



Discounting and Sales Strategies June 2011

Monthly Snapshot Surveys provide ISPA members with a valuable look into the state of the spa industry, spa industry trends and also help to identify the needs of spa professionals. Snapshot Surveys are conducted on the third Friday of each month, with full results provided only to respondents two weeks from the release date of the survey. Knowledge is a valuable tool and these quick surveys provide a wealth of information shared by ISPA's members. The June 2011 Snapshot Survey requested information on discounting and sales strategies.

Overall, the majority of spas have promoted some type of discount in 2011. Local business seems to be a major focus for spas as 81 percent of respondents have offered some type of discount to this group in 2011 followed closely by loyal/repeat customers at 79 percent. Day spas preferred offering discounts to loyal/repeat clients (93 percent), while resort/hotel spas preferred discounts for local consumers (83 percent).

When it comes to discounting strategies, some respondents shied away from the use of standard percentage discounts and offered value-added specials and bundled multiple treatments together for packages which result in savings to the spa-goer. One of the largest uses of discounts was to bump up business mid-week or at other slow times. Others use discounts only to attract new spa-goers with the hopes of increasing their loyal customer base.

The majority of spas (68 percent) have used a social media site like Facebook or Twitter to offer a discount or special promotion. On the other hand, a majority of spas have not used a deal site with 59 percent never planning to use one of these sites and 16 percent not having used one, but planning to in the future. Facebook and Twitter are both being used to help fill last-minute appointments that haven't been booked and to increase overall brand awareness. Of the spas that have used deal sites, more day spas (59 percent) have implemented a follow-up marketing strategy for the consumers who take advantage of their offer, than resort/hotel spas (42 percent).

For resource partner members, discounts have been offered to repeat/loyal customers more than any other group (76 percent). The next largest groups discounts have been offered to are first-time customers and Web site visitors at 58 percent and 56 percent respectively. Like spas several respondents stated that their company does not offer discounts. A large majority of resource partner respondents have never used a deal site with 83 percent saying they never plan to use one and six percent saying they haven't yet, but plan to in the future.

The results analysis includes answers from all respondents who took the Snapshot Survey in an eight-day period from Friday, June 17, 2011 to Friday, June 24, 2011. During this time, 279 ISPA members responded to the survey. The category "all spas" referred to within the charts includes data from all spa respondents (day, resort/hotel, medical, destination spas and corporate spa headquarters).

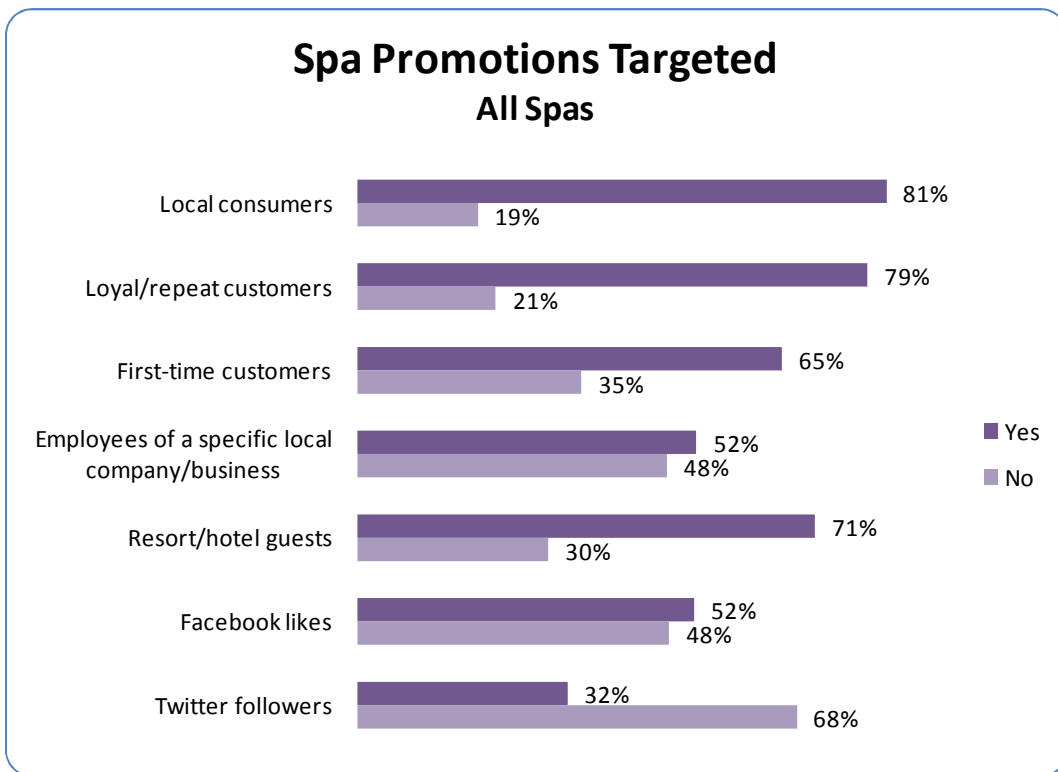
Disclaimer: This document contains proprietary information of the International SPA Association. For permission to reproduce any material contained in this publication, please call ISPA at 1.859.226.4326. If consent is granted, attribution to ISPA and other sources specified in the document should be made.





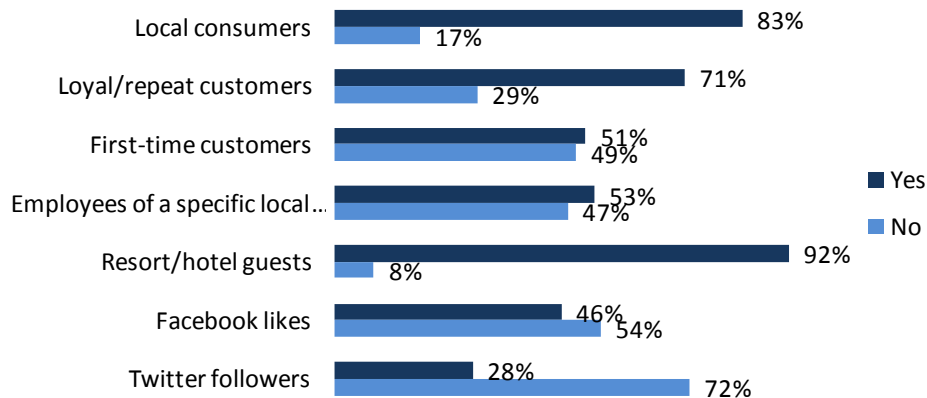
SPA MEMBERS

Please identify which of the following audiences, if any, your spa promoted a targeted discount or package to in 2011.





Spa Promotions Targeted Resort/Hotel Spas



Respondents were asked to share their spas most successful discount or package offered to each group. Below is a sample of the responses.

Local Consumers

- "Summer Savings" rates that offered between 15-20 percent off published pricing for locals.
- "Treat a friend" - something like buy one, get one free.
- \$10 voucher.
- \$100 massage or facial instead of \$155. Year-round local discounts.
- \$125 day package.
- \$39 intro rate for one-hour massage; \$57 for an hour and a half.
- \$49 intro one-hour massage for first-time clients.
- \$49 intro rate massage.
- \$50 off 50- and 80-minute services Monday-Friday; \$25 off Saturday and Sunday; 50 percent off daily access fee.
- \$99 birthday promos.
- Half-hour massage upgrade when guest brought minimum of two non-perishable food items for local food bank. Wednesdays only.
- Half off regular price first time in.
- 10 percent Discount Days for our fitness members.
- 12-month dues.
- 15 percent off mid-week special.
- 20 percent discount Monday-Thursday; moderately successful.
- 20 percent discount Monday-Thursday
- 20 percent discount on weekdays.
- 20 percent local discount Thursday-Sunday.
- 20 percent off and a Groupon.
- 20 percent off in local newspaper ads.
- 20 percent off locals for summer.
- 20 percent off treatments for members.
- 20 percent off treatments Tuesdays and Wednesdays.
- 20 percent service discount Monday-Thursday.
- 20 percent Sunday through Thursday.
- Three- and four-day stays rather than the full seven-day that is the norm.
- 30 percent off to entice membership sales.
- 50 percent discount on all spa treatments.
- 50 percent off second service, midweek.
- 50 percent off. Buy one, get one free.



- 90-minute massage for the price of a 60-minute massage for one month. A detox take-home bath with each Scrub a Dub Mud.
- All locals receive 25 percent off spa and \$10 off salon.
- All our promotions are geared toward local customers and first-time guests. We do miscellaneous giveaways on TV and promotions with new lines.
- Book a service and receive a gift.
- Book a one-hour massage and enjoy 30 minutes extra time with our compliments.
- Book two and save money on each service. Discounts on services booked during the off-peak times (heat of the day). Provide a retail shopping incentive (purchase \$100, get \$20 retail credit).
- Buy five, the sixth is free.
- City deals promo. \$60 for a 60-minute massage or facial.
- Community Wednesdays - receive 20 percent off.
- Complimentary 50-min. Swedish massage with one-night stay Monday through Thursday.
- Complimentary local "club" membership that gives them 15 percent off treatments and special offers.
- Complimentary lunch SpaBox with an 80-minute body treatment or massage Monday-Thursday from 9 a.m. to 3 p.m.
- Day spa package with spa gift (retail included in the price). £169 Pamper Package - two hours of spa treatments, two course light lunch and spa candle as gift.
- Detox package. Pain management package.
- Discount off services Monday – Thursday.
- Discounted rates, 30 percent off, invited in for a comp make-up consultation.
- Discounts on special dates: Valentine's, Mother's Day, Easter, etc. We always create discounts up to 20 percent on special combination of services.
- Every month we pick a specific treatment or two and discount it by 20 percent and offer gift with purchase.
- Express service packages with discounts up to 25 percent depending on the services offered.
- Gift card packages at the major holidays (Valentine's Day, Mother's and Father's Day, etc.).
- Girlfriends Getaway package, included overnight accommodations, two 50-minute plus chocolate-covered strawberries for \$160 per person.
- Increase discount on spa and salon services to 15 and 20 percent respectively.
- Local Preferred Club Program - 10 percent retail discount and 20 percent service discount Sunday-Thursday.
- Discount LivingSocial Day Spa Sale sold out all day spas for 2011 in one weekend. Local charity events and sponsorships to raise property awareness.
- Local resident discount on services plus parking.
- Local's price list for select services only.
- Loyalty program, various discounts offered depending on the length of time for which they sign up. Additional perks are offered throughout the resort for signing up.
- Mid-week discount on multiple services; Sunday-Thursday 20 percent discount.
- Mid-week percent discount on second treatment and a special package that includes a treatment, meal, mineral pool access and waxing (waxing is added-value at no charge).
- Monthly promotions - Bring a friend both receive 20 percent off plus gift. Mid-week pkg.
- Nidah Gold Card Club daily discounts on services, spa cuisine purchase plus free wine, retail discount on mid-week purchases e-mail of tips and events.
- One free massage with purchase of monthly membership.
- Our most popular package in all areas was book a 60-minute massage or facial and



receive an additional 30 minutes of the same treatment complimentary.

- Our quarterly specials always go over really well, and our pre-buy program is a favorite for the locals.
- Package (Monday-Thursday) offered either a 50-minute massage or facial and choice of two course lunch or high tea for \$125.
- Quarterly service promotions and combo service packages (i.e., facial and massage at a lower rate together vs. getting them separately).
- Rock and Roll Massage. Swedish massage with stone enhancement - \$100.50 (local radio station).
- Scoopon discount on waxing.
- Spa Days during slow season, 20 percent discount on massage.
- Spa services with lunch and yoga.
- Spa trail card for use at all five of our spas - offers 20 percent discount on spa services and retail purchases from our spa boutique.
- Special menu exclusive for local customers.
- Summer \$109 rate for a 50-minute massage, facial and mani/pedi combo.
- Tiered pricing offering mid-week discounts on services.
- Buy two products, get 30-minute facial free.
- VIP discount Monday-Thursday.
- We extended an invitation to experience the spa to local guests including a \$25 discount.
- Weekday "spa samplers" to entice local customers who are a bit more price sensitive.
- You name it: last-minute discounts, men only discounts, buy one, get one half off.

Loyal/Repeat Customers

- "Epicure Membership" with a service promotion that changes regularly.
- \$10 voucher.
- \$125 day package.
- \$20 towards services and rewards for points accumulated throughout the year.
- \$59 a month, includes one massage and then a 50 percent discount off of nonmember rate after that.
- \$59 monthly membership; 50 percent off each additional massage or facial service.
- With 10 visits, they received a one-hour complimentary massage.
- 10 percent discount when rebooking at time of checkout.
- 10 percent, more in off-season.
- 10 percent, 20 percent and 30 percent discounts with 1st, 2nd and 3rd spa service.
- 15 percent off weekdays.
- 20 - 50 percent off.
- 20 percent off treatments during slow times.
- Second service same month is \$10 off.
- We just opened this year, so we are promoting the spa by offering discounts to loyal/repeat customers.
- Birthday club giveaways and discounts for our repeat guests and fitness members.
- Book a service and receive a gift.
- Buy 10, get 11th free.
- Comp treatment on 7th visit.
- Complimentary service based on incremental spending.
- Complimentary voucher on new services.
- Credits for services/upgrades.
- Customer appreciation card and six hours of services and get one hour free.
- Discount for second visit in the same year.
- Discounts on therapy upgrades.
- E-mail details of spa dynamic packages to repeat guests.
- E-mail promotion offering a percent off for last minute appointments at non-peak times.
- Free aromatherapy upgrade for member appreciation.
- Free aromatherapy with 90-minute massage.
- Free hot stone demo during scheduled service.



- Free treatments and discounts on incidentals.
- Free treatments and room discounts.
- Free upgrade to all existing members.
- Frequent user card - buy six services, get the next one free.
- Local Loyalty – gardener's manicure - \$25.
- Loyalty point program throughout entire hotel.
- Loyalty points (one point for every dollar, 100 points = \$1), birthday discount, bring a friend discount, last-minute e-mail discount.
- Loyalty points and e-mails with daily specials.
- Loyalty stamp card - buy 10, get the 11th free.
- Manager's choice - top-spenders get a comp treatment per quarter.
- Membership - 10-30 percent discount to pre-paid membership. Free treatment per month.
- New loyalty program offering stepped discounts or added-values based on number of stays.
- Private Club (marketed to members) - we extended our 20 percent retail discount to services.
- Repeat guest week with special cultural events only for repeat guests.
- Rewards cards, buy six services get 7th free.
- Seasonal promotions at a special discounted price.
- Series of services – buy three, get the 4th free.
- Shampoo and Style Club - purchase 10 get the 11th free; and series pricing on all spa services.
- Spa Club - \$50/month for massage/facial OR nail service.
- Spa rewards "punch card." After 10 visits, the next one is on us!
- These folks have series benefits and get direct e-blasts on all promotions.
- Tiered pricing offering mid-week discounts on services.
- Ultimate pampering facial for \$198 and Just For you Massage for \$82.
- Upgraded services on their visit based on accumulated points.
- We offer a 10 punch card. After receiving 10 fully priced services they have up to \$100 toward their 11th service. A way to say thank you.
- Weekly 20 percent discount on a specific treatment. VIP coupon sheet.
- With every amount of money spent in our spa, clients gets percentage to use in the spa.

First-time Customers

- \$10 off for first-time clients.
- \$10 off 50-minute service and \$20 off 80-minute service.
- \$20 off next service to first-time customers.
- \$39 intro rate for one-hour massage; \$57 for hour and a half.
- \$39 introductory massage.
- \$49 introductory massage.
- \$50 off on a two-night stay.
- 10 percent discount for first visit plus \$20 coupon toward next visit (minimum purchase required).
- 15 percent off.
- First visit no charge.
- 20 percent off.
- 25 percent off first-time visit.
- 30 percent off to entice membership sales.
- 40 percent discount on first visit.
- 50 percent discount voucher.
- Advertised details of packages on Web site for browsers.
- After service, mail out a 20 percent coupon to rebook.
- Cards worth \$25 off towards first 60- or 90-minute treatment.
- Daily specials.
- Discount for second visit in the same year.
- Employee referral cards for 20 percent off first visit day spa service.
- First-time local - try us for more than 30 percent off.
- Free night, free treatment.



- Gift with purchase.
- Groupon - \$20 for \$45 worth of services.
- Hair promo - 50 percent off first cut and style with new hairstylist which builds their business.
- Intro spa package - 20 percent off.
- Join now to receive membership benefits and save money on future massages.
- Letter of appreciation and a \$10 coupon for next appointment.
- Member rate for first-time visitors.
- New members receive a complimentary spa service of choice and 50 percent off additional services in the same week.
- Package discount - 15 percent.
- Schnupper packages with a discount of 25 percent on rooms and treatments.
- Sent a follow-up e-mail with 15 percent off to all first-time customers and we had 22 clients use this discount year to date.
- Short trial treatments at discounted price.
- Shorter sample services bundled together to allow for a taste of the environment; 30/30/30 30-minute massage, 30-minute mini facial, 30-minute manicure.
- Spa Promotion - book one-hour treatment and get 30 minutes extra.
- Special entry price plus 15 percent discount on facial or body treatment.
- Value-adds such as free spa access booked with any spa treatment.
- We invite first-time visitors back with a verbal spa incentive to return for a second treatment at a preferred rate.

Employees of a specific local company/business

- \$15 off a treatment.
- \$5 corporate discount.
- \$54 corporate rates for a variety of companies throughout the U.S.
- 10 percent discount for our college students and alumni.
- 10 percent off all esthetics Monday-Thursday. 10 percent off all products.
- 10 percent off all the time for state employees.
- 10 percent off groups of six.
- 10 percent off services excluding spa packages and promotions.
- 10 percent off spa services all the time.
- 15 to 30 percent discount voucher.
- 15 percent discount to key account companies of hotel through weekdays.
- 15 percent off Mon – Thursday.
- 15 percent off weekdays.
- 20 percent discount Monday – Thursday.
- 20 percent off to MGM Resorts employees.
- 20 percent service discounts.
- 25 percent off for employees and 10 to 50 percent for volunteers of local park.
- 40 percent off all services.
- Business discount for day spas to the biggest employer in the city.
- Casino employees - special services at special price - will do one month each quarter.
- Corporate offer is \$54; covers teachers, doctors, firefighters, policemen, nurses, and people in the armed services.
- Corporate Spa Membership opportunities - discounted rate opportunity for employees when a company signs up.
- Coupon redemption – one-hour massage and receive one \$35 gift.
- Customized specials starting at 20 percent off menu pricing.
- Discounted rates to corporate companies hosting conferences at hotel.
- Discounted service to get a new company in the neighborhood to try our facilities.
- Discounts for military.
- Friends and family discount of 30 percent on mid-week treatments offered only during needed times.
- From five to 10 employees - 10 percent discount for membership programs, fitness, programs and treatments. For 10 to 20



- employees - 15 percent discount. For 20 or more employees - 20 percent discount.
- Get 10 percent off a la carte services when booked Monday – Thursday.
- Group discount of 10-15 percent.
- If we have six members from one company sign up for a year, they get \$5 off per month.
- Join in groups of five or more and receive a discounted rate.
- Late bird special - 48 hours in advance, 40 percent off.
- Monday-Thursday discounts (our off-peak days) to select local businesses (i.e. hospital, law firm, etc.).
- Multiple treatments on a weekday during low occupancy receives 20 percent discount.
- Nearby upscale condominium. Very little success.
- Partnered with multiple local companies to offer discounts to their staff and 100 clients used this discount year to date.
- Provided 20 percent discount to all Cedars-Sinai Hospital employees.
- Rosen Employees receive 50 percent off.
- Special membership rate if they sign up 10 people.
- Strategic partnerships receive a discount on a la carte pricing and discounted access to the spa.
- Team member pricing and a discount on bulk purchase of gift cards to local hospital.
- We always have conferences for different schools and companies, so we try to offer them a discount and pinpoint the offer around their free time.
- We create special discounts up to 15 percent off on all our services for employees of some partner companies.

Resort/hotel guests

- "Summer Savings" rates offering between 20-25 percent off of published pricing for resort guests.
- \$15 off a 50-minute service.
- \$25 off service over \$100.
- \$25 off any spa/salon treatment.
- \$50 off 50- and 80-minute services Monday - Friday; \$25 off Saturday and Sunday; 50 percent off daily access fee.
- 10 percent discount with concierge referral.
- 10 percent off services excluding spa packages and promotions.
- 15 percent discount with a voucher for a facial or body treatment.
- 15 percent off Monday – Thursday.
- 20 percent discount on second visit and 50 percent discount on the last day of stay to all hotel guests as a goodbye gift. Daily promotions.
- 20 percent off combined facial and massage package has been most successful. 15-minute add-ons for no extra charge were offered but not well-received.
- 20 percent off second service, mid-week.
- 20 to 30 percent discount.
- \$25 off every \$100 spent.
- 50 percent off for guests staying more than a week.
- 50 percent off massage.
- 50 percent off room, 20 percent off spa services Sunday to Monday.
- Discount voucher through local Embassy Suites hotel two blocks away.
- Always offer 10 percent off; however, we have broadened this offer to include four other sister properties that are close by.
- B-Boy Free Weekend: One night's luxury accommodation (available Thursday, Friday and Saturday nights), food and beverage credit of \$150, Au Naturel Spa credit of \$200 (reserve early to avoid disappointment), access to our state-of-the-art Flex Fitness Studio with saunas, whirlpools, and indoor and



outdoor salt water swimming pools and complimentary parking in our secure, underground garage.

- BFF (Best Friends Facial/Massage Package) Dark Chocolates, 1/2 bottle of wine and 60-min. facial or massage for a discounted rate. Very popular. \$215 per person including service charge.
- Book a 60-minute massage, body treatment or facial and receive a complimentary 30-minute express treatment.
- Book a room Sunday-Thursday and get a choice of one of four 60-minute treatments. Buy a \$100 gift card for \$75.
- Buy a 50-minute service and get 80 minutes.
- Combination room/spa packages with discount on treatments.
- Complimentary wine and cocktail reception for hotel guests with mini-treatments. Every week we book five to 10 full appointments for later that evening or the following morning and also do \$500-\$1,000 in retail during the reception.
- Coupon for \$15 off airbrush tan.
- Daily specials promoted via guest room voice messages. Primarily to increase awareness of spa services and facilities.
- Daily turndown cards. Muddy Monday, Fitness Friday, etc. that are either discounts or added-value
- Discount on Sundays and late check-out with a spa service.
- Discounted services for priority club members.
- Dreams do come true coupon - get \$20 off any service of \$100 or more, Monday through Thursday.
- During low occupancy times, we offer one or two comp 50-minute massages with minimum two-night stay.
- Free upgrades.
- Free use of gym facilities for day of service.
- Gift with purchase.
- Have a coupon presented to them on arrival days.
- If the guests book prior to their arrival at the resort they receive a discount on their spa service.
- In-house spa "Bucks" - a printed certificate in the amount of \$50 towards \$120 or more in services.
- Mid-week body package with a la carte choice of three spa treatments and a discount of 25 percent.
- Monthly specials that vary. Usually around \$100 for 60 minutes.
- Multiple appointments get a 10 percent discount.
- Our quarterly specials are a big hit all the time.
- Package discount for multiple bookings, added value of 30 minutes complimentary.
- Provided 15 percent discount on any spa treatment.
- Resort package deals. For example, \$50 gift card to the spa for each guest.
- Resort package includes one-night stay, breakfast for two, and \$200 spa credit/night. Allows guest the freedom to decide how to spend the dollars within the spa.
- Room rate with an inclusive "resort credit" to be used in the spa. Twilight offers (book into the evening and save a percent off the off-peak time).
- Spa Experience Package - three spa services (25 minutes each) for the price of one.
- One-night stay with one 50-minute spa service included for \$199.
- Free camp for kids when couples massage booked and more.
- Tiered pricing offering mid-week discounts on services.
- Turndown cards, 20 percent off specials and 50-minute massage for \$79.
- Voucher for \$20 off any spa treatment.
- We have several spa and stay packages which offer savings. If they do not have a package and bookings are down, we will give out \$15 spa credits.



- We have weekend specials for guests on property.
- We offered discount packages that booked us 21 percent of our business. We also did

Groupon, which we sold 875 of and brought us more than \$100,000 in business.

- We send personalized invitations to VIPs as well as group guests to invite them to the spa.

Facebook likes

- \$20 for all Facebook guests when we reached 5,000 Facebook fans (we did).
- 10 percent off services excluding spa packages and promotions.
- 12 days of Christmas - first like won prize.
- 20 percent off.
- 20 to 40 percent off based on need.
- Admission to specialty event and reception.
- Comp access.
- Complimentary upgrades.
- Daily specials.
- Directed to Facebook to "like" us for a chance to win a free stay.
- Facebook sweepstakes giveaway earned 10,000 fans in 60 days.
- First 3,000 likes entered in a drawing in which winner will win a free stay.
- Free brow wax if you like us on Facebook.
- Bring one person with you and only pay for one.

- Hotel did a FB sale which was very successful; spa benefited from occupancy.
- Last minute Facebook Specials on slow days.
- Like us and enter to win \$100 gift card - we pulled in an additional 165 likes.
- Offering specials the day before if looking like demand is light.
- Quizzes for Facebook fans with prize of home care products.
- Room rate discount.
- Run regular contests for this and usually give away spa treatments and hotel stays.
- Summer \$109 rate for a 50-minute massage, facial and mani/pedi combo.
- We post 20 percent discounts to fill in short-term holes.
- We talk about our different specials to our friends on Facebook.

Twitter followers

- 10 percent off services excluding spa packages and promotions.
- Comp access.
- Daily specials.
- Fill our noon appointments and get a free ½-hour upgrade.
- Last minute Twitter Specials on slow days and to fill cancellations.

- Promotional discount of 10 percent.
- Random giveaways for Twitter followers who respond to certain questions and during Twitter Parties.
- Room rate discount.
- Tweet up sale.
- We offer our different specials and suggestions five days a week on Twitter.

Respondents were asked to describe their spa's current strategy when it comes to discounting or offering special rates. Below is a sample of the responses.

- Thirty-five percent of our guests are locals so we will continue to offer discounts to them on low occupancy days to stay competitive with other local spas.
- A discount rate that is lower than ongoing discounts which is attractive to members.
- Added value (in service or products).
- Added value, not percentage.



- Always discount something that allows upselling almost automatically.
- Our rates are already low enough, no need to discount.
- Book early for best rates. Book next visit before you leave and receive a discount on next visit.
- Build a base with opaque sales, early bookers and loyalty programs then yield up rates and rooms based on occupancy.
- Bundled rate with a package vs. discounting posted a la carte prices.
- Changing the name of a current package to make it sound more appealing (reading a full ingredient list and making something sound new).
- Choose the most low cost treatment but yet one that is popular and easy for the therapist to work on. Will not practice discounting on any special rates but added value.
- Considering in-house guest market profile and occupancies.
- Corporate has created our introductory offer and our membership pricing. We do not offer anything above what corporate has mandated.
- Currently do not discount rates.
- Daily we offer a discount to our members during the week if business allows. Most prices stay the same unless there is a special package, we haven't met guest expectations or special birthday club offer.
- Discounted price of massage with membership vs. walk-in price or non-member rates.
- Discounts offered during slower business periods which are weekdays for this property.
- Don't overdo them.
- During our high season, we typically do not offer set discounts to anyone. We will customize a rate for small groups that are coming in based on availability.
- During slower season, we offer deep discounts to locals. During peak season, we promote couples treatments to maximize revenue based on treatment rooms.
- Each quarter we have special deals we offer that go with the season.
- First, to add value not discount, then to offer special pricing.
- Focus on yield management. Discounts offered for first-time trial with specific campaigns plus discounts on low volume days as loyalty to certain market segments. Otherwise, goal is to minimize discounting and focus on added value.
- Focusing on driving value; however, there are set discounts for our resort members and we are offering a discount to repeat local guests.
- Following the month and season, we offer weekly 20 percent discounts on specific services.
- I try to stay away from actual discounts and do more promotion-based items, like special pricing or basket giveaways.
- In order to drive revenue on less busy days, we try to promote services at a preferred rate to help bring in the locals. We also used a dollar value gift card, specifically targeting those less busy days and we send invites to the guests' rooms who would not necessarily book a spa treatment on those days!
- In the summer months (slow season for our area) we offer Arizona residents a 25 percent discount on all spa services. We also have several ongoing packages (two to four services plus lunch) at a discounted rate.
- It's a yield and revenue management strategy based on occupancy.
- Larger groups get discounts and hotel guests get spa discounts.
- Less deep discounting than one to two years ago. Oftentimes the first is at full price and the second service is at a discount to encourage multiple services. With the exception of employees, 20 percent is the maximum we like to discount.
- Limited time discounts on services typically not on the spa menu.



- Local discount is year-round and on slower days. It is subject to blackout based on holidays, resort business levels, etc. Year-round member discount every day except Saturday, same blackout applies.
- Main goal is to have our clients come back. If they enjoy our spa they will tell others; therefore, our clientele will grow.
- We focus on promoting \$49 intro rates all the time.
- Minimal discounting for new clients with a weighted program for loyalty programs.
- Monthly specials at about \$25 off per hour, mid-week specials for basic massage and facial at \$50 off per hour, and \$20 off referral coupons (when 10 come back to us referred by the same person, that person receives a complimentary service).
- Monthly specials sent out to Players Club members. Special spa packages for hotel guests, VIPs and hotel convention groups. Facebook specials, radio, and television. Upcoming Spa Anniversary Event.
- Monday through Thursday local residents qualify for discounts.
- No discounting on Saturdays or holidays.
- Not a fan of discounting at all, we would rather value add.
- Offer a monthly treatment package usually discounted by up to 30 percent off or percent off if they have not had any spa treatments during their stay with us and are leaving in the near future.
- Offer free add-ons when upsold.
- Offering specials or discounts on specific days of the week.
- Our current strategy is "exploring" our guests modified price comfort levels. We are using the summer to test the ceiling and floor of their pricing confidence.
- Our current strategy is to change the offer/discounts by quarter. Based on hotel occupancy.
- Our strategy is more focused on giving something extra from our offer rather than discounting.
- Our strategy during the past 12 months was to lower our package rate to get people to the spa who were price sensitive, which was successful. Then slowly raise the rates to their original level.
- Package multiple treatments to receive a discount.
- Promote a credit instead of a discount.
- Promotional rate is the wording we prefer. Packages incorporate the best treatment discounts.
- Rather focus on value enhancements versus discounting by a percent or offer an incentive for guests to purchase a package with multiple services.
- Rather upsell the service by providing added value, rather than discounting.
- Significant (20 percent) discounts only offered on multiple service packages or early in the day or after 6pm services.
- Small discounts and special offers to hotel guests and locals to stimulate bookings.
- Special rates are offered to group guests and seasonal treatments are created with special rates.
- Specials are offered seasonally around new products and discounts are only offered mid-week during slower months
- Strategy for discounting: (1)Partnering with local companies to offer a steep discount for first time visits, lesser discount for follow up visit and comp upgrades for select partners. (2) Rewarding followers on Facebook by offering comp upgrade with treatment booked, thus encouraging them to try new treatments/departments.
- Strategy is to hold rate as much as possible. Discount offers are associated either with determined slow/off peak times to encourage bookings or are bundled into spa packages and multiple service bookings.
- The spa trail card has been very successful - visit all five of our spas in Alabama and apart from getting the 20 percent discount on services and spa retail, once your card has been stamped at all five spas you may choose a complimentary service at the spa of our choice (within our system).



- Totally depending on the season and which groups are staying at the resort.
- Try not to discount because it affects therapists pay. Free continental breakfast if you book at the 9 am and 10 am time slots (our slowest times).
- Try not to. Sometimes offer last-minute promos to fill in the books. Provide ongoing discount offerings to members and associates.
- Typically need to be first-time clients or very likely new business.
- Usually include spa credit instead of discounting. We will sacrifice room rate to get occupancy there by spa and food and beverage Revenue.
- Value-add as opposed to discounts.
- Value added is what we approach first or upgrade incentive.
- We add value to the service by giving a gift.
- We are discounting on multi-services and massage since we down on massage for the year.
- We are interesting to keep our customer happy and to satisfy and make them visit us again and again and again! For that reason we give them the opportunity to realize DESSANGE PARIS concept and philosophy by providing them with both discount vouchers and complimentary vouchers in order to be able to come and be familiar with all the services that are currently offered at DESSANGE PARIS. We would like to say "thank you" for their interest and trust that is shown to us.
- We are not doing this at this point with our new tiered pricing structure. We are giving additional incentives to our sales associates.
- We continue to offer discounted packages with less of a discount.
- We discount in packages and we give 20 percent to corporations when they buy gift certificates for their staff, and sometimes their clients.
- We do our best to stay away from discounting and rather offering value-added services. However, if we are discounting, we call it a "gift of service".
- We don't discount at all. Only if they buy massages and facials in bulk, do we discount the price.
- We don't discount but offer combined services at a reduced rate.
- We don't want to get caught in that cycle.
- We have two trainees and we discount their services when they are learning a specific treatment. If we have gaps during the day we send out an e-mail with a specific package at a discounted rate (i.e., eyelash tint, mini facial, stone back massage for \$99) depending on how many time slots we have to fill.
- We have a six month calendar or promotions that usually drive our discounting. When the books are slow, we do last-minute discounting.
- We have a base price we will not go under agreed upon by the management and techs. This allows me to package and discount as needed. It depends on who is staying at the resort where business levels are.
- We have a good repeat business so we offer discount to develop new markets.
- We have a special each month that changes to reflect the season or holiday. We also offer 20 percent off any second service and 20 percent off all recommended products purchased on the day of service.
- We have certain packages which include three or four treatments that cover all of our separate treatment groups which help encourage guests to try something different. These packages carry a 10 percent discount and run all year long.
- We have stopped offering discounts and instead focus on a value add, if needed. Perceived value of upgrade (no extra time) is \$25. Actual cost is less than \$5.
- We have very high prices for treatments, so we lower the prices up to 25 percent in packages, but only if customers book at least three treatments at one time.



- We look ahead at resort reservations. If we are sitting low with those numbers we try to pull more locals and regulars in with specials.
- We look at business demands - upcoming events happening with in the casino/convention center. We always run the midweek discount.
- We offer discounts in order to attract customers to buy more that they would buy in normal cases. The discounts are also a strategy to announce our company to the market (also through our press agency).
- We only discount during shoulder season. April and November. We discount massages by about 25 percent and we get a local following for that.
- We package services together creating a package price, we don't offer discounting exactly. From time to time, we will run a special on Facebook if we have openings in our book on the same day. Works surprisingly well.
- We provide monthly specials in each of our therapy treatment areas. We offer 10 percent rebooking discounts to clients who rebook after each appointment. We avoid using services like Groupon and LivingSocial as we do not see a return on investment on these activities and if anything create detrimental backlash.
- We try not to do too much of it. We target our loyalty club about two times a year.

Respondents were asked to describe their spa's most successful discount or special offer implemented in 2011 and why they consider it to be the most successful. Below is a sample of the responses.

- "Wellness Wednesdays" [two canned goods for half hour upgrade] worked very well, because we were dead on Wednesdays. Now we're fully booked every Wednesday, and our guests are becoming familiar with the benefits of 90-minute massages.
- \$10 vouchers put in welcome packets for condo renters during the ski season. We saw a lot of new clients as a result.
- \$109 mini summer menu. Allowed overall prices to be raised while maintaining a lower price point to continue to attract guests.
- \$25 off \$100 spent at spa.
- \$50 off \$100 or more treatment mailer that went out to local neighborhoods. Gave guests more of a reason to come try our spa.
- \$79 for a 50-minute massage or facial. It's a great special because of the price (normally \$126).
- \$99 Travelzoo massage - we got a lot of first-time guests in and it was a great way to promote the spa.
- 10 percent discount to members and birthday club offers to repeat guests and spa members. Unfortunately, Facebook posts have not taken off like we would have hoped. Also, targeted packages for certain areas in a local newspaper publication have also been successful.
- 15 percent off when we reached 1,000 Facebook fans; we added 500 in 24 hours.
- First -time visitor discounts because it helps drive new business through the door. We feel once they are here, they will love us and come back, so we tend to focus on driving in new customers.
- Two-for-one during critical times.
- 40 percent off first visit.
- Five free massages.
- 50 percent discount on massages in the last day of stay for our guests as a goodbye gift.
- Fifth night free. Not too steep a discount for us, added an additional point on average length of stay.
- 80 for 50 - get an 80-minute treatment but pay for a 50-minute treatment.
- 90-minute spa offer consisting of: facial, massage, and body exfoliation. Most popular because it is a bit of everything, your entire body gets the benefit of touch.



- A local special which is very popular is a massage, lunch and pedicure for \$165; this is an attractive offer and it gets the guest to visit both the spa and salon (we share the wealth). To resort guests, we hand out a money credit for a la carte services which they feel is free money and they must use it.
- A one hour and 50-minute specialty treatment offered at a special (reduced) price was extremely successful due to the increase in bookings for this treatment and the revenue generated.
- AC Authentic Circle membership for repeat guests.
- Adding lunch to services was very successful and encourages a day at the spa.
- Discount on Tuesday and Wednesdays which are the slowest days of the week. Business has increased by at least 30 percent.
- Credit toward specific treatment per room.
- Everyone wants a basic massage. We have tried other promos with other services, but they do not sell as well as the basic massage.
- Birthday offers.
- Body sculpt and shape package. Twelve treatments at approximately 20 percent discount.
- Book an 80-minute treatment, receive \$25 off.
- Book a room Sunday - Thursday - successful because only one night was required to take advantage of it; most packages require at least two nights.
- Book two and save. Book two 60-minute services and receive \$30 off each. Book two 90-minute services and receive \$50 off each. These are successful because it helps encourage multiple services (they can be shared with a friend but must be used same day) and it also encourages the upsell to a longer service (better margin).
- Bring a friend and pay for one. Because everybody wants someone to talk to and because it is cheaper to share the price.
- Buy a 50-minute facial or massage and get 80-minutes.
- Buy one 50-minute treatment and receive a second treatment on the same day for 50 percent off.
- Buy one service, receive a 25-minute massage complimentary. Oftentimes, they upgraded the 25-minute complimentary to a 50-minute and paid the difference.
- Combining services to make a package at a discount.
- Complimentary vouchers for new services: this action gives our clients the opportunity to learn about our new services that are offered, have a unique experience and become repeat clients.
- Created a membership offering; we see 15 - 20 members per week at 15 percent discounted price point. They bring friends with them and purchase more than in the past.
- Discount for second visit in the same year. Encouraged guests to return to help build occupancy in same year and also helps guest to continue practicing healthy habits in eating and exercising for longer lasting or even life changing results.
- Discounted day package - more in the package for less cost to the customer.
- Discounted gift cards; they drive folks through the door and they will always spend more.
- Doing a combination \$99 rate for two services in the summer is the most successful. Gives us an opportunity to get the client in the door and to upgrade.
- During Mother's Day we bundled services and gave a gift with the purchase of a gift certificate over \$250. In addition, we paid for courier within the downtown area.
- During shoulder season, we push \$120 services for \$80.



- Employee pricing. We are a seasonal resort, which comes to a screeching halt (single digit occupancy) in April and May, and our employee pricing attracted enough employees/friends to keep us busy. The spa did not profit, but therapists were busy, which equaled higher morale.
- Enhancements offered in the room at time of service which ranged from \$5 - \$10.
- Enormous service extension made on Groupon offers.
- Escape Package - overnight stay, 50-minute spa service and \$50 food credit.
- Every year we offer a \$20 free voucher with every \$100 in gift cards purchased in December. The vouchers can be combined and can be used Tuesday through Thursday January through June of the next year. This is hugely successful and many of our regulars purchase several hundred (I believe the most was \$600) in gift cards to stock up on the vouchers. Many of them keep some of the gift cards and give some. We started with \$25 vouchers, but realized we could do \$20 vouchers the next year with the same success.
- Father's Day massage - 90 minutes for the price of 60 minutes. This really targets our male guests, and most of the time, they re-booked, sent in their significant other or referred friends.
- Foot and hand scrub with a signature massage.
- For February we gave away \$20 gift cards to each guest for every \$100 spent in the spa on services. We loved this promotion simply because we are still seeing the gift cards circulating back into the spa.
- Free morning spa classes with purchase of three one-hour services during the week - 10 percent discount on each service, class being held anyway so no extra cost to us.
- Free night to those outside CA.
- Groupon has been successful as we had 816 purchases; however, I am not sure of the final outcome since people are still redeeming.
- Groupon has produced thousands of new customers and many repeats.
- HydraFacial special - \$100 instead of \$130.
- In general, it has been packaging a discounted treatment with other items. It is the perceived value and savings that have really driven these specials.
- Jet Setter Package - offered on weekends and included two 80-minute massages - expensive but great value.
- Last minute appointments at a discounted rate, which helped reach our goal in April and May.
- Local pricing offered year-round.
- Two Belize dollars equal one U.S. dollar, so we give local Belizeans the same rate in Belize dollars so it works out to a 50 percent discount.
- Loyalty program which has attractive offers on services and rewards repeat clients. Competes with discounting sites but eliminates one-time deal shoppers.
- Massage discounts in the winter (low season).
- Member special club facial and massage 50 percent off total price of a 60-minute facial or massage including service charge.
- Mid-week spa package bundling a room with a spa service. It drove room reservations on our slowest days of the week and guaranteed spa business also.
- Mid-week spa special – 60-minute treatment of choice, mineral pool access, tapas lunch and hand or foot waxing. Perceived value is great; however, only the waxing is complimentary once we break down the pricing.
- Most successful discount in 2011 was offering discount to partners which encourages loyalty.
- Offering a competitive and flat rate across the board for corporate events.
- Offering a free 1/2 hour upgrade for Tuesday and Wednesday appointments. We offer this to our nonmember second visit prospects. It fills our slow days and opens us up for new members.
- One of the best promotions was an upgrade of a service when booked for 60-/90-minute spa treatments.



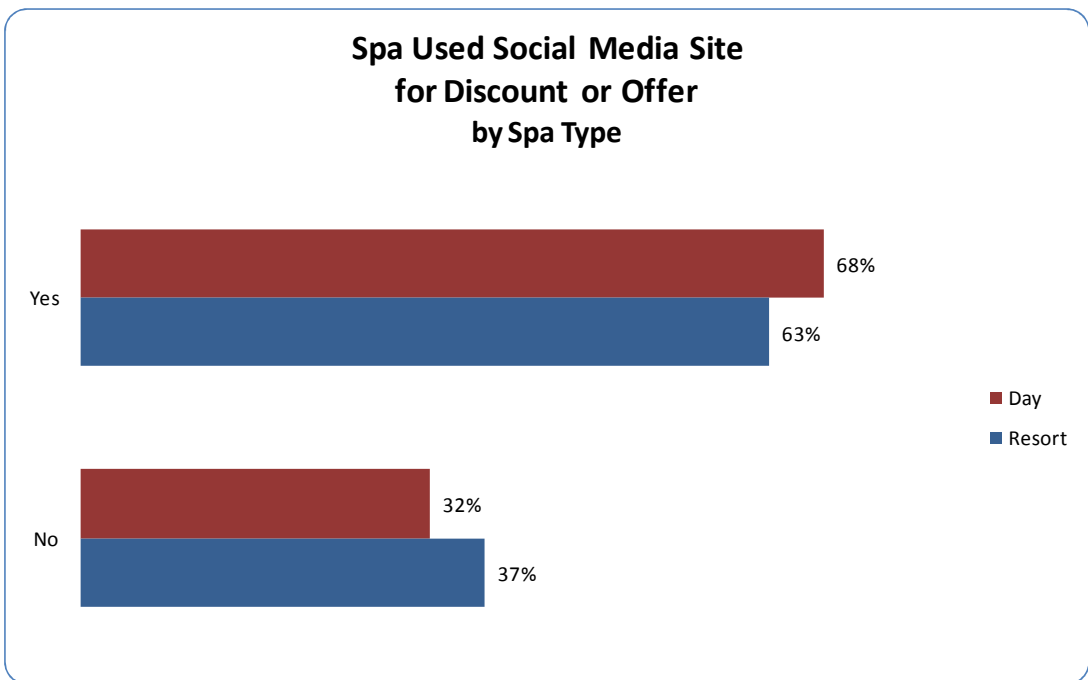
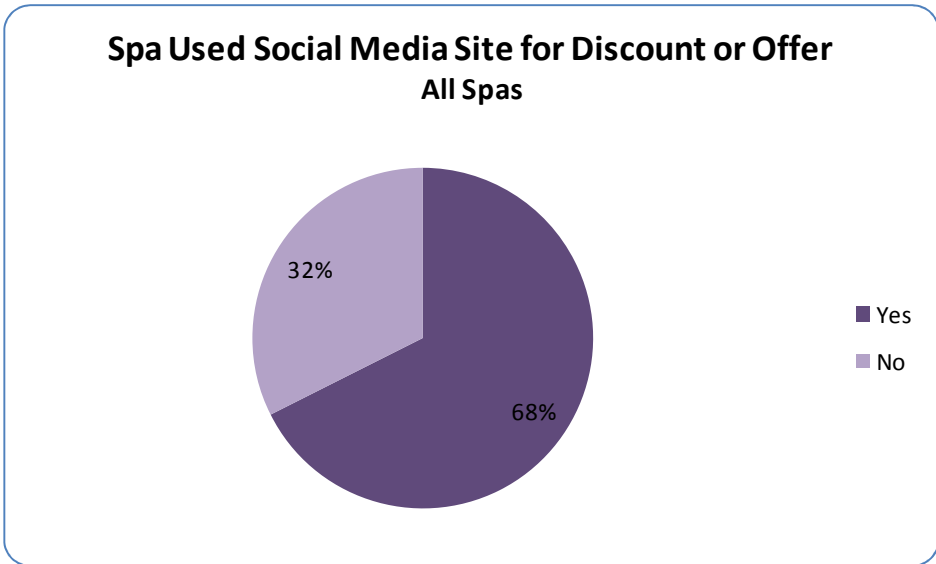
- Orient spa package was the one booked most often; It was very successful because our guests love our Oriental Hammam.
- Our "minis" – 30-minute facial or pedicure are quite popular possibly because it gives a chance to our very busy guests to get services effectively and rapidly.
- Our 50 percent introductory rate.
- Our anniversary month we gave 10 percent off all signature treatments and the results were immense with the number of people who took advantage.
- Our e-mail specials on a slow day offering free aromatherapy or deep heat therapy.
- Our introductory rate and the membership (including corporate rates) are the most successful because they are the only discounts we give.
- Our Spatastic Duo for Two package - two 50-minute treatments of choice, spa salad and iced tea for \$248.
- Purchase a 60-minute massage, facial or body treatment and receive an express treatment complimentary. This is successful because we only offer it when we will not displace business and the discount is only about 20 percent. I could never create so much excitement by just offering a 20 percent discount on a service.
- Reaching out to our casino employees and offering special "mini" services at special rates. From feedback, employees loved these and it was great "word of mouth" advertising.
- Rebooking incentive - rebook before you leave and you get a discount on your next service.
- Room package discounts.
- Room/Spa Packages which offer the most value.
- Samplers of 30-minutes each in which guests pick their favorite two, three, four or more.
- Scrub and massage combination which is an easy upsell from massage.
- Shortened but multiple services combined.
- Sip & Spa - 50 percent off all treatments on Thursday evenings. Then, the guests can go upstairs to the lounge and receive 50 percent off on appetizers and drinks.
- Spa Experience Package - three spa services (25 minutes each) for the price of one.
- Book one-hour aromatic massage and enjoy 30 minutes extra time with our compliments. Guest always make up their mind as soon as they hear about the promotion and we received many new customer/walk-in guests after we launched it.
- Spa treatment added on to a room stay which led to a substantial gain in occupancy.
- Specials on three-month packages.
- Straight discount seems to get the largest reaction from consumers.
- The \$100 gift card for \$75. People who are staying later in the year bought up these gift cards during May. It was a huge hit.
- The \$49 intro special brings us a lot of potential members and helps us achieve our membership growth.
- The 15 percent mid-week special has been very helpful in driving business Monday through Thursday. We've increased business anywhere from 25 to 50 percent since January 2011.
- The 90 for 60. People will never go back to 60-minute massages after experiencing a 90-minute massage.
- The add-ons have been very successful.
- The Buff and Bronze offer was very successful at a price point of \$75.
- The extension of the 20 percent retail discount to services was very successful. It increased frequency of member usage and convinced some members that normally do not use the spa to give it a try.
- The spa trail card because it promotes all five spas and entices guests to be repeat clients due to the large discount involved.



- Tiered pricing has moved more local business to weekdays allowing us to focus on hotel guests during the weekend and increase service prices based on demand.
- Treat a friend was the most successful offer. We used low-cost treatments to create this offer. It was good for the company and also very attractive from a client perspective.
- Travelzoo offer.
- Ultimate Pampering Facial brought in the highest revenue.
- Upgrade from 50- to 80-minute massage.
- Valentine's Day Decadence Special. We targeted couples and incorporated a two-night hotel stay with a couples chocolate massage, side by side pedicure and day pass for the spa facility. Most successful for revenue and returns we received.
- We are a hotel spa - attaching spa discounts to hotel promotions are by far our best performers. Community week promotions for local clientele and an exceptional package including a meal are our best for day traffic.
- We are doing more value adds and GWP and slowly eliminating discounting; this will become more obsolete through 2012.
- We are new and I really don't have a history for one. But an invitation to tour our spa and receive a free skin care consultation and a free gift worked really well one weekend.
- We did have a successful \$39 intro rate for one month.
- We have nine restaurants and we put a discount coupon to use our spa on the check trays.
- We have a calendar we produced with three vouchers attached to the bottom of each month. Customers who purchased the calendar can use them or give them to a friend. Each month has different vouchers depending upon the season. This has given us many repeat clients and some have booked two or three times a month.
- We have daily specials on our monthly calendar.
- We have made a deal with the golf club next door to attract the wives, while husbands are playing.
- We have not made a major push on discounted services.
- We haven't implemented any discount programs other than our specials. But again, our same day Facebook discount has been very successful at filling the book.
- We offer Client Appreciation Week in which we drastically discount services to give back to our regular clientele.
- We participate in the Brazilian Spa Week, which offers services for \$40USD. Due to the large public impact, we ended up attracting many customers. Average increase in sales is around 50 percent in the spa week month.
- Weekend package with treatments included.
- Welcome massage with added value which captures guests after arrival.
- We're trying this month to offer a discount via our newsletter.
- We've been relying on group business for much of the first half of 2011 and our efforts were focused on that segment, but now we are switching to transient so our strategy is changing.
- When a technician leaves our company, we send each of their clients a Gift of Service for 20 percent off their next experience with the techs we recommend. This has allowed us to recover a majority of the guests to ensure they don't leave with the technician.



Has your spa used a social media site (i.e., Facebook, Twitter, etc.) to promote a discount or special offer in 2011?





Respondents who answered "yes" to the previous question were asked to share any promotions their spa offered through a social media site in 2011 that they consider to have been successful in generating revenue. Below is a sample of the responses.

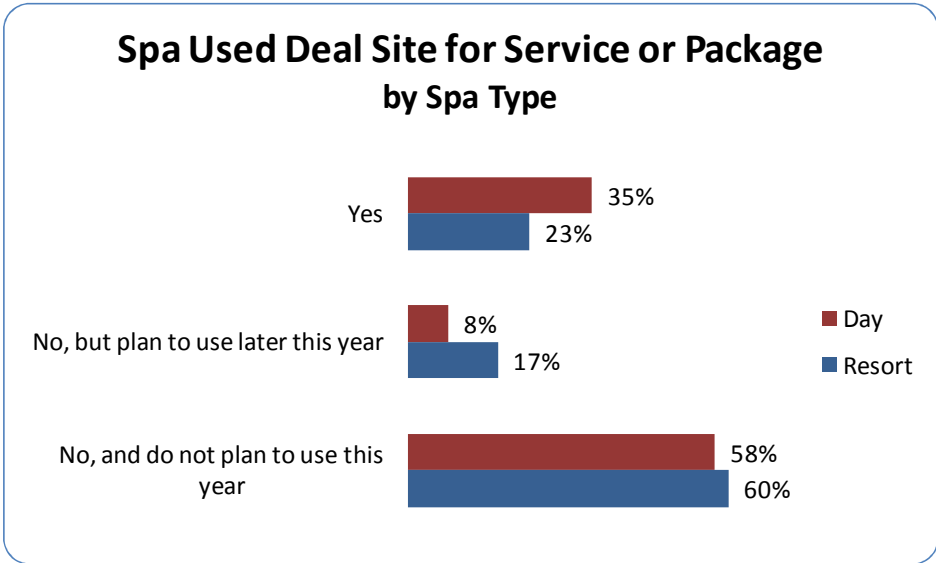
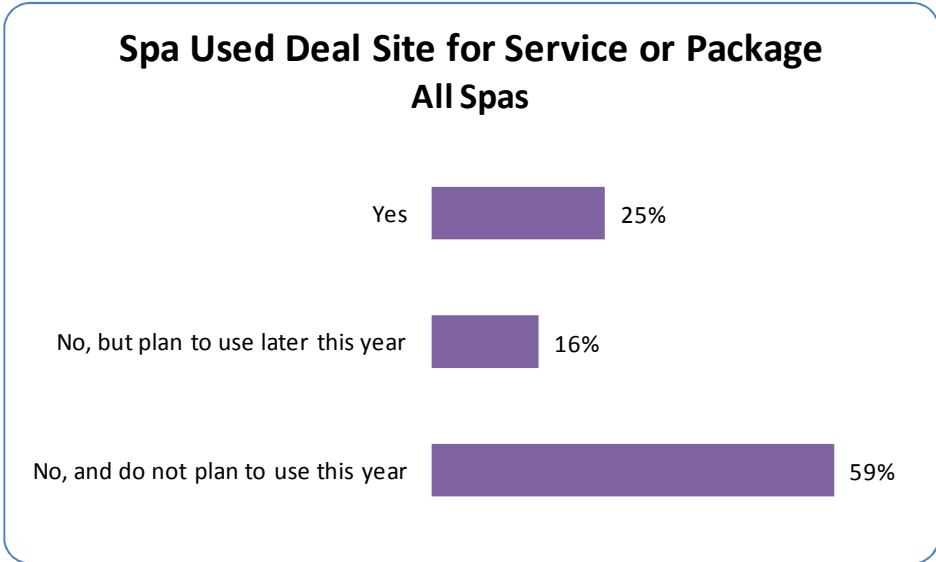
- \$100 off gift card for \$75.
- \$20 towards any spa service of \$45 or more if we reached 5,000 Facebook fans by a certain date. This drove existing and new guests into our spa and increased revenue in the not so busy season.
- \$25 off next spa treatment on Facebook. You have to follow us, because we put it on then pull it off quickly.
- 10 percent off for Facebook fans.
- 40 percent off a treatment of \$100 or more on Tuesdays.
- 40 percent off first visit.
- 50 percent off second same day treatment (mid-week and during low season). We also did a special which offered \$50 off an overnight stay if they booked a spa treatment. Both promotions were very well-received.
- Pricing discount on Facebook plus a buy three gift cards, receive fourth free.
- Aveda's Pure Privilege Program.
- Book one hour and enjoy 30 minutes extra time.
- Bring a friend: €10 on b-lushly card and your friend receives a 50 percent discount.
- Complimentary upgrades when a guest likes our Facebook page or checks-in through Facebook.
- Contest entries to increase e-mail list.
- Contest to correctly answer the location of a posted picture of a local venue.
- Didn't have a great response with social network. Our clientele tends to be out of the loop for that venue.
- Discount services on Facebook or deep discounts for last-minute bookings.
- Facebook - become a fan/friend and get a \$25 coupon to be applied to your next visit, this way we have captured them. We're also using platform for new launches.
- Free add-on services.
- Free upgrade on services.
- Happy spa hours with discount, bring a friend and pay for one, and special prices for members.
- I haven't received much response from Facebook as of yet. I am still trying to get my skills up with that one; having said that, we post all our e-mail specials on Facebook and photos of promotions we are doing.
- I would have to say a "Tweet-up" that we organized at the spa for our followers.
- Introduction of new product line - which includes a promotional rate for spa.
- Just informational as this point, we use Facebook and Yelp currently.
- Ladies spa events where we invited professionals to talk about their products.
- Last-minute bookings to fill schedule holes and giving the client a small discount or up-service when they book through this media.
- Last-minute specials (book one service, get one half off) and straight 15 percent today only discounts almost always generate at least one booking.
- LivingSocial evening escapes package, couples treatment and dinner.
- Mid-week spa packages with local hotels, spa parties with local business networking groups, and HydraFacial promotion.
- Facebook fan sweepstakes.
- None of them have really worked; we are not a big city, high-volume market.
- None to this point but we are planning.
- Only marketing our monthly promos.
- Percent off during slow periods.



- Reduced room rates.
- Reserve a service and receive 50 percent off of the second service of equal or lesser value.
- Shorter manicures and pedicures for the early summer season with lower prices.
- Social media is the only way we communicate offers.
- Specials restricted to Mother's and Father's Day.
- Successful Facebook offer comp manicure when a treatment is booked for birthday - this was not super successful as we have a light Facebook following.
- The buy one, get one half off was very successful on Facebook.
- There is no evidence of success at this point as far as guest jumping on our offers for that day but we feel it is keeping us in their thoughts to book with us another time or for another service.
- Try not to use it for promotions, but mainly use it to stay in touch reminding them about sun block, why exfoliate, summer time is pedicure time and so forth.
- Tweet up event.
- Used Facebook and Twitter postings to drive visitors to Web site for information on special rate or special focus weeks.
- We did a Facebook ad campaign targeted at brides.
- We offered a free pedicure if they liked us which doubled our numbers. We are getting ready to do one on foursquare.
- We did a gift certificate sale with an additional 10 percent off for our open house weekend through Facebook and we do our same day discount to fill the book through Facebook.
- We had a tweet up sale only advertised on Twitter with discounted product and complimentary mini services.
- We offered a percentage off printable coupon on one of the sites.
- We have a "Last Minute Club" where we know these clients have flexibility in their schedules and will fill empty spaces for special rates without a lot of notice.
- We have not generated significant revenues in this stream yet.
- We have offered special pricing on a Swedish massage.
- We have used social media to push our current packages.
- We offered a body treatment at 50 percent off for Spa Week only. We did 20 treatments in that one week, and had only done four during the entire previous quarter.
- We use it to promote our memberships and our introductory rate.
- We use our Facebook page to advertise our specials, new retail arrivals, events, new employees, etc.



Has your spa used a deal or special offer Web site (i.e., Groupon, Jetsetter, LivingSocial, etc.) to promote a spa service or package within the past 12 months?



Respondents who answered “no” to the previous question were asked to describe why they had not used a deal site. Below is a sample of the responses.

- Anyone in this industry knows the cost of doing spa services and it is not something that we can afford to do. We feel that we can be creative on our own and earn loyalty in other ways that are successful. We are up 33 percent on our local guests and members and up 200-300 percent for our hotel guest business this month.
- As we are a members-only club, this will not be feasible.



- At 50 percent discount off listed prices and then 1/2 of what is going to the promotion company, we would lose money. We have found that people who buy these types of discounts/coupons are not loyal but one-offs.
- I think the clients who use these sites are always looking for this kind of discount and they're not loyal customers. Besides, I believe we should encourage spas not to use these sites.
- We want to continue building a returning clientele; not have one-time guests coming only for the advertised discount.
- Branding strategies and lack of need.
- Business does not warrant it.
- Business levels are strong.
- Changing to value add vs. discount.
- Cheapens our name.
- Cheapens the brand. Not a valued/returning customer.
- With commissioned employees, the company has to pick up the difference.
- Company does not like to work with special offer Web sites.
- Co-op or corporate directive required.
- Corporate policy.
- Cost of program and lost revenue is too high to justify expense for the clientele generated.
- Discount is too deep and will hurt our branding.
- Don't believe they work well at our price point as we would have to compromise our program quality to remain profitable if we gave an attractive enough price to obtain bookings. It appears followers of those sites do not become loyal followers of your business, but are on to the next great deal.
- Don't know enough about them.
- Feel there is not enough control and we are currently too busy to offer something on a large scale.
- Have heard that all of the fees and costs associated with these types of sites are not worth the revenue gained.
- High cost, wrong consumer, not sustainable.
- I do not find the deal sites to be a deal except to the deal site selling the deal. I did the math and we would actually be losing money. I also do not believe these sites attract anything but the bargain hunters
- I'm reading more and more about the deal seekers who use those sites and that they don't result in much return business. The promotion itself is costly!
- Image.
- It devalues the brand, spa, treatments, etc. It also encourages the guests to never pay the full value of services. We feel we need to stop the deep discounting because it has hurt business in our opinion.
- It does not fit in with our company marketing strategy
- It is not financially responsible. We are booked on weekends and our weekdays fill in 40-75 percent most of the time. These sites would cost us to lose revenue, upset our employees (poor tippers, demanding guests, risk of poor reviews if they can't get in immediately). We do not want to cheapen our services and create a coupon culture at our spa. Most importantly, we value our regular and loyal clients who are always willing to pay full price and do not wish to fill in appointment times with people who will only pay half price and we will only receive 1/4 the price!
- It would compromise our reputation.
- It's not beneficial to the business.
- Majority of our guests are casino guests; "deals" are created to bring guests to the casino first and then the spa is used as an amenity.



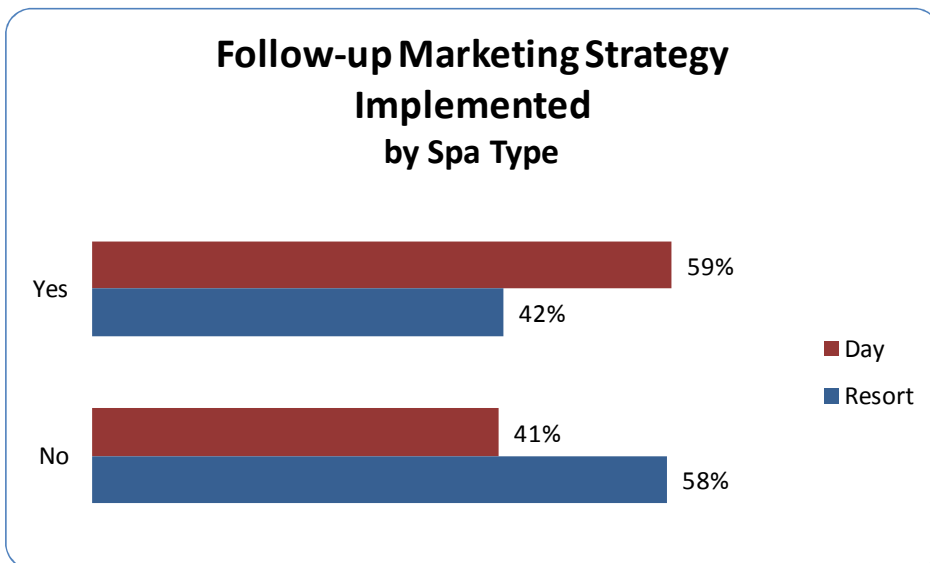
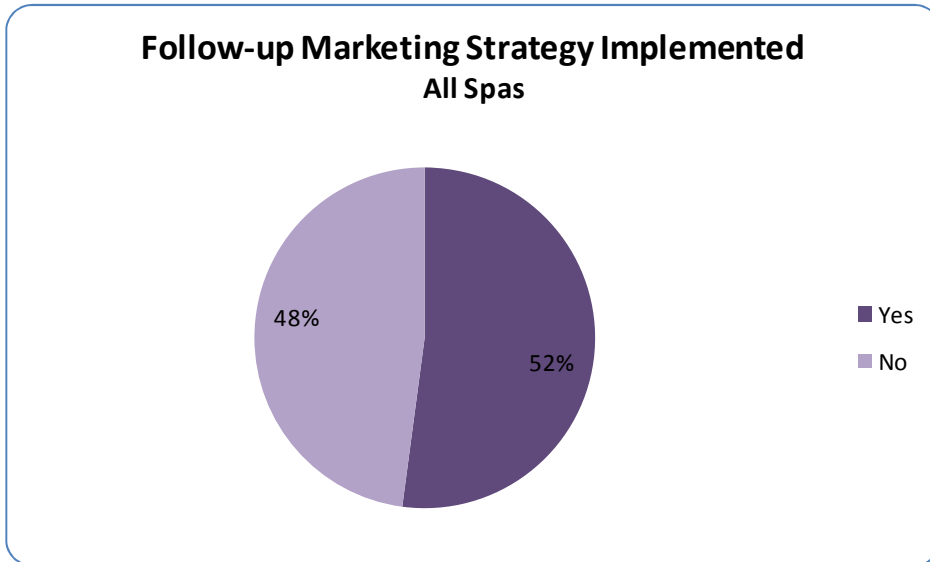
- Margins too small.
- Most of them do not generate real income for us.
- Not a brand match for the deep discount required to participate.
- Not consistent with our brand.
- Not enough margin in spa treatments. Have used it for the hotel.
- Not enough profit and repeat business post-offer. Doesn't establish a loyal customer base, but focuses more on filling the book for the specified period and promo.
- Not enough return.
- Not our market; not a good business decision for our demographic.
- Not our type of clientele.
- Not profitable; these are not return clients.
- Not the market we wish to attract.
- Not willing to pay someone to sell our services at a discounted rate. I'd rather create a loyal customer base through our own direct marketing. Have also found that consumers who utilize these sights are always shopping for the best deal and not necessarily interested in becoming a repeat customer (especially if the discount isn't there).
- On the fence with these programs.
- Our city isn't big enough to support a Groupon promotion. We feel using Facebook for a similar type of promotion is more effective with our business model.
- Our marketing department (out of our control) chooses not to for whatever reason.
- Our need is not that high. I feel the discounting is too large.
- Our spa is already well-established and there is concern that offering a Groupon or going with another deal site would actually hurt our business. We may decide to go with something like it in the future for the launch of a new menu or if there is a particular service we really want to get out there.
- Our spa is not readily able to accommodate such high volume.
- Previous experience resulted in low-end clients who didn't pre-/re-book and the spa was too busy for regular guests.
- Really don't have a great need to discount.
- Return rate is very low.
- Ridiculous required discounts de-value services and then they keep another 40-50 percent. Bad for our industry.
- Still need to explore more and understand better.
- Takes away from the image of our spa.
- The deep discount and split of revenue is not beneficial (too high a cost).
- The discount leaves us with such a small amount of revenue it just doesn't make sense
- The discounts are too deep. We are a busy spa regularly and prefer to maintain a standard. We have looked into Groupon but considered it for our Inn only.
- The discounts are too high and the amount left for us is too low; feel it is hard to get them back at full price.
- The losses are large and it works best if the discounts are provided within.
- These sites do not resonate with our core guest.
- They attract the wrong customer and send a message that are services are only worth it when there is a discount.
- They do not work for our location.



- This is not part of our marketing strategy. In addition, I believe this devalues our services and encourages the consumer to visit only when there is a deal. This will undermine our industry!
- To assure image and reputation.
- We already discount first-time clients. We don't need to pay the price on top to the deal site.
- We are a private club so social media does not pertain to us since we do not market to outside guests.
- We are already very reasonably priced and to discount further would result in losing money on the promotion. Also, I have always felt if you discount too deeply it makes your valuable service seem "cheap" and of less value. And, it also encourages shoppers to come in only when there is an online deal and they will not come in at the regular price. Short term gain but long term pain.
- We are currently working with two different booking reservation companies. We currently don't see a lot of business from them and they take a percentage for the service.
- Located in a lightly populated area and don't feel we would get much response from a group discount site.
- We are not allowed per corporate office.
- We could be wrong but in our opinion the model does not work for the spa. Discounting by 50 percent then paying a percentage of the remainder to the deal site plus paying commissions to the therapists is good for everyone except the spa itself. We may achieve volume but it does not appear to be profitable for the spa. In our experience it does not promote future business other than clients waiting for the next discounted deal.
- We decided that based on the extensive discount and history of promoting our services at a 50 percent discount or higher would not necessarily generate more revenue or increase profitability as a whole. Rather, we have taken the initiative to increase our e-mail database to promote to local and loyal guests who have responded nicely.
- We do not feel it is good for building repeat business and don't want to cater to those looking only for a deal.
- We do not see the end user being regular, devoted spa-goers, but simply deal wanters. Re-book rates do not warrant the costs associated with doing this. The perception among employees is also a disadvantage.
- We don't need to participate. We are in luxury, so it's really not good for us to discount. We try really hard not to discount, hold rate and deliver great service that generates demand.
- We have found they generate a bargain shopper who does not appreciate the value of our services.
- We simply do not have the support means to get this implemented and managed daily. It is hard enough to manage our Facebook account.
- We try hard not to discount our services as we have not increased our prices over the last four years.
- We're a luxury brand and hence very protective of the perception of our brand. We prefer to e-mail offers directly to our database.
- Would prefer to offer the deal directly; do not wish to attract the type of client who is only interested in offers.
- Wrong demographic; does not produce guests who would return and pay full price. Not cost-effective.



Did your spa implement a follow-up marketing strategy for the consumers who participated in your spa's deal site offerings?



Respondents who answered "yes" to the previous question were asked to share any follow-up marketing campaign strategies implemented for those consumers who participated in their spa's deal site offerings. Below is a sample of responses.

- At spa check-in, got the e-mail address of each guest so we can add them to our database for future promotions.
- Bounce back offer of 25 percent off next visit for all Travelzoo redemptions. Personal phone calls from director to follow-up on guest experience.



- Continued to send our newsletter with spa promotions.
- Follow-up call to confirm personal information and remind them about the spa and calls in birthday month to offer special discounts.
- Follow-up offers for deal site clients – e-mail with 15 percent off next visit.
- Groupon customers get \$20 coupon toward next service.
- If they didn't sign up for membership, we e-mail them to come back for another visit.
- Mailing with special coupon to be used on next stay.
- Promotion special b-lushly card.
- We are still in the process, but we are collecting e-mails so that we can promote to them.
- We collected e-mails upon Groupon appointment arrivals and added them to our database.
- We did an e-mail blast offering a special to come back at a great rate - called it SpaTacular (guest bought voucher online).
- We gathered e-mail addresses to add to our lists for marketing campaigns in the future.
- We gave them a \$30 voucher to use by sending an e-mail when their Scoopon ended. We have a lot of repeat business from these customers.
- We give our customers follow-up calls to see if our massage has taken care of them.
- We sent a follow-up e-mail using a great interactive solution to measure the satisfaction of our clients: www.qualitelis.com.

How do the services/packages sold through the deal site(s) impact your service providers' pay?

- With any discount we offer, providers get five percent taken off commission.
- By law, we cannot adjust pay. I direct Groupon appointments to my lower salaried massage therapist.
- Did not directly affect service providers pay but may have affect size of tip or gratuity.
- Discounted commission by 15 percent.
- It boosts our individual therapists' pay.
- It decreased commission at the time but brought in more volume, and some new clients hopefully that will continue coming back.
- It doesn't, they still get the same rate of pay.
- Lower income.
- Marginal impact.
- No impact. We do only pay them when they actually do the service (massage). They are not impacted if I do or do not offer discounts. They receive the fixed commission per service.
- Our providers are paid hourly, so there is no impact on actual wage. Both Groupon and Travelzoo agreed to put "20 percent service charge based on original price added at spa check-in" on the deal and coupon, so that gratuities were also fully covered.
- Significantly. We pay our technicians their commission rate based on the discounted price.
- The commission is discounted.
- The providers are paid a commission that is equal to 30 percent off their regular commission, even though the price of the service is more than 30 percent discounted.
- The providers were paid on the full retail price of service.
- Therapists receive less commission, but we base gratuity on full-priced service; doing these keeps therapists busy and they end up making more money and are thankful we do this.
- It didn't except with gratuity. Since it was out first time to offer a deal like this I set their commission to stay the same as a signature massage to keep morale high.



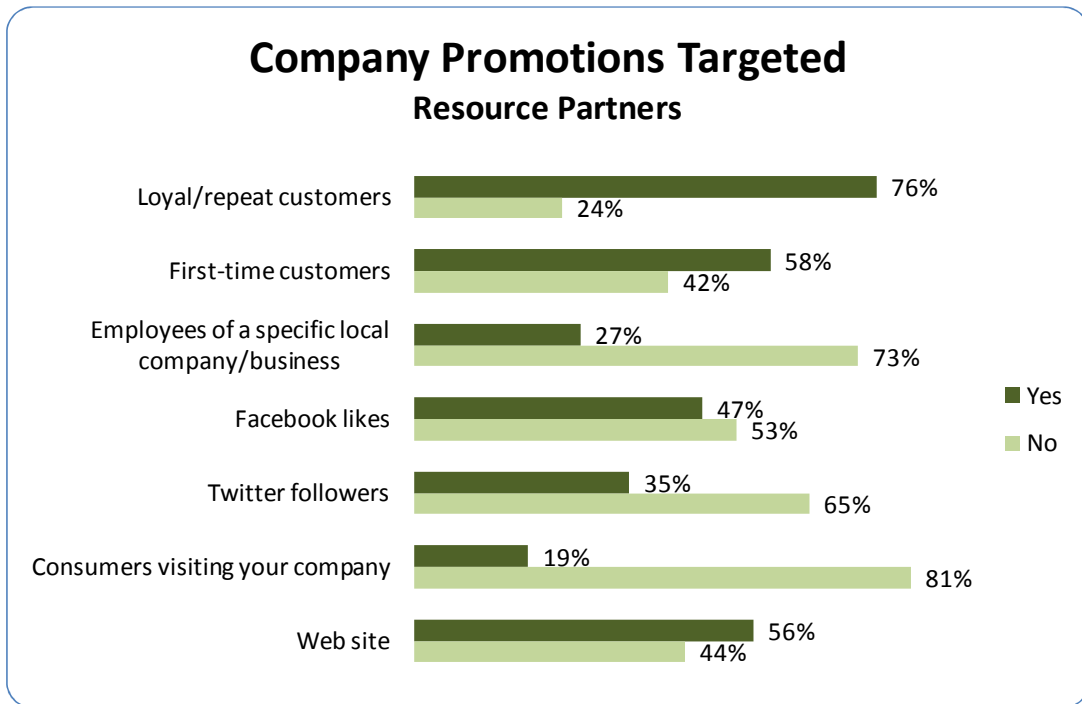
ISPA SNAPSHOT SURVEY

- They did not impact pay as we have a set pay-per-service structure.
- They do not impact since our staff has a fixed salary; no-one is commission-based.
- They got paid from the price at which it sold.
- They made half of what they normally make.
- They partially shared in the discount.
- They take the cut proportionally.
- They were not affected due to the way the Groupon was sold. \$49 got you \$100 and with the variance in what guests booked it was difficult for us to affect their pay.
- We pay a higher commission and 20 percent service charge based on the list price.
- We took little to no profit - just enough to cover back bar expenses and then gave the remaining portion to the technicians based on the percent of the service they provided. In most instances it was a pretty hefty discount for the tech and in a few it was a break even. This offer kept our associates at bay during an otherwise slow time. We are currently pursuing another offer concentrated on our salon vs. the spa and noticed that there was a much greater retention rate for salon users vs. spa users.



RESOURCE PARTNERS

Please identify which of the following audiences, if any, your company promoted a targeted discount or package to in 2011.



Respondents were asked to share their company's most successful discount or package offered to each group. Below is a sample of the responses.

Loyal/repeat customers

- 10 percent discount on more than 12 of an item.
- 15 percent off entire purchase.
- 20 percent preferred customer discount.
- 25 percent off coupon.
- All pricing is negotiated based on the volume of the individual customer.
- Buy one, get one free seminar.
- Free shipping, 10 percent off and a variety of other offers.
- Monthly discount specials.
- Newsletter with a special product of the month discounted.
- Offer wellness/spa products to other professionals at discounted rate. I also have a referral rewards program for existing clients.
- Offered a "baker's" with purchase of spa sandal - St. Tropez.
- Reduced price on Thermasoft product. Reduced price on Red Rock Detox Paraffin treatments.
- Replenishment product packages that include sample catalogs.
- Specific percentage off order or free shipping.

**First-time customers**

- All pricing is negotiated based on the volume of the individual customer.
- First purchase discount.
- Free shipping, 10 percent off and a variety of offers.
- Introductory pricing for first-time buyers of our product.
- Product packages that include merchandising units, samples and testers.
- Provided a display with tester product with a minimum opening order.
- Specific percentage off order or free shipping.

Employees of a specific local company/business

- 20 percent discount.
- Depending on management approval - percent of product retail sales.
- Employees were offered wholesale pricing.

Facebook likes

- Specific percentage off order or free shipping.

Twitter followers

- Thermasoft promo.
- Variety of offers.

Web site

- 10 percent discount on order of complete sets of product.
- MAP pricing.
- Mother's Day offering of a complimentary SpaCell with purchase.
- New Web site account discount.
- Specially packaged gifts for holidays.
- Specials on certain days via e-blast.

Respondents were asked to describe their company's current strategy when it comes to discounting or offering special rates. Below is a sample of the responses.

- \$10 towards next purchase of \$40 or more for retail clients. \$35 towards next purchase of \$300 or more for wholesale clients.
- All pricing is negotiated based on the volume of the individual customer.
- Continue to test and try new offers to see what drives response, sales, and customer acquisition.
- Corporate account discounts, preferred customer discounts, online MAP discounts.
- Customized to fit the needs of the spa.
- Depending on what rate of discount I receive from wholesaler, I then pass the discount on to other professionals. Yet make sure I come in under what they can buy it for.
- Discount on inventory we want to move and an incentive for buying higher volumes.
- Discounting at different tier levels or for corporate discounts.
- Discounts and incentives help new customers step into new business.
- E-blasts or sending out coupons.
- Higher value bundles.



- In order to protect the brand, we rarely offer discounts. A complimentary product or display may be provided with purchase.
- Introductory prices.
- Most special offers are value-adds targeting existing customers.
- Online sales promoting new scent/new items and for our retailers in the spring/mid-summer/holidays for peak sales and consistency in ordering.
- Our discounting is very strict. It's according to volume or corporate agreements with spa/hotel chains.
- Our introductory rate is our current strategy for first-time purchasers.
- Preference is not to offer discounts, but rather tokens of appreciation for large orders or allowances on samples and testers for their spa presentation.
- Since we are launching, we want to make getting our product on spa shelves affordable and simple, and of course gain more clients!
- We add in value instead of discounting.
- We do not discount.
- We do not discount. All special rates come in the form of gift with purchase or sampling.
- We feel they should be often enough to retain customers but not so often that everyone waits for the discounts to purchase.
- We give out free point of purchase displays, custom designed promotional displays, marketing samples and product testers.
- We have found that social media outlets gain the most response, as well as targeted e-mail blast campaigns.
- We provide special rates for our loyal customers.
- We try to discount as little as possible.

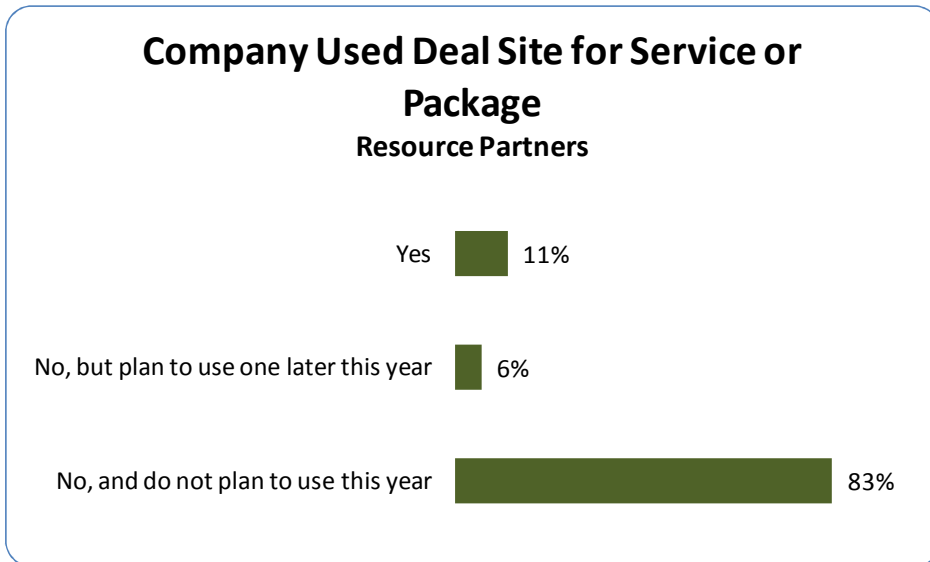
Respondents were asked to describe their company's most successful discount or special offer implemented to spa clients in 2011 and why it is considered to be the most successful. Below is a sample of the responses.

- 2011 has been a tough year; still trying to get a handle on how to market products/services and still make a profit.
- 50 percent on Cyber Monday online for our travel pack; it was \$100, but was on sale for \$50. We sold over 145 in one day, which is great for us!
- Always what the spas needs; we work with our partners to fill their needs.
- Anything with low buy-in investment and large value return for spa account.
- Free shipping.
- Nailco Gold program discounts and free shipping.
- Offered high value additional modules at low cost which strengthened the entire product line increasing operator revenue and overall satisfaction.
- Our company seldom discounts, but frequently offers free shipping and that's always a win-win.
- Providing complimentary displays with tester product has significantly boosted retail sales.
- Pure Spa series with a lower price than usual for spas.
- Simply lowering cost per unit by a dollar amount instead of a percentage.
- Valentine's package.
- We have an outstanding rental program for exhibits that includes all sizes of exhibits. It includes free delivery and free carpet, as well as show service ordering without a charge, if using the clients form of payment.



- Web site free shipping policy for sales over \$65 to promote higher sales.

Has your company used a deal or special offer Web site (i.e., Groupon, LivingSocial, etc.) to promote a product, service or package within the past 12 months?



Respondents who answered “no” to the previous question were asked to describe why they had not used a deal site. Below is a sample of the responses.

- It could hurt the sales of spas that are retailing our product and also tarnish our brand value and perception.
- Cheapens the impression and reputation. Attracts deal seekers, not customers.
- Dilutes brand image. Our products are American-made of a high-medical grade material. Since products are placed in high-end resorts and spas, discounting would not be fair to them or profitable for us.
- Discounting doesn't fit our brand.
- Feel it's not the best route for us.
- Haven't heard that any spas have gotten really good results, just bargain hunters.
- I prefer to contact each spa and resort personally or with an e-mail so I give my personal touch and attention rather than mass marketing.
- I prefer to give value to a product or service, rather than discounting.
- It is not applicable for our type of business.
- It is not part of the brand value.
- It's not our audience, but we fully support our partners that do.
- More consumer-focused. Not the way spas buy our products.
- No need. Our products have a huge demand.
- Not our business model.
- Not worth it. Look at the numbers - the influx of money does not compensate for the staff and product used to complete the deal. I've seen four of my clients (spas) go out of business because of them.
- Our business is business-to-business and not consumer-focused such as a consumer going to a spa.



- Our products are sold directly to professionals and deal sites are more consumer-based.
- So we won't be undercutting the price of our spa and retail stores.
- Too many e-mails coming from the deal site and their partners. And, we would have to send the promo out to every exhibitor who is already getting blasted with e-mails and calls from other vendors.
- Unsure how many spas are shopping on deals sites; we actively don't try to sell to the public, just to spas.
- We do not believe these sites are good for our company's core business and may lead to the consumer expecting lower pricing everyday versus during a promotion.
- We don't sell to the public; we are business-to-business only.
- Will plan for next year.

Respondents were asked to share any lessons learned from utilizing the deal site(s) and/or recommendations for their ISPA peers. Below is a sample of the responses.

- Be sure the site offers a deal that does not undermine the market value of your line.
- Negotiate the terms, as many companies are flexible with the discounts offered, and negotiate the percentage that you would receive off the voucher revenue.
- We use them for brand awareness and to promote products that are not selling as well.

Respondents were asked to share any initiatives their company implemented in 2011 to help spa clients promote products through specials or unique promotions. Below is a sample of the responses.

- 2011 has been used to assess what my clients' wants and needs are. Most if not all of my clients or individual situations have been so extreme that my services have been donated.
- Being an exhibit vendor, the only initiative that we have implemented specifically for Las Vegas is the rental and carpet package, which also includes free AV screen rentals.
- Gift with purchase.
- Gift with purchase, in-spa merchandising tools, etc.
- Help them with Web, artwork and branding.
- Launched a new e-marketing product which can target specific customers based on promotion criteria and provides strong hooks into social media and promotion links with end-to-end tracking.
- Offered employee incentives.
- Offered gift sets during peak holiday/gift buying times.
- Our introductory rates are what we are concentrating on and promoting.
- Organization of many in spa events promoting the spa to VIP and potential customers. Event included complimentary mini treatments and consultation.
- Our Alchemy treatment system offers a complete sensory experience with Bath & Body Elixirs and matching Alchemy Tea.
- Packaging, cause awareness marketing, promotional products.
- Value added upgrades for free and gifts of product with purchase or treatment.
- We offer gift with purchase and sales incentives to staff.
- We offer signage, merchandising fixtures, testers to help drive sales with each new launch.



CONSULTANTS

ISPA consultants were asked to share one piece of advice with fellow ISPA peers on the subject of discounting spa treatments/services. Below is a sample of the responses.

- Add value, do not lower the price only. Make it a great deal, not a discount.
- Always try to offer added value rather than a discount
- Be careful of this slippery slope, because once you do, your clients expect it and you reset the value of your services if you always discount. Of course, if this is a planned strategy and you are happy with the net, it can be a successful strategy.
- Be strategic and discount when you need to fill the slow periods.
- Deploy targeted discounting rather than blanket discounts and determine the size of the discount using an analytical process rather than served market discounting practices.
- Discounting can be useful as long as you have a decent influx of new customers ongoing.
- Discounting for a limited time can be an excellent tool to promote services to new customer groups (i.e., teens and men) or to introduce a new service.
- Discounting trains the guest to expect a discount and wait until a special is running.
- Do not discount, because it devalues the service long-term unless it is geared to time of day or week.
- Don't do it. It devalues your service and brand in the eyes of your customers and prospects, and it creates higher expectations somehow.
- I am more inclined to added value services rather than discounting. If discounting becomes a norm in the business model, clients will ultimately expect it. In addition, you attract a lower ticket guest-type.
- Offer extra short-time facial treatment to regular massage.
- Over discounting de-values the quality of services provided, I advise packaging treatments together for more quality and results-oriented services that create client satisfaction and therefore better client retention.
- Price matters to guests and we don't want to have a reputation for being either the most or least expensive spa in our market. I like to provide a competitive price and a value-added service rather than discount. Unfortunately, these types of services are forcing us to discount and play havoc with guest loyalty.
- There is no generic answer to this question. Each case is different and each market; therefore, the approach to discounting needs to be customized.
- Use add-ons instead of discounts.

Consultants were asked what they consider to be the most common mistake you see spas make when it comes to discounting. Below is a sample of the responses.

- Competing on price alone. No one is loyal to a property for pricing. Once the next spa down the road lowers its prices, customers will go there.
- Continued discounting. By doing this you actually are training your client to wait for the discount.
- Discounting in general, unless very strategic, gives the impression that the spa is desperate.
- Discounting too much on treatments. There are many ways to discount without hurting the image of the spa or sending the wrong message.
- Discounting too much, too often and not packaging services.
- Discounting when they do not have to. Offering discounts during peak times and losing income they would not have to give away.
- Fear or economic loss leads to excessive discounting.



- It is hard to go back.
- Just offering a blanket percent off. Get creative - add value, drive volume, also, be careful about paying therapists less.
- Know what the actual cost of your service is and what the gross margin is. This will help project your profitability
- Offering the discount for an extended period of time. Change it up quite frequently so your guests can be looking for what's next.
- Many times spas forget every dollar offered in discounting is a dollar of profit.
- They haven't costed out the impact and made adjustments accordingly.
- Using discounts to differentiate is a mistake. Make your differentiation on quality or uniqueness of service or overall ambiance/experience.
- When spa gives discount covering all offer of treatments.