

VISION QUEST

Compiled by Linda W. Lewis

“I’m more optimistic about the future growth of spas and

spa retail than I am about many other retail businesses. The huge population of aging boomers, who are relatively wealthy and feel they’ve earned the right to pamper themselves, will continue to drive growth in the spa market through 2025 and, perhaps, beyond. So far we’ve seen only the leading edge of boomers hit their 50s. We’ll soon begin to see the majority reach this milestone, and they’ve already decided good skin care and stress-reducing services are necessities, not luxuries,” says James E. Dion of Dionco, Chicago, a consulting business focusing on retailers. Dion feels that being a futurist is essential when working in retail; it’s all about what people will want tomorrow.

Four major factors are currently affecting the spa industry: the time challenges complicating the lives of Americans; the widening demographics of spa-goers; technological advances in skin care that are helping to spur growth in the medical spa category; and growing competition among spas for both clients and workers. We asked industry notables to comment on these factors and how day spa owners can use them strategically. Here’s how they see day spa businesses developing in 2004 and beyond.

Factor 1. Clients Face Greater Time Challenges.

“The 1950s image of a spa as a pamper-and-fluff center needs a contemporary makeover. The modern-day spa should be seen as an affordable personal care center geared toward health and wellness,” says Angie Palos of Pendergrass. “Spas need to market themselves as a lifestyle choice integral to releasing stress and regrouping mentally and physically. Potential clients should see spa services as a reward for a difficult week or as a retreat from computers, constant ringing phones and deadlines.”

American professionals work longer hours with less time off than their counterparts in the rest of the world. Spagoers routinely say their biggest reason for visiting a spa is to relax and counteract stress. There are a number of strategies spa owners can use to profit from this factor.

Offer convenient locations. “In our fast-paced society, people are constantly rushing to get things done. Individuals need and want to relax more, both at home and when traveling. Often business

executives have more time for themselves on the road. Cater to business travelers staying in nearby hotels that do not have a spa by providing services that will help them look and perform better,” says Judy Singer of Health Fitness Dynamics, a consulting and management firm, which has been serving the health and fitness industry for 20 years.

Airports are another example of a great convenience location. “People must get there two hours early and often have layovers between flights. Many would love to spend that time pampering themselves in an airport spa,” says Dion.

“The dwindling labor force will mean that corporations will be looking for ways to keep employees happy. Since boomers will no longer need daycare centers, many may opt to offer a convenient salon/spa as a perk for their employees,” says Dion. “Time deprivation will continue to be an issue for many years to come. Spas can profit by choosing locations that allow their clients to spend time with them on the fly.”

Randy Currie of Currie Hair•Skin•Nails opened the ultimate convenience location on the campus of AstraZeneca Pharmaceutical Company in Wilmington, Delaware. Many of the company’s 6,000 employees knew Currie’s main location in Glen Mills, Pennsylvania, and when company officials decided to add a salon/spa to the other employee amenities—which include a bank, doctor’s office, and dry cleaners—the company asked Currie to submit a proposal for operating the facility. Currie worked with his PR firm, Marketing Solutions, to establish his credentials and with East Coast Salon Services to provide a proposed layout. The salon/spa opened in April and was profitable from day one.

Offer one-stop shopping. “Today’s spas are visited by only a small percentage

“Those businesses most likely to survive will go beyond the basic massage, wraps and facials and incorporate a holistic health focus. They’ll incorporate multiple therapeutic treatments and complementary modalities such as acupuncture and chiropractic, as well as body-mind fitness activities such as yoga, personal training, Pilates and nutritional counseling.”

—**Monica Fraser, Biotone**



Large businesses may follow the lead of Astra Zeneca Pharmaceutical, which asked salon owner Randy Currie to open an on-site spa for its employees.

"To satisfy the demands of product-savvy spa-goers, manufacturers of skincare products will have no alternative than to upgrade their product ingredients and use the latest technologically and biologically advanced ingredients. These products should be able to do more than just hydrate the upper layers of the skin and smell good. The new generation of skin- and bodycare products will be more effective and address skin disorders internally, as well as topically."—**Sonia Boghosian of Europro/Bio Jouvance**

of the population. As fees come down and more treatments become available, there will be a larger volume of clients and many more spas offering a one-stop shopping concept," says Martha Mazzarino, manager, clinical, customer and consumer relations, Palomar Medical Technologies.

"With more than 21 years in the professional beauty industry and manufacturing facilities throughout the world, what I've seen and heard is evidence to me that today's salon will be extinct in just 10 years, gone the way of the barbershop. Clients prefer day spas for their wide array of services," says Tony Cuccio of Cuccio Naturalé.

"Day spa owners should be offering a complete range of services, including hair care," agrees Jim Markham of Pureology. "Time constraints and relationships will be the business drivers of the future. The move toward one-stop shopping is definitely a lasting trend. Cross-promotion is a powerful key to higher retail profits. Skincare purists will find it easier to make the transition

if they look for the similarities rather than the differences between skincare products and high-end haircare products. Like skincare products, high-end haircare products use pure essential oils and avoid damaging ingredients."

Offer time-saving services. Spas like SimplySpa, which opened late last year in New York City, are acknowledging the time crunch by selling time instead of services. Clients can purchase SimplySamplers, which allow them to have a massage, facial, manicure and/or pedicure done simultaneously, or SimplySessions, which allow them to concentrate on only one service. The client is stationed in one room and the technicians/therapists come there for all services.

"Great nail services are the ultimate convenience, and the dollar potential is huge," says Jan Arnold of Creative Nail Design. "The quality of the nail service is one convenience factor; realizing that there's a way to get polish to last for four weeks can be a huge marketing tool. A permanent coating with a thin nail enhancement can prolong the life of nail enamel by 100%.

"Another way to provide real convenience is by offering clients multiple services in the same time frame, such as a nail rebalancing and a haircolor touchup in the time it would take to get just one service. Let's face it, these services aren't fun. Getting them done quickly leaves more time for massages and pedicures. The other total dream is a spa-level manicure and pedicure in a single time slot with two techs working in unison," Arnold continues.

Factor 2. Clientele Is Becoming More Diverse.

While more than 80% of today's spa-goers are adult women, our spa seers predict major changes over the next

"You can have the most beautiful spa in the world, but if you don't have the right people working with your customers, your business is headed for trouble. Keeping good people is everyone's concern. By choosing equipment that does the dirty work for technicians—like cleaning and disinfecting the bowl after a pedicure—spa owners make a statement about their concern for their employees and their clients. It's all about working smarter, not harder."—**Mark Waldron, Belvedere USA**



few years as the entire family joins in.

“One of the major challenges for day spas will be offering a truly superior experience and customized services for various demographics: women, men, couples, teens and even children,” says Maritza Rodriguez-Aounaough, director of marketing for CosmoproGroup, parent company of Pevonia/Cosmopro.

Men. “Men are the new frontier in spa clients—and they won’t be difficult to reach. Keep in mind that 70% of men’s clothing is purchased by the women in their lives. They’ll also look to the women who are already your clients to help them with skincare and cosmetic services and products,” says Dion.

“I’m one of the growing number of men in spas,” says Pureology’s Markham. “I not only get my hair cut and colored, but I also get facials, manicures and pedicures. And I’m noticing that I’m no longer the only man in the place. The gender gap is definitely narrowing.

“Men are more cost-conscious about some things—haircuts, for instance—because of their history with these ser-

vices,” Markham continues. “Spa services, though, are more mysterious to men, which gives you a chance to sell the differences, the things that make spa treatments superior. Price is not an issue if you offer superior quality. The discussion switches from ‘how much?’ to ‘how good?’ ”

“Men are suffering the same media scrutiny that women have dealt with for years. They’re so much more aware now of looking good and the need to compete on a daily basis for work and women,” says Cuccio. “They want an edge. Plus, we’re all more health conscious in general and we’re learning the importance of massage, facials and pedicures.”

“This is perhaps the most exciting thing in the spa business in many years. The idea of attracting a whole new demographic that represents nearly 50% of the population is wonderful to consider,” says Jeffrey Lapin, president of Skin Products, maker of ECHO2 Plus.

Teens and kids. “Many spas may meet this challenge by expanding into more of a ‘family therapeutic wellness center,’ serving all age groups. The American female consumer has grasped the importance of skin care and sun protection and is rapidly passing that philosophy on to her offspring,” says CosmoproGroup’s Rodriguez-Aounaough.

Factor 3. Technological Advances Spur Growth in Medical Spas.

“The spa concept will expand to meet the needs of more people. Advancements in skin care and the continuing integration of Eastern and complementary medicines will enable spas to help guests look and feel younger and to age naturally and gracefully. Many spas will have longevity and age management departments,” says Singer.

“The widening gap between the rich and poor means salons and spas will have to decide which consumers they want to serve. American consumers are demanding; they want unique services expertly executed. Spas that can meet these expectations will thrive by attracting clients who want the best and are willing to pay for it.”—**Jim Markham of Pureology**

“Most men do not feel comfortable in an atmosphere replete with scented candles, soft music, flowers and women in robes and slippers! Men want separate entrances, wood paneling, TVs tuned to sports and perhaps even male estheticians to make them feel comfortable. To attract and keep male clients, spas will need to design treatments for men’s special skin issues. I think manufacturers are responding to the challenge with male-oriented products and treatments. Will the spas do the same?” — **Jeffrey Lapin of Skin Products**



Monica Fraser of Biotone goes even further: "With the population aging, I see a stronger demand for performance-based products and services—that is, products and services that have clinical data supporting their effectiveness."

"I believe that the number of spas will continue to grow; however, I predict most of the growth will be in medical spas. In my opinion the United States population will grasp the medical spa more rapidly because it seems to fit our

fast-paced culture," says David Suzuki of Bio-Therapeutic. "The spa customer is very savvy and is continually becoming more educated on the latest, greatest advances. As professional estheticians, we will need to be well-informed and well-rounded in wellness, including device usage.

"I believe the United States will follow the European ideology that beauty and health are one and the same," Suzuki continues. "I do, however, anticipate that most of the growth will derive from the plastic surgery segment opening spas rather than from spas adding more medically oriented services. I also believe the medical spa concept is more attractive to venture capitalists and investors due to a more secure return."

Dion doesn't see medical spas as separate from day spas. "This is a 'breadth of assortment' business. People will gravitate to places where there are lots of choices. Day spa owners will benefit from adding the noninvasive medical skincare modalities; medical spas will profit from adding the more pampering services. Both will want to offer a breadth of products as well—not to the point of confusion but enough to meet every client's needs," says Dion.

"With advanced equipment and products such as cold lasers, light therapy and live cell therapy becoming more available and affordable, spas will be able to offer a variety of safe and effective semi-medical treatments," says Sonia Boghosian of Bio Jouvance. "Such services will attract clients who choose to have anti-aging treatments done at the spa rather than in a medical office."

"Medical spas are here to stay! Today's more aggressive and invasive treatments are a direct response to client demands for immediate results. Such treatments and procedures are

Future Challenges

What are some of the challenges day spas face in the next few years? Our visionaries offer some insights:

- "One of the major challenges for spas will be coming up with the capital necessary to invest in the new equipment needed to provide updated services so their clientele won't go elsewhere," says Martha Mazzarino of Palomar Medical Technologies.
- "Spas will need more professional, qualified personnel to offer more high-end technological treatments to their clientele," Mazzarino continues.
- "Laws and state codes are having difficulty keeping up with the changing technology and devices, making clear legalities and proper licensure very ambiguous subjects," notes David Suzuki of Bio Therapeutics.
- "Spa owners will need to get better at doing the math so they can invest in facilities and equipment with a better understanding of the possible return. This challenge is present today and will always remain," says Claudia Nettig, general manager of Monique Mathieu International.

**"The client today wants results, expects a better look and improved skin condition, which in turn raises self-confidence. The hair industry sells results, restaurants sell satisfaction, the automobile industry sells convenience—there are many more examples I could mention. In wellness, spas and esthetics, we have to learn how to sell "looking good" and "feeling good."—
Dieter Kuster of CA
Botana International**



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potentially dangerous and the possibility of injuring or disfiguring a client is very real. Proper training and re-training, medical-type controls of drug-containing products and the oversight of a trained medical professional are essential to minimize the risk of injuries and lawsuits. In addition, insurance providers will look increasingly at such controls and oversight as a condition of issuing liability insurance. Look for more estheticians seeking medical-type training and certification in order to qualify for medical spa employment,” says Lapin.

Factor 4. Competition is Greater for Clients and Workers.

For years many day spas benefited from being the only game in town. Now virtually every spa has one or two competitors vying for the same clientele. As more spas open their doors, competition will become fierce and only the fittest will survive.

“To capitalize on this boomer business, the key word is ‘experience.’ Day spa clients are buying time away from their hectic world. They’re buying a sense of peace. They’re buying hope,” says Dion. “What you have to remember is that, while boomers want to remain younger looking, they also want to feel better about themselves. Spas can offer an experience that can’t be duplicated elsewhere. To compete in the spa industry, owners will need to ensure the quality of that experience from first contact through the take-home regimen. Retail products are a component of that experience. They let the client extend the experience at home and recall how truly pleasant it was. Clients will see their spa therapists as a resource—someone who can help them sort through the confusion caused by so many products on retail shelves,

on TV and the Internet.”

“Clients need and demand honest consultation in regard to treatment procedures, product usage, expected improvement and, most importantly, how to effect changes in their lifestyle, diet and sun exposure. They want to know what to avoid and what to look for. The spa advisor must understand her/his clients’ needs to properly advise them,” says Dieter Kuster, CEO and senior chemist, CA Botana International.

“The day spa must present itself as a complete service facility and offer educational marketing and social events that will help it survive the increasing number of new spas surfacing. Success for the day spa will have everything to do with the spa owner’s vision and the unique character of the guest experience. These are the things that will encourage guest retention. Let’s face it, in the end we frequent those businesses where we feel most special, where we feel we belong,” says Rodriguez-Aounaough.

“Quality and types of services may vary from spa to spa, but what will be the determining factor in one spa surviving over another? Those that cater to discriminating clientele have invested heavily in their businesses to create inviting environments, Shangri-la ambiance and exclusive services. Yet, both small and large businesses can take advantage of affordable opportunities that can project a higher level of professionalism in the workplace. Perception is everything. A client’s impression of working staff will often make or break their acceptance of your business,” says Claudia Nettig, general manager of Monique Mathieu International.

Will spa chains challenge independents over the next few years? While most of our prognosticators feel there will always be a place for well-run independent day spas, Skin Products’ Lapin believes

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chains will begin to pose a competitive threat over the next decade.

“The spa business is moving strongly in the direction of large chain spas and more medical/professional operations,” he says. “The factors driving this are:

- The increased cost of machinery and equipment needed to perform today’s more complex treatments.
- The cost and difficulty of marketing effectively against competition from larger operations.
- The fusion between medical operations and spa operations.”

Lapin continues, “Poor business practices and/or noncompliance with local and state laws among many of the smaller operations are other factors that have caused spas to close. While the ‘boutique’ spa will probably never completely disappear, we see these types of businesses largely going away and the employees moving into larger/more medical operations. This is nothing more than the manifestation of the same trend we see in other

small businesses nationwide. Today’s small businesses are hard-pressed to compete and the ‘Wal-Mart syndrome’ has not spared the spa industry.”

“The big will get bigger in every industry,” Dion agrees, “but those who grow successfully in the spa industry will have to do so without losing the personal touch. Some restaurants like the Ruth’s Chris restaurant chain and the Ritz Carlton hotel chain have been able to do this. Spa owners who figure out how to offer consistent service in multiple outlets will dominate the market over time. It’s a matter of consistent, ongoing training and quality control systems.”

“The key will be defining who you are to make a point of difference as the industry grows,” says Cuccio. “Now that there is so much more competition, owners really need to decide who their clients are and what they want.” ♦

Linda W. Lewis is the executive editor of *DAYSPA*.