



SNAPSHOT SURVEY RESULTS REPORT

Gratuities and Service Fees

MAY 2019

Gratuities and Service Fees Survey Results

ISPA Snapshot Survey | May 2019

Monthly Snapshot Surveys provide ISPA members with a valuable look into the state of the spa industry, spa industry trends and helps identify the needs of spa professionals. Snapshot Surveys are conducted on the third Friday of each month, with full results provided only to respondents two weeks from the release date of the survey. Knowledge is a valuable tool and these quick surveys provide a wealth of information shared by ISPA's members. The May Snapshot Survey inquired about gratuities and service fees for service providers in the spa.

While the majority of spa respondents (54 percent) have automatic service fees/charges, the number varied between Day Spas and Resort/Hotel Spas with just 20 percent of Day Spas utilizing automatic service fees or charges, compared to nearly two-in-three (65 percent) of Resort/Hotel Spas. To contrast this number, less than half of all respondents (43 percent) promote an official gratuities policy to guests, with just 14 percent of Day Spa respondents doing so.

The most common service fee percentages for respondents were 20 percent with all going to the service provider (10 respondents), 18 percent (eight respondents), 20 percent with 18 percent going to the service provider (seven respondents) and 20 percent with 17 percent going to the service provider (six respondents).

When asked what changes respondents would like to make to their current service fee policy, many respondents said they were not looking to make a change (25 respondents), while others were hoping to raise the fee in order to provide a larger percentage to support staff or service providers than they are receiving under their current policy.

Gratuities continue to account for a large percentage of massage therapists' annual income. One respondent estimated that 65 percent of a massage therapist's income is derived from gratuities at their spa. The most common numbers reported were 30 percent (16 respondents), 20 percent (13 respondents), 50 percent (11 respondents) and 15 percent (11 respondents.)

The results analysis includes answers from all respondents who took the Snapshot Survey in an eight-day period from Friday, May 17, 2019 to Friday, May 24, 2018. During this time, 205 ISPA members responded to the survey. The categories "all spas" and "ISPA Spa Members" referred to within this report include data from all spa respondents (day, resort/hotel, medical and destination spas).

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ISPA SPA MEMBERS

Does your spa have automatic service fees/charges?



Please identify the service fee percentage or fee below AND also identify what percentage goes to the service provider.

- 1% concierge
- 1% defrays credit card charges
- 1% is Commission to the booking associate
- 10% as per law
- 10% service fee, all the percentage goes to the service provider.
- 15% service fee charged and 7-10% goes to the service provider as their hands-on incentive.
- 15% to service provider
- 17% gratuity
- 17% goes to the service provider (3)
- 18% - 15% to therapist 3 % to support staff (2)
- 18% - all to service provider (8)
- 18% is Gratuity to the Service Provider and goes through payroll and is taxed accordingly as income.

- 18% Service Charge (16% to the Therapist/Service Provider, 2% to the Support Staff based on hours worked)
- 18% to service provider, 2% to receptionists/Spa Concierge
- 18% Total - 17% to the provider and 1% to front desk associates
- 2% service fee that goes to house account. 18% gratuity which all goes to service provider
- 2% to support staff (5)
- 2.5% in a pool for Locker rooms, Front Desk and Reservations
- 20% - 15% to provider; 3% to concierge; 2% to house
- 20% - 17% goes to provider (3)
- 20% - 18% goes to the provider (7)
- 20% - 86/14 split to provider/service staff (locker room attendants and concierge)
- 20% - all to the service provider (10)
- 20% based on full retail price. 15% of the 20% goes to the Service Provider
- 20% gratuity on services. 17% to providers, 3% to support team
- 20% is collected. Guests have the freedom to change this according to the service that they received. Of this 20% collected, 18% goes to the technician who provided the service. The other 2% is distributed to my front desk team who also maintain the reception area (refreshments, coffee, magazines) and also maintain the locker rooms.
- 20% on groups of 5 or more 17% to provider, 3% to house
- 20% Service charge - 100% goes to provider (3)
- 20% Service Charge (Taxable)
- 20% service charge 17% to service provider and 3% support staff (6)
- 20% Service charge- 2% to the house account, 18% to the provider.
- 20% Service Charge with 15% going to the provider (2)
- 20% service charge, 18% goes to provider (4)
- 20% service charge. 16.5% goes to the provider
- 21% Service Charge, 16% goes to service provider (2)
- 22% automatic based on the full price of the service. 18% goes to the provider, 2% to the house and 2% to a managers' bonus pool
- 22% Service Fee
- 5% split to facility/concierge staff
- A 10% service charge is added, and this gets divided through the all resort employees. It's calculated by how many hours the employees had worked for that particular month.
- It is an annual fee that is distributed throughout the year by our accounting department.
- It's a dollar amount depending on service. Average \$2 per service. 35-49% for providers
- Members receive 20% discount and 18% service charge based on discounted rate.
- We charge 15% automatically for guests with the explanation that they may adjust that to whatever they prefer. All goes to provider.

- We have a 5% Spa service fee that goes into Spa payroll for attendants and staff. Our Gratuity is a separate charge that can be adjusted by the guest however they see fit. We set it however at 20% to start and notify the guest they can make what changes they would like.
- We have autopay memberships. Therapists fee is based off the service not the membership. The therapists don't get dinged because business offered discounts.
- We have them for our flash sale and hotel/spa packages only. The percentage is 15%

If you could make a change to your spa's current service fee policy, what would it be and why?

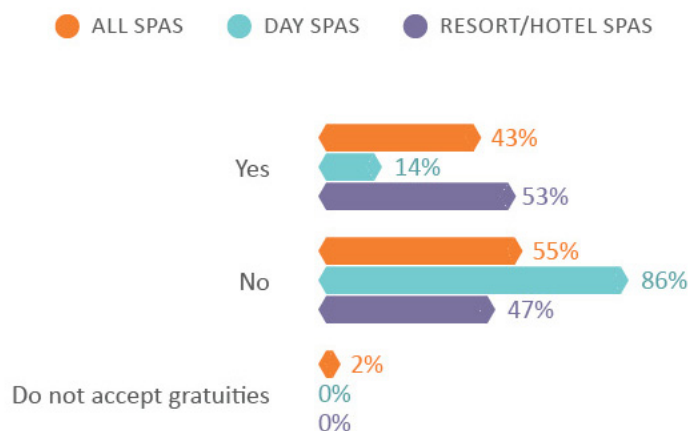
- 2% would be added for locker room attendants.
- Adjust to a flat 20% gratuity with 18% going to the therapists and 2% going to the support pool concierge/spa attendants/fitness attendants.
- Automatic gratuity across the board.
- Because of our heavy activity and guest expectations, raise the rate to 25%.
- Daily fee and membership fees.
- Divide the percentage among all the spa employees (therapists, concierge, valet, etc.).
- Eliminate it.
- I am considering 20% with 3% to the front desk associates.
- I would change to 3% service fee with 2% to the house account. The other 1% would go paying out front desk and locker room attendants. It would help keep labor cost down but be able to offer additional income
- I would charge 20%, 18% to the provider, 2% to a pool that the locker attendants/front desk split based on hours work to incentivize them for large group dates, etc., to make them more invested in the spa success. However, need to make up that 2% charge elsewhere.
- I would incorporate it throughout all services but would have resistance from spa staff.
- I would increase and use the difference as a pool for support staff. Also, we have to tax it due to the automatic assessment so that is an issue with guests.
- I would keep the 20% but give 17% to the therapists and 3% to support staff pooled.
- I would not do service fee but have gratuity only - at discretion of guest.
- If it has to be affected, then it should be on a Spa discount/Management and or Planning Committee discounts only.
- I'm not sure what changes to the policy itself I would make, but it would be so helpful if guests better understood the difference between a mandatory Service Charge and an optional gratuity.
- Increase to 20%.
- Make it 20% and have 90% go to providers and 10% go to locker attendants.
- Move to Automatic 18% gratuity- all to provider or change our pricing to include 20% gratuity with 2% to house, 18% provider.
- Not looking to change. (25)
- possibly change 1% to the house

- Raise it to 20%
- Service charge based on full rate for members.
- Spa can't change the amount of the service charge.
- Stay at 20 but change the balance a bit towards support to keep staff longer and engaged.
- Stop telling customers they can change it if they want to.
- Take service charge from 20 to 22% and give 20% to provider and 2% to spa attendants.
- That service charge is not affected by a discount. It hurts the staff (entire Resort) on a whole I believe.
- That the full service charge go to the service provider but only because it's what the guest thinks is happening.
- The Spa doesn't have its own service charge. Our operation with service charge is through the whole resort.
- To increase it slightly.
- We are exploring increasing the 16% gratuity higher, but the total will stay at 20%.
- We used to divide a portion among the support staff- locker and front desk receptionists. I would like to do that again!
- Would raise it to 22% and give 18% to spa providers and 4% to line staff.

Which of the following efforts, if any, are used by your spa to encourage guests to leave a gratuity?
Respondents were asked to select all that apply.

RESPONSE	ALL SPAS	DAY SPAS	RESORT / HOTEL SPAS
INCLUDE A GRATUITY POLICY IN THE MENU OF SPA SERVICES	43%	33%	47%
POST MESSAGING WITHIN THE SPA THAT EDUCATES GUESTS ABOUT TIPPING	8%	11%	7%
AUTOMATICALLY POPULATE GRATUITY OPTIONS ON GUESTS' RECEIPTS	33%	4%	42%
ASK GUESTS IF THEY WOULD LIKE TO ADD GRATUITY WHEN PAYING	55%	93%	46%
OTHER	13%	11%	14%

Does your spa promote an official gratuities policy to its guests?



If readily available, please share the gratuities policy text and/or a web link to the policy below. A collection of responses can be found below.

- "Your service does include an 18% gratuity that goes directly to your service provider, this can be adjusted at your discretion at the front desk during your check out." Then verbally inquire if they would like to add more.
- 18% gratuity is added to all services.
- 20% service charge
- A 15% gratuity will be added to all services.
- A 20% service charge and appropriate sales tax will be added to all services.
- A standard 20% Gratuity will be added to your account. Thank You.
- An 18% gratuity is automatically added to your spa bill for your convenience. If you would like to amend this amount, please notify the spa receptionist and your bill will be adjusted accordingly.
- Applicable taxes will be added to the cost of your services. 16% is allocated to your therapist and 1% to the support staff. No other fee or charge is a tip, gratuity or service charge for any employee. Additional gratuities may be given, at your discretion, for exceptional service.
- At checkout, the front desk team will point out on the receipt where gratuities for the service providers can be left and inquires as indicates that the value will be split between service providers based on the value of the experience.
- For your convenience a 20% service charge will be added at check-in and distributed to the appropriate staff. Additional gratuities are a matter of personal discretion.
- For your convenience an adjustable 18% gratuity will be added to your invoice. At checkout, please advise the Spa receptionist if you would like to make any adjustments.
- For your convenience, a 20 percent gratuity will be added automatically to service fees at check-in and can be adjusted at any time. No additional gratuities are expected or necessary.
- For your convenience, a 20% gratuity will be added to all treatments. Please feel free to make an adjustment based on the service you experienced.
- For your convenience, a 20% service charge in lieu of gratuity will be automatically applied to the final bill. Your provider will receive 100% of the service charge. Gratuity for exemplary service is discretionary. Prices and services are subject to change without notice.
- For your convenience, a 20% service charge is automatically added to your bill."
- For your convenience, a 20% service charge will be added to all services and packages, and includes gratuities for service providers and support staff, as well as all-day access to spa facilities.
- For your convenience, a 20% service charge will be added to your final bill and may be adjusted to your satisfaction.
- For your convenience, a 22% service charge will be added to your Spa services. Treatment Prices are subject to change and all services are based upon availability. Gratuities for outstanding service may be added at guest discretion.

- For your convenience, an 18% gratuity is automatically added. It can be adjusted at your discretion.
- For your convenience, an 18% Gratuity will be added to your Spa Services. Please note that this can be adjusted at your discretion.
- For your convenience, we automatically add a 20% service charge to each spa service. This service charge is dispersed to the staff members who serve you during your visit. Additional gratuity for exemplary service is discretionary.
- Gratuities are at your own discretion and can be added to your bill upon checkout.
- Gratuity - For your convenience, a 20% suggested gratuity will be added to each spa service. Suggested gratuities are dispersed to the staff members that serviced you during your visit to our Spa. Additional gratuities may be given at your discretion. Cavallopoint.com
- Gratuity - For your convenience, an 18 percent gratuity charge will be automatically added to all services. Additional gratuity is at your discretion.
- Gratuity - For your convenience, an 18% gratuity will be added for each service on your final bill.
- In appreciation for outstanding services, a 20% gratuity is added to your final check for your convenience. Additional gratuities are at your discretion.
- In our brochure of services there is a gratuity section stating, "Gratuities are not included in the cost of the treatment and graciously accepted for outstanding service."
- It is in our menu of services as well as posted in the check in area of the spa. We also inform every guest at checkout that the 20% gratuity is automatically added and that they are free to adjust this.
- On all of our print, collateral and website it says: A 20% gratuity is added to all spa service.
- Our prices do not include gratuities. Gratuities are an opportunity to acknowledge and express appreciation for your service provider, and generally range from 15%-20% of the price of the service. If you are dissatisfied with your service, please let us know.
- Our system automatically calculates an 18% gratuity for your provider. It can be changed per your discretion.
- Prices exclude a 20% gratuity for all spa services. (This is included in a list of policies.)
- saybrook.com
- Service Charge - For your convenience, a 20% service charge will be added to the original cost of each service you receive. The service charge will be distributed to the spa staff that assisted you during your visit. Additional gratuities may be provided at your discretion.
- Service charge - For your convenience, a 22% service charge will be added to all treatments and distributed to the staff. Ask our spa concierge if you have any questions.
- Upon charging the bill we explain that we have a service charge of 13%, which goes to the therapist and the valets of the spa if they agree to the charge of course if they prefer to leave something else, we can do that as well.
- We automatically include the 20% gratuity, but always ask first in case they wish to leave it in cash.



- We don't have an official gratuities policy; we just present a Preview receipt with a Gratuity line for the guest to fill in if they choose. The 20% Service Charge is automatically added to all receipts and is not editable (and therefore not considered a gratuity).
- We have the gratuity percentages and amount listed at the bottom of each receipt and they have to write 0 on the tip line if they do not want to leave any gratuity for the therapist.
- We mention "an automatic 15% gratuity is applied to your service at checkout. If you care to recognize your provider above and beyond that amount, we would be happy to do that for you at checkout."
- We suggest an 18-20% gratuity for all services that can be charged to member's account or left in cash.

On average, approximately what percentage of a massage therapist's annual income is derived from gratuities at your spa? *A collection of responses can be found below.*

- | | |
|------------|------------|
| • 2% | • 33% (2) |
| • 5% (2) | • 35% (5) |
| • 7% | • 36% |
| • 10% (8) | • 38% |
| • 11% | • 40% (10) |
| • 12% | • 42% (2) |
| • 15% (11) | • 45% (6) |
| • 17% | • 50% (11) |
| • 18% (8) | • 55% |
| • 20% (13) | • 60% (3) |
| • 22 | • 61% |
| • 25% (10) | • 65% |
| • 30% (16) | |

What is your company's greatest challenge when it comes to gratuities? *A collection of responses can be found below.*

- Acceptance of service charge by guests.
- Asking the guests if they would want to tip, and the guest not knowing what to or how much to.
- Attendants are not tipped as gratuity goes fully to the provider.
- Cash handling.
- Communicating effectively to international guests.
- Consistency.
- Customers leaving less than 20%, but most do.
- Customers think the service charge is a tip.
- Depending on the culture of the guest they may not want to leave a gratuity. Also, they believe that the therapists are paid similar to the first world. When working in third world countries the pay structure is very different.
- Do not have many challenges, most of our guests are fairly generous.
- Educating guests on the policy. I feel like room guests that walk out don't realize they can adjust.
- Ensuring clients understand how to tip accordingly.
- Explaining concept of service charge to overseas guests who are not familiar with US practice of gratuities.
- Explaining difference between service charge and gratuity.
- Explaining to colleagues that sometimes there isn't a method or reason for a guest's gratuity. They leave what they do and we need to graciously accept that even when it's below the industry standard.

- Getting guests to understand that the Service Charge is not a gratuity. Service Charges are set and imposed by the Spa and not at the guest's discretion. Therefore, by IRS code it belongs to the Spa as a revenue item and we can do with it as we please. We just so happen to disburse the majority of it to the therapists as part of their base pay per their employment payment agreement. Because we disclose this to guests, they automatically assume it's the gratuity and don't want to leave a tip or feel if they do, they are "double tipping." It's frustrating because they just don't understand what a Service Charge is.
- Gift-card-using guests that just don't tip.
- Guest wanting to give less. Some cultures are used to give no more than 10%.
- Guests feel they have paid enough and do not understand that staff is paid, in part, by gratuities. Common culture regarding tipping overall.
- Guests interpret a service charge as a gratuity. In MA they are two very different things. A service charge is a predetermined mandated charge and a gratuity is determined by the guest. We must disclose the addition of the service charge. At times a guest would leave a gratuity and then call or return to say they were double charged. It is not in the best interest of the guest to explain that the service charge is component of their wage, it is not productive.
- Guests just don't know to leave a gratuity, or they don't think it's required. They may think it's included in their package price.
- Guests leave without leaving a tip or tip far too little.
- Guests refuse to pay service charges.
- Guests that don't like being asked if they'd like to leave a gratuity. Some get mad, or embarrassed or don't understand.
- Having a cash only policy towards gratuities.
- Helping the client split them correctly.
- It is automatic, and only adjustable up, so it's working well and we don't have many challenges with it.
- Large groups or packages.
- Making it as easy as possible for the guest to add additional gratuity and understand what the average amount to tip is.
- Making sure that the front of house charges the correct amount due.
- Making sure the guest knows it's already included.
- Making sure the therapist gets credit when gratuity is put on room.
- Not every guest leaves a gratuity. we would like ideas on how to implement therapists doing a tip out for support staff.
- Not having the auto service charge listed on the website or brochure was a previous challenge. Once posted we had less challenges. Guests also have the option to remove, modify or keep the 20% service charge.
- Not usually an issue. Most clients are fine with the percentage.
- Now the CA laws say that paid time off must include an average of income with gratuities so we cannot just pay them hourly which is a pain to have to compute.
- Occasionally, guests want to pay less than 20% and not due to poor service.

- Only an issue with summer season discounted services and if we are to run something like a Groupon deal.
- Our therapists not trusting the cash handling of gratuities.
- People here are quite good about leaving gratuity. Our front desk staff is trained to ask, "how would you like to leave gratuity" and it is very rare that people don't.
- People leaving less than the standard 20 percent.
- People not being educated on the art of tipping.
- Proper verbiage
- Providers feel front desk doesn't advocate for the gratuity enough.
- Service providers not delivering exceptional experiences to our guests, worthy of the service charge.
- Since the resort automatically adds a 10% to our guests their invoice, guest will either add an additional 10% for gratuity or if they loved their treatment, they will add an additional 20% for gratuity.
- Soliciting gratuity.
- Some guests don't like that we ask at check out. I think it can make them feel uncomfortable or "forced" to leave something even though our scripting is very professional and no sense of obligation to leave one. Our system does not allow them to be prompted on the debit terminal as we have to swipe their card so that is not an option.
- Some guests, although not a large number, request to leave their gratuity at the end of the service. We allow them to do this, but do try to encourage beforehand, and then adjust if they feel the service and spa experience was not deserving of the 20%.
- Splitting and disbursement.
- Technicians feeling undervalued when guests don't leave a gratuity or leave a small amount. I think a lot of guest aren't familiar with what's customary for a Spa and we've had a lot of guests leave a \$20 tip for a full spa day package that costs \$350-\$450.
- That additional tipping is not allowed.
- That not all guests leave them. Therapists get angry about it.
- The awkwardness of asking without implying that they should leave a gratuity.
- The credit card fees associated and the employee fees as we put it on pay cheques.
- The only challenge is some guests are offended due to the fact that we add the gratuity. We always inform them that all gratuities are at their discretion. Few and far between decide to leave less than 20%. Most generally we have guests leave more!
- The operation of it. Cash back vs. putting it through the till. Not claiming it on tip reports.
- The question above is difficult to answer. We recently began accepting gratuities by credit card and thus it is too soon to determine, however, we also instituted automatic 15% gratuities for flash sales (Groupon, etc.) as well as packages with the hotel. The greatest challenge is to have acceptance from therapists to move to cashless gratuities.
- The service charge discourages guests to leave a tip due to the number it is.

- The staff doesn't always make it clear that the gratuity is automatically added and will accept a cash tip in the treatment room. When checking out, a guest can be upset when told the gratuity is automatic.
- The verbiage for our concierge team. We don't want clients to feel pressured into including it, but we do want them to know they are able to!
- There isn't one, because we view the tip as extra thank you not must have income. The tip goes 100% to therapists
- This is a very hot topic for this region that brought statewide class action suits. I would be happy to discuss at great length, there is not enough space here.
- Visitors from overseas either don't know or ignore the customary gratuity structure.
- We are a resort property in Hawaii. Sometimes, we have guests from countries such as Australia, Canada, Europe and Asia who don't normally tip or tip as much as we recommend or expect for exceptional spa treatments-so this can be a bit challenging or confusing for the guest.
- We are considering implementing a 20% service charge that will be split 18% to the treatment provider and 2% to the reception and locker room staff since the support staff are typically not tipped for their service.
- We do not ask for 'tips' or 'gratuities' because we do not feel it is appropriate at the level of service that we provide. We have gotten creative in asking the client if they want to close out their credit card to the service amount or over the service amount. Our challenge comes with some clients being confused about this verbiage and also with staff members wanting us to ask for tips.
- We do not enforce to leave gratuity, it's on their discretion.
- We have a gratuity box in place for all cash gratuities to be distributed accordingly. The challenge is the director is the only person with a key to distribute so if the director is unavailable, the gratuities will remain in the box until she checks it.
- We have clients from all over the world where tip is included in some countries.
- We have little if no complaints. I believe guests like it that they don't have to figure it out at check out as it is automatically accessed and calculated.
- We have no challenges. Techs are happy with the gratuity being included in the guest bill and guests appreciate that they do not have to do the math after their service!
- We have raised our menu prices and it is a challenge for long term clients to increase gratuity amounts.
- We may not solicit gratuities at all so everything is left to the guest's discretion.
- We would prefer to have an auto gratuity to make it easier for processing payments and therefore a more efficient check out. If we did this though it would be added to their paycheck and applicable taxes deducted per the law. So at this point it would be a major challenge to change the system as the team is very motivated by their weekly cash tips.
- When one person pays for a group of people, they don't tip on any of them.
- When we run specials guests only want to tip off of what they special is not the original price.
- When we run specials, guests leave the gratuity on the special pricing instead of the original price.