellnesscapital.com/news/story/the-wellness-capital-management-economy--what-really-happened-in-2011>



# Different economics



- Economics of hot springs spas
  - start up costs - high
  - Operating costs - low, high marginal profitability.
- Economics of day spas
  - start up costs – low to medium
  - Operating costs - high, low marginal profitability.

# Questions



- Can hot spring spas be combined with day spas to get the best of both worlds (high volumes and high revenue per head) whilst keeping delivery costs under control?

# Summary



- Hot springs spas offer a different spa experience to the dominant day spa model.
- The question is whether it can beneficially change the current spa business model, through:
  - Increasing spa appeal
  - Deepening the spa experience
  - changing economics of service delivery