



INTERNATIONAL SPA ASSOCIATION



**ISPA**  
● ● ● ● ●

**2013**

# U.S. Spa Industry Study





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Definitions

Research objectives

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## Section 1: Introduction



**1** Introduction**Introduction**

This report presents the findings from the 2013 U.S. Spa Industry Study. The study was commissioned by the International SPA Association (ISPA) in partnership with the International SPA Association Foundation.

Established in 1991, ISPA has been recognized worldwide as the professional organization and voice of the spa industry, representing health and wellness facilities and providers in more than 70 countries. Members encompass the full spectrum of the spa experience, from resort/hotel, destination, mineral springs, medical, cruise ship, club and day spas, to service providers such as physicians, wellness instructors, nutritionists, massage therapists and product suppliers.

ISPA advances the spa industry by providing educational and networking opportunities, promoting the value of the spa experience and speaking as the authoritative voice to foster professionalism and growth.

To assist in understanding the industry, ISPA commissioned the first U.S. study in 2000. The inaugural study was subsequently updated in 2002, 2004, 2006, 2007, 2010, 2011 and, most recently, 2012. A shorter tracking study was commissioned in 2003, 2005, 2008 and 2009.

This report presents the state of the industry in 2012, as indicated by the change in revenues, spa visits, average revenue per visit, the number of spa locations and staffing levels. These are referred to as the 'Big 5' statistics.

In previous industry studies, the Big 5 included total spa floorspace. For the 2013 study, the floorspace statistic has been replaced by average revenue per visit. The rationale is to give a more complete picture of the state of the industry. For consistency with previous industry studies, floorspace information has been collected and is included in this report.

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## Research Objectives

The research objectives of the 2013 U.S. Spa Industry Study are as follows:

- Determine the size of the spa industry in the United States; specifically in terms of the 'Big 5' statistics, that is:
  - Number of establishments;
  - Revenues;
  - Number of visits;
  - Revenue achieved per visit; *and*
  - Employment.
- Estimate the growth rate of the industry.
- Determine current and future industry trends and challenges.
- Develop a profile of the U.S. spa industry using criteria such as regional distribution, spa type, ownership structure and service/product offerings.
- Evaluate compensation levels of full-time employees within the spa industry.
- Manage the ISPA database of key industry statistics.



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## Definitions

For the purpose of the ISPA 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. To be qualified as a spa, a business must offer at least two of the following three services: massage (full body); skin care treatments (i.e. facials); or body treatments (i.e. hydrotherapy or body wraps/scrubs).

The spa industry categories used in this study are as follows:

- Club spa: primary purpose is fitness, offers a variety of spa services on a day-use basis.
- Day spa: offers spa services to clients on a day-use basis.
- Destination spa: historically a seven-day stay, encompassing spa services as part of a program whose primary purpose is guiding individual spa-goers to develop healthy habits.
- Medical spa: operates under the full-time on-site supervision of a licensed health care professional. Primary purpose is to provide comprehensive medical and wellness care in an environment that integrates spa services.
- Mineral springs spa: Offers on-site source of natural mineral, thermal or sea water used in professionally administered hydrotherapy services.
- Resort/hotel spa: a spa located within a resort or hotel.

Throughout the report data is analyzed by type of spa. Day and resort/hotel spas are generally listed with the remaining spas combined into the 'other' spa category, due to their sample sizes in the survey undertaken for this study.





## 1 Introduction

### Structure of report

The remainder of the report is structured as follows:

**Section 2 Industry Size – Returning to Growth:** This Section provides an industry level overview and commences with the 2013 Industry Study findings for the ‘Big 5’ statistics. It then reviews recent trends in key business indicators before concluding with a summary of the key issues facing the industry as identified by respondents to the 2013 survey.

**Section 3 Spa Industry Profile:** This Section presents a profile of spa establishments, including composition by type of spa, size differences and the geography of the industry.

**Section 4 Spa Services and Facilities:** This Section presents a picture of the facilities and services that spas offer to their visitors. The section comprises four main parts, including the main elements of indoor space occupied by spa establishments, core spa services, the retail component and the programs and treatment offerings that spas had in place in 2012.

**Section 5 Compensation:** This Section presents information on compensation levels for employees occupying full-time spa director, manager, esthetician and massage therapist positions within spas. The section also presents the survey findings for commission structures for therapists and unstaffed positions.

**Section 6 Technical Appendix:** This Section contains some more detailed information on how the survey was undertaken.

Note: All percentage calculations are based on un-rounded figures; therefore, totals or sub-totals may differ due to rounding.

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## Section 2: Industry Size: Returning to growth



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and Facilities**5** Compensation**6** Technical Appendix**Section 2: Introduction**

This Section presents the survey findings for the size of the U.S. spa industry.

The following topics are addressed:

- What is the size of the spa industry in the U.S., as measured by revenues, visits, locations and employment?
- What is the average revenue per client visit?
- What are the more recent trends in client visits, spending per client visit, revenue, staffing and profitability?
- What are the key issues facing the industry in 2013, according to the survey respondents?

The Section commences with an overview on the national economic context, especially the pace of growth in the U.S. economy during 2012 and into 2013.



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## The Economic Context

**In 2012, rising economic activity was accompanied by increasing employment and falling unemployment.**

The Gross Domestic Product (GDP), measuring the value of economic activity nationwide, picked up from 1.8% in 2011 to 2.8% in 2012.

The labor market improved in tandem with the pick-up in output, with employment expanding by +1.7% and unemployment falling from 8.5% in 2011 to 7.8% in 2012. Through the first half of 2013, employment remained on an upward path while unemployment continued to fall. Nonetheless, the unemployment rate remains elevated.

Growth in GDP, personal disposable income and personal consumption expenditure on services remained in positive territory through the first half of 2013.

### The U.S. economy:

Selected indicators, annual per cent change

	2011	2012	2013(Q2)
GDP (Constant 2009 \$)	1.8%	2.8%	1.7%
Employment	1.2%	1.7%	1.6%
Unemployment	8.5%	7.8%	7.6%
<b>Personal Disposable Income</b>			
Current \$	4.8%	3.9%	3.4%
Constant (2009) \$	2.4%	2.0%	3.4%
<b>Personal Consumption Expenditure *</b>			
All services			
Current \$	3.7%	3.3%	2.8%
Constant (2009) \$	2.1%	1.6%	0.9%

Sources: Bureau of Economic Analysis (BEA); Bureau of Labor Statistics.

\*Personal consumption expenditure is a measure of how much consumers spend on durable goods, consumer products, and services. The figures shown above relate to spending on services.

GDP, income and expenditure data extracted from revised estimates published by BEA in July 2013. Rates shown in constant (2009) \$ are adjusted for inflation.





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The Big Five Statistics: 2012 out-turn and percent change in 2012

Signaling the industry's returning growth, for the first time since 2008 each of the Big Five statistics registered increased in 2012. In particular, after declining in each of the years 2009 to 2011, the number of spa locations showed a modest increase (+0.5%). Total spa industry revenue is estimated to have grown by 4.7%, reflecting the combined effect of a rise in spa visits (+2.8%) and a 1.8% uptick in average revenue per visit. Employment also expanded, by an estimated 1.2%. Mainly, this was due to an increase in part-time positions (+13.2%), which more than offset an estimated 7.2% decline in the number of jobs classified as full-time.

	2011 (Year End)	2012 (Year End)	% Change
Revenue	\$13.4 billion	\$14 billion	+4.7%
Spa Visits	156 million	160 million	+2.8%
Locations	19,850	19,960	+0.5%
Revenue per visit	\$86	\$87	+1.8%
	2012 (May)	2013 (May)	
Total Employees	339,400	343,600	+1.2%
Full-Time	163,100	151,300	-7.2%
Part-Time	128,500	145,400	+13.2%
Contract	47,800	46,900	-1.9%



**1** Introduction

**Spa establishments**

The number of spa establishments is estimated to have increased for the first time since 2008.

In 2012, the rate of new spa openings (an estimated 5.2%) was slightly in excess of the closure rate (an estimated 4.6%). Consequently, the number of spa locations increased from 19,850 in 2011 to 19,960 in 2012 (+0.5%).

Reflecting the modest increase, the 2012 out-turn remains lower than the estimated peak number of spa locations (21,310), which was reached in 2008.

Nonetheless, the reversal of the declining trend in the number of spa locations marks an important milestone in returning to growth.

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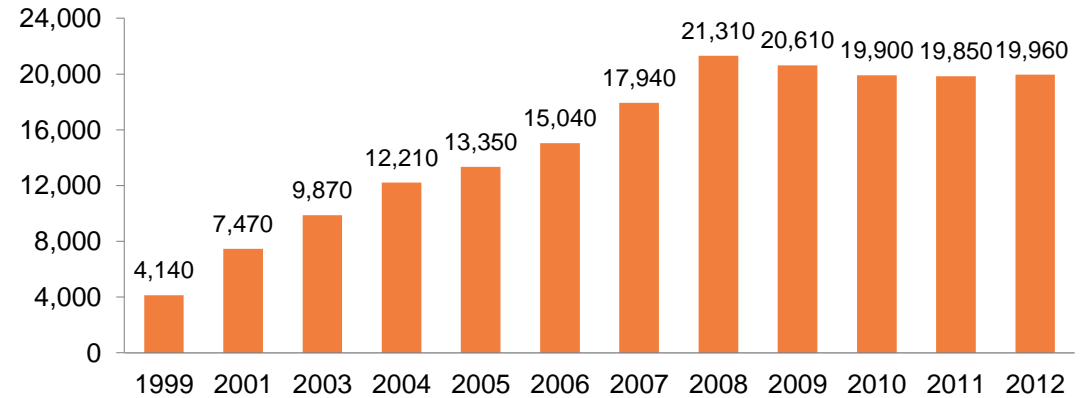
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**Total spa establishments in the U.S.**



**Year spa opened**



Note: Year spa opened based on responses to 2012 survey.



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**Spa Revenues**

**Total spa revenues for 2012 are estimated at \$14 billion, an increase of \$0.6 billion (+4.7%) on the 2011 out-turn.**

The estimated 4.7% increase in total spa revenues exceeded the rate of consumer price inflation (2.1%) by a margin of 2.6%. This would indicate real terms growth on a par with the nationwide expansion in economic activity over the course of 2012.

Average revenues per spa rose to \$701,000 in 2012, an increase of 4.1%. This marks the third year in a row that revenues per spa have increased, reversing the downward trend that had been evident through to 2009.

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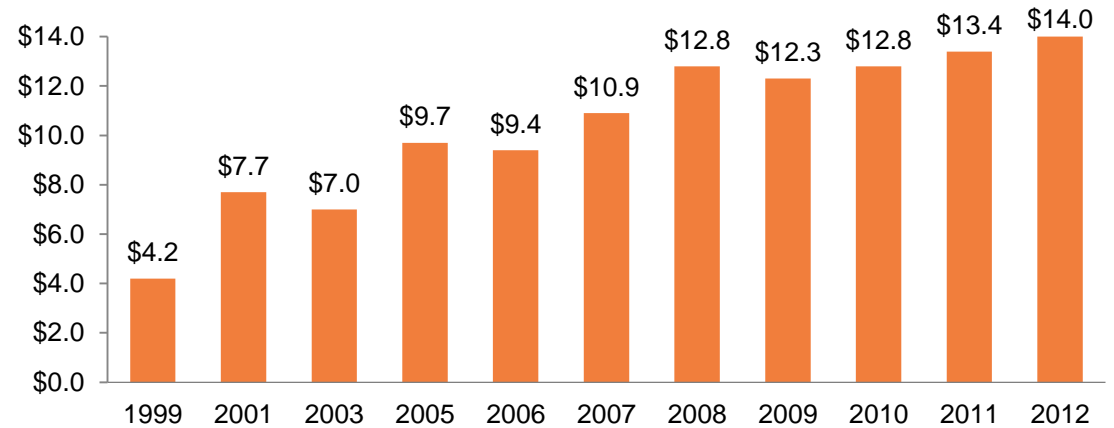
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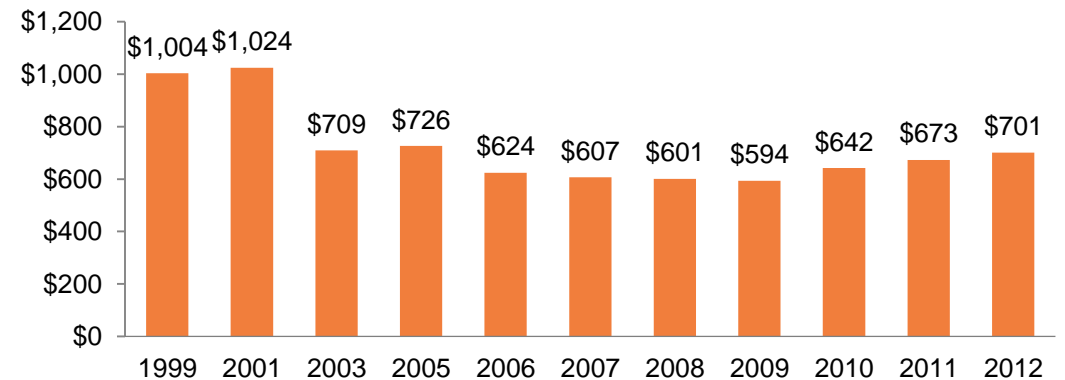
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**Total spa revenue in the U.S. (billions)**



**Average revenue per establishment (thousands)**





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**Spa visits**

The total number of visits to spa establishments is estimated to have risen from 156 million in 2011 to 160 million in 2012, an increase of 2.8%.

After declining to 143 million in 2009 in the wake of the economic downturn, spa visits have steadily recovered and, by 2012, had regained their 2008 peak (160 million).

The 2.8% increase in spa visits was the main factor driving the 4.7% revenue increase.

Average visits per spa rose to 8,040 (+2.3%). The 2012 level is the highest recorded since 2005.

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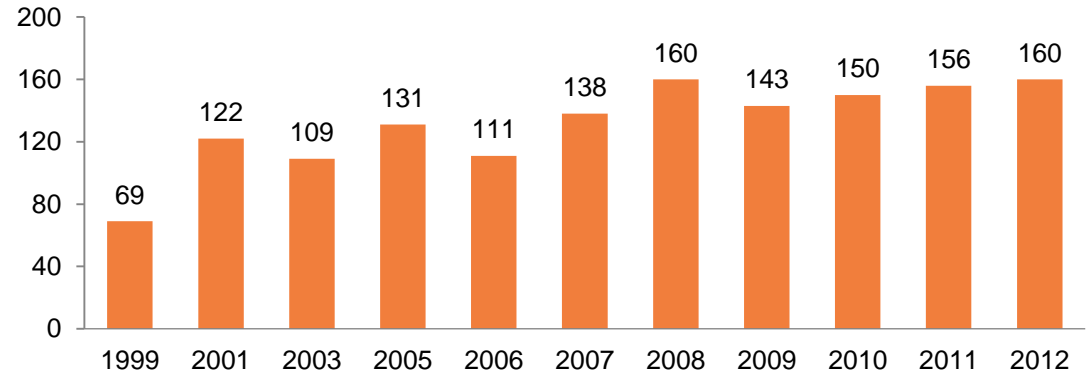
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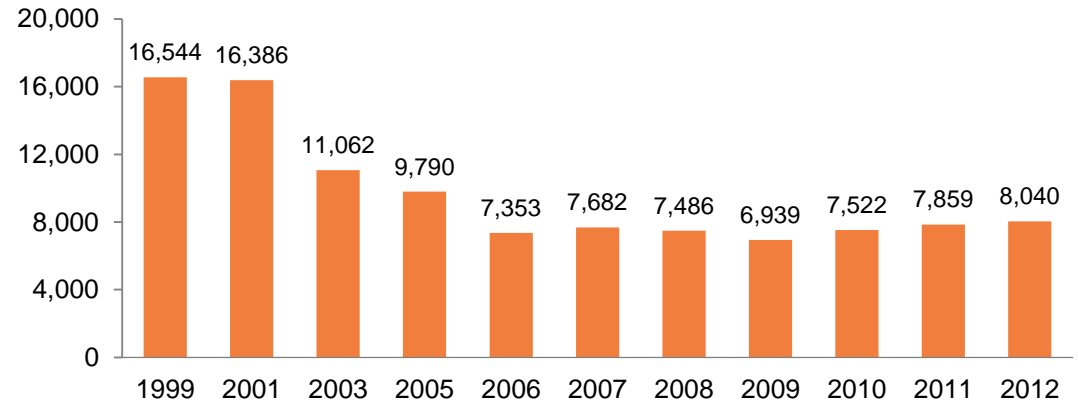
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**Total spa visits in the U.S. (millions)**



**Average visits per establishment**





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Average spa revenue per visit

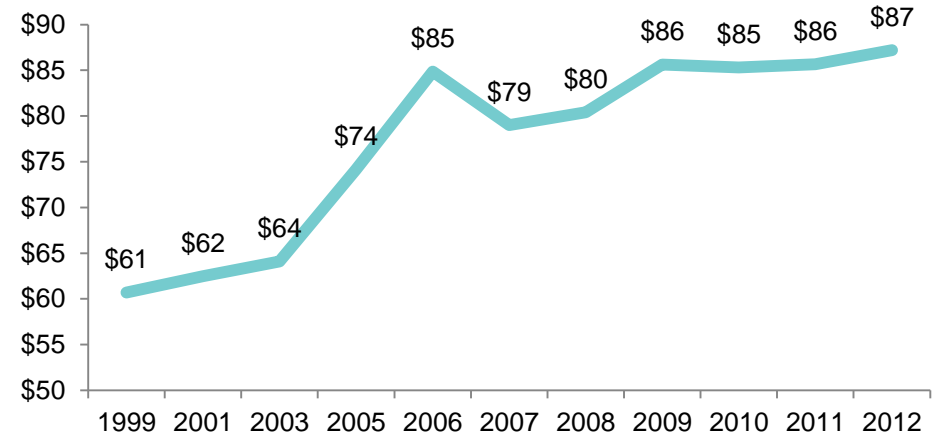
Average revenue per visit in 2012 was \$87, an increase of 1.8% compared to 2011. The average revenue per visit ranged from \$78 in day spas to \$127 in resort/hotel spas.

When combined with the rise in the overall number of spa visits, the increase in average revenue per visit was a further spur to growth in 2012. Previously, in 2009 and 2011, average revenue per visit had remained unchanged (\$86), with a slight drop to \$85 in the intervening year.

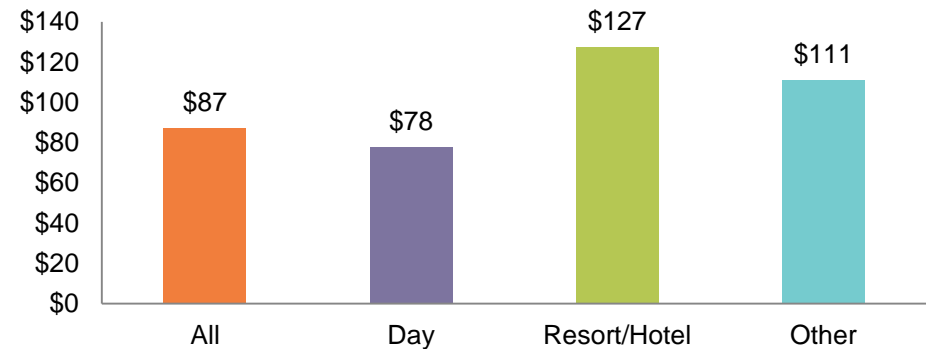
The trend in the average revenue per visit will reflect a range of influences, such as the mix of services that clients purchase.

The strategies that spas adopt in response to prevailing economic conditions will also affect the average revenue per visit, including the price per service, changes in spa offerings (i.e. introduction of shorter treatments) and the use of incentives (i.e. discounting). These factors are further examined in subsequent sections of this report.

Average revenue per spa visit (\$)



Spa revenue per visit





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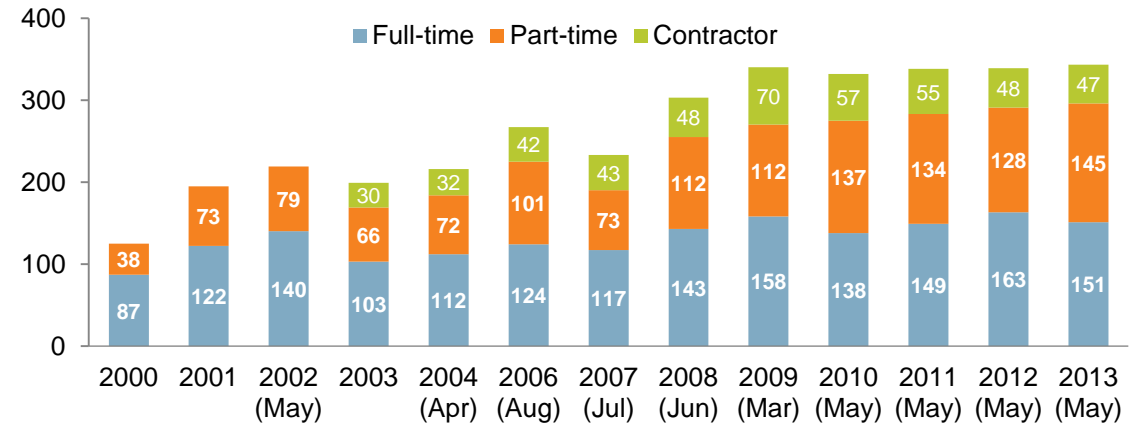
Employment

The total number of jobs in the spa industry is estimated to have increased from 339,400 in May 2012 to 343,600 in May 2013 (+1.2%). Within that overall picture, there has been a shift towards part-time employees.

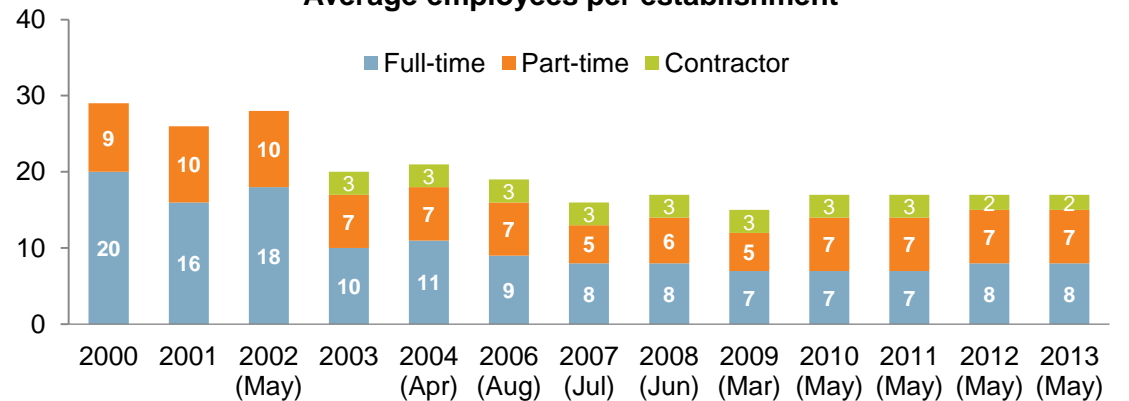
The increase in total employment was driven by an estimated +13.2% expansion in the part-time payroll. Full-time employment is estimated to have fallen by -7.2%. The number of independent contractors declined by an estimated -1.9%.

Average employment per spa was little changed in 2013, at 17.2 compared with 17.1 in 2012.

Total employees in the U.S. (thousands)



Average employees per establishment





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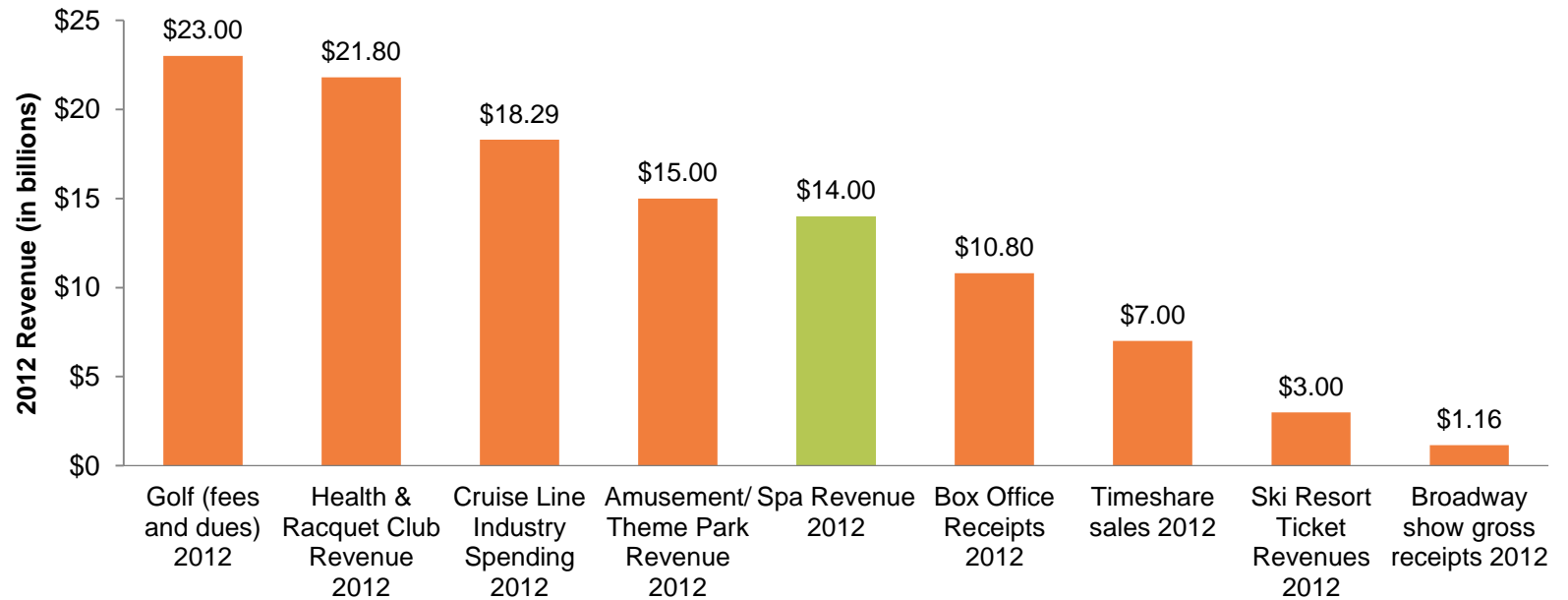
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**Comparative size of spa industry**

The accompanying chart shows the size of the spa industry in 2012 compared with the estimated sizes of other U.S. leisure industries. Revenue growth in these other industries showed a mixed pattern in 2012. Compared to the 2011 levels, golf fees and dues were unchanged. Ski resort ticket revenues were also unchanged in 2012. Cruise line spending rose by a modest 1.6% with health and racquet club revenues up by 1.9%. The faster-growing industries were box office receipts (+5.9%), timeshare sales (+7.7%) and Broadway show gross receipts (+7.2%). The 4.7% revenue growth recorded by the spa industry lies in the middle of the range of growth rates recorded by these other leisure industries.

**Estimated sizes of U.S. leisure industries (2012)**



Source: American Resort Development Association; Cruise Lines International Association; Broadway League; IBISworld; International Health, Racquet and Sportsclub Association; Motion Picture Association of America, Hospitality



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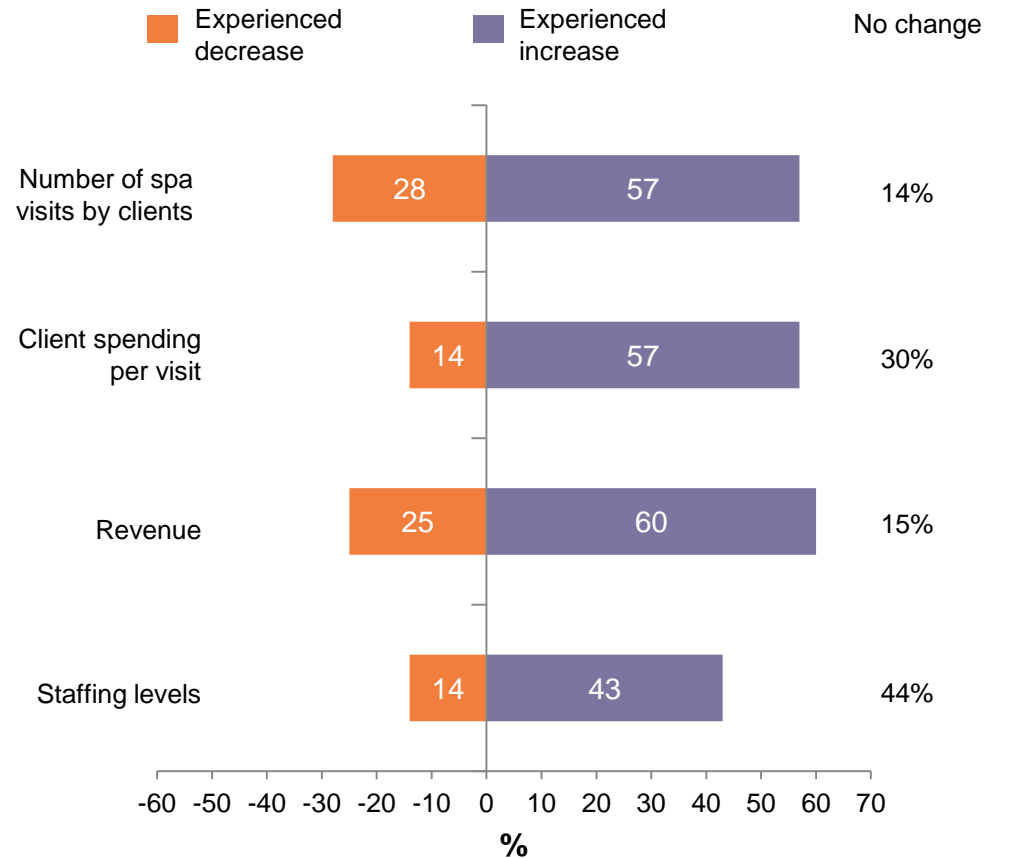
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Recent demand trends

When asked about their more recent experience in the six months prior to the survey (September 2012 to March 2013), a majority of spas reported an increase in revenue (60%), visits (57%) and client spending per visit (57%). The proportion of spas reporting an increase in staffing levels (43%) was up by 10 percentage points compared to the same period in 2011.

In order to gauge more recent trends in the industry, survey respondents were asked to say whether, in the period from September 2012 to March 2013, they had experienced an increase, decrease or no change in relation to client visits, spending, revenue and staffing levels, when compared to the same period the previous year. The overall results are shown in the accompanying chart. The four indicators are examined in more detail in the following pages.

Experienced in past six months (September 2012 to March 2013)





1 Introduction

Visits by spa type

In the six months from September 2012 to March 2013, a majority of spas (57%) said they were experiencing an increase in the number of visits, well in excess of the proportion reporting a decrease (28%).

The positive trend in client visits was reported across all spa types.

Day spas were least likely to report an increase in visits (55%) and the most likely to say that visits had decreased (31%).

Among resort/hotel spas, 58% said they had experienced an increase while 28% said that visitor numbers were falling.

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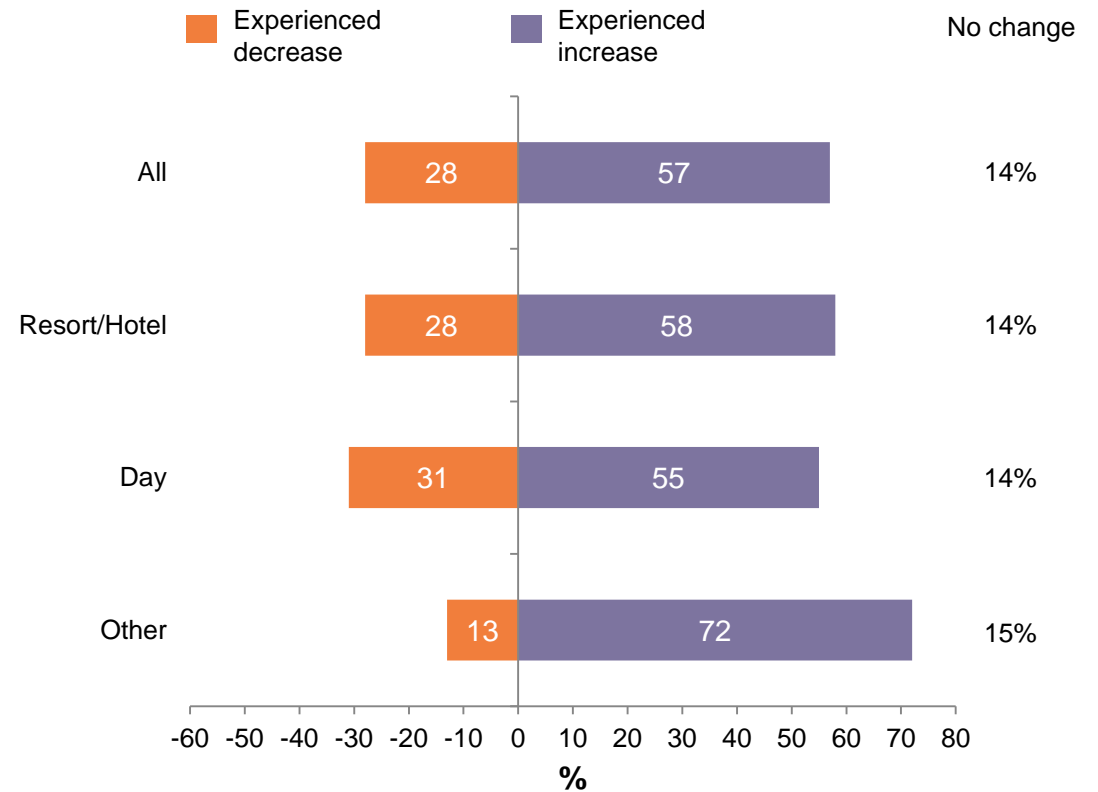
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Experienced in past six months (September 2012 to March 2013)





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Client spending per visit by spa type

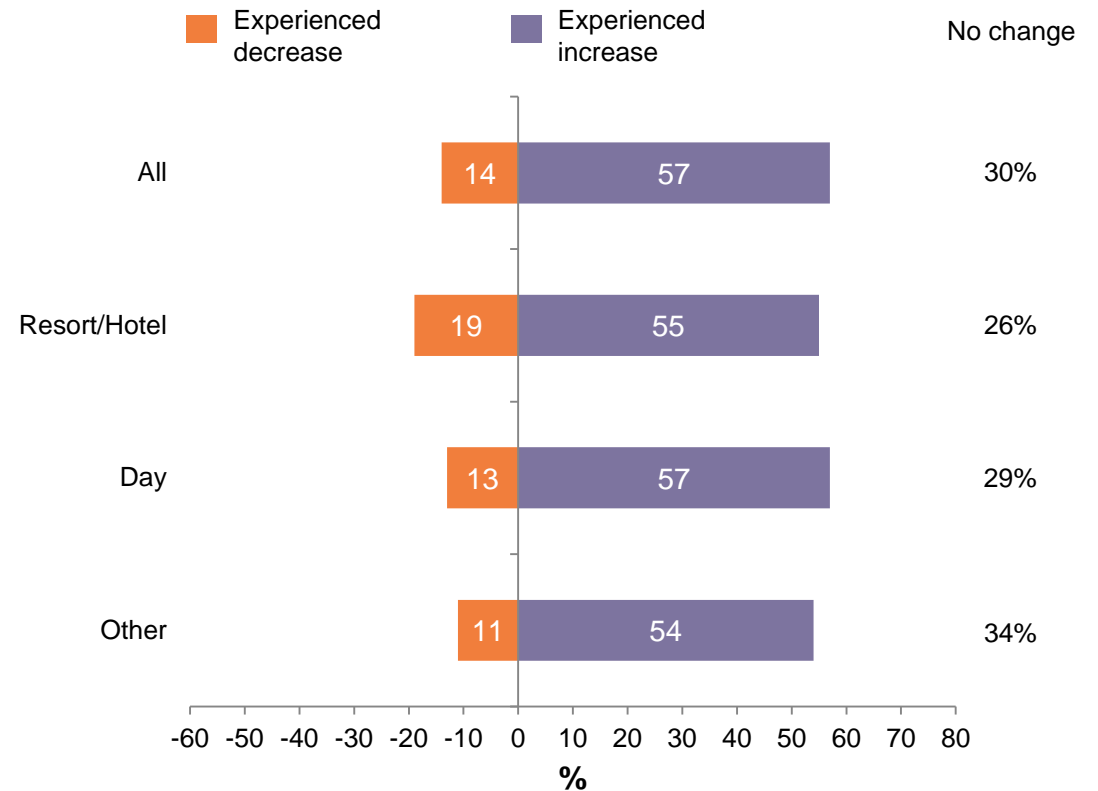
Regardless of spa type, a large majority of spas said that client spending per visit had increased in the previous six months.

Almost six in 10 spas (57%) said that client spending per visit had increased in the six months from September 2012 to March 2013.

Only 14% of spas said that client spending per visit had decreased in the previous six months.

The overall pattern did not vary by type of spa, as a majority within each spa type said that client spending per visit had increased. The proportion reporting a decrease also varied little by spa type.

Experienced in past six months (September 2012 to March 2013)





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Revenue by spa type

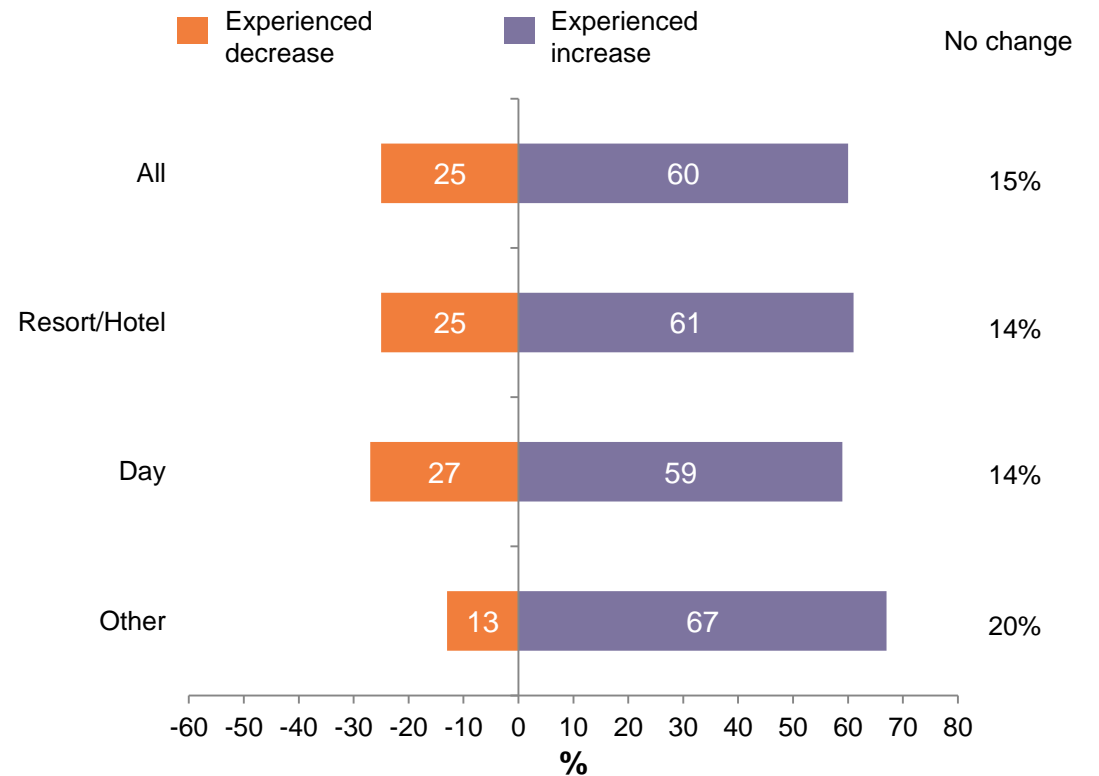
Reflecting the rising trend in both visits and spending per visit, the majority of spas (60%) said that revenue had increased in the six months from September 2012 to March 2013 compared to the same period one year previously.

Once again, the broad pattern of an increase in revenues was evident across all spa types.

Among day spas, 59% reported an increase in revenues in the previous six months. This was very similar to the proportion of resort/hotel spas reporting an increase (61%).

One in four spas said (25%) they had experienced a decrease in revenues in the previous six months. The proportion did not vary greatly between day spas (27%) and resort/hotel spas (25%).

Experienced in past six months (September 2012 to March 2013)



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**Staffing levels by spa type**

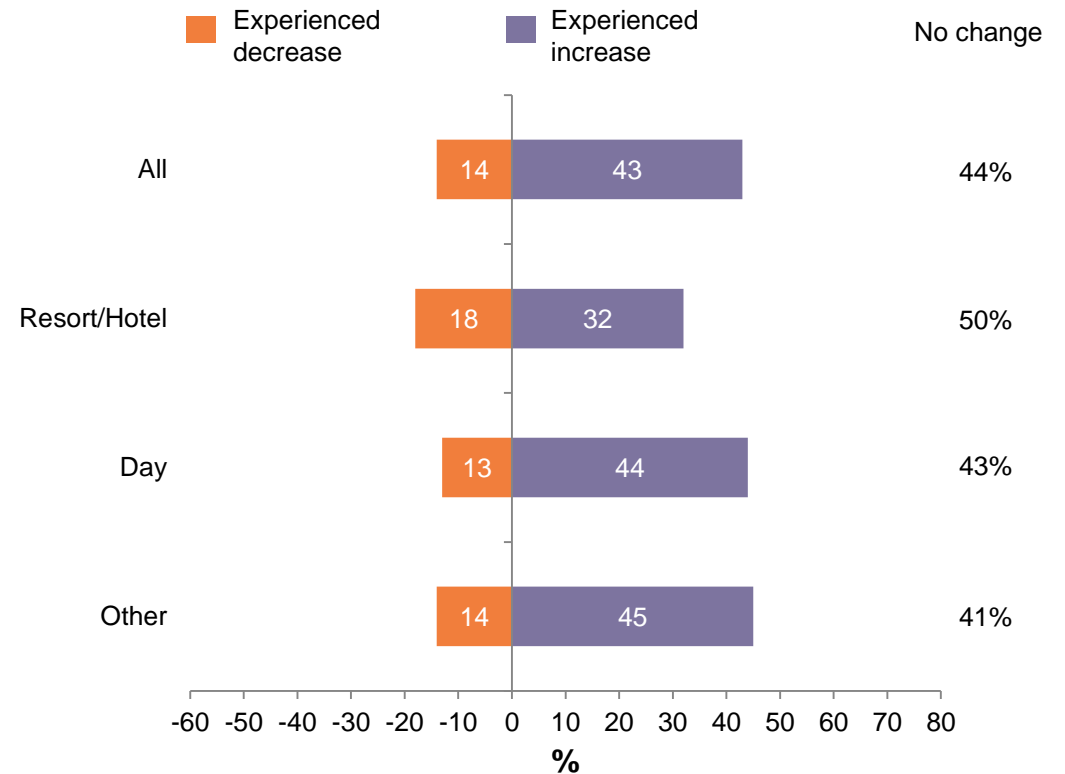
**Recent trends reported by spas point to positive changes in staffing levels, an important indicator in returning to growth.**

When asked about their experience with staffing levels in the six months preceding the survey, 43% of spas said they had increased employment compared to 14% saying that staffing levels had decreased. The net positive balance of +30% points to increased recruitment of staff within the spa industry as a whole.

The net positive balance between spas reporting an increase and those reporting a decrease was stronger for day spas (+30%) than for resort/hotel spas (+15%).

Among resort/hotel spas, 32% said staffing levels were increasing, 10 percentage points below the industry average of 43%.

**Experienced in past six months (September 2012 to March 2013)**





1 Introduction

Recent trends: Summary

Based on spas' reported experience across a range of demand indicators, revenue growth in the first part of 2013 continued to be driven by both increasing numbers of spa visits and spending per visit. Over the same period, the demand trends were reflected in a positive trend in staffing levels.

The evolution of the spa industry in the period since the Great Recession of 2008-09 is evident from the pattern of changes in the demand indicators.

In the recession period, across the range of indicators, fewer than one in two spas reported an increase in the previous six months.

In the initial recovery period, growth in revenues was driven by increasing numbers of spa visits. Spending per visit lagged the recovery in numbers of visits, as spas adapted their offerings and price levels to meet the changed demand conditions.

In returning to growth, the demand indicators are more widely-based. In particular, a majority of spas are reporting increases in spa visits, spending per visit and revenue.

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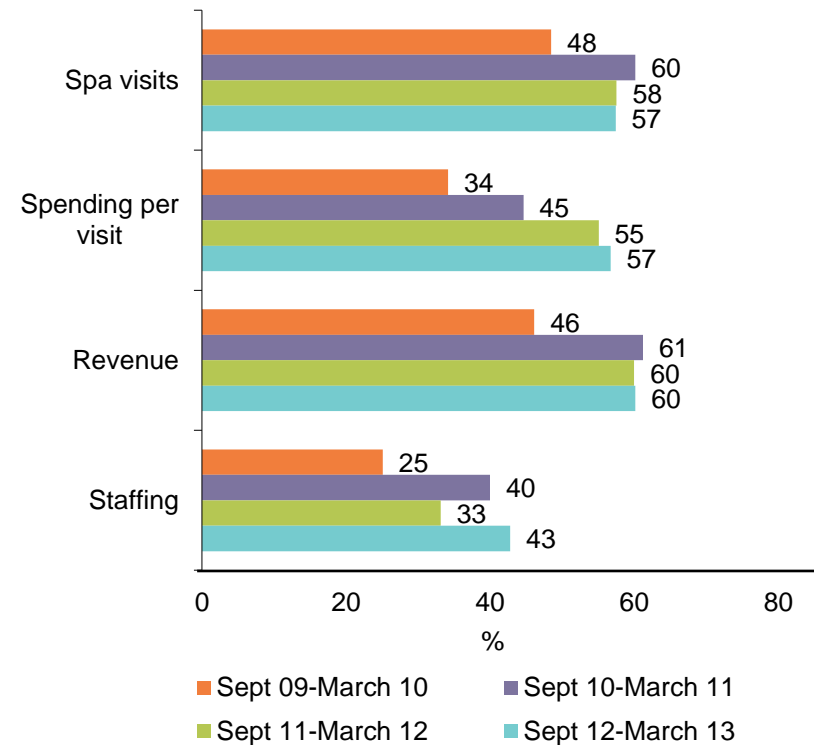
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Summary of experience in the past six months (September 2012 to March 2013) compared to the same periods in 2009-2010, 2010-2011 and 2011-12.

Experienced increase in past six months:





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**Profitability**

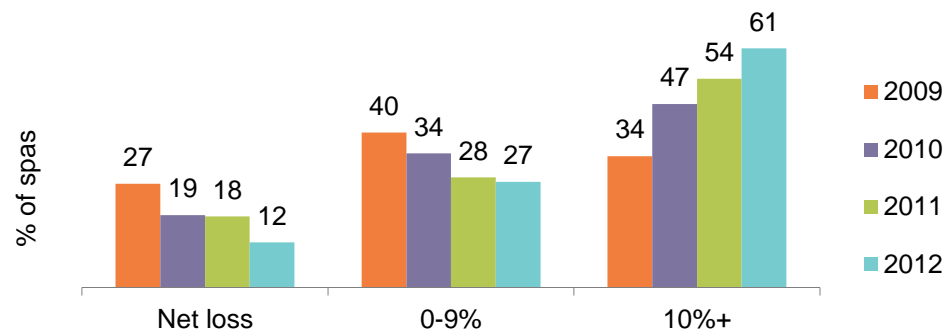
Driven by increasing demand, profitability has continued to improve. Excluding the resort/hotel sector, over six in 10 spas (61%) reported a 2012 profit percentage in excess of 10%, up from 54% in 2011. The proportion reporting a net loss declined from 18% to 12%.

Since many resort/hotel spas are part of a larger enterprise, survey respondents in the resort/hotel sector were asked to give their approximate spa profit percentage, for the spa operation only and not the entire business. All other types of spa establishments were asked to give the approximate spa profit before fixed charges percentage.

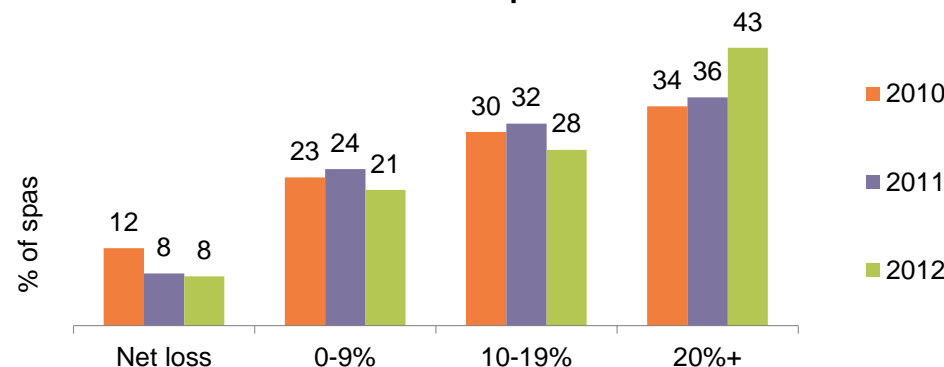
As the spa profit before fixed charges percentage has been obtained on a consistent basis, it is possible to examine the trend in profitability from 2009 to 2012. As can be seen from the accompanying chart, profitability has improved since 2009, with 61% of spas reporting profits of 10%+ in 2012 compared to just 34% in 2009.

In the resort/hotel sector, 43% of spas reported a spa profit percentage in excess of 20% for 2012, an improvement on the 2011 outturn (36%).

**Profit percentage before fixed charges: 2009-2012**  
All spas excluding resort/hotel spas



**Spa profit percentage: 2010-2012**  
Resort/Hotel spas







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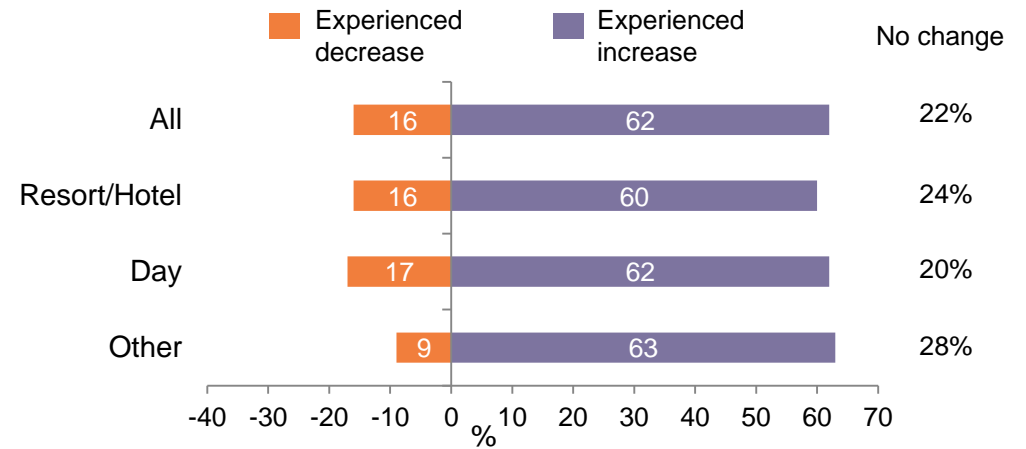
Profitability: Recent trends

When asked about their more recent experience in the six months prior to the survey (September 2012 to March 2013), 62% of spas said that profitability had improved compared to the same period one year previously. Sixteen percent said that profitability had declined.

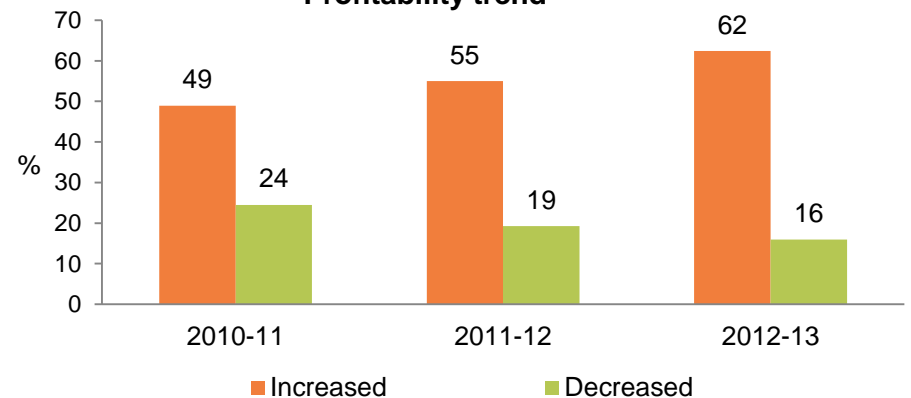
The experience of spas in the period from September 2012-March 2013 represents further improvement in profitability when compared with previous years. As shown in the accompanying chart, in the most recent period, spas are more likely to report increasing profitability and less likely to report decreasing profitability.

Over the years for which data are available, the net balance between those reporting increased profitability and those saying profitability had decreased improved from 24% in 2010-11 to 36% in 2011-12 rising to 46% in 2012-13. The rising net balance in profitability provides a further sign of an industry returning to growth.

Profitability by spa type Experienced in past six months (Sept 2012 to March 2013)



Profitability trend





**1** Introduction

**Looking ahead: Confidence**

Spas remain confident that revenues will increase in the next six months. Almost four in five spas (78%) said they were 'confident' or 'very confident' of an increase in revenues in the next six months.

The proportion of spas expressing confidence in their revenue prospects varied little by type of spa.

Among day spas, 77% said they were 'confident' or 'very confident' of an increase in revenues. Slightly higher confidence levels were reported by resort/hotel (83%) and other spas (83%).

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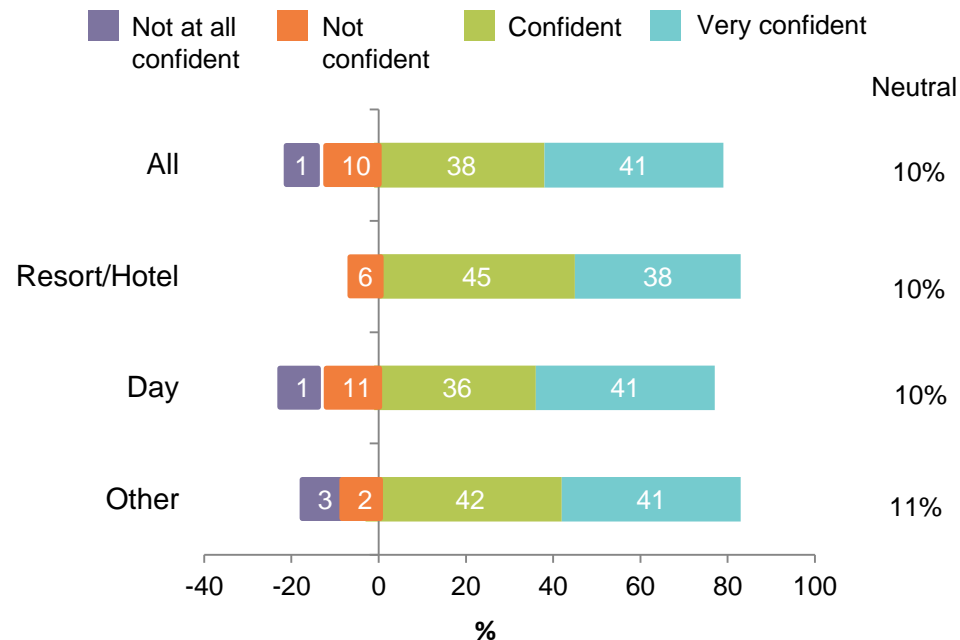
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**Confidence in increase of revenues in the next 6 months**



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The following is a summary of responses made by spa businesses when asked to say what they think is the biggest issue facing the industry in 2013.

**1. The economy**

Over one in four respondents (27%) expressed uncertainty regarding the outlook for the U.S. economy in 2013. The main concern was that the economy would slow down leading to reduced disposable income and consumer spending on discretionary purchases such as spa services.

**2. Discounting/competitive pricing**

Seventeen percent of respondents identified this as the main issue facing the industry. Spas were especially concerned about the impacts on consumer behavior, i.e. shopping around for the lowest priced deal and the effect of that on customer retention.

**3. Staffing**

Recruitment and retention of staff was seen as the most important issue by 13% of respondents. This is the kind of challenge that typically faces a growing industry.

**4. Staff skills**

Almost one in 10 spas (9%) highlighted issues around staff qualifications and skills. Many of these spas (39%) linked the issue of staff qualifications to recruitment difficulties.



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**The following is a summary of responses made by spa businesses when asked to say what they think is the biggest issue facing the industry in 2013**

(continued from previous slide)

**5. Consumer perceptions**

Tackling the public perception of spa services as pampering/luxury and educating the consumer on the health benefits of the spa experience was seen as the main priority by 10% of respondents.

**6. Market**

Issues around change and competition in the marketplace were cited by 9% of spas, i.e. growth in the number of other spa providers as well as competition from providers of other related services.

**7. Labor and operating costs**

These were cited as the main issue by 6% of spas. A further 3% of spas highlighted rising prices/inflation.

Other issues mentioned by spas included switching to a more wellness-focused orientation (4%), strategies to generate loyalty/retention (3%), and promoting new business (2%).



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## Key Points Summary

### The economic context

This year's study took place against the backdrop of a national economy showing signs of improvement, characterized by rising employment (+1.7% in 2012) and falling unemployment (which dipped below 8% in the final quarter of 2012).

### The industry in 2012: Returning to growth

For the first time since 2008 each of the Big Five statistics registered increases in 2012. In particular, the number of spa locations showed a modest increase, rising from 19,850 in 2011 to 19,960 in 2012 (+0.5%). This was the first annual increase in the number of spa locations since 2008. The reversal of the declining trend in the number of spa locations marks an important milestone in signaling the industry's returning to growth.

Total spa industry revenues for 2012 are estimated at \$14 billion, up \$0.6 billion (+4.7%) on the 2011 level.

The total number of visits to spa establishments is estimated to have risen from 156 million in 2011 to 160 million in 2012, an increase of 2.8%. Thus, after declining in the wake of the economic downturn, spa visits have steadily recovered and, by 2012, had regained their 2008 peak (160 million).

Average revenue per visit in 2012 was \$87, an increase of 1.8% compared to 2011. The average revenue per visit ranged from \$78 in day spas to \$127 in resort/hotel spas. When combined with the rise in the overall number of spa visits, the increase in average revenue per visit was a further spur to growth in 2012. Previously, in 2009 and 2011, average revenue per visit had remained unchanged (\$86), with a slight drop to \$85 in the intervening year.

The total number of jobs in the spa industry is estimated to have increased from 339,400 in May 2012 to 343,600 in May 2013 (+1.2%). Within that overall picture, there has been a shift towards part-time employees. In 2013, the part-time payroll increased by an estimated +13.2%, more than offsetting a decline in full-time employment (-7.2%). The industry has now recovered all of the jobs lost in the wake of the Great Recession and employment is at its highest level since the first Spa Industry Study, undertaken in 2000.



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Driven by increasing demand, profitability has continued to improve. Excluding the resort/hotel sector, over six in 10 spas (61%) reported a 2012 profit percentage in excess of 10%, up from 54% in 2011. The proportion reporting a net loss declined from 18% to 12%.

Profitability also continued to improve in the resort/hotel sector, as 43% of spas reported a spa profit percentage in excess of 20% for 2012, compared to 36% in 2011.

**Recent trends: Positive outlook**

When asked about their more recent experience in the six months prior to the survey (September 2012 to March 2013), a majority of spas reported an increase in revenue (60%), visits (57%) and client spending per visit (57%). The proportion of spas reporting an increase in staffing levels (43%) was up by 10 percentage points compared to the same period in 2011. The positive trend in demand indicators was reported across all spa types.

**Looking ahead**

Spas remain confident that revenues will increase in the next six months. Almost four in five spas (78%) said they were 'confident' or 'very confident' of an increase in revenues in the next six months. Survey respondents were also asked to say what they think is the single biggest issue facing the spa industry in 2013. The issues identified by respondents included: uncertainties regarding the prospects for the U.S. economy (27%); the impact of discounting and competitive pricing (17%); staffing issues around recruitment and retention (13%); the need to tackle consumer perceptions of spas as a luxury/pampering item (10%); and, competition in the marketplace, both from other spas and from suppliers in similar sectors (9%).





## Section 3: Spa Industry Profile

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This Section presents a profile of the estimated 19,960 spa industry establishments located across the U.S. The spa industry is diverse, with establishments varying by size, facilities, range of services offered, as well as the people who work in spas and the clients they serve.

In this Section, interest centers on spa establishments, under the following headings:

- What is the composition of the industry by type of spa?
- What are the main contrasts by type of spa establishment in respect to industry size statistics i.e. average revenues, visits, floorspace and employment?
- Where are spas located?
- What is the age profile of spa establishments, as measured by year of start-up?
- How many spas are single location operations or affiliated to a larger entity?







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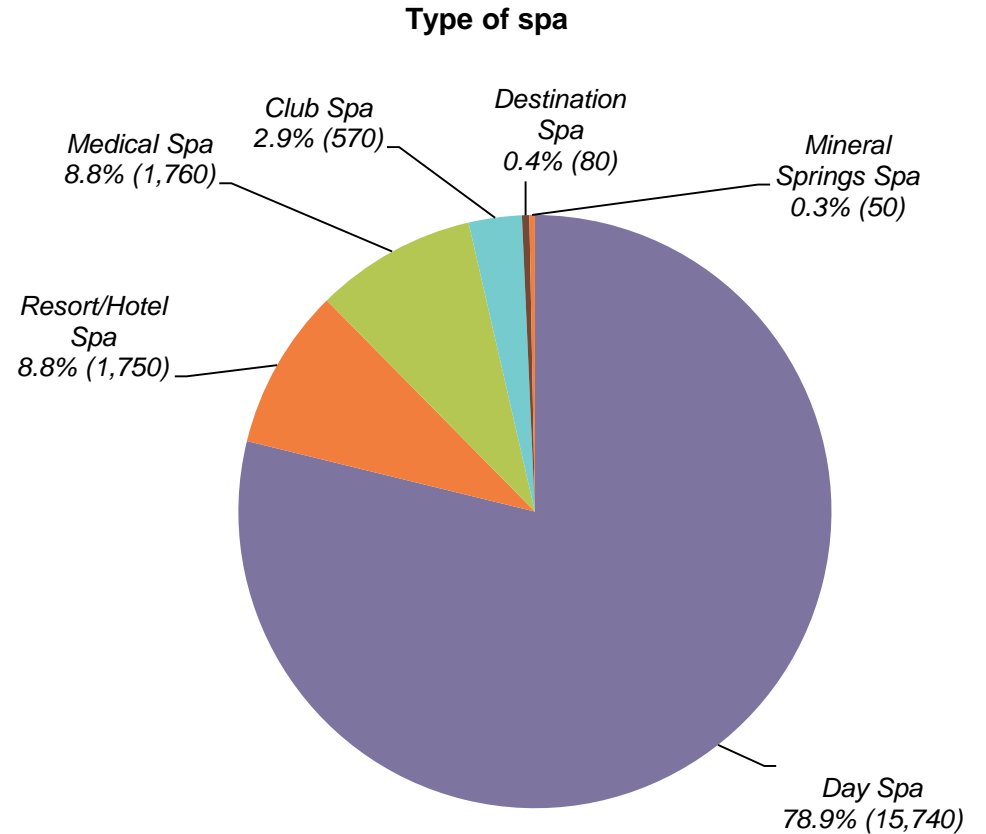
**Industry composition: Type of spa**

The composition of the industry in 2012 was very similar to previous years, with day spas continuing to account for 79% of establishments.

An estimated 15,740 day spa establishments were in operation at the end of 2012, an increase of +0.5% compared to the 2011 estimate (15,650). The estimated increase in 2012 represents the first instance of growth in the number of day spas since 2008.

The number of resort/hotel spas in 2012 is estimated at 1,760, slightly higher than the 2011 estimate (1,730). Similar to the position with day spas, prior to 2012, the number of resort/hotel spas had been falling in the wake of the Great Recession.

In the remaining categories, the estimated numbers of spas in 2012 were unchanged on their 2011 levels.





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### Key ratios

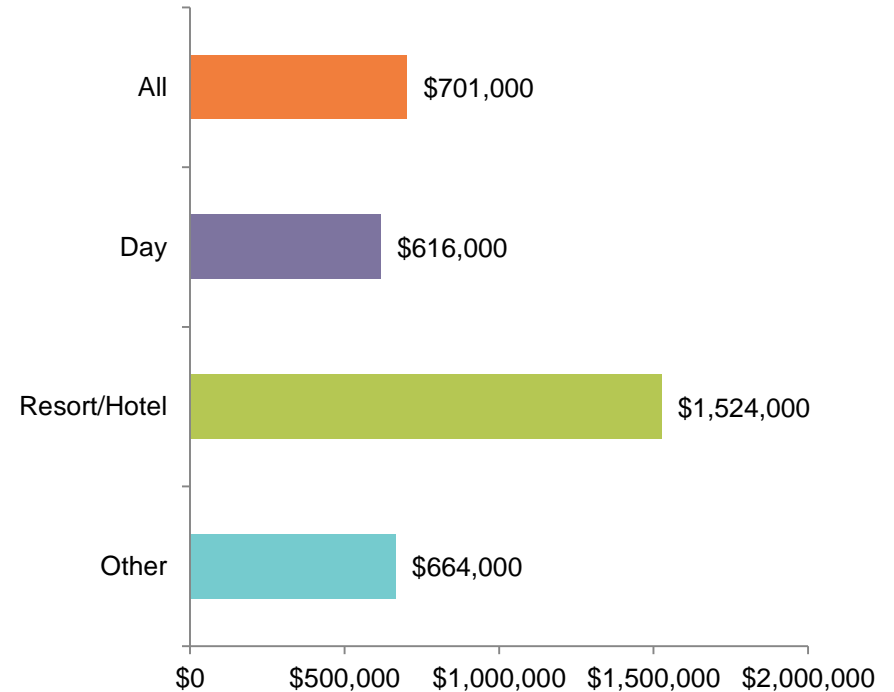
**Key size indicators vary by type of spa. In particular, average revenues and visits per resort/hotel spa are higher than day spas.**

The key size indicators are shown for the main spa types in the Key Ratios table on page 36. For comparability with previous studies, floorspace ratios are also shown; these are further discussed in Section 4.

Also shown are revenue ratios, including revenues per visit, per square foot of floorspace and per employed person. Resort/hotel spas generate higher average revenues per visit (\$127) compared to day spas (\$78).

By contrast, and reflecting their more intensive use of floorspace, revenue per square foot of floorspace tends to be higher in day spas (\$203) than in resort/hotel spas (\$119).

Average revenue by type of spa





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Key ratios by spa type

	All	Day	Resort /Hotel	Other
<b>Revenue per Spa</b>	<b>\$701,000</b>	<b>\$616,000</b>	<b>\$1,524,000</b>	<b>\$664,000</b>
Per visit	\$87	\$78	\$127	\$111
Per sq ft	\$180	\$203	\$119	\$213
Per employed person	\$40,711	\$39,406	\$44,004	\$44,041
<b>Visits per Spa</b>	<b>8,040</b>	<b>7,930</b>	<b>11,970</b>	<b>5,980</b>
<b>Square Footage per Spa</b>	<b>3,890</b>	<b>3,030</b>	<b>12,790</b>	<b>3,120</b>
<b>Total Employees per Spa</b>	<b>17.2</b>	<b>15.6</b>	<b>34.6</b>	<b>15.1</b>
Full-Time	7.6	6.9	15.6	6.2
Part-Time	7.3	6.5	16.8	5.8
Contract	2.4	2.3	2.2	3.1





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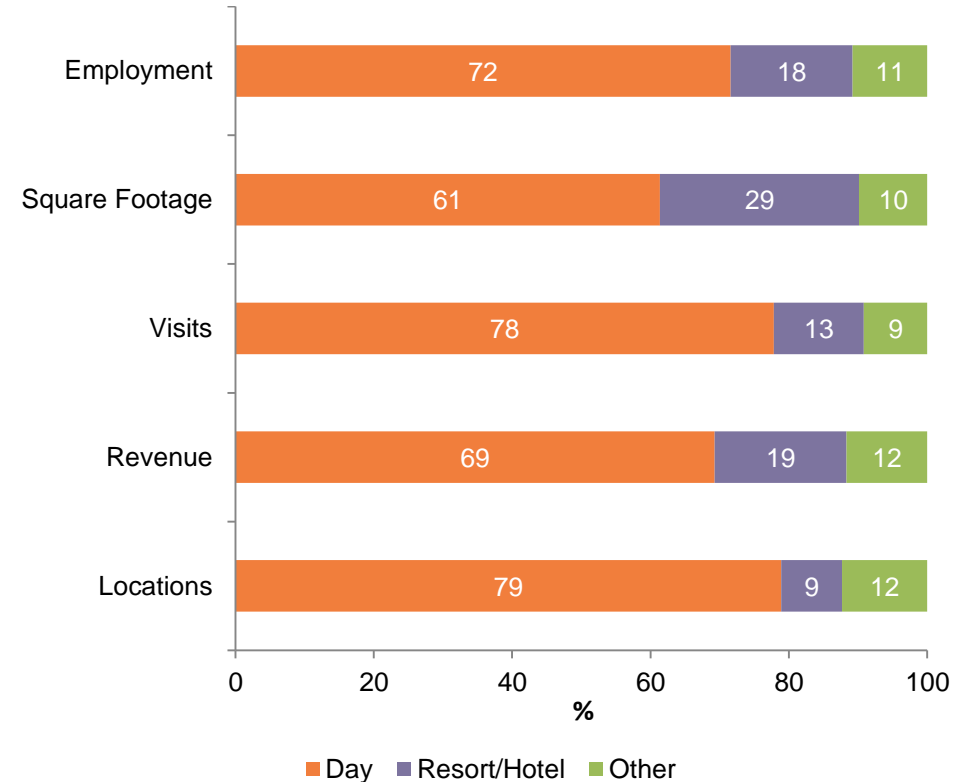
### The Big 5: Composition by Spa type

The composition of various size indicators by spa type varies according to differences between spas in key ratios such as average revenues and visits.

The average resort/hotel spa generates 2.2 times more revenue compared to the industry average; consequently, the resort/hotel spa share of total industry revenue (19%) is 2.2 times larger than the sector's 9% share of locations.

Day spas account for 78% of total spa industry visits, not greatly different from their 79% share of locations. However, average revenue per visitor in the day spa sector (\$78) is below the industry average (\$87). Hence, the day spa share of total industry revenues (69%) is below its 78% share of visits.

Composition by spa type





1 Introduction

Median values by Spa type

The median is the value in the middle of the distribution, i.e. one in two day spas generated revenue of less than \$350,000 whereas the remaining 50% of day spas generated revenue in excess of \$350,000.

As it is less affected by very large or extreme values, the median can be used to illustrate the size of the 'typical' spa within each category. Note also that the median varies sharply from one type of spa to another.

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Median Per Establishment	All	Day	Resort/Hotel	Other
Revenue	\$439,000	\$350,000	\$1,000,000	\$450,000
Visits per Spa	4,854	4,476	7,500	4,000
Square Footage	2,500	2,400	10,000	2,000
Total Employees	14	14	28	9



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Geography of the spa industry: Distribution of spa types by region

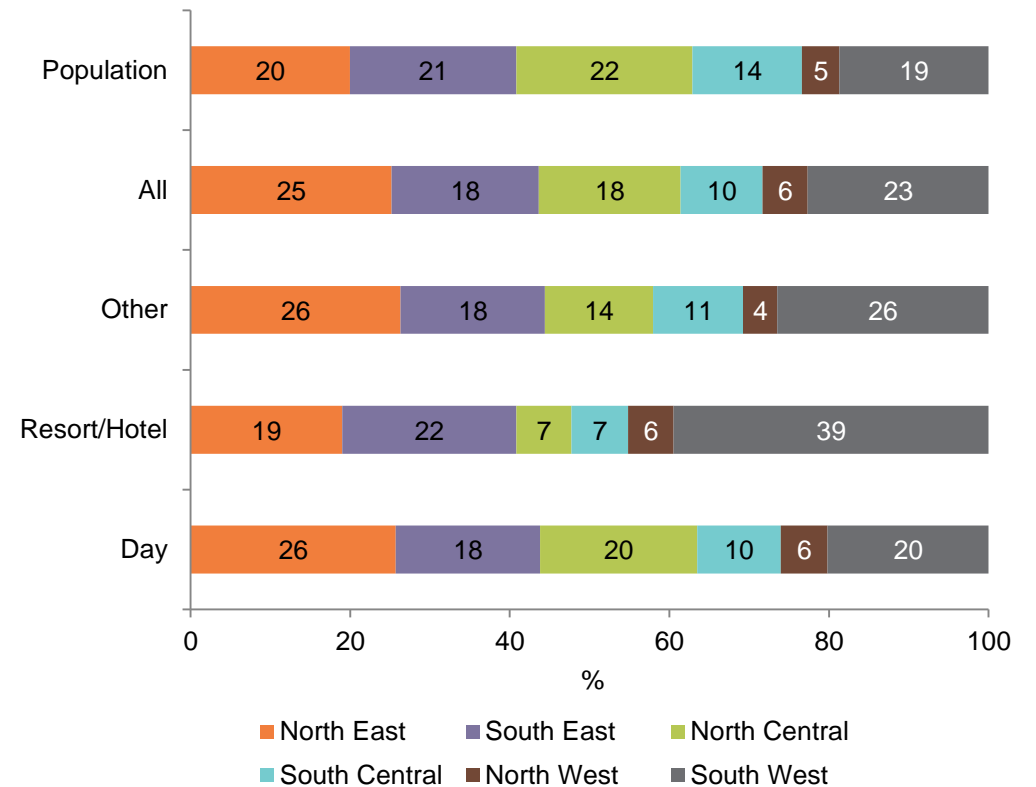
The distribution of spa types by region in 2012 shows little change from the 2011 pattern.

Compared to the general population, resort/hotel spas are more heavily concentrated in the South West region; 39% of such spas are located in the South West, i.e. over two times the region's 19% population share.

The regional distribution of day spas more closely follows the general population, as such spas typically serve the population living in the areas where they are located.

The map of spa establishments by region is shown on page 39 and key ratios by region are shown in the table on page 40.

Distribution of spa types by region





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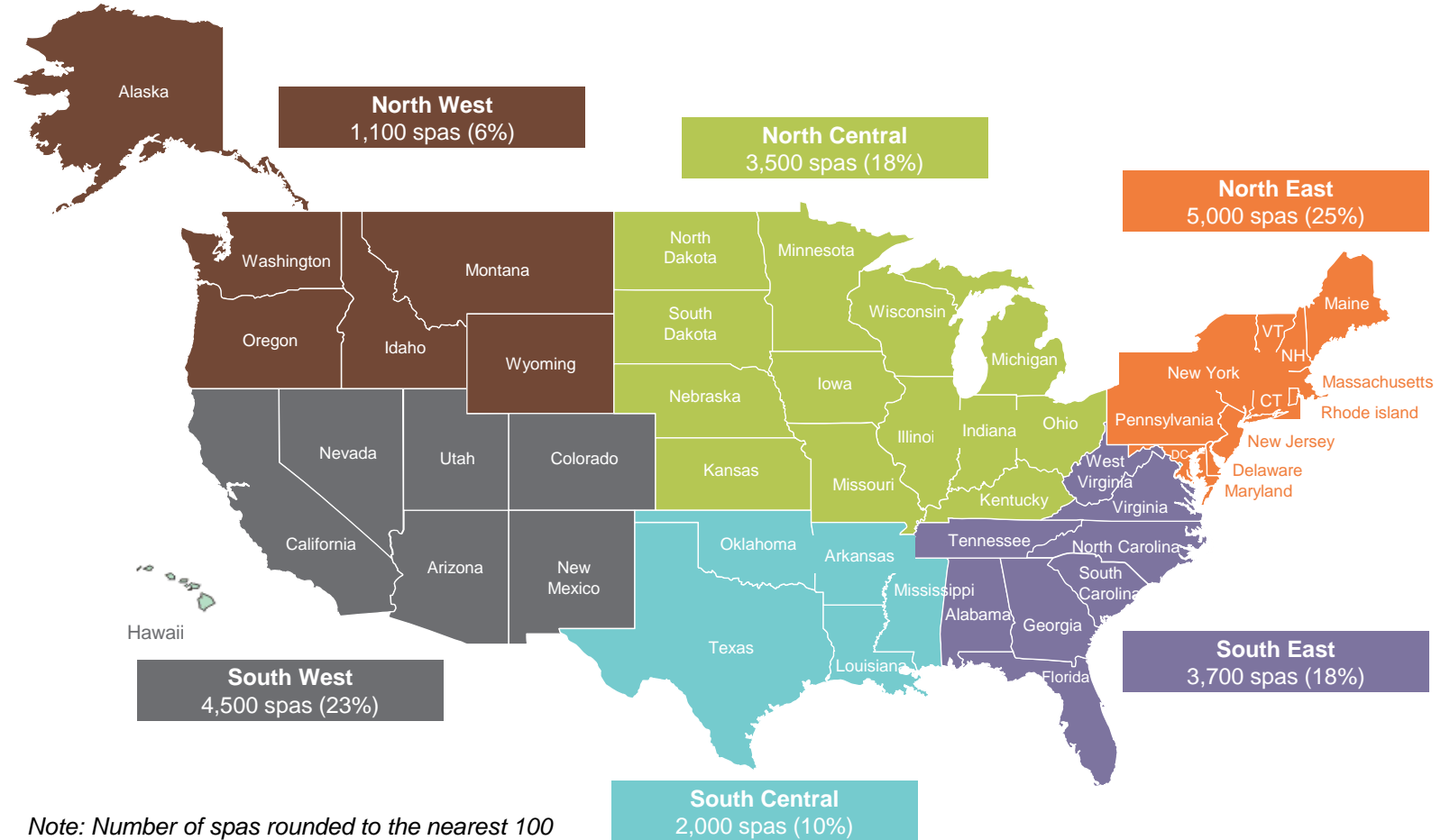
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The distribution of spa establishments by region





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Key ratios by region

	All	North East	South East	North Central	South Central	North West	South West
<b>Revenue per Spa</b>	<b>\$701,000</b>	<b>\$694,000</b>	<b>\$724,000</b>	<b>\$571,000</b>	<b>\$780,000</b>	<b>\$682,000</b>	<b>\$762,000</b>
Per visit	\$87	\$85	\$86	\$75	\$94	\$76	\$100
Per sq ft	\$180	\$182	\$168	\$189	\$211	\$206	\$166
Per employed person	\$40,711	\$42,470	\$38,823	\$35,070	\$47,012	\$37,708	\$42,692
<b>Visits per Spa</b>	<b>8,043</b>	<b>8,138</b>	<b>8,460</b>	<b>7,600</b>	<b>8,259</b>	<b>8,921</b>	<b>7,629</b>
<b>Square Footage</b>	<b>3,894</b>	<b>3,808</b>	<b>4,298</b>	<b>3,021</b>	<b>3,693</b>	<b>3,308</b>	<b>4,583</b>
<b>Total Employees</b>	<b>17.2</b>	<b>16.3</b>	<b>18.6</b>	<b>16.3</b>	<b>16.6</b>	<b>18.1</b>	<b>17.9</b>
Full-Time	7.6	7.2	8.1	7.5	8.3	8.0	7.2
Part-Time	7.3	6.9	7.7	7.2	6.0	7.2	8.0
Contract	2.4	2.2	2.8	1.6	2.3	2.9	2.6
<b>Locations*</b>	<b>19,900</b>	<b>5,000</b>	<b>3,700</b>	<b>3,500</b>	<b>2,000</b>	<b>1,100</b>	<b>4,500</b>
<b>% of total locations</b>	<b>100%</b>	<b>25%</b>	<b>18%</b>	<b>18%</b>	<b>10%</b>	<b>6%</b>	<b>23%</b>





1 Introduction

Year spa business started

Among those spas in business at the end of 2012, one in three said they started in the period from 2005 to 2008. Fewer than one in five started in the more recent period from 2009 to 2012.

The proportion opening in the period from 2000 to 2004 was highest among resort/hotel spas, with 30% opening in that period compared to 22% of day spas.

By contrast, day spas were more likely to say that their business started before 2000, i.e. 26% of day spas compared to 19% of resort/hotel spas.

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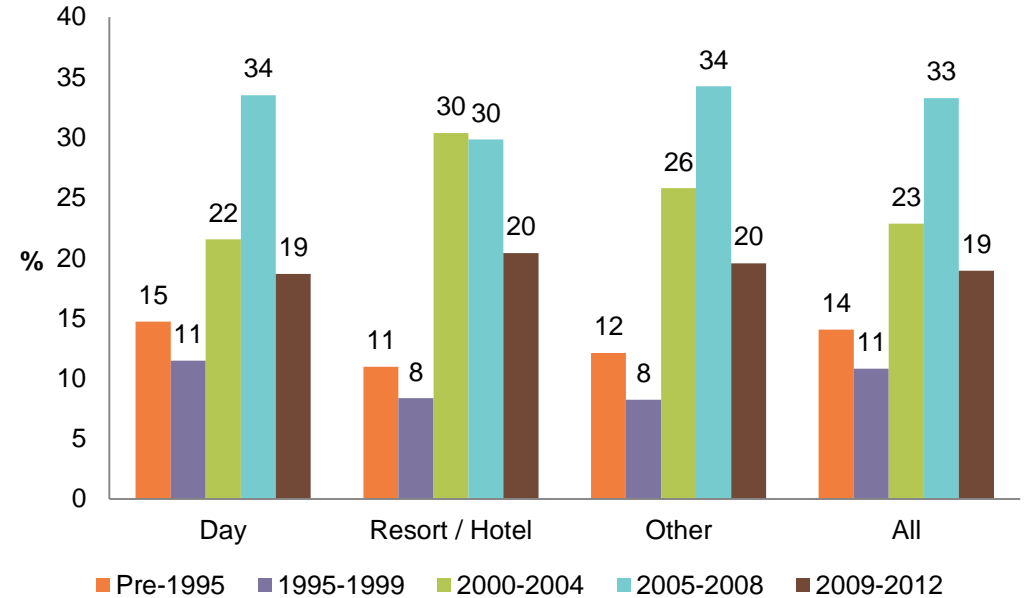
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Year spa business started





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Type of operation

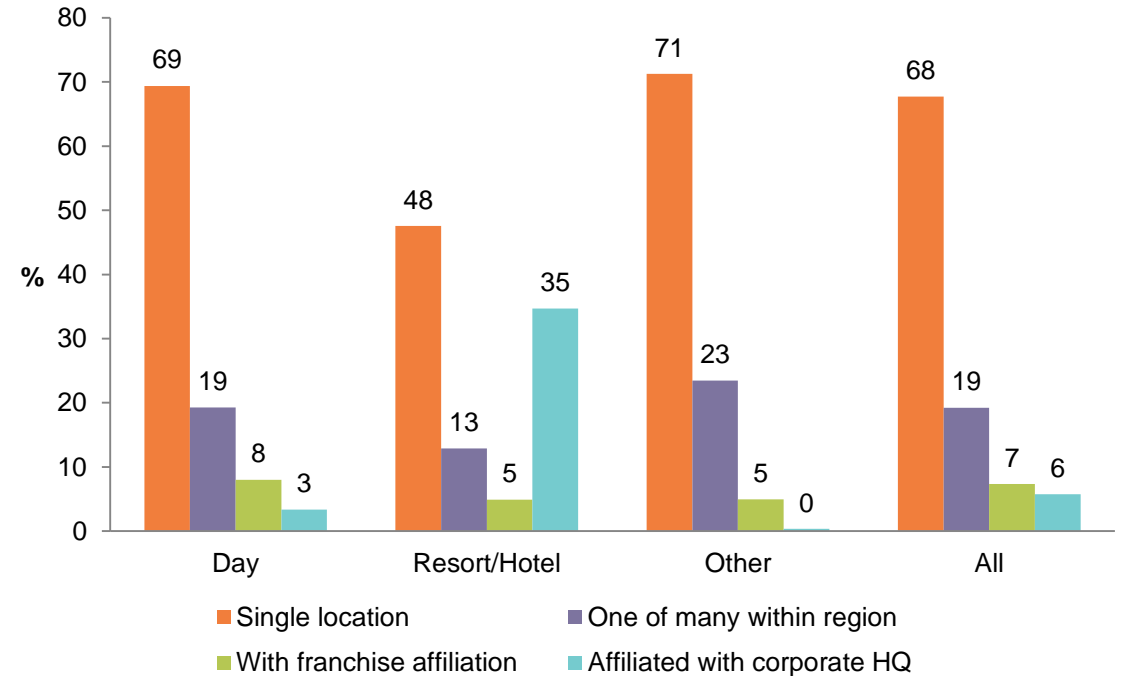
The vast majority of spas (68%) describe themselves as single location operations.

Resort/hotel spas are the main exception. More than one in three (35%) are affiliated with a national corporate headquarters. This can be compared with the average for all spas of 6%.

Almost one in five spas (19%) said they are one of a number of locations within the same state or region and owned by the same owner/company.

Operations with a franchise affiliation account for 7% of spas.

Type of operation





## Section 4: Services and Facilities



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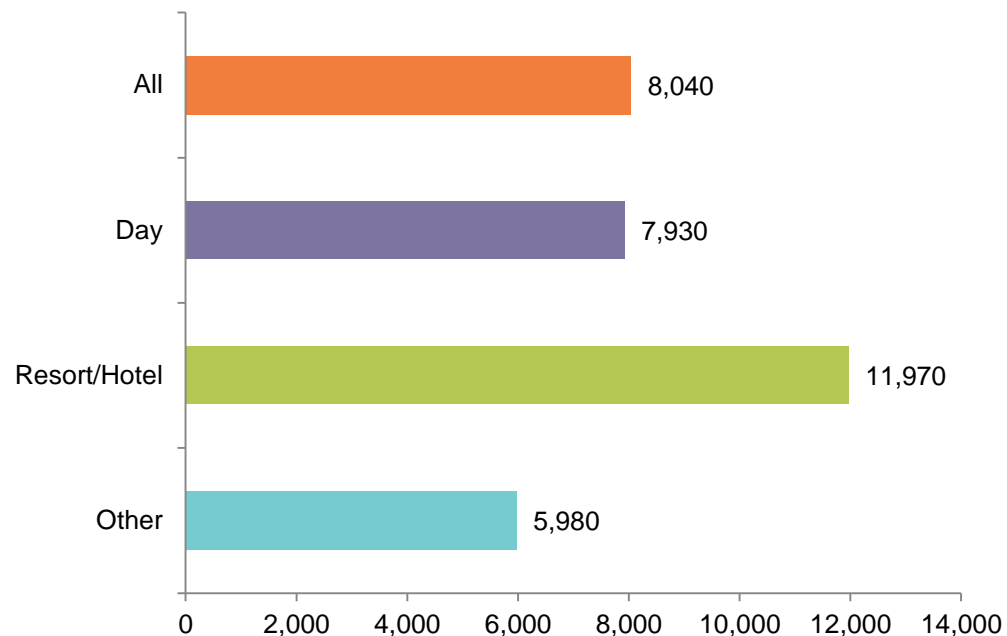
### Section 4: Introduction

In 2012, spas received an estimated 160 million client visits. This Section describes the facilities and services that spas offered to their clients.

The Section addresses the following topics:

- The total square footage of spa facilities and the average by type of spa.
- The elements included in the facilities that spas operate.
- The core types of services offered by spas.
- The retail element in spa facilities – range of product types and number of lines per product type.
- Spa treatment offerings.
- Packages targeted at demographic and other groups.

Average number of spa client visits per spa





1 Introduction

Total square footage

As of May 2013, total indoor floorspace stood at an estimated 78 million square feet, an increase of 1.1% compared to May 2012.

The average square footage per establishment increased from 3,870 sq ft in May 2012 to 3,890 sq ft in May 2013, a rise of 0.6%.

Average square footage varied by spa type, from 12,790 in resort/hotel spas to 3,030 in day spas.

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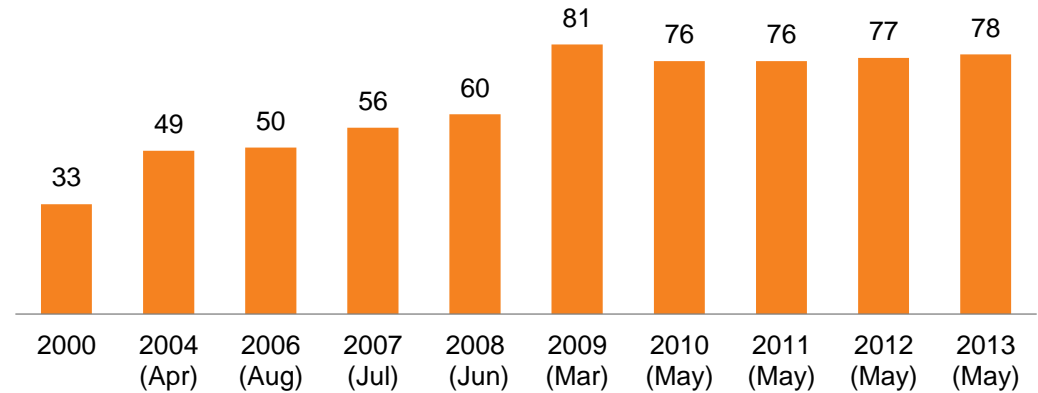
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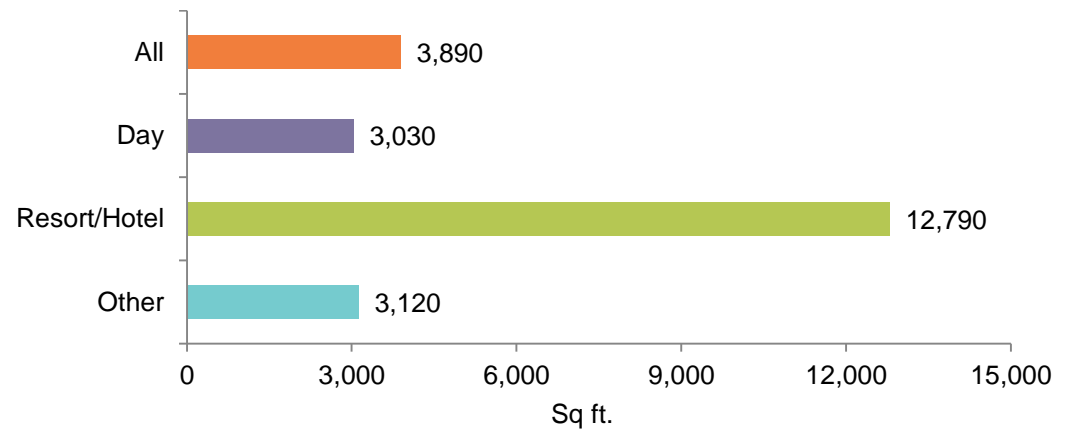
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Total square footage in the U.S. (millions)



Average square footage per establishment





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### Indoor square footage: Elements

**Almost all spas contain one or more treatment rooms and also a retail element. The remaining elements of indoor square footage vary according to the type of spa.**

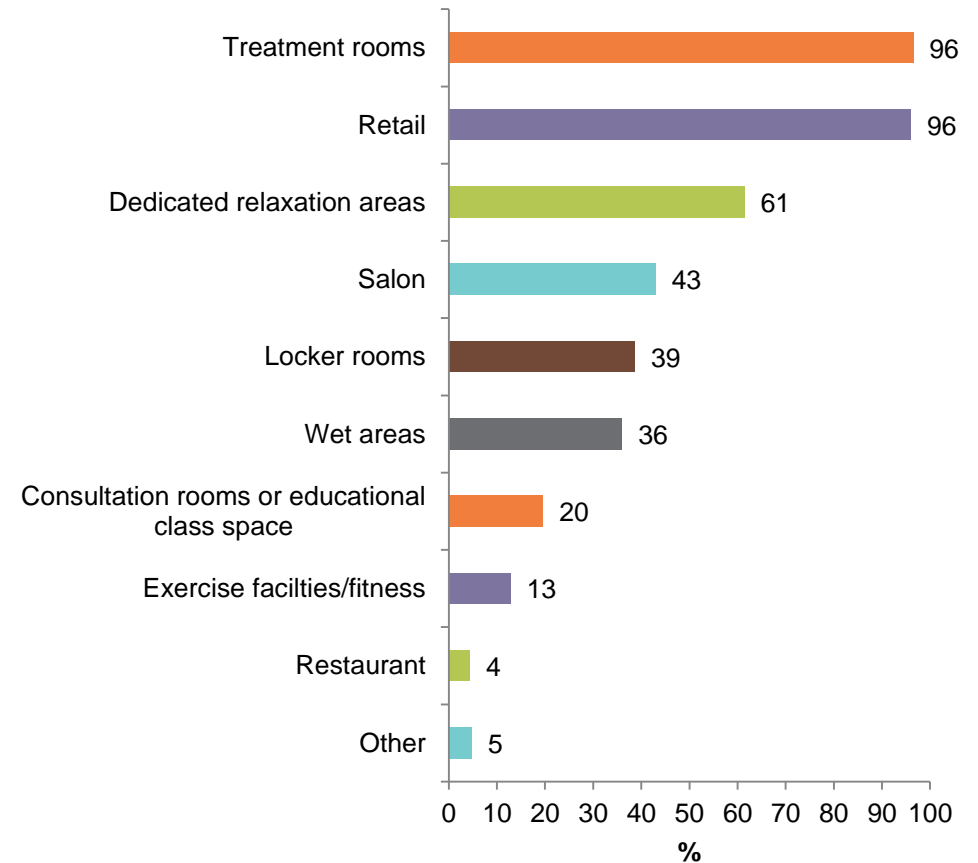
Reflecting their larger size, resort/hotel spas typically contain a wider range of elements than other spa types; an average of 6.1 compared to the average for day spas of four elements. Points of contrast between resort/hotel spas and day spas include:

Almost four in five resort/hotel spas (78%) contain wet areas compared to one in three day spas (34%).

The salon element is found in 64% of resort/hotel spas compared to 44% of day spas.

Resort/hotel spas are more likely to contain areas devoted to exercise facilities/fitness; 64% compared to 6% of day spas.

Elements of indoor square footage





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### Indoor square footage: Elements by spa type

	Day	Resort/Hotel	Other
Treatment rooms	96%	100%	100%
Wet areas	34%	78%	22%
Exercise facilities/fitness	6%	64%	18%
Consultation rooms or educational classes	14%	19%	55%
Restaurant	4%	8%	7%
Retail	96%	99%	95%
Salon	44%	64%	24%
Dedicated relaxation areas	61%	85%	44%
Locker rooms	35%	89%	28%
Other	5%	3%	7%
Average number of elements	3.9	6.1	4.0



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Types of services offered

The main services provided by spas are skin care services (94%), massage services (88%), body services (75%) and salon services (62%).

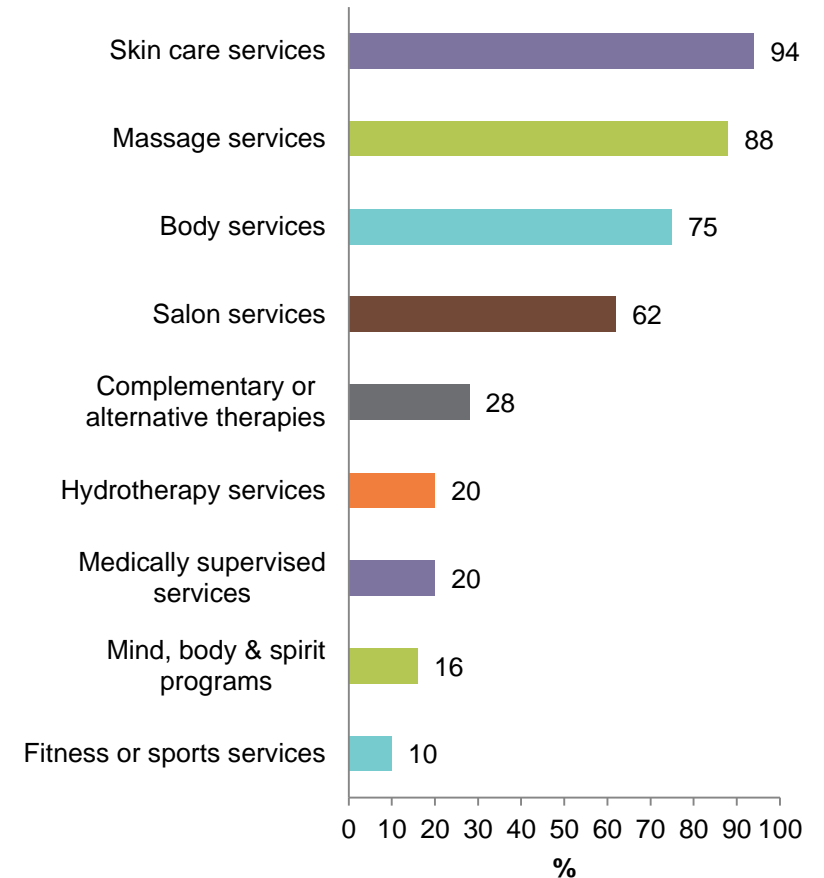
In addition to their core spa and salon services, many spas offer their visitors a diverse range of treatments and programs.

For example, a little over one in four spas (28%) offer complementary or alternative treatments, such as reiki, energy work and acupuncture.

Mind, body and spirit programs are available at 16% of spas. These programs typically include Yoga as well as meditation and relaxation classes. Such programs are found in 51% of resort/hotel spas.

One in 10 spas offer fitness services ranging from cardio fitness to Pilates. Mainly, such services are found in resort/hotel spas (54%) and also club spas (contained within the Other category).

Types of services offered







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Product offering: Core spa services

	Day	Resort/Hotel	Other
Massage services	89%	100%	69%
Hydrotherapy services	18%	48%	18%
Body services	76%	100%	53%
Skin care services	93%	96%	96%
Salon services	62%	89%	48%
Complementary or alternative therapies	27%	32%	32%
Mind, body & spirit programs	12%	51%	17%
Fitness or sports services	4%	54%	15%
Medically supervised services	16%	2%	62%
Average number of services	4.1	6.0	4.5

**1** Introduction

**Prices per service**

**The average price per spa service increased from \$80 in 2011 to \$82 in 2012 (+2%).**

The 2% increase achieved in 2012 was only slightly below the 2.1% rise in the Consumer Price Index (CPI).

Nonetheless, though modest, the 2012 uplift in the average price per spa service reversed a trend toward static or declining average prices in the period since the Great Recession. In that period, the average price per spa service had either declined (as in 2010) or rose at a pace slower than the overall price level (as in 2011, when average spa prices rose by +0.6% compared to the 3.2% rise in the CPI).

**Average prices, 2012 compared to 2011, 2010 and 2009**

	2009	2010	2011	2012
Per massage	\$86	\$85	\$85	\$87
Per facial	\$91	\$90	\$88	\$94
Per body treatment	\$96	\$95	\$96	\$97
Per hair service	\$67	\$68	\$70	\$66
Per nail service	\$41	\$41	\$42	\$42
Per service	\$81	\$80	\$80	\$82

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**Prices per service by type of spa**

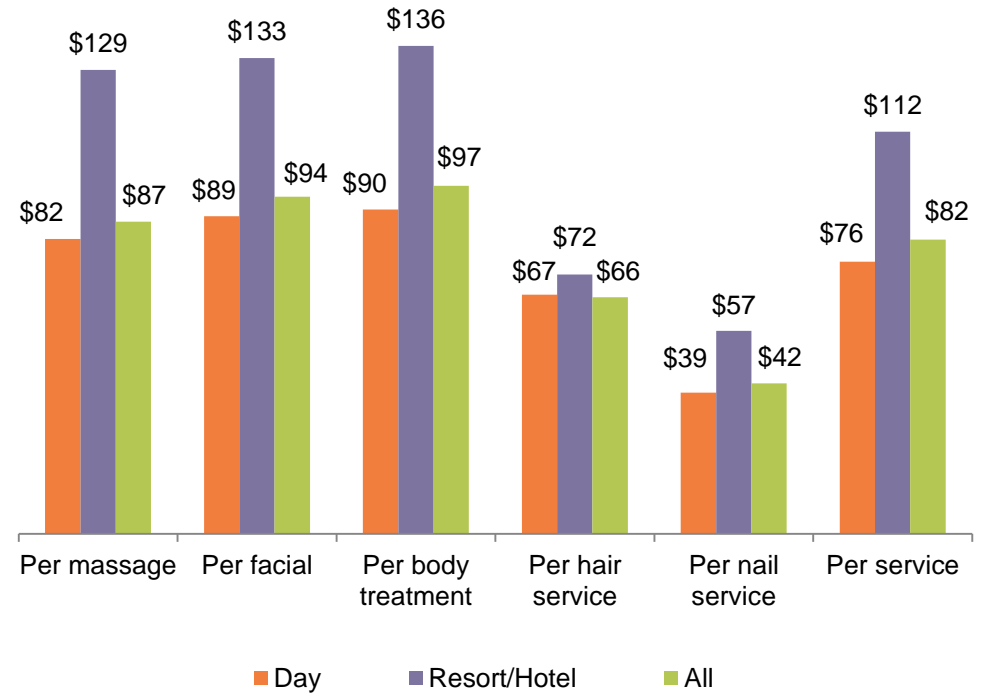
The average price per service was \$82 in 2012, ranging from \$97 per body treatment to \$42 per nail service.

Regardless of the type of service, the average price tends to be higher in resort/hotel spas than in day spas.

For example, the average price per massage in a resort/hotel spa was quoted at \$129, about one-third higher than the average quoted by day spa respondents (\$82).

Nonetheless, price comparisons by type of spa should be made with a degree of caution. The averages shown in the accompanying chart may vary across individual spas according to a range of factors such as location.

Average price per service by type of spa



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Retail: Product types

Skin care products are offered in almost all spas containing a retail element (98%). The proportion does not vary by type of spa.

Resort/hotel spas tend to offer a wider range of retail products when compared with the industry average. When asked about the types of products that they sell as part of their retail operation, the typical resort/hotel spa mentioned five of the six categories listed in the accompanying table.

Among day spas, the average number of product types sold was 3.4. Skin care products were most frequently mentioned. About six in 10 day spas retail cosmetics (58%), nail care products (56%) and the miscellaneous other products (59%). Apparel products were least likely to be offered by day spas (18%).

The average dollar value of retail purchases was \$35 in 2012. The median value was \$22, i.e. 50% of spas reported average purchases below \$22 while the remaining 50% reported purchases in excess of \$22.

	All	Day	Resort/Hotel	Other
Apparel	24%	18%	73%	27%
Skin care products	98%	98%	100%	100%
Hair care products	49%	48%	78%	33%
Cosmetics	60%	58%	76%	65%
Nail care products	56%	56%	88%	32%
Other	60%	59%	77%	58%

Average dollar value of retail purchases per guest

Average	\$35	\$31	\$38	\$66
Median	\$22	\$20	\$28	\$36

Base = spas with a retail element (98% of all spas)



1 Introduction

Retail: Product lines

On average, spas carry 11 different retail lines, ranging from 10 lines per day spa to an average of 18 lines in resort/hotel spas.

For each retail product type mentioned, spas were asked to say how many different lines they carry in each of the categories of products that they sell as part of their retail operations. For example, among the 60% of spas offering cosmetics products, the average number of lines was two.

Both day spas and resort/hotel spas said that they carry, on average, three skin care product lines. The average for the Other spa category was seven. This reflects the inclusion of medical spas within the Other spa category.

In the remaining retail categories apart from the miscellaneous Other category, the number of product lines was typically in the region of two to four.

Among the 60% of spas saying they offered 'Other' retail products, the average number of lines was seven. This illustrates the variety of products available at spas, perhaps as they seek to diversify their retail offerings.

Retail product lines: Average number per spa selling that product type

	All	Day	Resort/Hotel	Other
Apparel	4	4	5	4
Skin care products	3	3	3	7
Hair care products	3	3	2	2
Cosmetics	2	1	2	2
Nail care products	2	2	2	4
Other	7	6	10	10
All	11	10	18	16

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1 Introduction

**Retail: Most popular new products introduced in 2012**

**When asked to identify the most popular new product introduced in 2012, almost all spas with a retail element identified a wide variety of new products. The wide variety shows the many ways in which spas can diversify.**

The most popular retail product additions included: organic products, hair care, skin care/face and body, cleansers, facials/serums.

Popular body/hair products included:

- Hand and nail care
- Therapeutics
- Sun-cream/bronzers
- Cellulite/firming products
- Pedicure kits
- Mineral makeup
- Oils and bath oils
- Organic soaps
- Massage lotions
- Hair accessories
- Cosmetics (particularly foundation)
- Eye creams
- Homeopathy products.

Non-body/hair care products included:

- Jewelry
- Scarves
- Makeup bags
- Aromatherapy
- Candles

And notably in resort spas:

- Swimwear
- Active wear
- Tote bags
- Sandals
- Clothing

Other beauty accessories mentioned included tongue scrapers, facial wipes, pedi kits, bathrobes and makeup bags - the range illustrates the retail potential spas are exploring.

More 'medical'/therapeutic' products are also being featured, including supplements, anti-stress products, soothing balms for aches/yoga balms etc.

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**Spa treatment offerings**

**Spas have continued to work hard to stimulate demand by offering the consumer a wide range of treatment offerings and promotions, i.e. 30-minute treatments (61% of spas in 2012), special discounts or promotions for the spa's social media audience (51%), loyalty programs (47%), spa party packages (47%) and online option to book treatments (45%).**

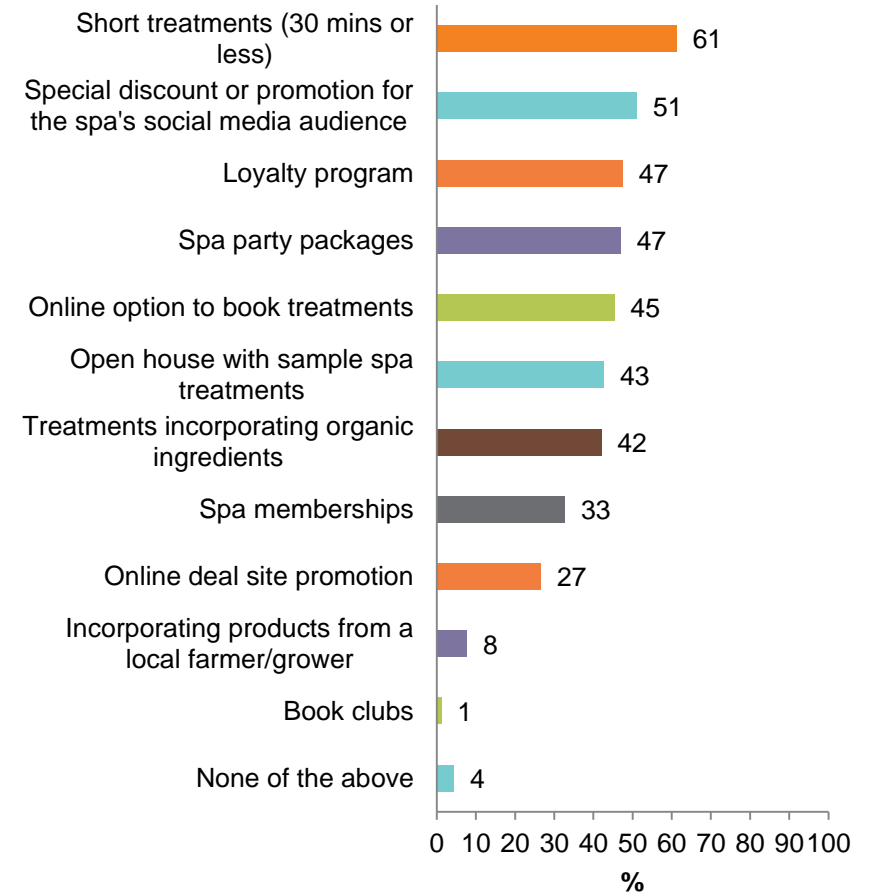
The menu of spa treatment offerings shown in the accompanying chart was broadly similar across day spas and resort/hotel spas. For example, short treatments were the most frequently reported offering both in resort/hotel spas (72%) and in day spas (63%). Treatment offerings by type of spa are shown on the following page.

Points of contrast include the following.

Day spas were more likely to offer a loyalty program; 51% compared to 37% of resort/hotel spas. Nearly one in two day spas (49%) said they offer an online option to book treatments, compared to 33% of resort/hotel spas.

Treatments incorporating organic ingredients were more likely to be offered by resort/hotel spas (65%) than by day spas (41%). Resort/hotel spas were also more likely to say they incorporated products from a local grower (20% compared to 7% of day spas).

**Spa treatment offerings**



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### Spa treatment offerings

	Day	Resort/Hotel	Other
Short treatments (30 mins or less)	63%	72%	43%
Special discount or promotion for the spa's social media audience	50%	58%	53%
Loyalty program	51%	37%	32%
Spa party packages	47%	50%	46%
Online option to book treatments	49%	33%	29%
Open house with sample spa treatments	42%	37%	53%
Treatments incorporating organic ingredients	41%	65%	33%
Spa memberships	35%	38%	13%
Online deal site promotion	26%	35%	24%
Incorporating products from a local farmer/grower	7%	20%	6%
Book clubs	1%	1%	4%
None of the above	4%	2%	10%



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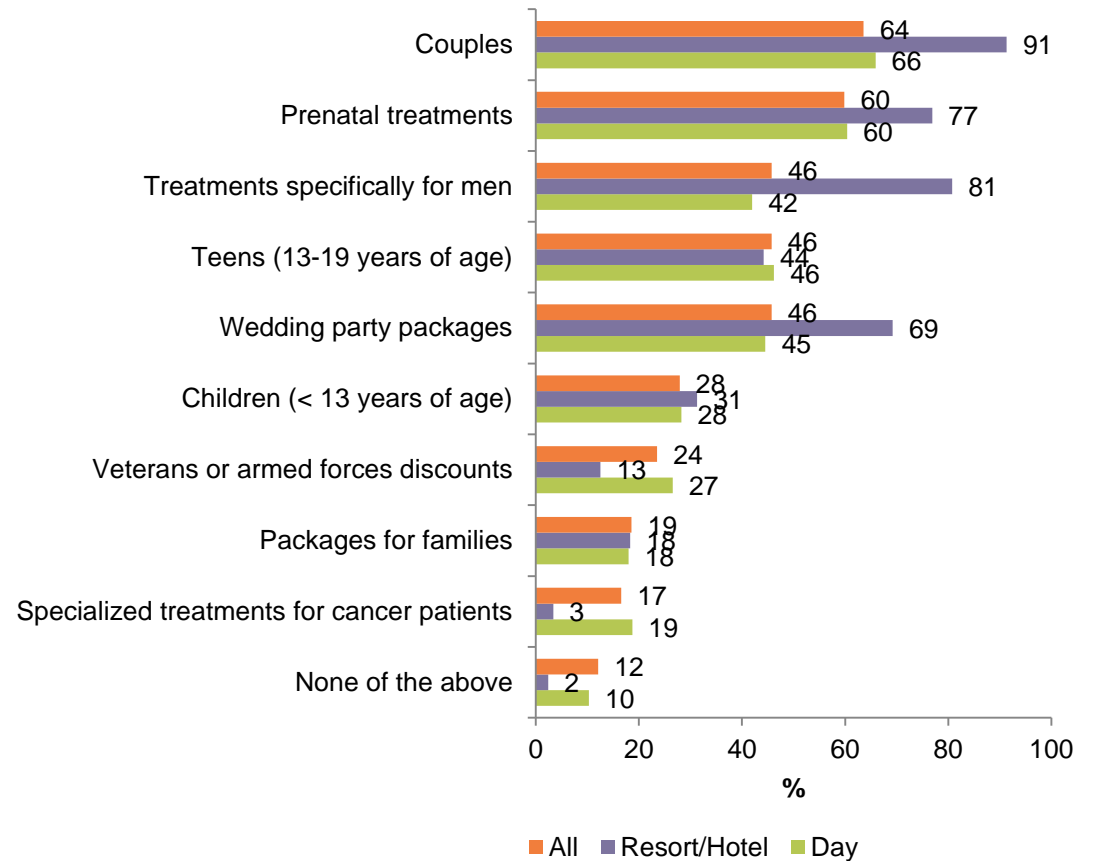
**Packages targeted at demographic and other groups**

Spas have also been proactive in promoting their services by offering packages aimed at different demographic and other groups, i.e. couples (64% of spas), prenatal treatments (60%), men (46%) and also more innovative packages such as specialized treatments for cancer patients (17%).

As can be seen from the accompanying chart, the main point of contrast by type of spa is that the more popular packages tend to be offered more frequently in resort/hotel spas than in day spas. For example, packages targeted at couples were most frequently mentioned by both day spas and resort/hotel spas, but more often by the latter (91% versus 66%).

Similar contrasts can be seen in packages tailored to prenatal treatments, men and wedding parties.

**Special packages**





## Section 5: Compensation



1 Introduction

Section 5: Introduction

The main focus of this Section is on the compensation received by spa industry employees.

Survey respondents were asked to give the annual compensation received by full-time employees in the following positions:

- Spa Director
- Spa Manager
- Esthetician
- Massage Therapist

The Section commences with the findings for the payroll share of spa revenues. It then presents the findings for compensation of full-time employees, followed by information on commission structures for therapists and the use of automatic gratuities. The Section concludes with the survey findings for unstaffed positions.

Note: Additional material relating to staffing trends in the recovery from recession can be found in Section 2 (pages 16 and 22).

2 Industry Size: Returning to Growth

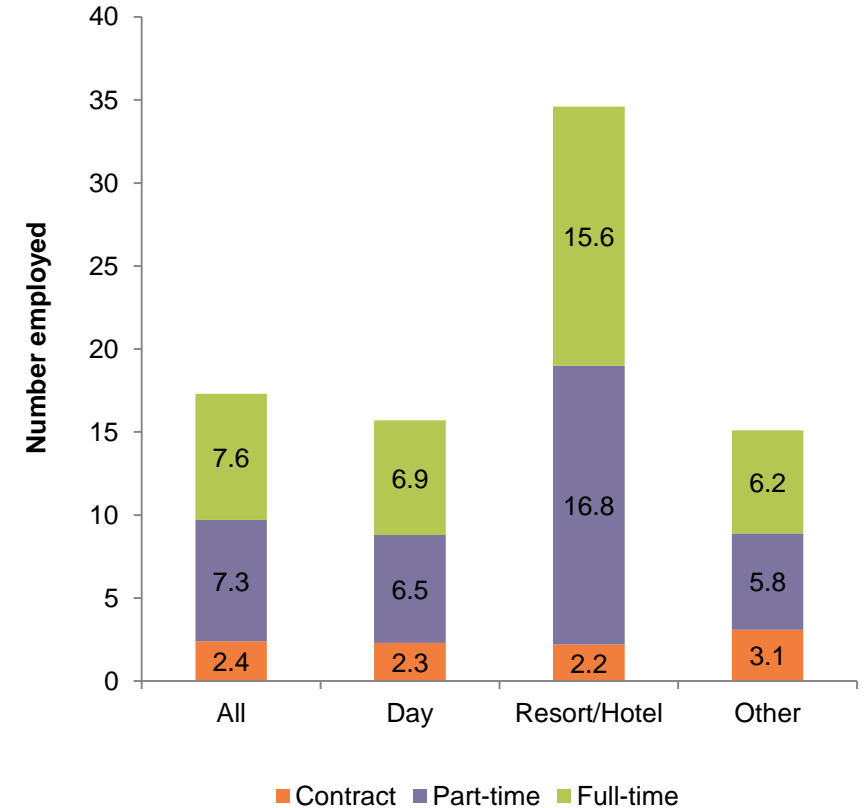
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Average employment per spa





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Payroll share of revenues

Reflecting the nature of the treatments and services provided, the spa industry is highly labor intensive. This is reflected in the labor costs share of revenues, averaging 49% according to the businesses surveyed for this study.

Similar to previous surveys, the payroll share of revenues tends to be higher in resort/hotel spas (56%) than in day spas (49%).

When set against the estimated \$14 billion of revenue generated by the spa industry in 2012, the payroll share of revenues translates into \$7 billion in wages and salaries paid to persons employed in the industry, either as employees or contractors.

The size of the spa payroll is an important economic impact of the spa industry, helping to sustain the local communities in which staff live and work.

2 Industry Size: Returning to Growth

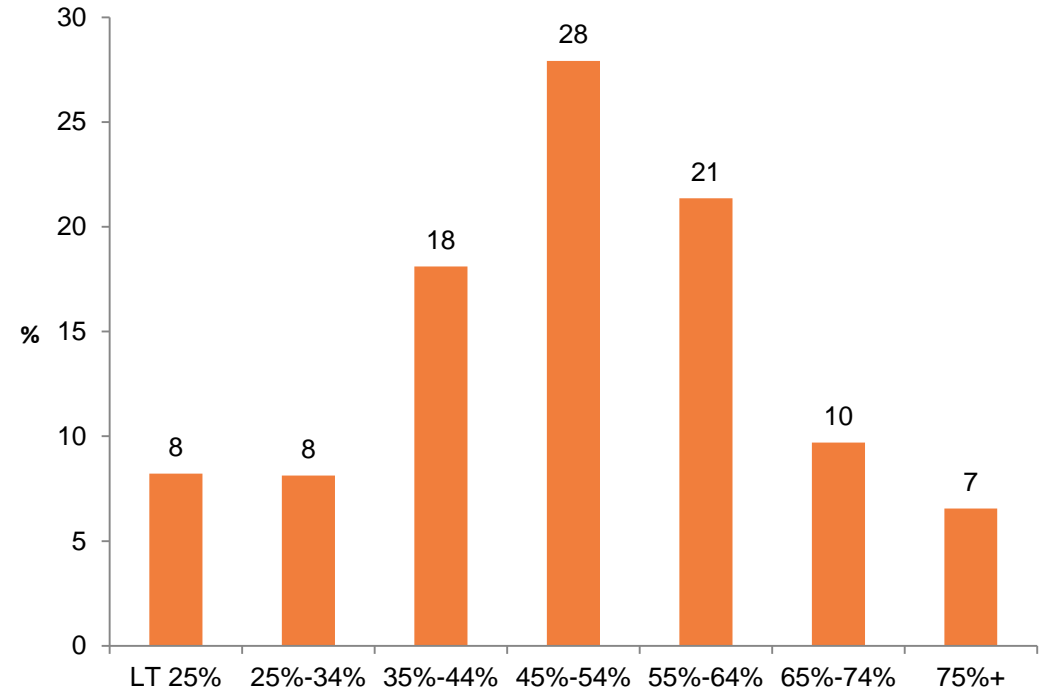
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Labor costs: % of revenues\*



\*Includes employee costs (inclusive of payroll taxes and benefits) and contractor costs.



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**Full-time positions by type**

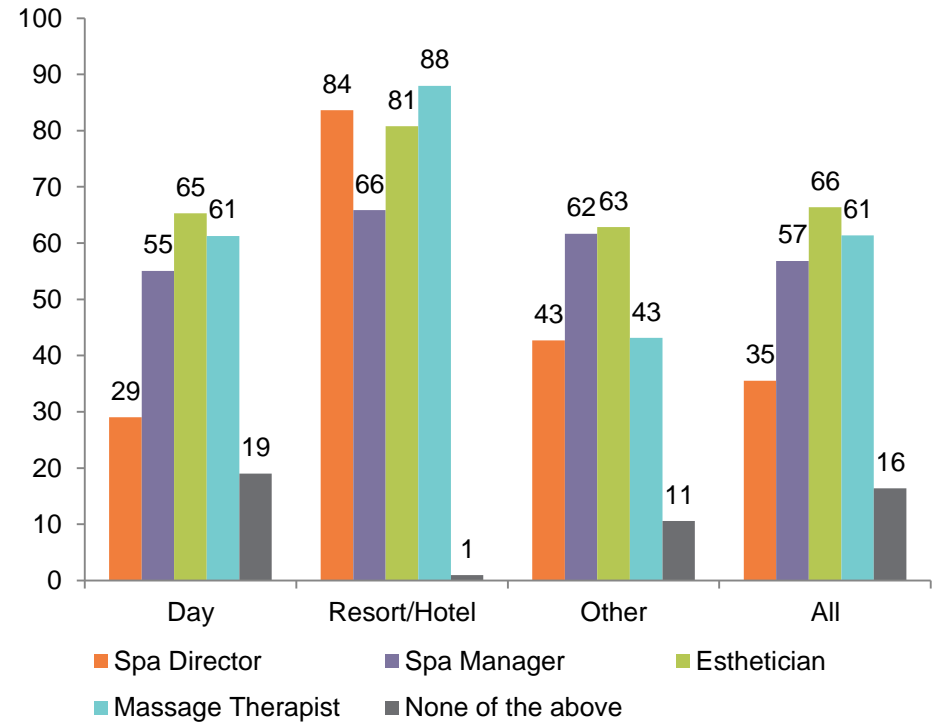
Spas were asked to say whether they employ people on a full-time basis in the positions of spa director, spa manager, esthetician and/or massage therapist. The responses varied by type of spa, with resort/hotel spas more likely than day spas to employ people on a full-time basis in one or more of those positions.

For example, 84% of resort/hotel spas said that they employ a full-time spa director, compared with 29% of day spas.

All but 1% of resort/hotel spa respondents said they employ at least one person on a full-time basis.

By contrast, almost one in five day spas (19%) indicated that they have no full-time employees providing services or in management positions. Mainly, these are owner-run day spas (71%). They may also rely on part-time staff (37%) and/or independent contractors (52%) rather than full-time employees.

Full-time positions by type (% of spas)



\*Includes employee costs (inclusive of payroll taxes and benefits) and contractor costs.

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### Spa director compensation

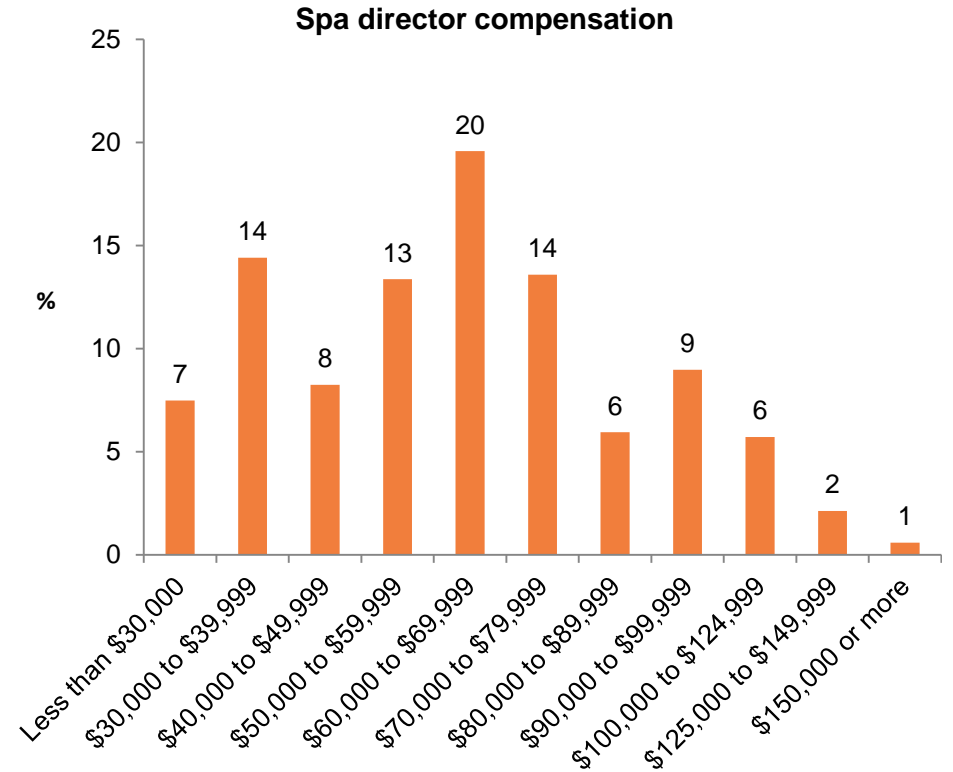
In the 35% of spa establishments employing a full-time director, one in five (20%) said that the annual compensation received by their directors is in the range \$60,000 to \$69,999. A further 43% said their directors receive annual compensation below \$60,000 with the remaining 37% paying \$70,000 or more for that position.

The profile of annual compensation levels varies between day and resort/hotel spas.

In the day spa sector, where 29% said they employ a full-time spa director, 57% of those establishments said their annual compensation level for that position was less than \$60,000.

In the resort/hotel spa sector, where 84% said they employ a spa director, 14% were reported as having annual compensation of less than \$60,000. Almost two in three said their spa directors (65%) received in excess of \$70,000.

It should be noted that a similar contrast in spa director compensation levels between day spas and resort/hotel spas was evident from the annual compensation findings reported for the 2009 Industry Study.



Note: Base = spas employing 1+ full-time spa directors.



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### Spa Director compensation by type of spa

Annual compensation, full-time employees

Spa Director

	Day	Resort/Hotel	All
Less than \$30,000	11%	1%	7%
\$30,000 to \$39,999	20%	2%	14%
\$40,000 to \$49,999	11%	5%	8%
\$50,000 to \$59,999	15%	7%	13%
\$60,000 to \$69,999	20%	21%	20%
\$70,000 to \$79,999	7%	24%	14%
\$80,000 to \$89,999	3%	13%	6%
\$90,000 to \$99,999	7%	13%	9%
\$100,000 to \$124,999	3%	13%	6%
\$125,000 to \$149,999	3%	1%	2%
\$150,000 or more	0%	1%	1%

Note: Base = spas with full-time spa directors.



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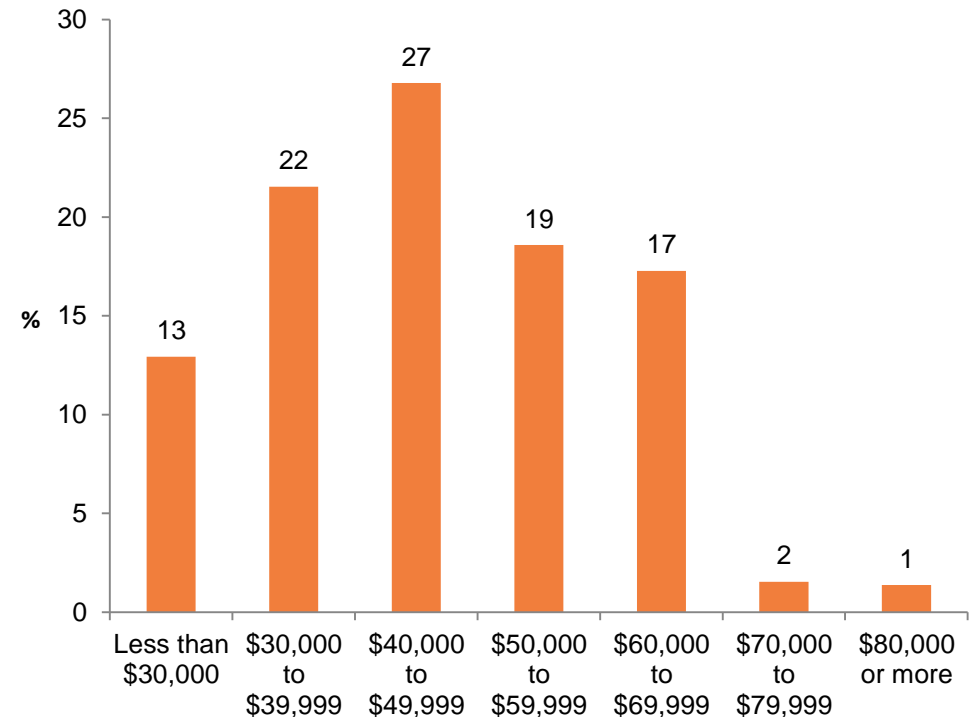
### Spa Manager compensation

Amongst spas employing managers on a full-time basis, the salary range \$40,000 to \$49,999 was the most frequently cited annual compensation level for that position (27%). A little over one in three (35%) said managers received less than \$40,000. The remaining 39% said their managers received \$50,000 or more.

In the day spa sector, where 55% said they employ a full-time spa manager, 26% of those establishments said their annual compensation level for that position was in the range \$40,000 to \$49,999. A further 35% said their managers receive less than \$40,000 with 38% quoting a salary range of \$50,000 or more.

In the resort/hotel spa sector, where 66% said they employ a spa manager, 35% said that annual compensation for that position was in the range \$40,000-\$49,999. The proportion of establishments where managers receive less than \$40,000 was 30%. In the remaining 35% of resort/hotel spas with a manager, annual compensation levels were reported to be \$50,000 or more.

Spa Manager compensation



Note: Base = spas employing 1+ full-time spa managers.





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### Spa Manager compensation by type of spa

Annual compensation, full-time employees

Spa Manager

	Day	Resort/Hotel	All
Less than \$30,000	13%	7%	13%
\$30,000 to \$39,999	22%	23%	22%
\$40,000 to \$49,999	26%	35%	27%
\$50,000 to \$59,999	19%	22%	19%
\$60,000 to \$69,999	17%	9%	17%
\$70,000 to \$79,999	1%	2%	2%
\$80,000 or more	1%	2%	1%

Note: Base = spas with full-time spa managers.



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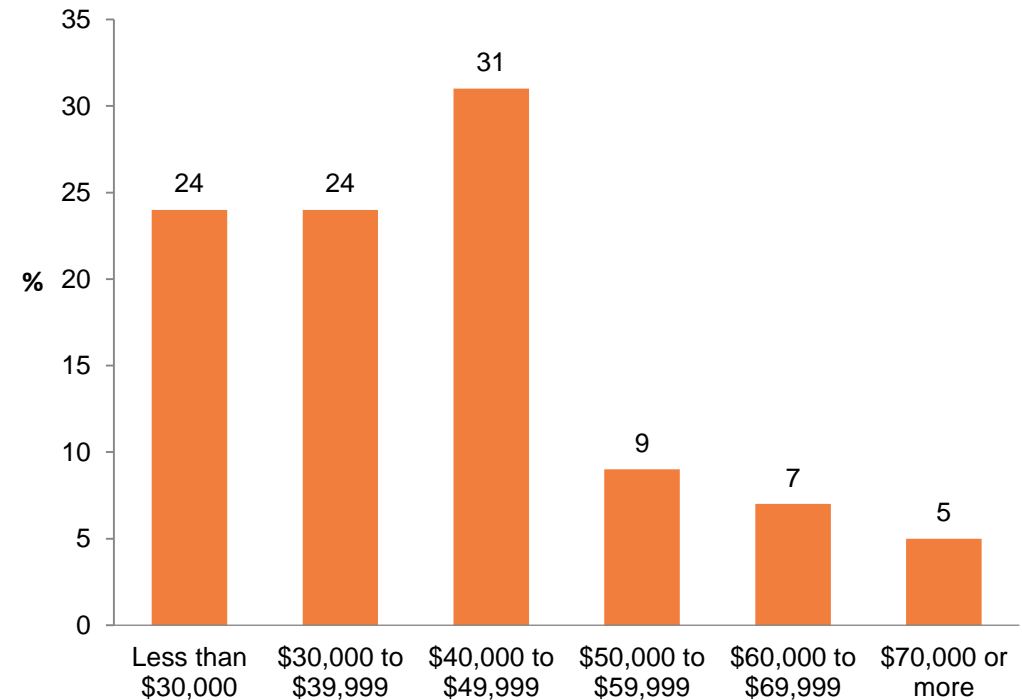
### Esthetician compensation

Amongst spas employing estheticians on a full-time basis, the salary range \$40,000 to \$49,999 was the most frequently cited annual compensation level for that position (31%). Almost one in two establishments (48%) said that annual compensation levels for full-time estheticians was less than \$40,000.

In the day spa sector, where 65% said they employ one or more full-time estheticians, 31% said compensation levels were in the range \$40,000 to \$49,999. Over one in two (52%) said compensation levels were below \$40,000. The remaining 17% said compensation levels were in the range \$50,000 or more.

In the resort/hotel spa sector, where 81% said they employ one or more full-time estheticians, 31% said their employees' annual compensation level in that position was in the range \$40,000 to \$49,999, similar to day spas. Resort/hotel spas were more likely than day spas to mention an annual compensation level of \$50,000 or more (38% versus 17%) and less likely to say that compensation levels were in a range below \$40,000 (32% versus 52%).

Esthetician compensation



Note: Base = spas employing 1+ full-time estheticians.



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### Esthetician compensation by type of spa

Annual compensation, full-time employees

Estheticians

	Day	Resort/Hotel	All
Less than \$30,000	27%	10%	24%
\$30,000 to \$39,999	25%	22%	24%
\$40,000 to \$49,999	31%	31%	31%
\$50,000 to \$59,999	6%	23%	9%
\$60,000 to \$69,999	6%	8%	7%
\$70,000 or more	5%	7%	5%

Note: Base = spas with full-time spa estheticians.





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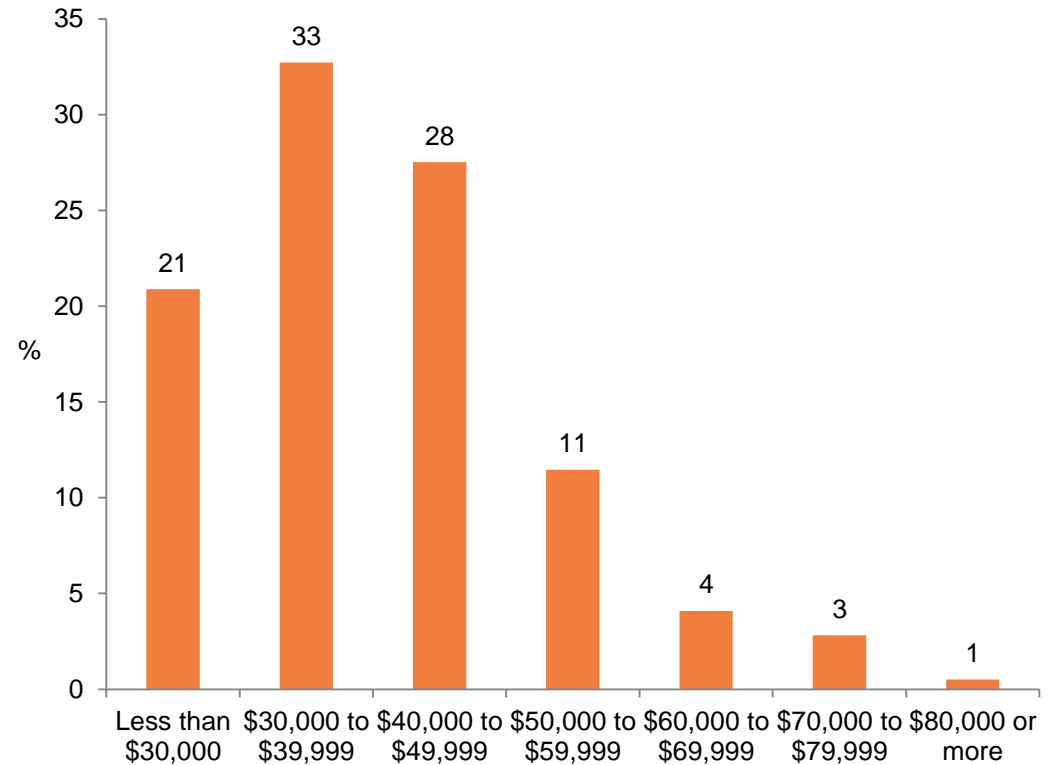
### Massage therapist compensation

Amongst spas employing massage therapists on a full-time basis, one in three (33%) reported an annual compensation level in the range \$30,000 to \$39,999 for that position. A further 21% reported a salary range less than \$30,000 with the remaining 47% saying annual compensation levels are in the range \$40,000 or more.

In the day spa sector, where 61% said they employ one or more full-time massage therapists, 33% said compensation levels were in the range \$30,000 to \$39,999. Almost one in four (24%) said compensation levels were below \$30,000. The remaining 44% said compensation levels were in the range \$40,000 or more.

In the resort/hotel spa sector, where 88% said they employ one or more full-time massage therapists, 51% of respondents said that compensation levels were less than \$50,000 while the remaining 49% said compensation levels were \$50,000 or more. In that sector, the most frequently reported salary range was \$50,000 to \$59,999 (31%).

Massage therapist compensation



Note: Base = spas employing 1+ full-time massage therapists.



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### Massage therapist compensation by type of spa

Annual compensation, full-time employees

Massage therapists

	Day	Resort/Hotel	All
Less than \$30,000	24%	9%	21%
\$30,000 to \$39,999	32%	23%	33%
\$40,000 to \$49,999	29%	19%	28%
\$50,000 to \$59,999	8%	30%	11%
\$60,000 to \$69,999	4%	9%	4%
\$70,000 to \$79,999	3%	7%	3%
\$80,000 or more	0%	4%	1%

Note: Base = spas with full-time spa massage therapists.



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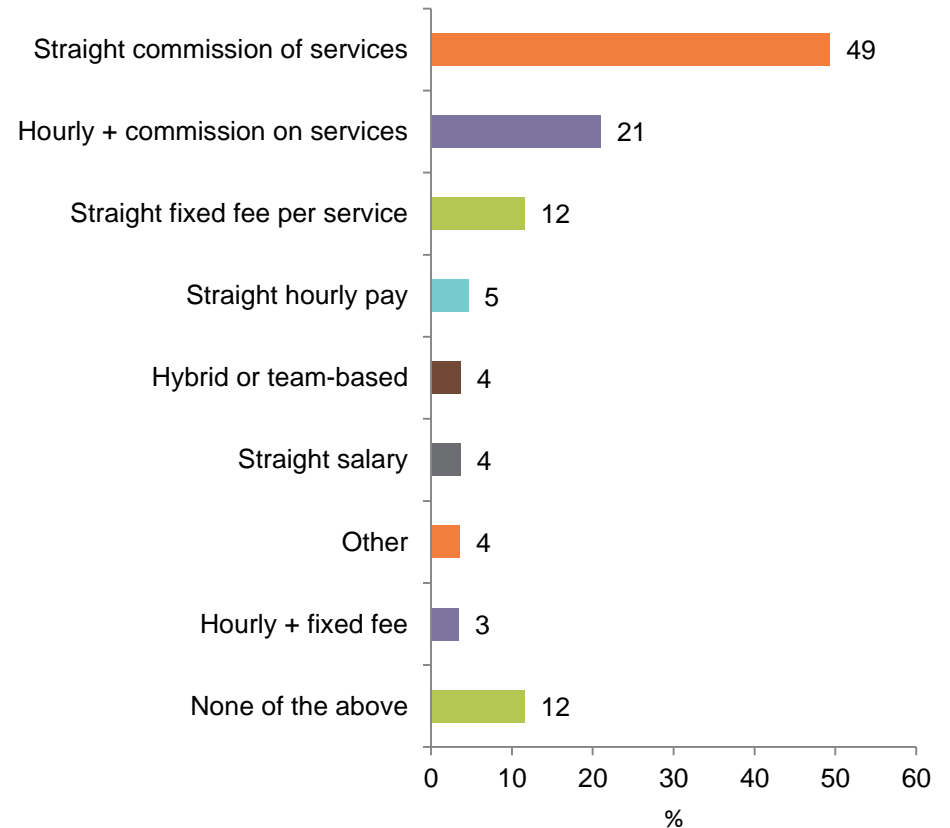
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### Commission structure for therapist employees

When asked to say what commission structure they use for therapist employees, almost one in two spas (49%) responded that they use straight commission of services. A little over one in five (21%) identified a structure based on hourly plus commission on services.

Compared to the industry average, resort/hotel spas rely more on hourly plus commission on services (50%) and less on straight commission of services (28%).

Commission structure : therapist employees





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### Commission structures - therapist employees

	Day	Resort/Hotel	All
Hourly + fixed fee	2%	13%	3%
Hourly + commission on services	18%	50%	21%
Straight hourly pay	4%	1%	5%
Straight fixed fee per service	12%	12%	12%
Straight commission of services	54%	28%	49%
Straight salary	4%	1%	4%
Hybrid or team-based	4%	2%	4%
Other	4%	2%	4%
None of the above	11%	0%	12%



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Automatic gratuities

The use of automatic gratuities varies sharply between day spas and resort/hotel spas.

When asked to say if they apply an automatic gratuity to each guest visit, 97% of day spas replied that they did not do so.

By contrast, resort/hotel spas were almost equally split between those saying they automatically apply a gratuity (51%) and those who do not do so (49%).

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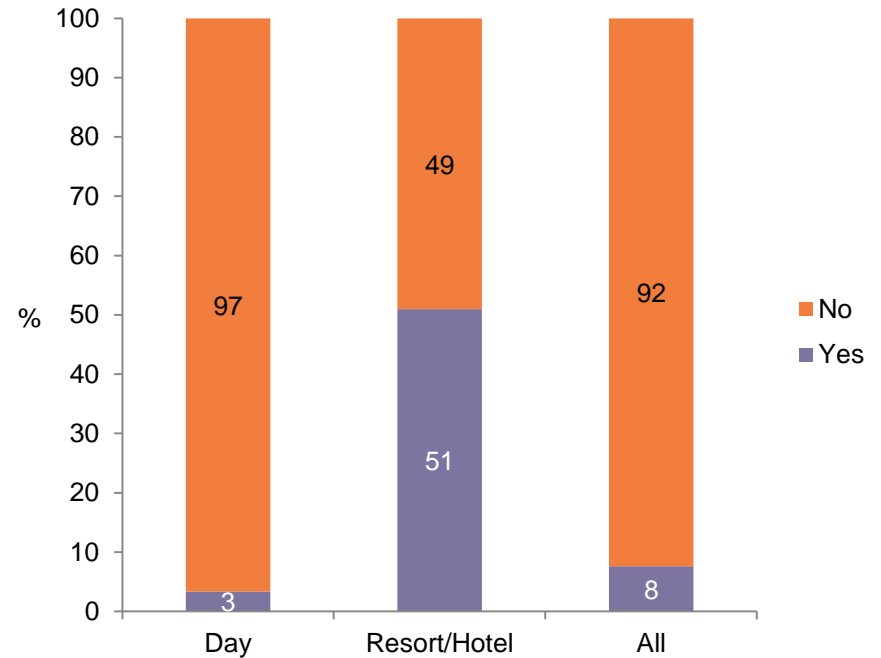
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Whether spa applies automatic gratuity per visit







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### Unstaffed positions

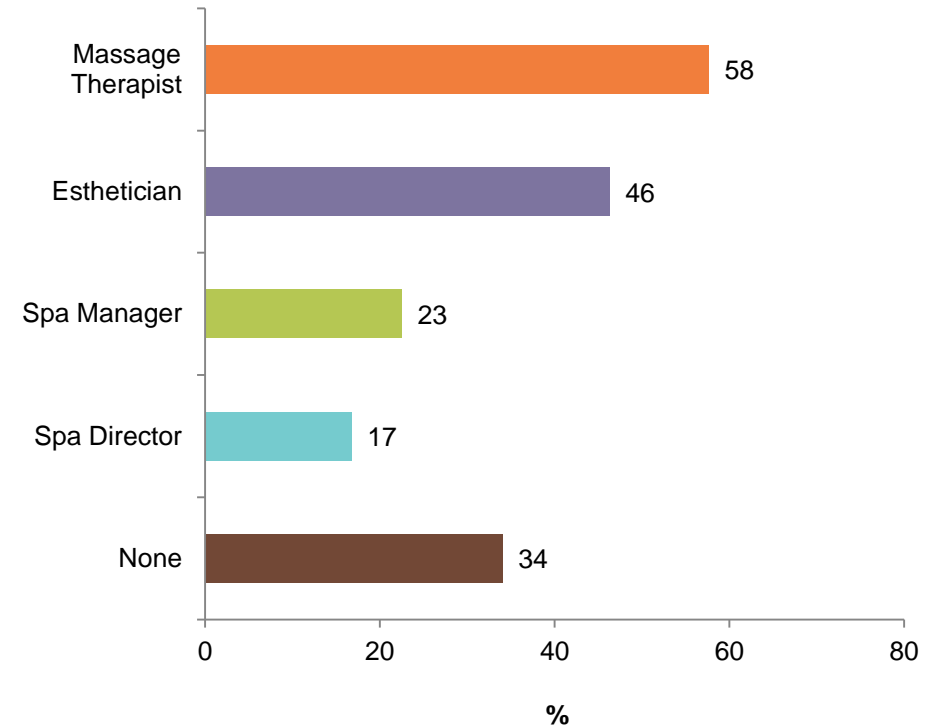
Spas were asked to say how many unstaffed positions, both full-time and part-time, they currently have for the following positions: director, manager, esthetician and massage therapist. Almost two in three spas (66%) reported having one or more unstaffed positions.

Spas were most likely to say that they currently have unstaffed positions for massage therapists (58% of respondents), followed by estheticians (46%), managers (23%) and directors (17%).

The majority of unstaffed positions were categorized as part-time (61%). The part-time share did not vary greatly between day spas (62%) and resort/hotel spas (58%).

The majority of unfilled positions (68%) were for massage therapists. This was the case both in day spas (69%) and resort/hotel spas (73%). Estheticians accounted for a little under one in four unstaffed positions (23%) followed by manager positions (6%). Unstaffed spa director positions accounted for just 3% of spas' unstaffed positions.

Unstaffed positions





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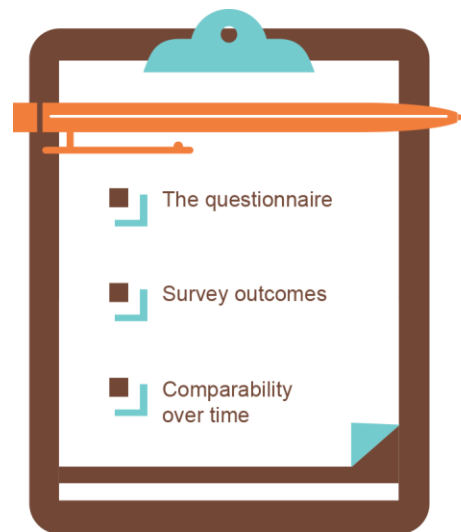
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### Unstaffed positions – composition

Composition (% of all)

	Day	Resort/Hotel	All
Spa Director - F-T	3%	3%	3%
Spa Director - P-T	0%	0%	0%
Spa Manager - F-T	4%	5%	4%
Spa Manager - P-T	2%	0%	2%
Esthetician - F-T	11%	8%	11%
Esthetician - P-T	12%	10%	12%
Massage Therapist - F-T	21%	26%	21%
Massage Therapist - P-T	48%	47%	47%
<b>All, of which:</b>			
Full-time	38%	42%	39%
Part-time	62%	58%	61%



## Section 6: Technical Appendix



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## Section 6: Introduction

This Section describes the approach to the 2013 U.S. Spa Industry Study, under the following headings:

- Overview on the methodology;
- The questionnaire;
- Survey outcomes; *and*
- Comparability over time.



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and Facilities**5** Compensation**6** Technical Appendix**Survey methodology**

A large scale quantitative survey of spa establishments was undertaken to collect the information required to estimate the key statistics for the ISPA 2013 U.S. Spa Industry Study. Following a pilot exercise to assist in finalizing the questionnaire design, the full survey was launched at the end of February 2013 and completed in May 2013.

The survey questionnaire was divided into two main parts. The first part asked respondents to provide details for each of the 'Big 5' key statistics. The second part sought information on operating characteristics of spas, such as core spa services and compensation of employees. Spas were also asked about recent trends in their experience of key indicators, i.e. visits, client spending, revenues, hiring and profitability.

Contact details for spas invited to participate in the survey were obtained from the ISPA database of spa locations, containing information on more than 14,000 qualified spas. In addition, the survey link was publicized on spa-related websites and publications, inviting spas to participate. The ISPA database also provided the main data source for estimating the number of spa locations by type and region. The ISPA database is estimated to represent 70% of the industry.



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## The questionnaire

The questionnaire for the 2013 Industry Study was based on the questionnaire used for the 2012 Industry Study. This was to ensure continuity and consistency with the 2010, 2011 and 2012 U.S. Spa Industry Studies. The questionnaire was developed in consultation with ISPA and refined through expert review and in-house testing of the structure and routing of the questionnaire.

As in the previous Industry studies, the final version of the questionnaire comprised two main parts. The first part focused on collecting the information necessary to estimate the key statistics per spa establishment, i.e. revenues, visits, and employment. This section also asked spas about their indoor floor space and profits.

The second part of the questionnaire asked respondents to provide information on the operational aspects of their spa establishment, under the following headings:

- Product offering: core spa services;
- Retail products and revenues;
- Market trends;
- Annual compensation received by full-time employees;
- Commission structures for therapist employees; and,
- Offerings that spas had in place in 2012.



**1** Introduction**Survey outcomes**

The survey was launched on a bespoke Internet registration site in late February 2013. The survey ran until early May 2013.

Results represent responses from 1,162 establishments. Those establishments were based on 497 survey returns that were submitted for either single locations or composite returns for multiple spa locations..

When compared to their share of all spa establishments, resort/hotel spas were over-represented in the sample while day spas were under-represented. The findings reported in this study have; therefore, been weighted to reflect the distribution of establishments by type of spa.

As the information for this study was collected from a sample of spas, the findings will inevitably be subject to margins of error. For proportions based on all respondents, the indicative margins of error at the 95% confidence level are  $\pm 4.8\%$ .

The margins of error are wider for sub-samples. Thus, for proportions based on all day spas, the margins of error are  $\pm 6.2\%$ . For proportions relating to resorts/hotels, the indicative margins of error are  $\pm 7.2\%$ .

Key ratios by spa type and region should be interpreted with caution. They are estimates based on a sample of spa establishments and are therefore subject to variability from sampling error. Special care should be taken in making comparisons with previous Spa Industry reports as estimates in those reports will also exhibit sampling error variability.

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**1** Introduction**2** Industry Size:  
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and Facilities**5** Compensation**6** Technical Appendix**Comparability over time**

In 2005, ISPA undertook a census of the North American spa industry to formally qualify and classify spas. Through this process, ISPA developed specific product/service based criteria for qualifying and classifying spas. The spa type definitions are listed on page 6 of this report.

In order to develop revised estimates of the trend in the number and distribution of spas, data from previous studies was adjusted to be consistent with the revised definitions. Further detail on the re-estimation procedures can be found in the ISPA 2007 Spa Industry Study.

In particular, with the exception of destination spas, per spa estimates of revenue and square footage no longer include accommodations. Similarly, on-site retail and fitness operations that were not contained within the spa were specifically excluded from the statistics. Using data on the allocation of space and revenue from previous studies, these components were removed and the averages recalculated for comparability purposes.

The methodological changes were made to reflect the changing industry. As a result of the methodological changes, a greater emphasis was placed on narrowing the statistics to those activities that relate only to the spa.

While the estimates for studies undertaken prior to 2006 were adjusted to facilitate comparability and identification of industry trends, the pre-2005 estimates shown in pages 12-16 should nonetheless be treated with a degree of caution.





## International SPA Association

For more information on ISPA, write to, call or email:

2365 Harrodsburg Road, Suite A325, Lexington, KY 40504;

USA Domestic Telephone: 1.888.651.4772 or Direct: 1.859.226.4326; or

Email: [ispa@ispastaff.com](mailto:ispa@ispastaff.com)

[www.experienceispa.com](http://www.experienceispa.com)

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