



2019 ISPA U.S. SPA INDUSTRY STUDY

20th Anniversary Edition



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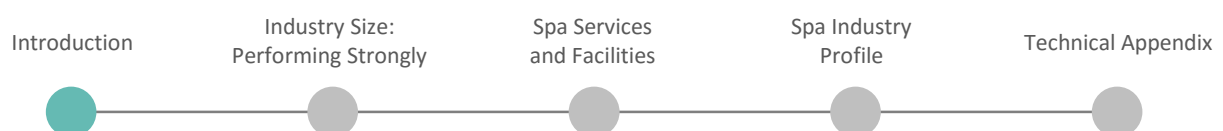
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Introduction

This report presents the findings from the 2019 U.S. Spa Industry Study. The study was commissioned by the International SPA Association (ISPA).

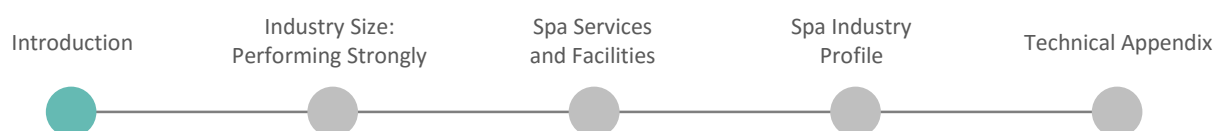
Established in 1991, ISPA has been recognized worldwide as the professional organization and voice of the spa industry, representing health and wellness facilities and providers in more than 70 countries. Members encompass the full spectrum of the spa experience, from resort/hotel, destination, mineral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

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

This 2019 study marks the twentieth anniversary of the Spa Industry Study, which was first conducted in 2000 highlighting the spa industry in 1999. The study has been conducted on an annual basis since 2010. Prior to 2010, industry studies were also conducted in the 2002, 2004, 2006 and 2007. Shorter-tracking studies were commissioned in 2003, 2005, 2008 and 2009.

This report presents the state of the industry in 2018, as indicated by total 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 information required to compile the 'Big 5' statistics was collected through a large nationwide survey of spa businesses which was conducted in spring 2019.

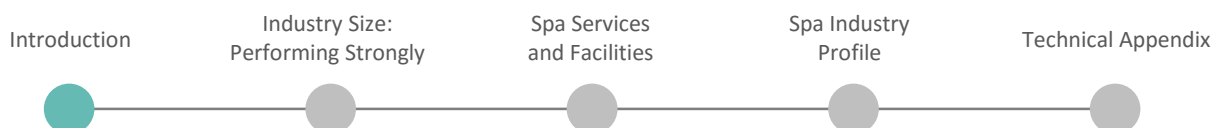
The 2019 Survey also collected information on a range of employment related issues, including: compensation levels of full-time employees in the spa industry; compensation structures for service provider employees (estheticians, massage therapists and nail therapists); and unstaffed positions. Those topics are the subject of a separate supplementary report, which is being provided only to survey respondents.



Research Objectives

The research objectives of the 2019 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.



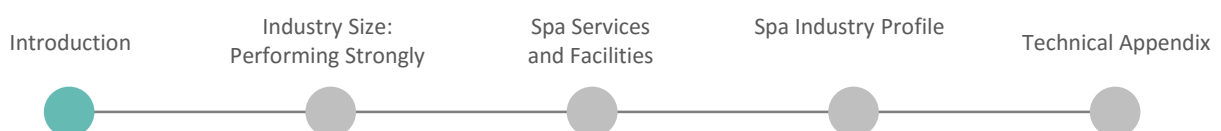
Definitions

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:

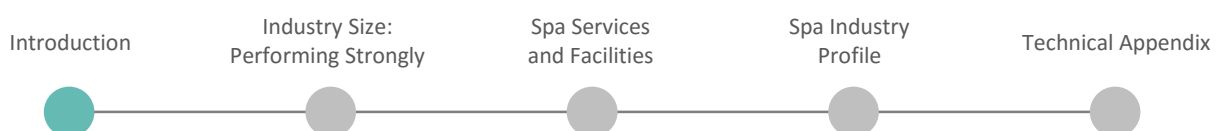
Section 2 Industry Size – Performance and Prospects: This section provides an industry level overview and begins with the estimated 2018 out-turn for the 'Big 5' statistics. It then reviews recent trends in key business indicators before concluding with a look ahead to 2019, including respondents' views on the next big new trends that will shape the spa industry.

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 four main parts, including the range of services and treatments offered by spas, the retail component and their programs and treatment offerings in 2018. For the 2019 study, spas were also asked whether they had CBD (cannabidiol) offerings available in 2018 and the range of online booking features that they had in place in 2018.

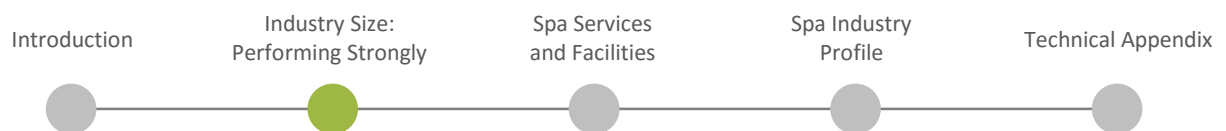
Section 4 Spa Industry Profile: This section presents a profile of spa establishments, including composition by type of spa, size differences and the geography of the industry.

Section 5 Technical Appendix: This section contains further 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: Performance and Prospects



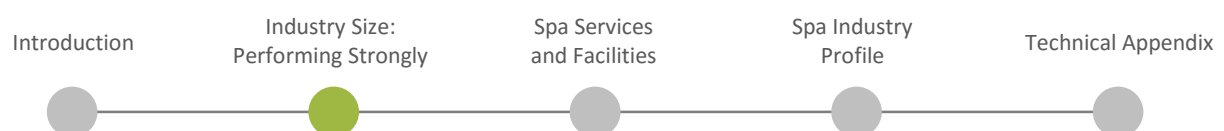
Section 2: Introduction

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 recent trends in client visits, spending per client visit, revenue and staffing?
- How did the sector perform in terms of profitability in 2018?
- Looking ahead – what do the survey respondents believe will be the next big new trends that will shape the U.S. spa industry?

This section commences with an overview on the national economic context, especially the pace of growth in the U.S. economy during 2018 and into the first quarter of 2019.



The Economic Context

Across a range of indicators, the U.S. registered strong growth in 2018, at a pace that has carried through to 2019.

As measured by the Gross Domestic Product (GDP), in 2018 the U.S. economy grew at 2.9%, up from 2.4% in 2017. The economy has now recorded positive GDP growth for nine years in a row. The pace of growth remained solid through the first quarter of 2019 (+3.1%), albeit ticking down to 2.1% in the second quarter.

Employment continued on an upward trajectory, rising by 1.7% in 2018. New jobs continued to be added in the first two quarters of 2019, at an annualised rate of 1.6% in the first quarter and 1.7% in the second quarter. With labor demand remaining on an upward path, the unemployment rate continued to tick downwards, falling below 4% in 2018. By mid-2019, the unemployment rate had dropped to 3.7%.

Spurred by growth in the number of jobs, compensation of employees rose by 5% in cash terms in 2018. Personal consumption expenditure on services has also been growing, up 2.5% in 2018 in real terms (after adjusting for inflation) and 5.3% in cash terms. The trend in consumption expenditure has been more mixed in the first two quarters of 2019.

Inflation picked up slightly in 2018, with the Consumer Price Index up by 2.4% compared to a rise of 2.1% in 2017. Through the first half of 2019, however, price inflation has dropped back below 2%.

The U.S. economy:

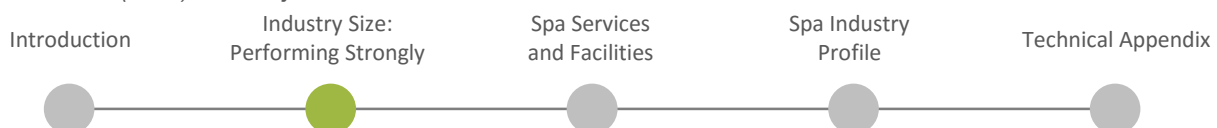
Selected indicators, annual percent change

	2017	2018	2019(Q1)	2019(Q2)
GDP (Constant 2009 \$)	2.4%	2.9%	3.1%	2.1%
Employment	1.6%	1.7%	1.6%	1.7%
Unemployment	4.4%	3.9%	3.8%	3.7%
Compensation of Employees				
Current \$	4.5%	5.0%	9.2%	4.7%
Personal Consumption Expenditure *				
All services				
Current \$	4.5%	5.3%	2.3%	5.3%
Constant (2009) \$	2.0%	2.5%	1.0%	2.5%
Consumer Price Index				
All items	2.1%	2.4%	1.9%	1.6%

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 2019. Rates shown in constant (2009) \$ are adjusted for inflation.



The Big Five Statistics: 2018 Out-Turn and Percent Change Over 2017

Each of the Big 5 statistics registered positive growth in 2018.

Total spa industry revenue is estimated to have increased from \$17.5 billion in 2017 to \$18.3 billion in 2018, a rise of 4.7%.

The number of spa locations increased from 21,770 in 2017 to 22,160 in 2018, a rise of 1.8%.

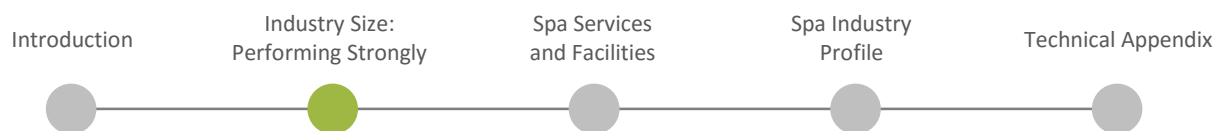
Spa visits rose by 1.6%, reaching 190 million in 2018.

The average revenue per visit increased to \$96.5, representing a 3% advance on the 2017 average of \$93.7.

Total employment is estimated to have grown by 1.6% to 377,900. Spas added part-time employees at a faster pace (+2.6%) than full-time jobs (+0.6%). In contrast to previous years, the number employed on a contract basis is estimated to have increased slightly in 2018 (+.4%).

	2017 (Year End)	2018 (Year End)	% Change
Revenue	\$17.5 billion	\$18.3 billion	4.7%
Spa visits	187 million	190 million	1.6%
Locations	21,770	22,160	1.8%
Revenue per visit	\$93.7	\$96.5	3.0%

	2018 (May)	2019 (May)	% Change
Total Employees	372,100	377,900	1.6%
Full-Time	170,900	172,000	0.6%
Part-Time	173,900	178,500	2.6%
Contract	27,300	27,400	0.4%



Spa Establishments

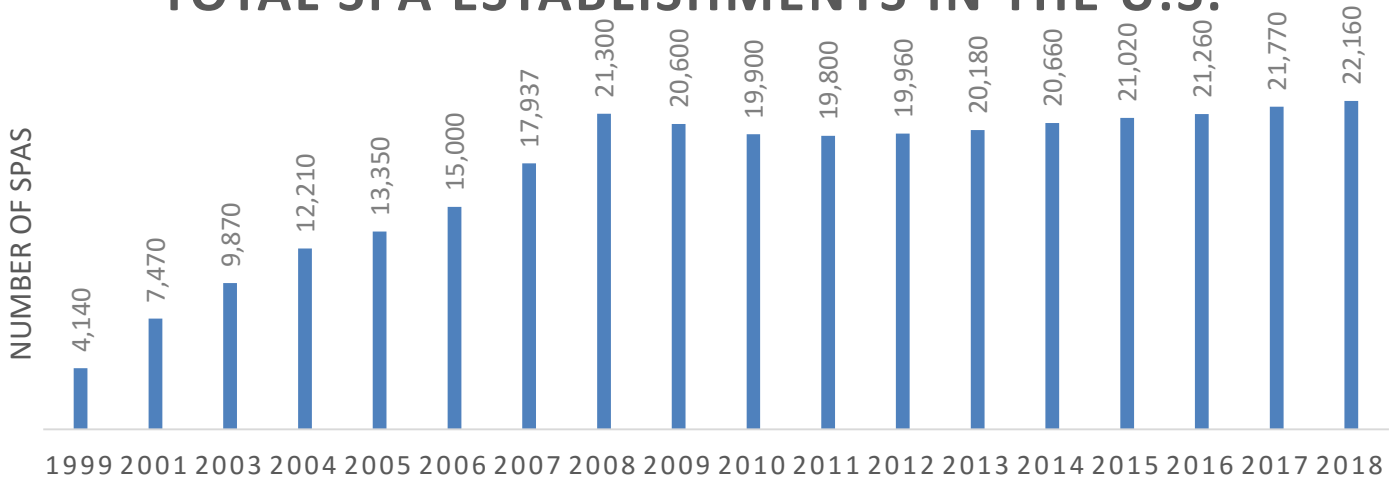
In 2018, spa openings out-paced spa closures by nearly 400, bringing the number of spa locations to a record level of 22,160, representing a 1.8% increase on the 2017 position (21,770 locations).

The number of spa locations is estimated to have risen from 21,770 in 2017 to 22,160 by the end of 2018, an increase of 1.8%. The number of locations has now surpassed 22,000 for the first time.

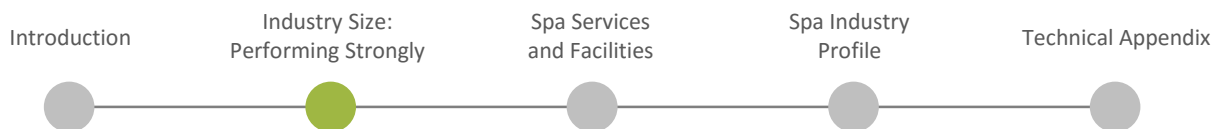
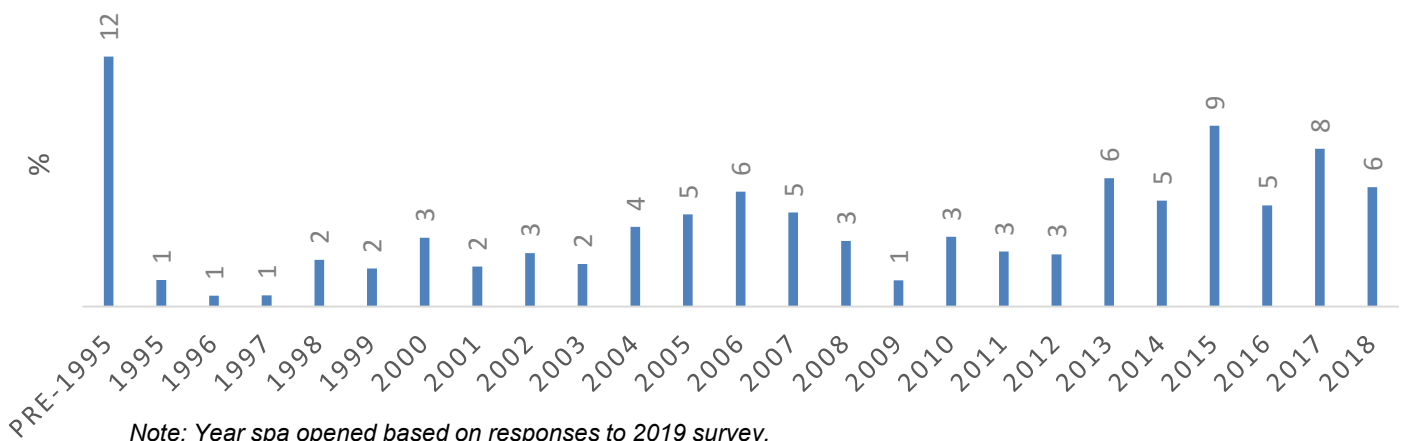
The increase in the number of spa locations reflects the excess of new spa openings over closures of existing spas.

In 2018, there were an estimated 940 new spa openings, adding 4.3% to the number of spas in operation at the end of 2017. The new spa openings were partly offset by an estimated 540 spa closures over the course of 2018 (-2.5%). The net effect was the addition of nearly 400 spa locations by the end of 2018 (+1.8%).

TOTAL SPA ESTABLISHMENTS IN THE U.S.



YEAR SPA OPENED



Establishments by Type of Spa

Day spas continue to predominate within the spa industry, accounting for just over 79% of the total of 22,160 establishments, followed by resort/hotel (9%) and medical spas (8%).

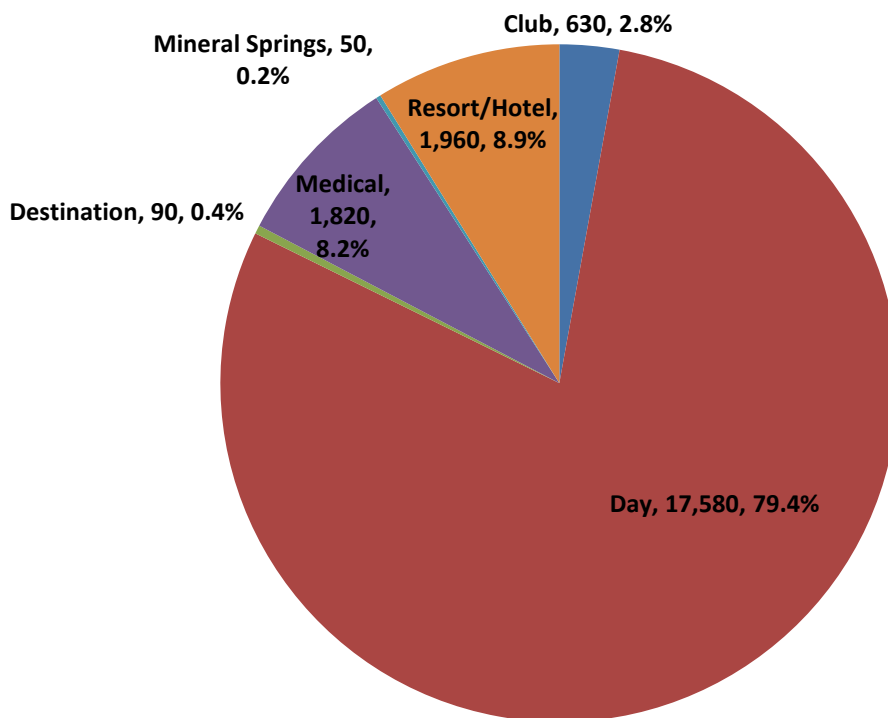
According to the latest industry study estimates, there are now 17,580 day spa establishments operating across the U.S., an increase of 1.4% compared to the 2017 estimate (17,330).

The number of resort/hotel spas at the end of 2018 is estimated at 1,960, representing a rise of 4.3% on the 2017 level (1,880).

The number of medical spas is estimated at 1,820, a rise of 2.5% compared to 2017.

Club spa locations are estimated to have risen to 630, an increase of 1% compared to the number of such spas in 2017.

Type of spa



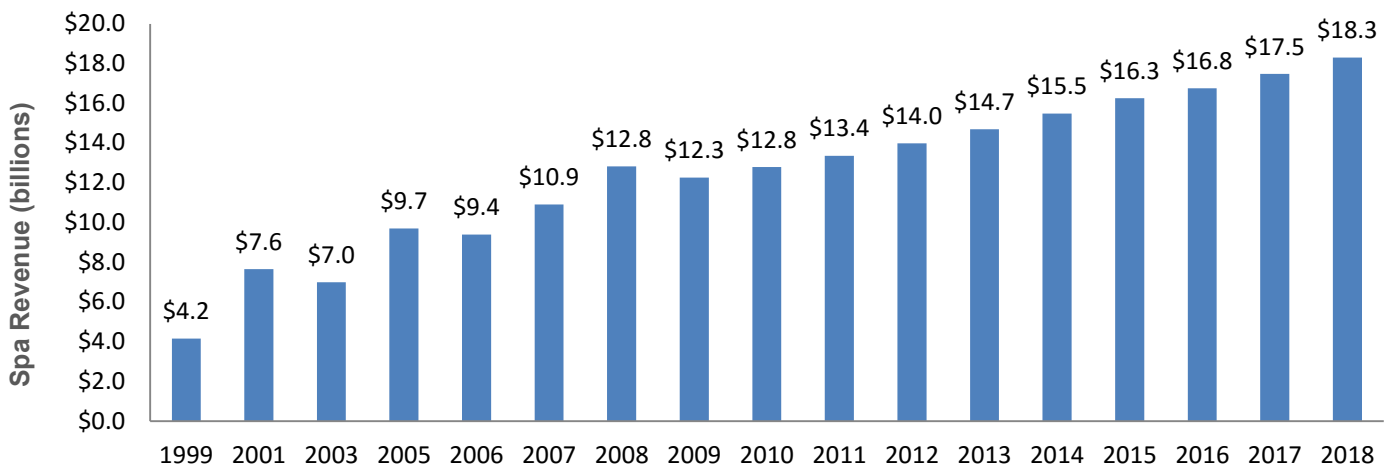
Spa Revenues

Now into its ninth successive year of expansion, the spa industry posted a solid growth performance in 2018.

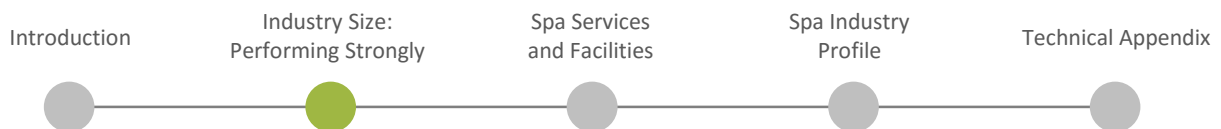
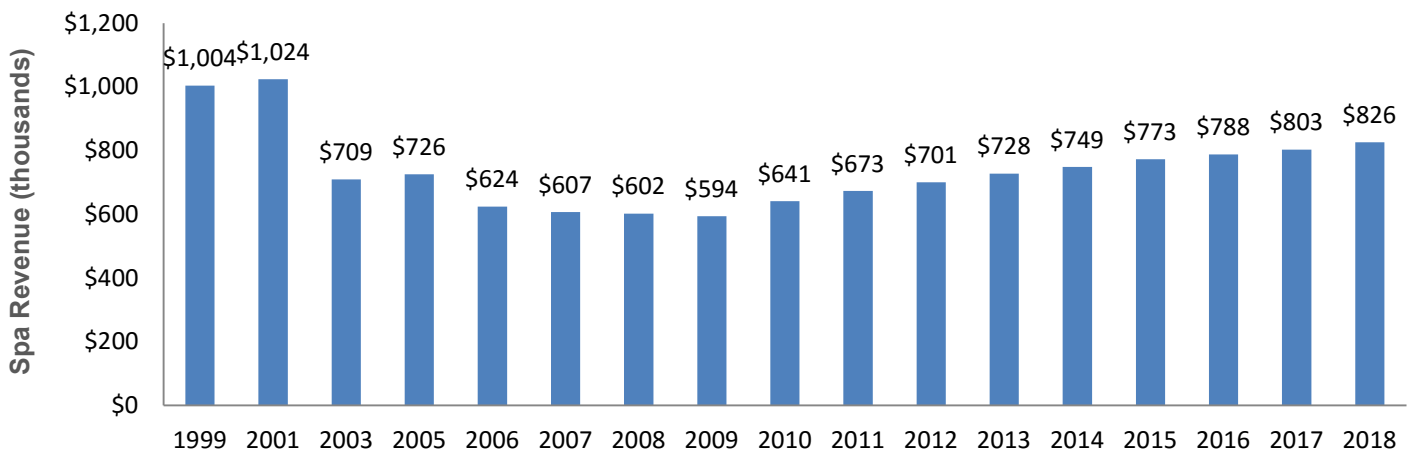
Total spa revenues for 2018 are estimated at \$18.3 billion, an increase of \$0.8 billion (+4.7%) on total revenue in 2017 (\$17.5 billion).

Spa industry revenues have now passed the \$18 billion threshold and, with average revenue per spa establishment reaching \$826,000, the 2018 out-turn represents a further positive step forward for the industry.

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



Average revenue per establishment (thousands)



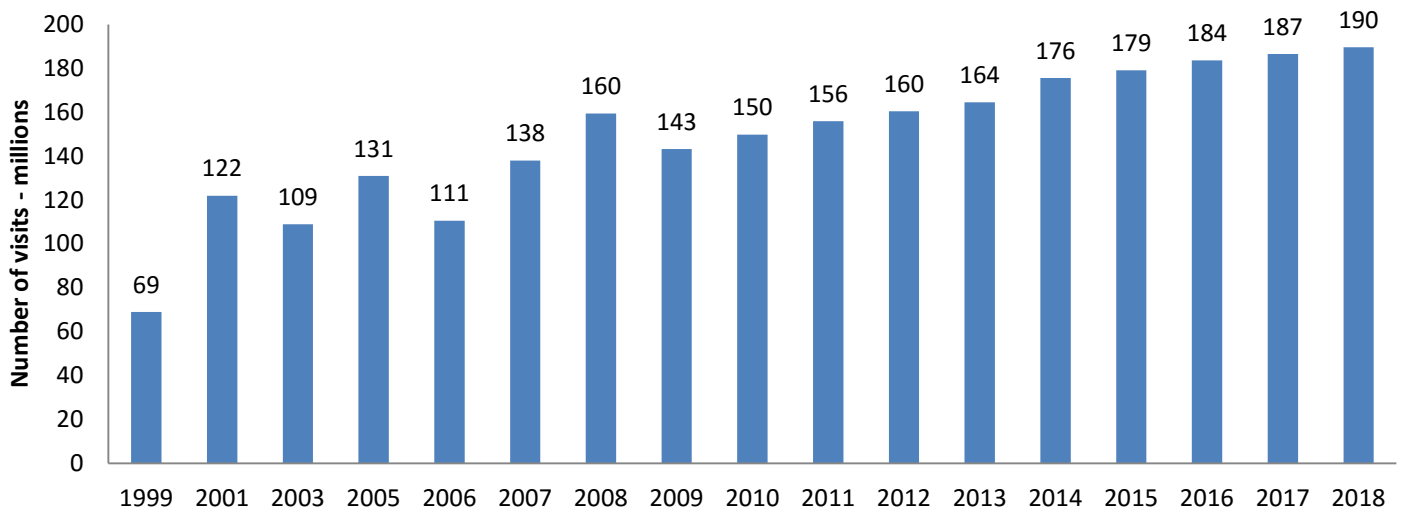
Spa Visits

The total number of visits to spa establishments is estimated to have risen from 187 million in 2017 to 190 million in 2018.

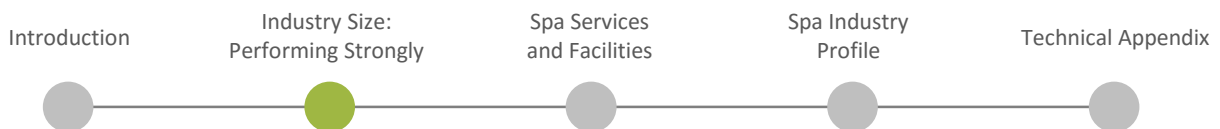
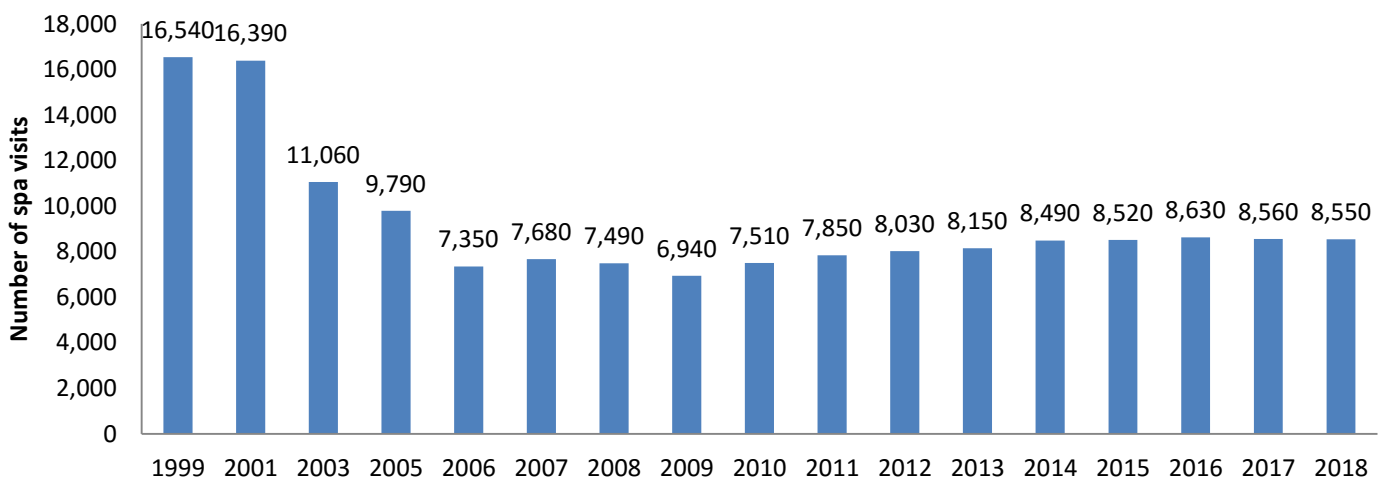
In 2018, total spa visits were 1.6% higher than in 2017.

With the number of spa establishments growing at a comparable pace to the rise in visits, the average number of visits per spa in 2018 (8,550) was very similar to the 2017 average (8,560).

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



Average visits per establishment



Average Spa Revenue Per Visit

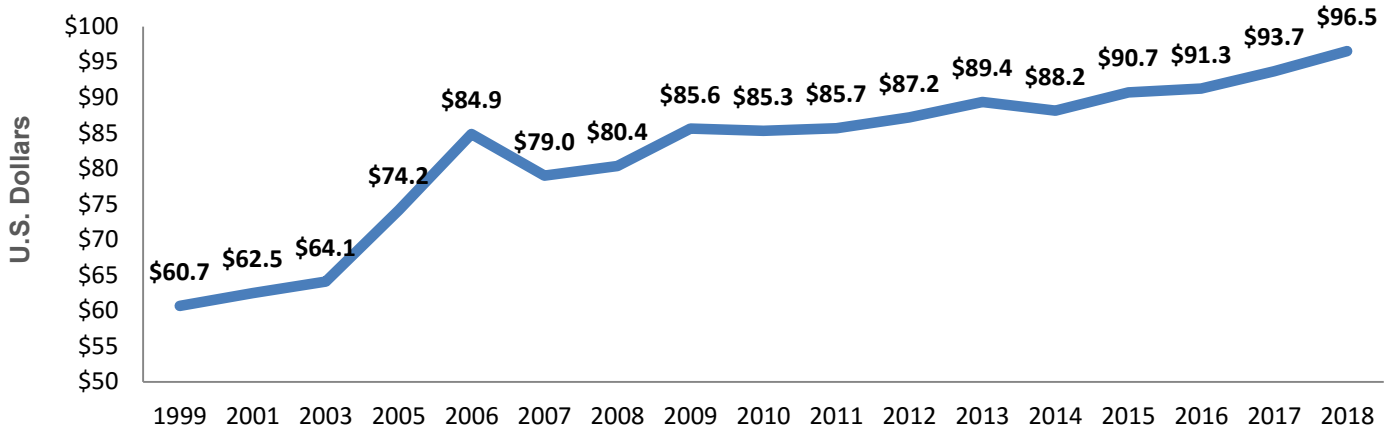
The average revenue per visit in 2018 is estimated at \$96.5, an increase of 3% on the 2017 out-turn.

The 3% increase in the average spa revenue per visit reflects the faster pace of revenue growth (+4.7%) when compared with the increase in revenues (+1.6%).

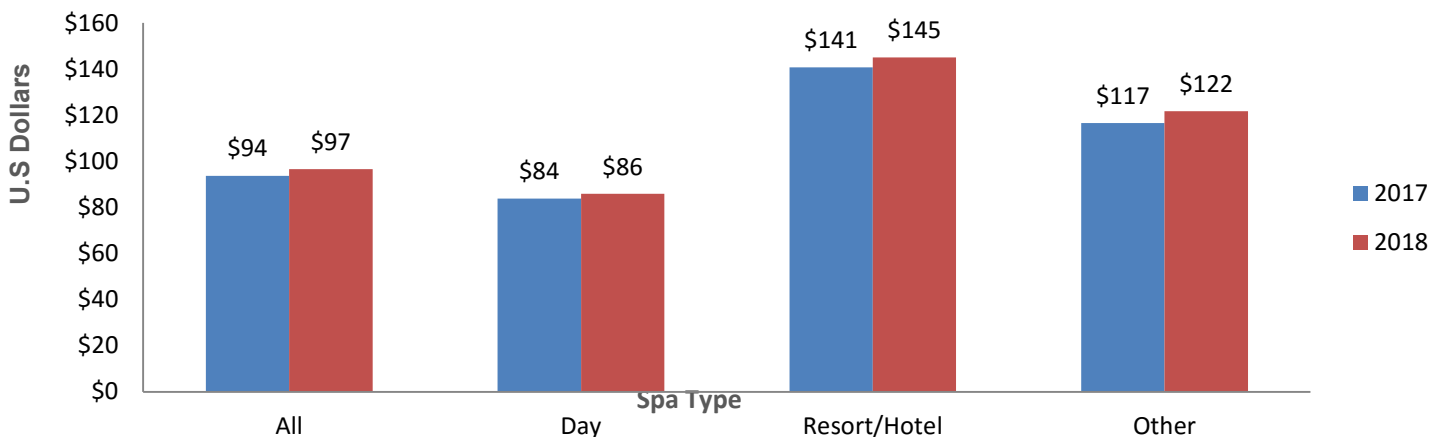
Average spend per visit also varies by spa type, ranging from \$86 for day spa visits to \$145 for resort/hotel visits. Compared to 2017, day spas are estimated to have seen a 2.5% rise in average revenue per visit with resort/hotel spas gaining a 3.1% increase.

The average amount that clients spend when they visit a spa is influenced by a range of factors, including the mix of services and treatments that clients purchase and the pricing of those services in a competitive market. Nonetheless, it can be seen from the historical trend that the per-visit average has been moving in a broadly upward direction. Since 2014, spa revenue per visit has averaged growth of 2.3% per annum.

Average revenue per spa visit (\$)



Spa revenue per visit



Employment

Overall total employment is estimated to have risen to 377,900 as at May 2019, a rise of 5,800 (+1.6%) compared to the same period in 2018 (372,100).

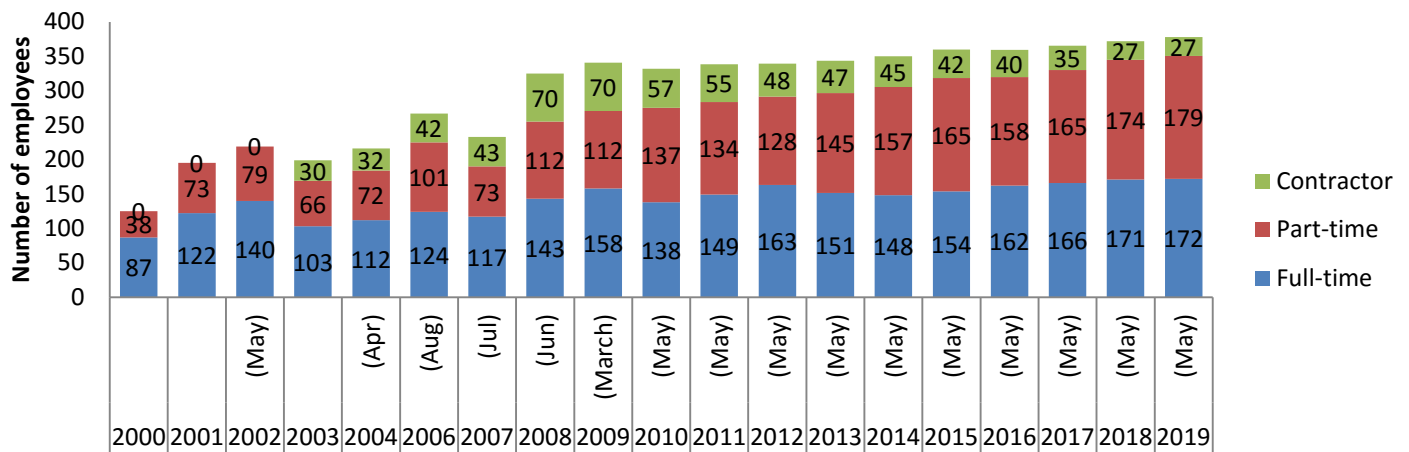
The number of full-time employees is estimated to have risen from 170,900 in 2018 to 172,000 in 2019, a net increase of 1,100 (+0.6%). The part-time employee count is estimated to have risen at a faster pace (+2.6%), with a net number of new hires adding 4,600 to the spa workforce.

The number of part-time workers is estimated to have risen from 173,900 in 2018 to 178,500 in 2019. In recent years, the part-time workforce has tended to grow more quickly than the full-time complement so that, as of May 2019, the number of part-time workers exceeded the number of full-time employees by a margin of 6,500.

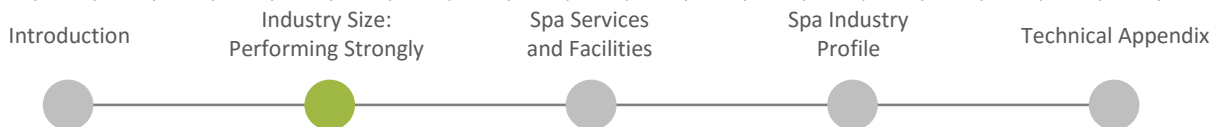
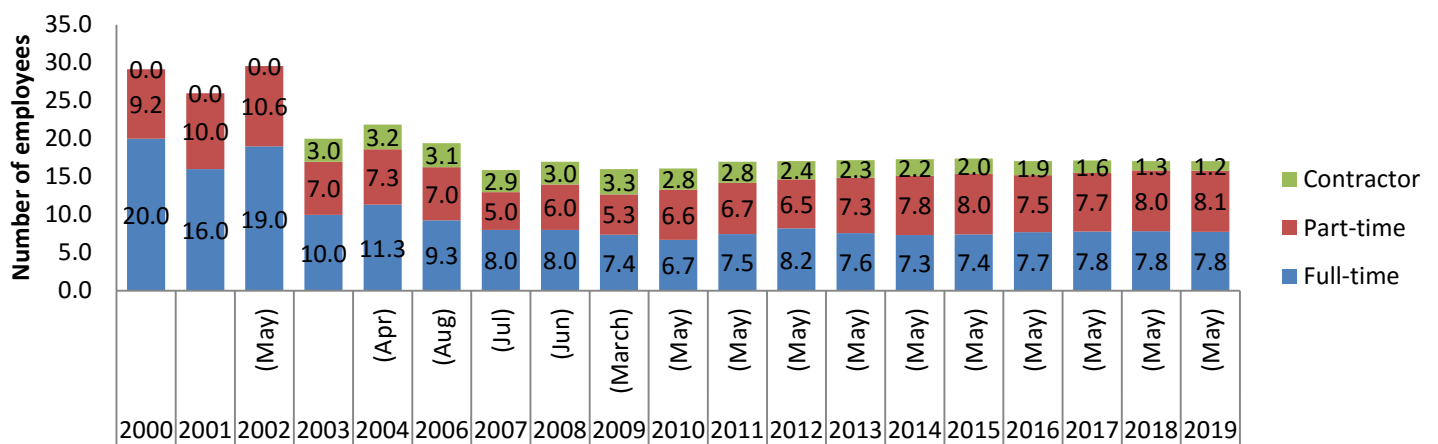
The number of independent contractor positions is estimated to have risen slightly, from 27,300 in May 2018 to 27,400 by May 2019. The estimated stability in the number of independent contractor positions can be contrasted with the historical trend, from 2007 onwards, of a steadily reducing number of such workers. As with any survey, there is a degree of uncertainty around the estimates and further data points will be required to identify whether the 2019 result signals a reversal of the historic trend that will be sustained into the future.

Note: On average, spas consider service providers need to work 30 or more hours per week to be considered a full-time employee.

Total employees in the U.S. (thousands)



Average employees per establishment

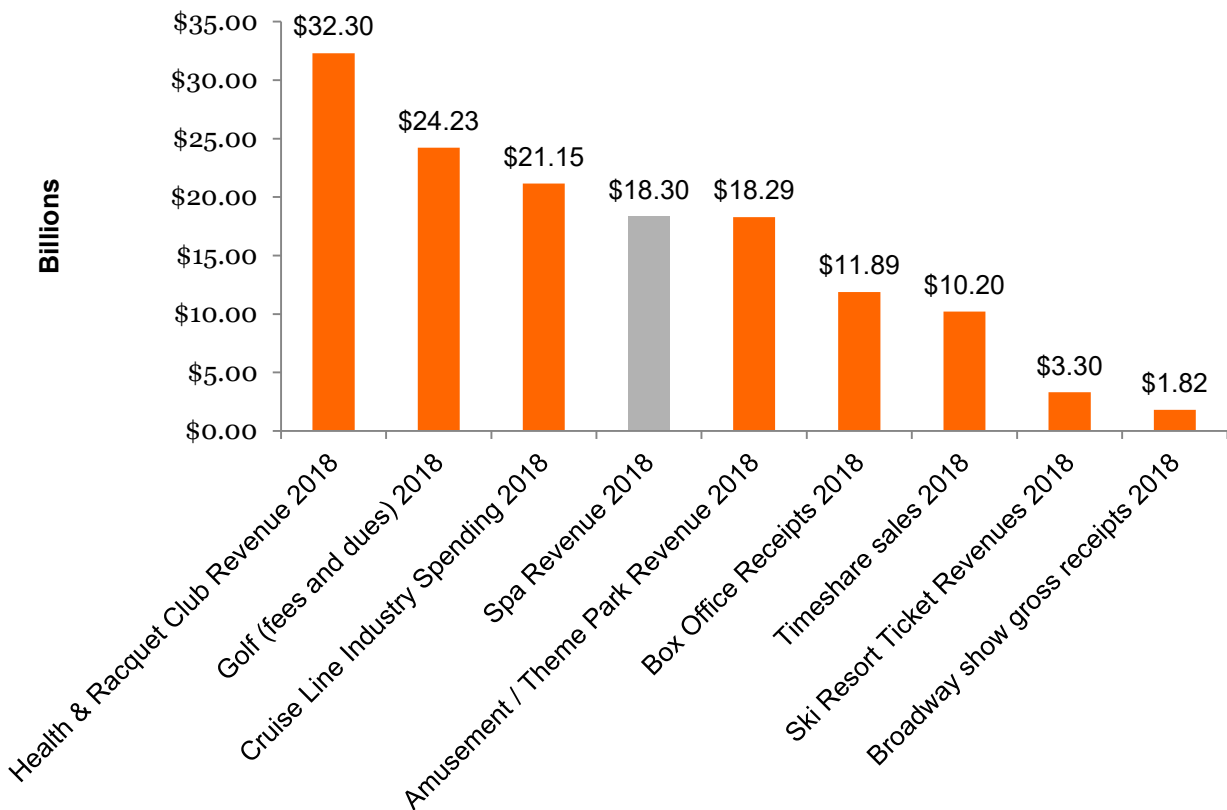


Comparative Size of the Spa Industry

The accompanying chart shows the size of the spa industry in 2018 compared with the estimated sizes of other U.S. leisure industries, as measured by annual revenues. With revenues of \$18.3 billion in 2018, the spa industry falls within the middle of the range of leisure industries shown below.

Based on the updated industry estimates, the 2018 ranking in revenue terms across the various leisure industries has remained broadly unchanged from the position in 2017.

Estimated sizes of U.S. Leisure Industries

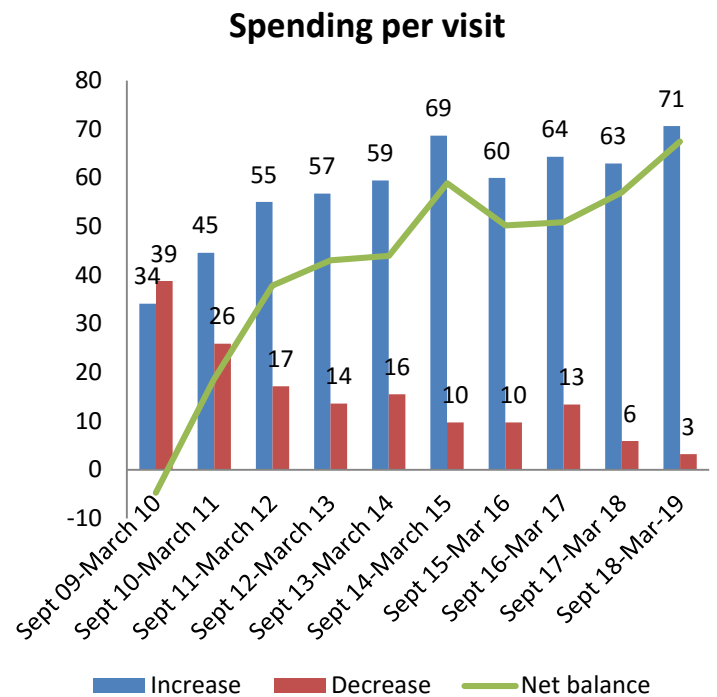
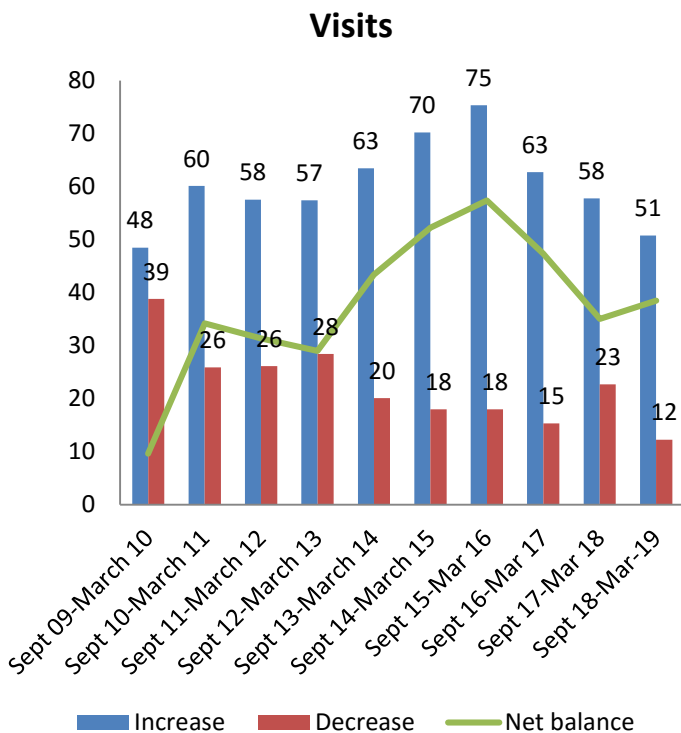


Recent Demand Trends

In order to track more recent trends in the industry, survey respondents were asked to say whether, in the period from September 2018 to March 2019, 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.

A little over one in two spas (51%) said that spa visits had increased in the period September 2018 to March 2019. One in eight spas (12%) said that visits were down. The net balance between the proportion reporting an increase (51%) and those reporting a decrease (12%) was +39%, slightly up on the six-month period to March 2018 when the net balance was +35%.

By contrast, spending per visit remains on an upward trend. Over seven in 10 spas (71%) said that spending per visit was up in the period September 2018 to March 2019, compared to 3% reporting a reduced spend per visit. Therefore, the net balance (+67%) was strongly positive and represented a ten point rise in the period to March 2018 (+57%).



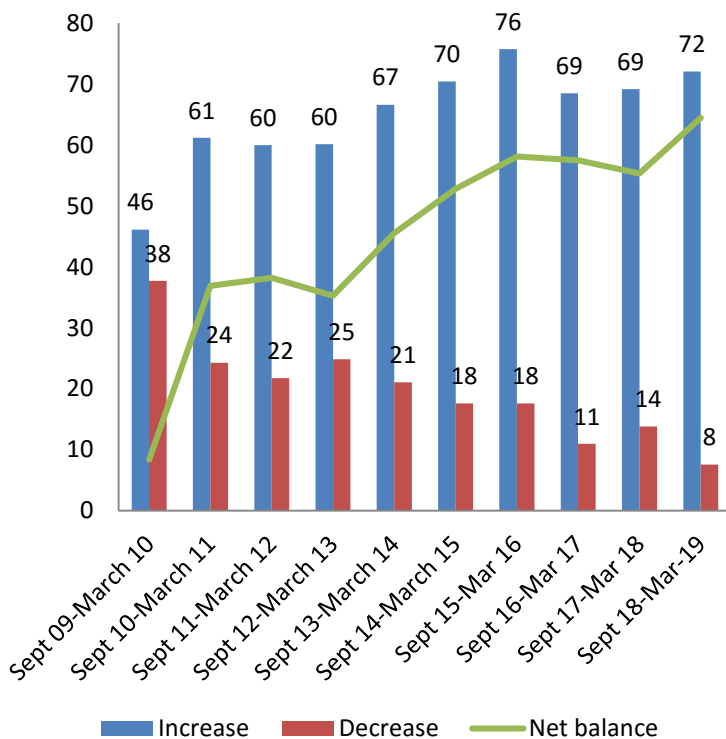
Recent Demand Trends

For the majority of spas (72%), revenues were increasing in the six months from September 2018 to March 2019. Staffing levels were mostly stable, with 25% reporting an increase and 10% a decrease, leaving 65% with an unchanged workforce.

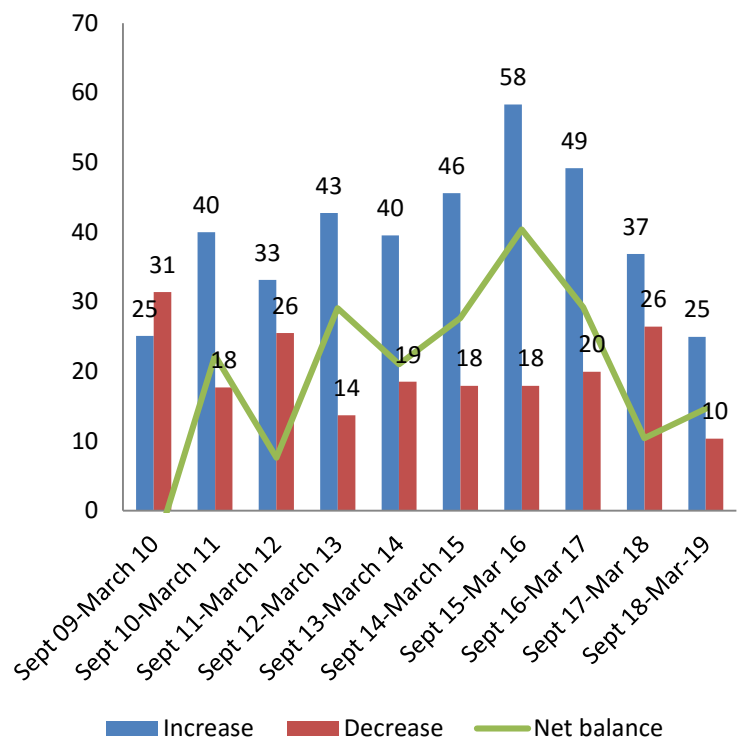
Over seven in 10 spas (72%) said that revenues had increased in the six months from September 2018 to March 2019 compared to the same period in the previous year. Fewer than one in 10 (8%) reported a decrease, giving a positive net balance of +65%, up from +55% in the six-month period September 2017 to March 2018.

One in four spas (25%) said they had increased staffing levels in the last six months compared to the same period in the previous year with 10% reporting that their staffing levels were decreasing. While there was a positive net balance (+15%), the majority of spas (65%) said that their staffing levels had remained unchanged in the six months to March 2019 compared to the same period in the previous year.

Revenue



Staffing



Recent Demand Trends by Spa Type

The survey results for recent demand trends by type of spa are shown in the table overleaf and summarized below.

The main point to note is that on each of the indicators considered, more spas said they were experiencing an increase rather than a decrease compared to the same period 12 months previously.

Spa visits

In the six months from September 2018 to March 2019, resort/hotel spas were most likely to report an increase in spa visits, with almost two in three (66%) saying visits were up compared to fewer than one in two day spas (45%). Among day spas, 13% said visits had decreased, giving a positive net balance of +32% of spas reporting increasing rather than decreasing levels of visits. The net balance in the resort/hotel sector was higher, at +53%.

Client spending per visit

Within both the day spa and resort/hotel spa sectors, large majorities said that client spending per visit had increased in the six-month period from September 2018 to March 2019; 69% of day spas and 76% of resort/hotel spas. Among day spas, just 2% said spending per visit was decreasing, giving a positive net balance of +67%. At +66%, the net balance in the resort/hotel sector was almost identical.

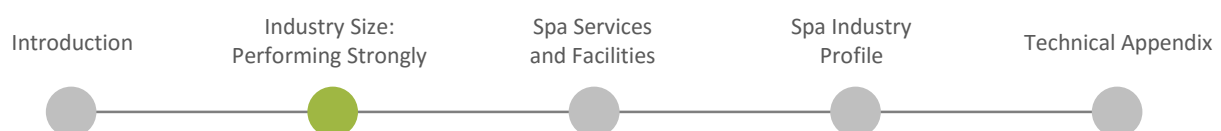
Revenues

A broadly similar picture was apparent in respect of revenues. In the day spa sector, 70% said revenues had increased while just 7% reported a decreasing trend, giving a positive net balance of +63%. Within the resort/hotel sector, 78% reported an increasing trend while fewer than one in five (16%) said revenues were decreasing, giving a net balance of +62%.

Staffing levels

The majority of day spas (71%) said that their staffing levels had remained unchanged in the six months to March 2019 compared to the same period in the previous year. One in five (20%) said they were increasing staffing levels while 9% reported a reducing trend, giving a net balance of +11%. In the resort/hotel sector, spas were also more likely to say that their staffing levels were unchanged (43%). A little under one in three resort/hotel spas (31%) said they had increased staffing levels compared with 26% reporting a decreasing trend, giving a net balance of +5%.

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 2017 to March 2018):

Spa visits	All	Day	Resort/Hotel	Other
Decreased	12%	13%	13%	5%
No change	37%	42%	21%	17%
Increased	51%	45%	66%	78%

Client spending per visit				
Decreased	3%	2%	10%	4%
No change	26%	29%	13%	20%
Increased	71%	69%	76%	76%

Revenue				
Decreased	8%	7%	16%	4%
No change	20%	23%	6%	12%
Increased	72%	70%	78%	84%

Staffing levels				
Decreased	10%	9%	26%	6%
No change	65%	71%	43%	39%
Increased	25%	20%	31%	55%

Profitability

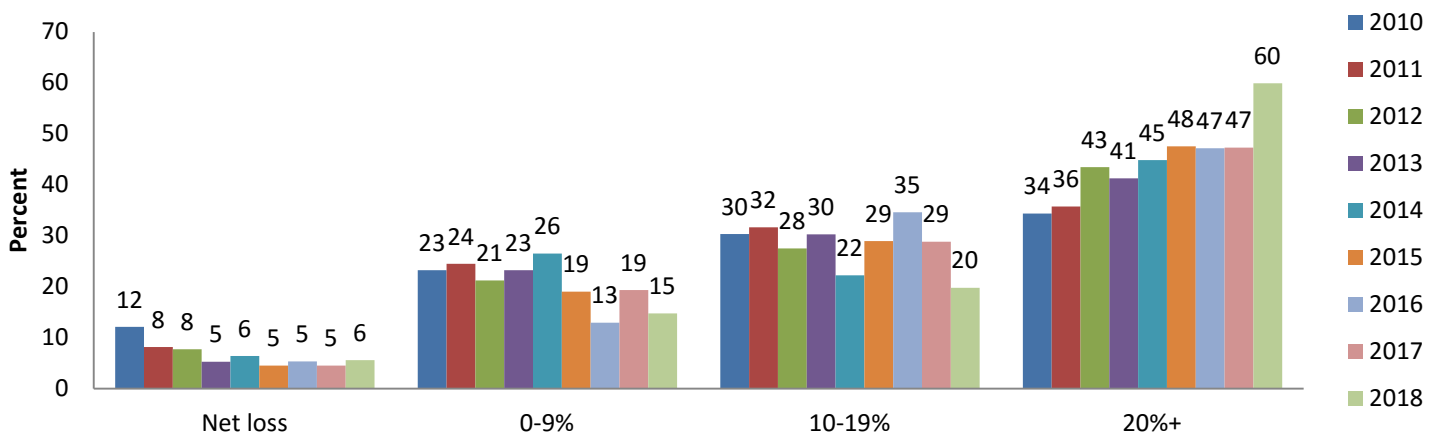
In the resort/hotel sector, six in 10 spas (60%) said their spa profit percentage was 20% or more, up from 47% in 2017. The profitability performance of spas in other sectors also showed an improvement in 2018. Excluding the resort/hotel sector, 75% of spas reported a 2018 profit percentage before fixed charges of 10% or more, up from 70% in 2017. Only 3% reported a net loss in 2018.

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.

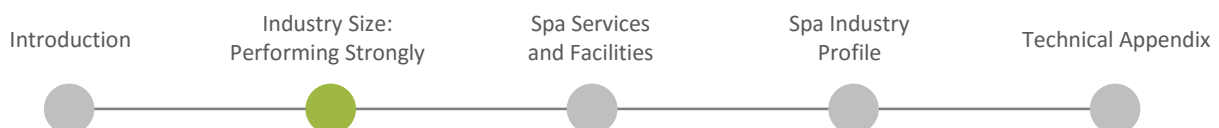
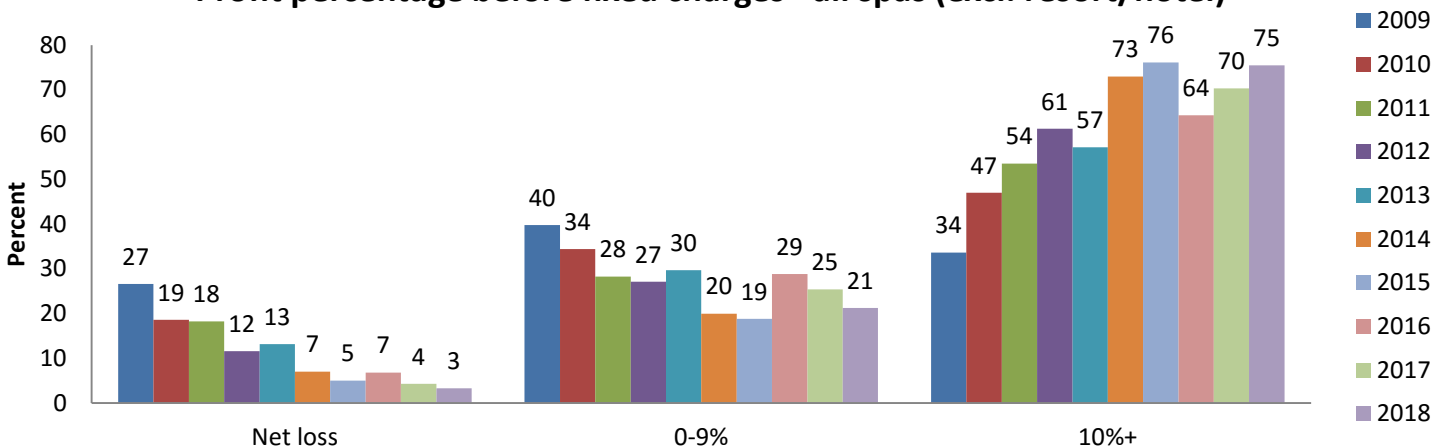
Within the resort/hotel sector, six in 10 spas (60%) reported a spa profit percentage in excess of 20% for 2018, up from 47% in 2017. In total, 35% of resort/hotel spas reported a profit percentage in the range 0-19%, down from 48% in 2017.

Excluding the resort/hotel sector, 75% of spas reported a 2018 profit percentage of 10% or more, an increase compared to the 2017 out-turn, when 70% reported profits of 10% or more. There was a corresponding decrease in the proportion of spas with a more modest profit performance, in the range 0% to 9%, down from 25% in 2017 to 21% in 2018.

Spa profit percentage - resort/hotel spas



Profit percentage before fixed charges - all spas (excl. resort/hotel)

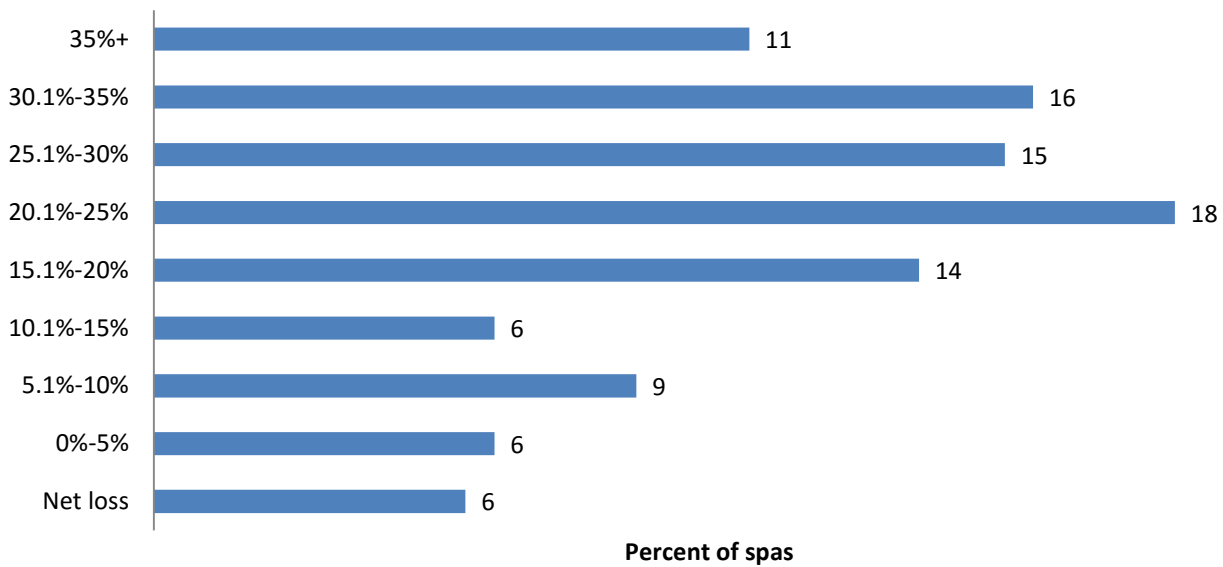


Profitability

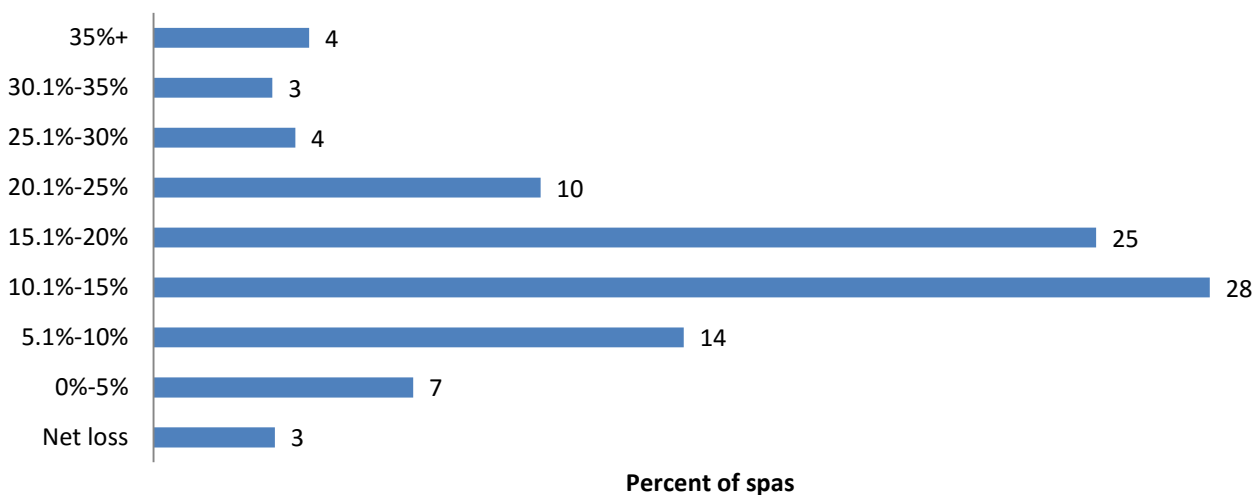
The detailed profit percentage results indicate that, in resort/hotel spas, in 2018 the most frequently reported profit percentage was in the range 20.1%-25% (18% of spas). Most notably, however, the distribution of spa profit percentages was skewed towards the 25.1% and above ranges.

Excluding the resort/hotel sector, the most frequently cited profit percentage before fixed charges was 10.1-15% (28% of spas). One in four (25%) reported a profit percentage in the range 15.1-20%.

Spa profit percentage, 2018 - Resort/hotel spas



Profit percentage before fixed charges, 2018 (All spas excluding resort/hotel spas)



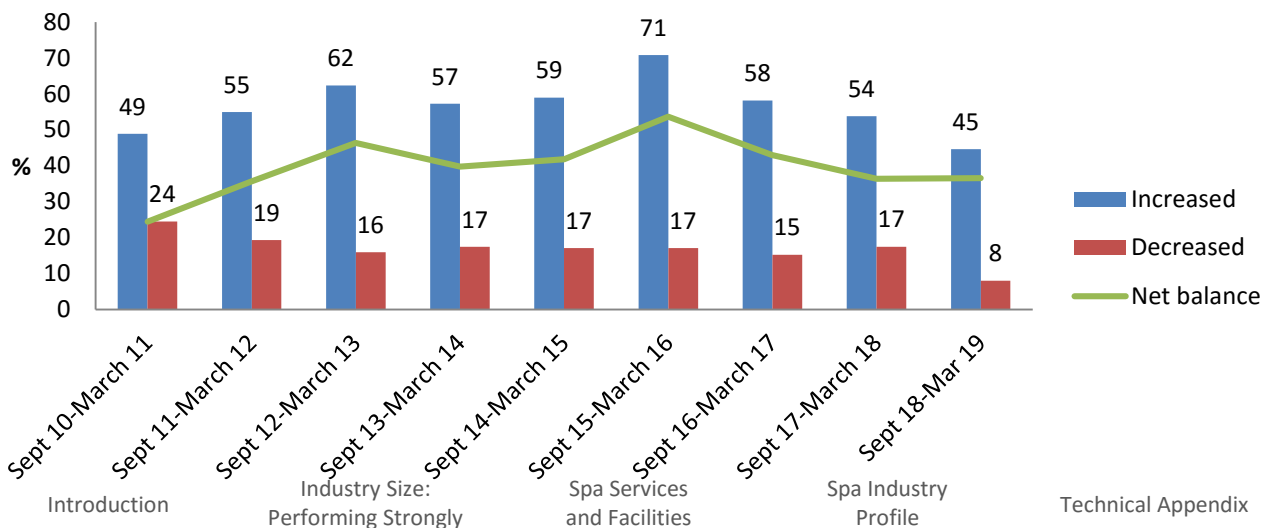
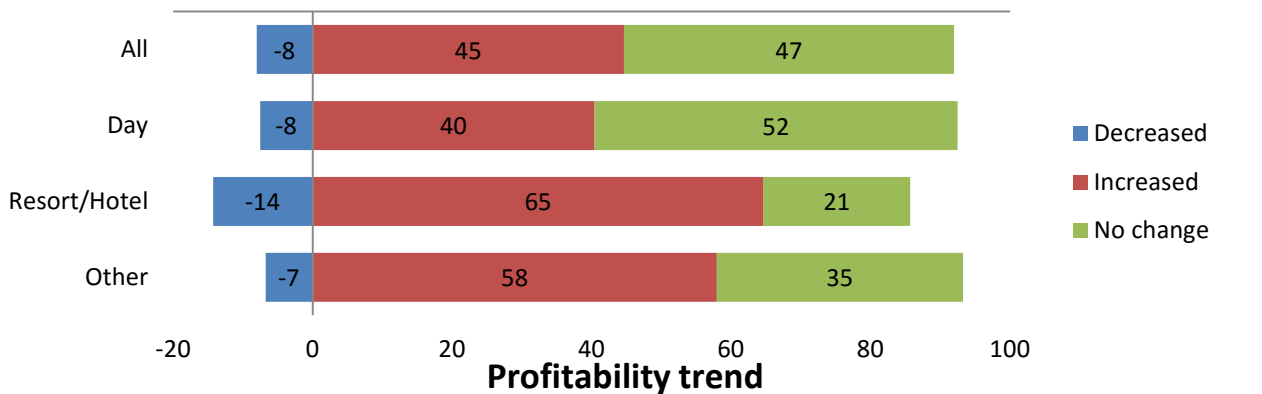
Profitability: Recent Trends

When asked about their more recent experience in the six months prior to the survey (September 2018 to March 2019), almost one in two spas (45%) said that profitability had improved compared to the same period one year previously. Fewer than one in 10 (8%) said profitability was on a decreasing trend, giving a net positive balance in favor of an increasing trend of 37% (the difference between spas reporting an increase and those reporting a decrease).

The positive net balance in profitability was apparent across the different spa industry sectors. The proportion reporting increased profitability over the six months September 2018 to March 2019 ranged from 40% in the day spa sector to 65% among resort/hotel spas. Relatively few spas said that profitability had fallen in the six-month period; 8% of day spas and 14% of resort/hotel spas.

Compared to previous years, while the proportion of spas reporting increased profitability dropped in the 2019 survey, from 54% in 2018 to 45%, so too did the share of spas saying profitability was reducing (from 17% to 8%). Hence, the net balance for the six months ending March 2019 (+37%) was almost unchanged compared to the period ending March 2018 (+36%).

Profitability by spa type
Experienced in past six months (Sept 2018 to March 2019)



Looking Ahead

Survey respondents were asked to say what they think will be the next big new trend that will shape the U.S. spa industry.

The main message is that for many respondents, wellness has moved beyond being a trend and is now, to a considerable extent, how the spa industry sees its role: providing services that are part of a healthy lifestyle that focuses on self-care, prevention, managing stress, anxiety and pain, nutrition and keeping mind and body in balance. So, diet counselling, fitness, meditation, sleep therapy, mindfulness, energy work, movement (Pilates/Tai Chi) and other therapies and services are becoming important aspects of the business. However, beauty and luxury/pampering still remain a prominent feature.

Within the wellness theme, the main trends mentioned by spas were as follows:

CBD/Cannabidiol products and treatments. Overwhelmingly the biggest trend, cited by 43% of respondents, either solely or in concert with other trends. Respondents noted the growing number of CBD products and treatments. Retail is also growing fast. CBD is now used in isolation tanks, for pain relief, massage therapy etc.

Alternative, complementary treatments. Salt was cited most often, but other treatments mentioned included: float tanks, cryotanks, LED, oxygen, zero gravity, infrared sauna, forest bathing, halo therapy, Balneology (Waters of Nature), crystals, sound therapy, acupuncture, Reiki and metaphysical treatments, meditation, mindfulness, mind-body, sleep therapy.

Massage. Continues to be very important with new therapies, 'gadgets' and technologies, sometimes in combination with CBD oil. However, getting trained staff is an issue.

Tailored. Customized, personalized 'human touch' treatments; targeted and results driven.

Other trends mentioned included:

Technology. Greater use of technology in treatments, both beauty and wellness. Also to improve operational and customer service functions, such as online booking, administration, customer information and to help mitigate staff shortages.

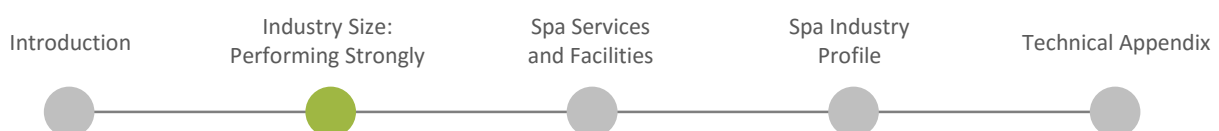
Express. Shorter treatments for time-constrained customers.

Mobile and in-home services. Bringing the treatment to the customer in their offices and homes. Retailing products and packages (advice/products) that customers can take home.

Skincare continues to be a major area with new products and technologies.

Organic, natural and vegan products and treatments.

Market expansion. Targeting new customer groups, in particular men, but also athletes, couples, oncology patients, groups, Gen Z.



Key Points Summary

The industry in 2018: Solid growth

Now into its ninth successive year of expansion, the spa industry posted a solid growth performance in 2018.

Total spa revenues for 2018 are estimated at \$18.3 billion, an increase of \$0.8 billion (+4.7%) on total revenue in 2017 (\$17.5 billion). Spa industry revenues have now passed the \$18 billion threshold and, with average revenue per spa establishment reaching \$826,000, the 2018 out-turn represents a further positive step forward for the industry.

In 2018, spa openings out-paced spa closures by a margin of 400, bringing the number of spa locations to a record level of 22,160, representing a 1.8% increase on the 2017 position (21,770 locations).

The total number of visits to spa establishments is estimated to have risen from 187 million in 2017 to 190 million in 2018 (+1.6%).

Average spend per visit has also been rising, with the average revenue per visit in 2018 estimated at \$96.5, a 3% increase on 2017 (\$93.7).

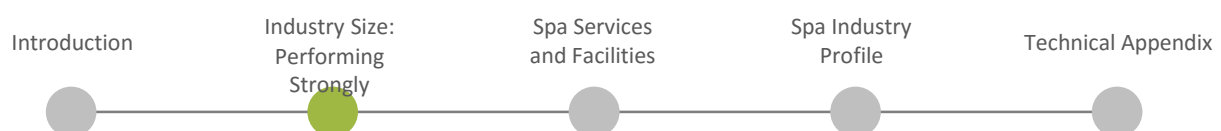
The number of jobs in the spa industry has continued on an upward path. Total employment is estimated to have risen to 377,900 as of May 2019, a rise of 5,800 (+1.6%) compared to the same period in 2018 (372,100).

The number of full-time employees is estimated to have risen from 170,900 in 2018 to 172,000 in 2019, a net increase of 1,100 (+0.6%). The part-time employee count is estimated to have risen at a faster pace (+2.6%), with new hires adding 4,600 part-time jobs to the spa workforce.

The number of independent contractor positions is estimated to have risen slightly, from 27,300 in May 2018 to 27,400 by May 2019. The estimated stability in the number of independent contractor positions can be contrasted with the historical trend, from 2007 onwards, of a steadily reducing number of such workers. As with any survey, there is a degree of uncertainty around the estimates and further data points will be required to identify whether the 2019 result signals a reversal of the historic trend that will be sustained into the future.

Profitability

The industry's solid growth performance has underpinned improving profitability. In the resort/hotel sector, six in 10 spas (60%) said their spa profit percentage was 20% or more, up from 47% in 2017. The profitability performance of spas in other sectors also showed an improvement in 2018, with 75% reporting a 2018 profit percentage before fixed charges of 10% or more, up from 70% in 2017.



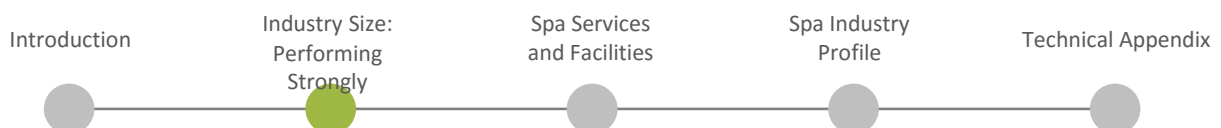
Key Points Summary

Recent trends: Demand remains positive

When asked about their more recent experience in the six months prior to the survey (September 2018 to March 2019), over 70% of spas said spending per visit and revenues had increased compared to the same period in the previous year.

The trend in spa visits was less pronounced, with 51% reporting an increasing trend. However, only 12% said that spa visits had reduced with the remaining 37% saying that spa visits were unchanged in the six-month period to March 2019.

One in four spas (25%) said they had increased staffing levels in the last six months compared to the same period in the previous year. Decreasing staffing levels were reported by just 10% of spas, with the majority (65%) saying that their staffing levels had remained unchanged in the six months to March 2019 compared to the same period in the previous year.



Section 3 | Spa Services and Facilities



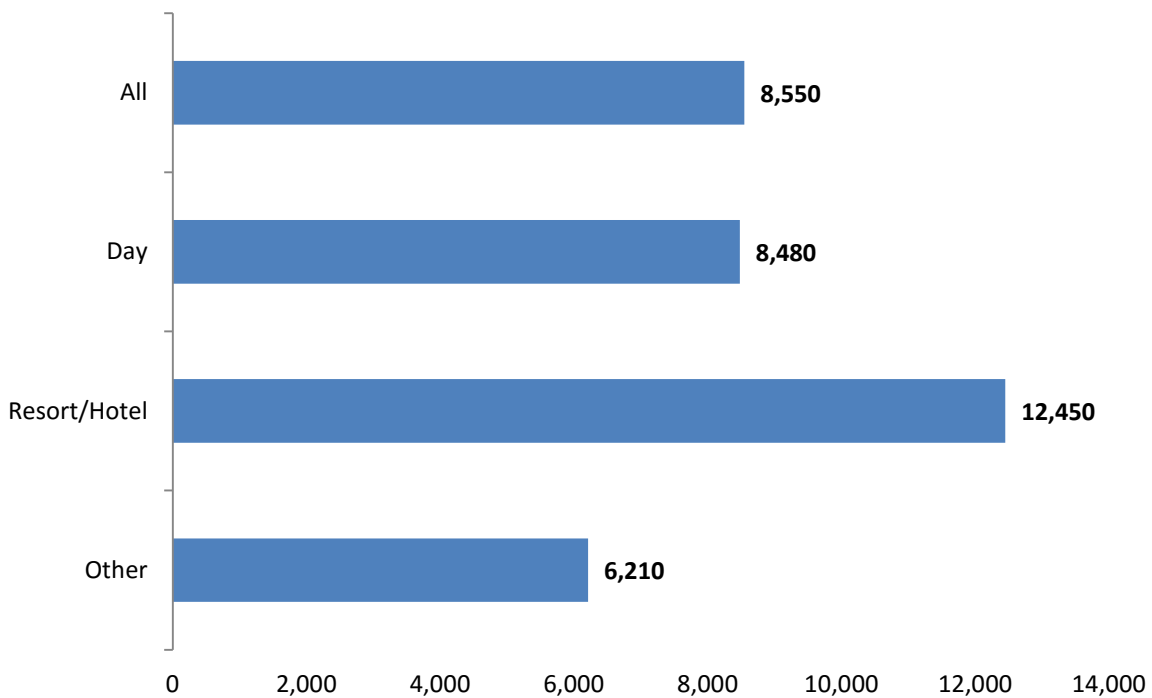
Section 3: Introduction

In 2018, spas received an estimated 190 million client visits, an average 8,550 per spa establishment. 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 core types of services offered by spas and average prices per service
- The treatments that spas provide, with further detail on massage services and complementary/alternative or mind, body and spirit programs
- Whether CBD (cannabidiol) offerings in place in 2018
- The retail element in spa facilities – range of product types and average value of purchases per guest
- Revenue from sales of gift cards
- Offerings in place in 2018
- Online booking features in place in 2018

Average number of spa client visits per spa



Types of Services Offered

The main services provided by spas are massage services (95%) and skin care services (88%), followed by body services (61%) and salon services (48%). 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 5.8 types of services compared to 3.6 among day spas.

Body services are available in almost all resort/hotel spas (98%) compared to 56% of day spas and 65% of spas in the combined other spa category. Salon services are available in 87% of resort/hotel spas compared with 45% of day spas.

In addition to their core spa and salon services, many spas offer their visitors a diverse range of treatments and programs. Hydrotherapy services are offered by almost one in five spas (17%), ranging from 39% of resort/hotel spas to 13% of day spas and 33% of establishments in the other spa category.

Two in five spas (40%) said they provide fitness or sports services, including almost two in three resort/hotel spas (65%) and 38% of day spas.

Complementary or alternative therapies or mind, body and spirit programs, such as acupuncture, reiki and yoga, are available in 19% of spas, including 60% of resort/hotel spas and 13% of day spas.

One in five spas (19%) said they offer healthy living programs (i.e., smoking cessation, weight loss, etc.).

Almost one in 10 spas (9%) offer medically supervised services. Reflecting the medical spa effect, such services are most often found in the other spa category (55%).

Types of services offered



Product Offering: Core Spa Services

	All	Day	Resort/Hotel	Other
Massage services	95%	97%	100%	75%
Skin care services	88%	87%	100%	90%
Body services	61%	56%	98%	65%
Salon services	48%	45%	87%	38%
Fitness or sports services	40%	38%	65%	34%
Healthy living programs	19%	13%	34%	48%
Complementary/alternative therapies or mind, body & spirit	19%	13%	60%	26%
Hydrotherapy	17%	13%	39%	33%
Medically supervised services	9%	3%	2%	55%
<i>Average number of services</i>	<i>4.0</i>	<i>3.6</i>	<i>5.8</i>	<i>4.6</i>



Types of Treatments Offered

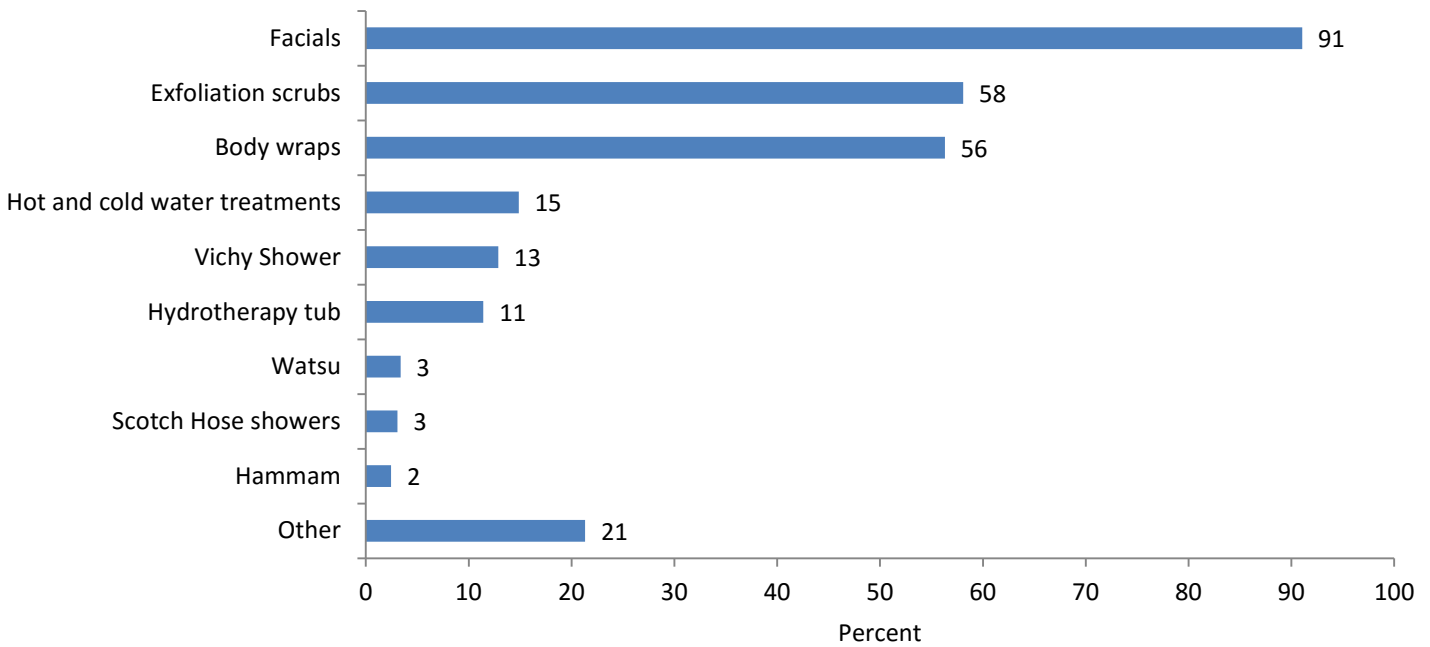
The main treatments offered by spas are facials (91%), exfoliation scrubs (58%) and body wraps (56%). The ranking of those treatment types does not vary by type of spa.

Almost all resort/hotel spas offer facials (99%), scrubs (97%) and wraps (95%). Hydrotherapy tubs are offered at 43% of resort/hotel spas. A similar proportion (42%) offer hot and cold water treatments while almost one in three (31%) provide Vichy showers. A little under one in five offer Scotch showers (19%) and/or Watsu (17%).

Almost all day spas also provide facials (89%), with 54% offering scrubs and 53% offering body wraps. Vichy showers (11%) and hot and cold water treatments (10%) also feature among the treatments offered by day spas.

Within the combined other spa category, which includes mainly club spas and medical spas, all offer facials (100%), followed by scrubs (58%) and body wraps (51%).

Types of treatments offered



Product Offering: Types of Treatments Offered

	All	Day	Resort/Hotel	Other
Facials	91%	89%	99%	100%
Exfoliation scrubs	58%	54%	97%	58%
Body wraps	56%	53%	95%	51%
Hot and cold water treatments	15%	10%	42%	29%
Vichy Shower	13%	11%	31%	14%
Hydrotherapy tub	11%	5%	43%	28%
Watsu	3%	0%	17%	14%
Scotch Hose showers	3%	0%	19%	10%
Hamman	2%	1%	10%	6%
Other	21%	23%	4%	20%

Massage Treatments Offered

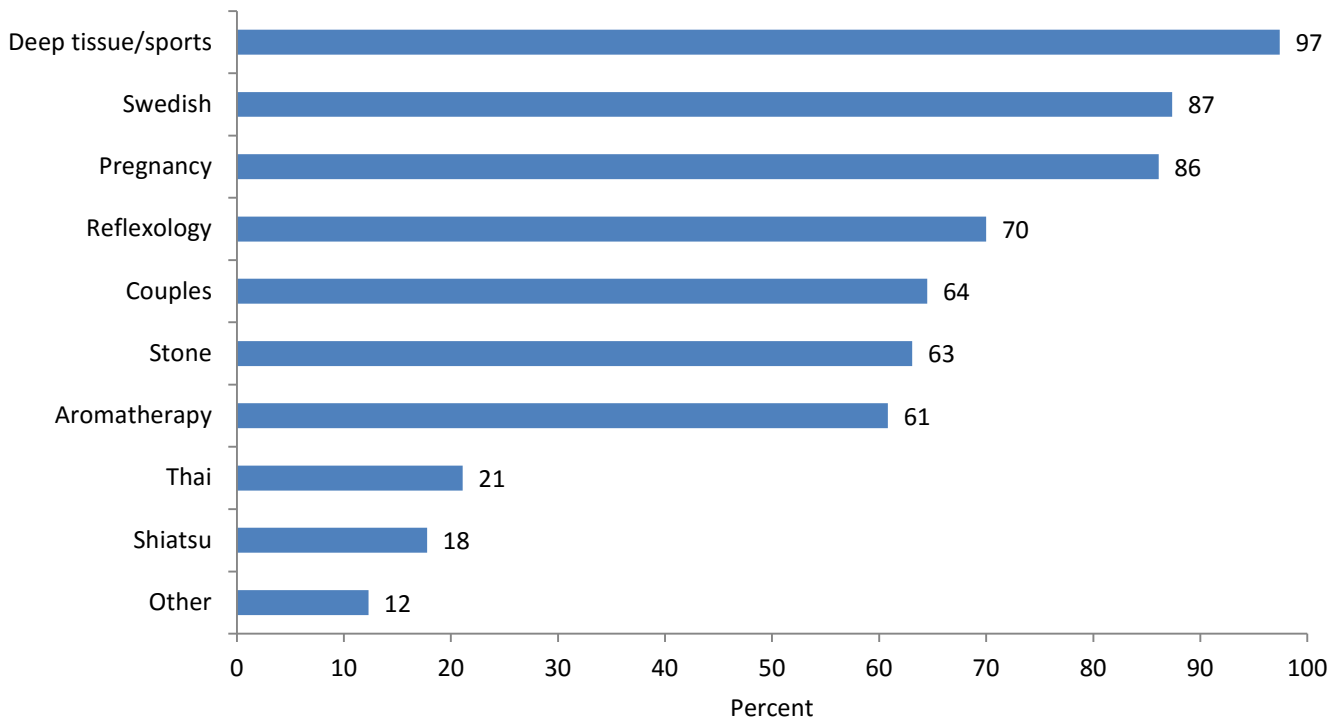
Spas offer a wide range of massage treatments. On average, spas offer six of the massage treatments listed in the chart below.

Almost all spas which provide massage treatments offer deep tissue/sports (97%), followed by Swedish (87%), pregnancy (86%) and reflexology (70%). Regardless of spa type, the majority of spas also offer couples (64%), stone (63%) and aromatherapy (61%) massages. Thai (21%) and Shiatsu (18%) are less frequently found.

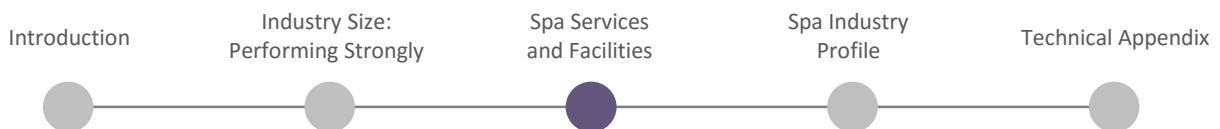
The main variations by type of spa are as follows:

- Couples – available in 93% of resort/hotel spas compared to 62% of day spas
- Aromatherapy – available in 87% of resort/hotel spas compared to 58% of day spas
- Thai – cited by 44% of resort/hotel spas versus 18% of day spas
- Stone – mentioned by 81% of resort/hotel spas compared with 61% of day spas

Massage treatments offered

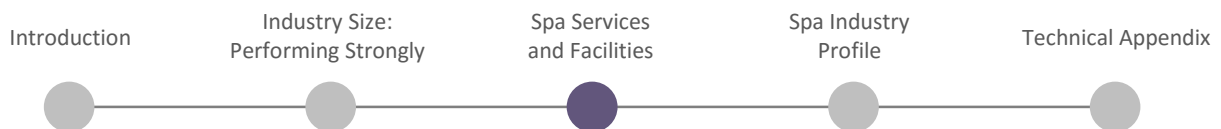


Base: Spas offering massage treatments.



Product Offering: Massage Treatments Offered

	All	Day	Resort/Hotel	Other
Deep tissue/sports	97%	97%	96%	98%
Swedish	87%	85%	97%	95%
Pregnancy	86%	86%	95%	76%
Reflexology	70%	69%	73%	73%
Couples	64%	62%	93%	60%
Stone	63%	61%	81%	66%
Aromatherapy	61%	58%	87%	63%
Thai	21%	18%	44%	28%
Shiatsu	18%	15%	27%	31%
Other	12%	11%	18%	16%
<i>Average number of services</i>	<i>5.8</i>	<i>5.6</i>	<i>7.1</i>	<i>6.1</i>

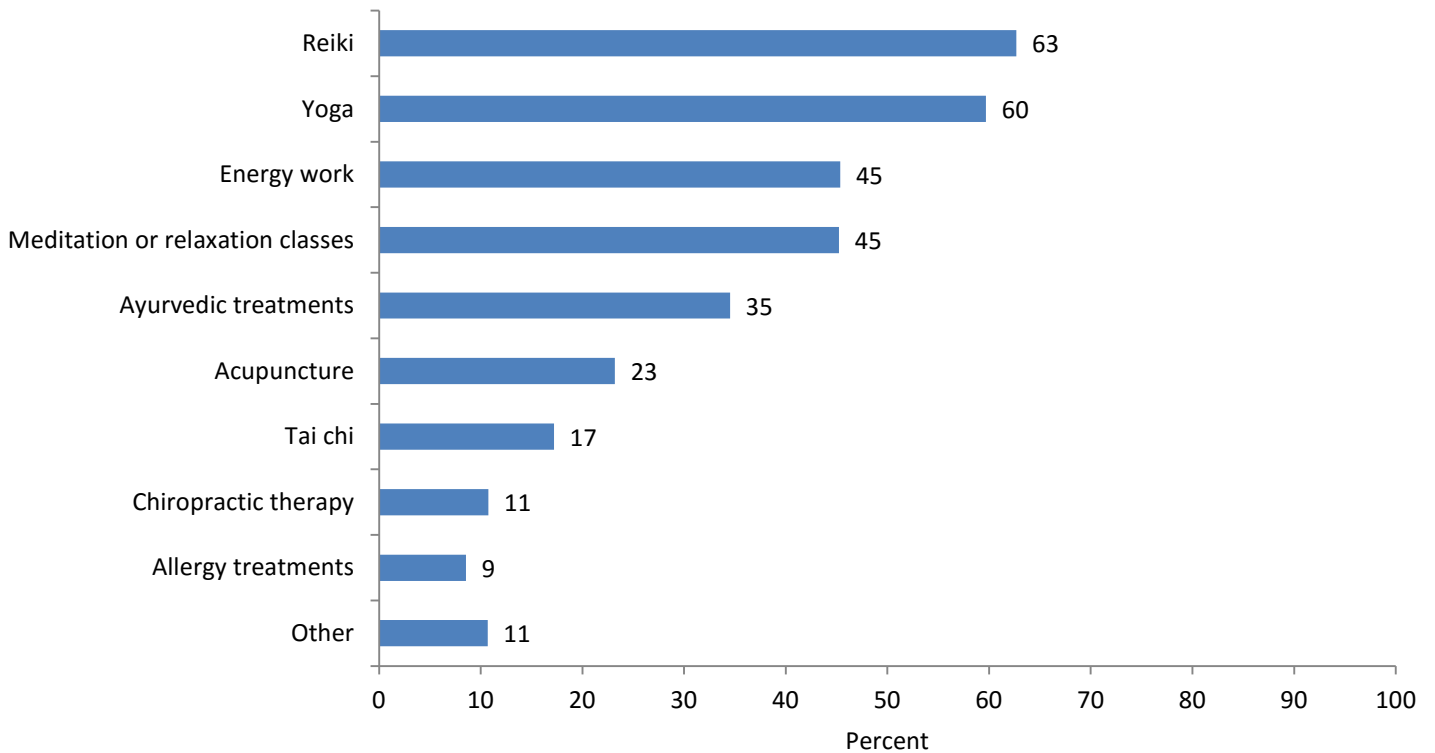


Complementary/Alternative, or Mind, Body & Spirit Programs

Among the 19% of spas that provide complementary/alternative, or mind, body and spirit programs, 63% offer Reiki (53%) followed closely by Yoga (60%). Energy work and meditation or relaxation classes are offered by almost one in two spas (45%) with complementary/alternative programs.

The range and mix of complementary/alternative, or mind, body and spirit programs varies by type of spa. For example, among resort/hotel spas providing such services, 87% said they offer yoga, compared with 47% of day spas.

Complementary/alternative, or mind, body & spirit programs



Base: Spas offering complementary/alternative, or mind, body & spirit programs



CBD (Cannabidiol) Offerings Available in 2018

Almost one in five spas (18%) said they had CBD (cannabidiol) offerings available in 2018. The proportion varied widely by region, from 42% in the South West to 3% in the North and South Central regions.

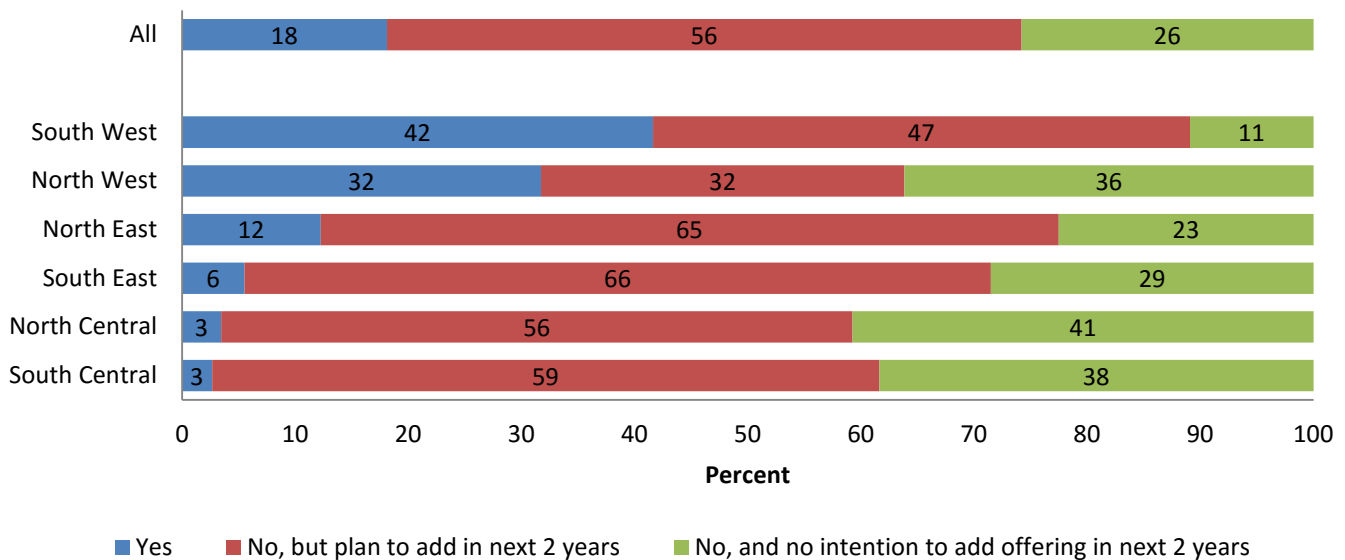
A majority of spas (56%) plan to add CBD offerings in the next two years. If realized, those plans would bring the proportion of spas with CBD offerings up from 18% to 74%, close to three in four spas.

Compared to other sectors, resort/hotel spas were more likely to have CBD offerings in 2018. One in three resort/hotel spas (33%) said they had CBD offerings in 2018 compared to 16% of day spas. However, day spas were more likely than resort/hotel spas to say they plan to add CBD offerings within the next two years, by a margin of 58% to 48%.

At a regional level, plans to add CBD offerings within the next two years range from 32% in the North West to 66% in the South East. The proportion of spas with no intention of adding a CBD offering in the next two years is highest in the North Central region (38%) and lowest in the South West (11%).

	All	Day	Resort/Hotel	Other
Yes	18%	16%	33%	18%
No, but plan to add in next 2 years	56%	58%	48%	48%
No, and no intention to add offering in next 2 years	26%	25%	19%	34%

CBD offerings available in 2018, by region



CBD (Cannabidiol) Offerings Available in 2018

Among the 18% of spas with CBD offerings in 2018, 86% incorporated a CBD product in a massage treatment. A little under one in three spas (30%) offered a facial treatment featuring a CBD product with almost one in five (19%) offering a body treatment with a CBD product. Three in four spas (75%) sold CBD product(s) in their retail area.

Of the one in three resort/hotel spas with a CBD offering in 2018, almost all (94%) had a massage treatment with a CBD offering. A similar proportion offered CBD products in their retail area.

Among the 16% of day spas with a CBD offering, the incorporation of a CBD product into a massage treatment was also most frequently cited (85%), followed by 70% with a CBD product in their retail area.

On average, day spas with a CBD offering mentioned two of the four treatment and service offerings listed in the table below. The average number of CBD offerings was highest in the other spa category (2.7 per spa), followed closely by resort/hotel spas (2.6).

	All	Day	Resort/Hotel	Other
Massage treatment incorporating a CBD product	86%	85%	94%	81%
Facial treatment	30%	30%	36%	19%
Body treatment	19%	11%	8%	84%
CBD product(s) sold in the spa retail area	75%	70%	94%	82%
Other offer incorporating a CBD product	6%	2%	30%	1%
<i>Average number of offerings</i>	2.2	2.0	2.6	2.7

Base: Spas with CBD offerings available in 2018.



Prices Per Service

The average price per spa service in 2018 is estimated as \$96, up by 2% compared to 2017, when the average price per service was \$94.

Average prices vary depending on the type of service provided, ranging from \$47 per nail service to \$114 per body treatment. At \$96, the average price per massage occupies an intermediate position within that range. The differences in average prices by type of service have been consistent over the past five years. It should be appreciated that these are average prices which will vary across spa establishments depending on type, location, etc.

The average price per massage (\$96) in 2018 was unchanged on the 2017 average. Average prices for body treatments (\$114) are estimated to have increased by 4.5% with facials up by 1.3%.

The average prices shown for hair services and nail services tend to be more variable from one year to the next, due to smaller sample sizes for spas offering those services. Percentage changes should therefore be interpreted with caution.

Average prices, 2018 compared to 2017, 2016, 2015 and 2014

	2014	2015	2016	2017	2018
Per massage	\$88	\$93	\$94	\$96	\$96
Per facial	\$97	\$100	\$101	\$102	\$103
Per body treatment	\$105	\$110	\$109	\$109	\$114
Per hair service	\$76	\$82	\$78	\$82	\$83
Per nail service	\$45	\$43	\$44	\$45	\$47
Per service	\$88	\$90	\$92	\$94	\$96

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

Prices Per Service by Type of Spa

The average price per spa service tends to be higher in resort/hotel spas than in day spas.

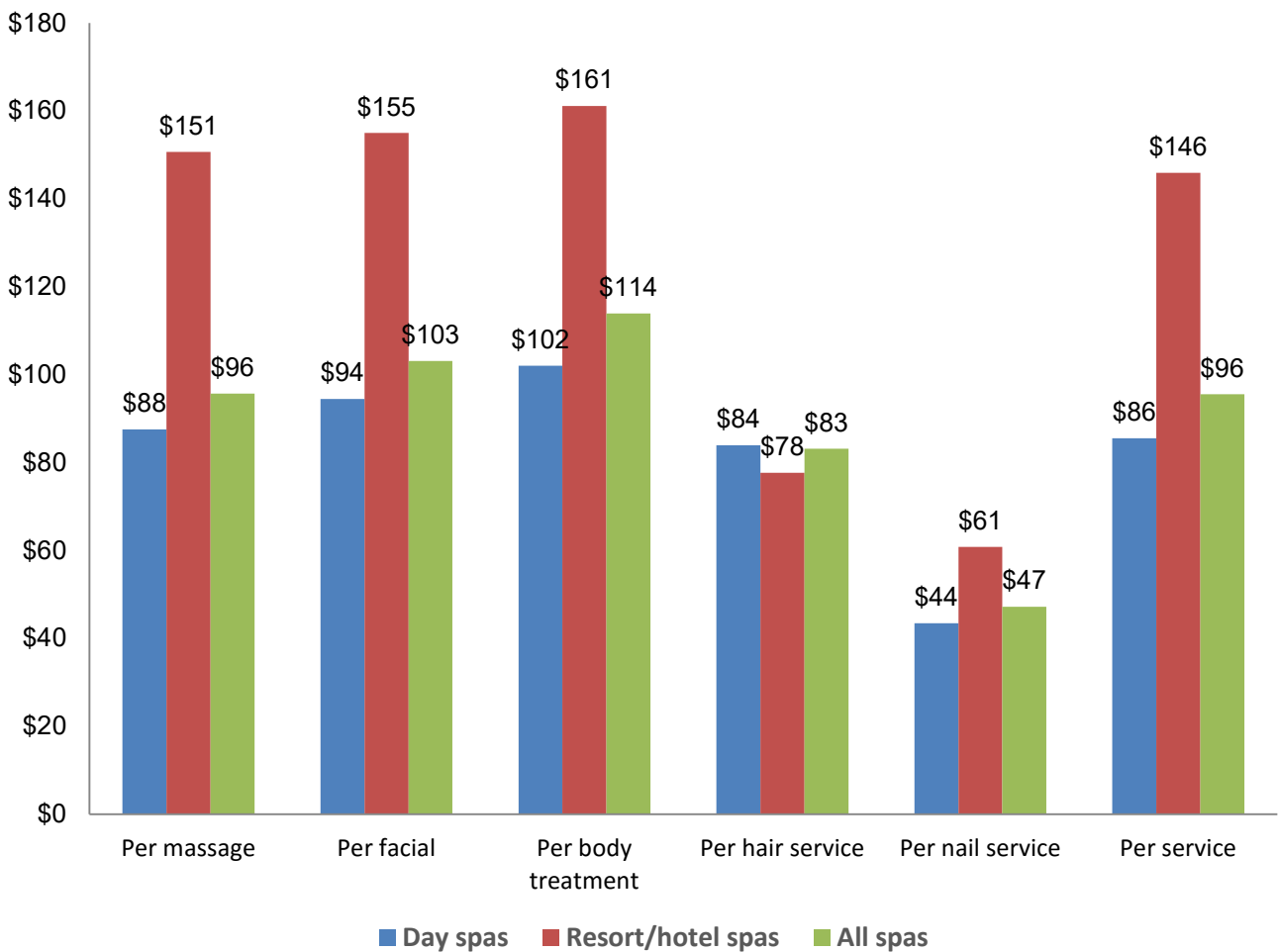
In 2018, the overall average price per service in resort/hotel spas was \$146 compared to \$86 per service in day spas, a differential of \$60 (71%).

The largest difference between resort/hotel and day spas was for massage services, with the estimated average price in resort/hotel spas standing at \$151 compared to \$88 in day spas. Similar differences can be observed in relation to facials (\$155 in resort/hotel spas versus \$94 in day spas) and body treatments (\$161 in resort/hotel spas compared with \$102 in day spas).

Average prices for hair services in day spas (\$84) are estimated to be slightly higher than in resort/hotel spas (\$78).

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 nine in 10 spas (86%) contain a retail element. Skin care products are offered by all spas containing a retail element, followed by cosmetics (75%) and hair care products (64%).

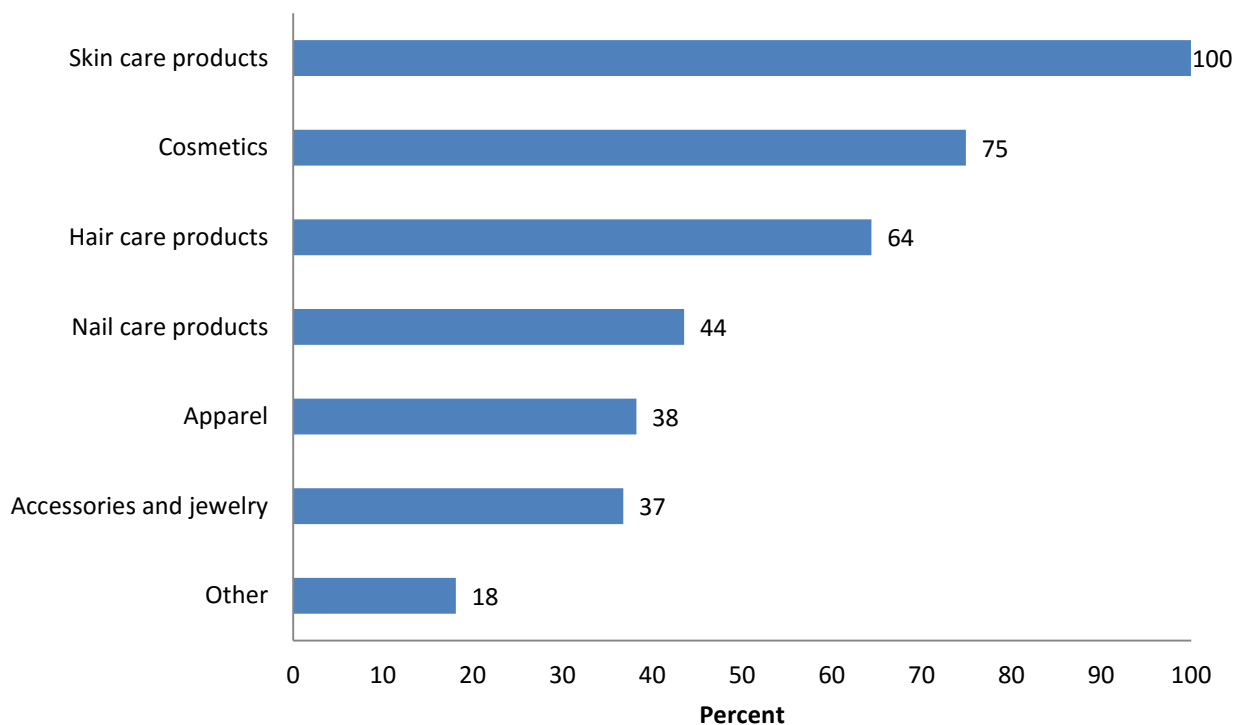
Resort/hotel spas tend to offer a wider range of retail products when compared with the industry average (see table on next chart). When asked about the types of products that they sell as part of their retail operation, the typical resort/hotel spa mentioned five of the seven categories listed in the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

The availability of skin care products does not vary by type of spa, with all respondents indicating they offer such products. A little under four in five day spas (78%) offer cosmetics within their retail section, only slightly below the proportion of resort/hotel spas (83%).

Compared to resort/hotel spas, day spas are less likely to offer retail products such as: hair care products (66% versus 84% of resort/hotel spas), nail care (42% compared to 82% of resort/hotel spas), apparel (33% versus 88% of resort/hotel spas) and accessories and jewelry (29% of day spas compared to 87% of resort/hotel spas).

In 2018, the average dollar value of retail purchases was \$38.

Retail - Types of products offered



Retail: Product Types

	All	Day	Resort/ Hotel	Other
Retail section				
Yes	86%	86%	98%	75%
No	14%	14%	2%	25%
Types of products (% of spas with retail section)				
Skin care products	100%	100%	100%	100%
Cosmetics	75%	78%	83%	41%
Hair care products	64%	66%	84%	31%
Nail care products	44%	42%	82%	23%
Apparel	38%	33%	88%	27%
Accessories and jewelry	37%	29%	87%	45%
Other	18%	17%	24%	23%
Average dollar value of retail purchases per guest				
Average	\$38	\$34	\$41	\$65



Gift Card Revenues

Over nine in 10 spas (91%) said they sell gift cards, ranging from 95% of day spas to 91% of resort/hotel spas and 61% of the other spa category. Among those spas, gift-card sales averaged \$85,200, representing 10% of their total revenues in 2018. That equates to an industry-wide total of \$1.69 billion, accounting for 9% of total spa industry revenue.

Among the 91% of spas offering gift cards, the average gift card revenue per spa is estimated to vary from \$72,600 in the combined other spa category to \$82,200 in the day spa sector to \$124,100 among resort/hotel spas.

Focusing on those spas that offer gift cards, the revenues generated from gift card sales accounted for 10% of total revenues, on average, ranging from an average of 11% among day spas to 7% in the resort/hotel sector.

At the overall industry level, the grossed-up revenues from gift card sales are estimated to contribute 9% to total spa industry revenue. That proportion also varies by type of spa, being highest in the day spa sector (11%).

	All	Day	Resort/ Hotel	Other
Gift cards sold in the spa				
Yes	91%	95%	91%	61%
No	9%	5%	9%	39%
Gift Card Revenues				
Average per spa offering gift cards	\$85,200	\$82,200	\$124,100	\$72,600
Total industry gift card revenues (\$ billion)	\$1.69	\$1.36	\$0.22	\$0.11
Percent of revenue				
Spas offering gift cards	10%	11%	7%	10%
Total spa industry revenue	9%	11%	6%	6%

Spa Offerings

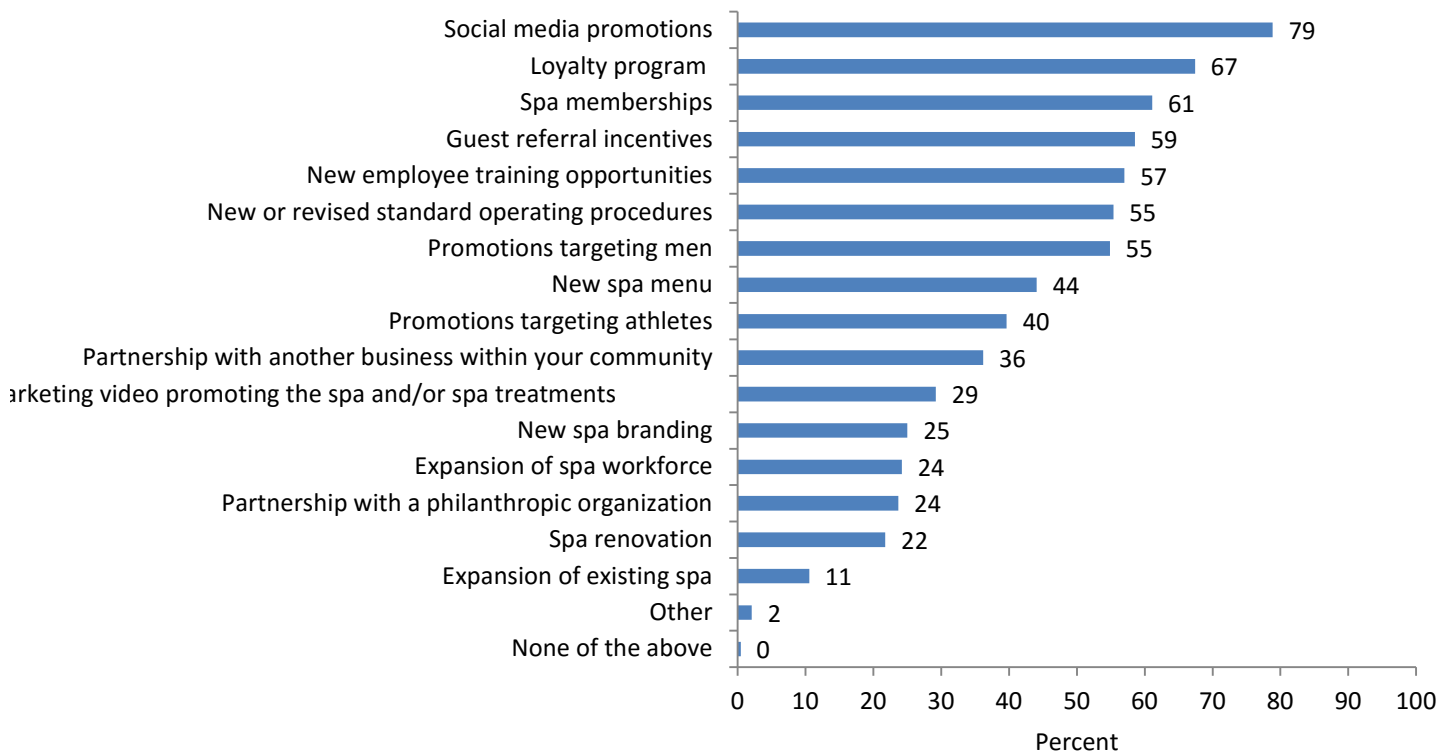
When asked about the offerings or activities that they had in place in 2018, the four most frequently cited were all customer-facing; 79% quoted social media promotions followed by 67% mentioning loyalty programs, 61% with a spa membership offering and 59% offering referrals for guest incentives. Spas also undertook activities to enhance their spa’s capabilities; 57% mentioned new employee training opportunities with a similar proportion (55%) quoting new or revised standard operating procedures.

The table following this page shows offerings in place in 2018 by type of spa. Across the spa types, social media promotions rank first (day spas and the other spa category) or second (resort/hotel spas). New employee training programs were most often mentioned by resort/hotel spas (78%), compared with 55% of day spas.

Other points of contrast by spa type included:

- Day spas were more likely than resort/hotel spas to have offerings aimed at customer retention. Thus, almost three in four day spas (74%) offered loyalty programs compared with 51% of resort/hotel spas. Similarly, 66% of day spas have a membership option compared with 46% of resort/hotel spas. And 63% of day spas offered guest referral incentives compared with 23% of resort/hotel spas.
- A marketing video promoting the spa was mentioned by 53% of resort/hotel spas compared with 27% of day spas.

Offerings or activities in place in 2018



Spa Offerings or Activities in 2018

	All	Day	Resort/Hotel	Other
Social media promotions	79%	83%	68%	59%
Loyalty program	67%	74%	51%	39%
Spa memberships	61%	66%	46%	40%
Guest referral incentives	59%	63%	23%	55%
New employee training opportunities	57%	55%	78%	58%
New or revised standard operating procedures	55%	56%	64%	48%
Promotions targeting men	55%	60%	45%	29%
New spa menu	44%	40%	68%	57%
Promotions targeting athletes	40%	46%	26%	9%
Partnership with another business within your community	36%	36%	51%	24%
Marketing video promoting the spa and/or spa treatments	29%	27%	53%	28%
New spa branding	25%	24%	33%	27%
Expansion of spa workforce	24%	21%	47%	31%
Partnership with a philanthropic organization	24%	22%	46%	20%
Spa renovation	22%	20%	43%	21%
Expansion of existing spa	11%	7%	34%	17%
Other	2%	2%	2%	4%
None of the above	0%	0%	1%	1%



Online booking features

In 2018, a large majority of spas (88%) had one or more online booking features in place. The proportion did not vary greatly by type of spa, illustrating the widely spread adoption by the spa sector of online capabilities for improving the efficiency and effectiveness of client reach and contact.

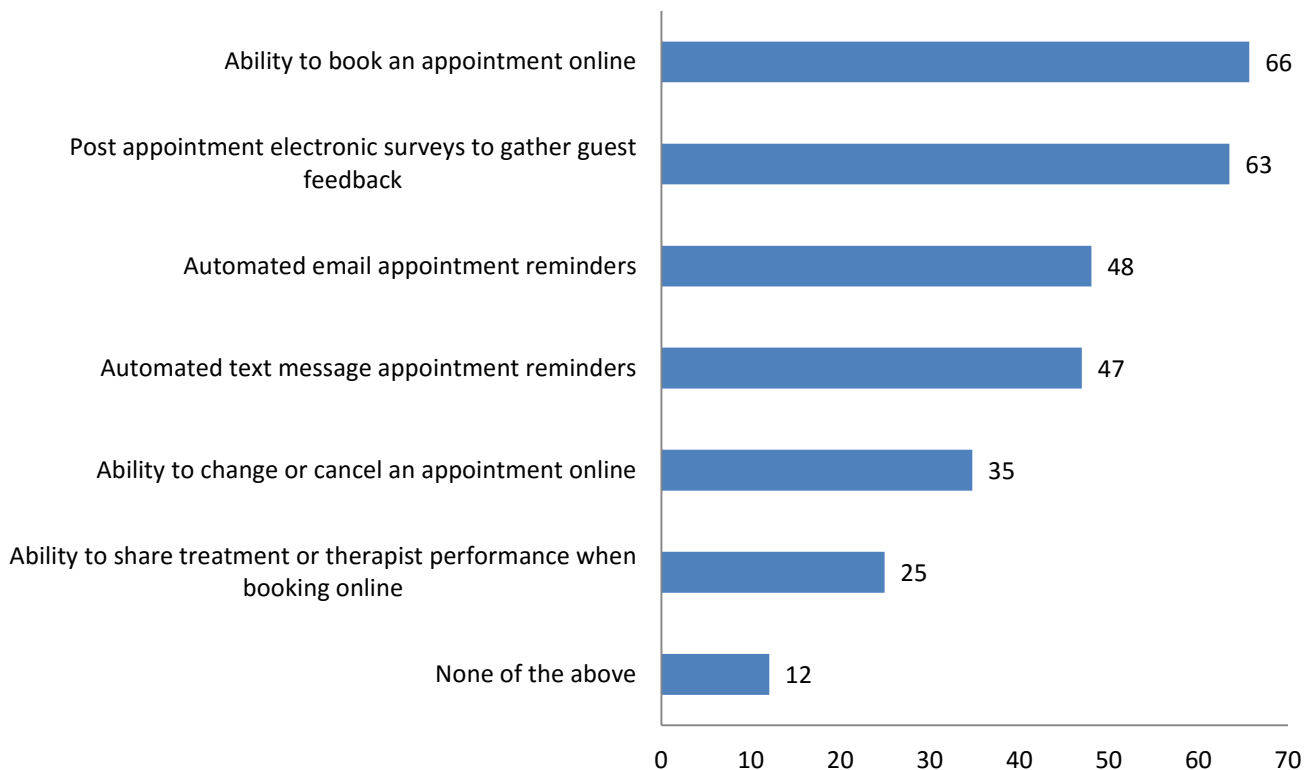
The most frequently mentioned online booking feature that spas had in place in 2018 was the ability to book an appointment online, mentioned by two in three spas (66%), ranging from 49% in the resort/hotel sector to 69% of day spas.

Spas also used online features to help their clients choose treatments and/or therapists, with 63% sharing relevant performance data online.

Online features are also being used to help clients manage their appointments, including reminders by text message (48%) and/or by email (25%), as well as the ability to change or cancel appointments online (47%).

Spas are also using their online capabilities to enhance their own performance and client insight, with 35% gathering post appointment guest feedback through electronic surveys.

Online booking features in place in 2018

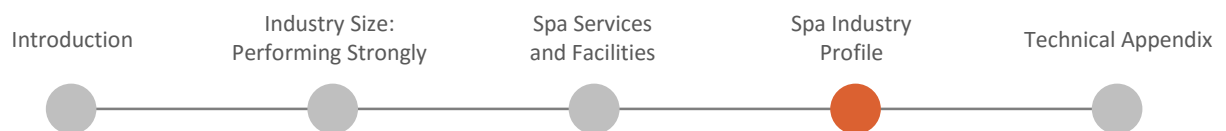


Online booking features

	All	Day	Resort/Hotel	Other
One or more online booking features	88%	89%	87%	82%
Booking features mentioned (% of all spas):				
Ability to book an appointment online	66%	69%	49%	58%
Ability to share treatment or therapist performance when booking online	63%	66%	54%	54%
Automated text message appointment reminders	48%	46%	52%	59%
Ability to change or cancel an appointment online	47%	46%	40%	60%
Post appointment electronic surveys to gather guest feedback	35%	35%	32%	35%
Automated email appointment reminders	25%	26%	24%	20%
None of the above	12%	11%	13%	18%
<i>Average number of features per spa</i>	<i>2.8</i>	<i>2.9</i>	<i>2.5</i>	<i>2.9</i>



Section 4 | Spa Industry Profile

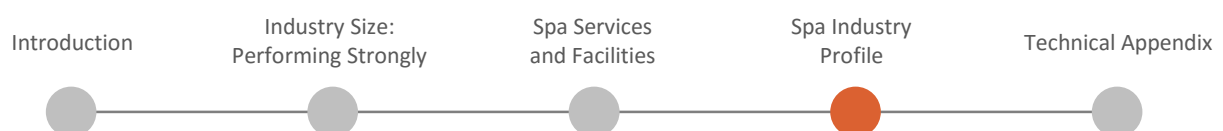


Section 4: Introduction

This section presents a profile of the estimated 22,160 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 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

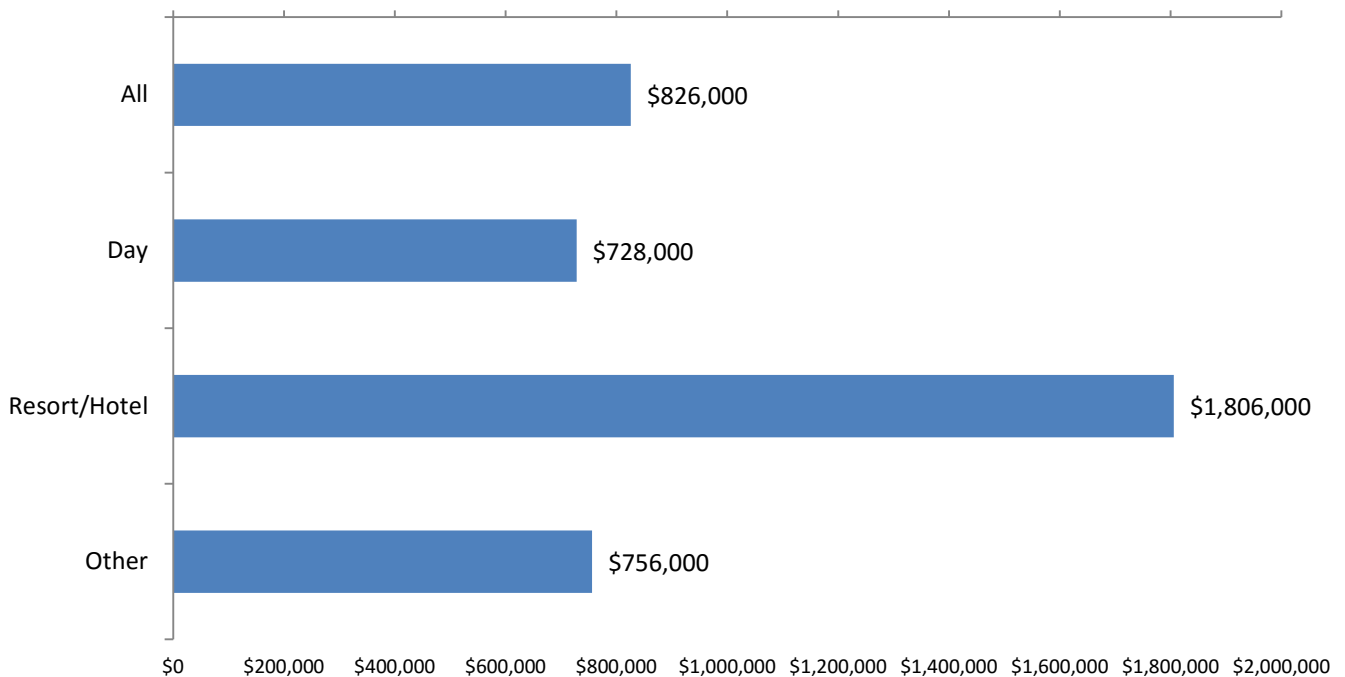
Key size indicators vary by type of spa. As in previous years, average revenues and visits per resort/hotel spa are higher than for day spas.

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

Also shown are revenue ratios, including revenues per visit and per employed person. Resort/hotel spas generate higher average revenues per visit (\$145) compared to day spas (\$86).

Reflecting their larger average size, revenue per resort/hotel spa (\$1.81 million) was approximately 2.5 times the average for day spas (\$728,000). Similarly, average total employment per resort/hotel spa (35.6) is more than twice the day spa average (15.4).

Average revenue by type of spa

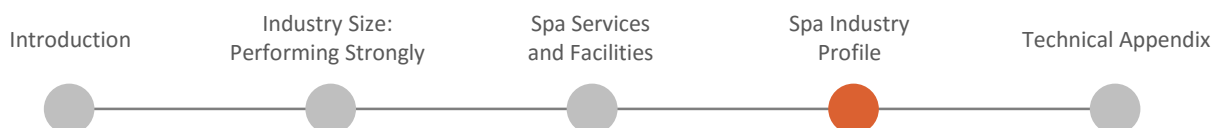


Note: The key ratios by spa type should be interpreted with caution. They are estimates based on a sample of spa establishments and will therefore be subject to variability from sampling error. Special care should be taken in making comparisons with previous Spa Industry Studies as the estimates in those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

Key Ratios by Spa Type

	All	Day	Resort /Hotel	Other
Revenue per spa	\$826,000	\$728,000	\$1,806,000	\$756,000
Per visit	\$97	\$86	\$145	\$122
Per employed person	\$48,440	\$47,430	\$50,750	\$51,280
Visits per spa	8,550	8,480	12,450	6,210
Total employees per spa	17.1	15.4	35.6	14.7
Full-Time	7.8	7.1	16.1	6.2
Part-Time	8.1	7.1	18.0	6.8
Contract	1.2	1.1	1.5	1.6

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.



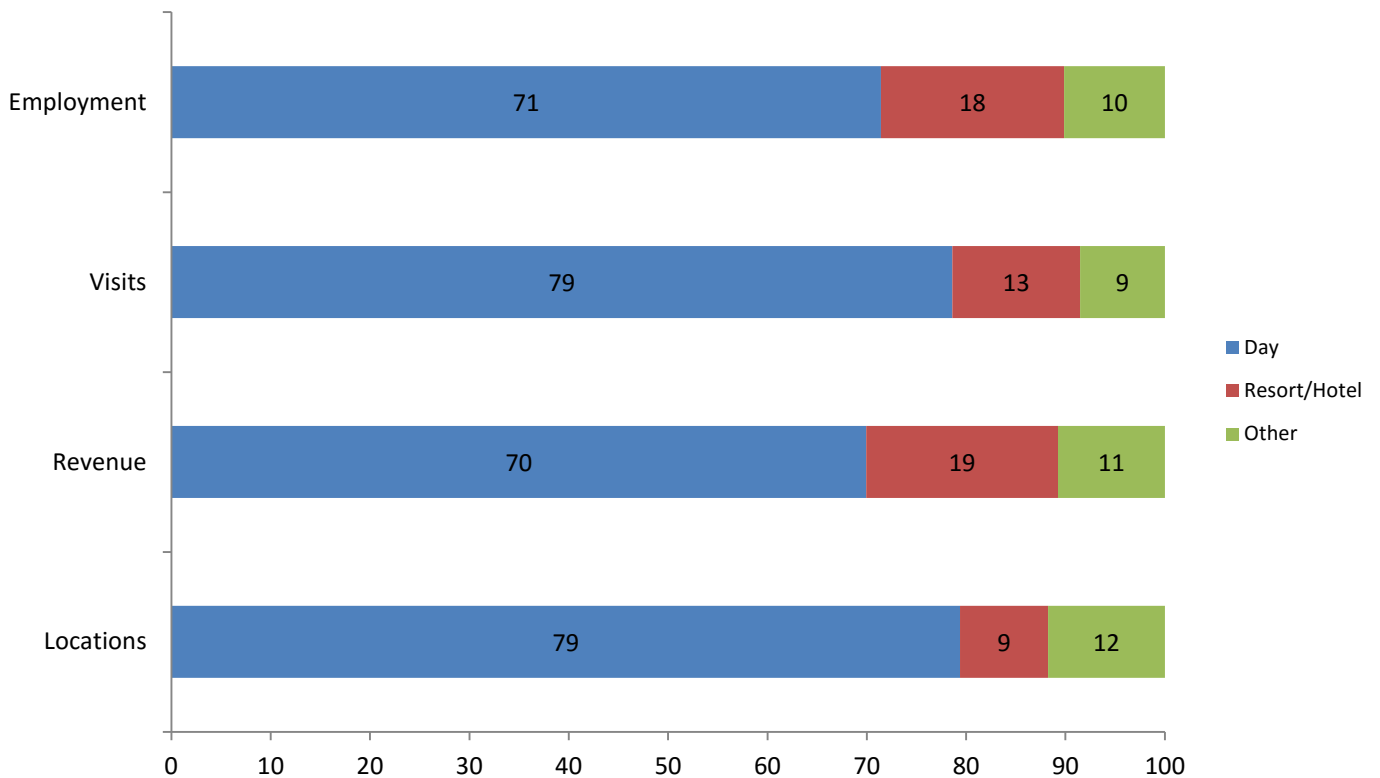
The Big 5: Composition by Spa Type

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

While they account for 9% of locations, resort/hotel spas account for almost one-fifth of total spa industry revenue (19%) and 18% of employment. The contrast reflects the larger scale of resort/hotel spas compared to the industry averages for revenue and employment.

Day spas account for 70% of total revenue, compared to 79% of locations. This is because spend per visitor in the day spa sector (\$86) is below the industry average (\$97).

Composition by spa type



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

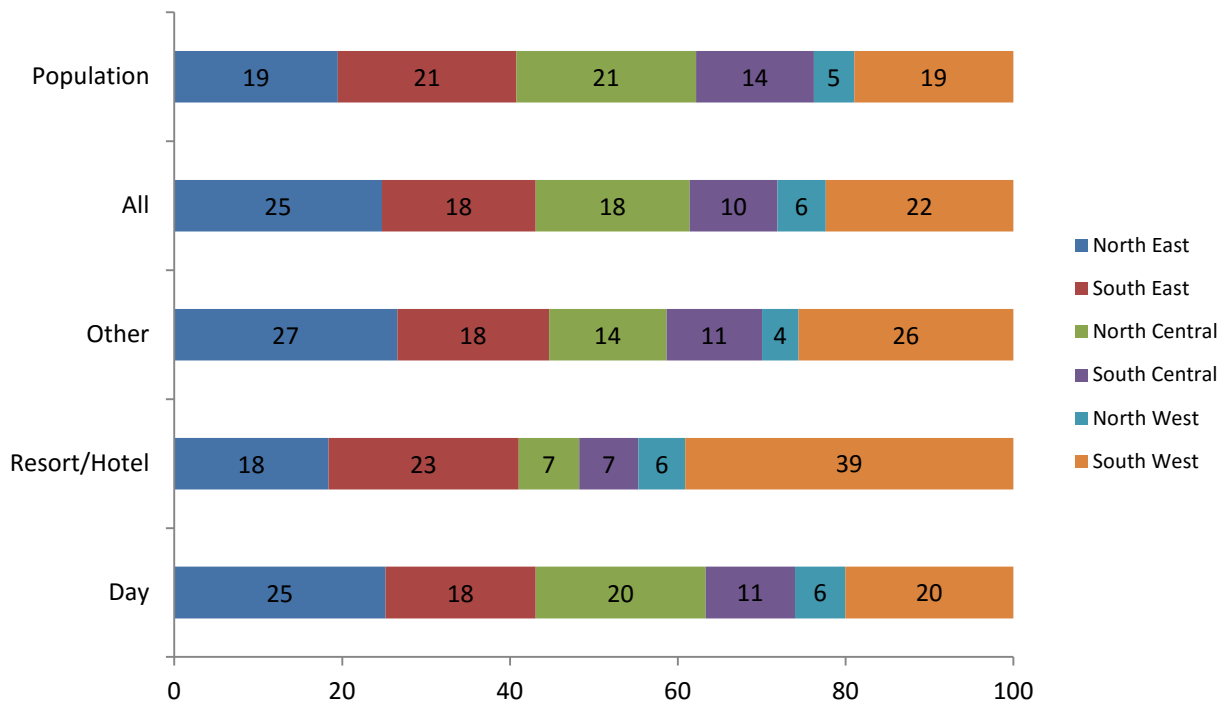
The distribution of spa types by region in 2018 shows little change from the historic pattern.

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, i.e., over two times the region's 19% population share.

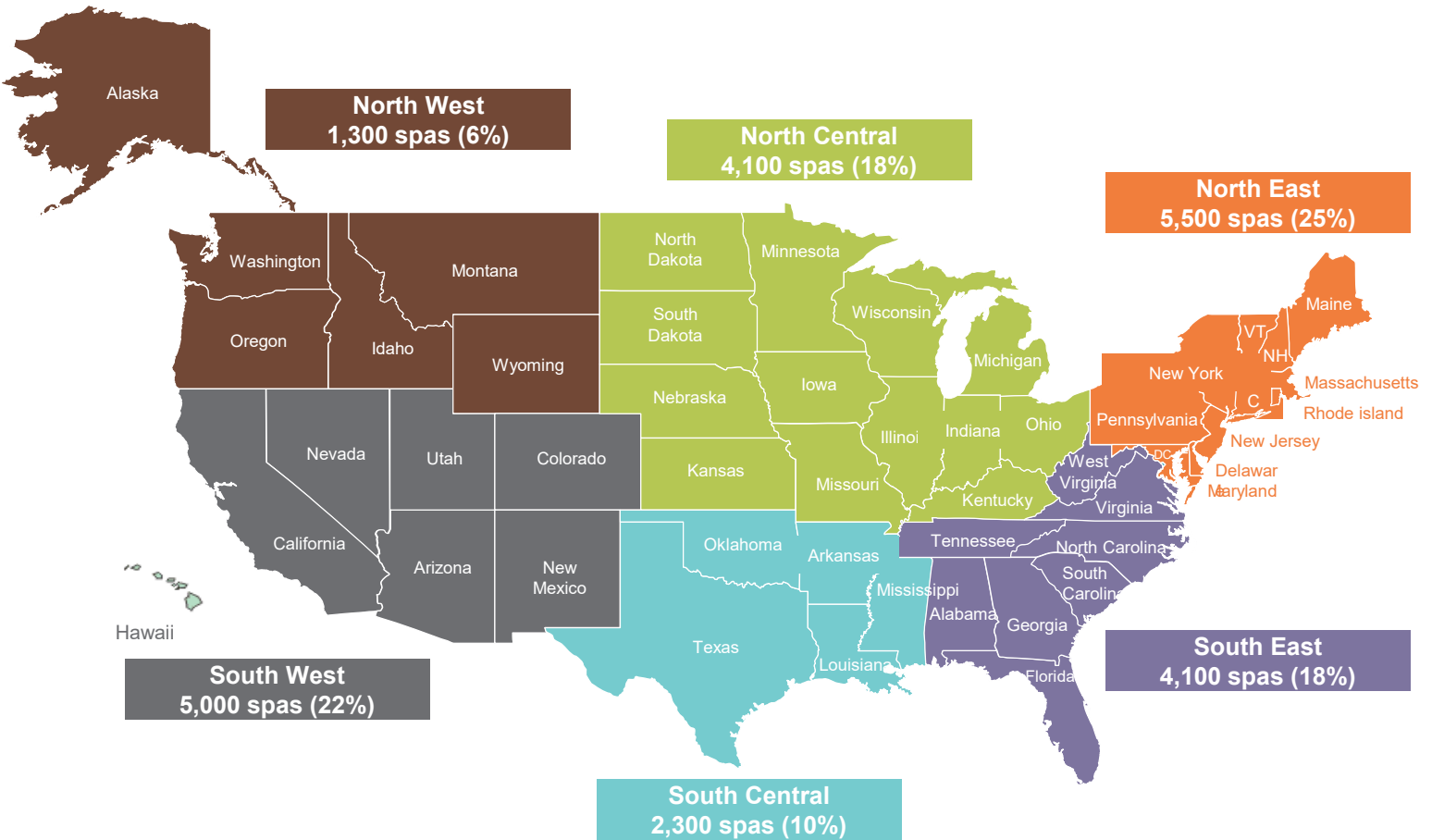
The regional distribution of day spas more closely follows the general population; such spas typically serve the population living in the areas where they are located.

The map of spa establishments by region is shown on page 53. Key ratios by region are shown in the table on page 54.

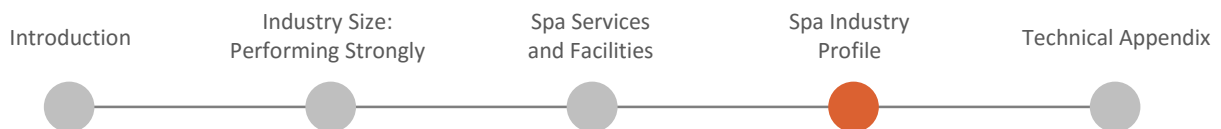
Distribution of spa types by region



The Distribution of Spa Establishments by Region



Note: Number of spas rounded to the nearest 100

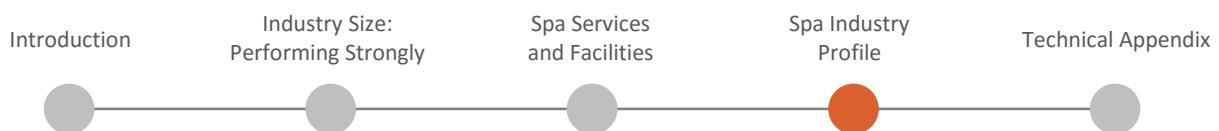


Key Ratios by Region

	All	North East	South East	North Central	South Central	North West	South West
Revenue per Spa	\$826,000	\$829,000	\$830,000	\$736,000	\$801,000	\$788,000	\$918,000
Per visit	\$97	\$98	\$98	\$86	\$97	\$88	\$104
Per employed person	\$48,440	\$50,330	\$47,570	\$48,690	\$45,480	\$49,080	\$48,240
Visits per Spa	8,550	8,450	8,450	8,560	8,290	8,950	8,820
Total Employees	17.1	16.5	17.4	15.1	17.6	16.1	19.0
Full-Time	7.8	7.5	8.2	6.6	9.1	6.9	8.2
Part-Time	8.1	8.3	8.0	7.2	7.5	8.2	8.8
Contract	1.2	0.6	1.2	1.3	1.0	1.0	2.0
Locations*							
Total	22,200	5,500	4,100	4,100	2,300	1,300	5,000

*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 49.

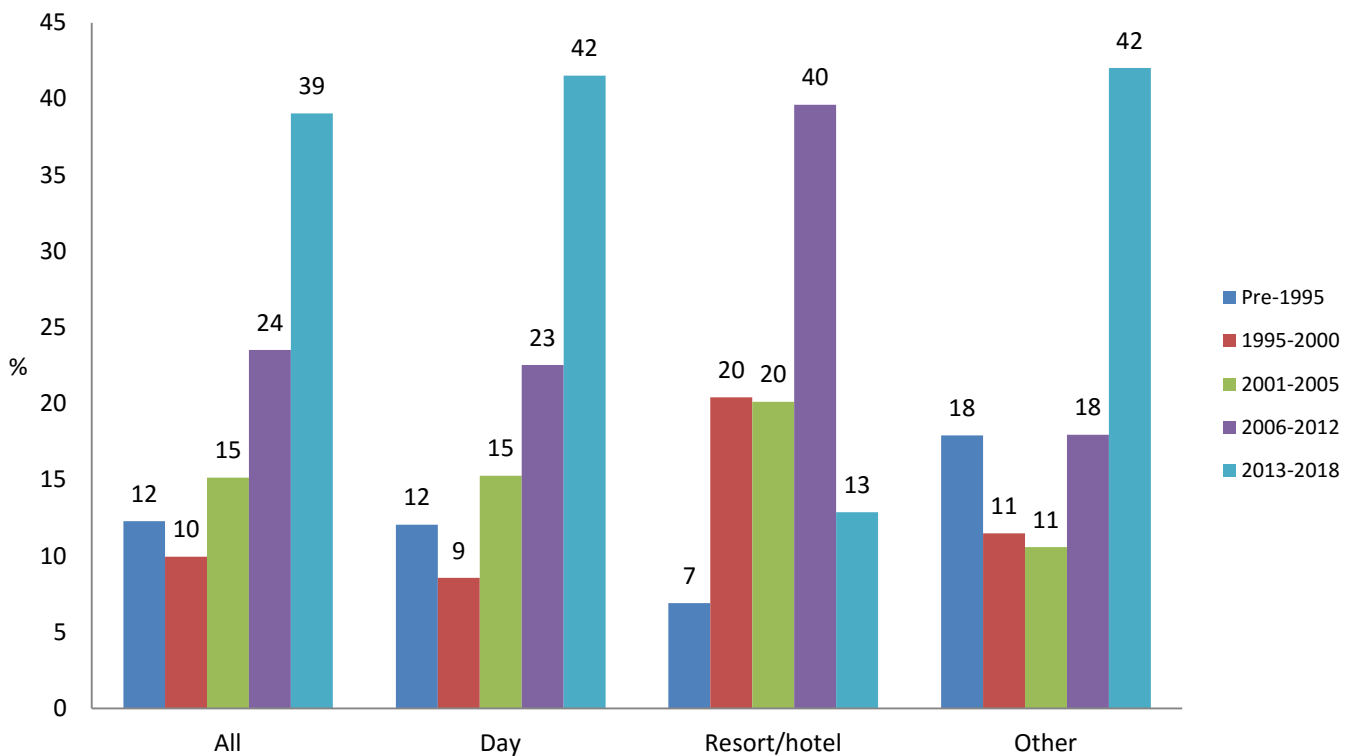


Year Spa Business Started

Among those spas in business at the end of 2018, 39% said they started in the period from 2013-2018. A further 24% said they started between 2006 and 2012. The remaining spas include 12% that have been in business since before 1995.

The proportion opening in the last five years (2013-2018) was highest among day spas (42%). The majority of resort/hotel spas (60%) started between 2000 and 2012.

Year spa business started



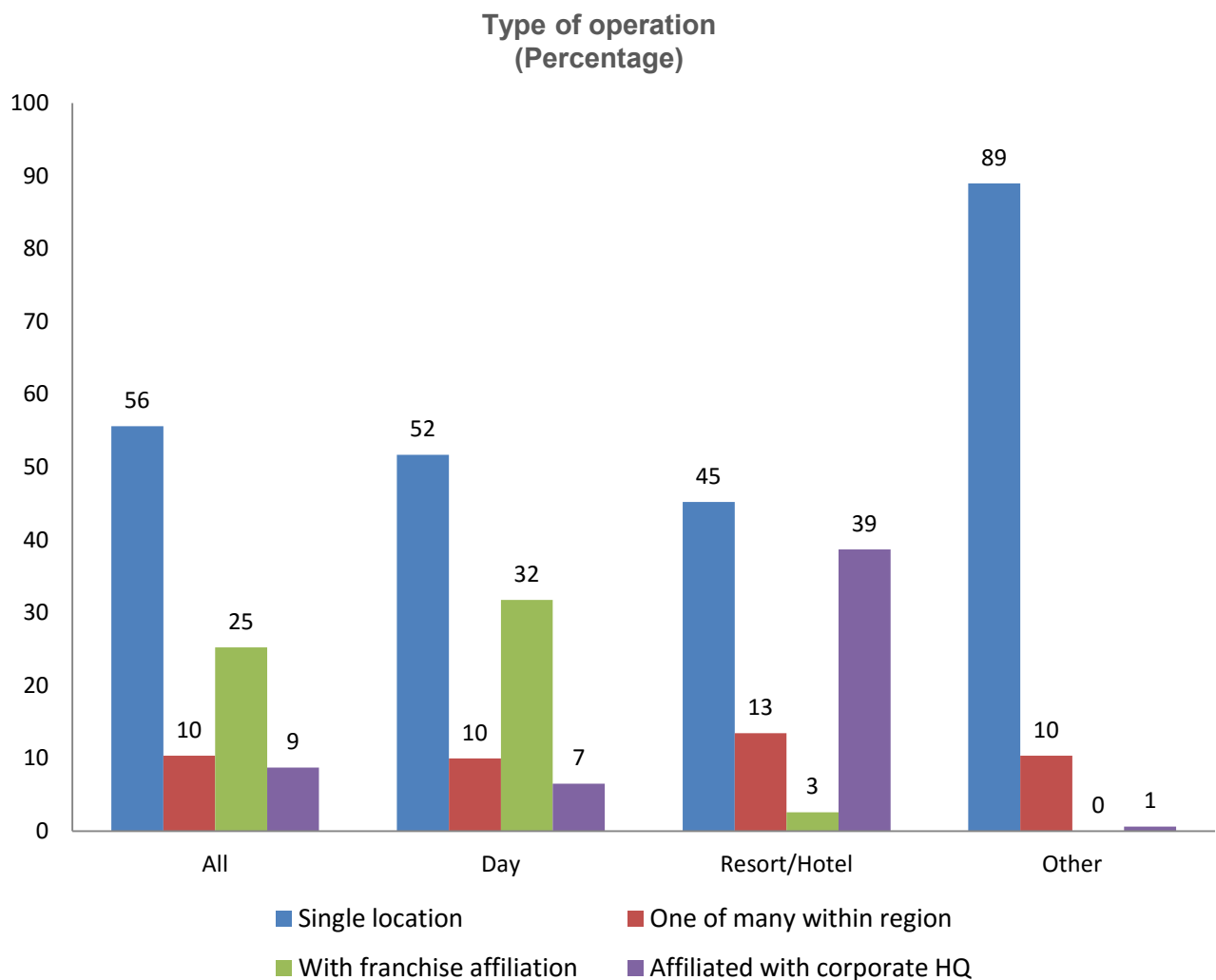
Type of Operation

The majority of spas (56%) describe themselves as single location operations.

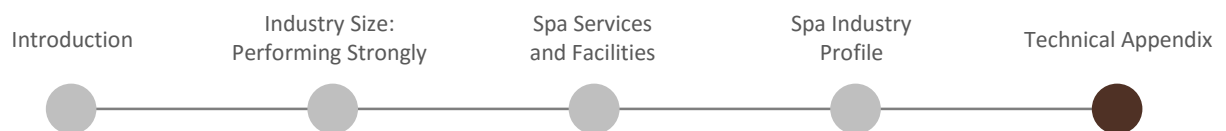
One in 10 spa businesses (10%) said they are one of a number of locations within the same state or region and owned by the same owner/company.

Operations with a franchise affiliation account for 25% of spas. The proportion is highest among day spas (32%).

Overall, 9% of businesses said they are affiliated with a national corporate headquarters. The proportion with such an affiliation is highest among resort/hotel spas (39%).



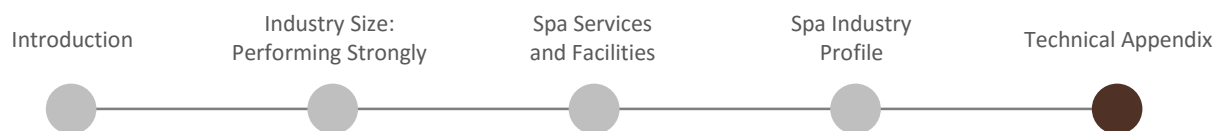
Section 5 | Technical Appendix



Section 5: Introduction

This section describes the approach to the 2019 U.S. Spa Industry Study, under the following headings:

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



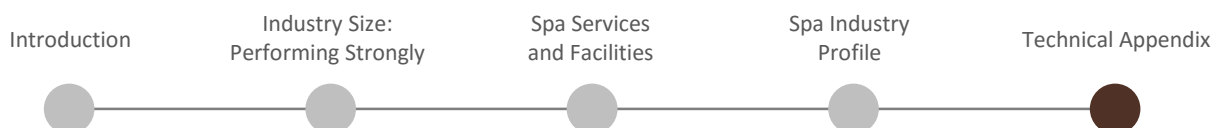
Survey Methodology

A large-scale quantitative survey of spa establishments was undertaken to collect the information required to estimate the key statistics for the ISPA 2019 U.S. Spa Industry Study. The full survey was launched in January 2019 and completed in April 2019.

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, including 2018 revenues and visits and employment levels in 2019.

The second part sought information on operating characteristics of spas, such as core spa services and compensation of employees. Spas were also asked about their service offerings in 2018, whether they had cannabidiol offerings in 2018, online booking features available in 2018 and 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 10,500 contacts.



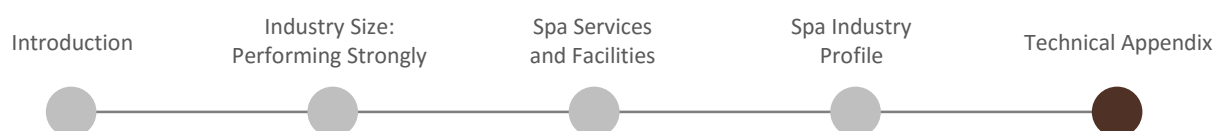
The Questionnaire

The questionnaire for the 2019 Industry Study was based on the questionnaire used for the 2018 Industry Study. This was to ensure continuity and consistency with the 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 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 2018 profit percentage.

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
- Spa offerings in 2018
- The availability of cannabidiol offerings in 2018
- Online booking features in 2018
- Market trends
- The respondent's view on the next big new trend that will shape the U.S. spa industry



Survey Outcomes

The survey was launched on a bespoke Internet registration site in January 2019 and ran until April 2019.

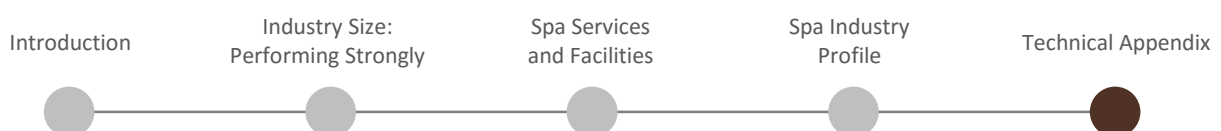
Results represent responses from 2,201 establishments. Those establishments were based on 593 survey returns that were submitted for either single locations or composite returns for multiple spa locations.

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 $\pm 4.0\%$.

The margins of error are wider for sub-samples. Thus, for proportions based on all day spas, the margins of error are $\pm 5.4\%$. For proportions relating to resorts/hotels, the indicative margins of error are $\pm 6.9\%$.

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

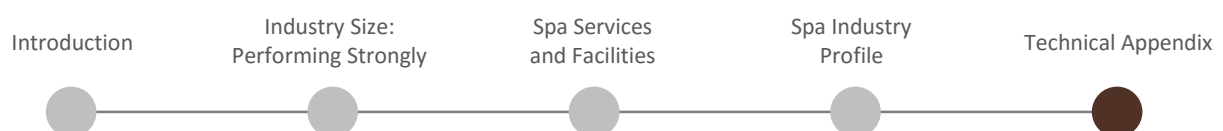
In 2005, ISPA undertook a census of the North American spa industry to formally qualify and classify spas. Through this process, ISPA developed specific product/service-based criteria for qualifying and classifying spas. The spa type definitions are listed on page 5 of this report.

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 10-15 should nonetheless be treated with a degree of caution.



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About the Foundation

The ISPA Foundation is the 501(c)3 arm of ISPA and was created in 1999 to serve the educational and research needs of the industry. The ISPA Foundation’s mission is to improve and enhance the value of the spa experience; their vision is to advance spa culture to sustain health and well-being.

The ISPA Foundation’s objectives include being the educational source for the spa industry, establishing definitive research that validates spa industry-related topics and creating an endowment that sustains the ISPA Foundation in perpetuity.

The ISPA Foundation also wishes to thank the individuals and companies who have given generously over the years including those from the Charter Club Members (found on the ISPA website) to the annual ISPA Foundation Auction supporters who continue to make these research projects and the work of the Foundation possible.

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