SPA CONSUMER SNAPSHOT INITIATIVE

VOLUME THREE

International SPA Association Foundation
February 2013

Why do people go to spas? Listening to the consumers…

The aim of this volume is to get inside the mind of the U.S. consumer and to better understand not only why they are going to spas, but just as importantly, why they are not.

The U.S. spa industry has grown at a fast pace over recent years with total revenues in the sector almost doubling between 2001 and 2011. Spas can be found across the country, and appearing more and more in new venues such as airports and shopping malls. At the same time, the services available at spas have diversified to include targeted relief from injury and illness, aromatherapy, minor cosmetic surgery as well as more traditional treatments. In particular, treatments focusing on “health and wellness” have come to the forefront.

As the spa model continues to develop and diversify, it is important that the industry understands to what extent consumers are engaged in these changes and how they are responding to them. Equally, as the U.S. economy continues to recover from a recession, it is vital that spas understand the necessary trade-offs their customers make when deciding whether to visit a spa or not.

What are the key motivating factors that drive spa attendance in the U.S.? What factors discourage people from attending? How do these differ between frequent and infrequent spa-goers or between demographic groups? Volume Three of the ISPA 2013 Spa Consumer Snapshot Initiative provides key insights into these questions as well as exploring themes in current spa usage.

What is the ISPA Foundation Spa Consumer Snapshot Initiative?

The ISPA Foundation commissioned PwC to conduct a nationally-representative U.S. survey program aimed at providing valuable consumer insights. Each of these “snapshots” tracks spa-going incidence in the U.S. along with a selection of hot topics that elicit further understanding of contemporary issues affecting the industry.

This is the third volume - launched in February 2013. The survey quickly achieved a total of 1,016 responses from a sample of U.S. consumers representative of the age, gender, income and regional distributions of the population as a whole. The survey utilized a panel technique and did not target spa-going persons in particular, so the natural completion levels allowed PwC to continue to monitor the incidence of spa attendance in the population. Topics covered included: reasons for recent visits to a spa; treatments received and offered; level of comfort with various aspects of the spa experience and a focus on stress, relaxation, health and well-being. A unique aspect of the third volume was the innovative use of trade-offs, where the respondent was asked to choose between a variety of enjoyable pursuits in the context of them having a discretionary $100 to spend.

For the purposes of the study, a “spa-goer” is defined as a person who has visited/attended a spa at least once in the past 12 months. A “non-spa-goer” is defined as either an “inactive spa-goer” (a person who has visited/attended a spa before, but has not been to a spa in the past 12 months) or a “non-spa-goer” (a person who has never visited/attended a spa).

The snapshots offer invaluable insight into the real-life attitudes and opinions of a sample of the U.S. population at a point in time. The level of interest in the results has been remarkable, building on the success of the previous two volumes. In this third volume, a picture of how attitudes towards spas have changed over the course of the past 18 months develops, and insights into what might be driving these changes are presented.

It is important to understand that the results regarding spa attendance are self-reported by the snapshot participants and are not official statistics, nor can they be expected to be in line with what spas report (in terms of overall spa-going numbers or demographic composition of those using the facilities).

What is the incidence of spa-goers in the U.S.?

Building on the two previous volumes of the Spa Consumer Snapshot Initiative, the ISPA Foundation is now in a position to monitor the changes in spa-goer incidence and frequency. The overall figures across the first three waves are quite similar, allowing for sample variation. See Table 1 below.

Table 1: Number of visits to a spa in the past 12 months: Consumer Snapshot trends

Frequency of Visit	VI Nov. 2011 (%)	V2 May 2012 (%)	V3 Feb. 2013 (%)
None	61%	64%	67%
One	14%	13%	13%
Two to four	14%	14%	13%
Five or more	11%	9%	8%

Base: all respondents

How many times have you visited a spa in the past 12 months?

Frequency of Visit	All Spa-goers	Male Spa-goers	Female Spa-goers
Once	38%	39%	37%
2-4 times	39%	30%	46%
5-7 times	11%	11%	11%
8-10 times	6%	10%	3%
More than 10 times	6%	10%	3%

Who is the typical spa-goer?

While it is difficult to have a single detailed profile, the results would indicate that the "typical" spa-goer is female, between the ages of 25-34 with an average household income of between $75,000-$150,000. The incidence of spa-going in the population as a whole is heavily correlated with household income.

It is interesting to consider the difference between male and female spa-going incidence. Whereas females make up a larger proportion of the spa-going population as a whole, a larger proportion of males (10%) report attending five or more times a year compared to females (6%).

This pattern was first noted in Volume One of the Consumer Snapshot and has been maintained through to Volume Three.

Table 2: Number of visits to a spa in the past 12 months:

Frequency of Visit	Males (%)	Females (%)
None	69%	65%
One	12%	13%
Two to four	9%	16%
Five or more	10%	6%

Base: all respondents

Two thirds of the U.S. population still do not attend spas, and of those who do, a third may only go once a year. Reasons for this are reviewed later in the report.

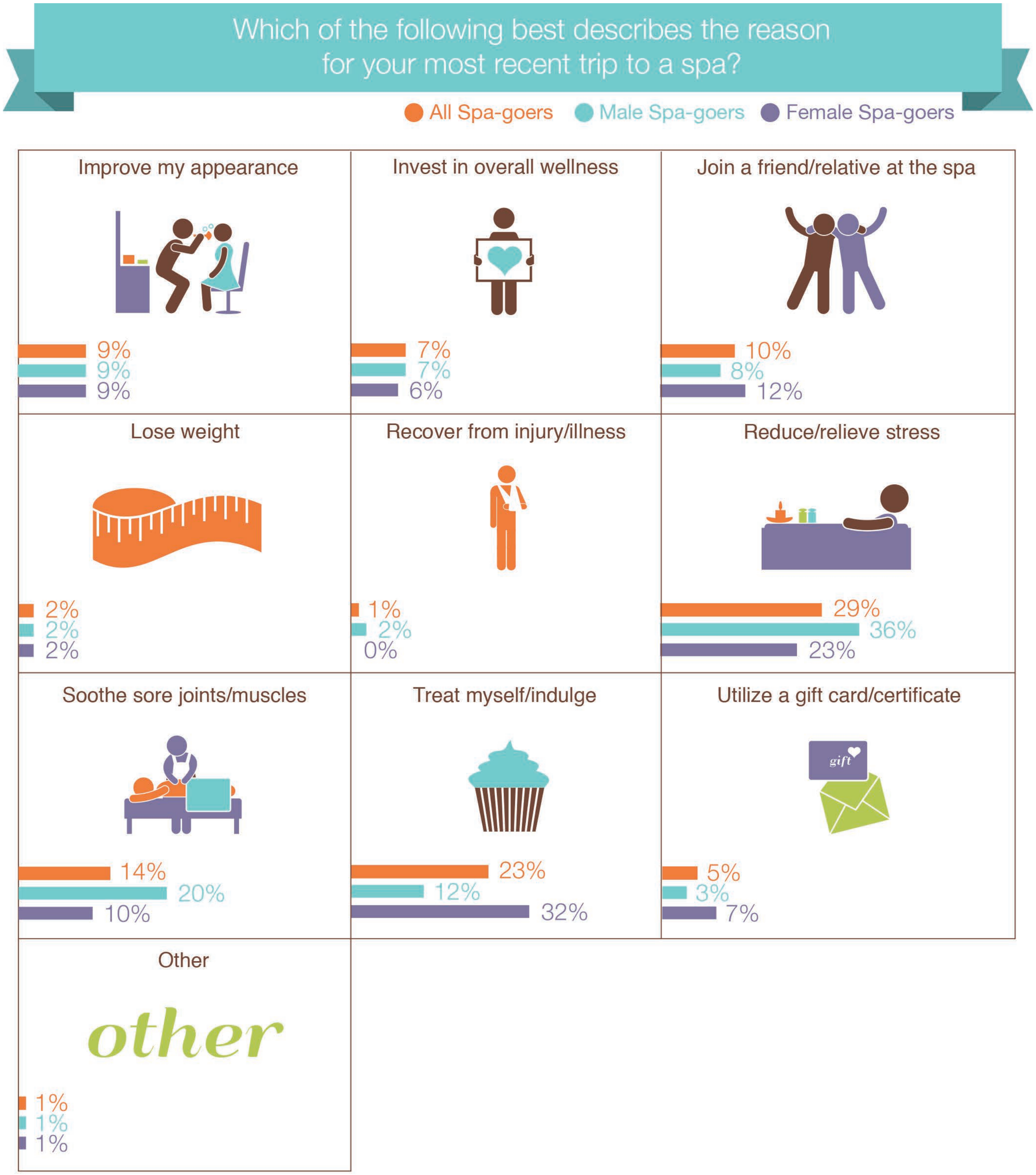
Table 3: Spa-goer population

	Males (%)	Females (%)
Volume 1	46%	54%
Volume 2	50%	50%
Volume 3	45%	55%
Total	47%	53%

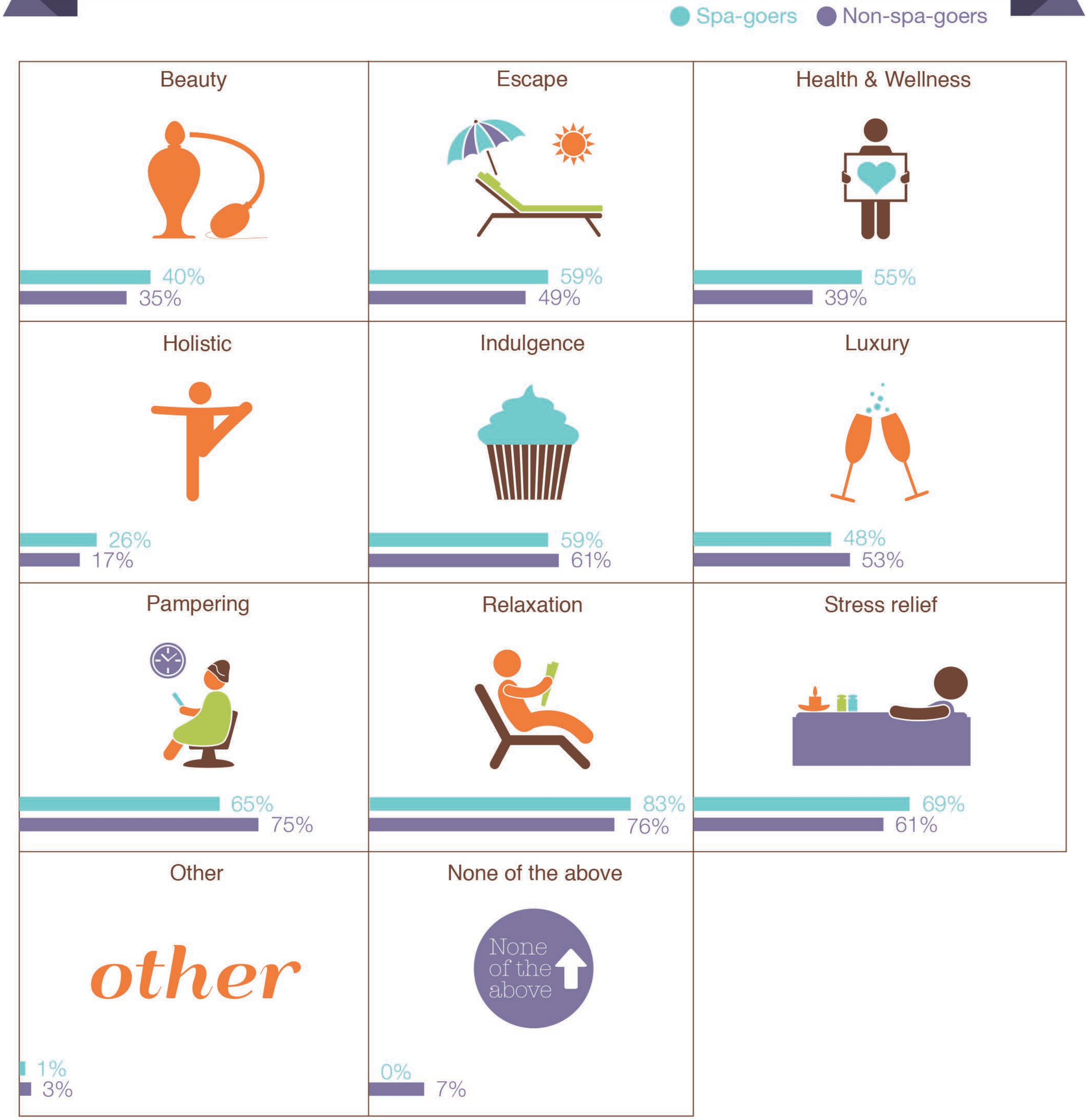
Why do people go to spas?

The top three reasons for visiting a spa are to “reduce or relieve stress” (29%), to “treat myself/indulge” (23%) and to “soothe sore joints or muscles” (14%). The differences by gender are interesting; males are much more likely to state the purpose of their visit is to relieve stress (36% compared with 23% of females), and to soothe joints/muscles (20% compared with 10% of females). Females are more likely to respond that they visit the spa to treat themselves (32% compared with 12% of males).

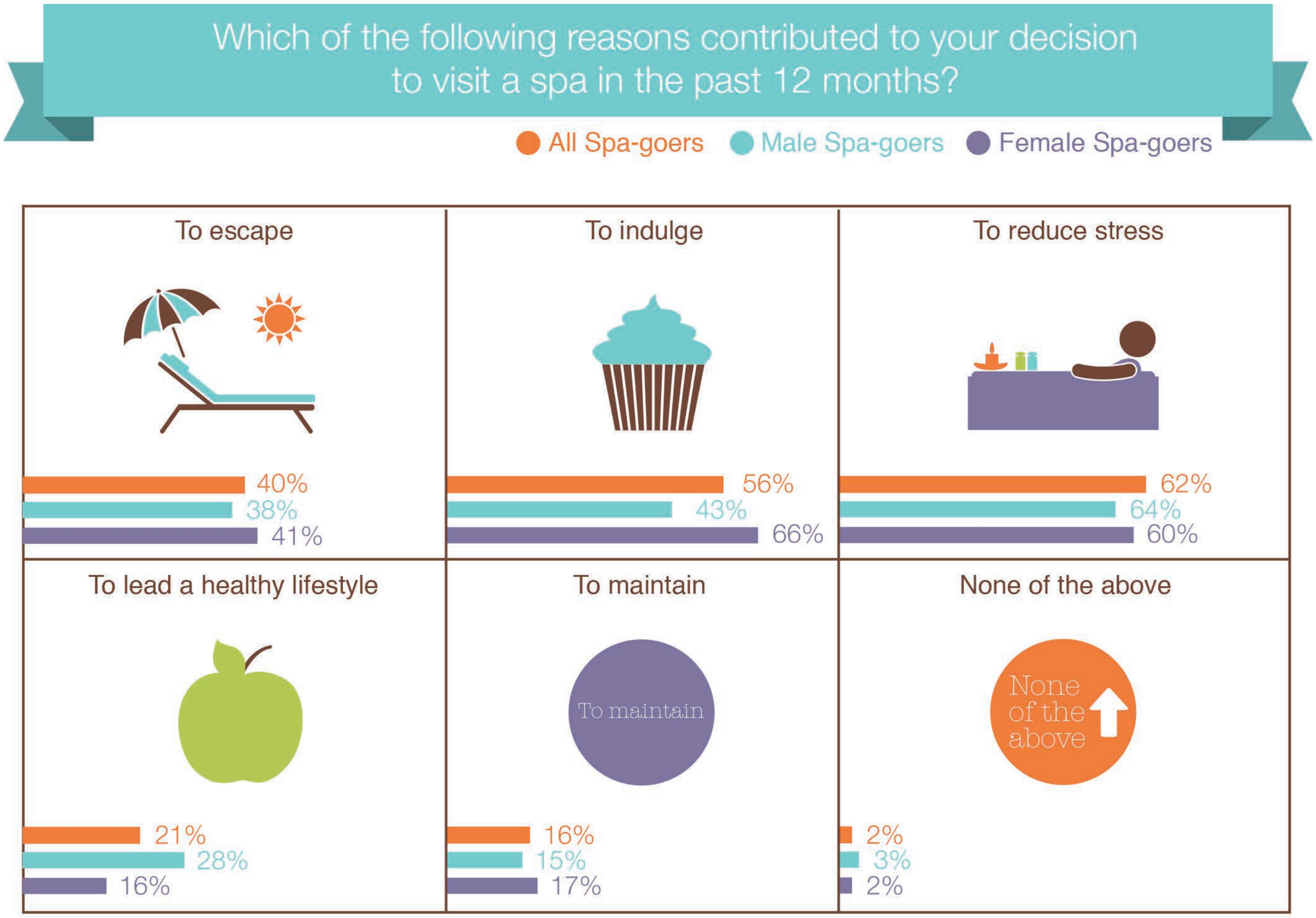
For spa-goers between the age of 18-44, the main reason cited that their last spa visit was to reduce/relieve stress. For spa-goers in the 45-64 age category, the main reason cited was to treat myself/indulge and for those in the over 65 category, to soothe sore joints/muscles was the main reason reported.



Which of the following words, if any, do you correlate with a spa experience?



Respondents were also asked to choose broad themes they would identify with their decision to visit a spa (this time they were allowed to select more than one category). Again, a large number (62%) cited “to reduce stress” as their main motivating factor, with 56% answering “to indulge” and 40% saying “to escape”. Females are more likely to be motivated by indulgence (66% compared with 43% for males) while males identify more with “to lead a healthy lifestyle” (28% compared with 16% for females). “To escape” was more likely to resonate as a reason to visit a spa for the younger age categories (50% of those 25-34 years old compared with 15% of those 65 years or older). The 65 and older age group was more likely to state “‘to lead a healthy lifestyle” (35%) compared with the 18-24 age category (14%).



Is stress a contributing factor?

The first three Spa Consumer Snapshot Initiatives have provided consistent evidence that the relief of stress is a key motivator in spa attendance. Overall, when asked "does your stress level influence your decision to visit a spa?", the large majority of spa-goers (72%) answered "yes". There was no significant difference in this attitude between males and females; however, there were interesting variations across age groups and between frequent and non-frequent spa-goers. The survey findings show that stress is a hugely influential factor for 18-24-year-old spa-goers (80%). It was less influential for the 65+ category (40%).

Does your stress level influence your decision to visit a spa?

72%
yes

28%
no

Do spa visits contribute to your overall health and well-being?

The idea of "wellness" is one widely discussed in the spa industry in recent times, but to what extent has this message filtered down into the mind of the consumer? This survey explored to what extent consumers are convinced spas are places that improve overall health and well-being.

Encouragingly, 88% of all spa-goers answered that spas improved their health and well-being either "somewhat" or "to a great extent". Spa-goers in the more mature age groups (from 55 years on up) were more likely to feel that visiting a spa contributed to their health and well-being "to a great extent" (44%) and this was also echoed by female spa-goers (38%).

To what extent does visiting a spa contribute to
your overall health and well-being?

1%
Not at all

10%
Very little

56%
Somewhat

32%
To a great extent

1%
Unable to respond

Who pays for spa visits?

Two-thirds of spa-goers (64%) solely paid for their most recent spa visit, a further 21% of spa-goers used a gift card as payment, 7% had a friend or relative who paid and 5% reported that it was their spouse/partner. Male spa-goers were more likely to pay for their own visit (71% compared to 59% of females) and females were more likely to have received a gift card (25% compared to 16% of males).

It is also interesting to note that the gift card is highly popular with the 45-54 year and 55-64 year age groups with around one-third of these age groups paying via this method. Perhaps not surprisingly, spa-goers in the higher income brackets tend to fund their own spa visits (77%) and those in the $15,000-$25,000 income group are more likely to have received a gift card (29%).

Which of the following best describes who paid for your most recent spa visit?

64%	Me
21%	Gift card
7%	A friend/relative
1%	My employer
5%	My spouse/partner
1%	Free (prize winner, etc.)
1%	Other

What offerings do spa-goers use most often?

The top three most widely-used offerings in U.S. spas in 2012 were online deal promotions, such as Groupon or Living Social, which were used by 29% of spa-goers, followed by 25% using short treatments and 17% using a special discount specifically for the spa's social media audience. Online deals tended to be used more by female spa-goers (37% compared to 19% of men).

Which of the following offerings at the spa(s) you visited in 2012 did you use?

29%
Online deal site promotion (i.e. Groupon, Living Social, etc.)

25%
Short treatment(s) (30 minutes or less)

17%
Special discount or promotion for the spa's social media audience

15%
Loyalty program

13%
Online option to book treatments

11%
Spa memberships

9%
Open house with sample spa treatments

6%
Book club(s)

6%
Treatment(s) incorporating organic ingredients

5%
Spa party package(s)

Which spa treatments are most popular?

Massage is overwhelmingly the most popular spa treatment experienced in the past 12 months with 83% of all spa-goers requesting this treatment. Half of all spa-goers also experienced a manicure or pedicure, although a strong gender preference was prevalent here with 68% of females experiencing this treatment compared to 27% of men. Facials were also popular with females (55% of female spa-goers had facials in the past 12 months compared to 25% of men). Hydrotherapy proves more popular with male spa-goers (32% compared to 17% of females). Facials and body scrubs/wraps tended to be popular among the 18-24 age group (51% and 42% respectively).

Which of the following treatments have you experienced at a spa?

All Spa-goers   Male Spa-goers   Female Spa-goers

Massage

	All Spa-goers	Male Spa-goers	Female Spa-goers
In the last 12 months	83%	86%	80%
More than 12 months ago	10%	8%	12%
Never experienced this treatment at a spa	7%	6%	8%

Facial

	All Spa-goers	Male Spa-goers	Female Spa-goers
In the last 12 months	41%	25%	55%
More than 12 months ago	22%	19%	25%
Never experienced this treatment at a spa	36%	56%	20%

Aromatherapy

	All Spa-goers	Male Spa-goers	Female Spa-goers
In the last 12 months	35%	39%	32%
More than 12 months ago	23%	18%	27%
Never experienced this treatment at a spa	42%	43%	40%

Fitness or movement classes (i.e. aerobics, yoga, pilates, etc.)

	All Spa-goers	Male Spa-goers	Female Spa-goers
In the last 12 months	30%	30%	30%
More than 12 months ago	19%	20%	19%
Never experienced this treatment at a spa	51%	50%	52%

Manicure or pedicure

	All Spa-goers	Male Spa-goers	Female Spa-goers
In the last 12 months	50%	27%	68%
More than 12 months ago	19%	19%	20%
Never experienced this treatment at a spa	31%	54%	12%

Body scrub or wrap

	All Spa-goers	Male Spa-goers	Female Spa-goers
In the last 12 months	28%	29%	27%
More than 12 months ago	21%	16%	26%
Never experienced this treatment at a spa	51%	55%	47%

Hydrotherapy treatment

	All Spa-goers	Male Spa-goers	Female Spa-goers
In the last 12 months	24%	32%	17%
More than 12 months ago	17%	18%	16%
Never experienced this treatment at a spa	59%	51%	66%

Mind/body experiences (i.e. guided meditation, Reiki, Chakra, alignment, etc.)

	All Spa-goers	Male Spa-goers	Female Spa-goers
In the last 12 months	18%	22%	15%
More than 12 months ago	17%	16%	17%
Never experienced this treatment at a spa	65%	62%	68%

Why do consumers go to spas?

The U.S. is currently recovering from the deepest recession since the 1930s and with consumer spending stagnant, all industries are engaged in programs to better understand their customers. The spa industry is no different. But with the wealth of different locations and treatments to choose from, the term “spa” inevitably means different things to different people.

When asked to “describe what the word spa means to you”, the following responses give an initial idea of opinions about spas in the population as a whole:

- “Facility that specializes in various forms of health improvement services including nutrition, stress relief, and other body services designed to increase health and well-being.”
- “A cross between indulgence and maintenance.”
- “It means white robes and towels on your head and people trying to make you feel like a movie star.”
- “To me it means gaining inner peace in my crazy life, even if for a short period of time. It's a good escape, and it benefits both body and soul.”
- “Luxurious and calming.”
- “When muscles hurt you can get them to work out the tightness and you can just relax and enjoy it.”
- “An upscale health treatment facility.”
- “Healthful retreat.”
- “Some kind of treatment with water.”
- “A Big Bathtub.”

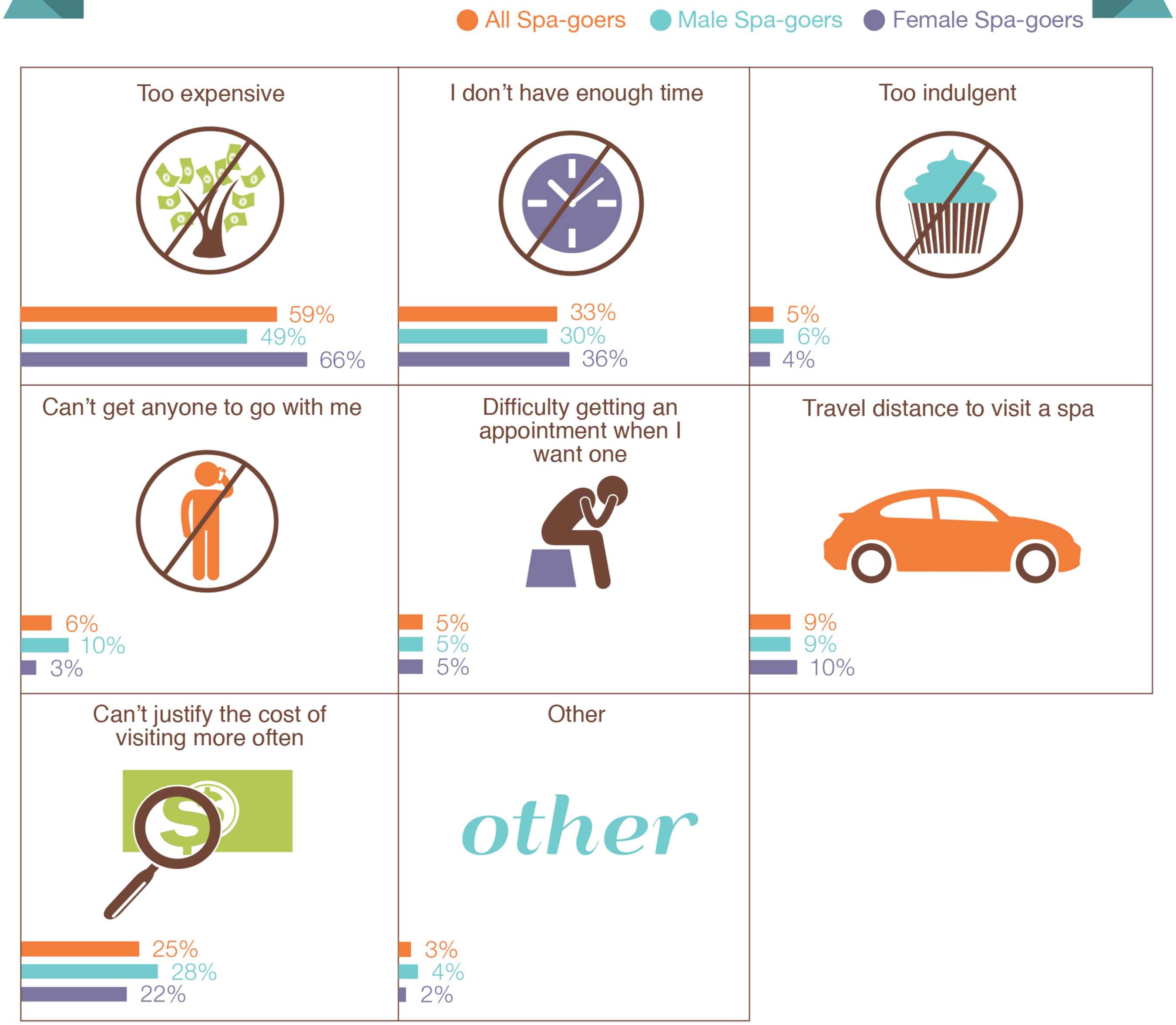
It can be seen from some of the above statements that despite the huge variety in offerings across the industry, many U.S. consumers still associate spas more with their traditional luxury image.

Why don't spa-goers go more often?

"Moderate" spa-goers (who only reported visiting between one and four times in the past year) were also asked why they had not visited more frequently. The most common answer was cost, with 59% saying "too expensive". Female spa-goers are more likely to report cost compared to their male counterparts (66% compared with 49% of male spa-goers). Other reasons cited include: "don't have enough time" (33%) "can't justify the cost of visiting more often" (25%).

Males are more likely than females to say that they "can't get anyone to go with them" (10% compared with 3% of females).

Which of the following reasons best describes why you have not visited a spa more often in the past 12 months?



Do customers feel comfortable at spas? - Not when it comes to tipping.

It is clear that not all consumers feel comfortable in a spa environment and it is not surprising to note that spa-goers were found to be more comfortable than non-spa-goers with all aspects of the spa experience, from making an appointment to knowing what to wear and asking questions about the treatment.

One of the most interesting findings in the study was how uncomfortable non-spa-goers felt about tipping etiquette, with only 27% of that group feeling comfortable with it, compared to 64% of those who currently attend spas.

How comfortable are you with each of these aspects of visiting a spa?

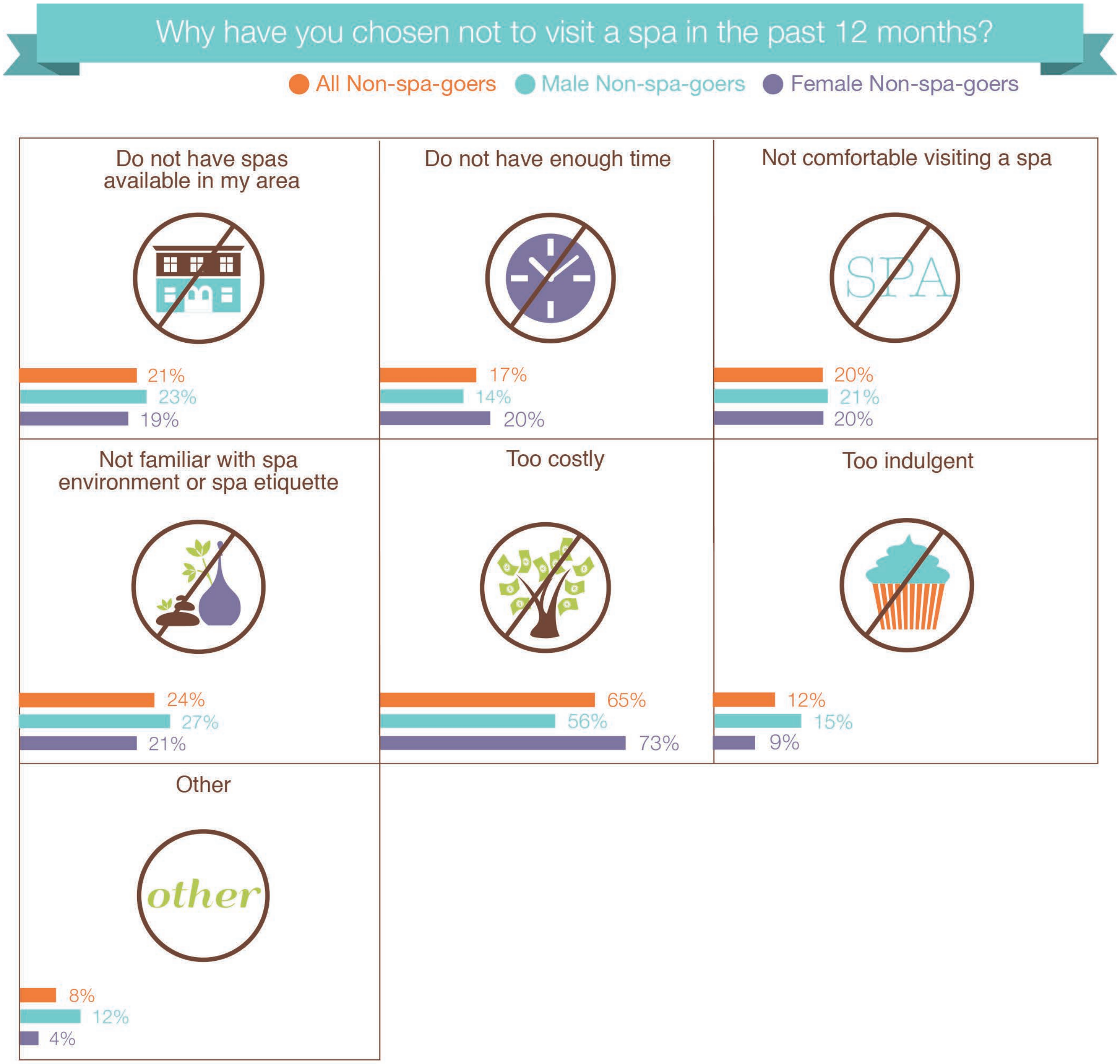
		Not comfortable at all	*2*	*3*	*4*	*Very comfortable*	*Prefer not to respond*
Making an appointment	Spa-goers	1%	4%	14%	27%	54%	1%
	Non-spa-goers	9%	7%	23%	24%	35%	2%
Selecting treatment(s)	Spa-goers	0%	4%	21%	27%	47%	0%
	Non-spa-goers	11%	15%	31%	22%	20%	2%
Tipping staff	Spa-goers	3%	9%	23%	26%	38%	1%
	Non-spa-goers	19%	17%	34%	15%	12%	2%
Discussing treatment options or preferences with therapist	Spa-goers	1%	7%	24%	30%	37%	0%
	Non-spa-goers	9%	11%	34%	23%	21%	2%
Knowing what to wear during a treatment	Spa-goers	2%	9%	26%	29%	34%	0%
	Non-spa-goers	18%	20%	31%	15%	13%	2%
Walking into a spa to ask questions about treatment options/appointments	Spa-goers	1%	10%	25%	24%	39%	0%
	Non-spa-goers	14%	17%	30%	20%	17%	2%

Why do people choose not to visit spas?

Cost continues to be the main driver for why people have chosen not to visit a spa in the past 12 months (65% of non-spa-goers). Females have a consistent tendency to cite cost compared to males (73% versus 56%). After cost, reasons for non-attendance become more nuanced, with 24% of non-spa-goers saying they are “unfamiliar with spa environment/etiquette” and similar proportions saying “not enough spas in my area” (21%) or the are “not comfortable visiting a spa” (20%). Females are more likely to say that they “don’t have enough time” (20% compared with 14% of males).

The youngest age group surveyed, 18-24-year-olds, are almost twice as likely (40%) to state that they are not familiar with the spa environment and etiquette compared to the average (24%). This group is also almost twice as likely to state that they don’t have enough time (38% compared with 17% average), and this figure decreases steadily with age.

The spa industry is one where customer loyalty is paramount, as documented in Volume Two of the Spa Consumer Snapshot Initiative. This means that as well as continuing to make improvements in the areas above, it is important spas focus time and energy on their core clientele. Understanding what offerings are popular, and why, will enable spas to tailor their treatments and services towards their most loyal customers, encouraging repeat business in the long-term.



What would influence the decision to visit a spa in the future?

When asked what would impact the decision to visit a spa in the future the most significant impact would be if the spa treatment was included as part of a health benefits plan (43%) followed by a referral from a physician (26%). Positive consumer feedback was the least influential option. Females were more influenced by the health benefits plan (50% compared to 34% of males) and spa-goers were influenced more by all of the options when compared to non-spa-goers.

How would each of the following impact your decision to visit a spa in the future?

		Would not impact at all	*2*	*3*	*4*	*Would significantly impact*	*Prefer not to respond*
Referral from your physician	Spa-goers	9%	8%	20%	31%	32%	0%
	Non-spa-goers	15%	7%	27%	26%	23%	2%
Referral from a friend/relative	Spa-goers	4%	8%	29%	36%	23%	0%
	Non-spa-goers	21%	16%	35%	19%	9%	1%
Education on the positive health benefits of spa treatment(s)	Spa-goers	5%	10%	34%	28%	23%	0%
	Non-spa-goers	18%	14%	38%	18%	9%	2%
Spa treatment(s) included as a part of health insurance benefits plan	Spa-goers	3%	3%	14%	22%	57%	0%
	Non-spa-goers	11%	7%	22%	24%	35%	2%
Positive consumer feedback via social media (i.e. Facebook posts, Tweets, etc.)	Spa-goers	16%	16%	28%	26%	15%	0%
	Non-spa-goers	42%	17%	27%	8%	4%	2%

Do consumers appreciate gift cards?

More than half of the consumers in the survey would be very appreciative of a spa gift certificate (58%) and an additional 26% would be somewhat appreciative. Not surprisingly, spa-goers were found to be more appreciative than non-spa-goers (78% compared to 49%) and 70% of those in the 25-to-34-year-old group were found to be very appreciative. This is strong evidence of a key sales area for spas to focus on and an important source of revenue.

If you received a gift certificate from a friend/relative for a spa treatment, which of these would best describe your appreciation for the gift?

	Spa-goers	Non-spa-goers
Not appreciative at all	0%	4%
Not very appreciative	1%	7%
Somewhat appreciative	20%	29%
Very appreciative	77%	49%
Unsure	2%	10%

The spending battlefield - What would you do with an extra $100?

In this volume, respondents were asked if they had an extra $100 whether they would spend it on a spa treatment(s) of their choice or various other activities.

The most popular activity to spend the money on was to “go out for dinner” with 71% of people saying they would prefer to do this and only 20% saying they would rather go to a spa. Similarly, 67% of people would rather “go shopping” over 21% who would choose the spa.

However, spending the extra money on spa treatments was more popular than “purchasing tickets to a sporting event” (50% would choose a spa treatment compared to 35% who would choose the sporting event), and “purchasing tickets to a cultural event” (46% would choose the spa treatment compared to 36% who would buy the cultural event tickets).

There are two areas where the respondents were neck-in-neck in their decision about where they would spend the extra $100: “going to a salon” (40% would choose the salon and 42% would choose a spa treatment) and “participate in a recreational activity” (42% would choose the recreational activity compared to 41% who would opt for the spa treatment).

Within these totals there were perhaps expected differences between the genders, for example: men were more likely to favor sporting or recreational activities and women to choose salons. In addition, and again not surprisingly, spa-goers were consistently and significantly more likely to choose the spa option than non-spa-goers.

If you had a spare $100 to spend, would you rather use the funds on one of these activities or on a spa treatment?

		Choose activity stated	*Choose spa treatment*	*Can't decide*
Go shopping	Spa-goers	56%	34%	10%
	Non-spa-goers	72%	14%	13%
Go out to dinner	Spa-goers	57%	33%	9%
	Non-spa-goers	77%	13%	10%
Purchase tickets to a sporting event	Spa-goers	30%	62%	7%
	Non-spa-goers	37%	43%	20%
Purchase tickets to a cultural event	Spa-goers	24%	65%	11%
	Non-spa-goers	41%	37%	22%
Go to a salon (i.e. haircut, hair color, etc.)	Spa-goers	31%	59%	10%
	Non-spa-goers	44%	33%	22%
Participate in a recreational activity (i.e. golf, bowling, etc.)	Spa-goers	35%	55%	10%
	Non-spa-goers	46%	34%	20%

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The ISPA Foundation is the 501(c)3 arm of ISPA and was created in 1999 to serve the educational and research needs of the industry. The ISPA Foundation was created as a non-profit organization with the initial donation of $30,000, arranged by Vincenzo Marra, founder of Italian Beauty Innovations, from the Agnus Noster Foundation.

The ISPA Foundation's mission is to improve and enhance the value of the spa experience; their vision is to advance spa culture to sustain health and well-being. The ISPA Foundation's objectives include being the educational source for the spa industry, establishing definitive research that validates spa industry-related topics and creating an endowment that sustains the ISPA Foundation in perpetuity. The ISPA Foundation also wishes to thank the individuals and companies who have given generously over the years including those from the Charter Club Members (found on the ISPA website) who continue to make these research projects and the work of the Foundation possible.

To learn more about the Foundation or to make a donation to help support the continuance of the Consumer Snapshot Initiative, please visit experienceispa.com/ispafoundation.

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