



ISPA 2009 U.S. Spa Industry Update

The Big Five

INTERNATIONAL SPA ASSOCIATION



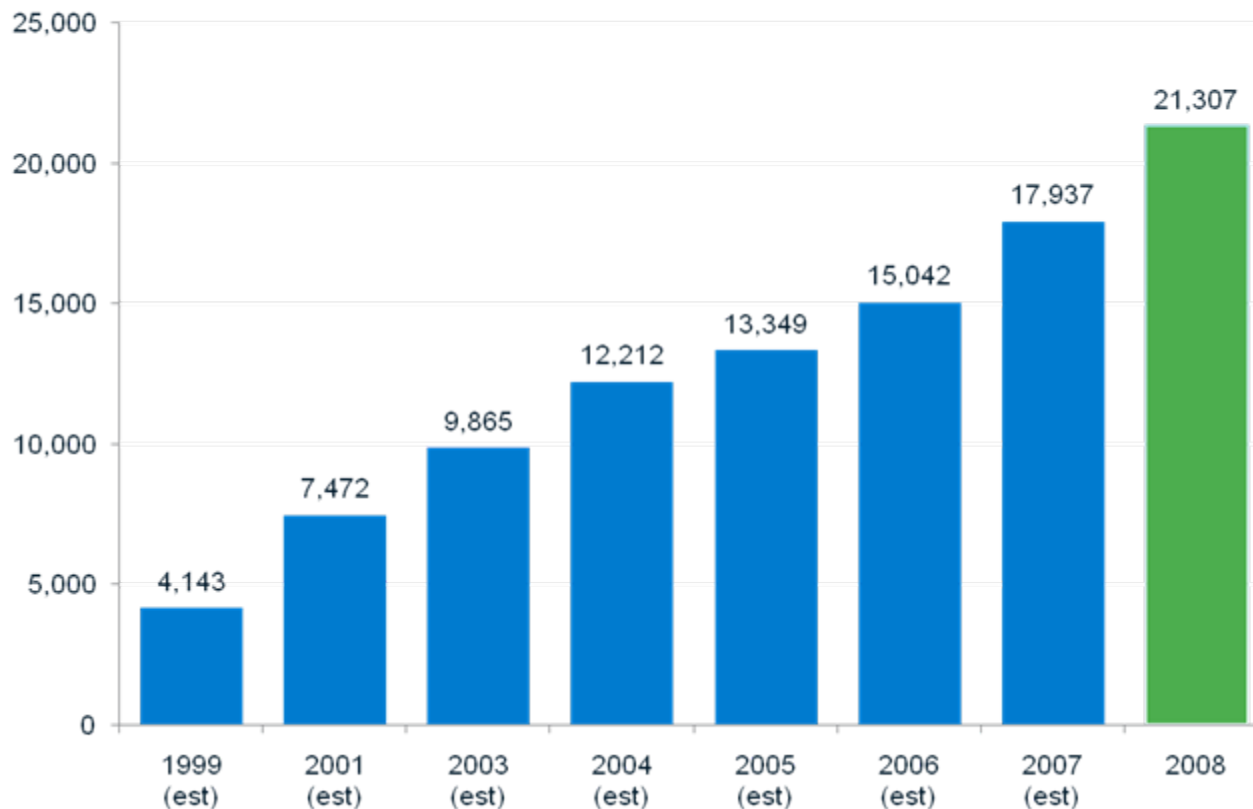
I SPA 2009 U.S. Spa Industry Update *The Big Five**

	2007 (Year End)	2008 (Year End)	% Change
Revenue	\$10.9 billion	\$12.8 billion	17.8%
Spa Visits	138 million	160 million	15.8%
Locations	17,900	21,300	18.8%
	2008 (June)	2009 (March)	% Change
Total Employees	303,700	340,600	12.2%
Full-Time	143,300	158,200	10.5%
Part-Time	112,000	112,300	0.3%
Contract	48,500	70,100	44.5%
Square Footage	60 million square feet	81 million square feet	34.7%

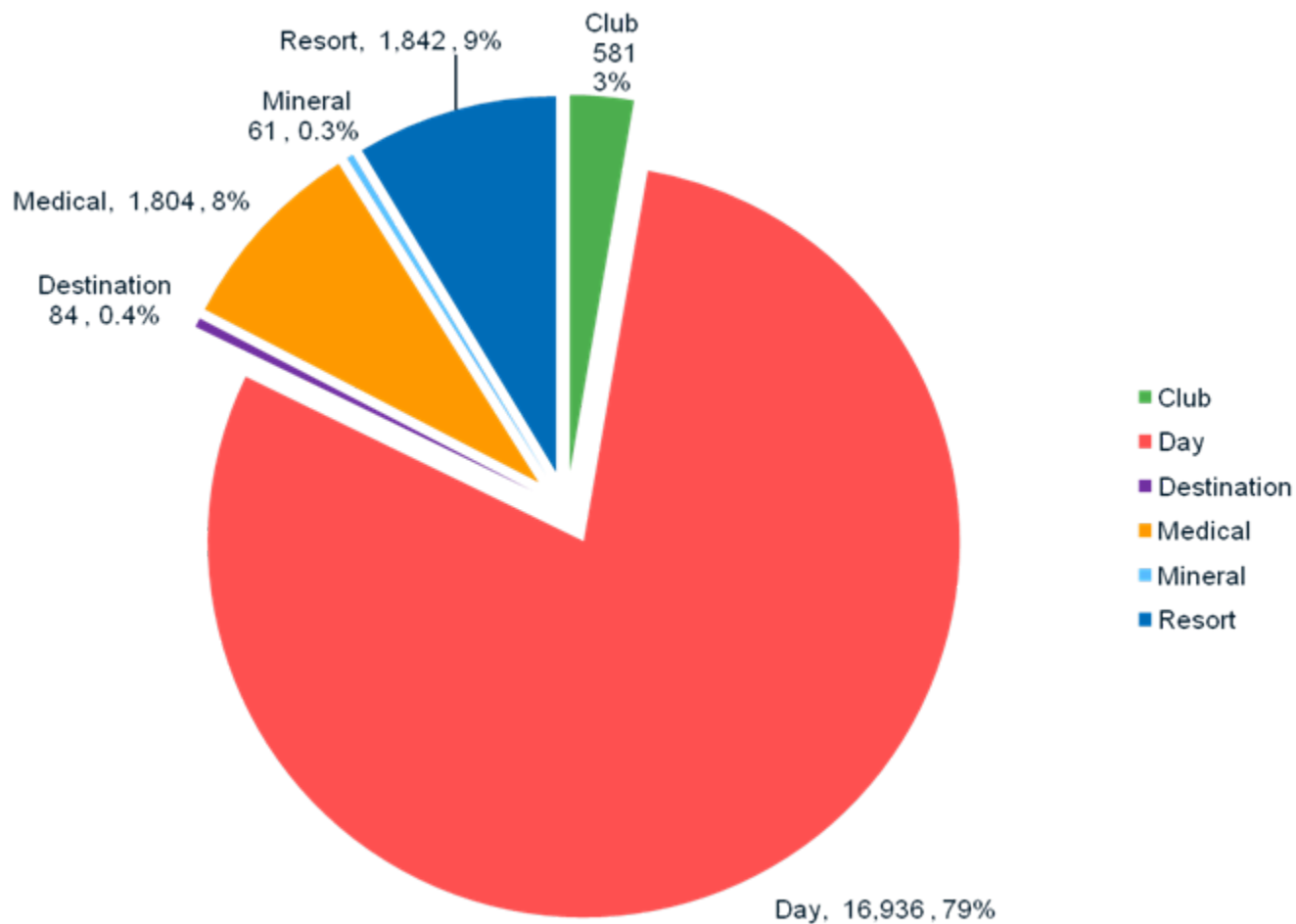
*Numbers have been rounded and are not exact.

The Number of Spas in the U.S. Continue to Grow at a Steady Pace

**Number of Spa Establishments
in the U.S.**

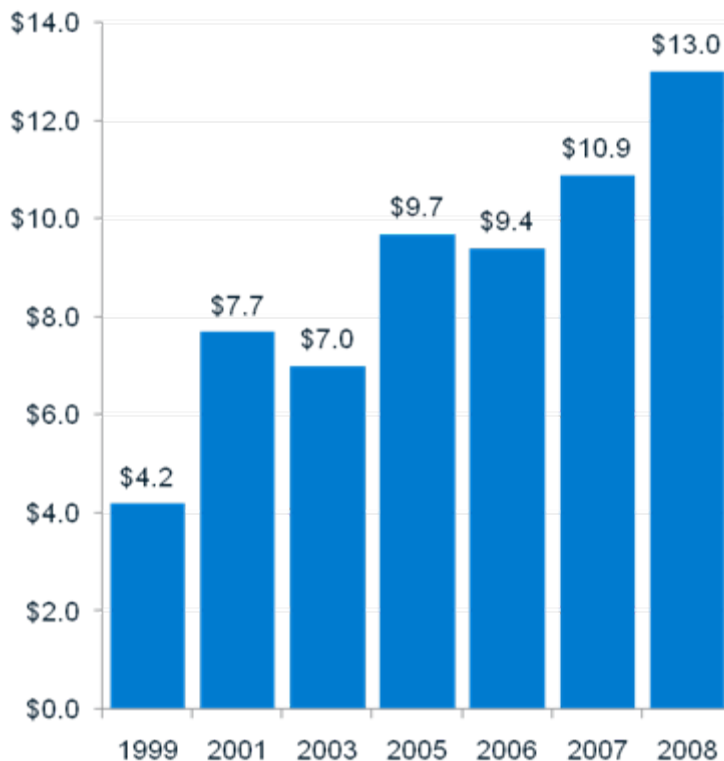


Distribution of Spas by Type

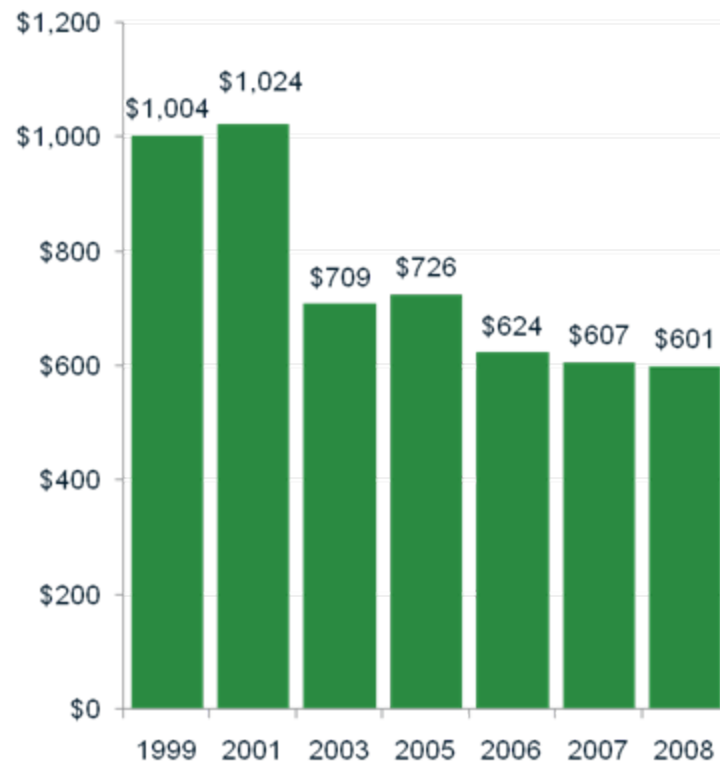


Spa Industry Revenues Rise & Revenue Per Spa Remains Stable

**Total Spa Revenues
in the U.S.
(in Billions)**

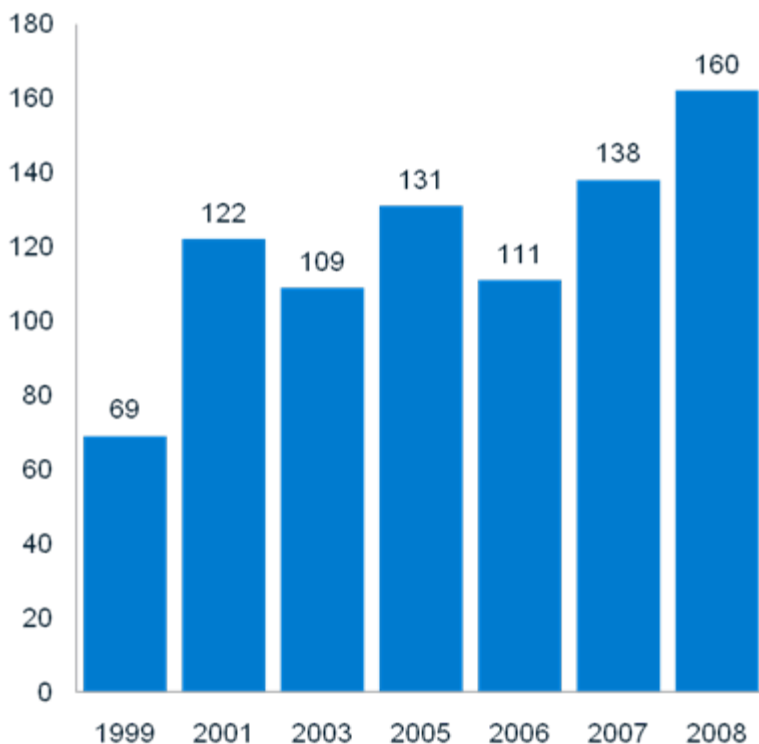


**Average Revenue Per
Establishment
(in Thousands)**

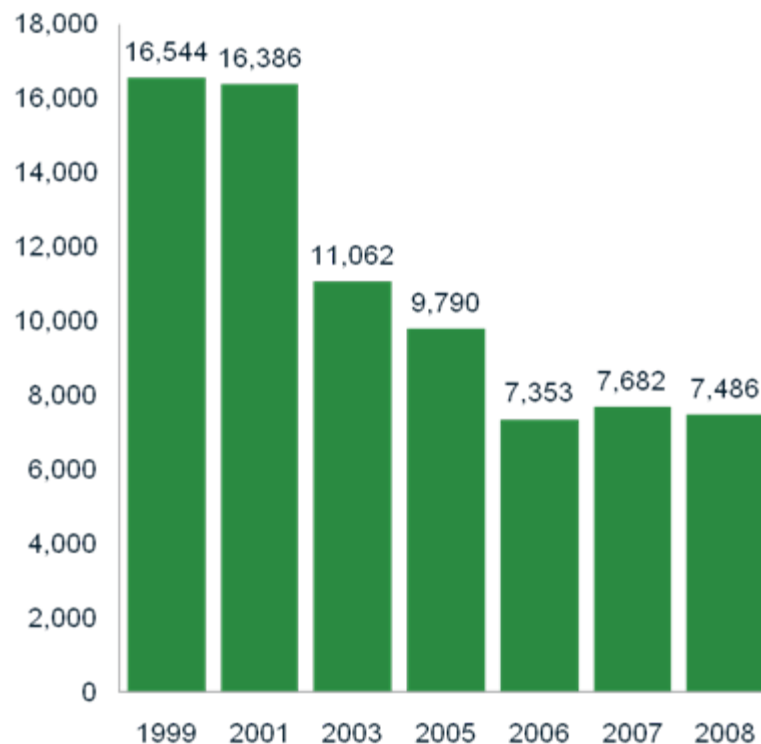


Industry Spa Visits Increase by 16% & Average Visits Per Spa Decline 3%

**Total Spa Visits in the U.S.
(in Millions)**

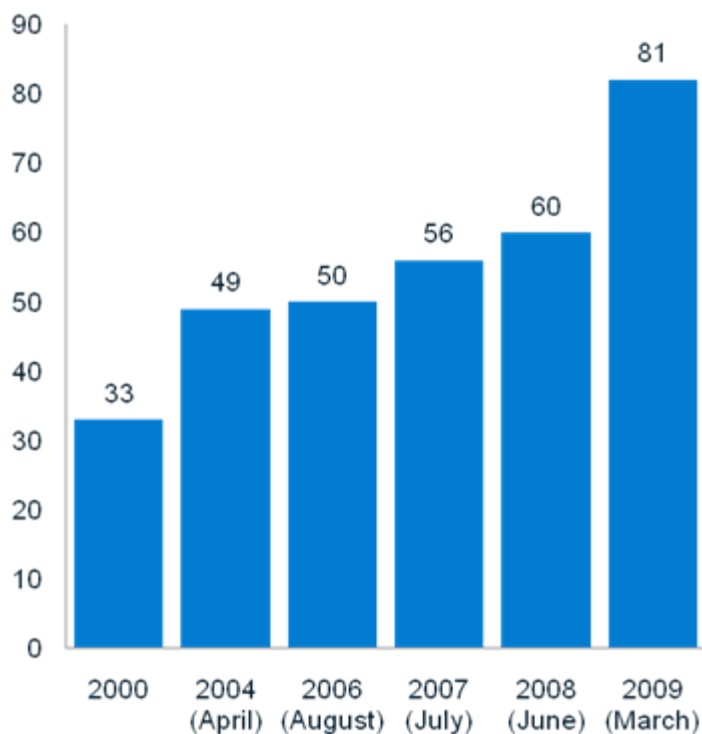


Average Visits Per Establishment

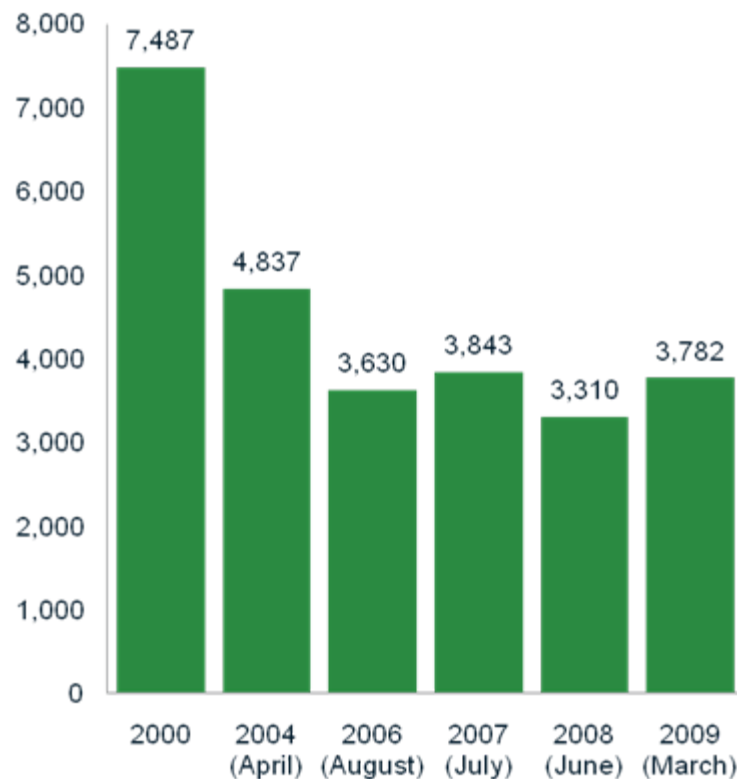


Industry Square Footage Continues to Grow With Locations

**Total Square Footage
in the U.S.
(in Millions)**

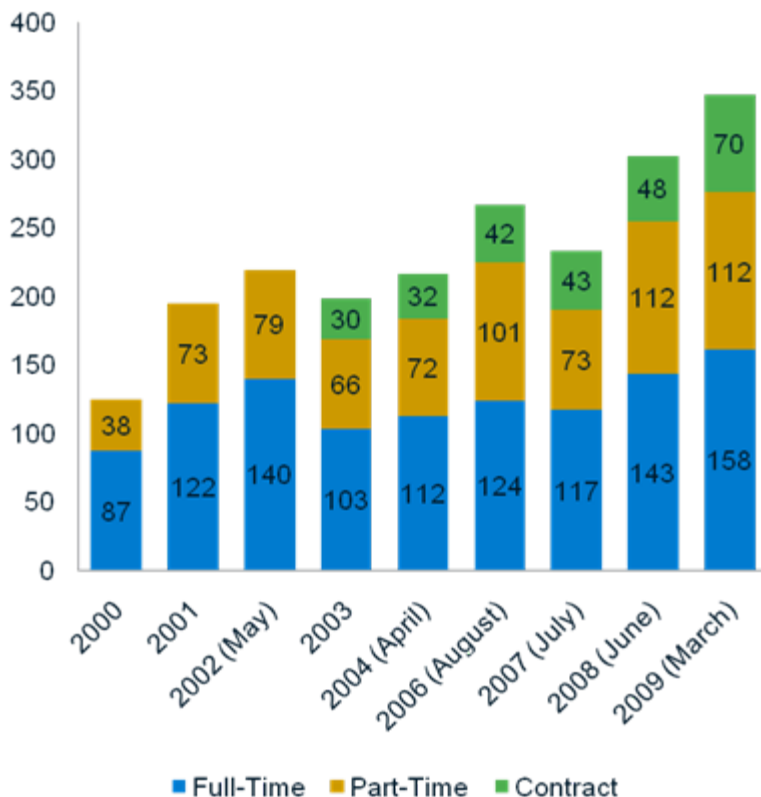


**Average Square Footage Per
Establishment**

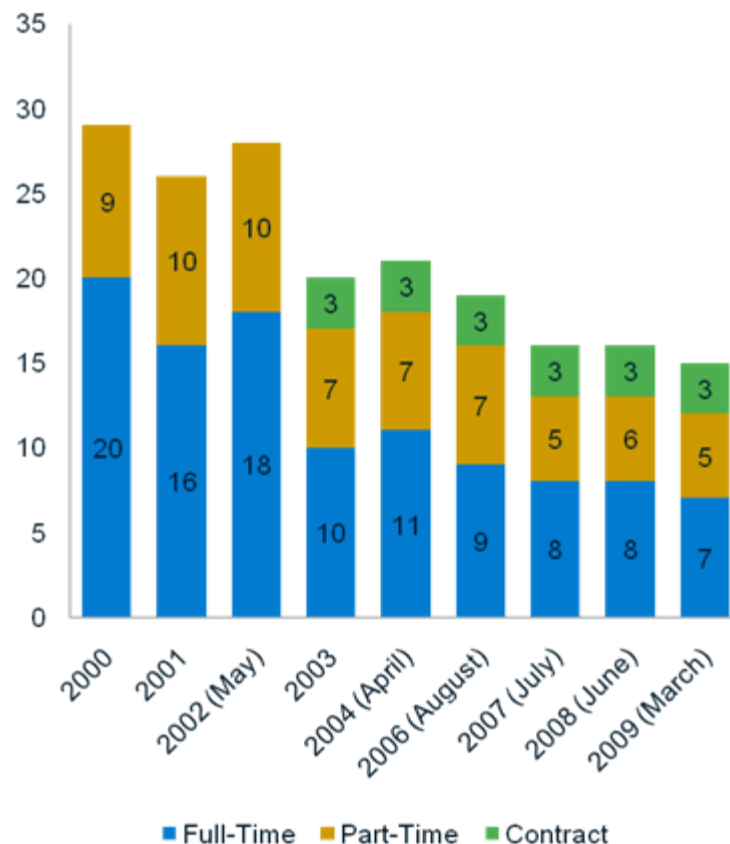


Average Number of Full-Time Employees Per Spa Reaches Record Low

**Total Spa Employees in the U.S.
(in Thousands)**



Average Employees Per Establishment



Profile by Spa Type

	Total	Club spa	Day spa	Medical spa	Resort/Hotel spa	Other
REVENUE IN THOUSANDS:						
2008 Revenue – Average	\$602	\$794	\$483	\$375	\$1,735	\$1,489
2008 Revenue – Median	\$250	\$259	\$210	\$200	\$770	\$375
Profit Margin – Average	16%	18%	14%	24%	24%	23%
Profit Margin – Median	10%	20%	9%	13%	20%	18%
SPA VISITS:						
2008 Annual Spa Visits – Average	7,486	10,328	6,909	2,962	15,133	9,294
2008 Annual Spa Visits – Median	4,056	4,515	4,420	2,000	8,000	5,000
Average Daily Clients – Average	23	40	22	10	43	27
Average Daily Clients – Median	14	15	14	8	23	14
% Visits by New Clients – Average	38%	36%	36%	38%	51%	53%
EMPLOYMENT:						
Full-time Employees – Average	7.4	9.9	6.7	4.0	17.0	12.9
Full-time Employees – Median	4	4	3	3	9	10
Part-time Employees – Average	5.3	9.9	4.4	3.1	13.8	13.7
Part-time Employees – Median	2	5	2	2	9	5
Contract Employees – Average	3.3	3.0	3.4	2.4	3.5	5.1
Contract Employees – Median	0	0	0	1	0	5
SPA SPACE:						
Indoor Square Footage – Average	3,782	7,805	2,848	3,165	11,412	14,687
Indoor Square Footage – Median	2,400	4,500	2,000	2,200	6,500	5,000
REVENUE RATIOS:						
Revenue Per Sq. Ft. – Average	\$169	\$139	\$169	\$170	\$182	\$185
Revenue Per Sq. Ft. – Median	\$113	\$88	\$115	\$109	\$119	\$100
Revenue Per Visit – Average	\$113	\$87	\$100	\$192	\$158	\$214
Revenue Per Visit – Median	\$71	\$76	\$66	\$114	\$108	\$69

Profile by Region

	Total	North East	South East	North Central	South Central	North West	South West
REVENUE IN THOUSANDS:							
2008 Revenue – Average	\$602	\$509	\$500	\$434	\$448	\$422	\$955
2008 Revenue – Median	\$250	\$250	\$200	\$225	\$295	\$220	\$265
Profit Margin – Average	16%	25%	8%	14%	16%	11%	15%
Profit Margin – Median	10%	20%	5%	10%	10%	10%	10%
SPA VISITS:							
2008 Annual Spa Visits – Average	7,486	6,791	6,970	6,663	6,554	7,038	9,585
2008 Annual Spa Visits – Median	4,056	3,900	4,680	4,000	3,120	4,500	4,535
Average Daily Clients – Average	23	21	21	21	21	22	29
Average Daily Clients – Median	14	12	15	15	12	13	14
% Visits by New Clients – Average	38%	38%	38%	42%	37%	39%	35%
EMPLOYMENT:							
Full-time Employees – Average	7.4	6.1	6.4	6.8	11.5	7.1	8.3
Full-time Employees – Median	4	3	5	4	5	3	3
Part-time Employees – Average	5.3	5.4	4.4	5.0	4.2	5.0	6.6
Part-time Employees – Median	2	3	2	3	1	2	2
Contract Employees – Average	3.3	2.8	3.7	2.3	2.0	2.2	4.8
Contract Employees – Median	0	0	1	0	0	0	1
SPA SPACE:							
Indoor Square Footage – Average	3,782	2,923	4,131	3,297	3,812	3,342	4,653
Indoor Square Footage – Median	2,400	2,300	2,400	2,000	2,000	2,200	2,400
REVENUE RATIOS:							
Revenue Per Sq. Ft. – Average	\$169	\$195	\$146	\$134	\$139	\$153	\$205
Revenue Per Sq. Ft. – Median	\$113	\$133	\$109	\$100	\$75	\$83	\$127
Revenue Per Visit – Average	\$113	\$124	\$101	\$132	\$92	\$94	\$112
Revenue Per Visit – Median	\$71	\$77	\$64	\$80	\$63	\$64	\$69

Profile by ISPA Member Status

	Total	Member	Nonmember
REVENUE IN THOUSANDS:			
2008 Revenue – Average	\$602	\$2,120	\$489
2008 Revenue – Median	\$250	\$1,500	\$210
Profit Margin – Average	16%	18%	15%
Profit Margin – Median	10%	11%	10%
SPA VISITS:			
2008 Annual Spa Visits – Average	7,486	17,737	6,762
2008 Annual Spa Visits – Median	4,056	10,000	3,911
Average Daily Clients – Average	23	50	21
Average Daily Clients – Median	14	29	13
% Visits by New Clients – Average	38%	50%	37%
EMPLOYMENT:			
Full-time Employees – Average	7.4	19.6	6.6
Full-time Employees – Median	4	13	3
Part-time Employees – Average	5.3	16.1	4.6
Part-time Employees – Median	2	12	2
Contract Employees – Average	3.3	5.6	3.1
Contract Employees – Median	0	1	0
SPA SPACE:			
Indoor Square Footage – Average	3,782	11,794	3,171
Indoor Square Footage – Median	2,400	7,805	2,100
REVENUE RATIOS:			
Revenue Per Sq. Ft. – Average	\$169	\$195	\$167
Revenue Per Sq. Ft. – Median	\$113	\$150	\$109
Revenue Per Visit – Average	\$113	\$152	\$110
Revenue Per Visit – Median	\$71	\$114	\$69

ISPA 2009 U.S. Spa Industry Update Highlights

- Overall, in 2008 industry revenues continued to grow at an annual rate of 17.8%, while revenue remained stable at the per spa level.
- The number of spa locations in the United States has experienced a five year average growth of 17%.
- Location growth once again (18.8%) narrowly exceeded revenue growth (17.8%) within the spa industry.
- Visits per spa declined slightly to an average of 7,486 visits per location.
- The average number of full-time employees per spa was down from 7.9 to 7.4, while the average number of part-time employees per spa has also decreased from 6.2 to 5.3. In contrast, the use of contract employees actually rose from 2.7 to 3.3 per spa.

Methodology

- ***Developing an Inventory of Spas:*** An extensive cross-reference of various business directories was conducted via the Internet to develop a comprehensive inventory of U.S. spas. All possible spa businesses were included in the 2005, 2006, 2007, 2008 or the current 2009 spa industry census. During the census, attempts were made to contact all potential spa businesses to qualify them as a spa using product/service-based criteria and to classify them by spa type using revised category criteria. The definition of spa is provided below. In all, approximately 12,600 spas in the United States have been formally qualified and classified. This represents 59% of the industry. Qualification and classification incidence rates from the census were then used to extrapolate the size and type distribution of the overall industry.
- ***Definition of Spa:*** For the purpose of this study, a spa is defined as a place of business that enhances the overall well-being of a person through a variety of professional spa services that encourage the renewal of mind, body and spirit. With few exceptions, to be qualified as a spa, businesses must offer at least two of the following three services:
 - Massage (full body);
 - Skin Care Treatments (e.g., facials); or
 - Body Treatments (e.g., hydrotherapy or body wraps/scrubs).All but approximately 5% qualify as a spa by offering at least two of these core services. The remaining 5% qualified as a spa based on the other spa-related services they offered and the share of revenues derived from the core spa services.
- ***Quantitative Survey:*** The Association Resource Centre Inc. conducted 805 surveys (645 via random telephone survey and 160 via Internet survey) with U.S. spa owners and managers in March 2009. Each telephone survey took approximately 10 minutes to complete. The data in this report have been weighted to more accurately reflect the true distribution of the industry population. Data were weighted by type of spa as defined by ISPA and by region.

About the International SPA Association

ISPA is recognized worldwide as the leading professional organization and voice of the spa industry. Founded in 1991, ISPA's membership is comprised of more than 3,200 health and wellness facilities and providers from 83 countries. ISPA advances the spa industry by providing invaluable educational and networking opportunities, promoting the value of the spa experience and speaking as the authoritative voice to foster professionalism and growth. For more information on ISPA, write to, call or e-mail: 2365 Harrodsburg Road, Suite A325, Lexington, KY 40504, USA Domestic Telephone: 1.888.651.4772 or Direct: 1.859.226.4326 or E-mail: ispa@ispastaff.com

About the Association Resource Centre Inc.

The Association Resource Centre Inc. is a full-service management consulting firm that specializes in meeting the diverse needs of the not-for-profit sector. Through its Research and Strategy Division, the firm provides a broad range of research services to associations and to the members they serve. The Association Resource Centre's extensive background in governance, strategic planning and association research enables it to interpret the data it receives and to provide insightful analysis as to what the data means. Core team members from the Association Resource Centre Inc. have played lead roles in all of ISPA's North American industry research since the inaugural study in 2000.

Disclaimer

Although the information in this update has been obtained from sources that the Association Resource Centre Inc. believes to be reliable, its accuracy and completeness cannot be guaranteed. This update is based on survey responses of spa establishments. This update is for information purposes only. All opinions and estimates included in this report constitute the views of survey respondents combined with our judgment as of this date and are subject to revision.

Surveys for this study were conducted by Association Resource Centre Inc. in March 2009. Estimates are by nature subject to error. It is important to note that all opinions and estimates included in this update constitute the views of survey respondents combined with Association Resource Centre Inc.'s judgment as of this date and are subject to revision.

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