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The North American Spa Industry: An Examination of Emergent Trends

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Abstract

The spa industry is rapidly growing, both in North America and around the globe. However, hospitality and tourism professionals seem to be surprised and unprepared of the impressive evolution. The authors report of the North American spa industry's current practices and emergent trends that are likely to prove significant for spa stakeholders and educators in this growing field of inquiry.

The North American Spa Industry: An Examination of Emergent Trends

By Katie Keri, Michael Ottenbacher and Robert J. Harrington

The spa industry is rapidly growing, both in North America and around the globe. However, hospitality and tourism professionals seem to be surprised and unprepared of the impressive evolution. The authors report of the North American spa industry's current practices and emergent trends, that are likely to prove significant for spa stakeholders and educators in this growing field of inquiry.

The global spa industry is growing at an very rapid pace (McNeil and Ragins, 2004). As professionals strive to keep up with changing trends and consumer attitudes, as well as to prepare for further growth, there will be an increasing need for industry-led research validating business acumen. The numbers are impressive as the International Spa Association stated that there are an estimated 12,100 spas throughout the U.S and 2,100 in Canada. Furthermore, 136 million spa visits in the U.S. in 2003 produced an estimated 11.2 billion dollars (Fast Facts, 2004). However, hospitality and tourism professionals appear to be surprised and unprepared for this impressive growth.

The word "spa" is rooted in the Latin language and means "salus per aquam." Often it is translated as "health from water." The term, "spa" can be traced back in origin to a mineral hot springs in a Belgian village called Spau. Traditionally people flocked to spas for health related reasons believing they could find rejuvenation in the healing waters (Mill, 2001). Historically defined as a location possessing a mineral spring, the concept of a spa has evolved considerably over time. The birth of the spa concept can really be attributed to the Romans, who engaged in both private and public healing baths for centuries. Another etymological reference claims Hungarian origins for the word "spa," which has since become a generic expression referring to natural mineral springs and areas where people come to relax (Business World, 2002). Other cultures have long enjoyed spa-like activities, including the Turkish hammam, the Finnish sauna, and the Russian banya. The Japanese, too, have long been known for health-related activities centering on the nation's hot springs (onsen).

By European standards, American spas are still in their infancy and important differences exist between American and European spas. Traditionally, Europeans have viewed spas as a venue for the treatment of illnesses and the prevention of future ailments. In addition, Europeans also placed special emphasis on the importance of spas to reduce everyday stressors. In contrast, traditional American spas have maintained their focus on wellness by offering programs built around nutrition, exercise, and beauty.

The purpose of this paper is to identify recent and emergent trends in the spa industry, with a focus on the North American market, augmented by a Canadian perspective gleaned from primary research initiatives. Currently, there is a significant gap in the literature relating to this "hot" area of growth. The little empirical data that exists are dated and arguably not truly reflective of current realities. Therefore, this information will underline the direction that the industry is taking and will help guide spa-owners and industry professionals as to what planning, strategic initiatives and marketing implications must be considered in light of these identified movements. From an academic standpoint, this research will hopefully both increase the interest in the field as well as facilitate further research in this understudied area.

Contribution of Spas

The popularity and growth of spa operations in recent years has breached the lodging sector as well. While people seeking a specialized health experience continue to visit destination spas, those staying at conventional hotels are viewing the offering of spa services as an important criterion for hotel selection and satisfaction (Anderson, 2001). This is likely due to people's

desire to feel indulged and relaxed, though lacking in time and commitment to visit actual spa resorts. Additionally, the conference market is growing as more spouses are accompanying these guests and then utilizing hotel amenities such as spas.

Historically, hotels with spa facilities have generally regarded spa operations similarly to food and beverage or other amenities: justified by their ability to attract guests, but not relied upon to produce notable revenues or even break even in some cases (Anderson, 2001). However, in recent years, hotel spas have transformed from support facilities to profit centers, making significant fiscal contributions to hotels' bottom lines. A study revealed growth in spa revenues of 16.6% in 1999 among the 30 hotels sampled. Compared with 12.2% for food and 5.2% in rooms, a clearer picture of spas as a necessity emerges (Anderson, 2001). While spa operations only represented modest departmental contributions, it is the strong growth rate of 51.3% from 1998 to 1999 that remains critical (Anderson, 2001).

Hotel spas have truly come to be regarded as independent profit centers: responsible for providing detailed cost accounting to the hotel and justifying their existence with bottom line figures. As such, performance metrics typically reserved for hotels can begin to be applied to spas in order to assess their financial contributions (Foster and Wohlberg, 2006). While RevPAR (Revenue per available room) is widely used to calculate revenues per available rooms in a hotel, RevPAT (Revenue per available treatment) can be applied similarly by dividing total spa revenue by the number of treatment rooms in a spa. These two (RevPAR and RevPAT) figures will likely be widely different, primarily due to a treatment's room ability to be used repeatedly in a day. However, the authors note, that unlike hotel room revenue, there is a substantial labor cost associated with spa rooms and as such less revenue filters to the bottom line.

Additionally, a study conducted by the "Small Luxury Hotels" brand (Grossman, 2005) found that out of 1,000 spa-goer-respondents in 20 countries, 36% say they spend more in hotels on spa therapies than they do on fine dining and wines. This global luxury brand, which helps shape the unique and luxurious experiences of discerning travelers, recognized the growth in consumer demand for luxurious spa experiences and responded with a complete guide to the best spa experiences worldwide. Nearly every large resort, hotel, convention or casino has recently either built a spa facility or leased out the operation to a branded company in the spa industry. The International SPA Association cited the existence of over 1,662 resort/hotel spa properties in the U.S. as of 2004, with continuous growth forecasted. While not every hotel can afford to construct or operate a full spa operation, most are still recognizing the growing need and are at the very least attempting to offer access to some facilities either on or off-site.

In a survey of resort/hotel managers by Health Fitness Dynamics (Monteson and Singer, 2002), 97% of managers said that a spa was a marketing advantage, 83% said that it increased their revenues per occupied room, and 73% said that having a spa in their property increased their occupancy rates. Forty-three percent agreed that a spa increased guests' length of stay; 57% replied that the spa increased their room rate and 70% said that it enhanced the perceived value for the room rate. Additionally, over 80% of respondents in a spa-goer survey revealed they would choose one resort over another based on the presence of a spa.

Other perceived economic advantages of housing a resort spa include: enhanced room rate (57%); perceived value for money (70%); occupancy (73%); length of stay (43%); marketing advantage (97%); revenue per occupied room (83%); number of people per occupied room (27%) (Mill, 2001). While activities such as golf used to satisfy leisure travelers, a trend toward better lifestyles, higher disposable incomes and, importantly, less available time has propelled the spa industry forward. Even corporate guests are seeking spa services more often while traveling for business as busy work schedules, high stress levels and a focus on personal health necessitates this indulgence (Foster and Mandelbaum, 2005). Moreover, Monteson and Singer (2002) suggest that while it is common for spas to attract approximately 15-25% of in-house

resort guests. This number jumps to over 50% when examining resorts that primarily attract a leisure market.

Further, the demand patterns and trends in the spa industry are well illustrated by analyzing the financial performance of hotel spa operations. A 2004 study of 88 properties (Foster and Mandelbaum, 2005) revealed spa revenues averaging \$2,076 per available room, or 2.3 percent of total revenue. Importantly, resort spas contributed substantially more than urban hotel spas due to the typical differences in length of stay. Additional findings showed that hotel spas generating over \$1 million in revenue contributed an average of 5.3 percent of the total revenue for their properties. At the other end of the spectrum, spas that achieve less than \$500,000 in revenue represent less than one-half of one percent of the total revenue at their hotels. Researchers took into consideration and accounted for properties with true dedicated spa facilities, versus health clubs that offered some spa services.

Planning Hotel Spas

It is essential for hotels to consider certain elements when contemplating whether or not to add a spa to a resort. Spas are essentially very costly to build, maintain and market. While outsourcing is a viable option, it will likely reduce the return on investment. A large hotel, with economies of scale capabilities and a strong corporate culture would likely be best suited to build their own. However being first to market, and having to undertake all the development, marketing and management costs can be intimidating and points to outsourcing as a potential solution. Moreover, spas do not generate immediate return on investment, with some taking five years to break-even and longer to become profitable. (Tabacchi, 2006)

Spas are now considered an essential add-on so that properties do not lose their market share or competitive positioning. However, it is essential to consider the addition in conjunction with its ability to help sell rooms or real estate, given the inherent challenges associated with this business venture. Problems appear to primarily arise from developers who wish to jump on the spa band-wagon, yet lack the appropriate expertise. Additionally, realistic start-up figures and benchmarks for the industry are hard to come by, thus, there is a lack of economic reality which permeates the spa industry.

Other spa experts repeatedly claim that even with financial consideration and designation being given to the construction of spas, the critical oversight is the lack of clear objectives for the spa operation (Harmsworth, 2005). This is most often attributed to lack of professional spa consultation on the project, lack of expertise or competence on the part of “specialists,” or over-zealous developers.

Spas as Commodities

As spas evolve into a tangible commodity, the best maintain a truly indulgent atmosphere while ensuring accessibility for a broad guest profile. In addition to the extravagant menu of spa offerings that have become the norm, details such as décor, linens, healing herbs and products are what is now considered to be fundamental for a guest’s spa experience. Spas can feasibly offer a major source of differentiation for an existing lodging property, if done correctly. Importantly, profit margins are far more flexible in the spa industry and can show greater growth than traditional hotel amenities. Treatment prices are flexible and soaring, labor intensity is declining somewhat – most apparent in the popularity of hydrotherapy treatments that involve little therapist interaction, and economies of scale for spa chains allow for greater revenue contribution as well. Unfortunately, the literature related to this particular concept is basically non-existent, providing little knowledge of the spa industry.

Essentially, spas may have to undergo a de-commoditization strategy to provide a unique value proposition to guests. This should not be too difficult for resort and destination spas who pride themselves on their unique product offerings. A day spa may be more hard-pressed to offer a differentiated product as standard massages, facials, and nail treatments reign

supreme in this industry segment. Hotels have been afflicted by commoditization for years, growing increasingly similar in their offerings and forcing consumer decisions based primarily on price (Gilmore and Pine, 2002). Hotel products such as room service and wake-up calls, once distinguishing elements for consumers, have now become so standardized that guests would expect nothing less from their stay. In effect, it is the rising number of branded properties that have led to the commoditization of hospitality products and services. This has become a critical issue for large hotel chains such as Hilton, Starwood and Marriott.

This ties in to the notion of the experience economy, where almost any service within the hospitality industry can be leveraged to create a compelling experience. Innovative experience design will continue to be critical in the development of any successful establishment; hotel or spa. Further, those who seek to go beyond mere service excellence and work to stage new experiences will take the lead in creating new value in the hospitality industry. The experience economy reminds us that customers essentially buy an experience whenever they pay for the time they spend in a place (Gilmore and Pine, 2002). The lesson to be learned from hotels that continue to simply add amenities in the hopes of combating commoditization is that providing for guests' intrinsic needs, namely nurturing and caring, can help gain a competitive edge. As such, it is important that spas not be regarded as simply another amenity to add to an existing property in hopes of remaining competitive. If truly designed to meet guests' expectations and needs, they can prove to be a highly valuable resource.

Industry Growth

In 2002, the International Spa Association found that resort/hotel spas had grown annually in the U.S. by 56% since 2000 (Monteson and Singer, 2002). Additionally, spa revenues were estimated to be \$10.7 billion in 2001. Other figures indicate growth of spas at resorts was approximately 147% between 1999 and 2001 (Tabacchi, 2006). According to growth patterns, the industry appears to be on pace to double in size every four years (McNeil and Ragins, 2004).

2004 figures estimated that 136 million visits were made to all spas in the U.S. and an additional 20.2 million within Canada alone. The industry generated \$11.2 billion in revenues in the U.S. and \$1.5 billion in Canada; a 145% increase from 2002 statistics (Oliver, 2005). The Canadian Tourism Commission revealed that one out of four adults in North America has been to a spa, representing 3.7 million Canadians and 32.2 million American consumers. Over half of those visits were made to day spas. Though with a quarter dedicated to resort/hotel spas, it is clear that other spas do generate considerable revenue as well (CTC & ISPA, 2006). Significantly, a fairly large percentage of spa-goers (15% American; 26% Canadian) responded that they have only begun visiting spas in the last year. This demographic can therefore be classified as new spa guests - which spas are beginning to recognize as unique opportunities.

Methodology

A semi-structured interview format was chosen in order to allow for a focused, conversational dialogue permitting for flexibility to probe for additional details depending on the responses to the prepared questions. Thus, while overall topics were prepared in advance, the researchers additionally hoped to uncover unanticipated information pertaining to the subject. This study is exploratory in nature and its purpose is to identify and to clarify salient issues of the spa industry.

Because it correlates with the use of exploratory methods of research, convenience sampling was employed for this study (Zikmund, 2003). Industry professionals, primarily operators of premier spas in Ontario, were contacted by e-mail or phone to attain their participation in the study. These individuals were either referred to the researcher by spa experts or located through internet searches of spa establishments and organizations in Ontario. It was determined that five interviews of industry experts were sufficient to collect the required information for the study. Together the subjects contributed decades of relevant expertise in

esthetics, massage therapy, spa management and spa education development. For this reason, their responses to the study can be considered both credible and knowledgeable, though not wholly representative of the industry due to the limited sample size.

The instrument used for this study was a semi-structured questionnaire administered during either in-person interviews (four), or phone interview (one) due to geographic accessibility. The single phone interview involved a participant in British Columbia, as opposed to Ontario where all other subjects and the interviewer reside. The interview questions were constructed from the research findings which served as the basis for the literature review. The questions were formulated to address the specific purpose of this paper, trends within the spa industry, and to accommodate any areas which represent pressing issues for the industry.

All interviews were conducted over a two week period and with the exception of the phone interview, all were done at the interviewee's place of business. Original estimates forecasted approximately thirty minutes per interview, though in almost all cases, close to an hour was necessary to complete the interview. Only the phone interview, perhaps owing to the more formal nature of the conversation and lack of relaxed dialogue, adhered to the time schedule allotted. Additionally, depending on the subject's professional background, there were occasions where specific questions were omitted due to an inability to comment on the subject.

Results - Treatments

In a wellness oriented facility, massages, with their pain relief and health maintenance implications, were disclosed as the ongoing most popular treatment requested. In a place specializing in exotic treatments, it came as no surprise that alternative treatments were supplied as the area demonstrating the most growth. The general consensus, even in facilities that primarily cater to repeat local customers, is that spa operators must constantly be searching for something new and different to offer the spa-goer.

For day spas, which make up an estimated 80% of the Canadian market, it is the "bread and butter" services such as massage, skin care and nails which constitute the greatest percentage of treatments requested and offered. In contrast however, destination spas attract guests who want to experiment with treatments. They want to be delighted by a completely new and different experience. One possible emergent trend, which ultimately satisfies the aforementioned need of the guest, is signature treatments which are indigenous to a geographic area. Thus, body treatments using Canadian maple syrup, chocolate baths in Belgium, and Dead Sea mud wraps are all prime examples of using local resources to create a memorable experience for the guest.

Foreign influences

All respondents cited Asian roots as the most prolific influence on spa offerings. Additionally, ayurvedic treatments, stemming from India, and hot stone massage were mentioned as significant influences. Germany, known for its use of hydrotherapy based treatments, has influenced facilities that are based on the traditional spa model – the healing powers of water.

What appears to be most important is the experience that domestic users are seeking, without having to travel to these foreign and exotic destinations. Spa goers are seeking all-encompassing treatments, where they will not only benefit from relaxation and rejuvenation, but have other senses stimulated as well. For this reason, some spas are investing in treatment room design, in accordance with the foreign spa offering, to ultimately augment the product. For instance, spas which offer Thai body massages may adorn the walls with Thai art and décor to create that feeling of escape. Similarly, a room offering hydrotherapy based treatments may adorn the environment with marine type decorations. Unfortunately, one caveat surrounds the notion that people do bore quickly. Thus spa operators would be prudent to continually seek ways to redesign their offerings.

In addition to North Americans wanting to experience foreign cultures, locals and international travelers alike are increasingly interested in Canadian-based spa offerings. Some indigenous practices and products that have emerged include Aboriginal cultural education and treatments, use of coastal seaweeds, glacial clay and maple syrup. Government roles are critical in this aspect as partnerships with industry could help promote education surrounding these products, and the spa product itself as a tourism incentive. From a tourism perspective, in years to come, these Canadian indigenous offerings will continue to be important and will hopefully grow, although notably the foreign infusion demonstrates no evidence of slowing.

Demographic changes

The interviews revealed that spa-goers are definitely a younger market segment and includes both the teen market and pre-baby boomers. Also, more men are visiting spas than ever before; the rise in male visits may be attributable, at least in part, to a higher comfort level associated with spas brought about by gender neutral designs, male-focused treatments, and reduced stigma surrounding the product.

There appears to be a definitive shift in mindset in that the industry is not viewed as catering to mostly baby boomers anymore. Industry figures reflect a broader age category of spa goers today. It is not surprising that more teens are seeking treatments, and not simply beauty-based indulgences, since spas have become rather multi-generational as more and more people incorporate this service as part of their lifestyle. As such, respondents felt that spa goers are savvier and more sophisticated nowadays, thereby potentially complicating the delivery of quality service since their expectations continue to rise accordingly. There also appears to be a shift in frequency of spa visits demonstrated by the rise in regular spa-goers and decline in infrequent usage. Furthermore, spas attract individuals across a broad spectrum of income levels, as the product characteristics are dependent on quality over price. Similarly, price or value has limited influence on spa goers as they seek convenience - often fulfilled by spa locations, and consistency - deliverable by quality training and low therapist turnover.

Needs of spa goers

On the whole, interviewees cited stress reduction as the number one reason people are likely to visit spas. Additional relevant variables include relaxation, rejuvenation, fitness, wellness, improved quality of life, pain reduction and an all-around experience. In terms of the distinguishable components of service, people seek consistency, convenience, full service establishments, product knowledge, and the feeling of escape. Additionally, time is a critical variable to spa goers, increasingly in short supply in people's lives.

Wellness and preventative health were discussed in the context of people living longer, working longer and harder and experiencing augmented stress levels. Wellness plays a critical role in coping with these realities and treatments are sought to reduce negative physical manifestations from this type of lifestyle. All respondents shared the opinion that spa goers' needs will overall be the same in 5 years time, though a by-product of people's increased sophistication will be rising consumer expectations. However, coupled with industry survey results, this also signifies that operators will continue to strive to deliver a better product/service in order to meet those expectations. A stronger consciousness will prevail among the spa market, particularly among the younger demographic as they will continue to embrace this type of lifestyle.

Education

In comparison to the United States, respondents confirmed that Canada actually has exceptionally trained practitioners, owing to solid certification measures, as well as higher overall industry standards. A skilled labor shortage in the realm of spa managers/directors, reception staff, and spa technicians was expressed as a going concern. In the past, education has primarily been based on meeting ministry requirements rather than identified industry needs. Importantly,

a pervasive lack of training has forced spas to individually invest considerable resources into on-site training; this training issue becomes further troubling when one considers the high turnover rates which plague the industry.

One respondent posited that what is needed, from an educational standpoint, is more promotion of the industry as a viable career for today's youth since the industry is facing labor shortages, particularly in spa management and esthetics fields. Unfortunately, one challenge stems from the fact that some lobbyists bad mouth the industry as employers. Educators must also better prepare students for entrance into the industry, aligning learned skill sets with industry needs. For instance, esthetics training should closely match the diversity of treatments being offered within the industry, and spa management requirements should be mirrored in the competency sets provided through education.

Respondents repeatedly compared the massage discipline to esthetics, confirming that massage is highly regulated and features mandatory re-testing which the esthetics field is lacking. In particular, massage therapists in Ontario and British Columbia undergo the most vigorous and lengthy professional training, though esthetics education may still be sorely lacking in both depth and length throughout North America. While massage therapists must adhere to a code of standards set forth by their local governing association. Unfortunately estheticians do not generally have the same mandate and as such standards vary substantially. A move toward a higher degree of standardization in esthetic schools has existed since the eighties, even though the process appears to still be unattainable.

Challenges

Respondents overwhelmingly revealed staffing as the most significant challenge facing the industry. In particular, what retains prominence is staffing in regard to a shortage of qualified people who are committed to continuing education in this field. A lack of high quality educational programs, coupled with current compensation structures and market saturation of spas in some regions, contributes to this human resources issue.

A lack of industry standards, both from operations and regulatory policies perspective, will likely continue to be a pressing concern within the industry. The fast pace at which the industry is growing has led to a highly competitive market and the notion of "survival of the fittest" may be of consequence. As well, maintaining quality of service between the multitudes of service providers can be challenging and difficult to control. Some argue, however, that part of the problem lies in the abuse of the "spa" concept, effectively diluting the concept. One geographic challenge to the Canadian spa industry lies in the under-representation of facilities in certain areas, since the vast majority of spas operate within only 4 provinces (Quebec, Ontario, Alberta, British Columbia).

Value added to Hotels

Spas in resorts and hotels are the fastest growing segment in the industry, as well as the most lucrative. They earn significant revenues and are often located in an area of the hotel where revenue generating potential is limited (such as a basement). Often overlooked is that capital outlay for spa development is quite high. In the last 7-10 years, spas have become to resorts what meeting space was to hotels in the 1970's – a crucial element with its own cost centre. Most respondents agreed that a spa is a "must have" amenity for a hotel, although it still remains questionable whether the Canadian market is big enough to sustain continued development of resort and hotel spas. Despite offering a considerable competitive advantage, the risk lies in the notion that not all hotel spas are built on the premise of a spa first and foremost, as opposed to simply an add-on amenity. Many operators fail to realize that a foray into the spa business effectively means entering the health business where managing different staff and client expectations from the hotel's becomes paramount.

Saturation

Several individuals believe that this is a problem in the United States, but has not become a viable threat in Canada. The other resounding distinction surfaced in relation to what types of spas may be experiencing alarming growth rates. Those termed “quick and easy,” otherwise known as corner nail salons that perhaps tried to reposition themselves in the market, are definitely saturating the market. However, when one only considers facilities of higher caliber or which belong to organizations that provide stringent standards, the answer appears to be no. Subjects decidedly agreed that the industry needs more policing to determine just what constitutes a “spa” and monitor the number of self-appointed establishments. Rapid growth was even cited as a positive factor because it represents a natural process that the best will survive and those who will suffer will be the less legitimate facilities. Potentially of concern is that with Canada’s population figures, the market can only sustain so many high caliber or upscale spas.

Growth may actually be slowing due to high capital investment requirements as well as low cost/profit levels. Too many spa operators are focused on the financial incentives surrounding running a spa, when in reality, profit margins remain low. Overall saturation was either not believed to be a significant current issue or was attributable to natural market forces, and as such few recommendations for remedies were offered. One respondent posited that nothing can combat this issue except consumers themselves, who have become more savvy and demanding; ultimately changing the face of the industry from a demand-based perspective. A likely consequence of this would be that sub-par spas will become better to meet those changing needs, while the esteemed spas will simply continue to evolve.

Spa trends

With a profound psychological change inherent in the spa industry, one respondent commented on the changing perceptions of consumers that now include viewing spas as a necessity in life. This is estimated to grow as North Americans become even more like their European counterparts who hold a different view of the purpose of spas. Furthermore, the prevailing opinion is that the current demographics which compose the spa industry will likely be stable for the near term. Opportunities abound in terms of targeting mother/daughters, teens – who are likely to contribute to the introduction of trendy industry niches, and the potential for more men as customers.

The growing medical spa market is expected to continue to make its mark within the industry. Two popular U.S. trends, resident living and spa family vacations remain in question here in Canada. The concern is whether there is a market for these components, and whether they could successfully be introduced and sustained without complimentary products. With the impressive number of day spas currently existing in Canada, it is believed that opportunities abound to package spa visits with other leisure pursuits such as cultural events, dining and shopping.

Repeatedly the concept of “experience” has been raised, and respondents concluded that the expectation of an “experience,” as opposed to a “treatment,” will prevail in the future. This encompasses the entire service encounter, from the moment one enters a spa facility, thru treatment and relaxation time, to exiting the facility as well. Finally, from a legal perspective, accountability on behalf of spas will feature prominently. This will be manifested in the form of mandatory signed waivers/health forms. Most spas mandate signed informational forms when it comes to massage, though this is only now becoming practice within the esthetics field. This is critical on many levels: guests often engage in contra-indicated treatments such as invasive skin procedures which cannot be combined with esthetic offerings; proper disclosure of health information and background can reduce or eliminate liability for spas in case of a medical incident or emergency. Owing in large part to the paradigm shift of spas to wellness type facilities, there is a resultant duty of care on behalf of operators to ensure a safe and healthy experience for guests.

Conclusions

From a demographic standpoint, the interview results may have significant marketing implications. The mid-level and non-spa goers are the two main groups that industry marketing efforts should be aimed at. These individuals, in particular the non-spa goers who are effectively an untapped niche, would benefit from both exposure and education about spa facilities. Further, the issue of price should be addressed since the spa association's 2005 study, which revealed that a majority of respondents thought spas were too expensive, is in direct conflict with interview responses which maintained that price is not an issue or a deciding factor when visiting a spa. Thus it is clear that public perceptions may have to be assessed and managed in order to successfully recruit certain demographics to the spa industry.

Also from a demographic standpoint, results show that while baby boomers may have brought the industry to where it is today, they do not necessarily represent the future of spas and as such marketers must be aware of the changing profiles and needs of spa goers. This notion is validated by the increased prevalence of younger clientele and the realization that most users are effectively seeking preventative treatments to enhance their lives, and this is no longer simply indigenous to aging clienteles. Similarly, evidence supports continued emphasis on the growing male and teen market. Conversely, although family orientation within the spa segment was estimated to grow, Canada in particular has not witnessed this shift as of yet and it may never effectively materialize so operators should remain cautious. Without a clear market to sustain this trend, operators should not make any costly investments or changes to try to target this group.

Another interesting issue revealed are the differing opinions on the revenue earning potential of spas. While some agree that spas can be major sources of revenues, both within hotels and independently, research revealed leading experts who claim that profit margins are low in the industry and the fact that costs are extremely high for development, maintenance and marketing. What retains prominence from a discussion of spa revenues is the profound need for relevant and accurate figures on the development and operation of spas to assist current and future operators to navigate the field.

Medical spas, though not particularly discussed within the interviews, will undoubtedly continue to represent a significant and growing segment of the North American market. However, speculative reports surrounding medical spas do not present this segment as a core component of the spa industry within Canada and actually reveal surprisingly slow growth in the years to come. Stress reduction has unequivocally emerged as the most significant factor associated with spa visits, hence marketing and strategic operating initiatives should capitalize on this. Additionally, with their focus on wellness, spas can effectively influence government health policies, a critical point when considering the importance of addressing preventative health policy within Canada. Alongside preventative health, the wellness concept will continue to grow due to an increase in people embracing the spa lifestyle and viewing it as a necessity.

In terms of qualified staff and sufficient labor pools, it is clear that academic undertakings to rectify the situation must be fulfilled or else the industry will face lethal shortages in the future. Also crystallized is the notion that governing standards must be developed in areas where lacking and uphold wherever already established, for both the safety of the customer and the reputation of the industry. These last two concepts are directly related to value of association membership within the spa industry. They provide standards and guidelines for the spas, as well as relative assurances of quality and safety for the spa guest, especially critical considering the recent proliferation of spa-like concepts which fail to deliver at acceptable quality levels.

Similarly, saturation may not have been identified as a crucial factor to consider, but its potential still has meaningful implications for the industry, especially in the United States. More than anything, associations and government must be involved in policing spa establishments to ensure common standards and practices and protect the industry from over-saturation. Spa

consumers are more sophisticated and educated than ever before and know what to expect from the spa experience. They continue to seek innovation, unique offerings, value, quality and consistency. They seek an overall experience when visiting a spa, striving to both 'look good' and 'feel good', thereby further validating the health and wellness industry component. Due to the focus on the 'experience', spas that go beyond mere service excellence and strive to provide new and meaningful experiences will incur greater successes within the industry. The experience economy reminds us that customers essentially buy an experience whenever they pay for a service, and coupled with the fact that people are much savvier today, spas have a critical challenge ahead of them if they are to continue to impress, and not merely satisfy, their guests.

This research, while representing a wide breadth of information pertaining to spa trends and movements within North America, still retains a considerable Canadian influence owing to the primary research being focused within Canada alone. In addition, this study employed the qualitative study approach. Future research could use large sample proposition testing to investigate if the findings from this study can be statistically confirmed and are applicable to other countries. The lack of research and figures within the Canadian market is some cause for concern, especially considering the rate at which the industry has been growing. There remains no doubt that the spa industry can benefit from reliable and accurate statistics, figures and even estimates when it comes to assessing both the establishment and the spa consumer. Hopefully future mandates will emerge, likely through government partnerships, to allow for comprehensive studies which will assist all facets of the industry in preparing for the future. Additionally, the inclusion of spa related curriculum in hospitality and tourism management programs will likely further enhance the industry's position, validating its existence alongside long studied hotels and restaurants. Educational efforts must be focused on the spa industry in order to accommodate recent growth trends and prepare for future expansion.

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