



# SNAPSHOT SURVEY

RESULTS REPORT | JUNE 2022

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## Price Increases and Operational Changes

## PRICE INCREASES AND OPERATIONAL CHANGES

Spas across the world are feeling the effects of pent-up demand following the post-COVID reopenings of the past year and a half. As recent quarterly performance metrics have shown, many spas have reaped the benefits of this demand, posting strong revenue and profitability figures in the first stages of 2022. That said, staffing challenges (particularly with regard to massage therapists), supply chain issues and rising shipping and labor costs have led many spas to both continue the operational creativity that has marked much of the last two years and raise prices as they continue their recovery from the pandemic's peak. The ISPA June Snapshot Survey asked spa and resource partner members to detail these adjustments and their overall effect on their businesses.

With 73 percent of spa respondents reporting an increase in spa menu prices in 2022, nearly half of respondents (49 percent) noted that guests must book their massage at least one week in advance. One fifth of spas (19 percent) require more than three weeks' notice when making appointments, proving that demand is at a critically high point. Encouragingly, four in five spas (77 percent) agree that their customers are not pushing back on price increases, but rather are more eager than ever to invest in their personal well-being.

The majority of resource partners (63 percent) have also increased prices, due in many cases to the same supply chain difficulties that have led 72 percent of their spa partners to reduce inventory of a product line. Nearly two-thirds (60 percent) of resource partner respondents reported a wholesale price increase of up to 12%, though nearly 70 percent of respondents said they do not plan to continue increasing product offering prices in the second half of 2022. As 84 percent of respondents acknowledge supply chain issues impacting their production, over half (58 percent) of resource partner respondents have experienced a production cost increase of up to 20 percent since pre-pandemic levels.

The June 2022 Snapshot Survey gathered survey responses from 331 ISPA member spas and resource partners from June 17 to June 27, 2022.

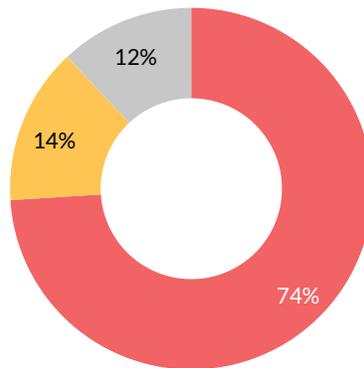


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*Has your company increased spa menu prices in 2022?*

MENU PRICE INCREASES



- Yes (74%)
- No, but we plan to later this year (14%)
- No and we do not currently have plans to increase rates (12%)



*Please identify the average spa menu price change for the following service categories that have been implemented this year.*

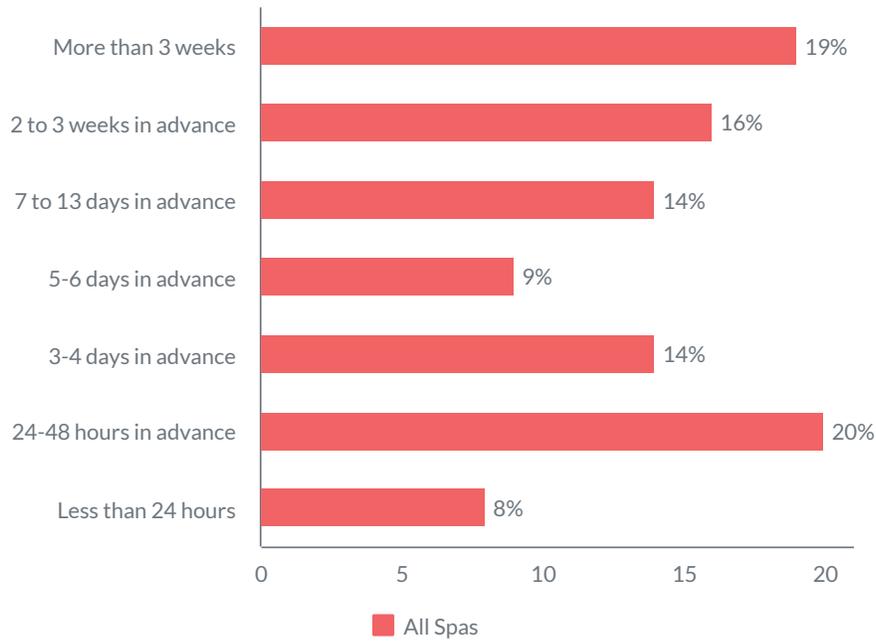
## SPA MENU PRICE CHANGES

	<b>MASSAGE SERVICES</b>	<b>FACIALS</b>	<b>NAIL SERVICES</b>
Less than 5% increase	<b>19%</b>	<b>16%</b>	<b>14%</b>
5-8% increase	<b>34%</b>	<b>31%</b>	<b>24%</b>
9-12% increase	<b>34%</b>	<b>32%</b>	<b>12%</b>
> 13% increase	<b>11%</b>	<b>10%</b>	<b>4%</b>
Did not increase prices	<b>2%</b>	<b>4%</b>	<b>10%</b>



*On average, how far in advance does a guest currently need to book a 50-60 minute massage at your spa?*

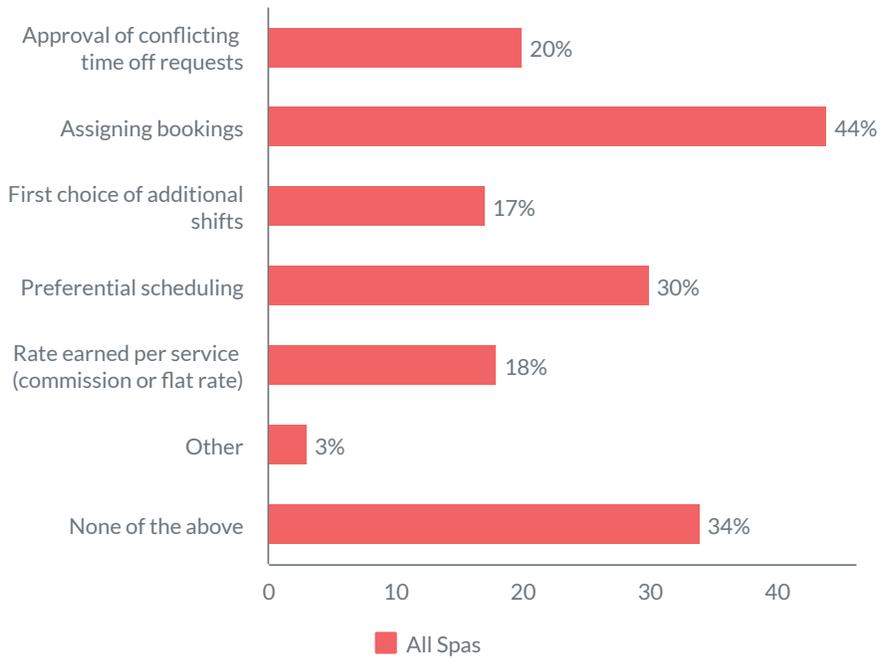
ADVANCED BOOKING FOR MASSAGE SERVICES





Does your spa use employee seniority to determine any of the following?

EMPLOYEE SENIORITY AS A DETERMINING FACTOR





Please rate your level of agreement with the following statements.

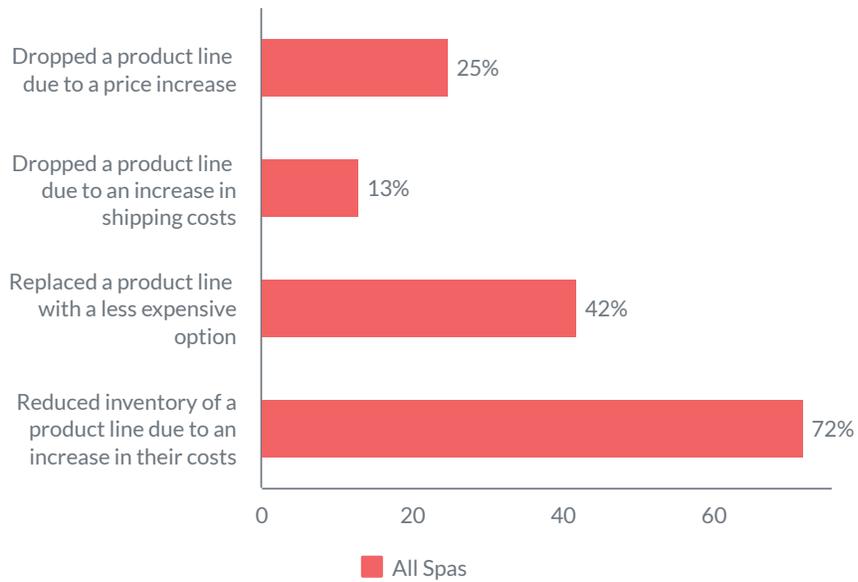
PRICE INCREASES: SPA AND RETAIL SPACES

	STRONGLY AGREE	AGREE	NEUTRAL	SOMEWHAT DISAGREE	STRONGLY DISAGREE
Our spa's customers have not pushed back on spa treatment price increases.	<b>44%</b>	<b>33%</b>	<b>13%</b>	<b>7%</b>	<b>3%</b>
Price increases in our retail space have not generated client pushback.	<b>31%</b>	<b>42%</b>	<b>22%</b>	<b>4%</b>	<b>2%</b>
Inflation rates are not impacting our clients' average spend per visit.	<b>21%</b>	<b>39%</b>	<b>25%</b>	<b>11%</b>	<b>4%</b>
Our spa is currently evaluating new retail options.	<b>45%</b>	<b>40%</b>	<b>10%</b>	<b>2%</b>	<b>2%</b>
I understand and support the reasons why many vendors are increasing prices.	<b>36%</b>	<b>49%</b>	<b>11%</b>	<b>3%</b>	<b>1%</b>



*Which of the following, if any, changes has your spa made to the products used or sold within your spa in 2022 due to price increases implemented by the vendor company?*

EFFECT OF PRODUCT PRICE INCREASES





***With the continued increase in gas, freight, labor, product costs, etc. within the economy, businesses in all industries are making adjustments. Please describe any changes your spa has made to its lineup of products used within the spa or sold in its retail space as a result of price increases in 2022.***

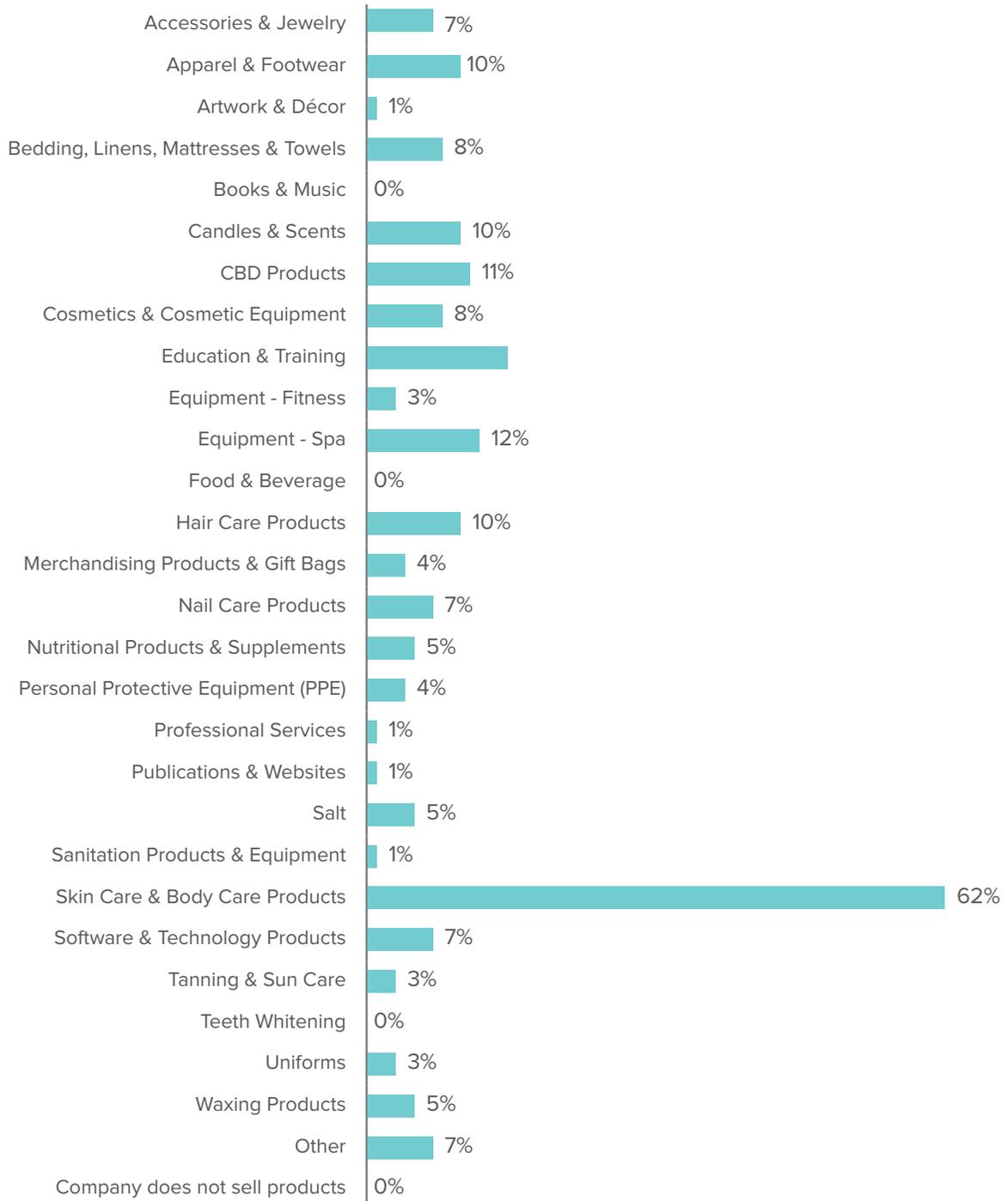
- Added another professional skin and body line with a lower price range to help meet guests wherever their budget may align
- Cutting a line completely, paring down other lines to most popular products, sourcing other vendors for cheaper rates, raising service prices to combat product price hikes
- Guests are more selective and discerning in their choices. Feeling the crunch in disposable income budget.
- I have maintained all our vendors. I honor their decisions to increase prices and I did as well.
- I have reduced the 2.22 mark up to price in line with the MSRP from the vendor. In competing more with e-commerce, the higher than average markup from resorts might be an old trend that is being replaced by MSRP. Dropping the retail price by a few dollars on items to drive more of a sales volume.
- I shop on Amazon for things and finding better pricing on items
- Just trying to do one large order of products a month than doing two a month.
- Lack of foot traffic in spa, and I do believe guests are not spending on things that are not deemed necessary at this time
- Limiting high cost items, finding newer shelf items that are less expensive but look nice in the space and holding events in the space to promote service limiting need for so much inventory.
- Making changes to choose products that have lower shipping costs.
- Minimize SKUS - too much inventory and we minimize a line due to too many products out of stock and not being able to ship our orders on time.
- One of our local vendors has decided to quit the business so we will need to look elsewhere for bath salts and some body oils.
- Orders are condensed and we spend necessary amounts to qualify for free shipping
- Our Accounting Department is researching additional Service/Convenience fees to assist in the increase of fuel charge, shipping rate hikes, and even credit card % we are charged for processing payments by credit card..
- Paired down variety of products used
- Price increase on a few of the retail items and will monitor monthly
- Price increase to offset cost of goods.
- Pricing has not been the main issue for us, availability of the product has been the main issue. Being able to order it (not backordered) and getting to our spa (shipping)
- Service cost increase
- The only changes I am making are to not buy in the quantity that I did a couple of months ago. Still same inventory, but ordering less of it.
- Very few. Impact has been minimal.
- We are dropping a line due to the inability to get products due to their supply chain in making the products. We continue to look at costs.

- We are even more so closely monitoring inventory and par levels. We are carrying smaller batched specialty items, and ordering larger quantity of staples. It is a balancing act.
- We are looking to the national brands in order to balance the cost efficiency due to the increase in international products.
- We are most likely removing member discounts on retail purchases for the coming season (since the majority of purchases are by members). We are also proposing price increases and with new services offered will be looking to position that at prices in line with the market versus our existing spa menu.
- We had a company increase three times in two years and it felt more like because they could than they had too. If they did it i would have understood more. It was before too many supply chain and inflation changes.
- We have cut a few of our add-on services due to the products they use because of huge price increases and ability to get the products.
- We have had to be more flexible in our other small retail items.
- We have increased our retail prices
- We have not made any significant changes other than aligning pricing accordingly. This includes treatment prices to accommodate for demand, labor compensation increases, and overall cost increases for delivering services.
- We have not yet replaced product lines but are seriously considering that option.
- We have noticed that some items are frequently on back order and to ensure we don't lose any future retail revenue, I will tend to order more items that are hero products.
- We have replaced product lines due to supply chain issues rather than price increases.
- We have started to try and buy in bulk to keep costs of product down and minimizing number of shipments/shipping costs.
- We haven't made changes other than ordering more products on certain vendors to avoid the additional delivery costs
- We now are giving a less expensive option of bath salts by selling salt packets individually - more people can afford a \$7.00 bath salt versus a \$30-\$40 full size option.
- We now order less frequently, and we order more at one time for better teir discounts if any is offered.
- We order larger quantities to pay less shipping. It does impact our overhead.
- We reduced the inventory of a product line and brought on another because of their price increase, supply chain issues, and lack of support.
- We've reduced overall inventory while we evaluate the economy, buying habits, and product line changes.



*Which of the following product categories does your company currently have product offerings?*

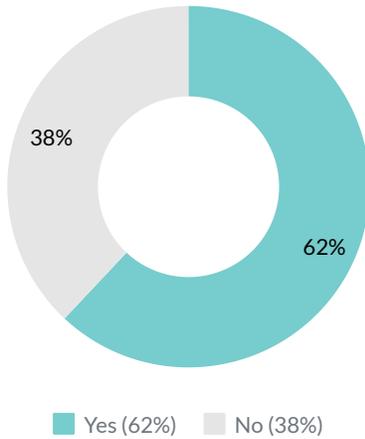
CURRENT PRODUCT OFFERINGS





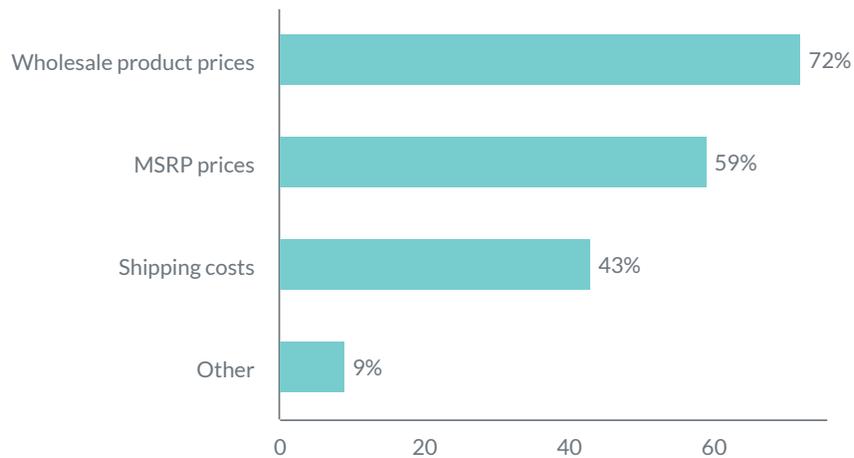
*Has your company increased prices for any of its product offerings in 2022?*

PRODUCT PRICE INCREASES



*Please identify which of the following areas that your company has implemented a price increase this year.*

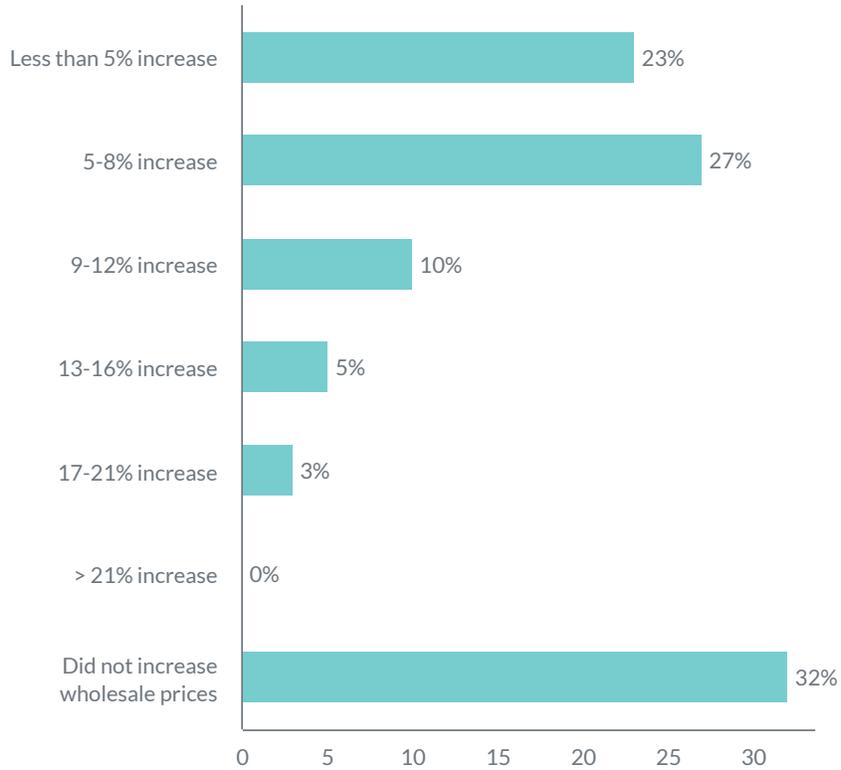
AREAS OF PRICE INCREASES





*What was the average wholesale price increase among your product offerings in 2022?*

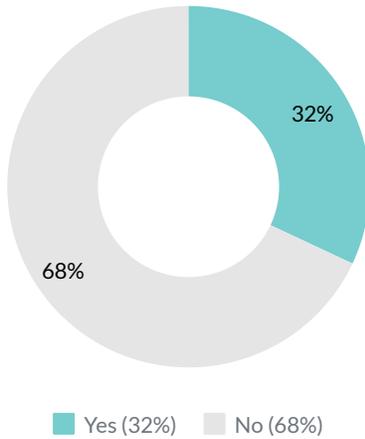
AVERAGE WHOLESAL PRICE INCREASE





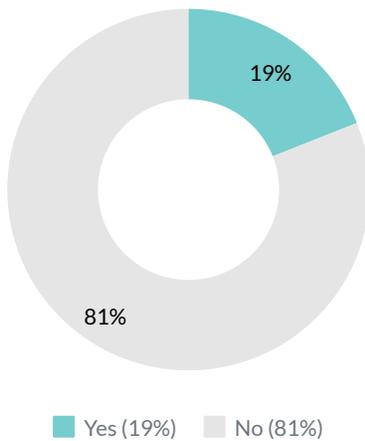
*Does your company currently have plans in place to increase prices for its product offering for the second half of 2022?*

PLANS TO INCREASE PRODUCT PRICES



*Has your company removed a product offering from its inventory due to inflationary costs and/or issues obtaining the necessary ingredients or parts for the product(s)?*

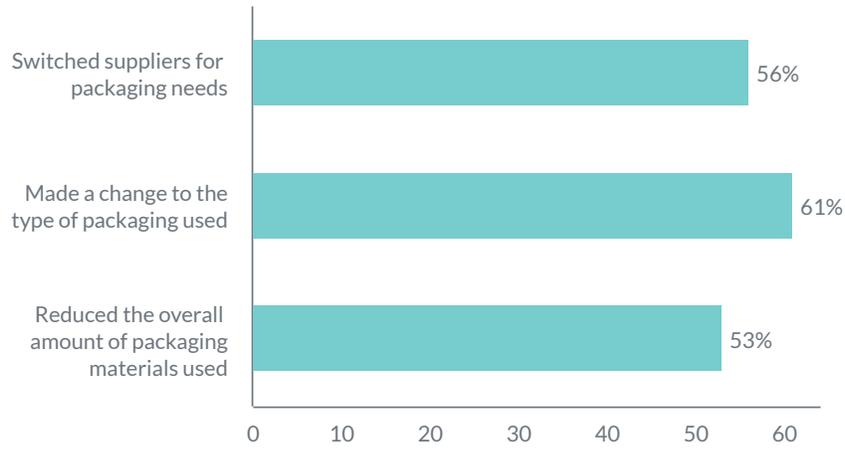
PRODUCT OFFERINGS REMOVED





*Which of the following changes, if any, has your company made to its product packaging within the past 12 months? Please skip this question if it does not apply to your company's offerings.*

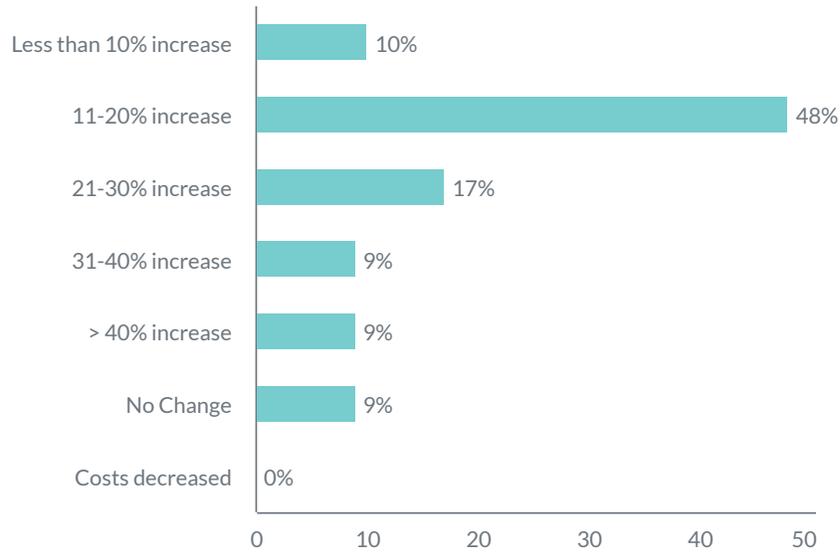
CHANGES TO PRODUCT PACKAGING





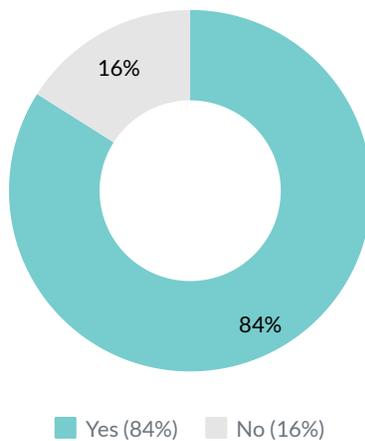
*Please identify the approximate average overall increase in the total cost (i.e. ingredient/supply costs, packaging, freight, labor, etc.) to produce your company’s product offerings in comparison to producing those same products pre-pandemic.*

INCREASE IN TOTAL COSTS OF PRODUCTS



*Is your company currently impacted by supply chain issues?*

IMPACTED BY SUPPLY CHAIN ISSUES





*Please describe the supply chain issues that are currently impacting your business.*

- Both ingredients and packaging components have impacted delivery times and resulted in out of stock issues for our accounts.
- Delay in rebranding due to supply chain delays
- Delay when importing
- Delivery of jars from China
- Delivery times
- Freight is still running about 30 days behind as well as containers being expensive. Prices have dropped a bit, but not nearly at pre-pandemic prices. Manufacturing is also a bit behind due to Covid affecting our factories.
- Freight surcharges to offset gas prices are now common in addition to 25-35% price increases in ingredients.
- Freight times are unpredictable
- Hard to get ingredients for our skin care line.
- Ingredient suppliers going out of business, lead times are insane, labor and manufacturing costs are through the roof, MOQ have doubled/ tripled.
- It is now taking 3-4 months to receive raw materials.
- Logistics continues to be an obstacle
- Longer lead time on several different components and raw materials
- Many materials are hard to find or the wait on materials is extremely long
- Mostly in packaging costs. Getting bottles, paint, boxes.
- Packaging goods out of China
- Parts coming from Asia
- Primary issue is packaging suppliers discontinuing components with no advanced warning (pumps, droppers, caps, lids, etc). Main packaging that is “custom” and high quality, color, molded is harder and harder to find. Some raw materials issues and raw or packaging coming from Asia is having a greater delay (i.e. decorated glass, PET plastic).
- Printing and shipping timelines.
- Problems with components
- Product containers, printers.
- Products maybe delay due to transportation.
- Raw ingredients
- Raw material delays, packaging component delays, shipment delays
- Raw materials are hard to obtain, and costs have gone up dramatically
- Raw materials that come from Ukraine
- Shipping delays and increased costs
- Shipping from other countries
- Slower shipping times

- Still limited with natural resources from certain regions of world
- The challenge to get raw materials and components continues.
- Ukraine war impacting oil supply and costs
- We are having a hard time getting raw materials in timely manner, over the past year.
- We have run into bottle necking of products or raw materials.



***Please describe any strategies or efforts your company has used to communicate product price increases or shipping cost increases to spa clients below.***

- All of our sales reps have communicated to their client our price increase and emails were sent.
- Just being honest and trying to keep price increases to a minimum.
- Letters emailed to all partners
- Ongoing communication with partners via e mail, in person and webinars
- Provide factual data. Show price increases transparently.
- Regional Managers follow up with the communication to ensure it is accepted and understood
- Standard Communication
- Surprisingly, most customers have accepted and adjusted to the inflationary pressures, so far.
- The communication is made during quotes and discussions. We encouraged many of our existing clients to approve BPO's which held price for them. We then hold the goods for them in our warehouse allowing them to pull orders as needed at the reduced price.
- Trying to ship all products in one order, so they don't have double shipping charges.
- We announced in January to all accounts that a 3% increase in Professional and Retail would be taking place in April.
- We believe honesty is the best policy
- We had not raised our prices in about two years prior to the pandemic so when we sent out updated line sheets it was not unexpected. We did make an announcement months in advance so our customers could re-order prior to the increase.
- We have announced price changes at least 30 days in advance. We send an email blast to all impacted.
- We have given our customers warning of product increases.



*Please share any successful promotions you company implemented in 2022 to help attract new spa clients to make an opening purchase.*

- Added value opening order packages
- Always staying innovative and creative offerings
- Attended ISPA tradeshow for first time
- Creating ideal packages for clients to choose from that provide more than just product.
- Encoring our customers to order less frequently, place large bulk orders instead of weekly small orders.
- Flexibility is KEY, offer what is needed now for product and services. Flexible opening orders.
- Free back bar with purchase. Purchase packs.
- Free shipping and gift with purchase
- New sheet mask launches, line extensions, and total line refurbishments.
- Offering more modules and solutions without our software to manage even more areas of a spa or wellness department.
- On occasion we promote a baker's dozen, buy 12 get one additional for price of 12.
- Provide free equipment with consumable product purchases.
- Reduced the minimum opening order amount.
- Starter Kits for our Pedicure Bowl line to help newbies get started in the Nail industry
- We are offering more robust package deals with up front discounts, waiving opening order minimum, providing excellent, free training resources online for staff to use integrating our products into their service
- We did not offer any promotions this year as we are trying to recoup losses and volume from the pandemic and closures.
- We have created new opening order packages, that save our customers money and create more monthly revenue. We help pur customers with their monthly goals and we do not have an opening order minimum.
- We offer some amazing package deals with even deeper discounts for onboarding, have displays made in house on lovely neutral wood to match spa decor, launched a new product, new mobile app, new training platform, new affiliate platform, offering additional digital content, digital how-to videos, training videos for professionals to utilize in incorporating rad into service.
- We use an attractive gratis program based on initial order volume to help support new clients in a variety of ways.

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