

2015

U.S. SPA INDUSTRY STUDY

INTERNATIONAL SPA ASSOCIATION



25
YEARS
STRONG

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Introduction

This report presents the findings from the 2015 U.S. Spa Industry Study. The study was commissioned by the International SPA Association (ISPA) Foundation, the 501(c)3 foundation of the International SPA Association.

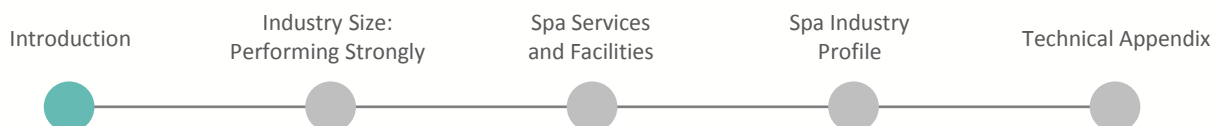
Established in 1991, ISPA is recognized worldwide as the professional organization and voice of the spa industry, representing health and wellness facilities and providers in more than 70 countries. Members encompass the full spectrum of the spa experience, from resort/hotel, destination, mineral springs,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

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

This 2015 study marks the sixteenth anniversary of the Spa Industry Study which was first conducted in 2000 highlighting the spa industry in 1999. The inaugural study was subsequently updated in 2002, 2004, 2006, 2007, 2010, 2011, 2012, 2013 and, most recently, 2014. Shorter tracking studies were commissioned in 2003, 2005, 2008 and 2009.

This report presents the state of the industry in 2014, as indicated by the change in revenues, spa visits, average revenue per visit, the number of spa locations and staffing levels. These are referred to as the 'Big 5' statistics.

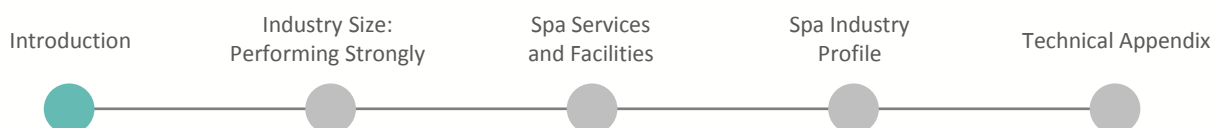
The 2015 Survey also collected information on compensation levels of full-time employees in the spa industry, provision of benefits to employees and unfilled service provider positions. Those topics are the subject of a separate supplementary report, which is being provided only to survey respondents.



Research Objectives

The research objectives of the 2015 U.S. Spa Industry Study are as follows:

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



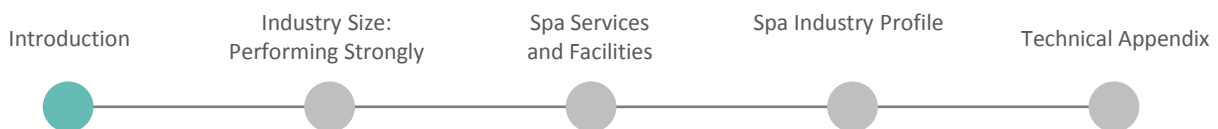
Definitions

For the purpose of the ISPA study, a spa is defined as “a place of business that enhances the overall well-being of a person through a variety of professional spa services that encourage the renewal of mind, body and spirit.” To be qualified as a spa, a business must offer at least two of the following three services: massage (full body); skin care treatments (i.e., facials); or body treatments (i.e., hydrotherapy or body wraps/scrubs).

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

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

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



Structure of Report

The remainder of the report is structured as follows:

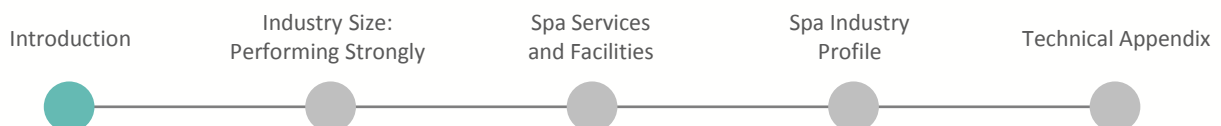
Section 2 Industry Size – Performing Strongly: This Section provides an industry level overview and commences with the 2015 Industry Study findings for the ‘Big 5’ statistics. It then reviews recent trends in key business indicators before concluding with a look at 2015, including confidence, plans and respondents’ views on key trends.

Section 3 Spa Services and Facilities: This Section presents a picture of the facilities and services that spas offer to their visitors. This Section comprises five main parts, including the main elements of indoor space occupied by spa establishments, core spa services, the retail component and the programs and treatment offerings that spas had in place in 2014, including the ability to book online.

Section 4 Spa Industry Profile: This Section presents a profile of spa establishments, including composition by type of spa, size differences and the geography of the industry.

Section 5 Technical Appendix: This Section contains some more detailed information on how the survey was undertaken.

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



Section 2 | Industry Size: Performing Strongly



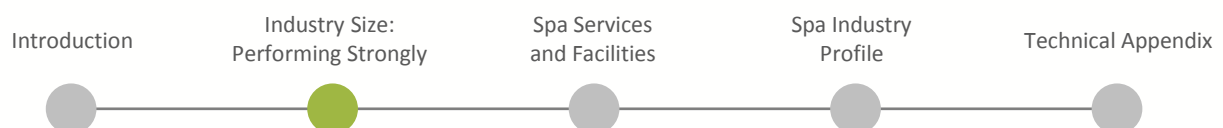
Section 2: Introduction

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

The following topics are addressed:

- What is the size of the spa industry in the U.S., as measured by revenues, visits, locations and employment?
- What is the average revenue per client visit?
- What are the more recent trends in client visits, spending per client visit, revenue and staffing?
- How did the sector perform in terms of profitability in 2014?
- Looking ahead – how confident are spas of an increase in revenues in the next six months? What do they plan to add or create to improve the business in 2015? What are the next 'big' trends in the sector?

This Section commences with an overview of the national economic context, especially the pace of growth in the U.S. economy during 2014 and into the first half of 2015.



The Economic Context

The U.S. economy continued to gather momentum in 2014 across a range of indicators and is set to remain on an upward path through 2015.

As measured by the Gross Domestic Product (GDP), the growth in the level of economic activity nationwide picked up from 1.5% in 2013 to 2.4% in 2014.

The uptick in economic activity was most evident in the labor market, with employment rising strongly and unemployment continuing to fall. More than three million net new jobs were added to the civilian workforce in 2014, a growth rate of +2.3%, the fastest expansion in employment since 1999. Unemployment fell from 7.4% in 2013 to 6.2% in 2014. By mid-2014, the unemployment rate stood at 5.3%, the lowest since mid-2008.

The rising economic trend was also reflected in the growth of personal consumption expenditure, up by 4.8% in 2014 in current dollar terms and +2.4% after adjusting for price inflation.

Inflation remained subdued in 2014, with the consumer price index (CPI) for all items rising by a modest 1.6%.

The U.S. economy:

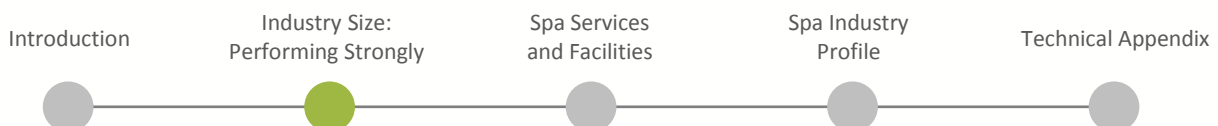
Selected indicators, annual percent change

	2013	2014	2015(Q2)
GDP (Constant 2009 \$)	1.5%	2.4%	2.3%
Employment	1.7%	2.3%	2.1%
Unemployment	7.4%	6.2%	5.3%
Compensation of Employees			
Current \$	2.7%	4.6%	2.5%
Personal Consumption Expenditure *			
All services			
Current \$	3.3%	4.8%	4.1%
Constant (2009) \$	1.0%	2.4%	2.1%
Consumer Price Index			
All items	1.5%	1.6%	0.1%

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

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

GDP, income and expenditure data extracted from revised estimates published by BEA in July 2015. Rates shown in constant (2009) \$ are adjusted for inflation.



The Big Five Statistics: 2014 Out-Turn and Percent Change Over 2013

The more buoyant economic climate in 2014 is reflected in the performance of the US spa industry. Total revenue is estimated to have passed the \$15 billion mark in 2014, up from \$14.7 billion in 2013 to \$15.5 billion in 2014 (+5.3%). The increase in spa revenues was driven by strong growth in the number of spa visits, estimated to have increased to a record high of 176 million in 2014, up from 164 million in 2013 (+6.7%). As the increase in visits outpaced the rise in spa revenues, there was a slight decline in average revenue per visit, from \$89 in 2013 to \$88 in 2014 (-1.3%).

The total number of spa locations rose from 20,180 in 2013 to 20,660 in 2014 (+2.4%). In net terms, therefore, almost 500 new spa locations were added in 2014, giving a further boost to the growth in spa revenues and visits.

Similar to the national picture, employment growth was also robust in the spa sector. Total employment is estimated to have risen to 360,000 as at May 2015, an increase of over 10,000 (+2.9%) over the same period the previous year.

	2013 (Year End)	2014 (Year End)	% Change
Revenue	\$14.7 billion	\$15.5 billion	5.3%
Spa visits	164 million	176 million	6.7%
Locations	20,180	20,660	2.4%
Revenue per visit	\$89	\$88	-1.3%

	2014 (May)	2015 (May)	% Change
Total Employees	349,900	360,000	2.9%
Full-Time	148,300	153,800	3.7%
Part-Time	157,000	164,500	4.8%
Contract	44,600	41,700	-6.5%

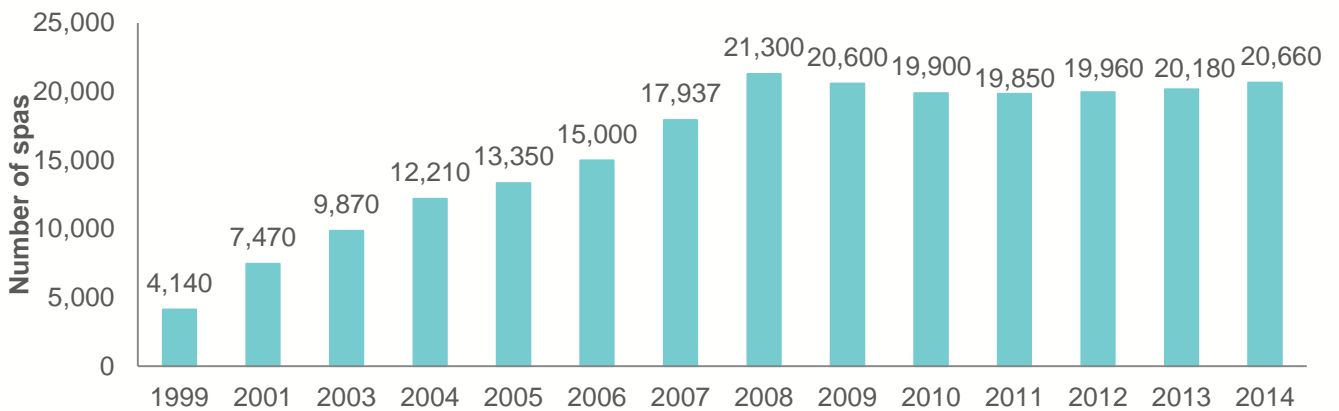
Spa Establishments

By the end of 2014, the total number of spa establishments in the U.S. had risen to 20,660, surpassing the level seen in 2009.

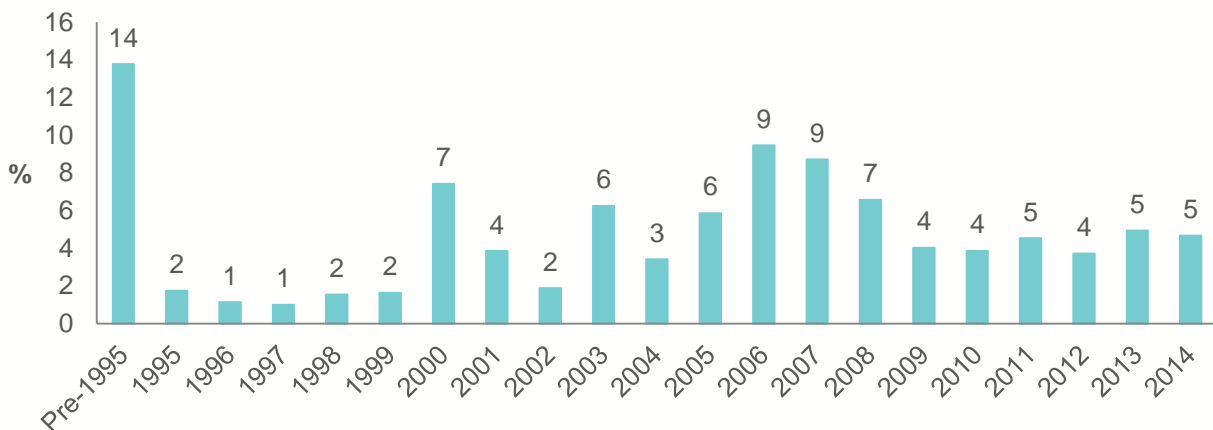
The number of spa locations is estimated to have increased from 20,180 in 2013 to 20,660 by the end of 2014, an increase of 2.4%.

In 2014, there were an estimated 1,100 new spa openings, adding 5.5% to the number of spas in operation at the end of 2013. The new spa openings were partly offset by an estimated 640 spa closures over the course of 2014, representing 3.1% of the end-2013 stock. The net effect was the addition of almost 500 spa locations during 2014 (+2.4%).

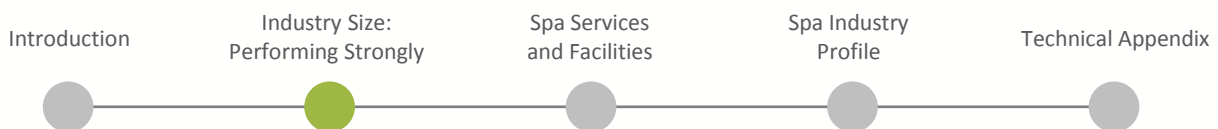
Total spa establishments in the U.S.



Year spa opened



Note: Year spa opened based on responses to 2015 survey.



Establishments by type of spa

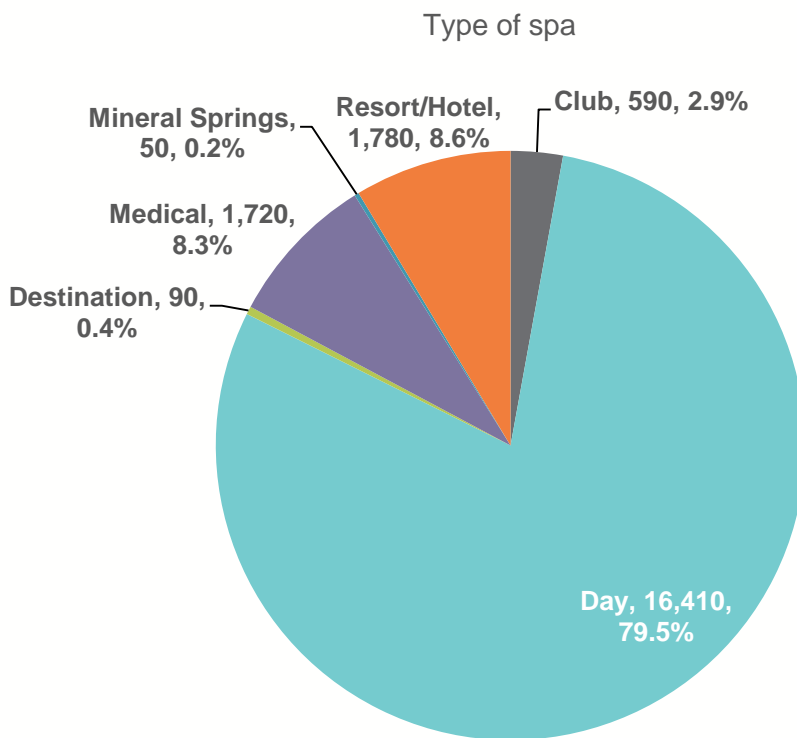
The composition of establishments by type of spa in 2014 was very similar to previous years, with day spas continuing to account for a large majority of spa locations (79.5%).

According to the latest industry study estimates, there are now more than 16,400 day spa establishments operating across the U.S., an increase of +2.8% compared to the 2013 estimate (15,960).

The number of resort/hotel spas at the end of 2014 is estimated at 1,780, representing an increase of 1.3% on the 2013 level (1,760).

The number of medical spas (1,720) is estimated to have fallen slightly compared to the 2013 position (1,740).

Club spa locations are estimated to have edged upwards, from 570 in 2013 to 590 in 2014 (+2.8%).



Spa Revenues

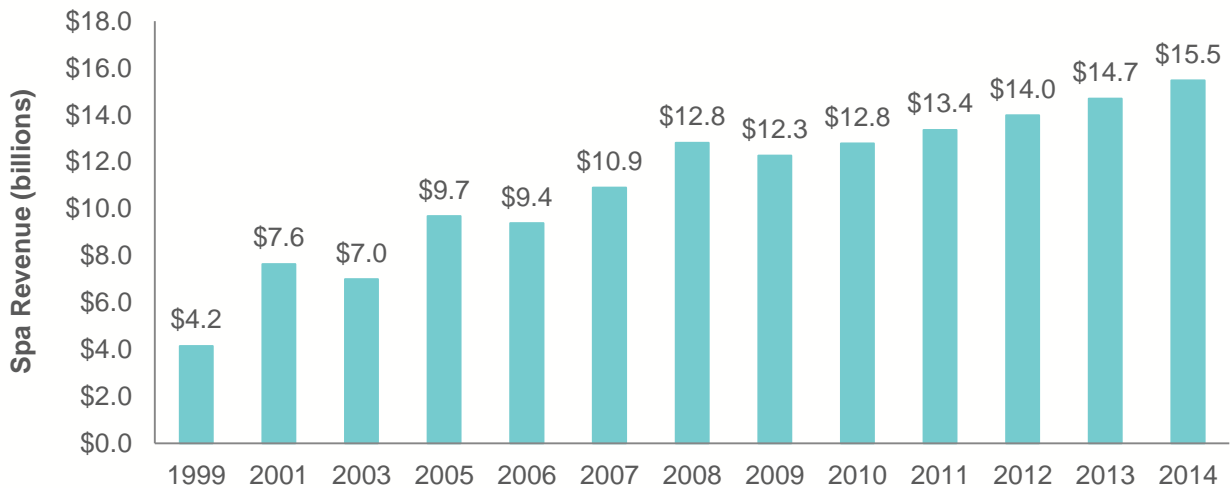
Total spa revenues for 2014 are estimated at \$15.5 billion, an increase of \$0.8 billion (+5.3%) on total revenue in 2013.

The estimated 5.3% increase in spa revenues outstripped the 4.8% national rate of growth in the current dollar value of personal consumption expenditure on services, indicating an above-average performance by the spa sector in 2014.

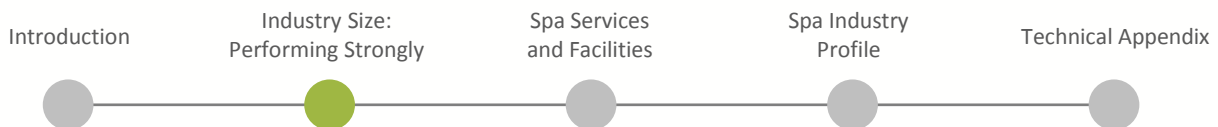
The net new spa establishments which started operating in 2014 are estimated to have increased total spa sector revenues by about 1.8%, with the remaining 3.5% in revenue growth accounted for by pre-existing spas (the 'like-for-like' component in the 5.3% revenue increase).

Average revenues per spa location rose to \$749,000 in 2014, an increase of 2.9%.

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



Average revenue per establishment (thousands)



Spa Visits

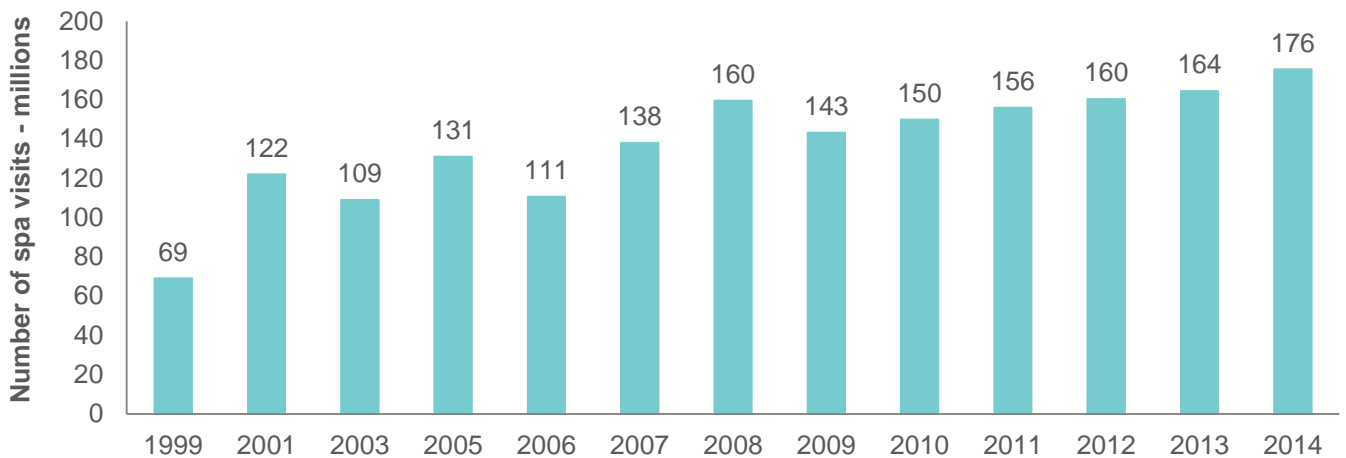
The total number of visits to spa establishments is estimated to have risen from 164 million in 2013 to 176 million in 2014, marking the first time that spa visits have passed 170 million.

In 2014, spa visits were 6.7% higher than in 2013. The efforts made by spas to attract increasing numbers of client visits was therefore an important factor driving the 5.3% revenue growth achieved in the same period.

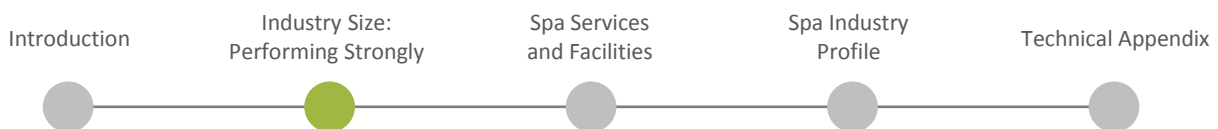
Visits to pre-existing spas in 2014 are estimated to have contributed 5% to the rise in the number of spa visits over the period 2013 to 2014 (the 'like-for-like' component) with the remaining 1.7% due to the net new spa start-ups in 2014.

Average visits per spa rose to 8,500, representing a 4.3% increase on the 2013 level.

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



Average visits per establishment

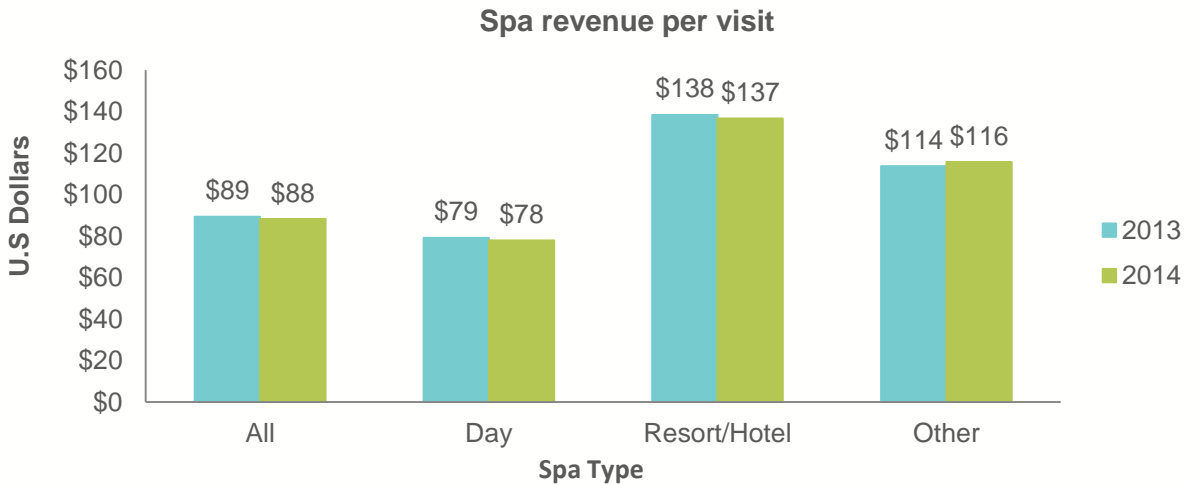
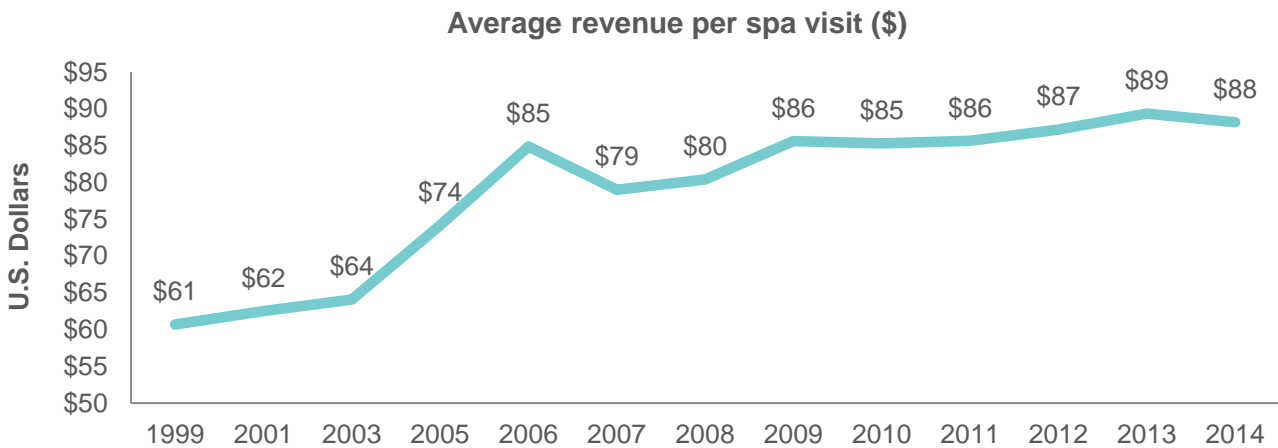


Average Spa Revenue Per Visit

With spa visits growing faster than revenues, the average revenue per visit in 2014 declined slightly, falling by 1.3% from \$89 in 2013 to \$88 in 2014.

It is not possible from the survey data alone to determine the precise mix of reasons for a fall in average revenue per visit. Nonetheless, even in a healthy market, average revenue per visit may decline depending on the interaction between an array of factors, including:

- The range and mix of services that clients purchase when they visit a spa i.e., clients may choose to visit more frequently while availing of fewer services per visit, perhaps due to constraints of time in a busy lifestyle.
- Changes in the menu of spa offerings (i.e., introduction of shorter or express treatments).
- The use of incentives (i.e., discounting).
- The price per service (i.e., in a competitive marketplace it may be more difficult to raise prices). Also, as noted previously in examining the overall economic context, price inflation was muted in 2014.



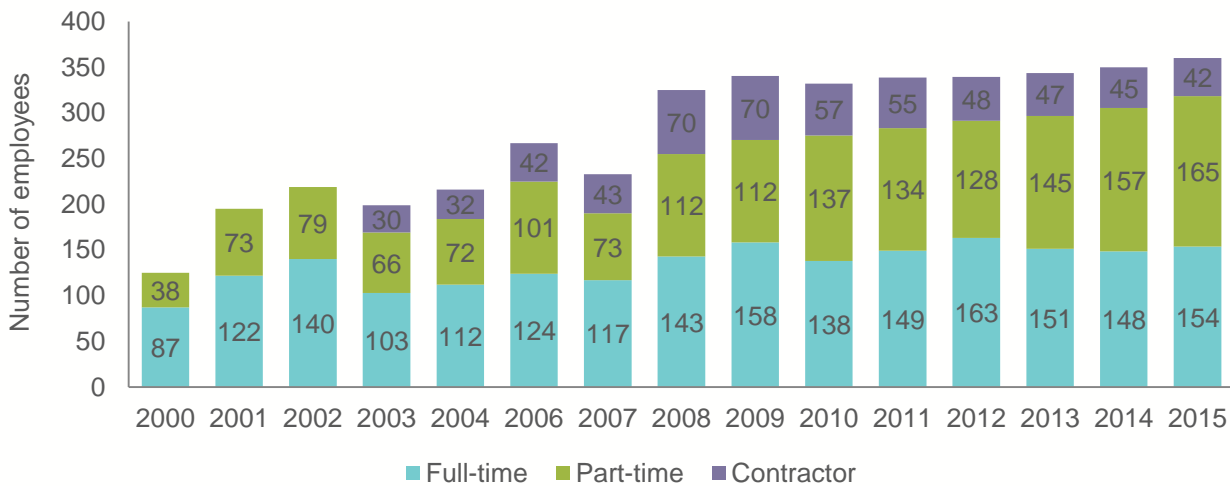
Employment

The total number of jobs in the spa industry is estimated to have increased from 349,900 in May 2014 to 360,000 in May 2015 (+2.9%). Employment in the spa industry now stands at a record level.

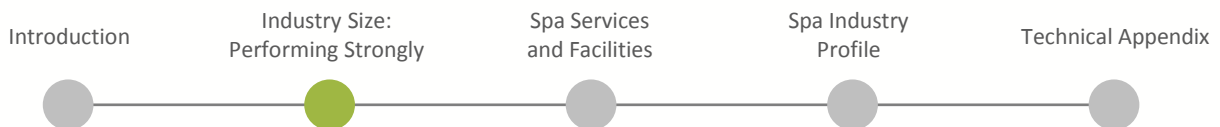
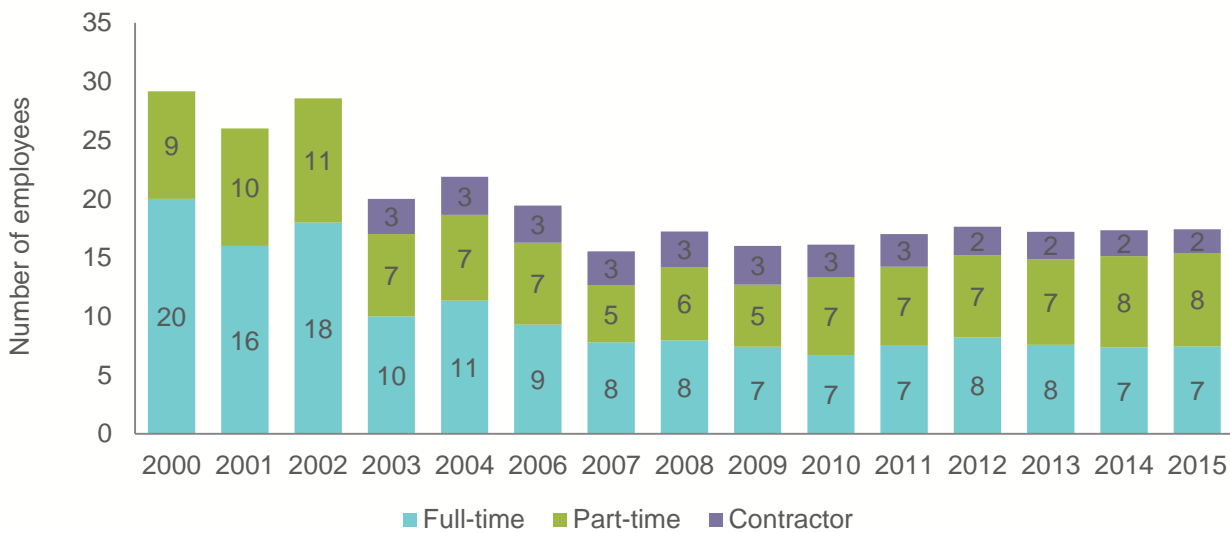
Over the 12 months ending May 2015, spas added both full-time and part-time positions. The number of full-time jobs rose by 5,500 while 7,500 part-time jobs were created. Similar to 2014, the rate of growth was faster for part-time positions (+4.8%) than for full-time positions (+3.7%).

The number of independent contractor positions fell over the survey period, from 44,600 to 41,700 (-6.5%). The reduction in the share of employment filled by independent contractors has occurred each year since 2010.

Total employees in the U.S. (thousands)



Average employees per establishment

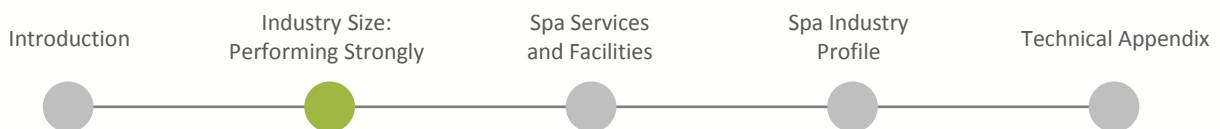
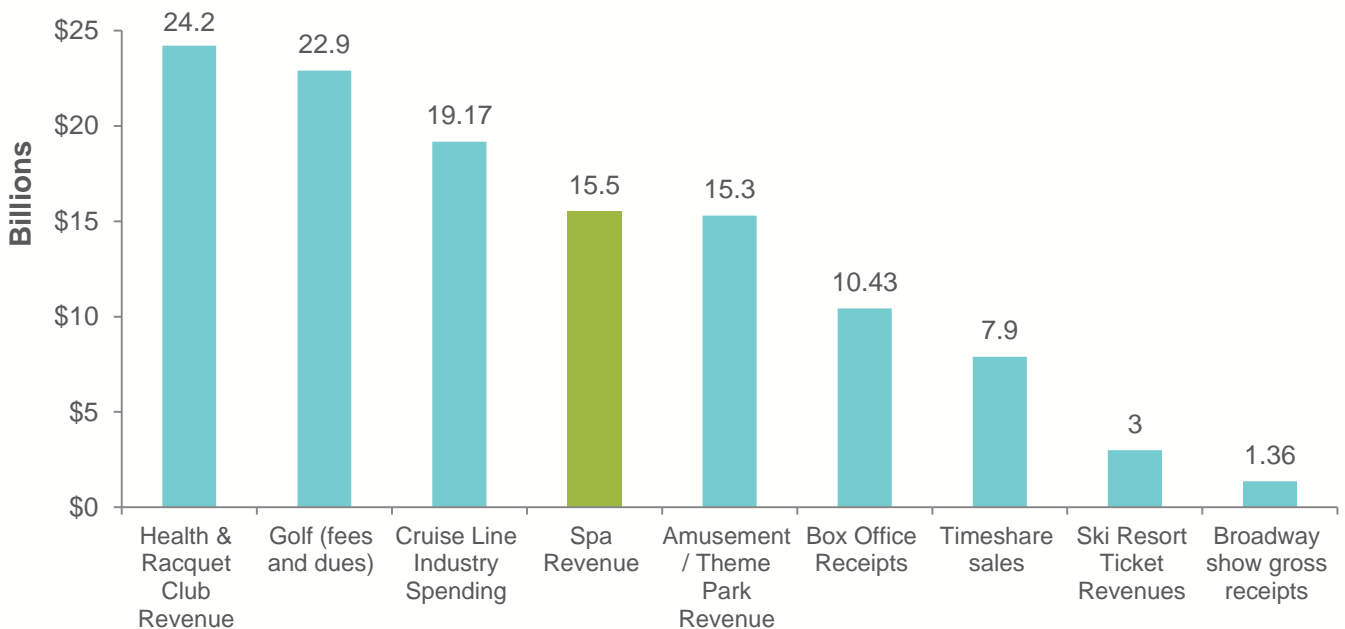


Comparative Size of the Spa Industry

The accompanying chart shows the size of the spa industry in 2014 compared with the estimated sizes of other U.S. leisure industries, as measured by annual revenues. With revenues of \$15.5 billion in 2014, the spa industry falls within the middle of the range of leisure industries shown below.

The 5.3% estimated revenue growth of the spa industry was the third-ranked percentage change in revenues among the industries shown, behind Broadway show receipts (+14.5%) and Health and Racquet Clubs (+8%) but ahead of timeshare sales (+2.4%), cruise lines (+2.4%), Ski resorts (no change), Golf fees and dues (-0.5%), amusement/theme park revenue (-1.9%) and box office receipts (-4.3%).

Estimated sizes of U.S. Leisure Industries - 2014





ISPA 2014 U.S. SPA INDUSTRY STUDY

Recent Demand Trends

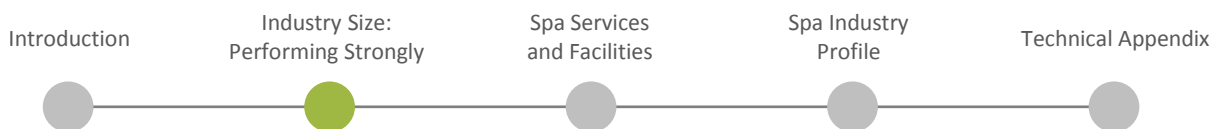
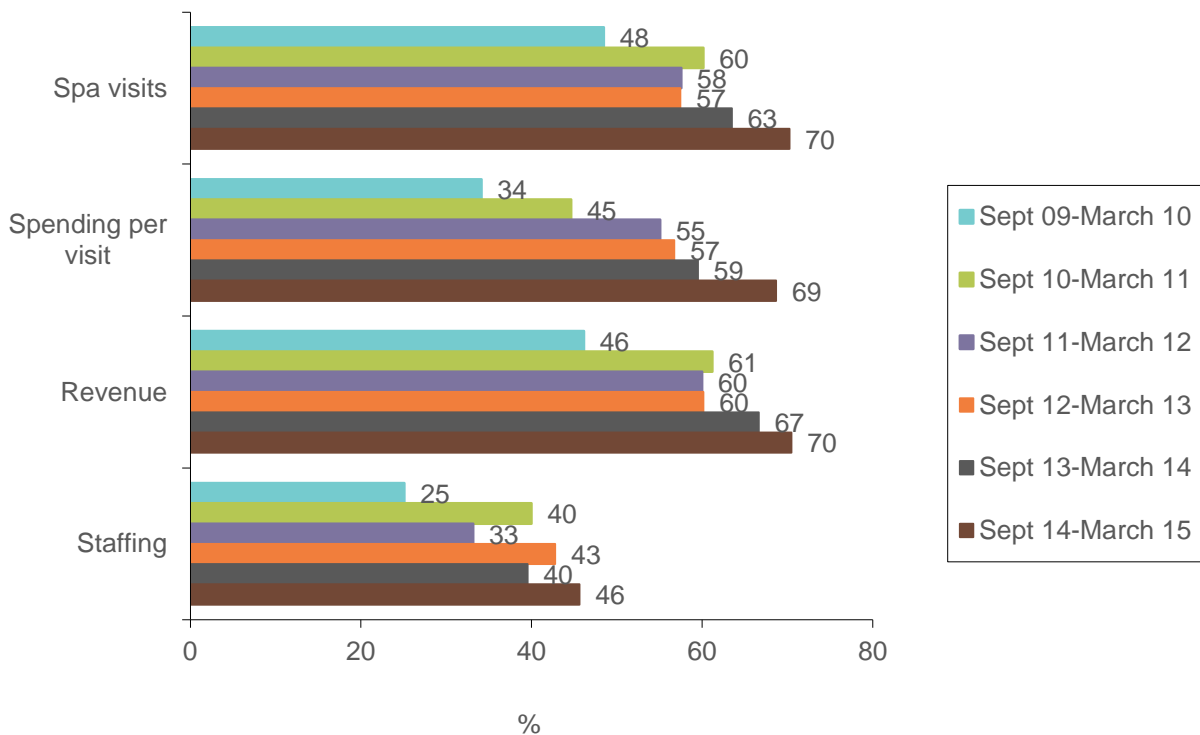
When asked about their more recent experience in the six months prior to the survey (September 2014 to March 2015), a large majority of spas reported an increase in revenue (70%), visits (69%) and client spending per visit (70%) compared to the same period in the previous year. Each of those demand indicators was at their highest levels since the recent trends question was first posed to survey respondents in the 2010 Industry Study, suggesting that the strong performance of 2014 has carried through to 2015.

The proportion stating an increase in staffing levels (46%) was also at its highest since the tracking of recent trends commenced in the 2010 Industry Study.

In order to gauge more recent trends in the industry, survey respondents were asked to say whether they had experienced an increase, decrease or no change in relation to client visits, spending, revenue and staffing levels, when compared to the same period the previous year. The results by spa type are reported in the following pages.

Summary of experience in the past six months (September 2014 to March 2015) compared to the same periods between 2009 and 2014.

Experienced increase in past six months:



Recent Demand Trends by Spa Type

The survey results for recent demand trends by type of spa are shown in the table overleaf. The key message is the continued strong performance across the range of demand indicators, suggesting that demand remained strong through the early part of 2015.

Spa visits

In the six months from September 2014 to March 2015, a majority of spas (70%) said they were experiencing an increase in the number of visits, with fewer than one in five (18%) reporting a decrease.

The proportion reporting an increase in visits was highest among day spas (73%) followed by resort/hotel spas (68%).

Client spending per visit

Almost seven in 10 spas (69%) said client spending per visit increased during the period from September 2014 to March 2015. Only 10% of spas reported a decrease with the remainder (22%) saying that client spending showed no change.

Resort/hotel and day spas were equally likely to report an increase in client spending per visit; 70% and 71% respectively.

Revenues

Reflecting the positive trends in both spa visits and client spending per visit, a large majority of spas (70%) said that revenues had increased in the past six months compared to the same period one year previously. Less than one in five (18%) said revenues had decreased.

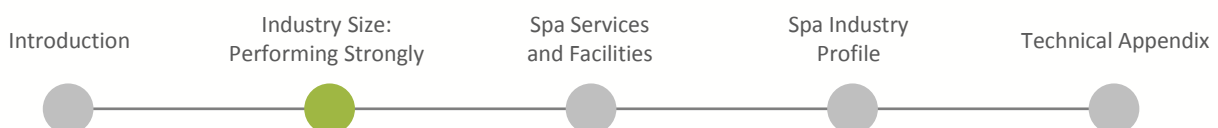
Three in four resort/hotel spas (75%) said revenues were increasing, along with 72% of day spas.

Staffing levels

Almost one in two spas (46%) said they had increased staffing levels in the last six months compared to the same period in the previous year. Fewer than one in five spas (18%) said their staffing levels were decreasing with the remaining 36% saying that staffing levels had remained unchanged.

The trend toward increasing staffing levels was strongest among day spas, with 48% saying they were increasing employment. Among resort/hotel spas, 37% indicated an increase in staffing levels.

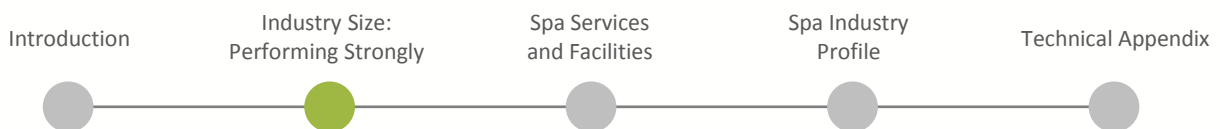
Staffing issues, including unfilled positions and compensation levels, are examined in greater detail in the Compensation report, published separately.



Recent Demand Trends

Experienced increase in past six months (September 2014 to March 2015):

Spa visits	All	Day	Resort/Hotel	Other
Decreased	18%	16%	17%	34%
No change	12%	11%	15%	13%
Increased	70%	73%	68%	53%
Client spending per visit				
Decreased	10%	7%	12%	29%
No change	22%	24%	18%	11%
Increased	69%	70%	71%	60%
Revenue				
Decreased	18%	15%	14%	38%
No change	12%	13%	11%	5%
Increased	70%	72%	75%	57%
Staffing levels				
Decreased	18%	17%	20%	25%
No change	36%	35%	42%	44%
Increased	46%	48%	37%	31%



Profitability

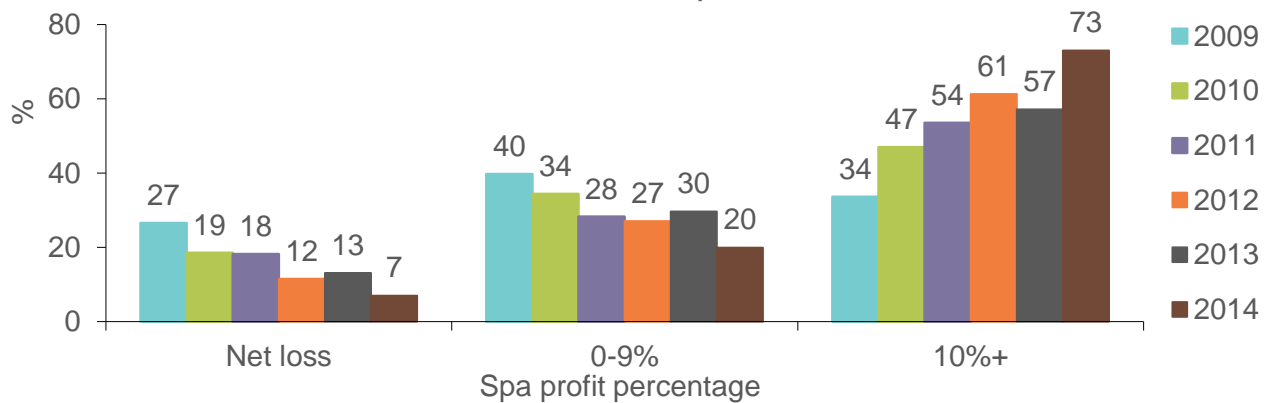
The strong performance of the spa sector in 2014 was also reflected in improved profitability, as the overall outturn for spa profit percentage was at its strongest since the Great Recession of 2009.

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

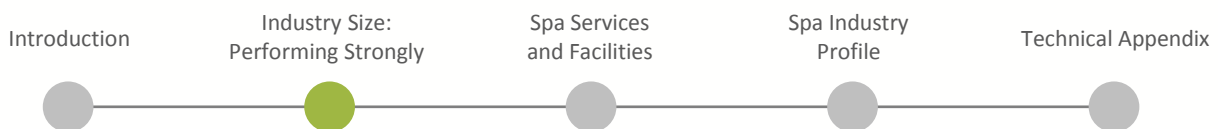
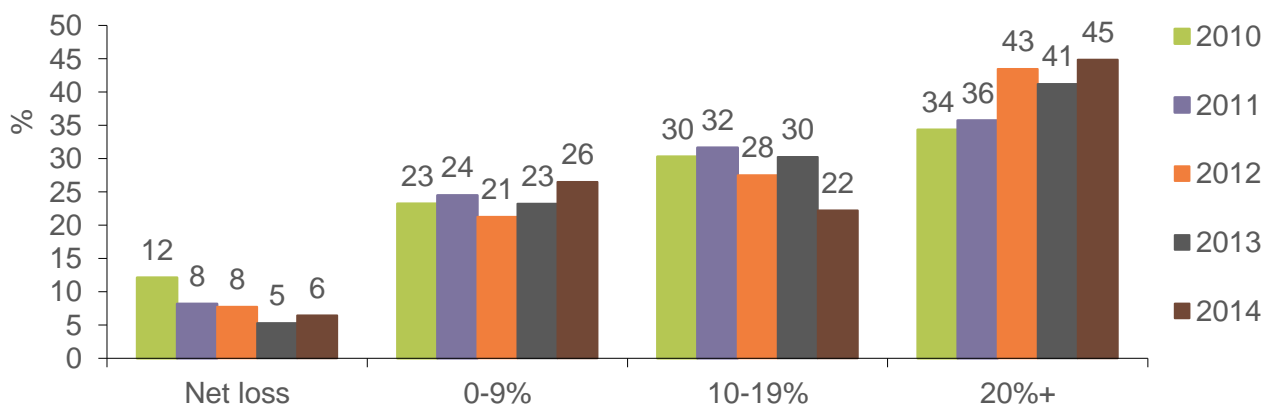
Excluding the resort/hotel sector, 73% of spas reported a 2014 profit percentage in excess of 10%, a sharp increase compared with 2013 (57%) and higher than in any of the previous five years. The proportion reporting a net loss fell from 13% in 2013 to 7% in 2014, the lowest reported in the past six years.

Within the resort/hotel sector, two in three spas (67%) reported a profit percentage in excess of 10% for 2014, slightly lower than the 2013 outturn (71%). The proportion saying they experienced a net loss was 6%, broadly unchanged from 2013 (5%).

Profit percentage before fixed charges: 2009 to 2014 (all spas excluding resorts/hotels)



Spa profit percentage - resort/hotel spas

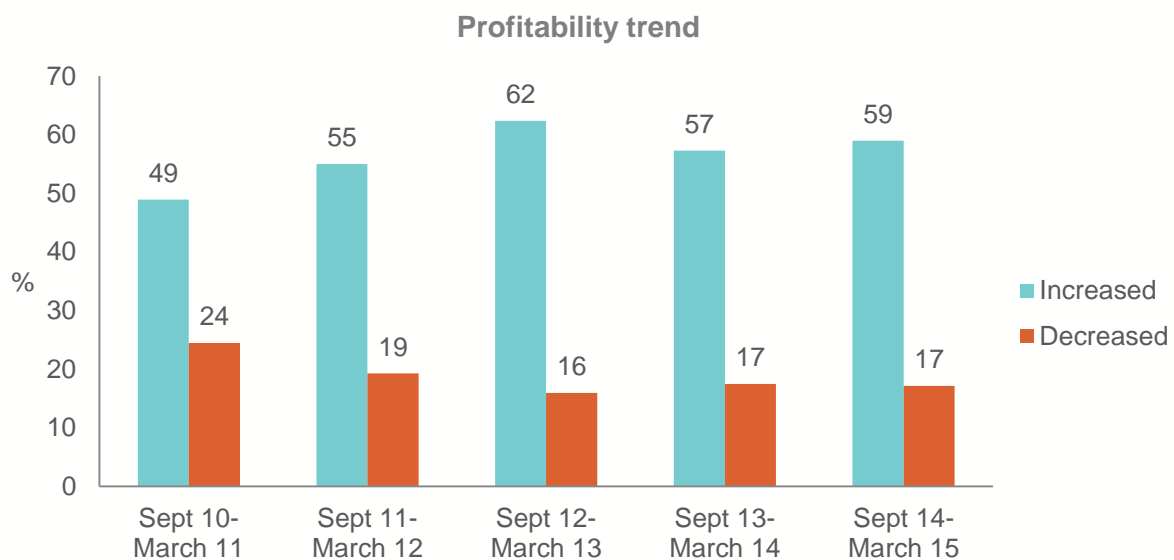
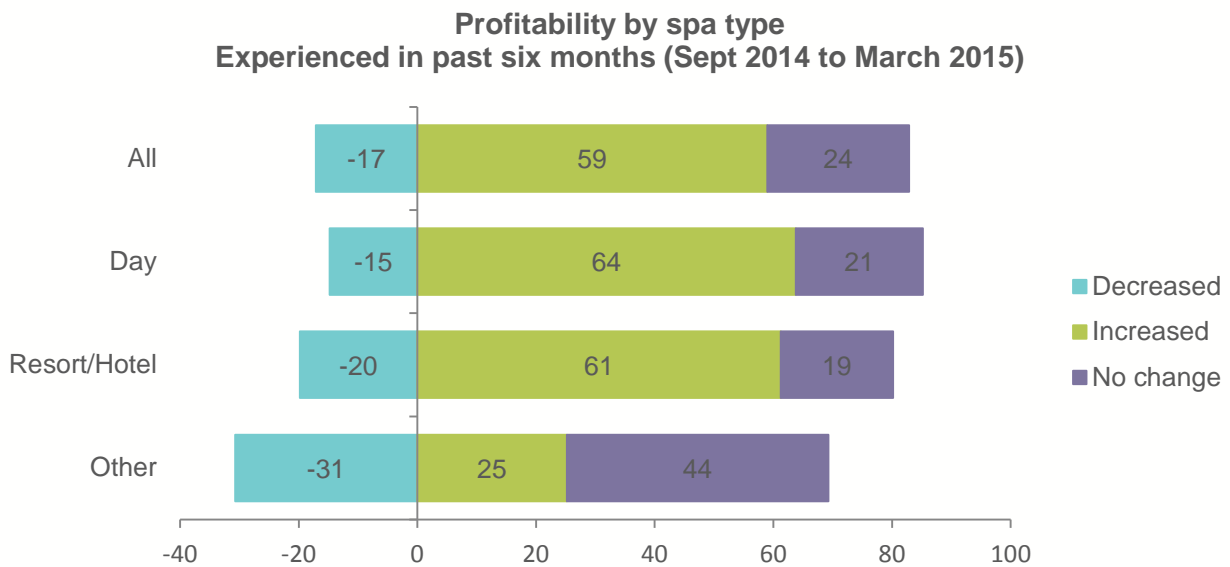


Profitability: Recent Trends

When asked about their more recent experience in the six months prior to the survey (September 2014 to March 2015), 59% of spas said that profitability had improved compared to the same period one year previously. Fewer than one in five (17%) said that profitability had decreased.

The proportion reporting increased in profitability did not vary greatly by spa type, ranging from 64% of day spas to 61% of resort/hotel spas.

The proportion reporting an increase in profitability between September 2014 and March 2015 (59%) was little changed from the same period in 2013-14 (57%).



Looking Ahead: Confidence

The overwhelming majority of spas are confident that revenues will continue to increase in 2015. Over nine in 10 spas (89%) said they were ‘confident’ (36%) or ‘very confident’ (53%) of an increase in revenues in the next six months. Confidence levels are therefore at their highest since tracking began in the 2012 Industry Study.

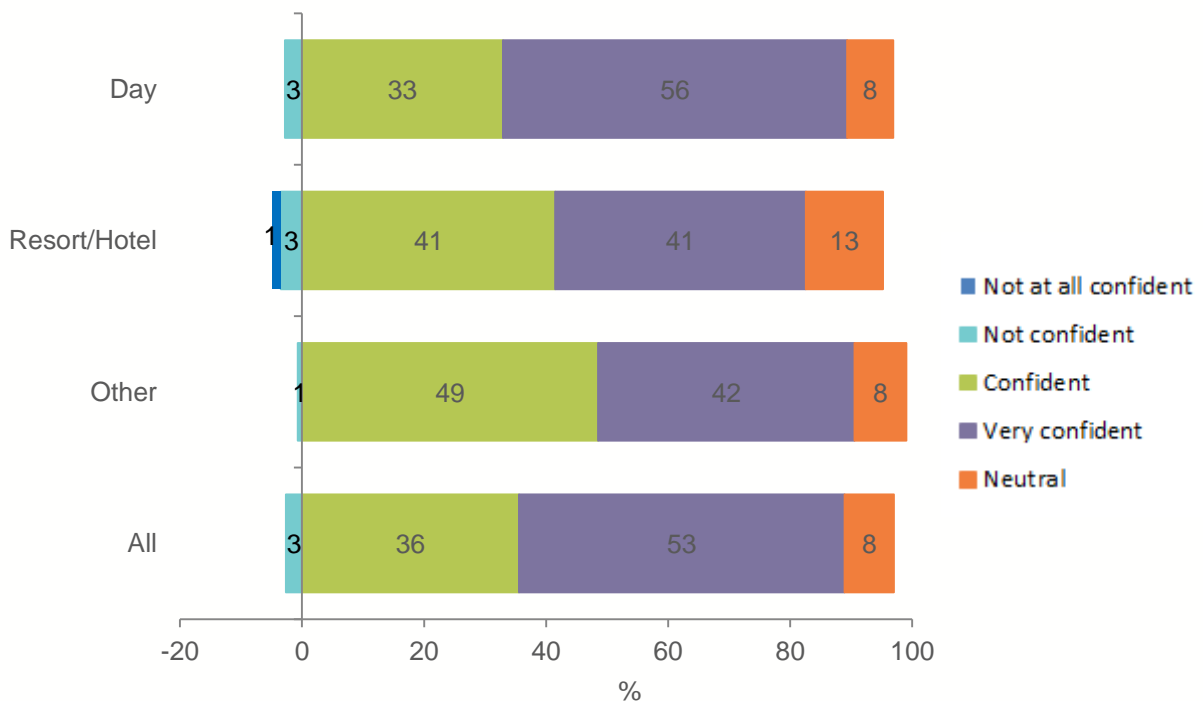
The proportion of spas expressing confidence in their revenue prospects for 2015 (89%) was noticeably ahead of 2013, when 81% of spas said they were ‘confident’ or ‘very confident’.

Among day spas, 89% said they were ‘confident’ or ‘very confident’ of an increase in revenues, compared to 84% in 2014.

Resort/hotel spas were also expecting revenues to remain strong over the next six months, with 83% indicating they were ‘confident’ or ‘very confident’.

The combined “other” spa sub-sector was similarly upbeat, with 91% expressing confidence that revenues will increase.

Confidence in increase of revenues in the next six months



Looking Ahead: Plans for 2015

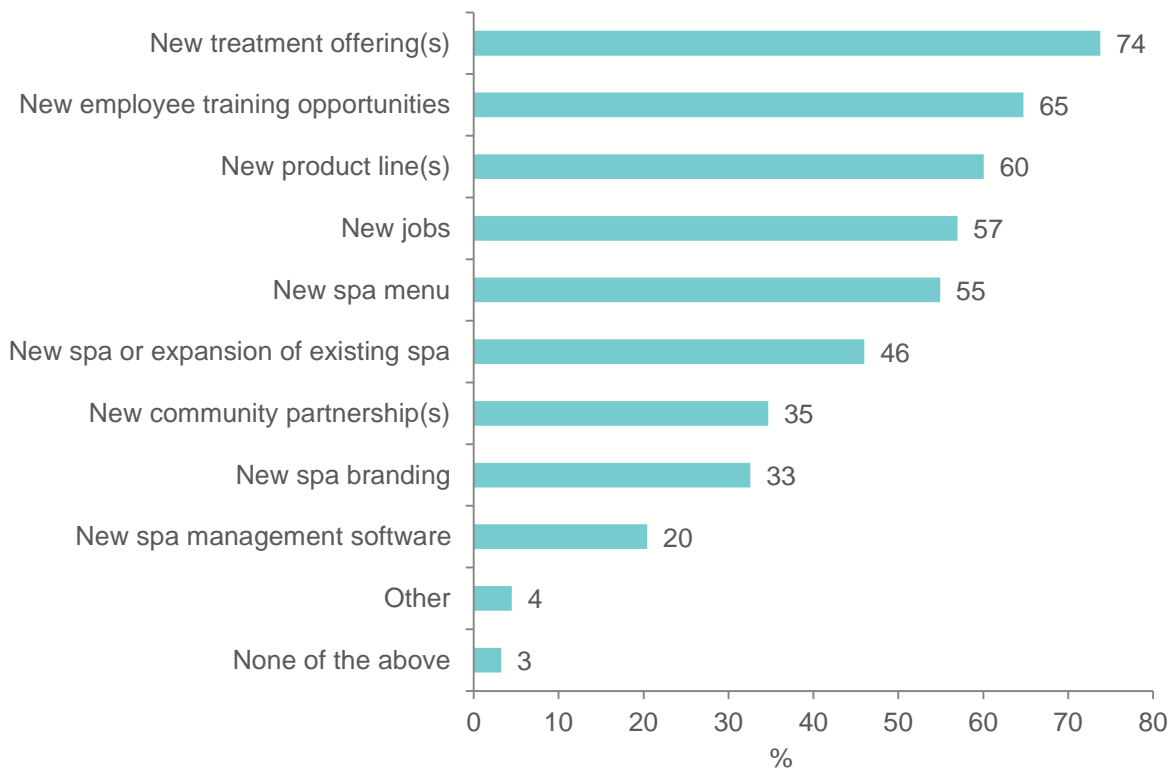
Spas are taking steps to build on the momentum for growth. When asked about their plans for 2015, almost all spas said they intended taking actions to enhance their business prospects.

Almost three in four spa businesses (74%) said they would be adding or creating new treatment offerings, 60% said they would be introducing new product lines and 55% planned the creation of a new spa menu.

The positive outlook for employment was reflected in 65% of spas saying they intended adding or creating new employee training opportunities along with 57% of spas saying they planned to create new job opportunities.

A new spa or expansion of an existing spa was mentioned by 46% of spas. More than one in three spas (35%) said they planned to add or create new community partnerships, pointing to the ongoing efforts made by spas to reach and engage with their local communities.

Planning to add or create in 2015



Looking Ahead: New Trends Shaping the Spa Industry

Survey respondents were asked to give their views on what they believe will be the next big new trend that will shape the spa industry over the next year or so. The following is a summary of their responses.

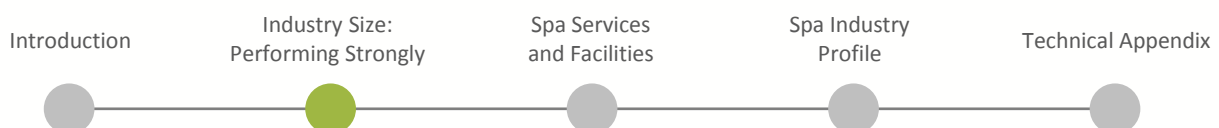
By far the most frequently cited trends related to wellness, health and fitness, projecting spa visits as part of a healthy lifestyle. Over one in three respondents (34%) specifically referred to wellness, health and fitness. In that vein, respondents also pointed to spas offering a wider range of services aimed at or linked with health and fitness e.g. stress management, integration of medical treatments, therapeutic treatments and healthy ageing. Overall, one in two respondents (50%) mentioned one or more of wellness-related trends.

Other frequently mentioned trends, which tended also to resonate with wellness, health and fitness, included:

- The use of organic/natural products and treatments, identified by almost one in eight respondents (12%). Elements highlighted by spas included: customers are now more ‘savvy’ and want to know what is in the products; use of locally-sourced organic products (‘farm to spa’); back to basics through the use of organic products and treatments; more hands-on treatments; more natural looks; healthy living.
- Advances in skin care – mentioned by 7% of respondents and often linked to anti-aging. Respondents emphasized results-based products and treatments.
- Clients’ desire for more customization to individual needs, including personalized packages, one-on-one counseling and wellness/holistic/personal retreats. Highlighted by 5% of respondents.

Nurturing loyalty through customer engagement was also a recurring theme, including new technology-aided booking, link-ups with fitness centers, more outdoor experiences, spa memberships, programs for business travelers, integrating into the wider community through events and express services to suit busy clients and facilitate regular visits. Those customer engagement trends were mentioned by 14% of respondents.

One in 10 respondents cited a diverse list of other trends, albeit in some of those cases the trends were more about challenges they face in their business (i.e., staff recruitment, competition and discounting).



Key Points Summary

The economic context

The U.S. economy continued to gather momentum in 2014 across a range of indicators. As measured by the Gross Domestic Product (GDP), the growth in the level of economic activity nationwide picked up from 1.5% in 2013 to 2.4% in 2014. The uptick in economic activity was most evident in the labor market, with employment rising strongly and unemployment continuing to fall.

The industry in 2014: Performing Strongly

The more robust national economic climate was reflected in the strong performance of the U.S. spa industry over the course of 2014. Total revenue is estimated to have passed the \$15 billion mark in 2014, up from \$14.7 billion in 2013 to \$15.5 billion in 2014 (+5.3%). The increase in spa revenues was driven by strong growth in the number of spa visits, estimated to have increased to a record high of 176 million in 2014, up from 164 million in 2013 (+6.7%).

As the increase in visits outpaced the rise in spa revenues, there was a slight decline in average revenue per visit, from \$89 in 2013 to \$88 in 2014 (-1.3%).

The total number of spa locations rose from 20,180 in 2013 to 20,660 in 2014 (+2.4%). In net terms, therefore, almost 500 new spa locations were added in 2014, helping to boost the growth in spa revenues and visits.

Similar to the national picture, employment growth was also robust in the spa sector. Total employment is estimated to have risen to 360,000 in May 2015, an increase of over 10,000 from May 2014 (+2.9%).

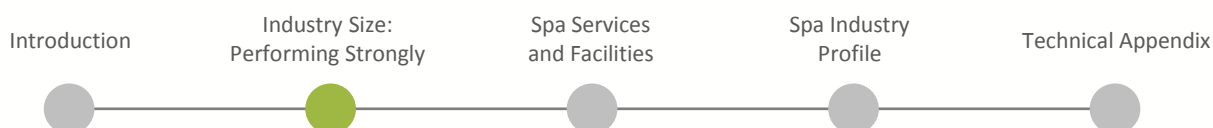
Over the 12 months ending May 2015, spas added both full-time and part-time positions. The number of full-time jobs rose by 5,500 while 7,500 part-time jobs were created. In line with recent trends, the rate of growth was faster for part-time positions (+4.8%) than for full-time positions (+3.7%).

The number of independent contractor positions fell over the survey period, from 44,600 to 41,700 (-6.5%). The reduction in the share of employment filled by independent contractors has occurred each year since 2010.

Profitability

The strong performance of the sector in 2014 was also reflected in improved profitability. Excluding the resort/hotel sector, 73% of spas reported a 2014 profit percentage in excess of 10%, a sharp increase compared with 2013 (57%) and higher than in any of the previous five years. The proportion reporting a net loss fell from 13% in 2013 to 7% in 2014, the lowest reported in the past six years.

Within the resort/hotel sector, two in three spas (67%) reported a spa profit percentage in excess of 10% for 2014, slightly lower than the 2013 outturn (71%). The proportion saying they experienced a net loss was 6%, broadly unchanged from 2013 (5%).



Key Points Summary

Recent trends: Strong Demand

When asked about their more recent experience in the six months prior to the survey (September 2014 to March 2015), a large majority of spas reported an increase in revenue (70%), visits (69%) and client spending per visit (70%) compared to the same period in the previous year. Each of those demand indicators was at their highest levels since the recent trends question was first posed to survey respondents in the 2010 Industry Study, suggesting that the strong performance of 2014 has carried through to 2015.

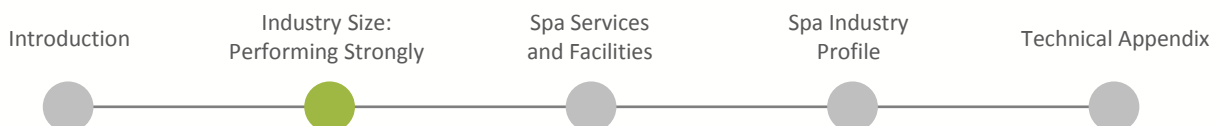
Judging from the recent trends, spas are also continuing to hire new staff in response to growing demand. Nearly half (46%) said they had increased staffing levels in the last six months compared to the same period in the previous year. The proportion stating an increase in staffing levels was again at its highest since the tracking of recent trends commenced in the 2010 Industry Study.

Looking ahead: Building on the Momentum

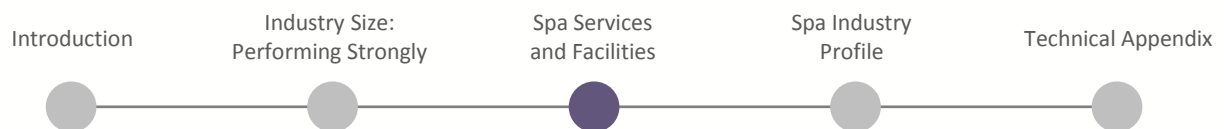
The overwhelming majority of spas are confident that revenues will continue to increase in 2015. More than nine in 10 spas (89%) said they were 'confident' (36%) or 'very confident' (53%) of an increase in revenues in the next six months. Confidence levels are therefore at their highest since tracking began in the 2012 Industry Study.

Spas are also taking steps to build momentum for additional growth. When asked about their plans for 2015, almost three in four spa businesses (74%) said they would be adding or creating new treatment offerings, 60% said they would be introducing new product lines and 55% planned the creation of a new spa menu. The positive outlook for employment was reflected in 65% of spas saying they intended adding or creating new employee training opportunities along with 57% of spas saying they planned to create new job opportunities. A new spa or expansion of an existing spa was mentioned by 46% of spas. Over one in three spas (35%) said they planned to add or create new community partnerships, pointing to the ongoing efforts made by spas to reach and engage with their local communities.

Survey respondents were also asked to give their views on what they believe will be the next big new trend that will shape the spa industry over the next year or so. By far the most frequently cited trends related to wellness, health and fitness, projecting spa visits as part of a healthy lifestyle. In that vein, respondents pointed to spas offering a wider range of services aimed at health and fitness e.g. stress management, integration of medical treatments, therapeutic treatments and healthy aging. Respondents also highlighted: clients' desire for more customization to individual needs and the use of organic/natural products. Nurturing loyalty through customer engagement was also a recurring theme, including new technology-aided booking options, partnerships with fitness centers, integrating into the wider community through events and express services to suit busy clients and facilitate regular visits.



Section 3 | Spa Services and Facilities



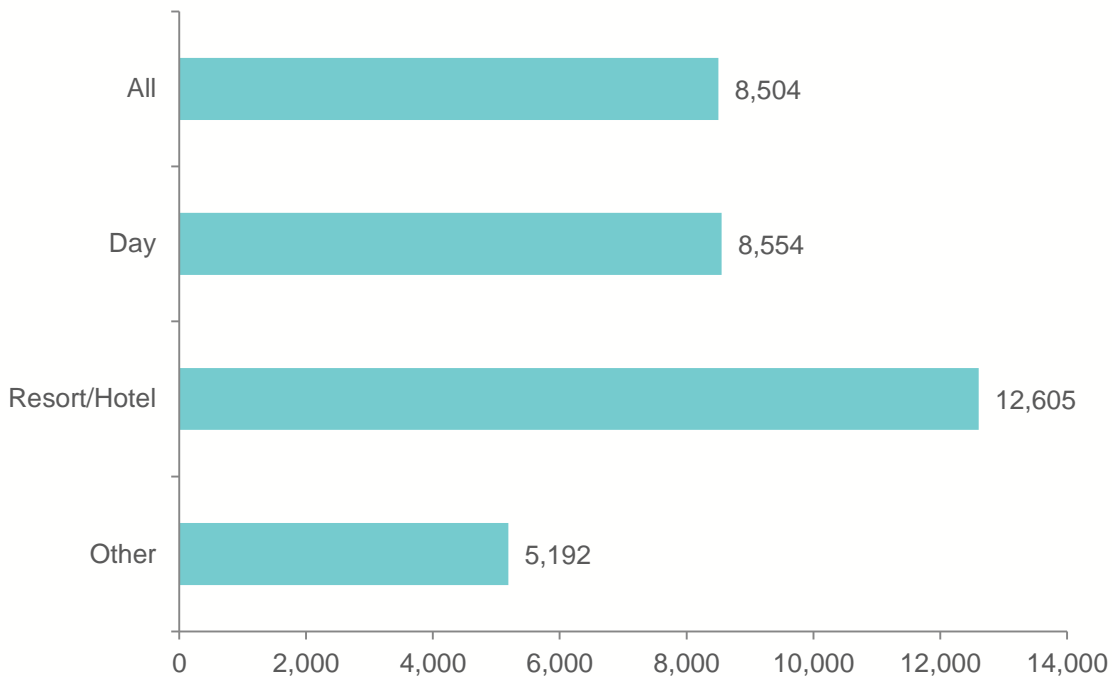
Section 3: Introduction

In 2014, spas received an estimated 176 million client visits. This Section describes the facilities and services that spas offered to their clients.

This Section presents the Industry Study findings for the following topics:

- The total square footage of spa facilities and the average by type of spa.
- The elements included in the facilities that spas operate.
- The core types of services offered by spas and average prices per service.
- The retail element in spa facilities – range of product types and average value of purchases per guest.
- Spa treatment offerings.
- Packages targeted at demographic and other groups.
- Spa treatment bookings made online.
- Client bookings in advance.

Average number of spa client visits per spa



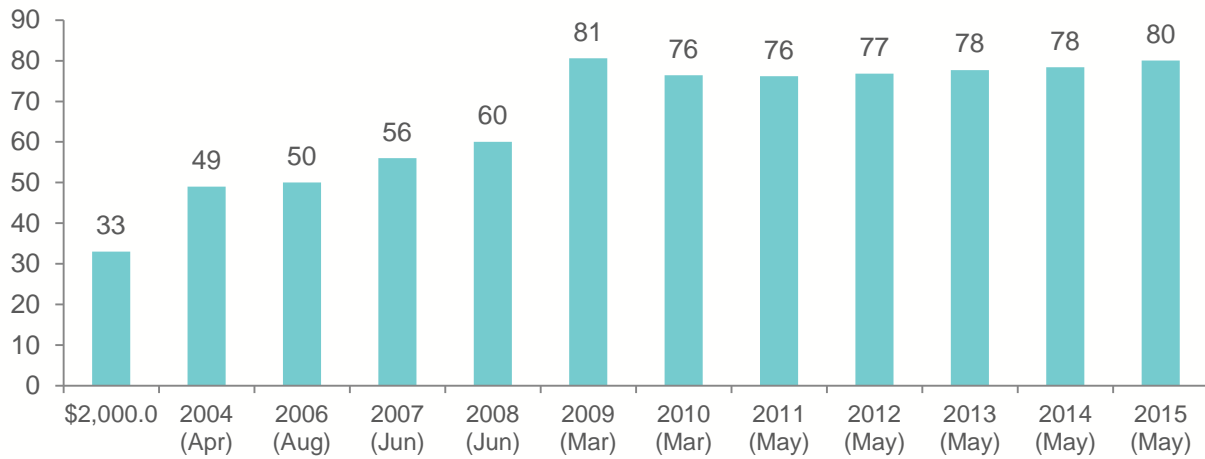
Total Square Footage

As of May 2015, total indoor floor space stood at an estimated 80 million square feet, an increase of 2.1% compared to May 2014.

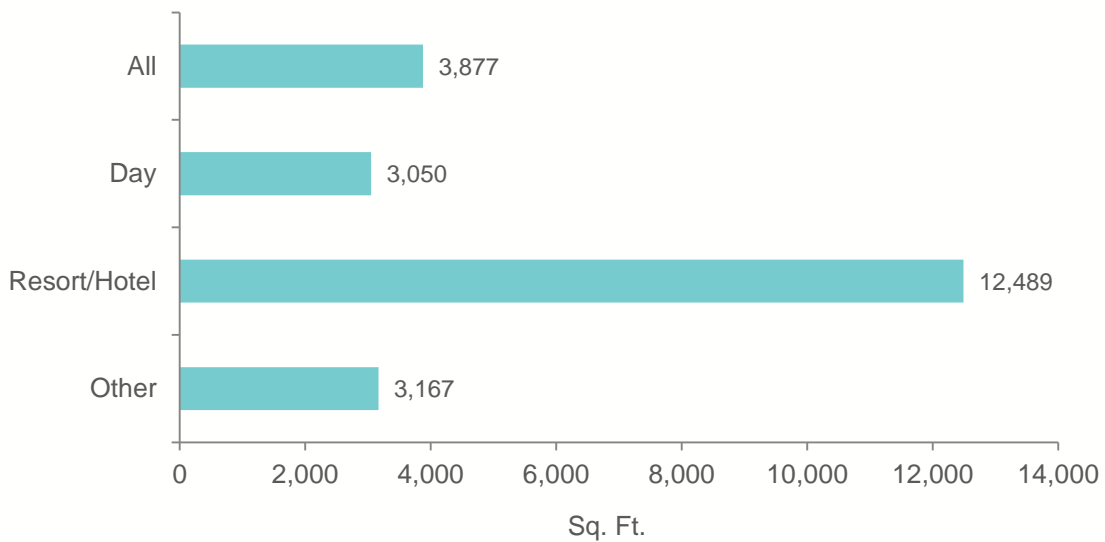
The average square footage per establishment as of May 2015 was 3,880, very slightly below the May 2014 estimate (3,900).

Average square footage varied by spa type, from 12,490 in resort/hotel spas to 3,050 in day spas.

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



Average square footage per establishment



Indoor Square Footage: Elements

Treatment rooms and a retail component are found in nearly all spas, regardless of the type of spa. The incidence of other elements of indoor square footage varies by type of spa.

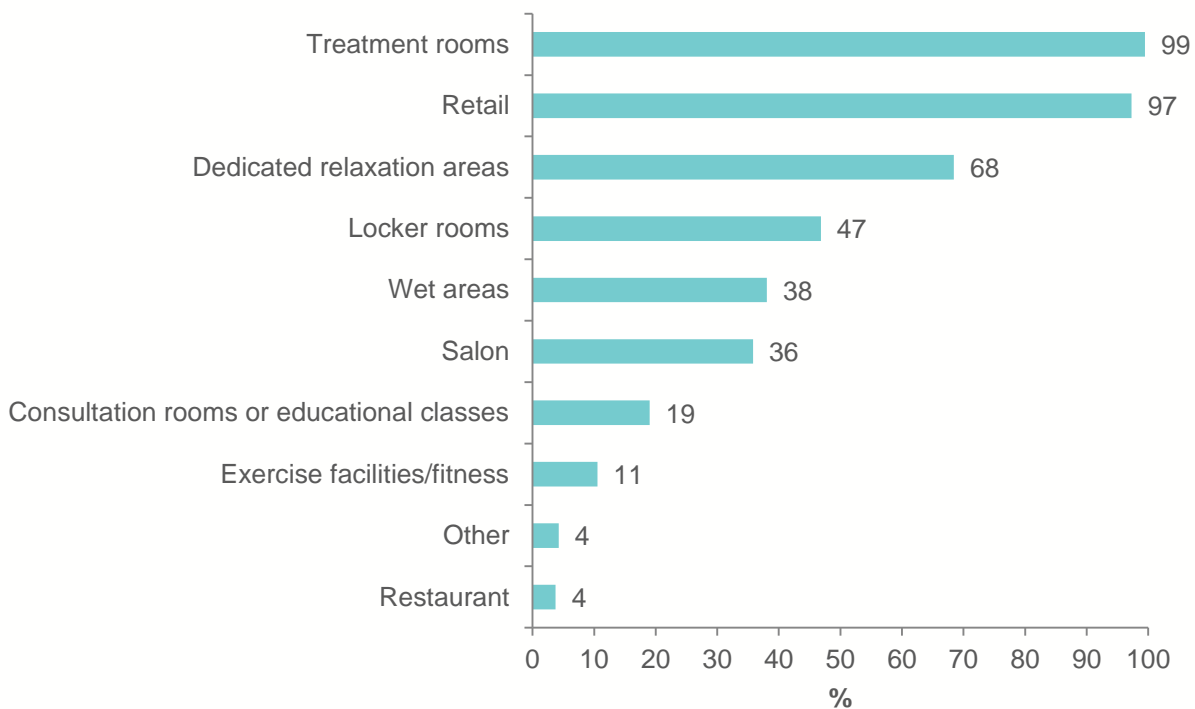
The table following this page shows the elements of indoor square footage by type of spa.

Almost all resort/hotel spas contain locker rooms (96%) and dedicated relaxation areas (94%). Wet areas are also frequently available in resort/hotel spas (84%). The majority of resort/hotel spas also contain a salon (64%) and exercise and fitness facilities (54%). The average resort/hotel spa contains six of the elements listed in the accompanying chart.

Day spas typically contain four of the main elements of indoor square footage. In addition to treatment rooms (99%) and retail (98%), over two in three day spas (69%) contain dedicated relaxation areas. Locker rooms are available in 47% of day spas, followed by wet areas (36%) and a dedicated salon element (35%).

The other spa category comprises a mix of spa types and that is reflected in the wider range of indoor floor-space elements. The inclusion of medical spas within the other category is reflected in the proportion citing consultation rooms or educational classes; 38% compared to the overall average of 19%. Similarly, the club spa influence is reflected in an above-average proportion of spas in the other category saying they have exercise or fitness facilities; 22% compared to the 11% average for all spas.

Elements of indoor square footage



Indoor Square Footage: Elements by Spa Type

	All	Day	Resort/Hotel	Other
Treatment rooms	99%	99%	99%	100%
Retail	97%	98%	98%	95%
Dedicated relaxation areas	68%	69%	94%	47%
Locker rooms	47%	43%	96%	37%
Wet areas	38%	36%	84%	22%
Salon	36%	35%	64%	23%
Consultation rooms or educational classes	19%	16%	16%	38%
Exercise facilities/fitness	11%	4%	54%	22%
Restaurant	4%	2%	8%	12%
Other	4%	5%	2%	0%
Average number of elements	4.2	4.1	6.1	4.0

Types of Services Offered

The main services provided by spas are skin care services (94%) and massage services (90%), followed by body services (75%) and salon services (59%). That picture is unchanged from previous Industry Studies.

The range and mix of services offered varies by type of spa. Reflecting their larger size, resort/hotel spas typically offer a wider range of services; an average of 5.7 types of services compared to 4.0 among day spas.

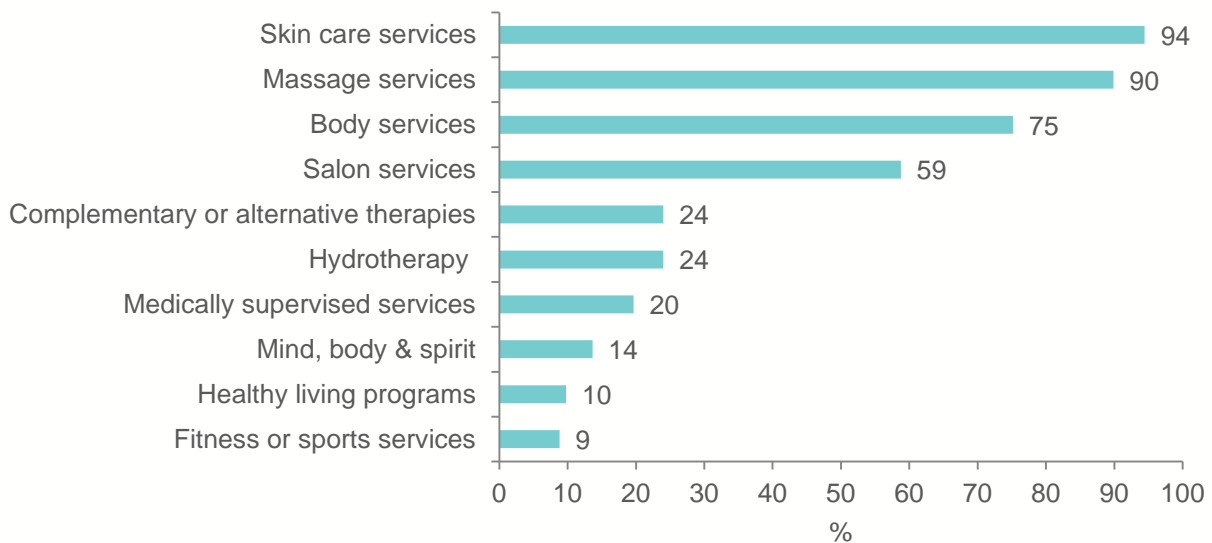
Almost all resort/hotel spas offer body services (99%) compared to 74% of day spas and 63% of spas in the combined other spa category. Salon services are available in 87% of resort/hotel spas compared with 58% of day spas.

Hydrotherapy services are offered by one in four spas (24%), ranging from 44% of resort/hotel spas to 24% of day spas and 7% of establishments in the other spa category.

Complementary or alternative therapies, such as reiki, energy work and acupuncture, are available in 24% of spas. Mind, body and spirit programs are available at 14% of spas. These programs typically include yoga as well as meditation and relaxation classes. Such programs are found in 47% of resort/hotel spas.

One in 10 spas said they offer healthy living programs (i.e., smoking cessation, weight loss, etc.), most frequently in the combined other spa category (35%), which includes medical spas, club spas and destination spas. Fitness or sports services are most often found in resort/hotel spas (49%) .

Types of services offered



Product Offering: Core Spa Services

	All	Day	Resort/Hotel	Other
Skin care services	94%	93%	99%	99%
Massage services	90%	89%	100%	87%
Body services	75%	74%	99%	63%
Salon services	59%	58%	87%	42%
Complementary or alternative therapies	24%	24%	30%	22%
Hydrotherapy	24%	24%	44%	7%
Medically supervised services	20%	15%	7%	62%
Mind, body & spirit	14%	9%	47%	19%
Healthy living programs	10%	6%	7%	35%
Fitness or sports services	9%	3%	49%	17%
Average number of services	4.2	4.0	5.7	4.5



Prices Per Service

The average price per spa service in 2014 is estimated as \$88, unchanged from the 2013 average.

Based on the responses to the 2015 Industry Study, the percentage change in actual average prices varied by type of service.

The average prices per massage (\$88) and facial service (\$97) are estimated to have declined slightly, by -3% in 2014.

Average prices for other spa services are estimated to have increased, as follows:

- Body treatments – up from \$102 in 2013 to \$105 in 2014 (+3%).
- Hair services – up from \$73 in 2013 to \$76 in 2014 (+4%).
- Nail services – up from \$43 in 2013 to \$45 in 2014 (+6%).

Spa service prices tend to follow the overall trend in prices for consumer services. From 2010 to 2014, the average price per spa service has risen from \$80 to \$88. The estimated 10.3% increase over that period has broadly tracked the change in the Consumer Price Index, which rose by 8.6% between 2010 and 2014.

Average prices, 2014 compared to 2013, 2012, 2011 and 2010

	2010	2011	2012	2013	2014
Per massage	\$85	\$85	\$87	\$91	\$88
Per facial	\$90	\$88	\$94	\$100	\$97
Per body treatment	\$95	\$96	\$97	\$102	\$105
Per hair service	\$68	\$70	\$66	\$73	\$76
Per nail service	\$41	\$42	\$42	\$43	\$45
Per service	\$80	\$80	\$82	\$88	\$88

Note: For each type of service, survey respondents are asked to report the ‘actual’ average price based on their 2014 P&L statement, rather than the ‘list’ price of treatments.



Prices Per Service by Type of Spa

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

In 2014, the overall average price per service in resort/hotel spas was \$124 compared to \$81 per service in day spas, a differential of 53%. The largest differential between resort/hotel and day spas was for massage services, as the estimated average price per massage service in resort/hotel spas was \$140 compared to \$82 in day spas, a difference of 70%. Similar differences were observed in relation to facials (55% higher on average in resort/hotel spas) and body treatments (48%).

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

Average price per service by type of spa



Retail: Product Types

Almost all spas (97%) contain a retail element. Within those spas, skin care products are most frequently offered (94%) followed by nail care products (55%) and cosmetics (54%).

Resort/hotel spas tend to offer a wider range of retail products when compared with the industry average. When asked about the types of products that they sell as part of their retail operation, the typical resort/hotel spa mentioned five of the six categories listed in the accompanying table. Among day spas, the average number of product types sold was 3.1.

Compared to resort/hotel spas, day spas are almost as likely to offer skin care products (93% compared to 100%) but less likely to offer other retail products such as hair care (35% compared to 79% of resort/hotel spas) and nail care products (52% of day spas compared to 86% of resort/hotel spas).

The average dollar value of retail purchases was \$38 in 2014.

	All	Day	Resort/Hotel	Other
Apparel	30%	25%	69%	36%
Skin care products	94%	93%	100%	100%
Hair care products	39%	35%	79%	33%
Cosmetics	54%	49%	77%	75%
Nail care products	55%	52%	86%	57%
Other	54%	53%	68%	47%

Average dollar value of retail purchases per guest				
Average	\$38	\$37	\$35	\$55
Median	\$25	\$25	\$28	\$52

Base: Spas with a retail element (96% of all spas)



Spa Treatment Offerings

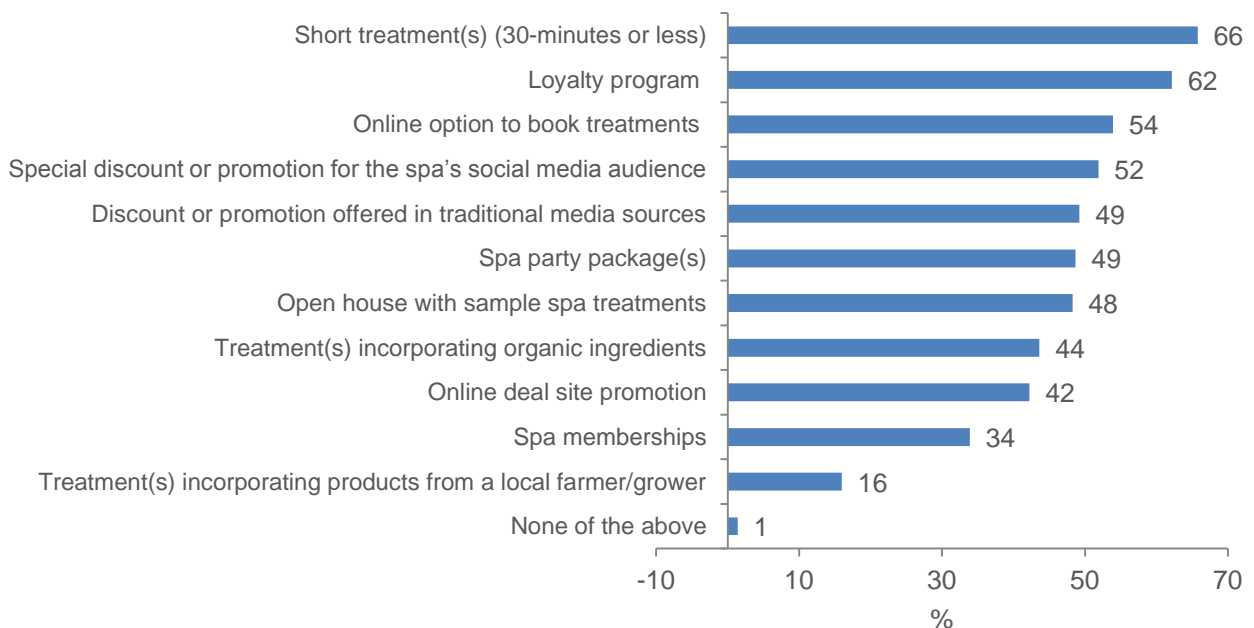
Spas have in place a range of offerings to attract and engage customers, including short 30-minute treatments (66%), loyalty programs (62%), online option to book treatments (54%) and special discounts or promotions for the spa’s social media audience (52%).

The table following this page shows treatment offerings by type of spa. As can be seen, the variety of spa treatment offerings does not vary greatly between day spas and resort/hotel spas. For example, short treatments were the most frequently reported offering both in resort/hotel spas (66%) and in day spas (65%).

The points of contrast include the following:

- Day spas were more likely to offer a loyalty program; 64% compared to 35% of resort/hotel spas.
- The option of booking treatments online was offered by 55% of day spas compared to 38% of resort/hotel spas.
- Day spas were also more likely to offer discounts or promotions in traditional media sources (50% compared to 38%) and a spa membership option (38% versus 29%).
- Treatments incorporating organic ingredients were more likely to be offered by resort/hotel spas (64%) than by day spas (42%).

Spa treatment offerings



Spa Treatment Offerings

	All	Day	Resort/Hotel	Other
Online option to book treatments	54%	55%	38%	55%
Online deal site promotion	42%	46%	38%	21%
Loyalty program	62%	64%	35%	68%
Open house with sample spa treatments	48%	44%	46%	77%
Spa memberships	34%	38%	29%	7%
Short treatment(s) (30-minutes or less)	66%	66%	65%	68%
Spa party package(s)	49%	51%	44%	35%
Special discount or promotion for the spa's social media audience	52%	49%	52%	69%
Treatment(s) incorporating organic ingredients	44%	42%	64%	43%
Treatment(s) incorporating products from a local farmer/grower	16%	18%	20%	3%
Discount or promotion offered in traditional media sources (i.e., newspaper, magazine, direct mail, TV, radio)	49%	50%	38%	54%
None of the above	1%	2%	1%	0%

Packages Targeted at Demographic and Other Groups

Spas actively cater to their clients' needs and tastes by offering packages aimed at various demographics (i.e. 72% of spas offer packages for couples, while 60% of spa offer treatments specifically for men and 59% offer treatments for women).

The table following this page shows targeted packages by type of spa. The average number of spa packages does not differ greatly between day spas (4.8) and resort/hotel spas (5.0). Nonetheless, there are some points of contrast which are highlighted as follows.

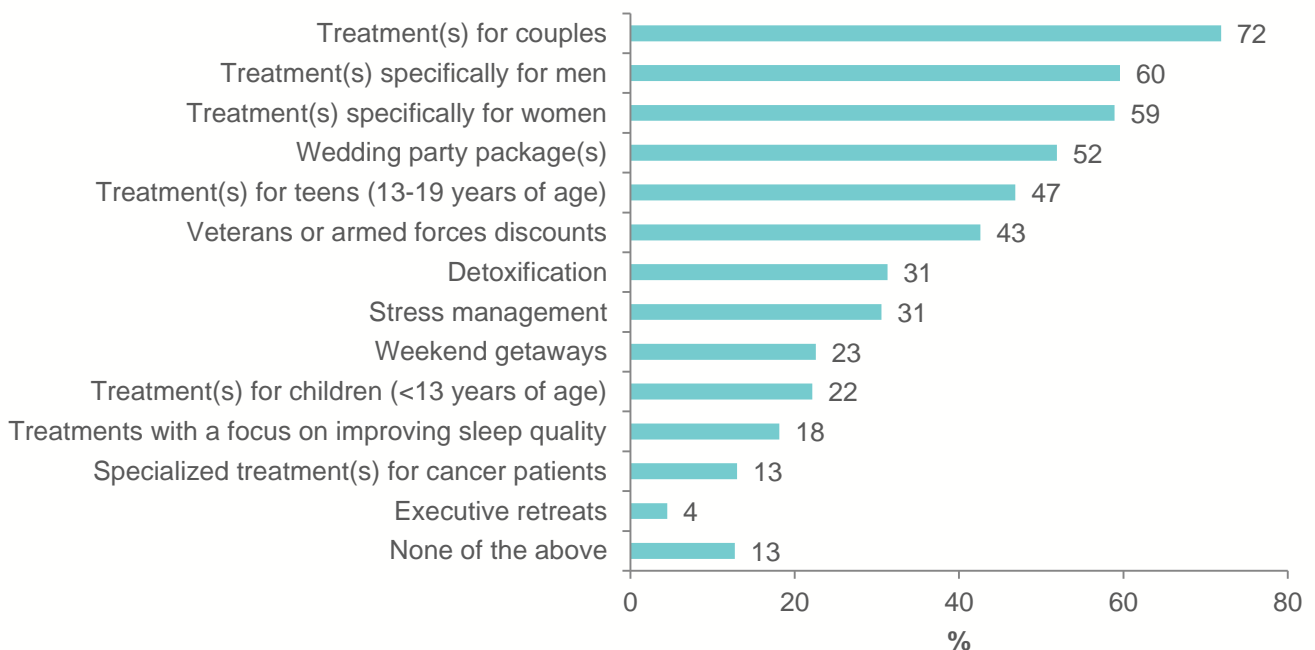
Packages targeted at couples were most frequently mentioned by both day spas and resort/hotel spas, but more often by the latter (89% versus 74%).

Resort/Hotel spas are more likely to feature treatments specifically for men (72% compared to 58% of day spas), whereas the proportion of spas offering treatments specifically for women does not vary as much between day spas (56%) and resort/hotel spas (62%).

Not surprisingly, packages involving travel were more frequently mentioned by resort/hotel spas, notably weekend getaways (36% versus 7% of day spas). Wedding party packages are also more likely to be offered by resort/hotel spas (72% compared with 43% of day spas).

In contrast, day spas were more likely to say they offer stress management packages (33% versus 18% of resort/hotel spas), treatments for teens (48% versus 31%) and veterans or armed forces discounts (50% versus 21%).

Special packages



Packages Targeted at Demographic and Other Groups

	All	Day	Resort/Hotel	Other
Treatment(s) for couples	72%	74%	89%	48%
Treatment(s) specifically for men	60%	56%	72%	75%
Treatment(s) specifically for women	59%	56%	62%	74%
Wedding party package(s)	52%	52%	70%	41%
Treatment(s) for teens (13-19 years of age)	47%	48%	31%	47%
Veterans or armed forces discounts	43%	50%	21%	11%
Detoxification	31%	33%	35%	15%
Stress management	31%	33%	18%	24%
Weekend getaways	23%	23%	45%	5%
Treatment(s) for children (<13 years of age)	22%	20%	25%	35%
Treatments with a focus on improving sleep quality	18%	21%	12%	5%
Specialized treatment(s) for cancer patients	13%	13%	13%	11%
Executive retreats	4%	4%	11%	1%
None of the above	13%	14%	2%	12%

Company Websites and Online Bookings

Almost all spas (98%) now have a website to promote their services. Among spas offering the online booking option, the average percentage of bookings made online is 20%.

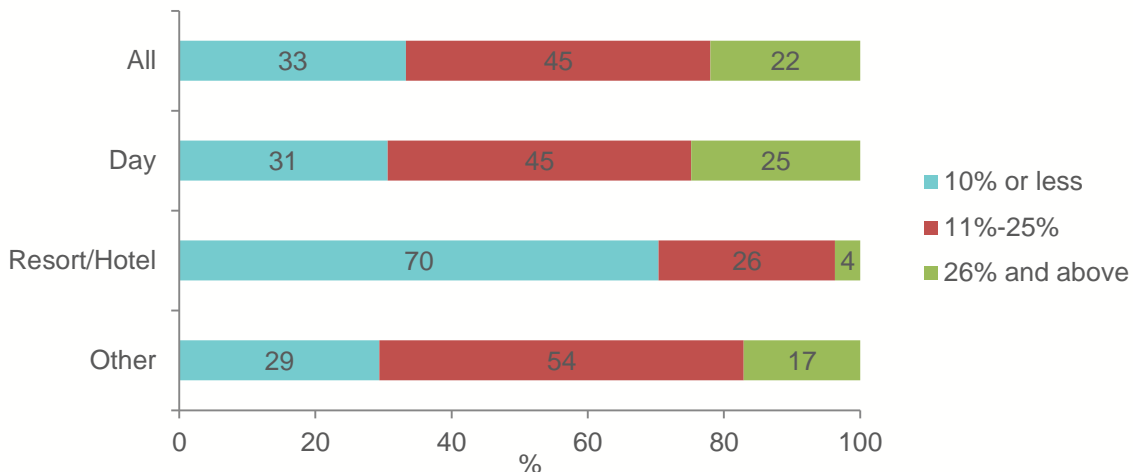
The proportion of bookings made online, where that option is available, varies from 21% for day spas to 11% among resort/hotel spas.

Among day spas with an online option, almost half (45%) said that 11-25% of their spa treatment bookings are made online. A further one in four (25%) said that 26% or more of their spa treatment bookings are made online. The remaining 31% said that online bookings accounted for 10% or less of their total bookings.

By contrast, among resort/hotel spas with an online option, 70% said that online bookings account for 10% or fewer of their treatment bookings.

	All	Day	Resort/ Hotel	Other
Company website				
% of spas	98	98	97	95
Online booking option				
% of spas	54	55	38	55
Percent of spa bookings made online (Base=spas with online option)				
Mean	20	21	11	20

Spas with online option – treatments booked online (%)



Booking appointments

The majority of spa customers (52%) book their appointments more than one week in advance. A little more than one in three (35%) book their appointment 2-7 days in advance. About one in 10 customers (11%) make a same day appointment, within 24 hours. Just 3% of customers make no advance booking ('walk ins').

The appointments pattern varies by type of spa. The table below gives a summary by type of spa; the more detailed results are in the table on the next page.

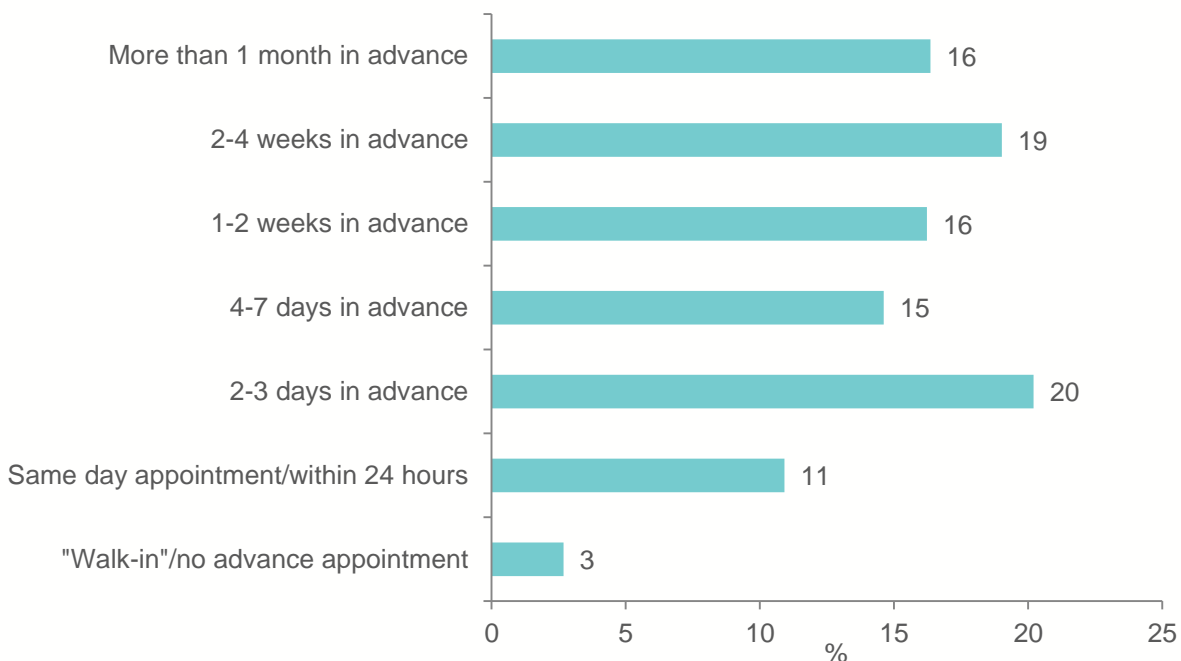
In general, day spa customers are more likely than resort/hotel spa customers to book an appointment more than one week in advance (53% of day customers compared with 34% of resort/hotel spa customers).

In contrast, almost one in four resort/hotel spa customers make a same day appointment (20%) or arrive with no advance booking (4%). The comparable figures quoted by day spas are 10% and 3%.

Percentage of appointments booked:

	All	Day	Resort/hotel	Other
More than one week	52	53	34	57
2-7 days	35	34	43	34
Same day/walk-in	14	13	24	9

When do customers book their appointments?

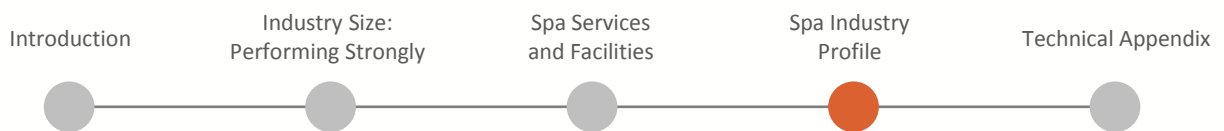


When do customers tend to book their appointments?

Percentage of appointments booked:

	All	Day	Resort/hotel	Other
More than 1 month in advance	16%	16%	8%	25%
2-4 weeks in advance	19%	20%	11%	19%
1-2 weeks in advance	16%	17%	14%	13%
4-7 days in advance	15%	14%	18%	15%
2-3 days in advance	20%	20%	25%	19%
Same day appointment/within 24 hours	11%	10%	20%	8%
"Walk-in"/no advance appointment	3%	3%	4%	2%

Section 4 | Spa Industry Profile

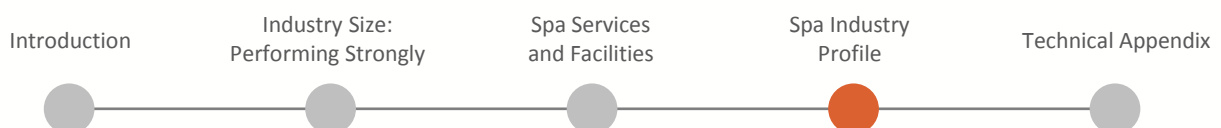


Section 4: Introduction

This Section presents a profile of the estimated 20,660 spa industry establishments located across the U.S. The spa industry is diverse, with establishments varying by size, facilities, range of services offered, as well as the people who work in spas and the clients they serve.

This Section focuses on the following spa establishment categories:

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



Key Ratios

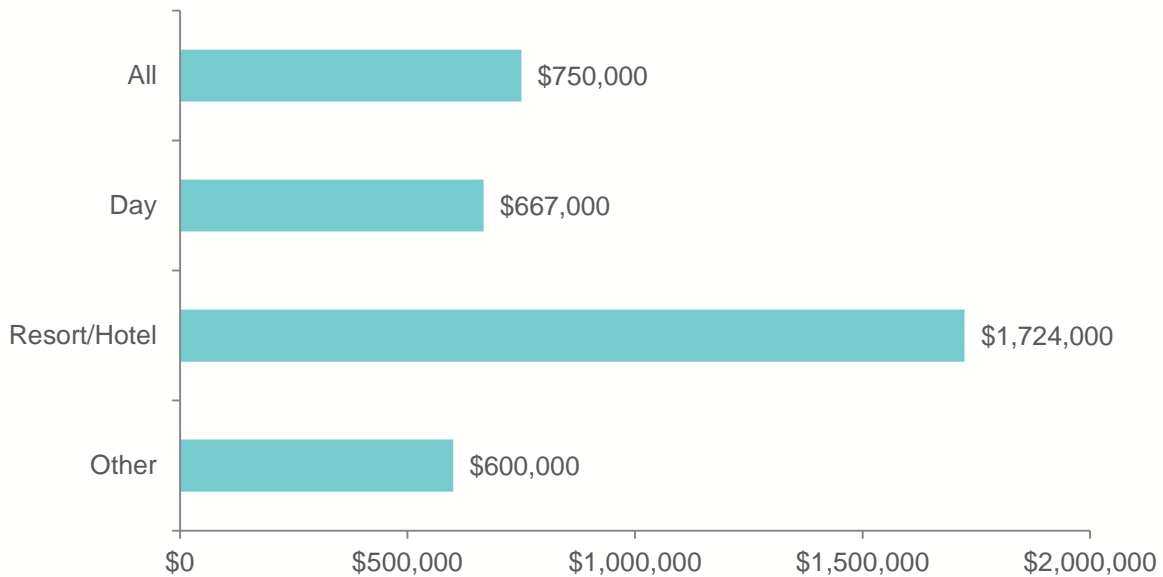
Key size indicators vary by type of spa. As in previous years, average revenues and visits per resort/hotel spa are higher than for day spas.

The key size indicators are shown for the main spa types in the Key Ratios table on page 46. For comparability with previous studies, floor space ratios are also shown.

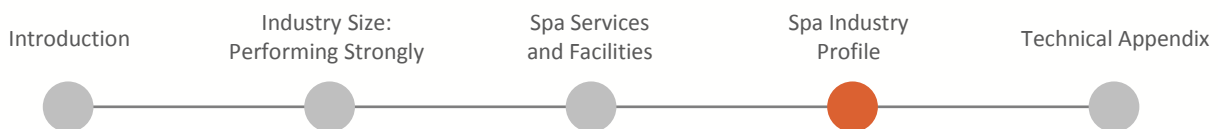
Also shown are revenue ratios, including revenues per visit, per square foot of floor space and per employed person. Resort/hotel spas generate higher average revenues per visit (\$137) compared to day spas (\$78).

By contrast, and reflecting their more intensive use of floor space, revenue per square foot of floor space tends to be higher in day spas (\$220) than in resort/hotel spas (\$140).

Average revenue by type of spa



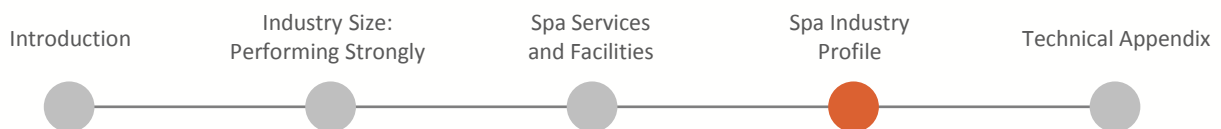
Note: The key ratios by spa type should be interpreted with caution. They are estimates based on a sample of spa establishments and will therefore be subject to variability from sampling error. Special care should be taken in making comparisons with previous Spa Industry Studies as the estimates in those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



Key Ratios by Spa Type

	All	Day	Resort /Hotel	Other
Revenue per spa	\$750,000	\$667,000	\$1,724,000	\$600,000
Per visit	\$88	\$78	\$137	\$116
Per sq ft	\$190	\$220	\$140	\$190
Per employed person	\$43,000	\$42,280	\$48,020	\$39,420
Visits per spa	8,504	8,554	12,605	5,192
Square footage per spa	3,877	3,050	12,489	3,167
Total employees per spa	17.4	15.8	35.9	15.2
Full-Time	7.5	6.8	15.2	6.1
Part-Time	8.0	7.1	18.1	6.2
Contract	2.0	1.8	2.6	2.9

Note: As they are based on a sample of spas, the key ratios by spa type should be interpreted with caution. Please see note on previous page when making comparisons with previous Spa Industry Studies.



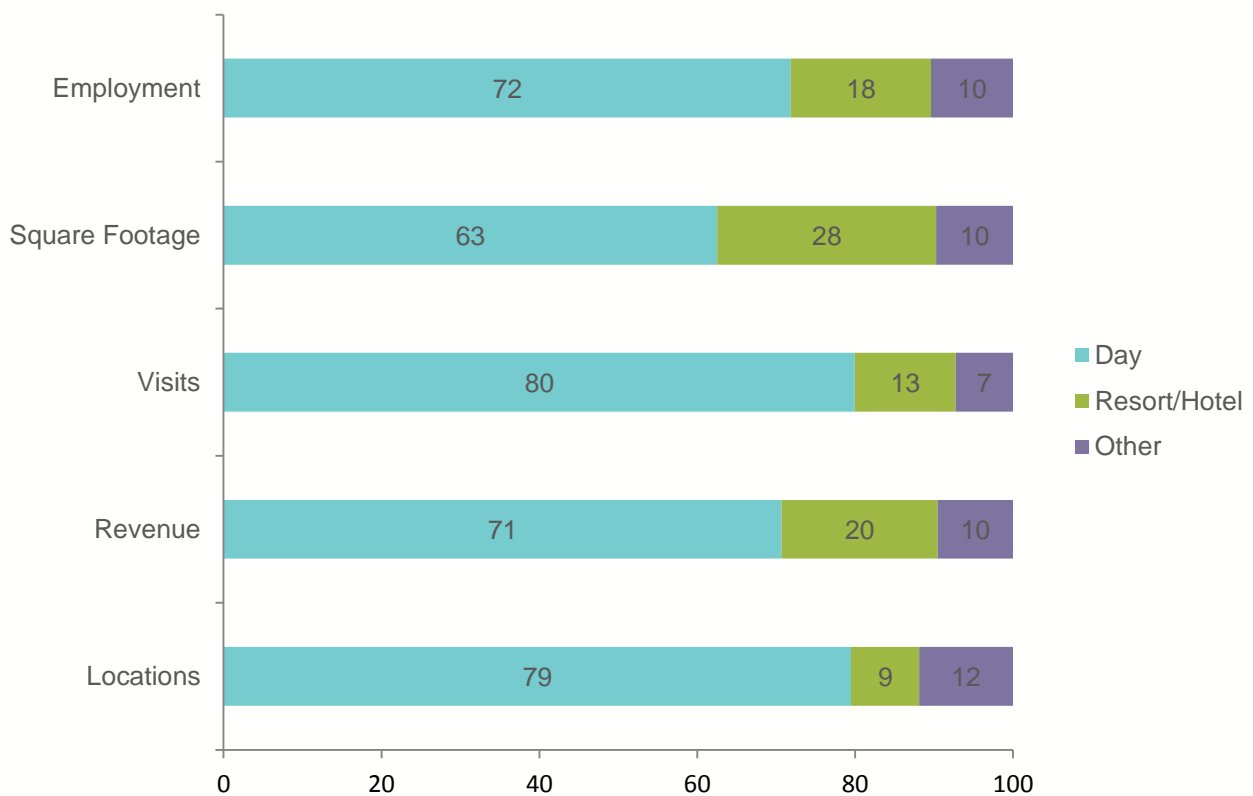
The Big 5: Composition by Spa Type

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

The average resort/hotel spa generates 2.3 times more revenue compared to the industry average; consequently, the resort/hotel spa share of total industry revenue (20%) is 2.3 times larger than the sector's 9% share of locations.

Day spas account for 80% of total spa industry visits, slightly more than their 79% share of locations. However, since average revenue per visitor in the day spa sector (\$78) is below the industry average (\$88), the day spa share of total industry revenues (71%) is below its 80% share of visits.

Composition by spa type



Geography of the Spa Industry: Distribution of Spa Types by Region

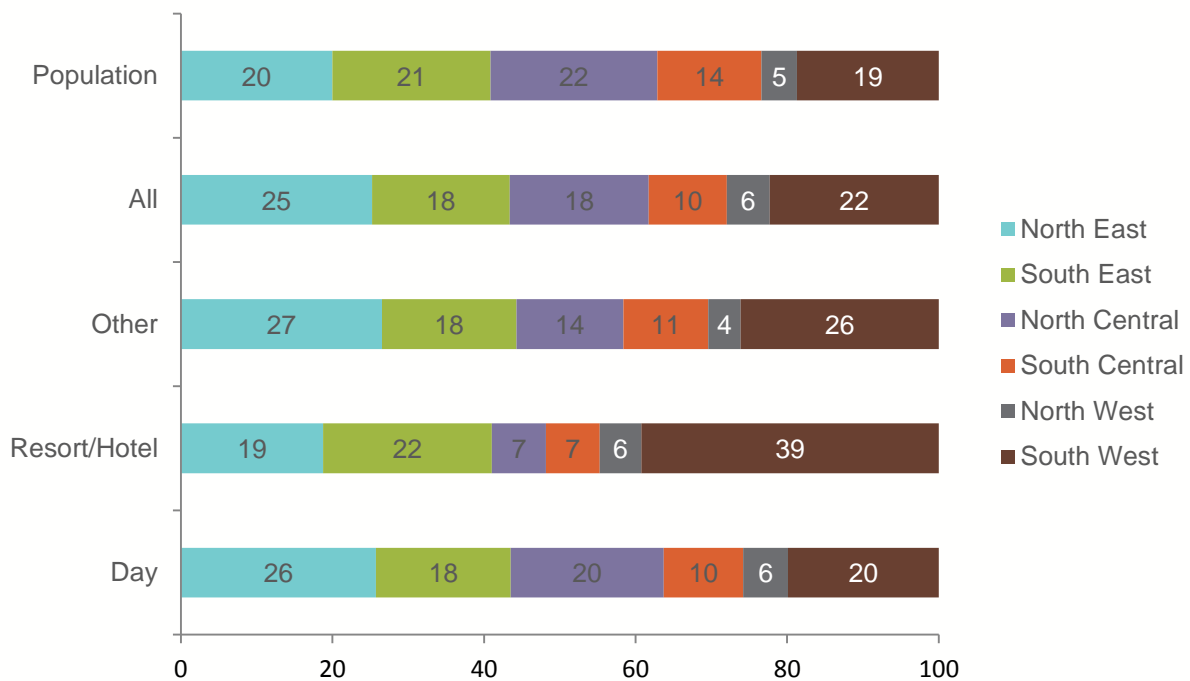
The distribution of spa types by region in 2014 shows little change from the historic pattern.

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

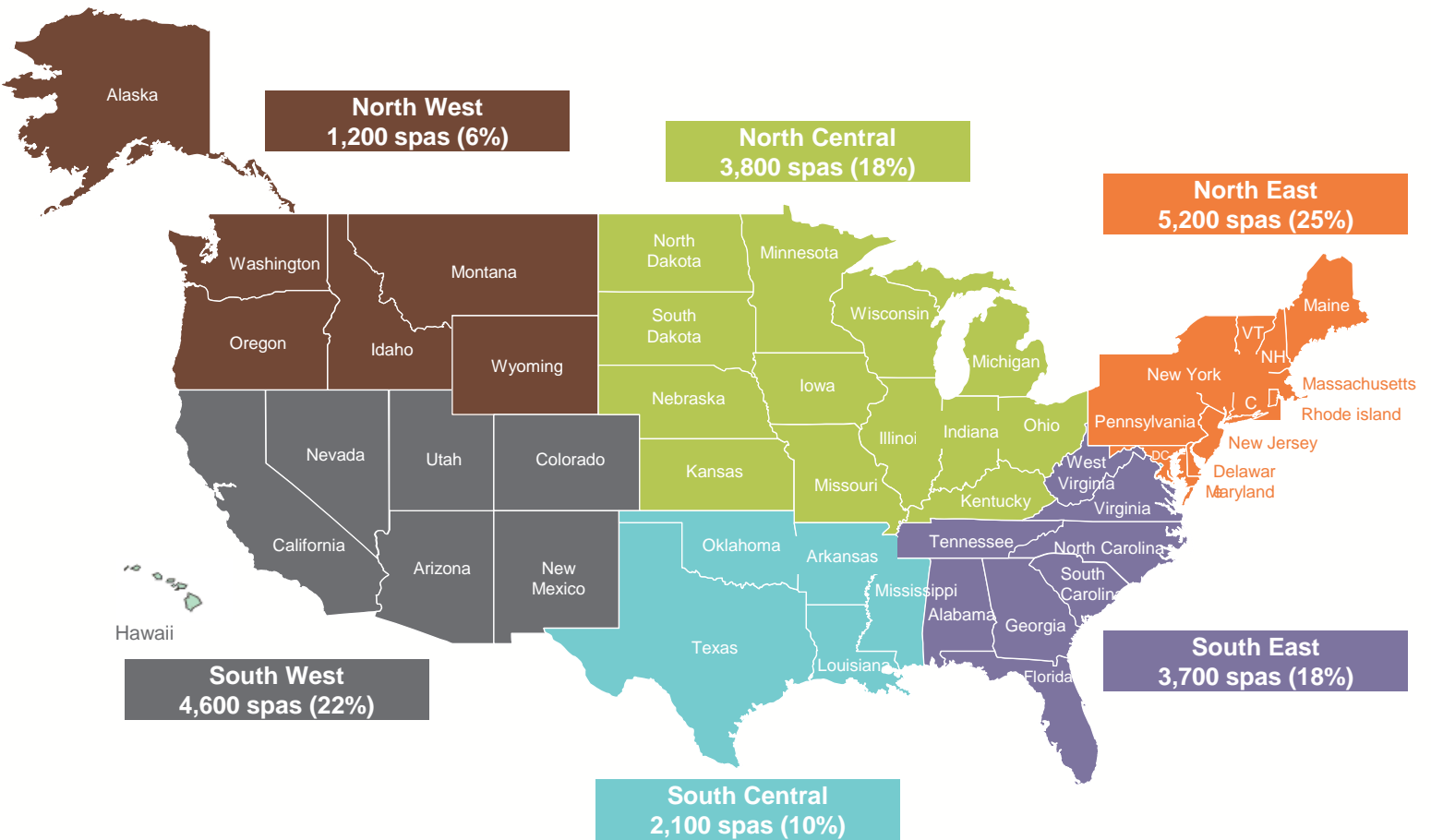
The regional distribution of day spas more closely follows the general population, as such spas typically serve the population living in the areas where they are located.

The map of spa establishments by region is shown on page 49. Key ratios by region are shown in the table on page 50.

Distribution of spa types by region



The Distribution of Spa Establishments by Region



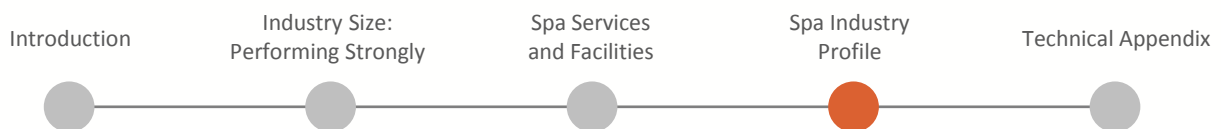
Note: Number of spas rounded to the nearest 100

Key Ratios by Region

	All	North East	South East	North Central	South Central	North West	South West
Revenue per Spa	\$750,000	\$674,000	\$755,000	\$691,000	\$863,000	\$919,000	\$784,000
Per visit	\$88	\$83	\$89	\$83	\$93	\$88	\$95
Per sq ft	\$190	\$190	\$190	\$180	\$240	\$280	\$180
Per employed person	\$43,000	\$42,600	\$40,030	\$41,460	\$43,920	\$55,790	\$43,660
Visits per Spa	8,504	8,118	8,472	8,362	9,239	10,458	8,246
Square Footage	3,877	3,602	3,972	3,817	3,531	3,293	4,468
Total Employees	17.4	15.8	18.9	16.7	19.7	16.5	18.0
Full-Time	7.5	6.4	8.3	6.6	10.3	8.5	7.0
Part-Time	8.0	7.4	8.2	8.3	8.1	6.6	8.5
Contract	2.0	2.0	2.4	1.8	1.2	1.3	2.5
Locations*							
Total	20,600	5,200	3,800	2,100	2,100	1,200	4,600

*Regional number of locations rounded to the nearest hundred.

Note: The key ratios by region should be interpreted with caution, particularly when comparing with the national average statistics. Similarly, changes compared to previous years will reflect sampling variability. Please see key ratios note on page 46.

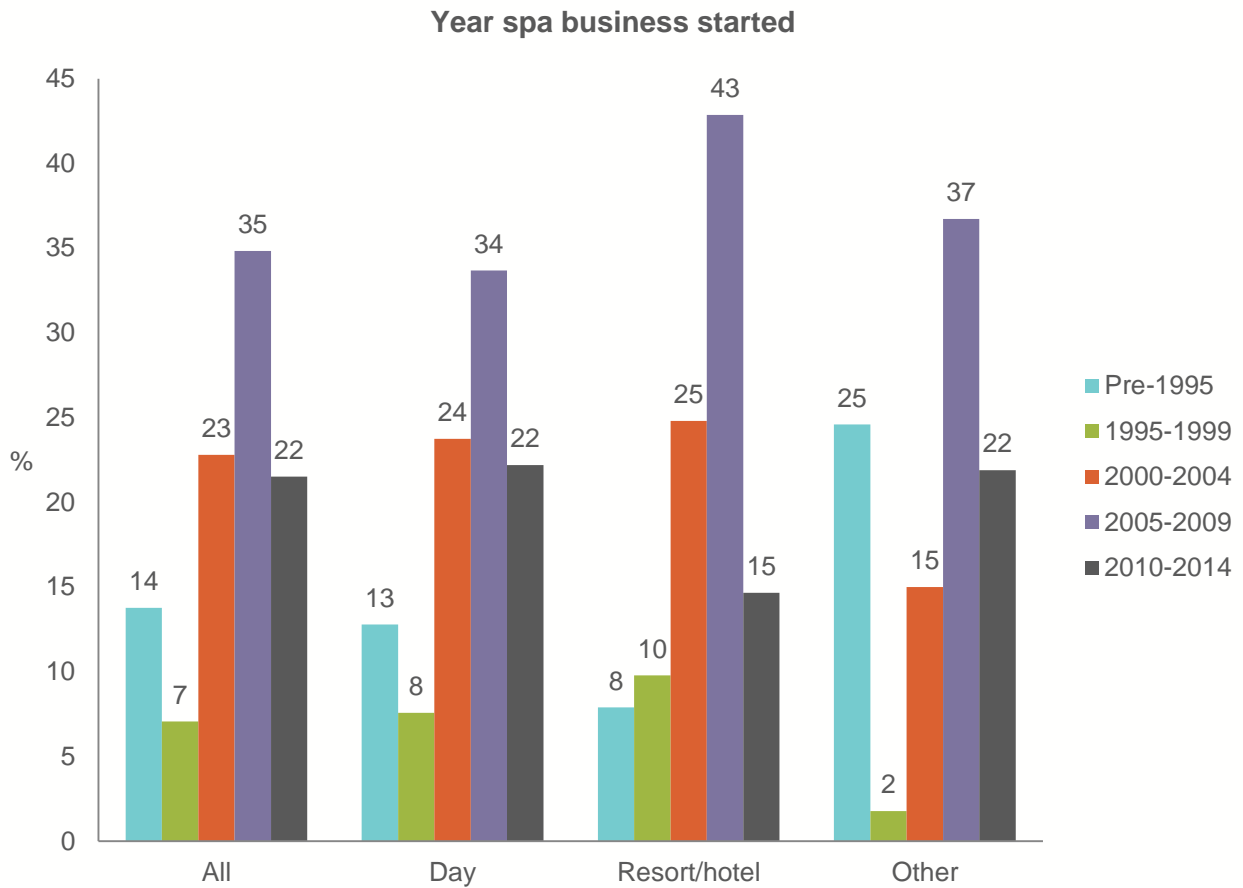


Year Spa Business Started

Among those spas in business at the end of 2014, 35% said they opened between 2005 and 2009. More than one in five (22%) started in the more recent period from 2010 to 2014.

The proportion opening in the period from 2005 to 2009 was highest among resort/hotel spas, with 43% opening in that period compared to 34% of day spas.

In contrast, day spas were more likely to say their business started between 2010 and 2014 (22% of day spas compared to 15% of resort/hotel spas).



Type of Operation

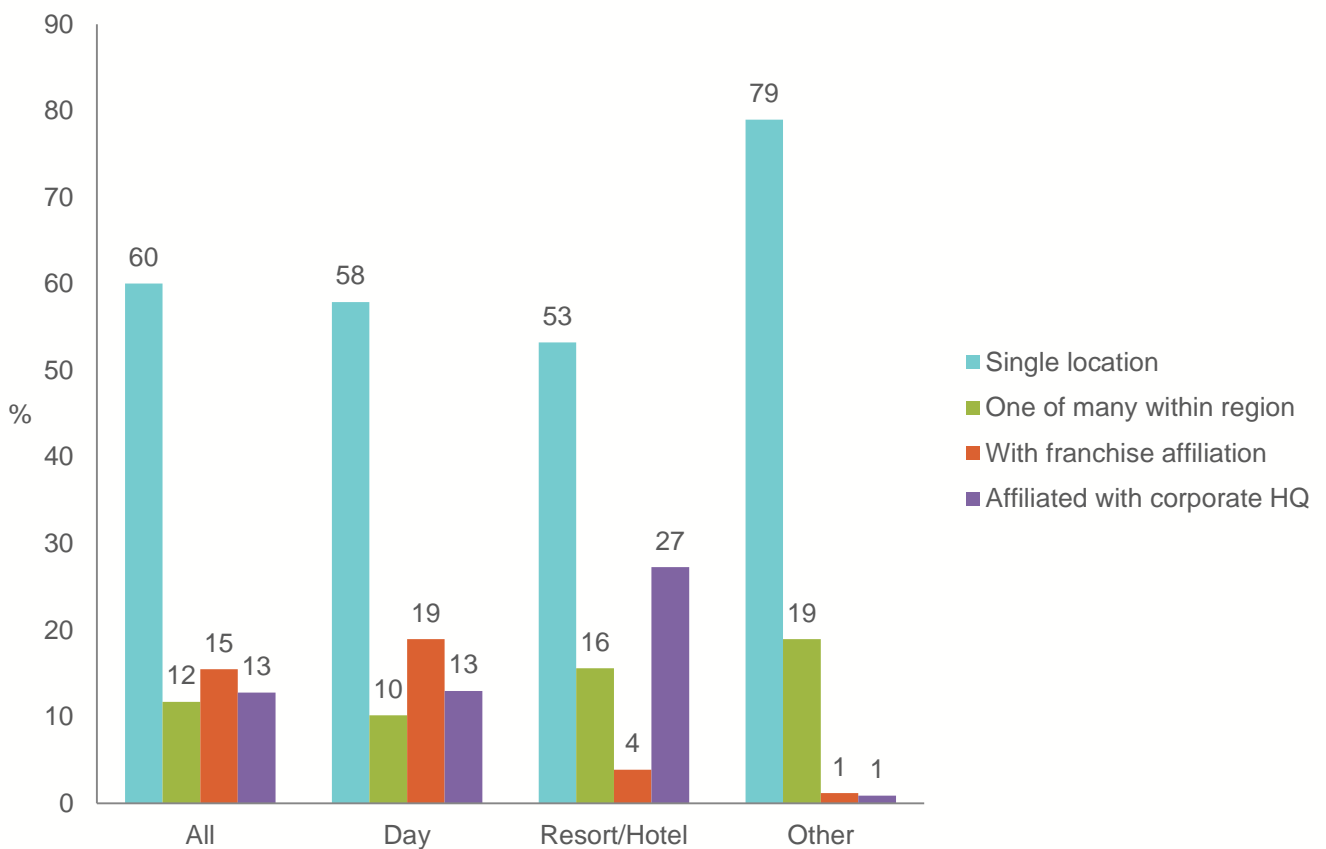
The majority of spas (60%) describe themselves as single location operations.

Twelve percent of spas said they are one of a number of locations within the same state or region and owned by the same owner/company.

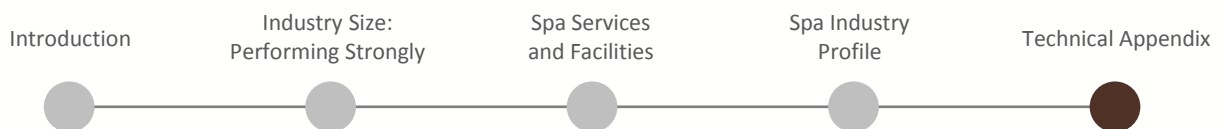
Operations with a franchise affiliation account for 15% of spas. The proportion is highest among day spas (19%).

Thirteen percent of businesses said they are affiliated with a national corporate headquarters. The proportion with such an affiliation is highest among resort/hotel spas (27%).

Type of operation



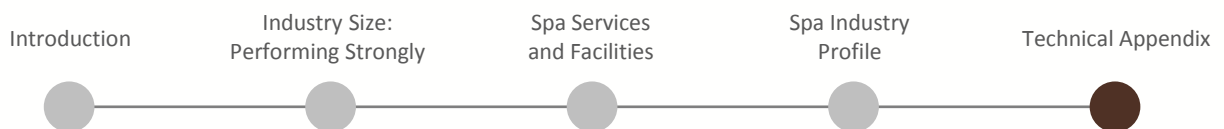
Section 5 | Technical Appendix



Section 5: Introduction

This Section describes the approach to the 2015 U.S. Spa Industry Study, under the following headings:

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

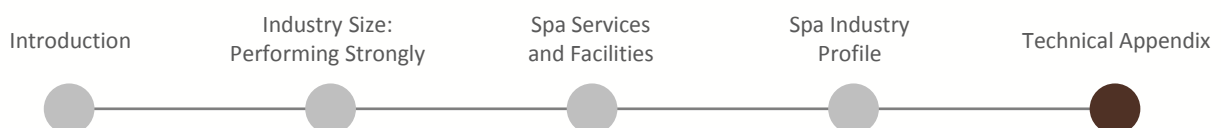


Survey Methodology

A large scale quantitative survey of spa establishments was undertaken to collect the information required to estimate the key statistics for the ISPA 2015 U.S. Spa Industry Study. The full survey was launched at the end of February 2015 and completed in May 2015.

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

Contact details for spas invited to participate in the survey were obtained from the ISPA database of spa locations, containing information on over 16,000 qualified spas. The ISPA database also provided the main data source for estimating the number of spa locations by type and region. The ISPA database is estimated to represent 77% of the industry.



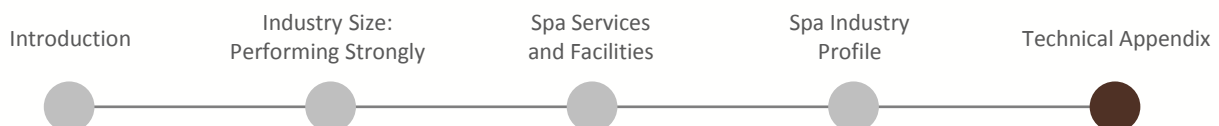
The Questionnaire

The questionnaire for the 2015 Industry Study was based on the questionnaire used for the 2014 Industry Study. This was to ensure continuity and consistency with the 2010, 2011, 2012, 2013 and 2014 U.S. Spa Industry Studies. The questionnaire was developed in consultation with ISPA and refined through expert review and in-house testing of the structure and routing of the questionnaire.

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

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

- Staff compensation and benefits;
- Product offering: Core spa services;
- Retail products and revenues;
- Market trends.



Survey Outcomes

The survey was launched on a bespoke Internet registration site in late February 2015 and ran until early April 2015.

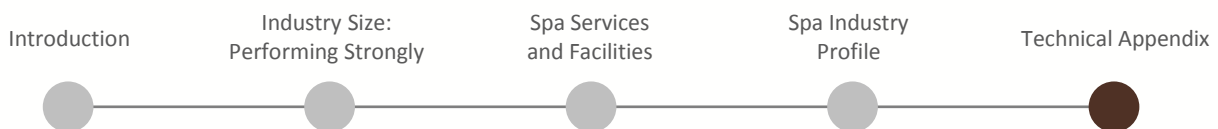
Results represent responses from 1,592 establishments. Those establishments were based on 560 survey returns that were submitted for either single locations or composite returns for multiple spa locations.

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

As the information for this study was collected from a sample of spas, the findings will inevitably be subject to margins of error. For proportions based on all respondents, the indicative margins of error at the 95% confidence level are $\pm 4.1\%$.

The margins of error are wider for sub-samples. Thus, for proportions based on all day spas, the margins of error are $\pm 5.9\%$. For proportions relating to resorts/hotels, the indicative margins of error are $\pm 6.7\%$.

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



Comparability Over Time

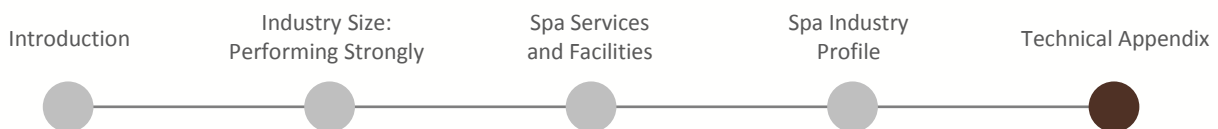
In 2005, ISPA undertook a census of the North American spa industry to formally qualify and classify spas. Through this process, ISPA developed specific product/service based criteria for qualifying and classifying spas. The spa type definitions are listed on page 5 of this report.

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

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

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

While the estimates for studies undertaken prior to 2006 were adjusted to facilitate comparability and identification of industry trends, the pre-2005 estimates shown in pages 9-15 should nonetheless be treated with a degree of caution.



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International Survey Unit

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