2023 ISPA U.S. SPA INDUSTRY STUDY

Introduction

This report presents the findings from the 2023 ISPA U.S. Spa Industry Study. The study was commissioned by the International SPA Association (ISPA) Foundation and the research was undertaken by PwC Research.

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 35 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 of the industry to foster professionalism and growth.

This report presents the state of the industry in 2022, 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.

This 2023 study marks the 24th anniversary of the Spa Industry Study which was first conducted in 2000 highlighting the spa industry in 1999. Industry studies were also conducted in the years 2002, 2004, 2006 and 2007. Shorter tracking studies were commissioned in 2003, 2005, 2008 and 2009.

The study has been conducted on an annual basis since 2010, Full Industry Study reports were produced each year from 2010 to 2019. In 2020, the Industry Survey was curtailed due to the onset of the coronavirus pandemic. Only the Big 5 statistics were produced, showing the state of the industry in 2019, immediately prior to the Covid-19 pandemic and therefore serving as a baseline for assessing the impact on the spa industry.

The 2021 Industry Study focused on the impact of the Covid-19 pandemic on the spa industry in 2020. In that year, the restrictions introduced to contain the spread of the Covid-19 virus had their greatest impact on customer-facing industries such as the spa sector. Total spa industry revenue fell by an estimated 36%.

As restrictions eased, spas were able to re-open and, by end-2020, almost all spas (94%) were fully or partly open. However, the Covid-19 pandemic continued to have an effect, with successive waves of infections throughout the year acting as a constraint on spa visits. While industry revenues rebounded in 2021, rising by an estimated 49%, the $18.1 billion 2021 total revenues remained 5% lower than the pre-pandemic peak of $19.1 billion achieved in 2019.

The spa industry entered 2022 still facing challenges from the effects of the pandemic. Though spa operating hours were no longer hugely affected by the pandemic, other issues had emerged, such as staffing difficulties and price inflation. This report focuses on how the industry met the challenge of sustaining the momentum in the recovery from the pandemic.

Research Objectives

The research objectives of the 2023 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, against the backdrop of the Covid-19 pandemic.
- Evaluate compensation levels of full-time employees within the spa 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.
- 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.

REPORT CONTENTS

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

INDUSTRY SIZE
SUSTAINING THE MOMENTUM

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

The economic context in the recovery from the pandemic

Changes spas have made to their operations in the 12 months January 2022 to January 2023

The Big 5 statistics in 2022: revenues, visits, revenue per visit, establishments and employment

Trends in the Big 5 statistics

Profitability in 2022

Looking forward to 2023, the single biggest opportunity survey respondents see for the U.S. spa industry

The Economic Context

Over the course of 2022, U.S. output and employment continued to recover from the Covid-19 pandemic. Total output of the economy expanded by 2.1% in real terms, accompanied by employment growth of 4.3% and falling unemployment. However, the rate of inflation in consumer prices accelerated, averaging 8% in 2022, albeit falling back to 5% in the first quarter of 2023.

The pandemic had a large effect on the value of economic output (GDP), which fell by -2.8% in 2020. Following a strong rebound in 2021, when GDP rose by +5.9%, output growth settled back to a more modest pace in 2022, posting a +2.1% expansion. Thus, in 2022, the value of total output of the U.S. economy stood 5% higher than the 2019 pre-pandemic level.

Employment growth was robust in 2022, up by 4.3%, and continued rising through the first quarter of 2023. Unemployment remained on a downward trajectory, falling to 3.6% in 2022, below the pre-pandemic rate of 3.7% seen in 2019.

Reflecting inflationary pressures, the Consumer Price Index (CPI) rose by 8% in 2022, peaking at 9.1% in June 2022. However, inflation fell in the first quarter of 2023, down to 5%.

In current dollar terms, personal consumption expenditure rose by 9.7% in 2022. With rising inflationary pressures, the growth in constant dollar terms was less, at 4.5%. Though, expenditure has continued to grow, by an annual rate of +2.5% in the first quarter of 2023.

THE U.S. ECONOMY

Selected indicators, annual percent change

	2020	2021	2022	2023 (Q1)
GDP (Constant 2012 $)	-2.8%	5.9%	2.1%	1.3%
Employment	-5.8%	2.9%	4.3%	2.6%
Unemployment (%)	8.1%	5.4%	3.6%	3.5%
Compensation of employees				
Current $	1.3%	8.2%	8.5%	6.1%
Personal consumption expenditure (all services)*				
Current $	-4.8%	10.2%	9.7%	8.4%
Constant (2012) $	-6.6%	6.3%	4.5%	2.5%
Consumer price index (all items)				
	1.2%	4.7%	8.0%	5.0%

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 estimates published by BEA in May 2023. Rates shown in constant (2012) $ are adjusted for inflation.

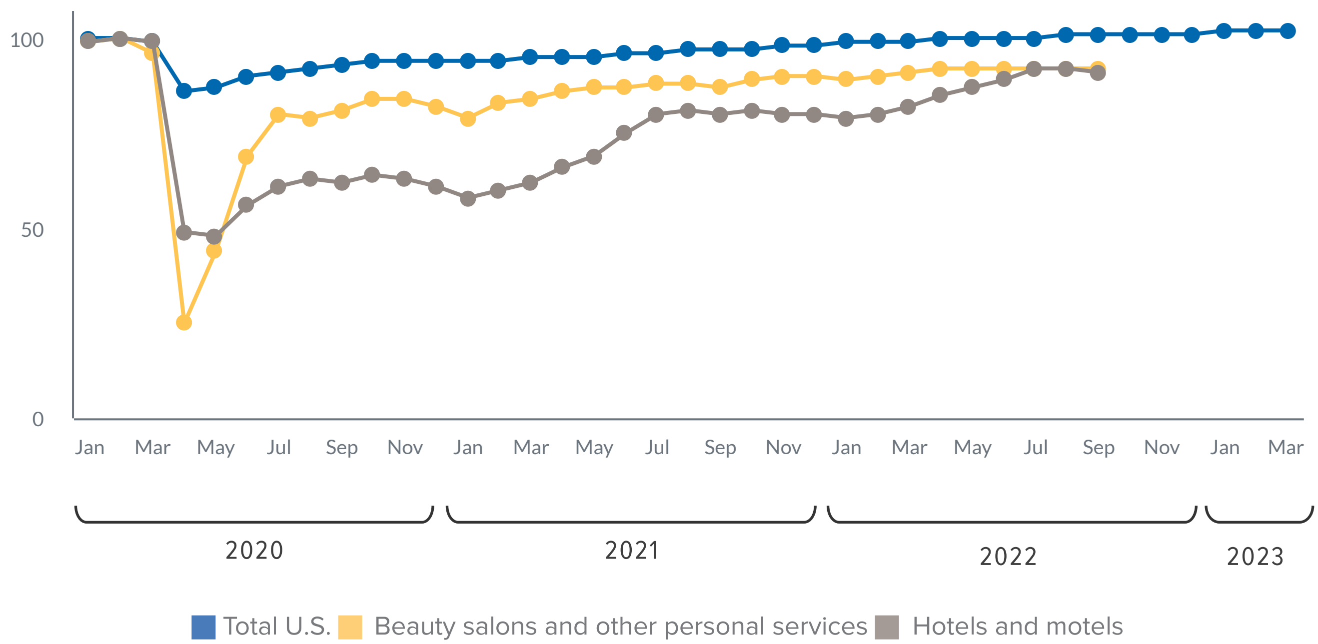
Employment in the Pandemic

Service industries that rely on personal contact with the consumer suffered large falls in employment during the spring 2020 Covid-19 lockdown. Since then, those industries have rebounded strongly. Nonetheless, they have yet to recover all of the jobs lost in the lockdown period and, as of September 2022, their employment levels were 8%-9% below their pre-pandemic levels.

Employment in beauty salons and other personal service industries, which includes the day spa sector, fell sharply during the spring 2020 Covid-19 lockdown. Employment rebounded strongly in the remaining months of 2020 but was still 20% lower in January 2021 compared with January 2020. The workforce continued to expand in 2021 and, from the available data, through the first nine months of 2022. However, by September 2022, employment in beauty salons and other personal services was still 8% below the pre-pandemic level.

Employment in hotels and motels has followed a broadly similar course. Though, that sector was more strongly affected in the pandemic, due to factors such as travel restrictions and their effects on tourism and leisure activities. The industry struggled to recover in the wake of the first lockdown and employment in hotels and motels was still 42% lower in January 2021 compared with January 2020. Since then, job growth has been robust and, by September 2022, total employment in the industry had recovered to within 9% of the pre-pandemic level.

EMPLOYMENT, FEBRUARY 2020=100 (SOURCE: BLS)



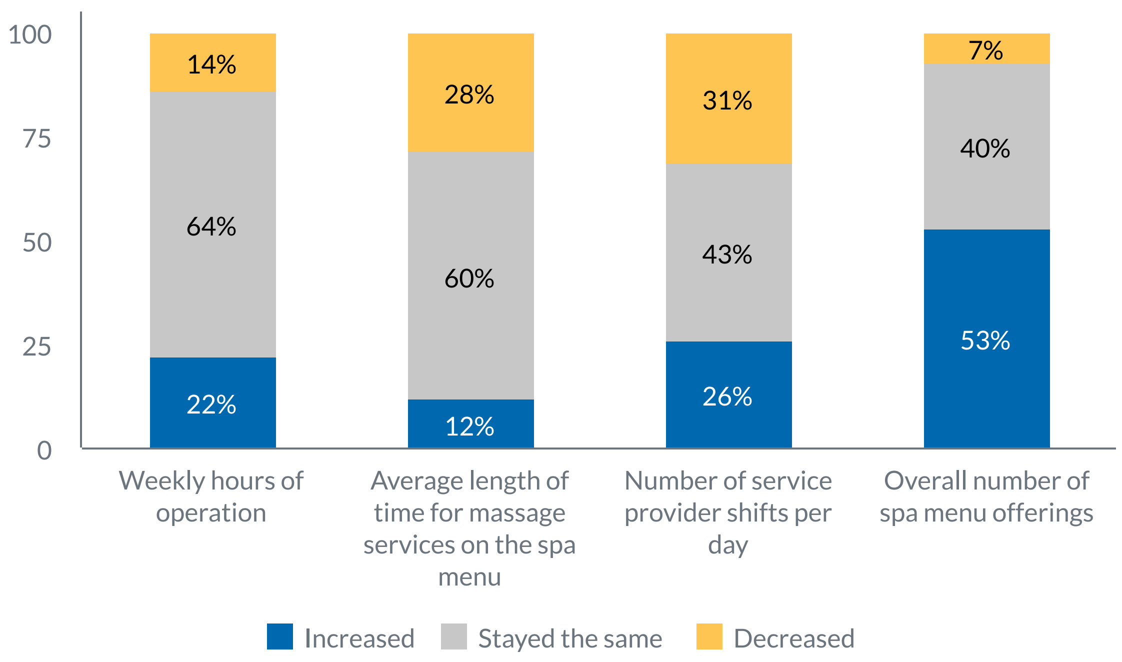
Spa Operations and Service Offerings

When asked about changes to their operations and service offerings over the past year, 53% of respondents said they had increased their overall number of spa menu offerings. Just over one in four (26%) said they had increased the number of service provider shifts per day while 22% said they had increased their weekly hours of operation.

A higher proportion of spas said they had increased (22%) rather than decreased (14%) their weekly hours of operation in the past year. By contrast, spas were slightly more likely to say they had decreased the number of service provider shifts in the past year (31%) than to say they had implemented an increase (26%).

The pattern of changes varied by spa type. Resort/hotel spas were more likely than day spas to say they had increased their weekly hours of operation, by a margin of 32% to 19%. Similarly, resort/hotel spas were also more likely to say they had increased the number of service provider shifts per day; 46% compared to 21% of day spas. Over one in three day spas (35%) said they had decreased their number of service provider shifts per day, compared with 16% of resort/hotel spas.

CHANGES TO OPERATIONS AND SERVICE OFFERINGS



Changes in Past Year

Though the majority of spas (60%) said that the average length of time for massage services had stayed the same, the proportion reporting a decrease (28%) exceeded those reporting an increase (12%). Mainly, that was because one in three day spas (33%) said they had decreased the average length of time compared with fewer than one in 10 resort/hotel spas (9%).

Day spas were more likely than resort/hotel spas to say they had increased their overall number of spa menu offerings, by 53% to 41%.

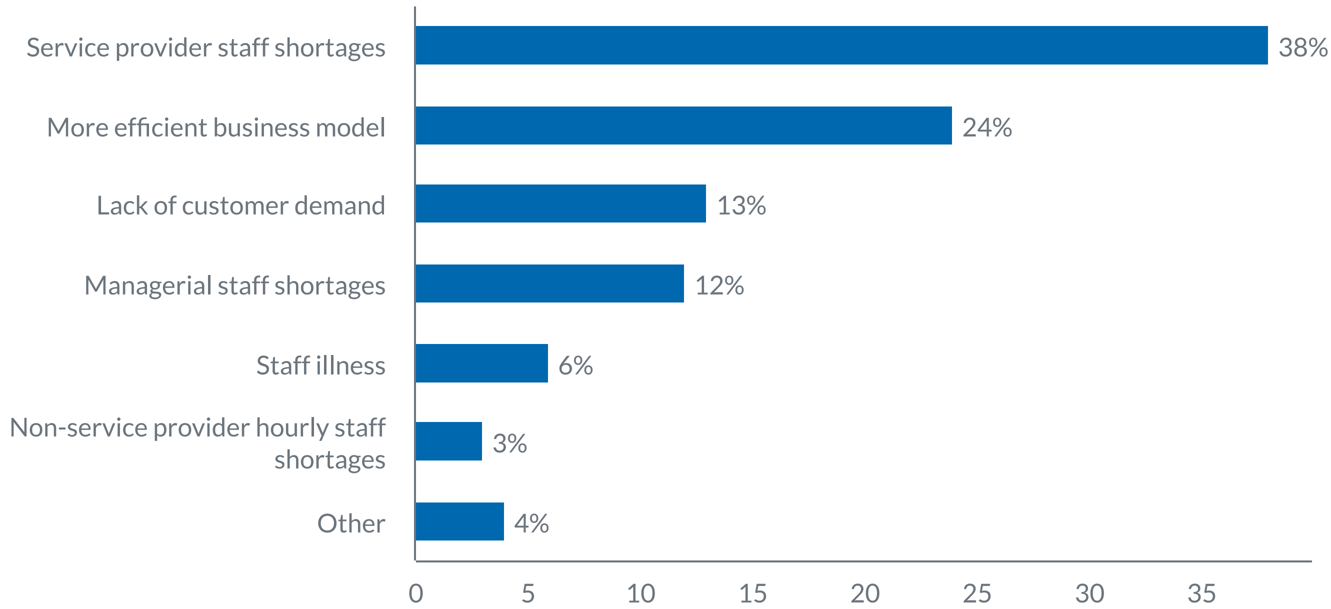
		All	Day	Resort/Hotel	Other
Weekly hours of operation	INCREASED	22%	19%	32%	36%
	STAYED THE SAME	64%	66%	59%	53%
	DECREASED	14%	15%	9%	10%
Average length of time for massage services on the spa menu	INCREASED	12%	13%	16%	4%
	STAYED THE SAME	60%	55%	75%	83%
	DECREASED	28%	33%	9%	13%
Number of service provider shifts per day	INCREASED	26%	21%	46%	39%
	STAYED THE SAME	43%	43%	38%	49%
	DECREASED	31%	35%	16%	12%
Overall number of spa menu offerings	INCREASED	53%	53%	41%	69%
	STAYED THE SAME	40%	40%	48%	29%
	DECREASED	7%	7%	11%	1%

Changes in Past Year

REASONS FOR DECREASING WEEKLY HOURS AND SERVICE PROVIDER SHIFTS

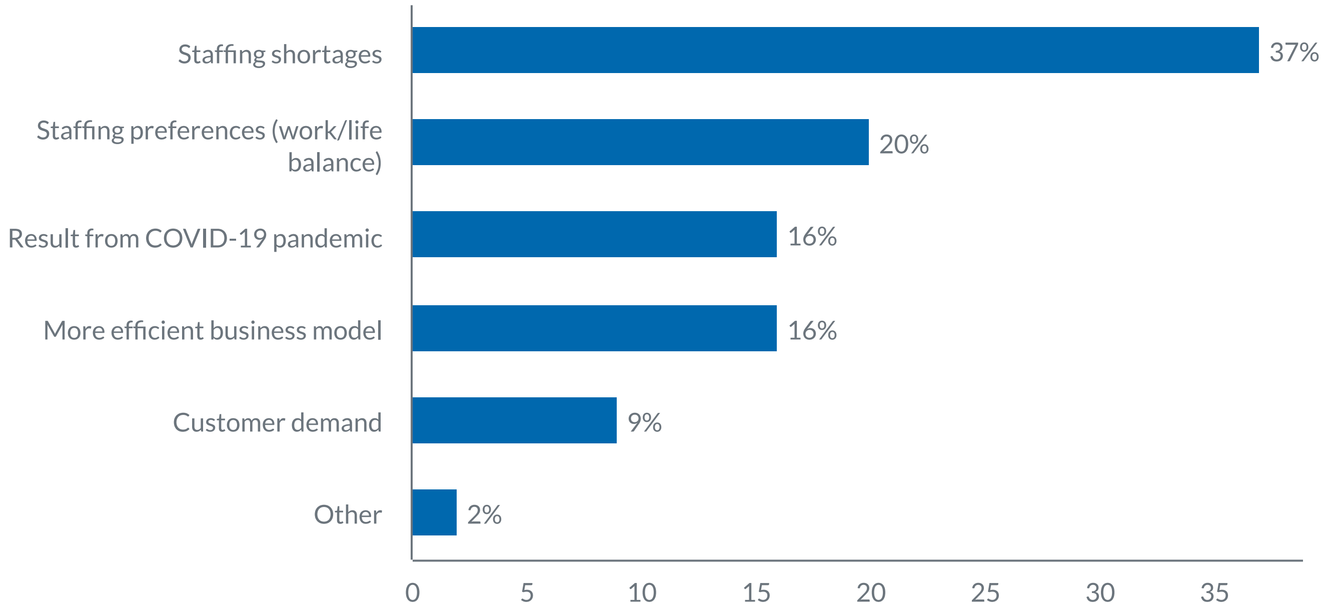
Among the 14% of spas saying they had decreased their weekly hours of operation, 53% cited staff shortages, including 38% quoting service provider shortages and 12% highlighting managerial staff shortages.

PRIMARY REASON FOR DECREASE IN WEEKLY HOURS OF OPERATION



Almost one in three spas (31%) said they had decreased the number of service provider shifts per day. Of those, 37% quoted staffing shortages, followed by staffing preferences (20%). The Covid-19 pandemic was a minor factor, cited by 16% as the primary reason for a decrease, representing just 5% of all spas.

PRIMARY REASON FOR DECREASE IN SERVICE PROVIDER SHIFTS



The Big Five Statistics

2022 OUT-TURN AND PERCENT CHANGE OVER 2021

In 2022, the spa industry continued to recover from the Covid-19 pandemic, surpassing the $20bn revenue mark for the first time.

Total spa industry revenue is estimated to have risen by $2 billion, from $18.1 billion in 2021 to $20.1 billion in 2022, an increase of 11.1%.

An estimated 181 million spa visits were made in 2022, 8 million more than in 2021 when spas received 173 million visits. In percentage terms, spa visits rose by 4.1%.

The number of spa locations increased from 21,510 in 2021 to 21,790 in 2022, a rise of 1.3%.

Average revenue per visit posted a strong increase, up by 6.7% from $104.5 in 2021 to $111.5 in 2022.

Total employment is estimated to have increased by 4.6%. With a 5.3% rise, full-time employment expanded at a slightly faster pace than part-time employment (+4.3%). Contract employment is estimated to have been stable, standing at 15,000 in January 2023.

THE BIG 5 STATISTICS

	2021 (YEAR END)	2022 (YEAR END)	% CHANGE
REVENUE	$18.1 billion	$20.1 billion	11.1%
SPA VISITS	173 million	181 million	4.1%
LOCATIONS	21,510	21,790	1.3%
REVENUE PER VISIT	$104.5	$111.5	6.7%
	2022 (JAN)	**2023 (JAN)**	**% CHANGE**
TOTAL EMPLOYEES	345,000	360,700	4.6%
FULL-TIME	162,800	171,500	5.3%
PART-TIME	167,100	174,200	4.2%
CONTRACT	15,100	15,000	-0.7%

Spa Establishments

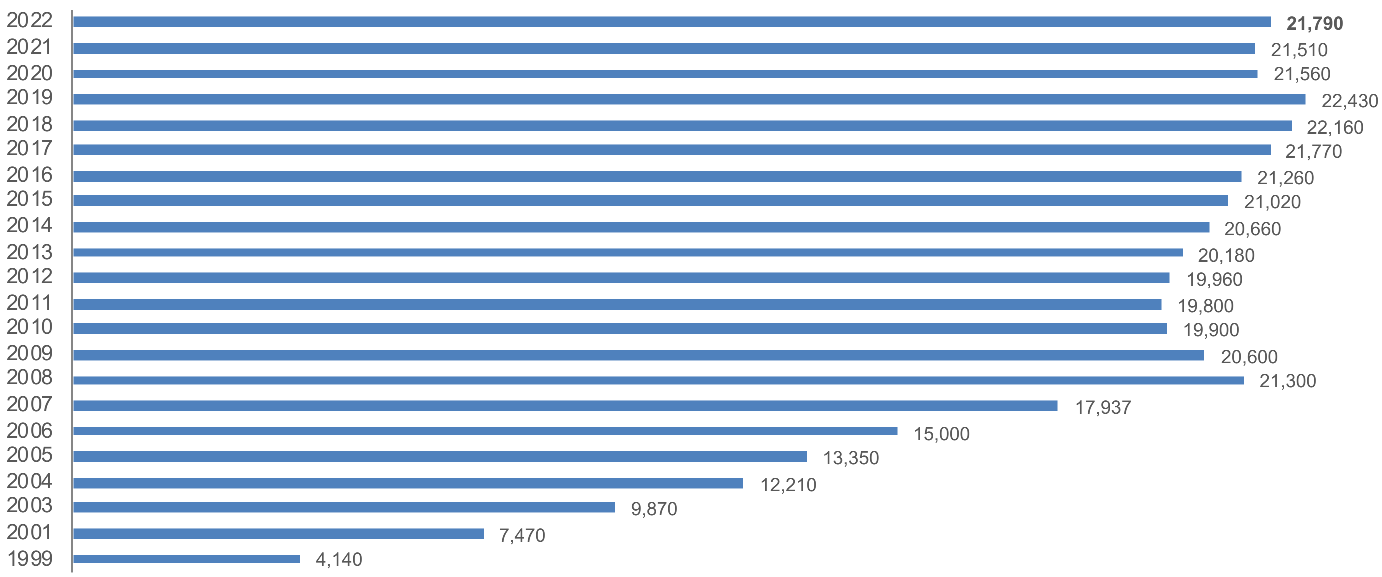
Following successive falls in 2020 and 2021, as the pandemic weighed on the industry, the number of spa locations staged a modest recovery in 2022, rising by 1.3%.

An estimated 21,790 spa locations were operating by end-2022, up from 21,510 in 2021. Nonetheless, the number of locations remained 3% below the pre-pandemic level (22,430 locations at end-2019), suggesting further scope for growth as the industry continues to shake off the effects of the pandemic.

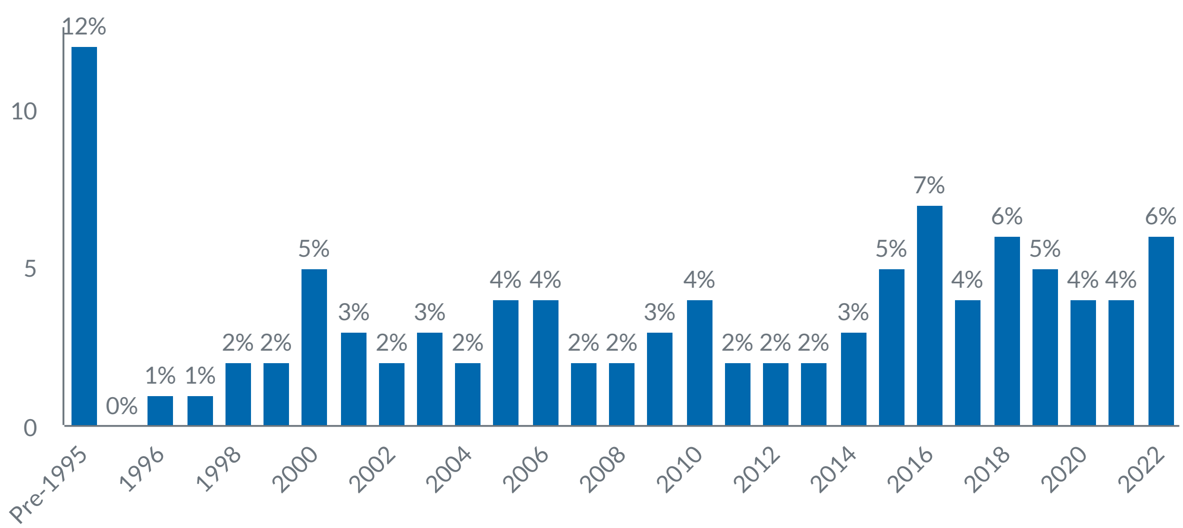
In 2021, there were an estimated 1,170 new spa openings, adding 5.4% to the number of spas in operation at the end of 2021.

An estimated 890 spas closed over the course of 2022, representing 4.1% of the 2021 total. The net effect was an increase of 280 spa locations, adding 1.3% to the 2021 total.

TOTAL SPA ESTABLISHMENTS IN THE U.S.



YEAR SPA OPENED



Establishments by Type of Spa

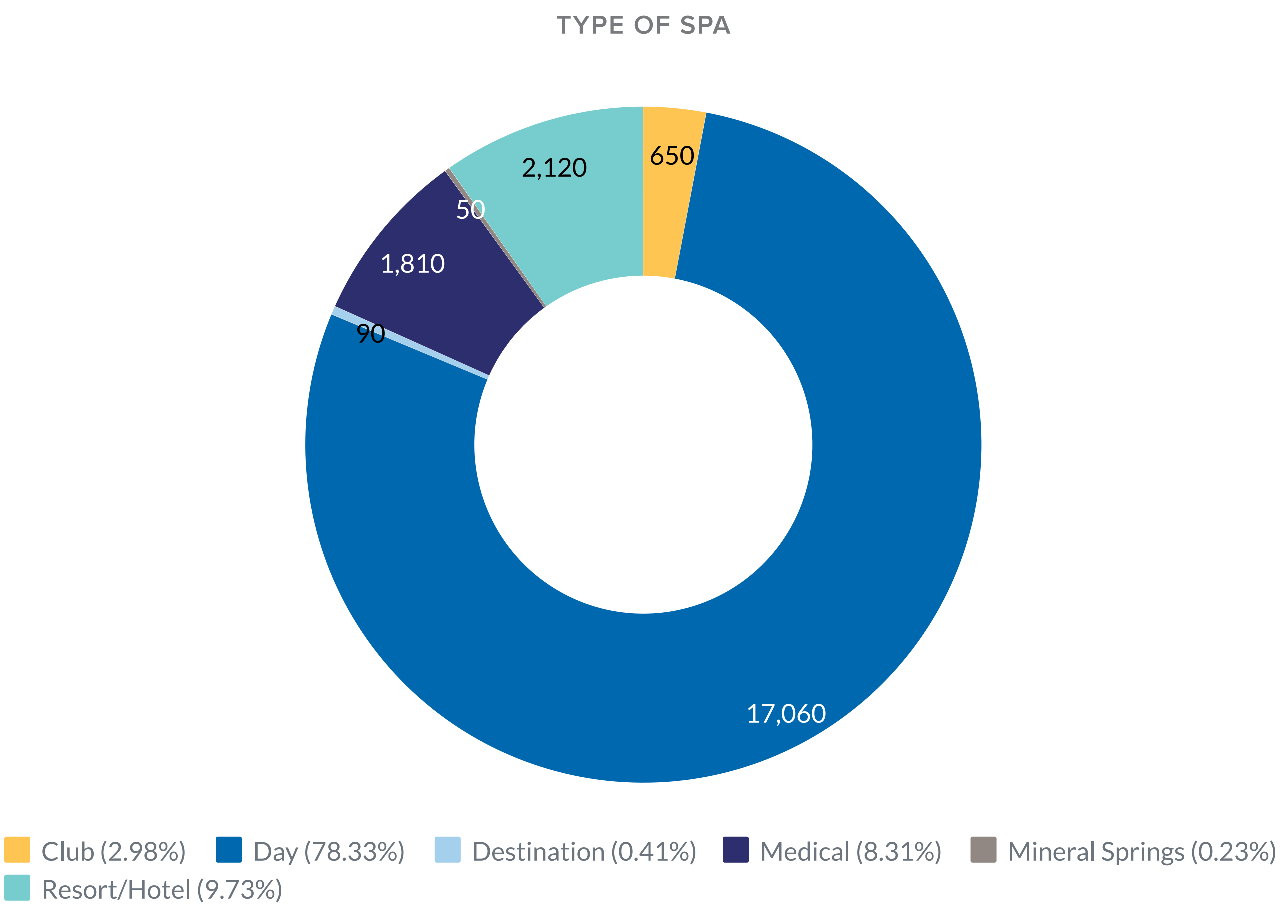
Day spas continue to predominate within the spa industry, accounting for 78.3% of the total of 21,790 establishments, followed by resort/hotel spas (9.7%) and medical spas (8.3%).

By end-2022, there were almost 17,100 day spa establishments operating across the U.S., a rise of +1.3% compared to the end-2021 level (16,850).

The number of resort/hotel spas at the end of 2022 is estimated at 2,120, representing a 1.6% increase compared with 2021, when an estimated 2,090 resort/hotel spas were in operation.

The number of medical spas is estimated at 1,810, a rise of +1.5% compared with 2021.

Club spa locations are estimated at 650 as of end-2022, representing 3% of the total number of spa locations.



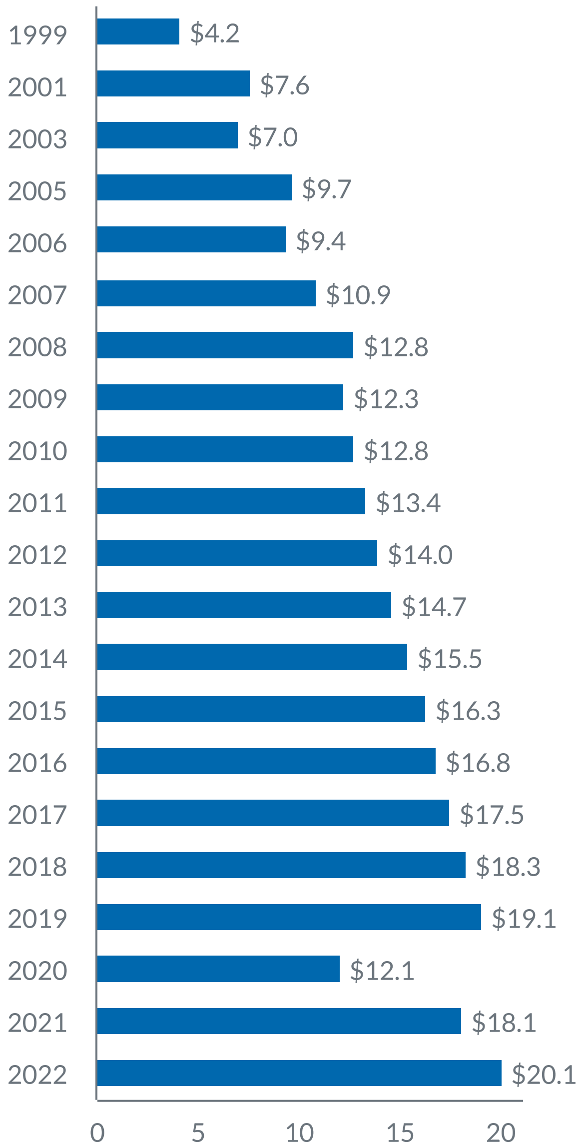
Spa Revenues

The spa industry registered a robust growth rate of 11.1% in 2022, with total revenues rising to $20.1 billion from $18.1 billion in 2021.

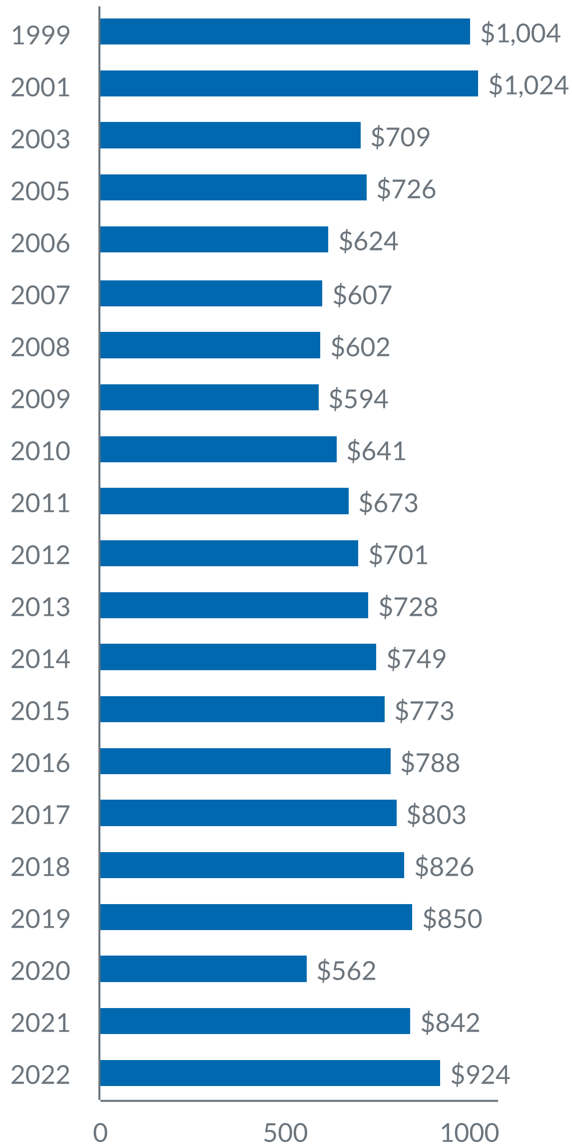
After falling sharply in 2020 as a result of the Covid-19 pandemic, total spa revenues have now recovered to stand 6% above the 2019 pre-pandemic level ($19.1 billion).

Average revenue per spa establishment rose to $924,000 in 2022, representing a 9.7% increase on the 2021 level ($842,000). The average per spa in 2022 was 9% higher than the pre-pandemic level ($850,000 in 2019).

TOTAL SPA REVENUE IN THE U.S.
(BILLIONS)



AVERAGE REVENUE PER ESTABLISHMENT
(THOUSANDS)

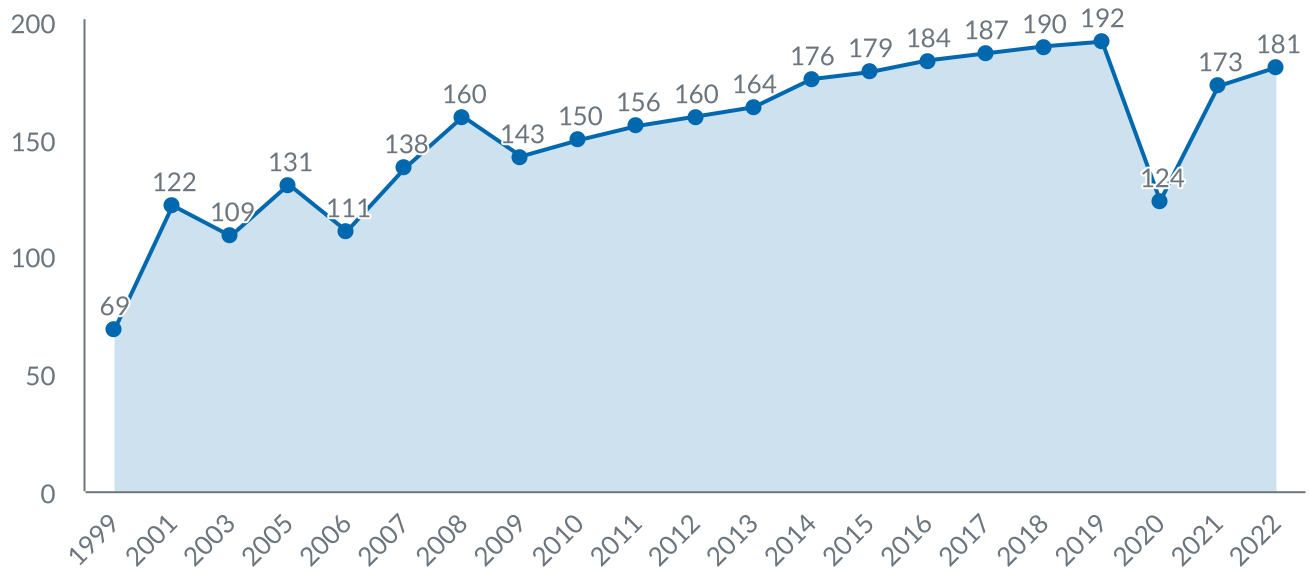


Spa Visits

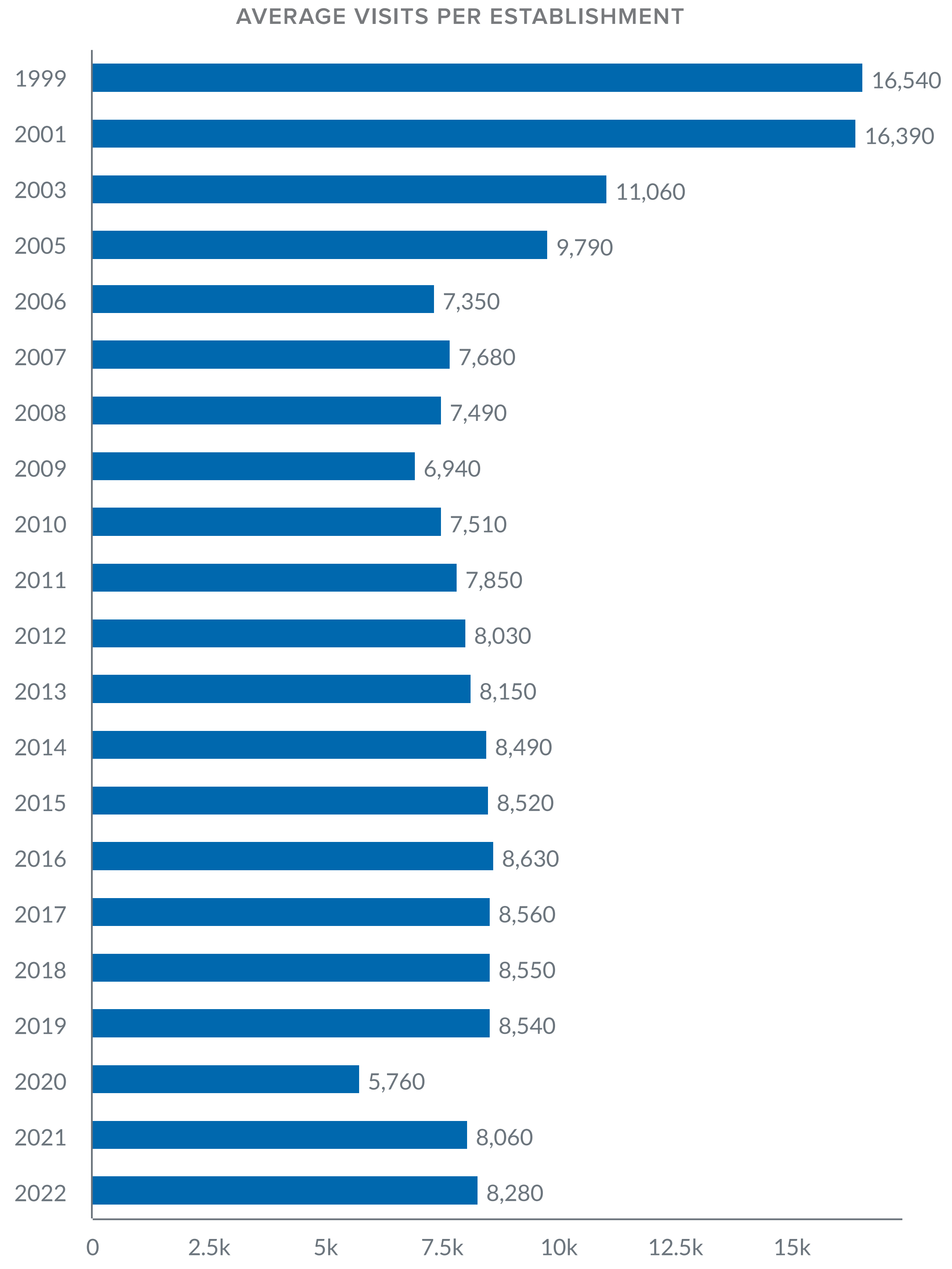
An estimated 181 million visits were made to spa establishments in 2022, up from 173 million in 2021. Thus, after falling sharply in 2020 as a result of the pandemic, by 2022 the number of spa visits had recovered to 94% of the 2019 pre-pandemic peak of 192 million.

In 2022, there were 8 million more spa visits compared with 2021, a 4.1% increase.

TOTAL SPA VISITS IN THE U.S. (MILLIONS)



The average number of visits per spa establishment rose by 2.8%, from 8,060 in 2021 to 8,280 in 2022. Notwithstanding the increases in both 2021 and 2022, spa visits per establishment in 2022 were 3% below the pre-pandemic average of 8,540 per spa.



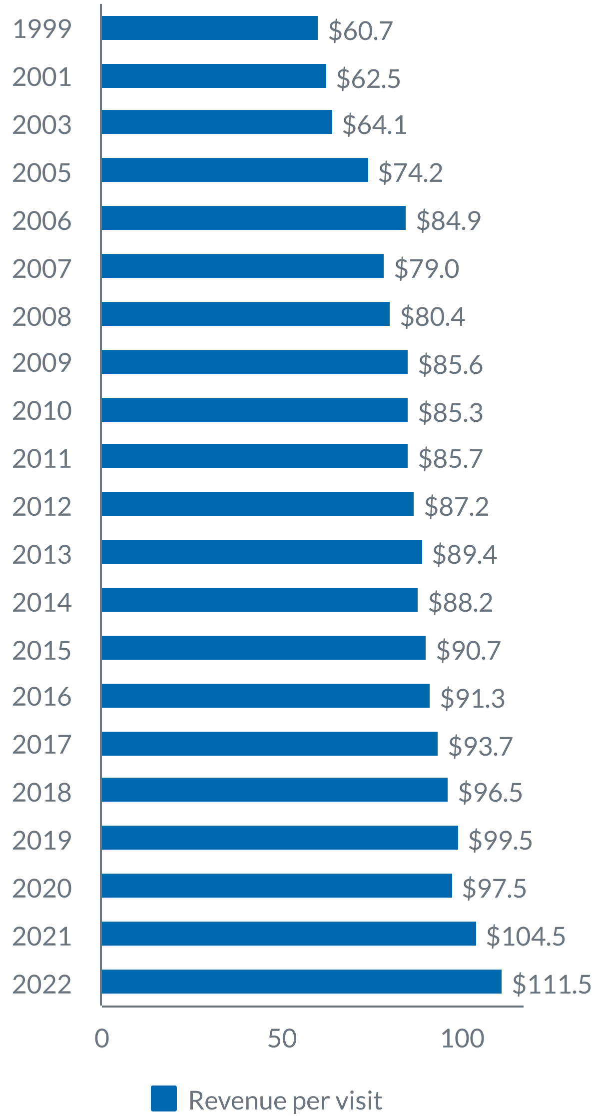
Average Spa Revenue Per Visit

The average revenue per spa visit in 2022 is estimated at $111.5, an increase of 6.7% compared with 2021 ($104.5).

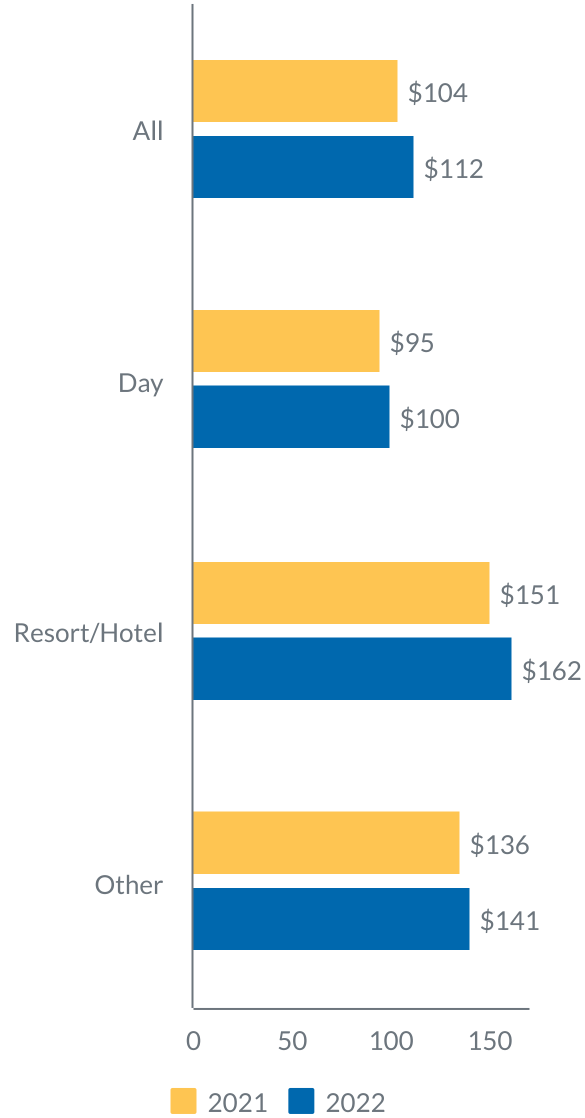
Average spend per visit varies by spa type, ranging from $100 for day spa visits to $162 for resort/hotel visits. Compared to 2021, the average revenue per visit in 2021 is estimated to have risen by 6.3% in the day spa sector and slightly faster, by 7.7%, in the resort/hotel sector.

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. Within that context, the rise in average spa revenue per visit in 2022 would seem to reflect, at least in part, higher prices per service (see Section 3 in this report for discussion of the trend in average prices per service).

AVERAGE REVENUE PER SPA VISIT



SPA REVENUE PER VISIT



Employment Change

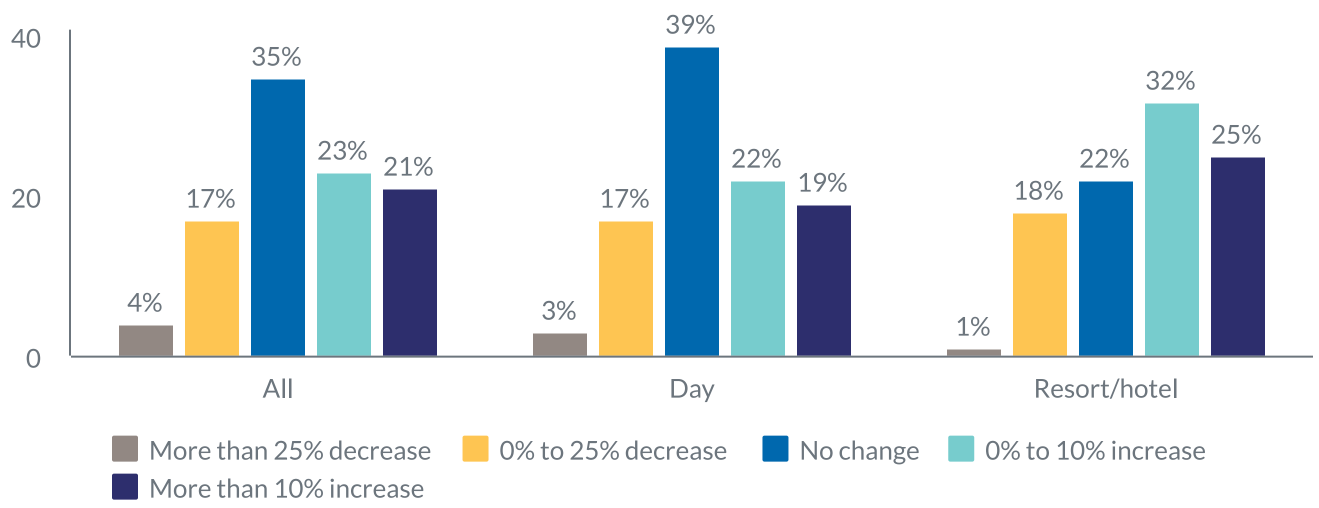
COMPARED TO JANUARY 2022

When asked to give the approximate % change in staff employed in January 2023 compared with January 2022, 44% of survey respondents said they had increased their staff count, compared with 21% saying they had reduced employment. Overall, the proportion of spas increasing employment was 23 percentage points higher than the proportion with a reduced staff count, pointing to a growing spa industry workforce.

Resort/hotel spas were more likely than day spas to say that they had increased employment since January 2022. Almost six in 10 resort/hotel spas (57%) said they had increased employment compared with 41% of day spas.

The difference between the proportions increasing and decreasing employment was +38 percentage points in the resort/hotel sector (57% increasing employment minus 19% decreasing) and +21 percentage points in the day spa sector (41% increasing minus 20% decreasing), indicating that employment growth in 2022 was faster for resort/hotel spas than for day spas.

EMPLOYMENT CHANGE COMPARED TO JANUARY 2022
(APPROXIMATE %, BY SPA TYPE)



Employment

By January 2023, total employment in the spa industry stood at 360,700, an increase of 15,700 (+4.6%) compared with January 2022, bringing the total spa workforce back to 94% of the pre-pandemic level as of January 2020 (383,700).

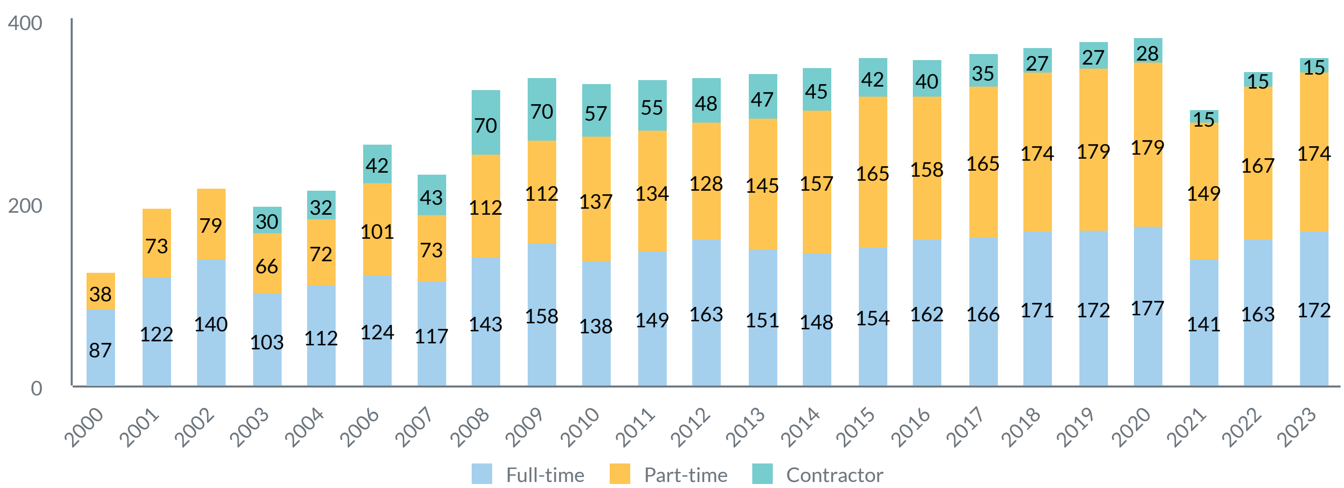
The number of full-time employees is estimated to have risen by 8,700 (+5.3%), rising to 171,500 in January 2023. Part-time employment also increased, up by 7,100 (+4.2%) and standing at 174,200 in January 2023.

Employment of independent contractors was unchanged at an estimated 15,000 in January 2023.

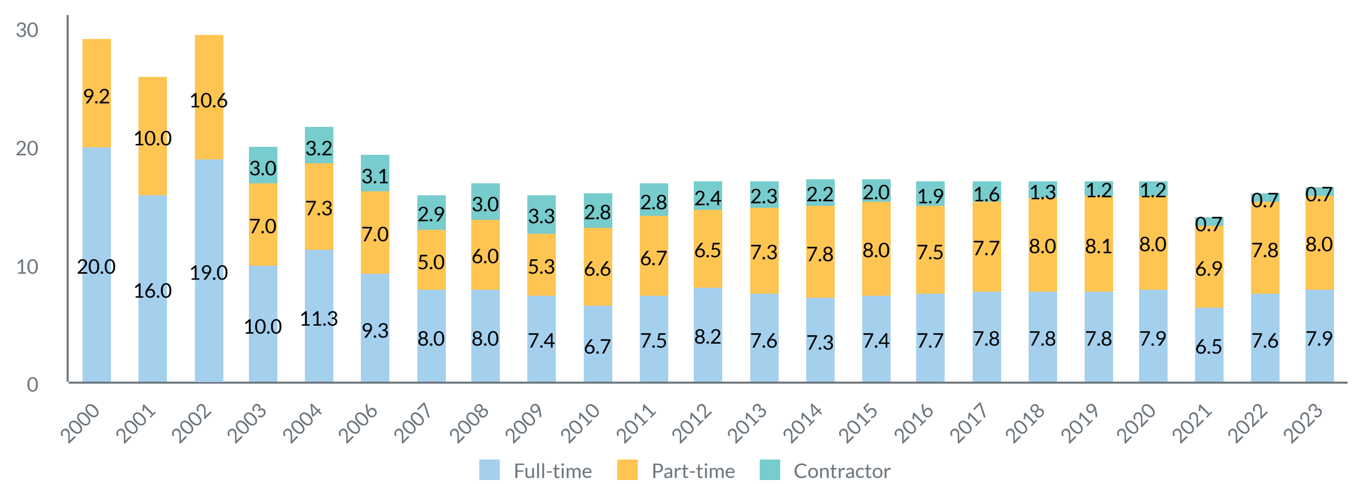
Across the industry as a whole, the number employed per spa location rose from 16 in January 2022 to 16.6 in January 2023, an increase of +3.2%.

Note: On average, spas consider service providers need to work 31 or more hours per week to be considered a full-time employee (see the discussion in Section 4 of hours necessary to be considered a full-time worker).

TOTAL EMPLOYEES IN THE U.S. (THOUSANDS)



AVERAGE EMPLOYEES PER ESTABLISHMENT

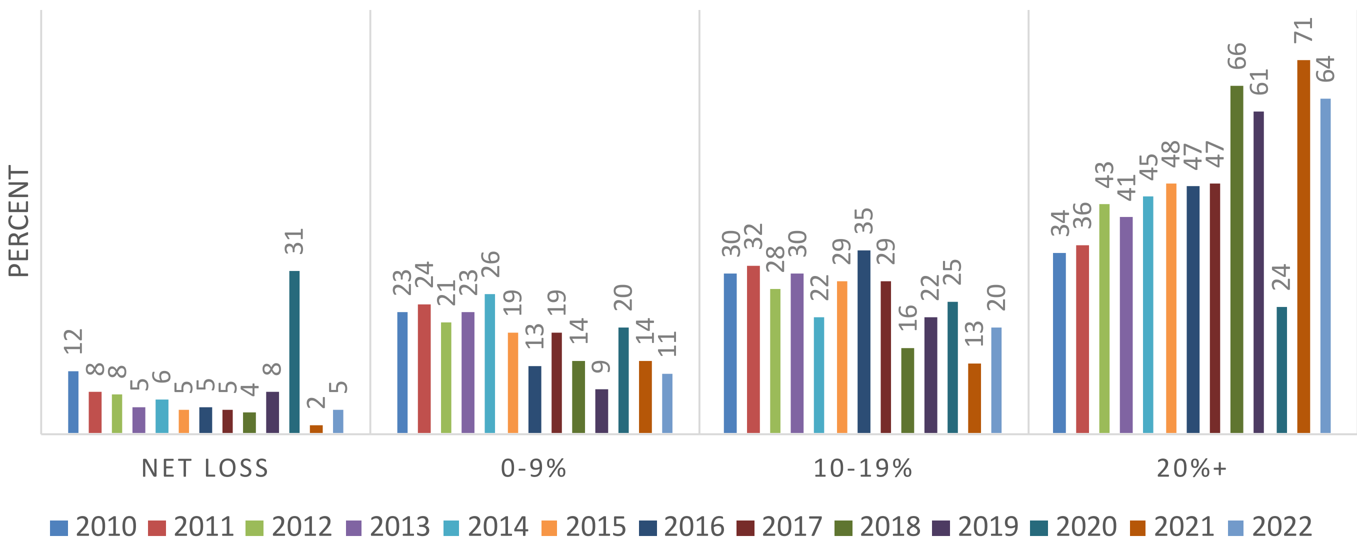


Profitability

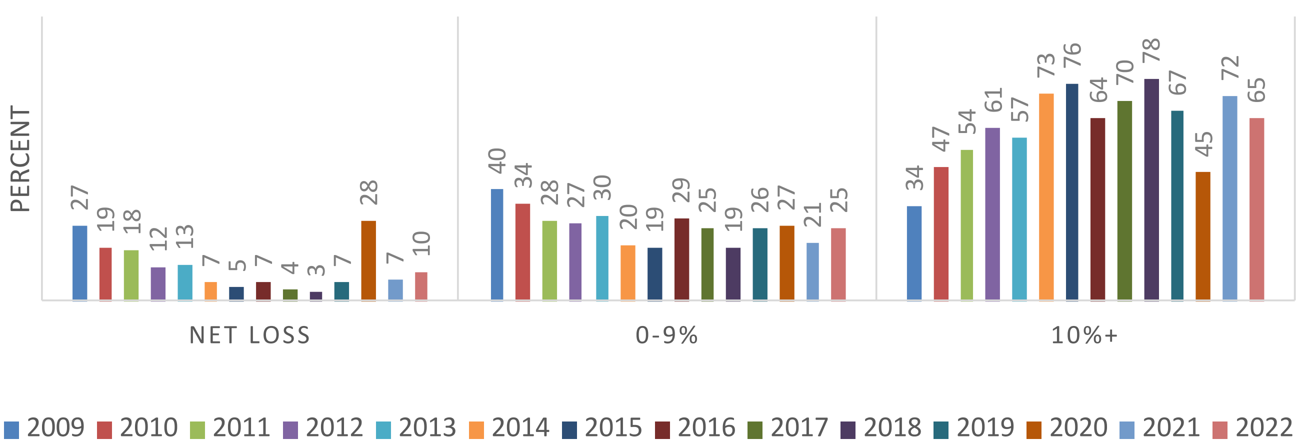
In the resort/hotel sector, 64% of spas said their profit percentage was 20% or more, slightly down on the 2021 out-turn (71%) but broadly consistent with the pre-pandemic level. The profitability performance of spas in the other sectors was also in line with pre-pandemic levels, with 65% reporting a 2022 profit percentage of 10% or more.

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

SPA PROFIT PERCENTAGE: 2010–2022, RESORT/HOTEL SPAS



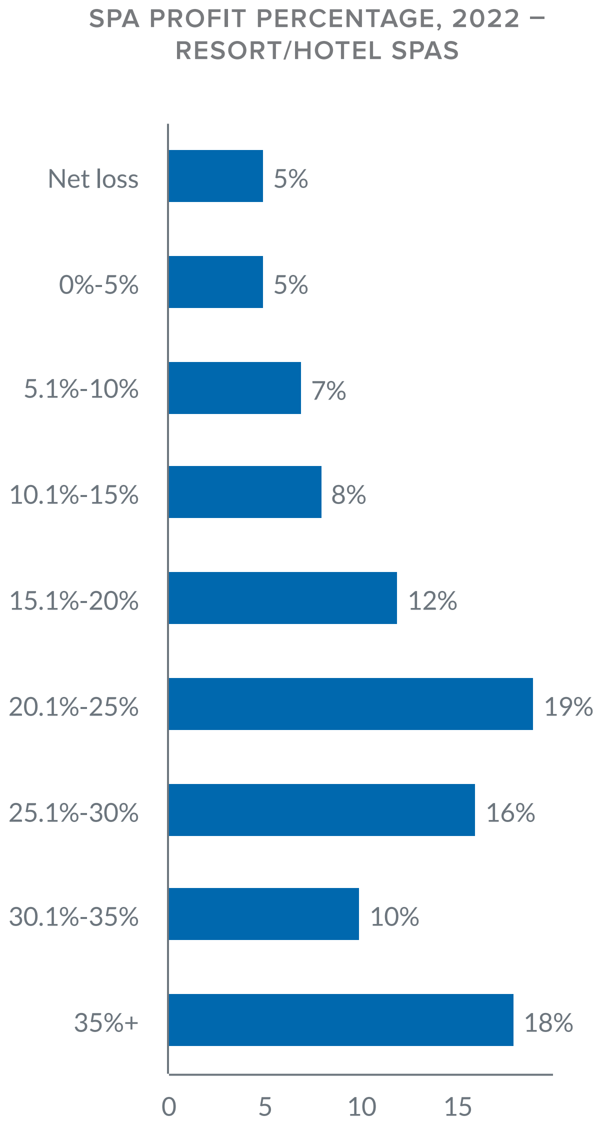
PROFIT PERCENTAGE BEFORE FIXED CHARGES: 2009-2022
ALL SPAS EXCLUDING RESORT/HOTEL SPAS

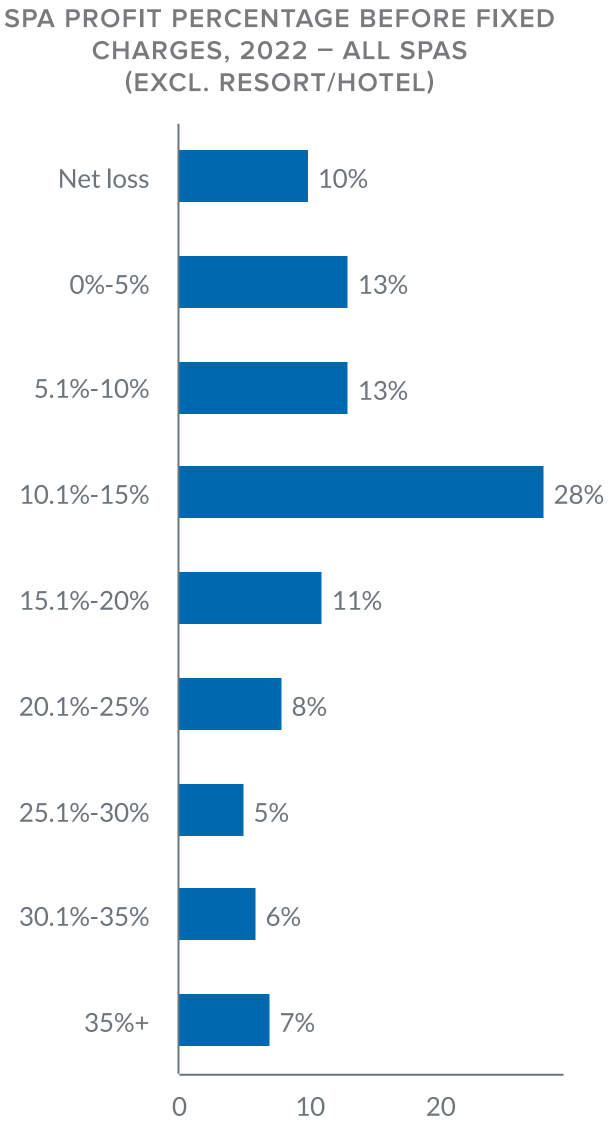


Profitability

The detailed profit percentage results indicate that, in 2022 almost one in five resort/hotel spas (18%) reported a spa profit percentage of 35% or more. Almost one in two resort/hotel spas (45%) cited a profit percentage in the range 20% to 35%.

Excluding the resort/hotel sector, the most frequently reported spa profit percentage was in the range 10%-15%, recorded by over one in four spas (28%). A little over one in four spas (26%) said their profit percentage was 20% or more.





Looking Forward to 2023: Single Biggest Opportunity

Survey respondents were asked to say what is the single biggest opportunity that they see for the U.S. spa industry in 2023. From the responses given, the most frequently mentioned opportunity was around wellness, highlighted by about one in five respondents. Spas also identified opportunities around staff recruitment, retention and training; providing a greater range of services; use of technology; and broadening the customer base in terms of demography and diversity.

Almost one in five respondents (17%) mentioned the economy. They were about equally divided between those seeing a continuation of strong demand and others expressing concern about the state of the wider economy.

A little over one in eight respondents (13%) said they did not know or felt it was as yet unclear what 2023 would bring.

WELLNESS—The top opportunity. Post-Covid, people are valuing health and seeking wellness, stress relief and recovery programs. This presents an opportunity for spas to promote regular visits as part of a healthy lifestyle, not a luxury. Within that context, spas also referred to a greater focus on more integrated and holistic wellness programs, including self-care and educational experiences.

STAFF RECRUITMENT, RETENTION AND TRAINING—Lack of qualified staff remains an important issue, particularly massage therapists. Solutions suggested included: links with schools, expanded diversity, more colleges, scholarships, incentives, outreach programs, attracting career changers. Other elements seen as important included building awareness of a rewarding long-term career, rewarding staff and caring for their wellbeing and development.

GREATER RANGE OF SERVICES—It was suggested that guests spend more when spas offer added-value enhancements and add-ons. Growth areas identified included: non-invasive/minimal body sculpting/cosmetic, skin tightening, CBD, alternative therapies, recovery services and more, as spas seek to stay connected and innovating.

TECHNOLOGY—Spas identified two strands to the technology theme – enhancing business efficiency and catering to the consumer. The efficiency theme emphasised technology solutions for online bookings, check-out, retail, messaging, but also better communication platforms to share ideas, and customization of guest treatments. On the consumer side, touch-free was cited by a number of respondents, a Covid-19 response, but also a result of innovation and staff shortages. Spas are investing in equipment, but balancing the human touch and touchless is important for many.

DEMOGRAPHY AND DIVERSITY—Broadening the base to include more men and baby boomers with free time but especially attracting younger clients, notably millennials and Gen Z. It was felt that many discovered self-care during Covid. Inclusion comes with diversity; creating a welcoming environment for guests and staff, being culturally sensitive regarding services, products, communal spaces and trends. Recruiting ethnically diverse leaders and investing in diversity awareness training were also mentioned.

WIDER ECONOMY—A number of spas reported flourishing demand, growth and confidence. Guests are more confident and spending more. Tourism is up. Some hoped they had the staff and space to meet demand and sustain growth. Conversely, other spas were unsure or apprehensive and waiting to see how the economy performs. To boost profits and resilience, some are increasing retail including online, making efficiencies, motivating increased spend and making better, flexible use of space.

Key Points Summary

THE INDUSTRY IN 2022: SUSTAINING THE MOMENTUM

Over the course of 2022, U.S. output and employment continued to recover from the Covid-19 pandemic. Total output of the economy expanded by 2.1% in real terms, accompanied by employment growth of 4.3% and falling unemployment. However, the rate of inflation in consumer prices accelerated, averaging 8% in 2022, albeit falling back to 5% in the first quarter of 2023.

Service industries that rely on personal contact with the consumer suffered large falls in employment during the spring 2020 Covid-19 lockdown. Since then, those industries have rebounded strongly. Nonetheless, they have yet to recover all of the jobs lost in the lockdown period and, as of September 2022, their employment levels were 8%-9% below their pre-pandemic levels.

When asked about changes to their operations and service offerings over the 12 months from January 2022 to January 2023, a higher proportion of spas said they had increased (22%) rather than decreased (14%) their weekly hours of operation. By contrast, spas were slightly more likely to say they had decreased the number of service provider shifts in the past year (31%) than to say they had implemented an increase (26%).

Staff shortages were most often cited as the primary reason given by spas reporting a decrease in their weekly hours of operation and also those saying they had decreased the number of service provider shifts per day. The Covid-19 pandemic was a minor factor.

In 2022, the spa industry continued to recover from the Covid-19 pandemic, surpassing the $20bn revenue mark for the first time:

- Total spa industry revenue is estimated to have risen by $2 billion, from $18.1 billion in 2021 to $20.1 billion in 2022, an increase of 11.1%.
- Average revenue per visit posted a strong increase, up by 6.7% from $104.5 in 2021 to $111.5 in 2022.
- The spa workforce is growing. When asked to give the approximate % change in staff employed over the 12 months from January 2022 to January 2023, 44% of survey respondents said they had increased their staff count, compared with 21% saying they had reduced employment. Resort/hotel spas were more likely than day spas to say that they had increased employment in the past year.
- Total employment is estimated to have increased by 4.6%. With a 5.3% rise, full-time employment expanded at a slightly faster pace than part-time employment (+4.3%). Contract employment is estimated to have been stable, standing at 15,000 in January 2023.
- Following successive falls in 2020 and 2021, as the pandemic weighed on the industry, the number of spa locations staged a modest recovery in 2022, rising by 1.3%.

After falling sharply in 2020 as a result of the Covid-19 pandemic, by 2022 total spa revenues had recovered to stand 6% above the 2019 pre-pandemic level ($19.1 billion). The revenue growth was underpinned by the 12% rise in average revenue per visit between 2019 and 2022.

Nonetheless, there is still further ground to be made up in the recovery from the pandemic:

- The number of visits to spa establishments in 2022 was 3% below the 2019 pre-pandemic peak of 192 million.
- By January 2023, the spa workforce had recovered to within 94% of the pre-pandemic level.
- At the end of 2022, the number of locations remained 3% below the pre-pandemic level.

PROFITABILITY

In the resort/hotel sector, 64% of spas said their profit percentage was 20% or more, slightly down on the 2021 out-turn (71%) but broadly consistent with the pre-pandemic level. The profitability performance of spas in the other sectors was also in line with pre-pandemic levels, with 65% reporting a 2022 profit percentage of 10% or more.

LOOKING FORWARD TO 2023: SINGLE BIGGEST OPPORTUNITY

Looking ahead to 2023, the most frequently cited opportunity was around wellness, highlighted by about one in five survey respondents. Spas also identified opportunities around staff recruitment, retention and training; providing a greater range of services; use of technology; and broadening the customer base in terms of demography and diversity.

SPA SERVICES AND FACILITIES

In 2022, spas received an estimated 181 million client visits, an average of 8,280 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:

Changes in the customer base compared to spring 2022

The core types of services offered by spas

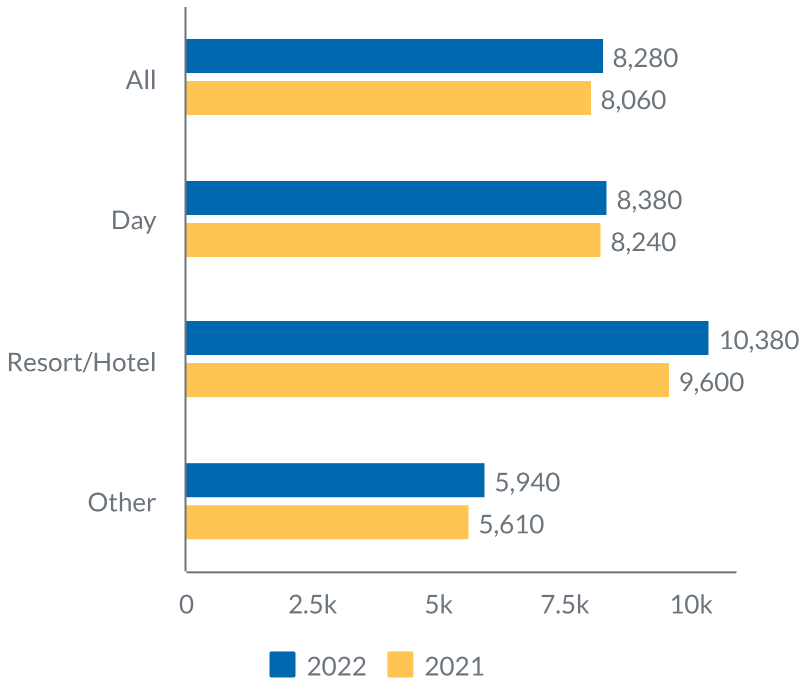
Spas offering technology-driven services

Average prices per spa service

Pricing and service availability strategies

Spa policies and activities currently in place

AVERAGE VISITS PER SPA ESTABLISHMENT



Customer Base

COMPARED TO SPRING 2022

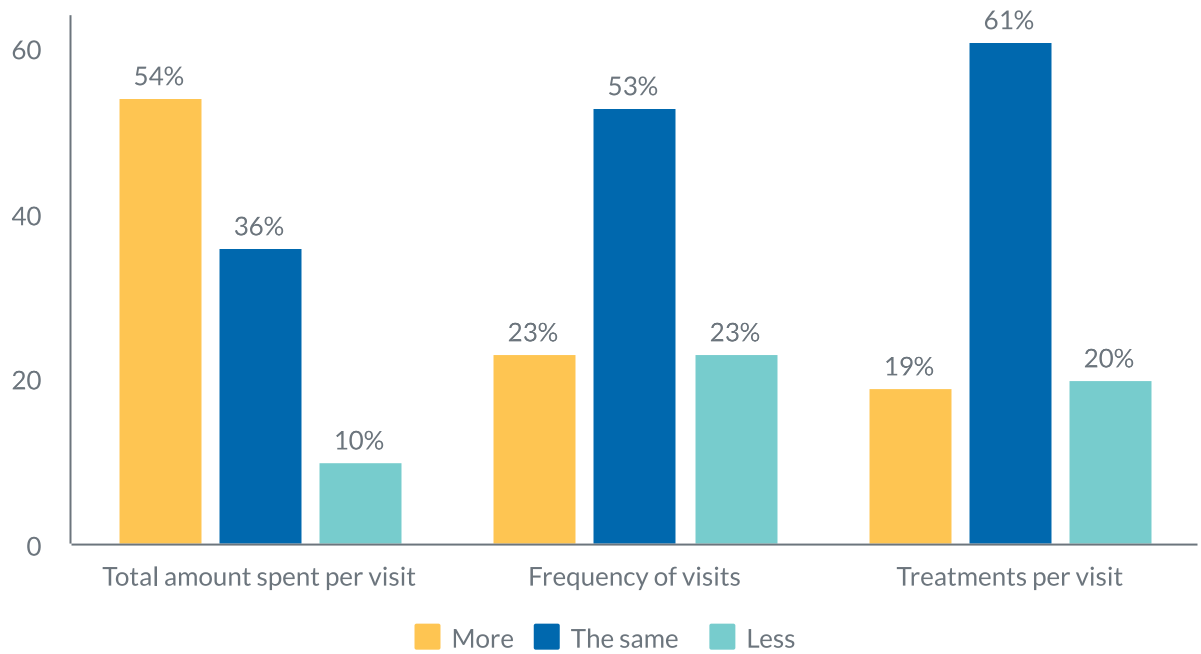
Comparing spring 2023 with the same period one year ago, 54% of spas said there had been an increase in the total amount spent per visit. Just one in 10 spas (10%) said total spend per visit had decreased. A slight majority of spas (53%) said the frequency of visits made by their customer base had remained the same, with equal proportions saying the frequency had increased (23%) or decreased (23%). Most spas (61%) also said that treatments per visit were unchanged compared with one year ago. Spas were almost equally likely to say that treatments had increased (19%) or decreased (20%).

The pattern of changes in the customer base varied sharply between day spas and resort/hotel spas (see table overleaf). In the day spa sector, the proportion saying total spend per visit had increased (49%) exceeded the proportion saying total spend had decreased (13%) by a margin of +36 percentage points. The margin was wider in the resort/hotel sector, with 70% saying spend had increased compared with just 3% reporting a decrease, giving a net balance of +67 percentage points.

Resort/hotel spas also reported positive net balances for the frequency of visits and treatments per visit. Thus, 43% of resort/hotel spas said the frequency of visits had increased versus 8% saying the frequency had decreased, a gap of +35 percentage points. Similarly, 32% said that treatments per visit had risen, compared with 4% saying treatments per visit had decreased, giving a positive balance of +28 percentage points.

By contrast, in the day spa sector, respondents were more likely to say that the frequency of visits had decreased (28%) than increased (17%). Day spas were also more likely to say that treatments per visit had decreased (24%) than increased (12%).

CUSTOMER BASE COMPARED TO SAME TIME LAST YEAR



CUSTOMER BASE COMPARED TO SPRING 2022

		All	Day	Resort/Hotel	Other
Total amount spent per visit	MORE	54%	49%	70%	73%
	THE SAME	36%	39%	28%	27%
	LESS	10%	13%	3%	1%
Frequency of visits	MORE	23%	17%	43%	53%
	THE SAME	53%	56%	49%	42%
	LESS	23%	28%	8%	5%
Treatments per visit	MORE	19%	12%	32%	53%
	THE SAME	61%	64%	64%	38%
	LESS	20%	24%	4%	8%

Types of Services Offered

When asked about the services that they provide to their clients, 95% said they offer massage services, followed by facials (93%), couples services (47%) and waxing services (44%).

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 7.7 types of services compared to 4.5 among day spas.

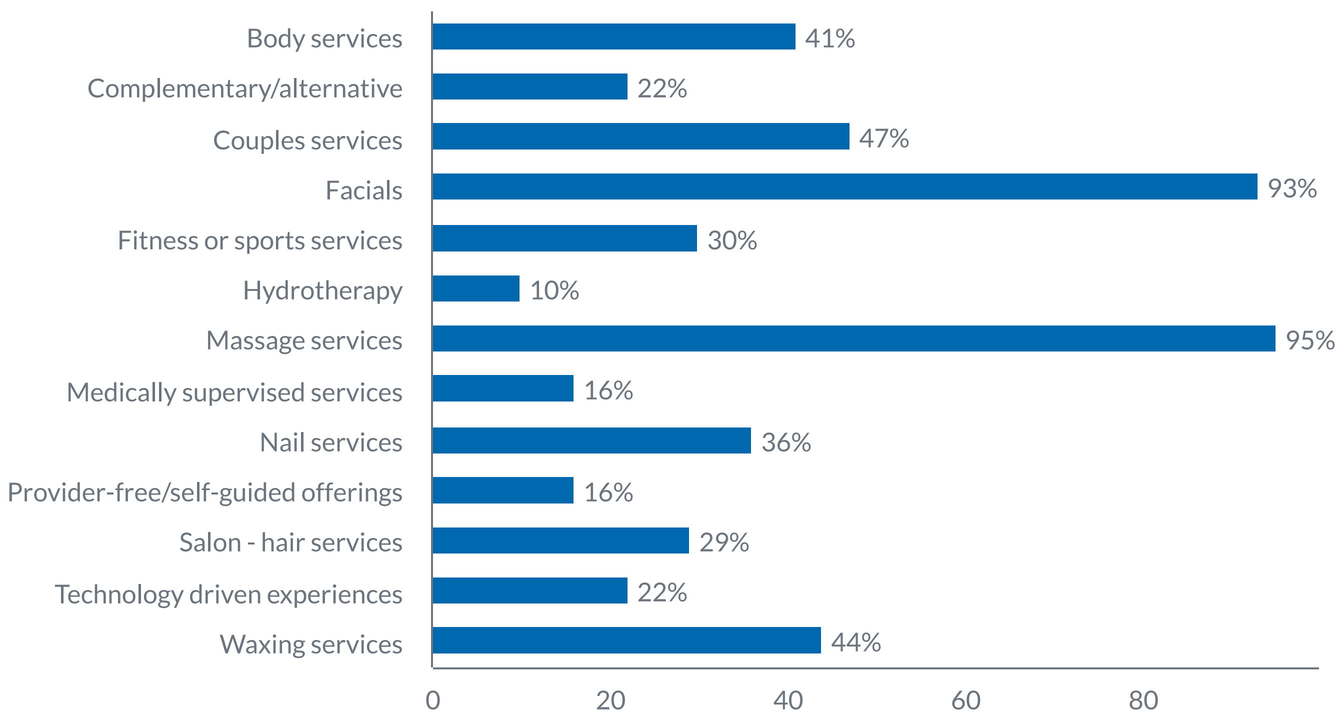
In addition to their core spa and salon services, many spas offer their visitors a diverse range of treatments and programs. Nail services are offered by 36% of spas, ranging from 30% of day spas to 76% of resort/hotel spas. Almost one in three spas (29%) offer salon services. Fitness or sports services are offered by 30% of spas, including 47% of resort/hotel spas.

Complementary or alternative therapies or mind, body and spirit programs, such as acupuncture, reiki and yoga, are available in 22% of spas, including 46% of resort/hotel spas and 17% of day spas.

Over one in six spas (16%) offer medically supervised services. Reflecting the medical spa effect, such services are most often found in the other spa category (63%).

The range of services provided by spas has continued to expand, with 22% now offering technology-driven experiences, including 13% of day spas and 40% of resort/hotel spas. Provider-free/self-guided services are available at 16% of spas, including 29% of resort/hotel spas.

TYPES OF SERVICES OFFERED



PRODUCT OFFERING: CORE SPA SERVICES

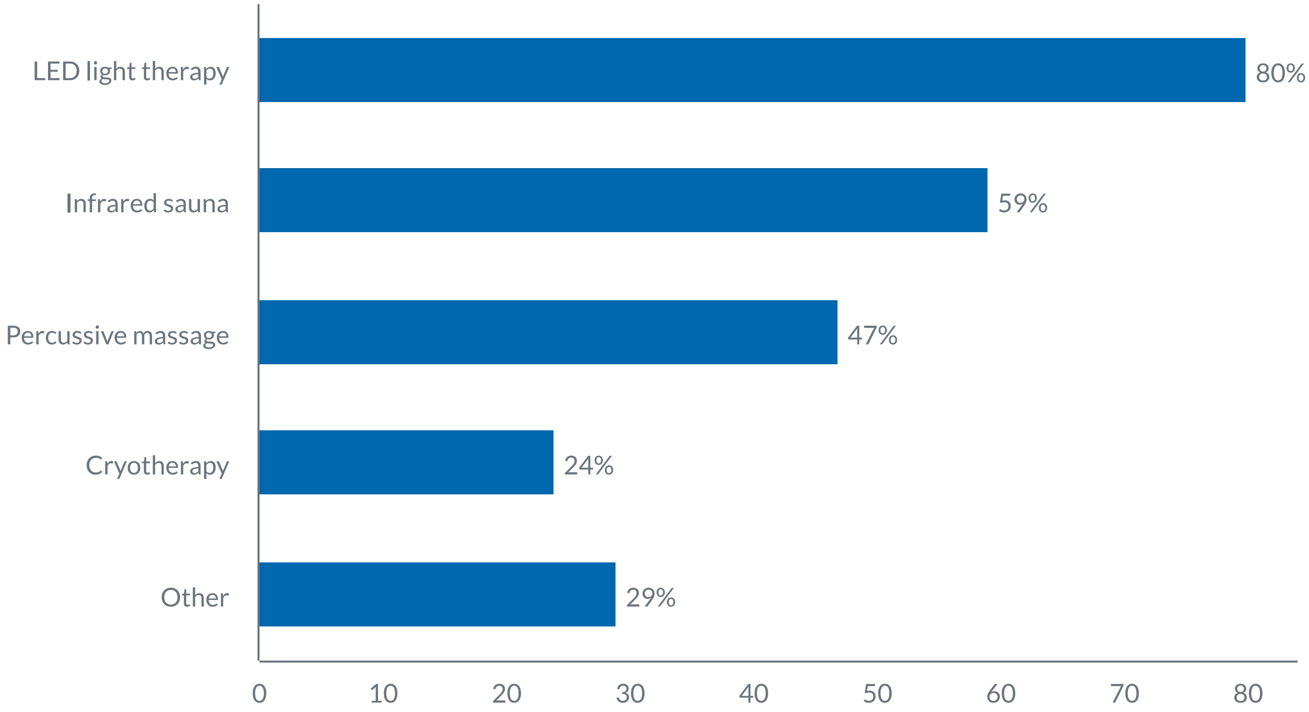
	All	Day	Resort/ Hotel	Other
Body services	41%	32%	94%	56%
Complementary/alternative therapies or mind, body and spirit	22%	17%	46%	39%
Couples services	47%	44%	90%	35%
Facials	93%	93%	99%	83%
Fitness or sports services	30%	28%	47%	31%
Hydrotherapy	10%	6%	29%	19%
Massage services	95%	98%	100%	69%
Medically supervised services	16%	11%	3%	63%
Nail services	36%	30%	76%	35%
Provider-free/self-guided offerings	16%	13%	29%	29%
Salon - hair services	29%	25%	56%	28%
Technology driven experiences	22%	13%	40%	68%
Waxing services	44%	38%	69%	57%

TECHNOLOGY-DRIVEN SERVICES

Among the 22% of spas saying they provide technology-driven services, 80% offer LED light therapy, followed by 59% offering infrared sauna. A little under one in two (47%) offer percussive massage while close to one in four (24%) provide a cryotherapy service. Close to one in three (29%) said they offer some other type of technology-driven services.

On average, spas providing technology-driven services offer two of the treatments listed in the chart below.

TECHNOLOGY-DRIVEN SERVICES OFFERED



Price Per Service

The average price per spa service in 2022 is estimated as $116, up by 6.9% compared to 2021, when the estimated average price per service was $108.

Average prices vary depending on the type of service provided, ranging from $57 per nail service to $152 per body treatment. At $111, 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 estimated average prices which will vary across spa establishments depending on type, location, etc.

The average price per massage in 2022 ($111) was 5% higher by comparison with the 2021 average. The average price for facials in 2022 ($125) was 11% higher than the average in 2021. Body treatment prices are estimated to have risen from $124 in 2021 to $152 in 2022, a 22% increase.

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, 2022 COMPARED TO 2021, 2020, 2019, AND 2018

	2018	2019	2020	2021	2022
Per body treatment	$114	$114	$114	$124	$152
Per facial	$103	$104	$104	$112	$125
Per hair service	$83	$81	$80	$91	$85
Per massage	$96	$98	$100	$106	$111
Per nail service	$47	$48	$49	$51	$57
Per service	$96	$98	$100	$108	$116

Price Per Service by Type of Spa

The average price per spa service is higher in resort/hotel spas than in day spas.

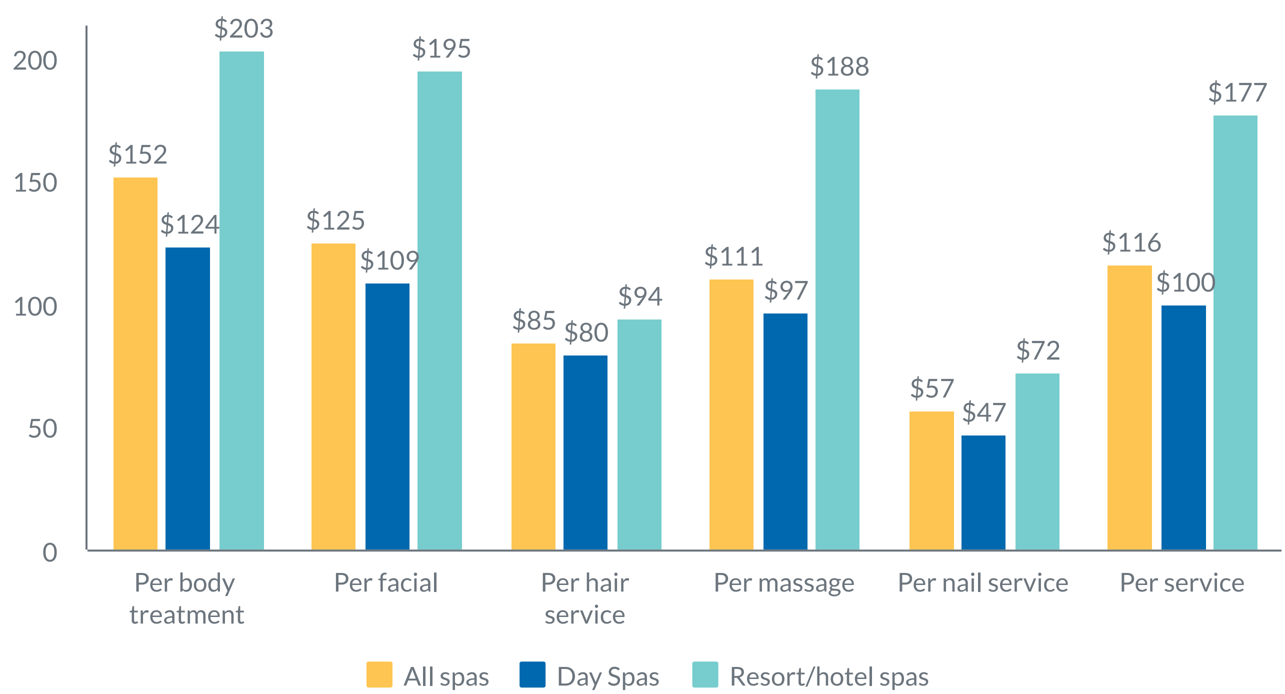
In 2022, the overall average price per service in resort/hotel spas was $177 compared to $100 per service in day spas, a differential of $77.

The largest difference between resort/hotel and day spas was for massage services, with the estimated average price in resort/hotel spas standing at $188 compared to $97 in day spas, a $91 difference. Similar differences can be observed in relation to facials ($195 in resort/hotel spas versus $109 in day spas) and body treatments ($203 in resort/hotel spas compared with $124 in day spas).

Average prices for hair services are more closely aligned between day spas ($80) and resort/hotel spas ($94), a difference of $14.

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



Pricing and Availability Strategies

Spas have adopted a range of strategies designed to boost client visits and match pricing to service availability and demand. The mix of strategies varies by spa type.

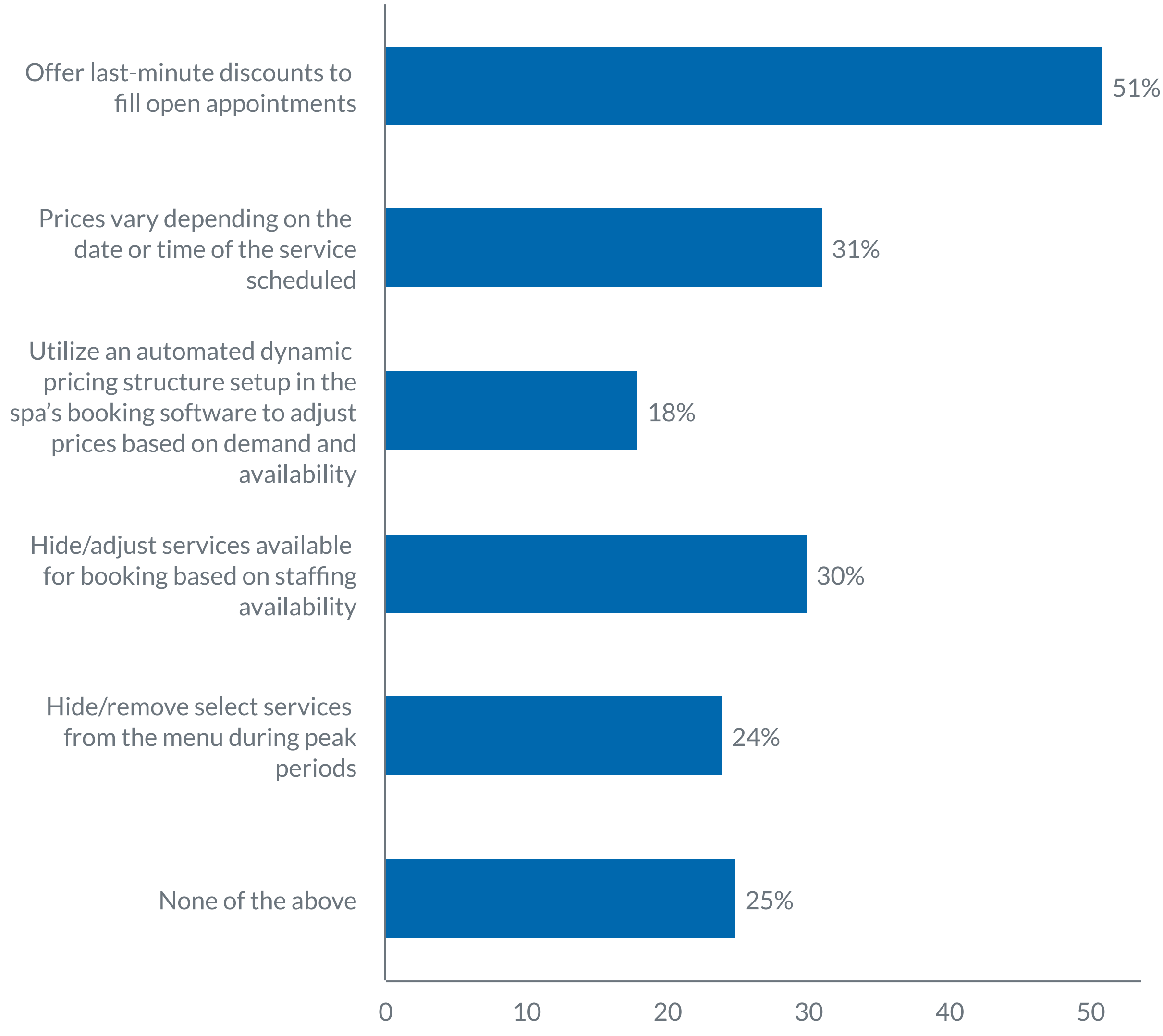
To encourage client visits, over one in two spas (51%) offer last minute discounts to fill open appointments. That strategy is more frequently used in day spas (60%) than in resort/hotel spas (25%).

Close to one in three spas (31%) vary their prices depending on the date or time of the service scheduled. That strategy is used by almost one in two resort/hotel spas (48%) and less often employed by day spas (30%).

30% of spas hide or adjust services available for booking based on staffing availability. The proportion is slightly higher in day spas (31%) than in resort/hotel spas (26%).

A large majority of spas (75%) use one or more of the pricing and availability strategies listed in the chart below, including 79% of day spas and 73% of resort/hotel spas.

PRICING AND SERVICE AVAILABILITY STRATEGIES UTILIZED



PRICING AND SERVICE AVAILABILITY STRATEGIES UTILIZED

	All	Day	Resort/ hotel	Other
Offer last-minute discounts to fill open appointments	51%	60%	25%	13%
Prices vary depending on the date or time of the service scheduled	31%	30%	48%	26%
Utilize an automated dynamic pricing structure setup in the spa's booking software to adjust prices based on demand and availability	18%	19%	20%	9%
Hide/adjust services available for booking based on staffing availability	30%	31%	26%	23%
Hide/remove select services from the menu during peak periods	24%	25%	30%	14%
None of the above	25%	21%	27%	45%

Policies or Activities Currently In Place

When asked about the policies or activities that they currently have in place, the most frequently cited were loyalty programs (65%), guest referral incentives (54%) and increased spa menu prices (54%).

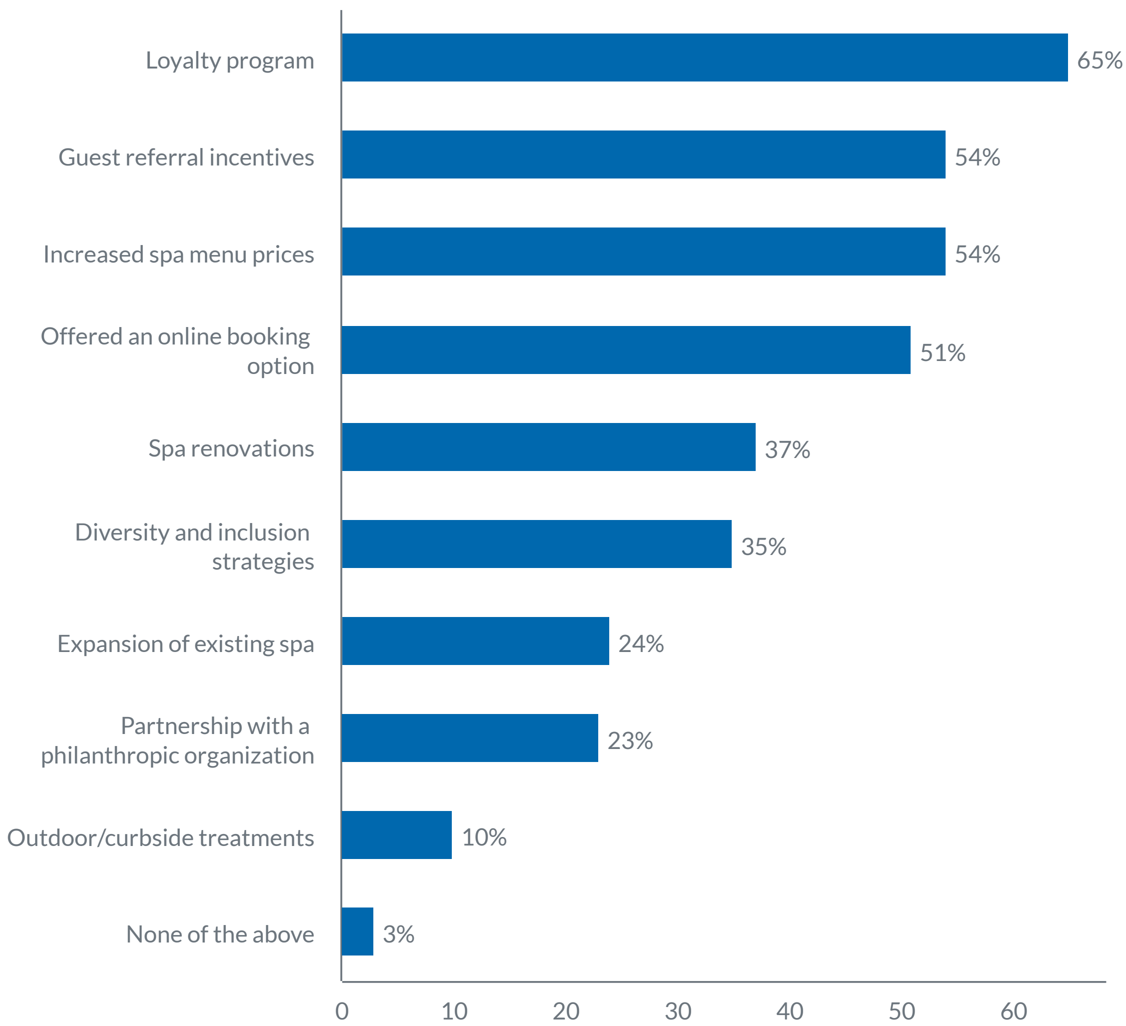
Day spas were most likely to mention loyalty programs (71% versus 40% of resort/hotel spas) and guest referral incentives (60% versus 19% of resort/hotel spas).

By contrast, resort/hotel spas were more likely than day spas to say they offered an online booking option (76% of resort/hotel spas versus 43% of day spas). In addition, higher proportions of resort/hotel spas said they were undertaking spa renovations (56% compared with 35% of day spas) and/or expansion of their existing spa (44% compared with 21% of day spas).

Increased spa menu prices was mentioned by similar proportions of day spas (55%) and resort/hotel spas (59%).

Over one in three spas (35%) mentioned a diversity and inclusion strategy, including 40% of day spas and 20% of resort/hotel spas.

POLICIES OR ACTIVITIES CURRENTLY IN PLACE



POLICIES OR ACTIVITIES CURRENTLY IN PLACE

	All spas	Day	Resort/ Hotel	Other
Loyalty program	65%	71%	40%	43%
Guest referral incentives	54%	60%	19%	42%
Increased spa menu prices	54%	55%	59%	44%
Offered an online booking option	51%	43%	76%	85%
Spa renovations	37%	35%	56%	37%
Diversity and inclusion strategies	35%	40%	20%	12%
Expansion of existing spa	24%	21%	44%	29%
Partnership with a philanthropic organization	23%	19%	32%	44%
Outdoor/curbside treatments	10%	8%	32%	4%
None of the above	3%	3%	4%	3%

EMPLOYMENT: STAFFING

This Section focuses on employment in the spa industry, under the following headings:

Employment per spa, comparing January 2023 with January 2022

Hours required to be considered a full-time worker

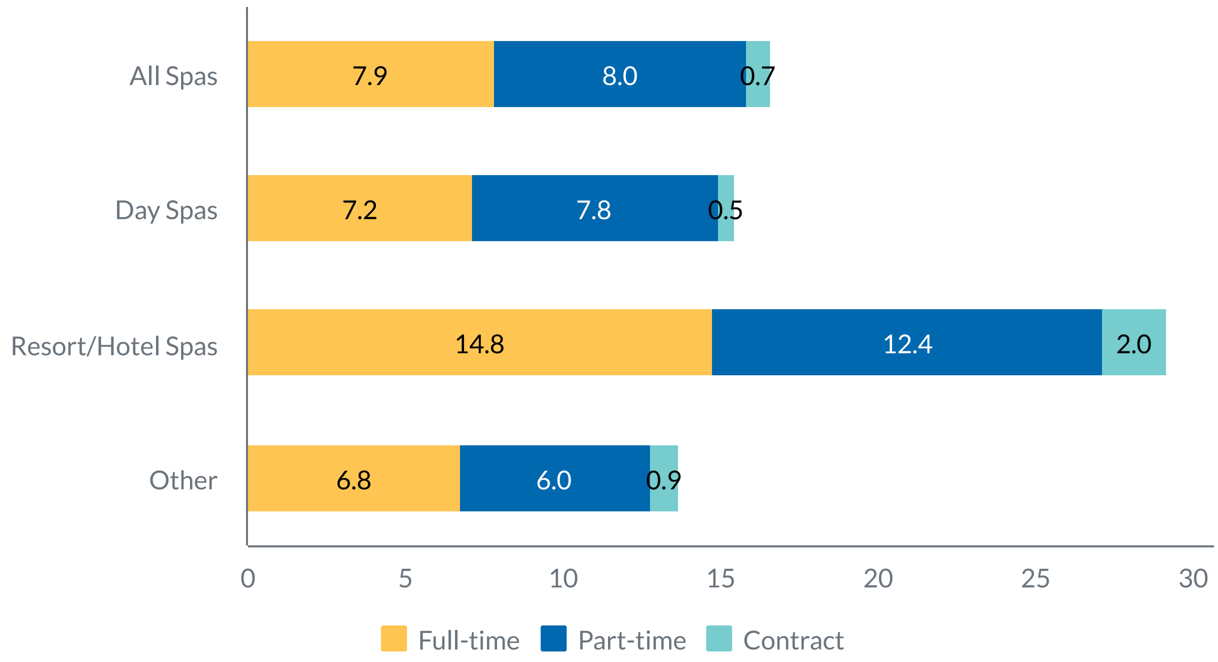
Issues experienced by spas in recruiting massage therapists in the last year

Actions taken to help cope with recruitment difficulties

Unstaffed positions, both for service providers and managers and directors

EMPLOYMENT PER SPA, BY FULL-TIME, PART-TIME AND CONTRACT

NUMBER OF EMPLOYEES



Employment

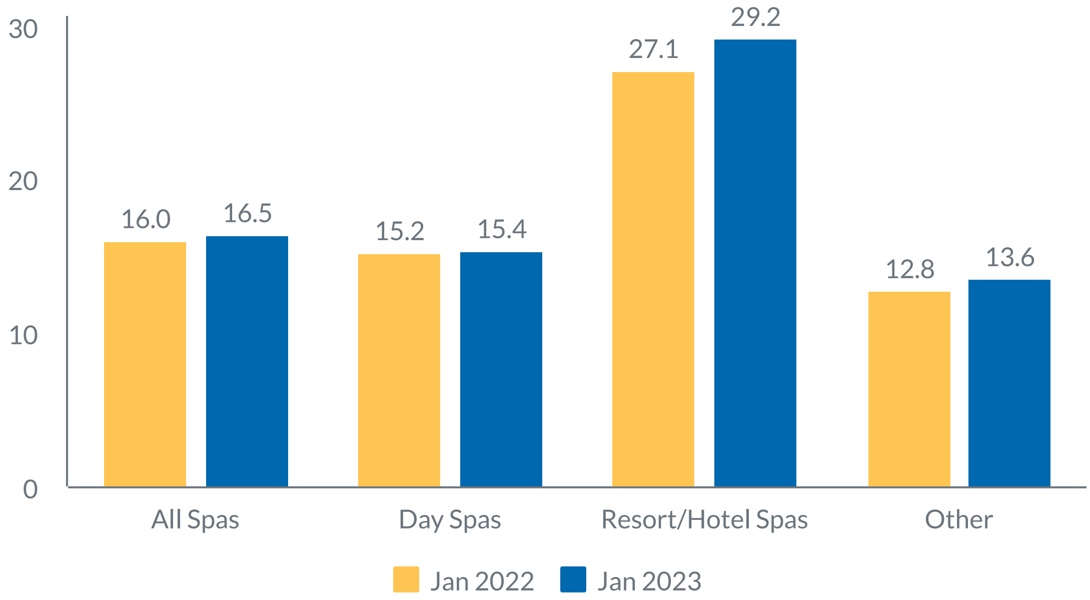
The total number employed in the spa industry is estimated at 360,700 as of January 2023, comprising 171,500 full-time employees, 174,200 part-time employees and 15,000 contract workers.

There are 21,790 spa locations across the U.S., with an average of 16.5 workers per spa establishment as of January 2023, compared with 16 per spa as of January 2022, an increase of 3.2%.

The growth in the average size of the workforce per spa was higher in resort/hotel spas (+7.8%) than in day spas (+1.7%).

Employment levels in January 2023 were highest in resort/hotel spas, with 29.2 workers on average compared to an average of 15.4 per establishment in the day spa sector.

EMPLOYMENT PER SPA, JANUARY 2023 COMPARED WITH JANUARY 2022



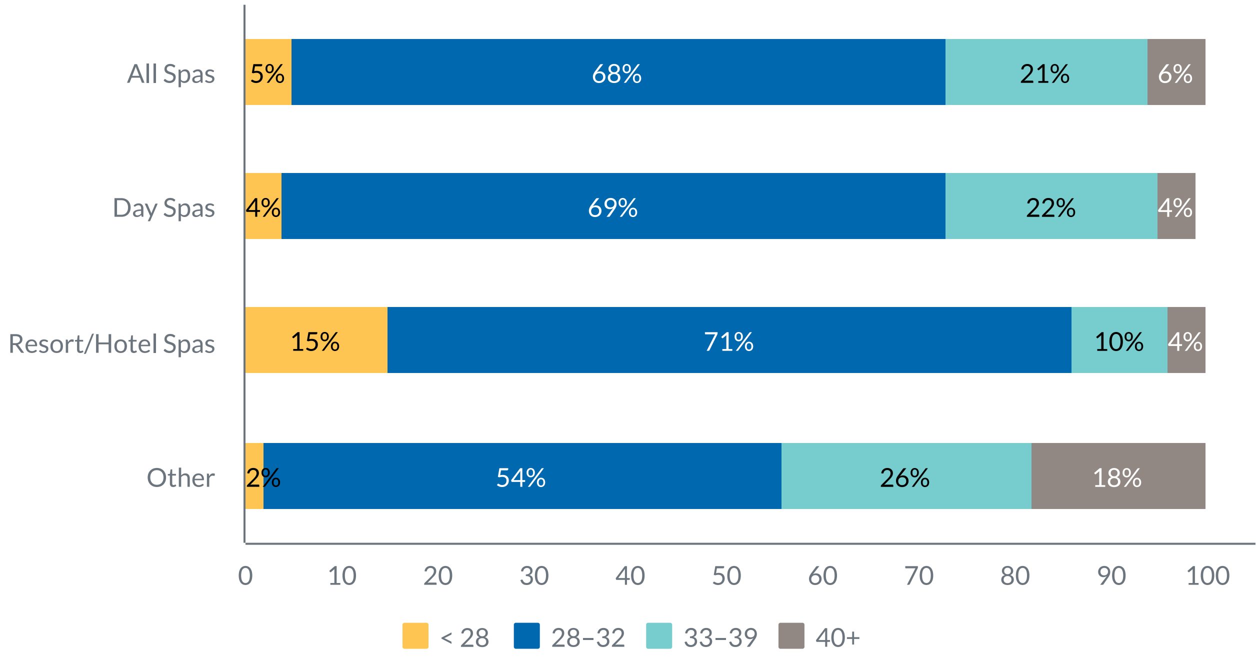
Hours Necessary to be Considered a Full-Time Employee

Spas were asked to say how many weekly hours their service providers need to work in order to be considered a full-time employee. On average, respondents said service providers had to work at least 31 hours per week to be considered a full-time employee.

It should be noted that the number of hours necessary to be considered a full-time employee is a threshold value. The actual number of hours worked may be greater than the threshold.

The average number of hours necessary for full-time status did not vary greatly by type of spa. Over two in three day spas (69%) gave a value in the range 28-32 hours. A large majority of resort/hotel spas (71%) also gave a figure in the range 28-32 hours.

HOURS NECESSARY TO BE CONSIDERED A FULL-TIME EMPLOYEE



WEEKLY HOURS NECESSARY TO BE CONSIDERED FULL-TIME: AVERAGE

	All	Day	Resort/Hotel	Other
Average	31	31	31	33

Average Hours Worked Per Week

Respondents were asked to give the current average number of hours worked per week by service provider roles. The average hours worked do not vary greatly across the service provider roles. Respondents quoted an average of 33 hours per week for massage therapists, slightly below the 35 hours per week average for estheticians.

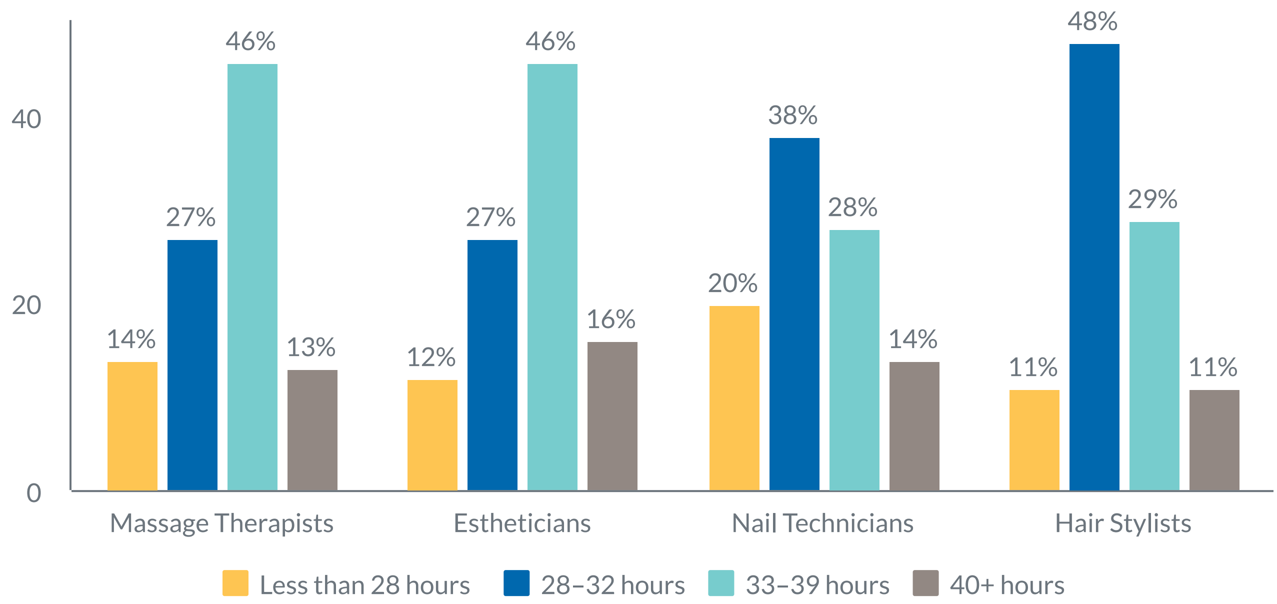
AVERAGE HOURS WORKED PER WEEK

	All	Day	Resort/Hotel	Other
Massage Therapists	33	33	32	30
Estheticians	35	35	32	32
Nail Technicians	32	32	32	N/A
Hair Stylists	30	30	32	N/A

N/A estimate not available due to low sample size for the job type.

Average weekly hours vary more widely within each service provider role. For example, 46% of respondents said their massage therapists work between 33 and 39 hours per week while 27% work 28 to 32 hours, on average, and 13% work 40 or more weekly hours. That is, average weekly hours are more spa-specific than role-specific.

AVERAGE HOURS WORKED BY JOB TYPE



Massage Therapists

RECRUITMENT ISSUES IN LAST YEAR

Therapist concerns about work schedule requirements was the main issue faced by spas in recruiting massage therapists during 2022, mentioned by 54% of respondents. Attracting candidates to apply was the second most frequently cited recruitment issue (48%), followed by lack of time/ resources for recruitment (43%).

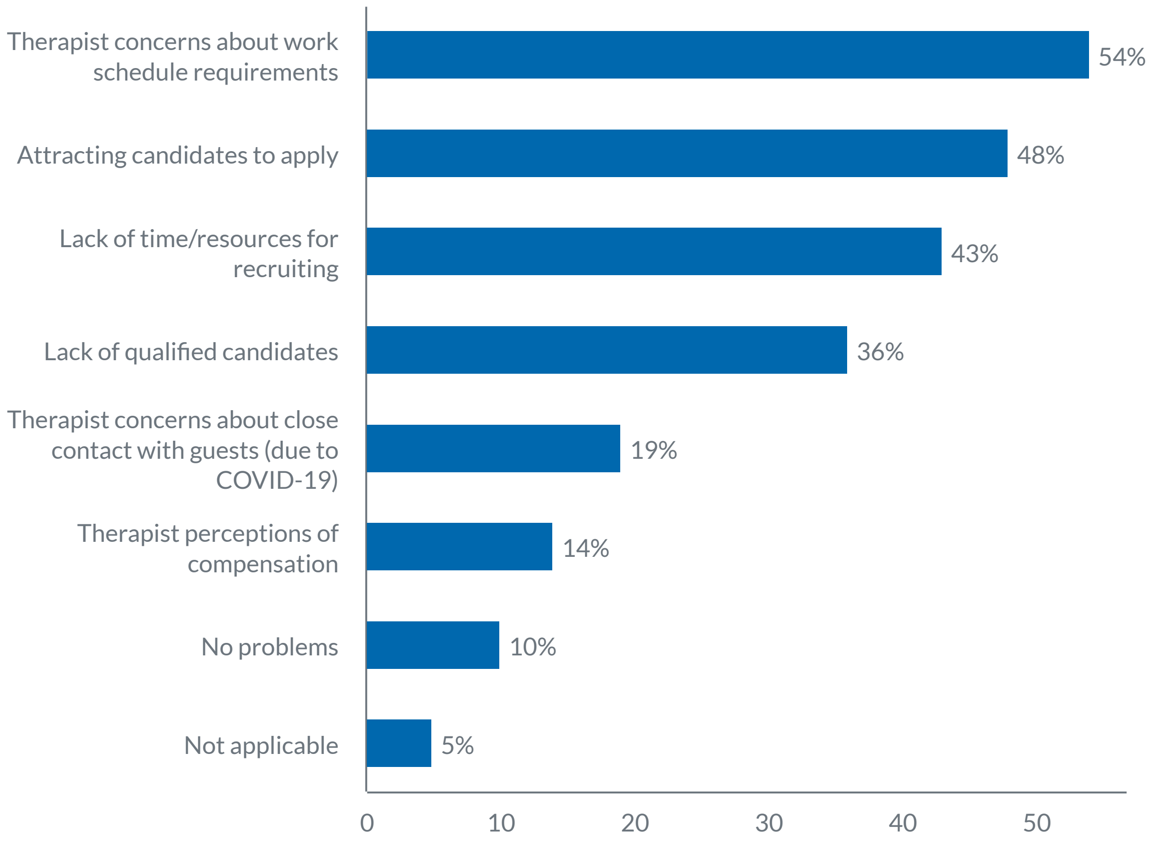
A large majority of spas (84%) cited one or more issues in recruiting massage therapists in the last year, including 88% of day spas and 87% of resort/hotel spas.

Among day spas, therapist concerns about work schedule requirements were most frequently cited by respondents (63%), followed by lack of time/resources for recruitment (51%) and attracting candidates to apply (46%). Fewer than one in three day spas (31%) mentioned lack of qualified candidates, down from 53% during 2021.

By contrast, in the resort/hotel sector, lack of qualified candidates was the most pressing issue, mentioned by 66%, up from 61% citing that issue for 2021. Attracting candidates to apply was the second most frequently mentioned issue for resort/hotels, quoted by 62% for 2022, only slightly down from 68% for 2021.

The recruitment difficulties posed by therapists' concerns about close contact with guests, due to Covid-19, have continued to abate, down to 19% in 2022 from 43% in 2021 and 73% in 2020.

ISSUES EXPERIENCED IN RECRUITING MASSAGE THERAPISTS IN THE LAST YEAR



ISSUES EXPERIENCED IN RECRUITING MASSAGE THERAPISTS IN THE LAST YEAR

	All spas	Day	Resort/ Hotel	Other
Therapist concerns about work schedule requirements	54%	63%	31%	8%
Attracting candidates to apply	48%	46%	62%	48%
Lack of time/resources for recruitment	43%	51%	16%	10%
Lack of qualified candidates	36%	31%	66%	41%
Therapist concerns about close contact with guests (due to COVID-19)	19%	23%	5%	4%
Therapist perceptions of compensation	14%	12%	12%	29%
No problems	10%	11%	11%	4%
Not applicable	5%	1%	1%	38%

Recruitment Difficulties

ACTIONS TAKEN

Spas have sought to address recruitment difficulties through a range of actions. Most often, they have offered flexible work schedules (66%), followed by higher wages (61%) and partnering with local schools (58%).

The range of measures adopted by spas to tackle recruitment difficulties include:

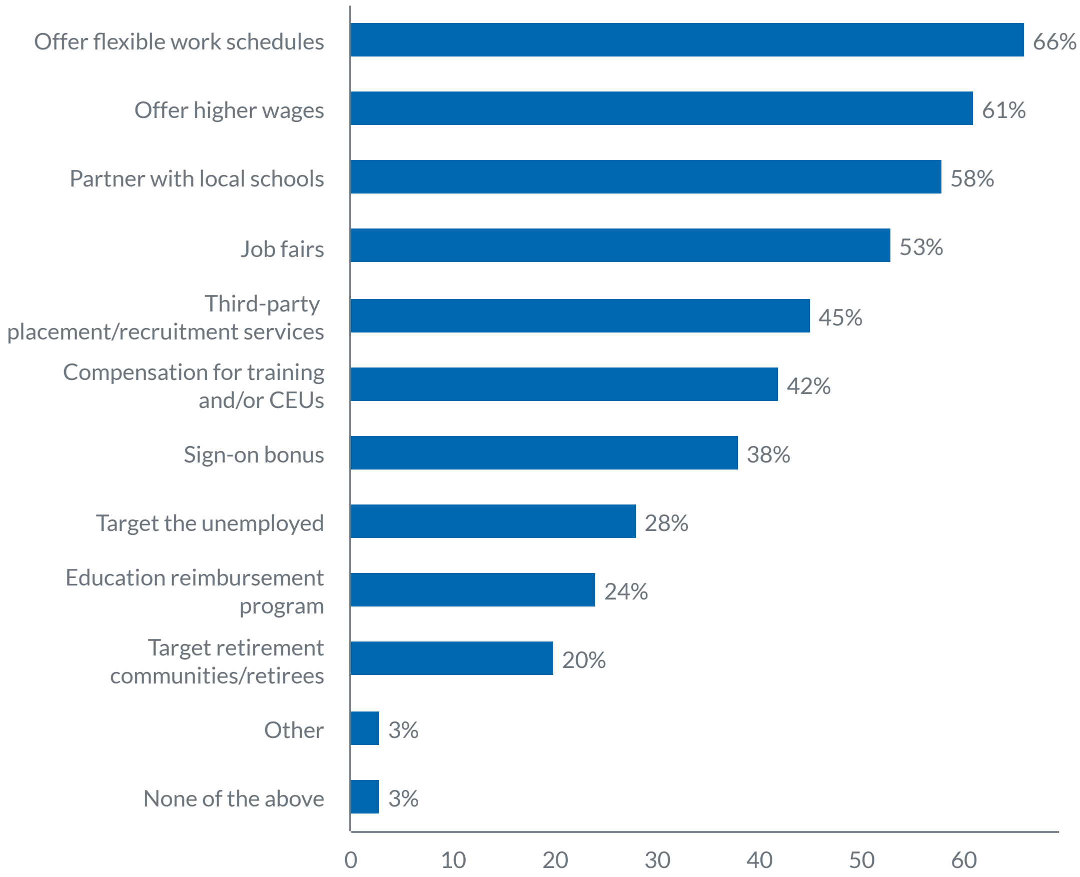
Financial incentives – offering higher wages (61%) and/or a signing-on bonus (38%), along with 66% offering flexible work schedules.

Education and training, to enhance the supply of skills – including 58% saying they were partnering with local schools, 42% offering compensation for training and/or Continuing Education Units (CEUs) and 24% offering an education reimbursement program.

Proactive outreach for recruitment – including job fairs (53%), third party placement/recruitment services (45%), targeting the unemployed (28%) and targeting retirement communities/retirees (20%).

As shown in the table on the following page, the mix of actions taken does not vary hugely by spa type. On average, day spas cited 4.5 of the measures listed, with resort/hotel spas mentioning an average of 4.2, signaling the efforts that spas are making to deal with recruitment difficulties.

WHICH OF THE FOLLOWING HAVE YOU BEEN USING TO HELP COPE WITH RECRUITMENT DIFFICULTIES?



WHICH OF THE FOLLOWING HAVE YOU BEEN USING TO HELP COPE WITH RECRUITMENT DIFFICULTIES?

	All spas	Day	Resort/ Hotel	Other
Offer flexible work schedules	66%	71%	68%	26%
Offer higher wages	61%	60%	67%	62%
Partner with local schools	58%	59%	59%	47%
Job fairs	53%	56%	57%	33%
Third-party placement/recruitment services	45%	49%	37%	29%
Compensation for training and/or CEUs	42%	38%	45%	70%
Sign-on bonus	38%	34%	47%	58%
Target the unemployed	28%	34%	10%	1%
Education reimbursement program	24%	23%	32%	26%
Target retirement communities/retirees	20%	25%	1%	1%
Other	3%	2%	8%	6%
None of the above	3%	3%	4%	3%

Unstaffed Positions: Service Providers

When asked if they have any unstaffed service provider positions, 67% of spas said they had openings that they are actively trying to fill, including 69% of day spas and 74% of resort/hotel spas. The number of unfilled service provider positions is estimated at 35,870 of which 17,070 are full time and 18,800 part-time.

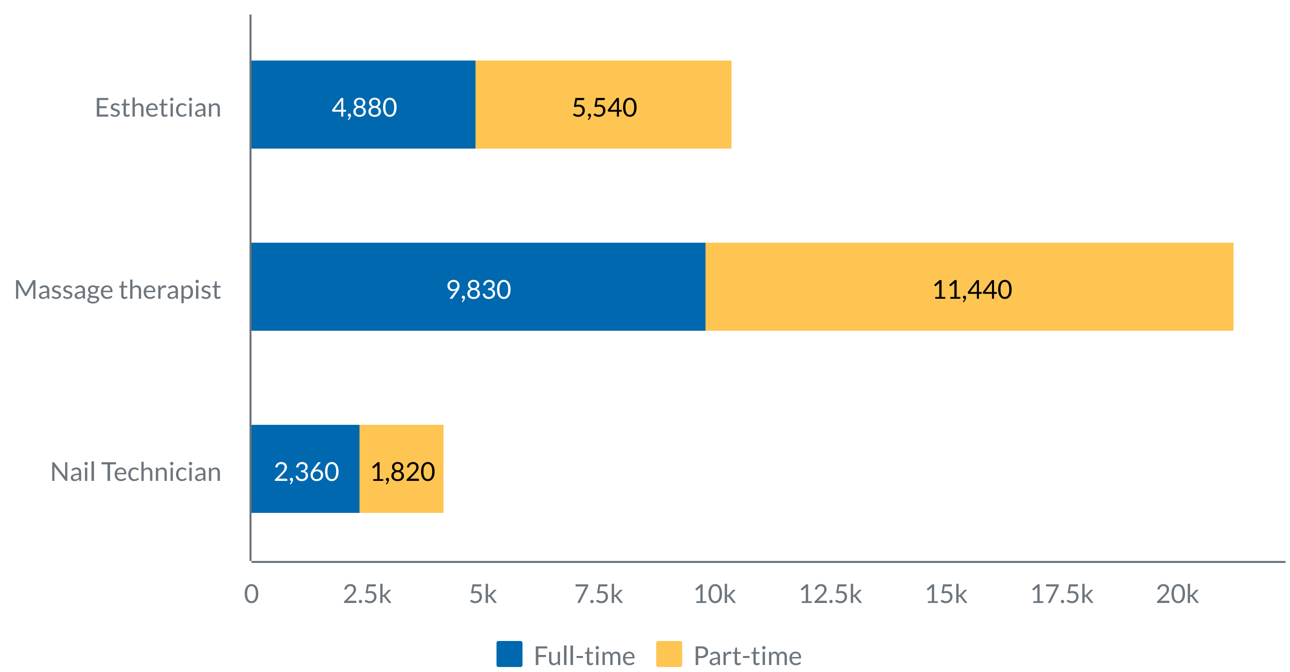
Massage therapists account for the largest number of unfilled positions that spas are currently trying to fill, a total of 21,270 representing 59% of unfilled service provider positions. The massage therapist share of unfilled positions is estimated at 58% in the day spa sector and 63% in the resort/hotel sector.

Estheticians account for an estimated 10,420 unstaffed positions, 29% of the service provider total. The esthetician share of service provider vacancies was higher among day spas (33%) compared to resort/hotel spas (15%).

The remaining 4,180 positions are for nail technicians (12%). The nail technician share of service provider vacancies was highest among resort/hotel spas (22%) and accounted for just under one in 10 day spa vacancies (9%).

The number of unfilled service provider positions equates to 10% of total employment in the spa industry as of January 2023. That is down from 15% in January 2022, albeit the number of unfilled positions at that time was elevated as the spa industry emerged from the pandemic downturn. The January 2023 proportion is more closely aligned with the 8% estimated for January 2020, prior to the pandemic.

UNSTAFFED POSITIONS: SERVICE PROVIDERS



UNSTAFFED POSITIONS: SERVICE PROVIDERS

		All	Day	Resort/Hotel	Other
Esthetician	FULL-TIME	4,880	4,300	410	170
	PART-TIME	5,540	4,690	580	270
	ALL	10,420	8,990	990	440
Massage Therapist	FULL-TIME	9,830	7,420	1,550	860
	PART-TIME	11,440	8,520	2,620	310
	ALL	21,270	15,940	4,170	1,170
Nail Technician	FULL-TIME	2,360	1,800	550	20
	PART-TIME	1,820	690	900	230
	ALL	4,180	2,490	1,450	250
All Service Providers	FULL-TIME	17,070	13,520	2,510	1,050
	PART-TIME	18,800	13,900	4,100	810
	ALL	35,870	27,420	6,610	1,860

Unstaffed Positions: Directors, Managers and Front-desk Staff

Spas saying that they have unstaffed positions were asked to also say how many spa director, spa manager and front desk/receptionist positions they are actively trying to fill.

The total number of spa director positions that spas are currently seeking to fill is estimated at 970, of which 770 (79%) are full-time and 200 (21%) are part-time positions.

It is estimated that spas are seeking to fill 2,760 spa manager positions, of which 2,230 (81%) are full-time with the remaining 530 (19%) part-time openings.

The total number of front desk/receptionist positions that spas are currently seeking to fill is estimated at 7,470, of which 3,950 (53%) are full-time and 3,520 (47%) are part-time positions.

UNSTAFFED POSITIONS: SPA DIRECTORS, MANAGERS AND FRONT-DESK STAFF

	Full-time	Part-time	All
Spa Director	770	200	970
Spa Manager	2,230	530	2,760
Front Desk	3,950	3,520	7,470
All	6,950	4,250	11,200

EMPLOYMENT: COMPENSATION

This Section presents the survey findings for employee compensation in the spa industry, under the following headings:

Movements in compensation levels over the last year, separately for:

- Leadership/management positions
- Front desk/receptionist/concierge positions
- Massage therapist positions.

Average annual compensation levels by employee role, i.e.:

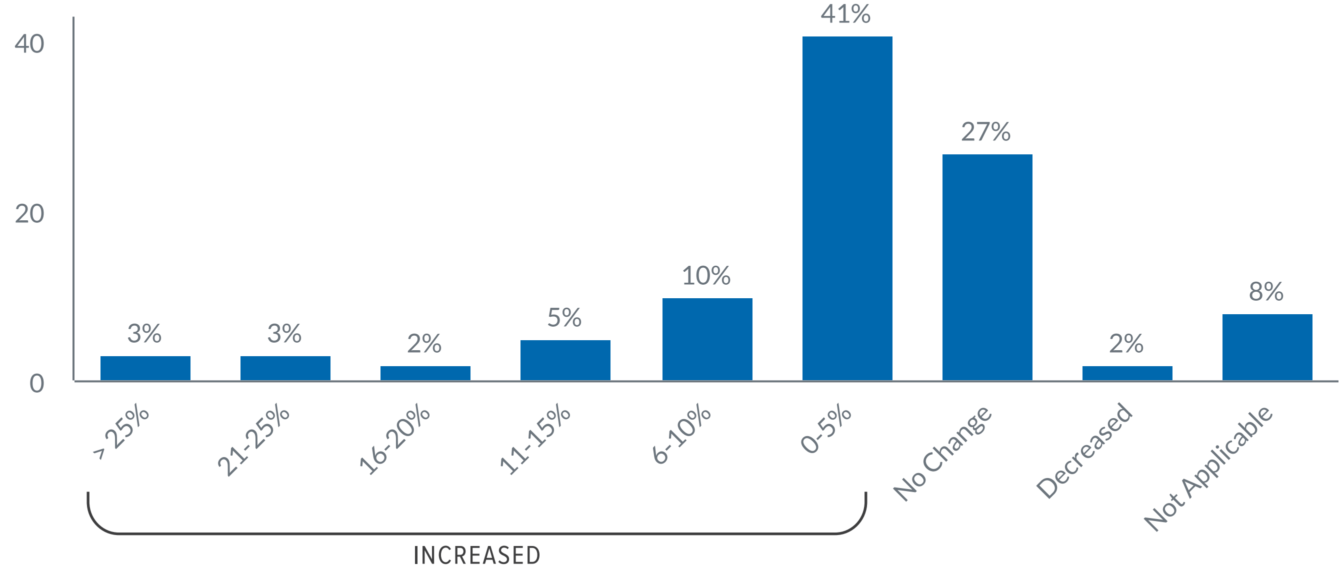
- Spa director
- Spa manager
- Esthetician
- Massage therapist
- Nail technician
- Front desk/receptionist.

Movement in Annual Compensation Levels: Leadership/Management

Annual compensation levels for full-time leadership/management positions, such as spa manager, increased in 63% of spas. Almost one in eight spas (12%) reported an increase in compensation levels of 11% or more, with a further 10% citing an increase in the range 6%-10% and 41% saying levels had risen by 5% or less. A little over one in four spas (27%) reported no change in compensation levels. Just 2% of spas said compensation levels had reduced.

The distribution of changes in annual compensation levels for leadership/management positions varied between day and resort/hotel spas. Across the resort/hotel sector, almost one in three spas (32%) reported an increase of 6% or more compared with 16% of day spas. Within the day spa sector, 30% said compensation levels had remained unchanged compared with 19% of resort/hotel spas.

MOVEMENT IN ANNUAL COMPENSATION LEVELS, LEADERSHIP/MANAGEMENT



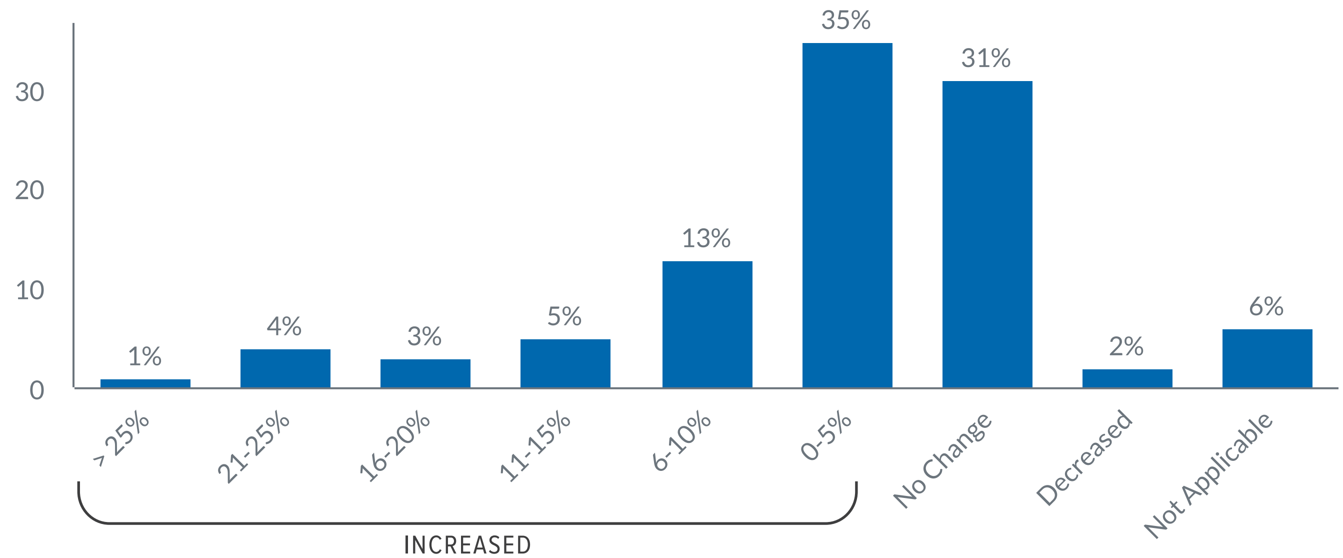
	All spas	Day	Resort/ Hotel
More than 10% increase	12%	8%	13%
6-10% increase	10%	8%	19%
0-5% increase	41%	43%	44%
No change	27%	30%	19%
Decrease	2%	2%	1%
Not applicable	8%	8%	4%

Movement in Annual Compensation Levels: Front Desk/Receptionist/Concierge

Annual compensation levels for full-time front desk/receptionist/concierge positions increased in 61% of spas. Almost one in eight spas (12%) reported an increase in compensation levels of 11% or more. Compensation levels increased by 6%-10% in 13% of spas. Over one in three spas (35%) said compensation levels had risen at a more modest pace, by 5% or less. Almost one in three spas (31%) reported no change in compensation levels. Just 2% of spas said compensation levels had decreased.

An increase in compensation levels for front desk/receptionist positions was reported by almost nine in 10 resort/hotel spas (87%) compared with a little over one in two day spas (54%). Day spas were more likely than resort/hotel spas to say that compensation levels had remained unchanged, by a margin of 37% to 11%.

MOVEMENT IN ANNUAL COMPENSATION LEVELS,
FRONT DESK/RECEPTIONIST/CONCIERGE



	All spas	Day	Resort/ Hotel
More than 15% increase	7%	5%	11%
11-15% increase	5%	5%	9%
6-10% increase	13%	12%	23%
0-5% increase	35%	33%	44%
No change	31%	37%	11%
Decrease	2%	3%	1%
Not applicable	6%	6%	2%

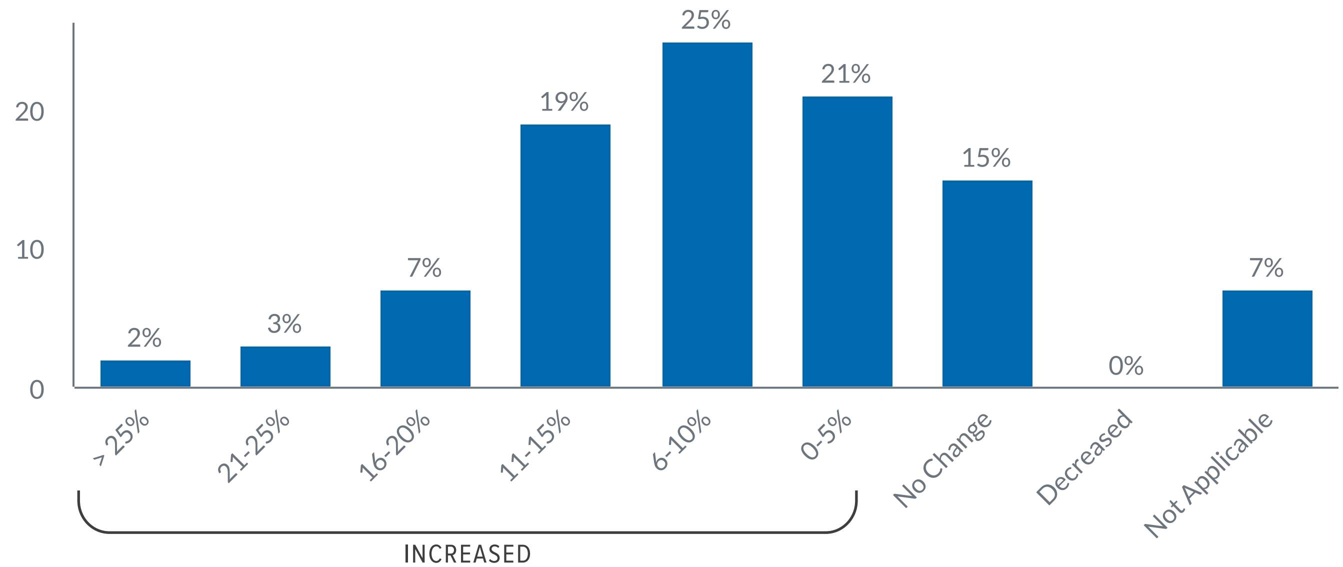
Movement in Annual Compensation Levels: Massage Therapist

Annual compensation levels for full-time massage therapist positions increased in 78% of spas. Close to one in three spas (32%) said compensation levels had risen by 11% or more. A further 25% of spas reported an increase in in the 6%-10% range along with 21% saying levels had risen by 5% or less. Compensation levels were unchanged in 15% of spas.

Day and resort/hotel spas were almost equally likely to say they had increased compensation levels for massage therapists; 81% and 82% respectively.

Wage pressures for massage therapists were evident in both spa sectors, with one in three day spas (33%) and 26% of resort/hotel spas saying that compensation levels had risen by 11% or more.

MOVEMENT IN ANNUAL COMPENSATION LEVELS,
MASSAGE THERAPIST



	All spas	Day	Resort/ Hotel
More than 15% increase	13%	13%	15%
11-15% increase	19%	20%	11%
6-10% increase	25%	28%	25%
0-5% increase	21%	20%	31%
No change	15%	15%	16%
Decrease	0%	0%	0%
Not applicable	7%	4%	2%

Average Annual Compensation

For the 2023 Industry Study, respondents were asked to state the average annual compensation (including gratuities) received by full-time staff across the range of employee roles, including service providers and leadership/management roles.

Among day spas, the average compensation levels quoted for service providers ranged from $45,400 for estheticians to $35,000 for nail technicians.

Compensation levels for service providers working in the resort/hotel sector are higher than in day spas, on average. The average levels range from $70,400 for massage therapists to $47,700 for nail technicians.

The estimated average compensation level for spa managers is $51,800 in day spas compared to $62,700 in resort/hotel spas.

The difference in compensation levels between day spas and resort/hotel spas is widest in relation to spa directors, with an average annual compensation level of $99,300 in resort/hotel spas compared with $71,200 in day spas.

The average compensation received by front desk/receptionist staff was $33,700 in the day spa sector, compared with $37,500 in resort/hotel spas.

The figures presented in the table below are averages for each position. Compensation levels vary considerably around the average levels, both by employee role and by spa type. Those variations are shown in further detail in the remaining slides within this section.

AVERAGE ANNUAL COMPENSATION (INCLUDING GRATUITIES), FULL-TIME INDIVIDUALS

	All	Day	Resort/Hotel
Spa Directors	$80,200	$71,200	$99,300
Spa Managers	$54,500	$51,800	$62,700
Esthetician	$48,000	$45,400	$63,600
Massage therapist	$48,100	$45,000	$70,400
Nail technician	$38,600	$35,000	$47,700
Front desk/receptionist	$34,200	$33,700	$37,500

Spa Director Compensation

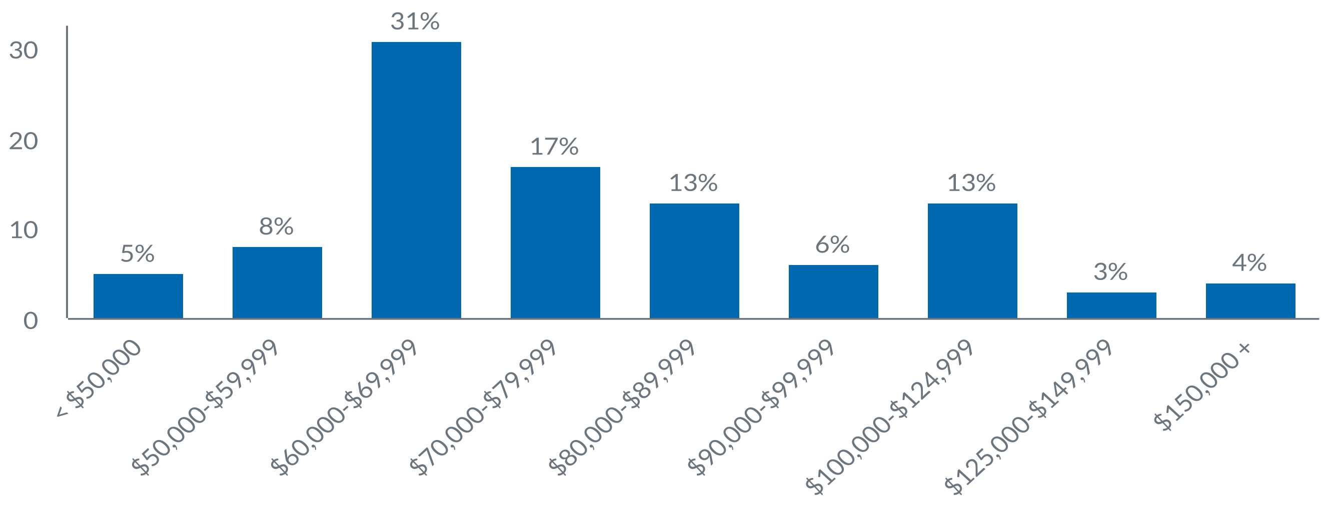
Spa director compensation levels vary widely around the overall average of $80,200. Almost one in two (48%) receive compensation in the range $60,000 to $79,999 with 39% earning $80,000 or more and 13% earning under $60,000.

The distribution of compensation levels for spa directors varies sharply by type of spa.

In the day spa sector, almost one in two spas (48%) said they have a spa director role. Of those, 60% said their annual compensation level for that position was in the range $60,000 to $79,999. A little under one in five (18%) quoted an annual compensation level under $60,000 with the remaining 23% reporting a compensation level of $80,000 and above.

By contrast, in the resort/hotel spa sector, where 90% said they employ a spa director, 80% said that their spa directors receive compensation in excess of $80,000, including 43% earning $100,000 or more. Almost one in five (17%) quoted a salary in the range $60,000 to $79,999. The proportion earning less than $60,000 was 3%.

SPA DIRECTOR COMPENSATION



SPA DIRECTOR COMPENSATION

	All	Day	Resort/Hotel
Spa Directors	$80,200	$71,200	$99,300

SPA DIRECTOR COMPENSATION, BY TYPE OF SPA

	All	Day	Resort/Hotel
Less than $50,000	5%	6%	0%
$50,000 to $59,999	8%	11%	3%
$60,000 to $69,999	31%	40%	7%
$70,000 to $79,999	17%	20%	11%
$80,000 to $89,999	13%	11%	17%
$90,000 to $99,999	6%	3%	20%
$100,000 to $124,999	13%	9%	25%
$125,000 to $149,999	3%	0%	13%
$150,000 or more	4%	0%	6%

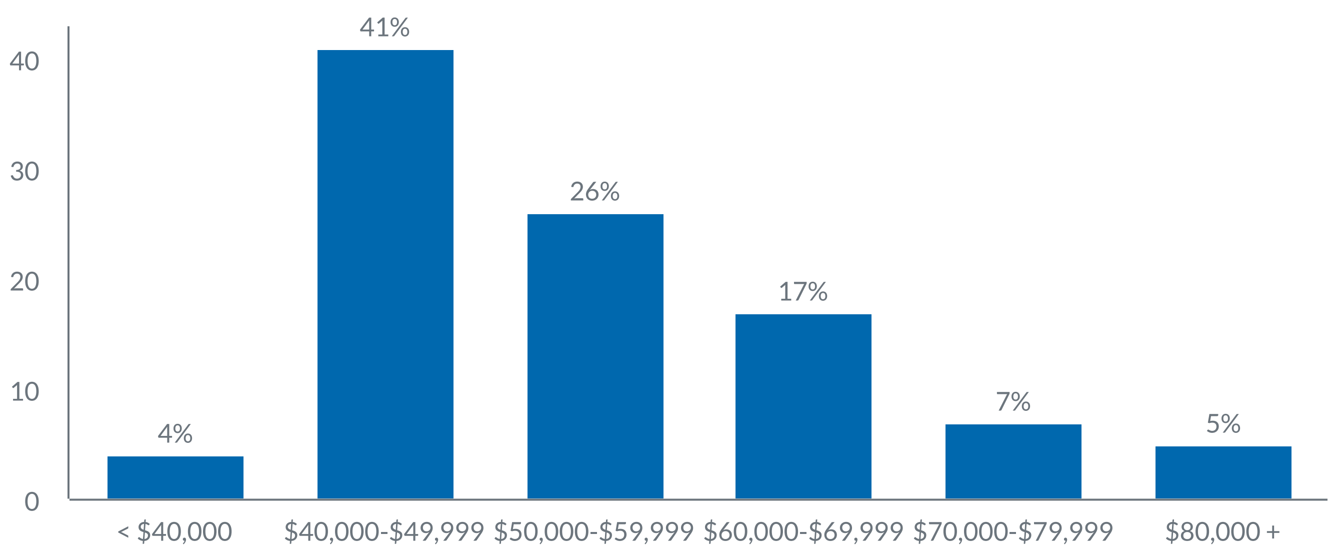
Spa Manager Compensation

Among spas employing managers on a full-time basis (88%), the most frequently cited compensation level (41%) was in the range $40,000 to $49,999, followed by 26% receiving $50,000 to $59,999. A little over one in four (28%) quoted a salary of $60,000 and above with the remaining 4% saying their managers receive less than $40,000.

In the day spa sector, where 91% said they employ a full-time spa manager, almost half of respondents (48%) quoted an average compensation level in the range $40,000 to $49,999 while 28% cited a figure in the range $50,000 to $59,999. One in five (20%) said their managers receive $60,000 and above with the remaining 4% reporting a compensation level of less than $40,000.

Similar to the spa director role, compensation levels skew higher in the resort/hotel sector, where 87% of spas employ a manager. Almost two in three (64%) said their compensation levels for managers was $60,000 or more, including 10% quoting a level of $80,000 or more.

SPA MANAGER COMPENSATION



AVERAGE ANNUAL COMPENSATION (INCLUDING GRATUITIES), SPA MANAGERS

	All	Day	Resort/Hotel
Spa Managers	$54,500	$51,800	$62,700

SPA MANAGER COMPENSATION, BY TYPE OF SPA, FULL-TIME EMPLOYEES

	All	Day	Resort/Hotel
Less than $40,000	4%	4%	2%
$40,000 to $49,999	41%	48%	14%
$50,000 to $59,999	26%	28%	20%
$60,000 to $69,999	17%	13%	38%
$70,000 to $79,999	7%	4%	16%
$80,000 or more	5%	2%	10%

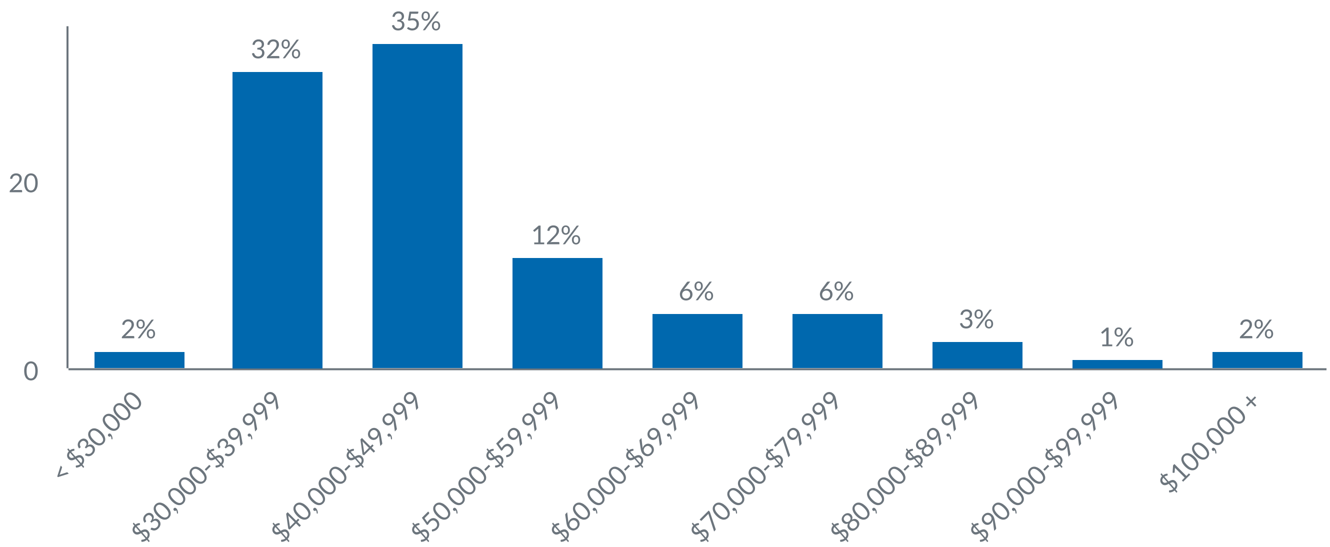
Esthetician Compensation

Amongst spas employing estheticians on a full-time basis (88%), average annual compensation was $48,000, with 35% of spas quoting a compensation level in the range $40,000 to $49,999. Almost one in three spas (30%) said their estheticians receive $50,000 or more with a similar proportion (35%) reporting a figure of less than $40,000.

In the day spa sector, where 90% said they employ one or more full-time estheticians, average annual compensation was $45,400, with 37% of spas quoting a compensation level in the range $40,000 to $49,999. 41% of day spas quoted an annual compensation level less than $40,000 while 22% said their estheticians earn $50,000 or more.

In the resort/hotel spa sector, where 77% said they employ one or more full-time estheticians, the average annual compensation level was $63,600. Three in four resort/hotel spas (75%) cited an annual compensation level of $50,000 or more. A little under one in five (17%) said their estheticians receive a compensation level in the range $40,000 to $49,999 while 8% gave a figure below $40,000.

ESTHETICIAN COMPENSATION



AVERAGE ANNUAL COMPENSATION (INCLUDING GRATUITIES), ESTHETICIAN

	All	Day	Resort/Hotel
Esthetician	$48,000	$45,400	$63,600

ESTHETICIAN COMPENSATION, BY TYPE OF SPA, FULL-TIME EMPLOYEES

	All	Day	Resort/Hotel
Less than $30,000	2%	3%	3%
$30,000 to $39,999	32%	38%	5%
$40,000 to $49,999	35%	37%	17%
$50,000 to $59,999	12%	11%	16%
$60,000 to $69,999	6%	4%	23%
$70,000 to $79,999	6%	4%	12%
$80,000 to $89,999	3%	1%	14%
$90,000 to $99,999	1%	1%	6%
$100,000 or more	2%	3%	5%

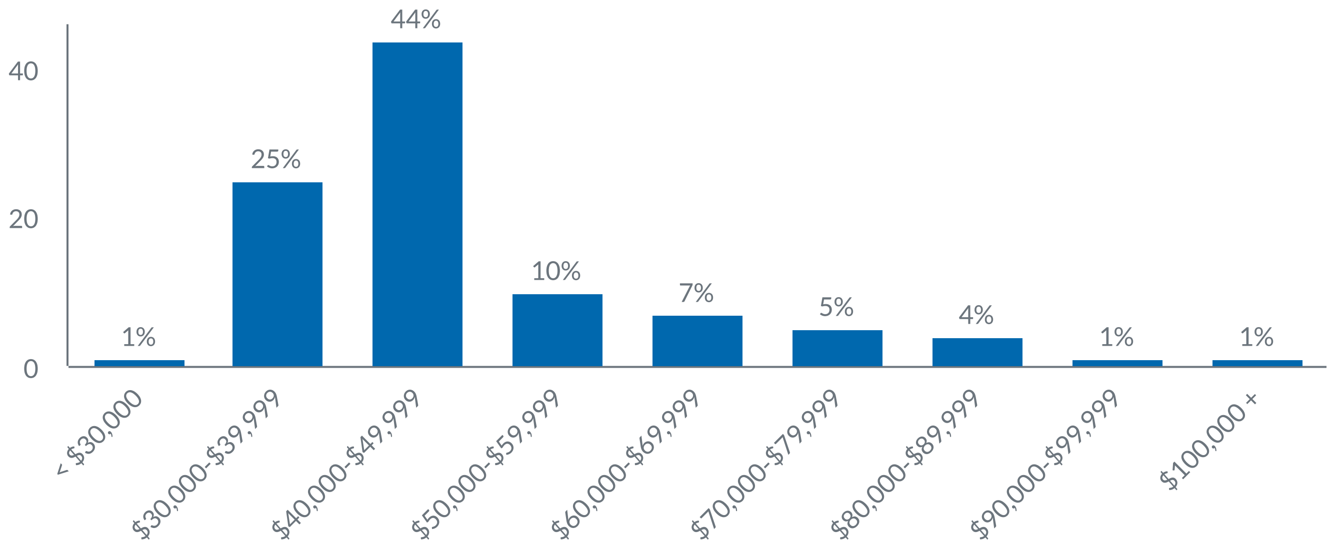
Massage Therapist Compensation

Amongst spas employing massage therapists on a full-time basis (90%), the average annual compensation level quoted was $48,100. 44% of spas said their massage therapists earn $40,000 to $49,999 annually. A little over one in four (26%) quoted a compensation level less than $40,000 with the remaining 29% saying that compensation levels are $50,000 or more.

In the day spa sector, where 94% said they employ one or more full-time massage therapists, one in two respondents (50%) quoted an annual compensation level in the range $40,000 to $49,999. A little under one in three (30%) said their massage therapists receive less than $40,000 with the remaining 20% citing a figure of $50,000 or more.

In the resort/hotel spa sector, where 82% said they employ one or more full-time massage therapists, compensation levels again skewed higher. Over four in five resort/hotel spas (83%) said that compensation levels for massage therapists were $50,000 or more, including 40% paying $80,000 or more. A little under one in five resort/hotel spas (17%) said their massage therapists receive less than $50,000.

MASSAGE THERAPIST COMPENSATION



AVERAGE ANNUAL COMPENSATION (INCLUDING GRATUITIES), MASSAGE THERAPIST

	All	Day	Resort/Hotel
Massage Therapist	$48,100	$45,000	$70,400

MASSAGE THERAPIST COMPENSATION, BY TYPE OF SPA, FULL-TIME EMPLOYEES

	All	Day	Resort/Hotel
Less than $30,000	1%	1%	1%
$30,000 to $39,999	25%	29%	6%
$40,000 to $49,999	44%	50%	11%
$50,000 to $59,999	10%	8%	10%
$60,000 to $69,999	7%	4%	19%
$70,000 to $79,999	5%	4%	13%
$80,000 to $89,999	4%	2%	21%
$90,000 to $99,999	1%	0%	10%
$100,000 or more	1%	1%	9%

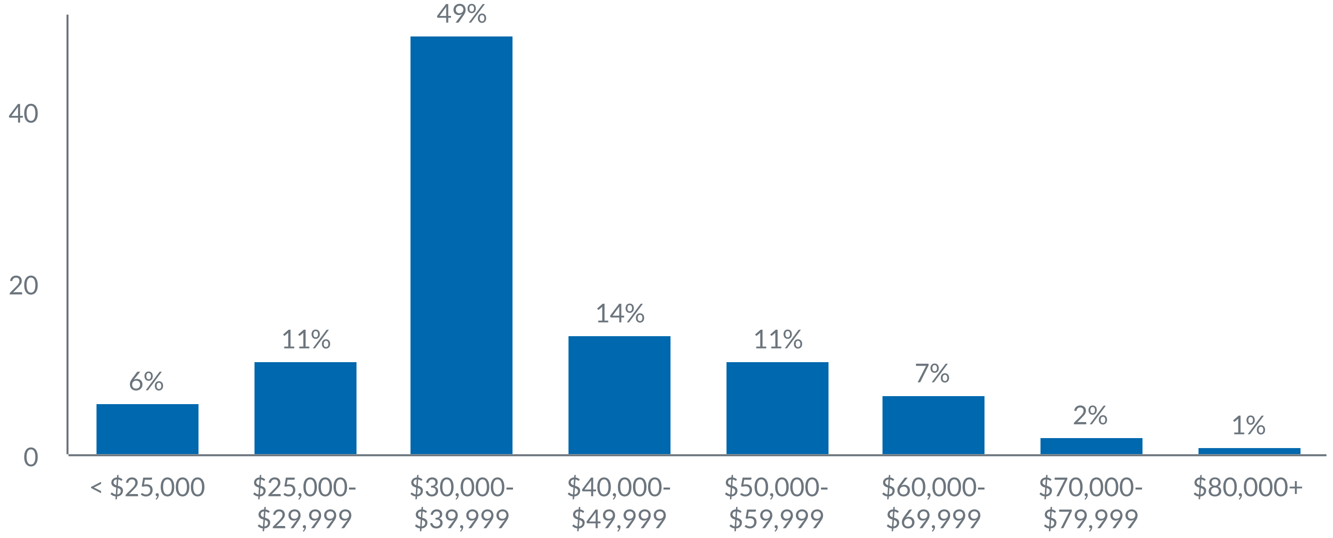
Nail Technician Compensation

Amongst spas employing nail technicians on a full-time basis (33%), the average annual compensation level quoted was $38,600. Almost one in two spas (49%) said that compensation levels were in the range $30,000 to $39,999, with 17% citing compensation levels below $30,000 and 34% giving a figure of $40,000 or more.

In the day spa sector, where 29% said they employ one or more full-time nail technicians, 58% said compensation levels are in the range $30,000 to $39,999. Almost one in four (23%) quoted an amount less than $30,000 with the remaining 19% giving a figure of $40,000 and above.

In the resort/hotel spa sector, where 58% said they employ one or more full-time nail technicians, the most frequently cited compensation level (31%) was in the range $50,000 to $59,999. A little over one in five (22%) said their nail technicians received compensation of $60,000 or more.

NAIL TECHNICIAN COMPENSATION



AVERAGE ANNUAL COMPENSATION (INCLUDING GRATUITIES), NAIL TECHNICIAN

	All	Day	Resort/Hotel
Nail Technician	$38,600	$35,000	$47,700

NAIL TECHNICIAN COMPENSATION, BY TYPE OF SPA, FULL-TIME EMPLOYEES

	All	Day	Resort/Hotel
Less than $25,000	6%	8%	1%
$25,000 to $29,999	11%	15%	1%
$30,000 to $39,999	49%	58%	28%
$40,000 to $49,999	14%	8%	17%
$50,000 to $59,999	11%	4%	31%
$60,000 to $69,999	7%	4%	20%
$70,000 to $79,999	2%	2%	2%
$80,000 or more	1%	0%	0%

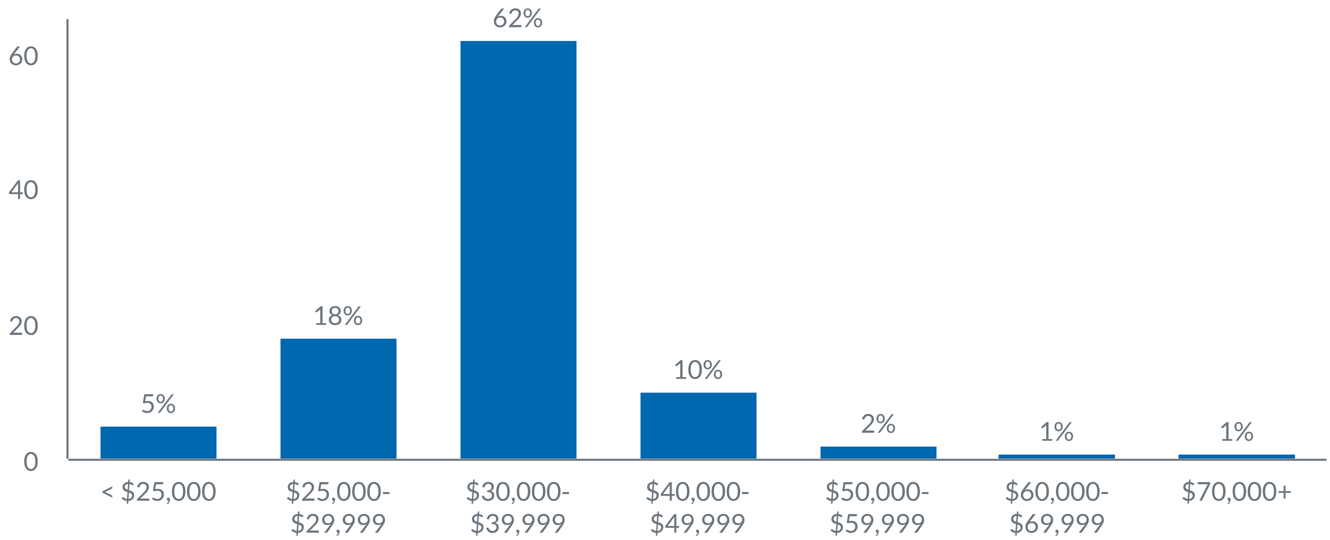
Front Desk/Receptionist Compensation

Compensation levels for full-time front desk/receptionist roles are relatively concentrated in the $30,000 to $39,999 range, quoted by 62% of spas. A little under one in four spas (24%) reported full-time annual compensation levels below $30,000 while 14% said that compensation levels are $40,000 or more.

In the day spa sector, 63% of spas reported annual compensation levels for front desk/receptionist staff in the range $30,000 to $39,999. Slightly more than one in four day spas (26%) reported a compensation level less than $30,000 while 11% said that compensation levels are $40,000 or more.

In the resort/hotel spa sector, a little under one in two spas (48%) quoted an annual compensation level for front desk/receptionist staff in the range $30,000 to $39,999. Just over one in four resort/hotel spas (27%) said that compensation levels are in the range $40,000 to $49,999 with 11% citing a figure of $50,000 or more. The remaining 13% said compensation levels are less than $30,000.

FRONT DESK/RECEPTIONIST COMPENSATION



AVERAGE ANNUAL COMPENSATION (INCLUDING GRATUITIES), FRONT DESK/RECEPTIONIST

	All	Day	Resort/Hotel
Front Desk/Receptionist	$34,200	$33,700	$37,500

FRONT DESK/RECEPTIONIST COMPENSATION, BY TYPE OF SPA, FULL-TIME EMPLOYEES

	All	Day	Resort/Hotel
Less than $25,000	5%	5%	6%
$25,000 to $29,999	18%	21%	7%
$30,000 to $39,999	62%	63%	48%
$40,000 to $49,999	10%	7%	27%
$50,000 to $59,999	2%	2%	7%
$60,000 to $69,999	1%	1%	4%
$70,000 or more	1%	1%	0%

SPA INDUSTRY PROFILE

This Section presents a profile of the estimated 21,790 spa industry establishments located across the U.S as of end-2022. 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 attributes of spa establishments:

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.

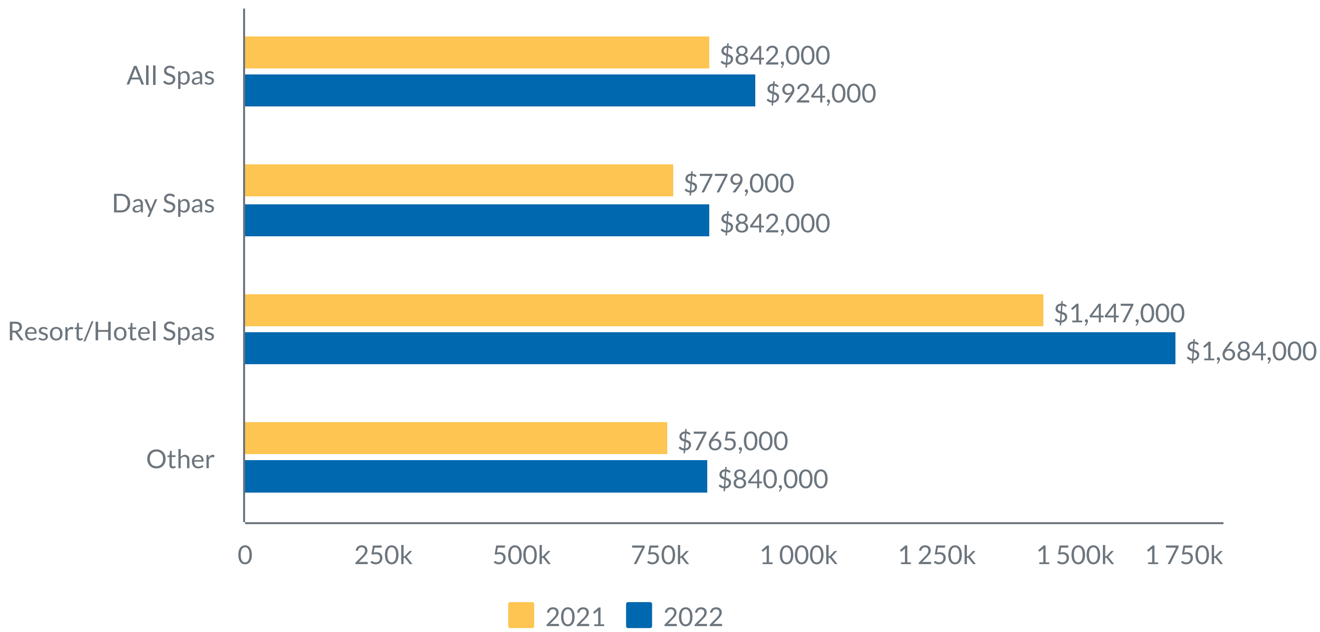
The key size indicators are shown for the main spa types in the Key Ratios table on the following page.

In addition to revenues per spa, the table also shows the per spa averages for visits and employees as well as revenue per visit and per employed person.

Resort/hotel spas generate higher average revenues per visit ($162) compared to day spas ($100). They also have higher average numbers of visits – 10,380 versus the day spa average of 8,380. Consequently, in 2022, revenue per resort/hotel spa ($1.684 million) was twice the average for day spas ($842,000).

In 2022, the average revenue per resort/hotel spa rose by 16% on the 2021 level, compared with an 8% uptick for the day spa average.

AVERAGE REVENUE PER SPA ESTABLISHMENT



KEY RATIOS BY SPA TYPE

	All spas	Day	Resort/hotel	Other
Revenue per spa	**$924,000**	**$842,000**	**$1,684,000**	**$840,000**
Per visit	$112	$100	$162	$141
Per employed person	$55,810	$54,610	$57,660	$61,510
Visits per spa	**8,280**	**8,380**	**10,380**	**5,940**
Total employees per spa	**16.5**	**15.4**	**29.2**	**13.6**
Full-time	7.9	7.2	14.8	6.8
Part-time	8.0	7.8	12.4	6.0
Contract	0.7	0.5	2.0	0.9

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.

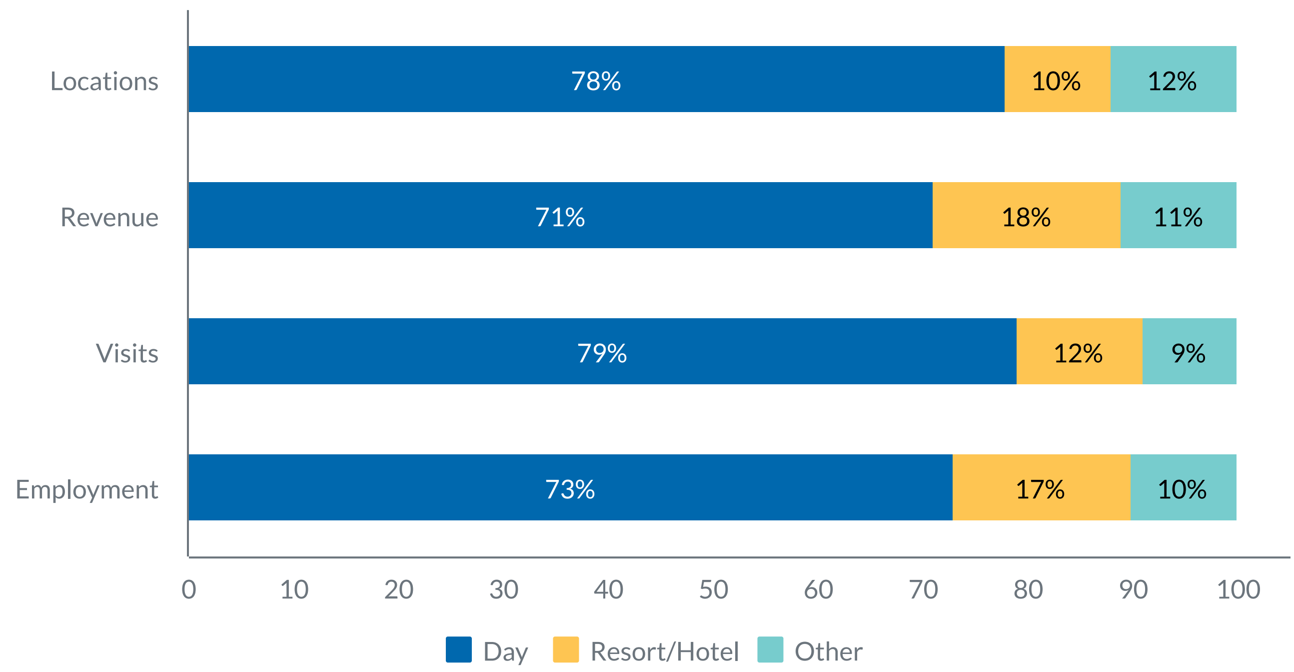
The Big 5: Composition by Spa Type

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

While they account for 10% of locations, resort/hotel spas account for almost one-fifth of total spa industry revenue (18%) and 17% of employment. The contrast reflects the larger scale of resort/hotel spas compared to the industry averages for revenue and employment.

In 2022, day spas accounted for 71% of total revenue, compared to 78% of locations. That is because spend per visitor in the day spa sector ($100) is below the industry average ($112). Similarly, the day spa share of employment (73%) is below the day spa share of locations. Though, the day spa share of total spa industry visits (79%) is closely aligned with the sector's share of locations.

COMPOSITION BY SPA TYPE



Geography of the Spa Industry

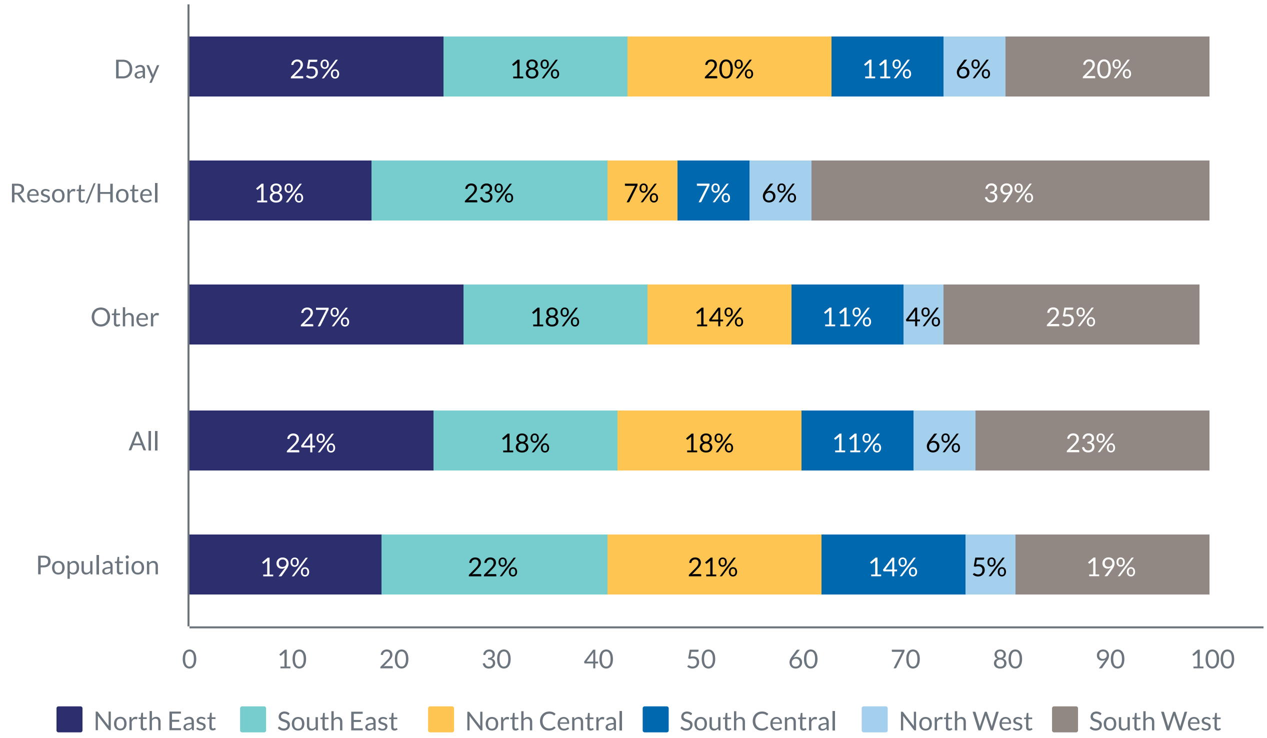
DISTRIBUTION OF SPA TYPES BY REGION

The distribution of spa types by region in 2022 shows little change from the historic pattern.

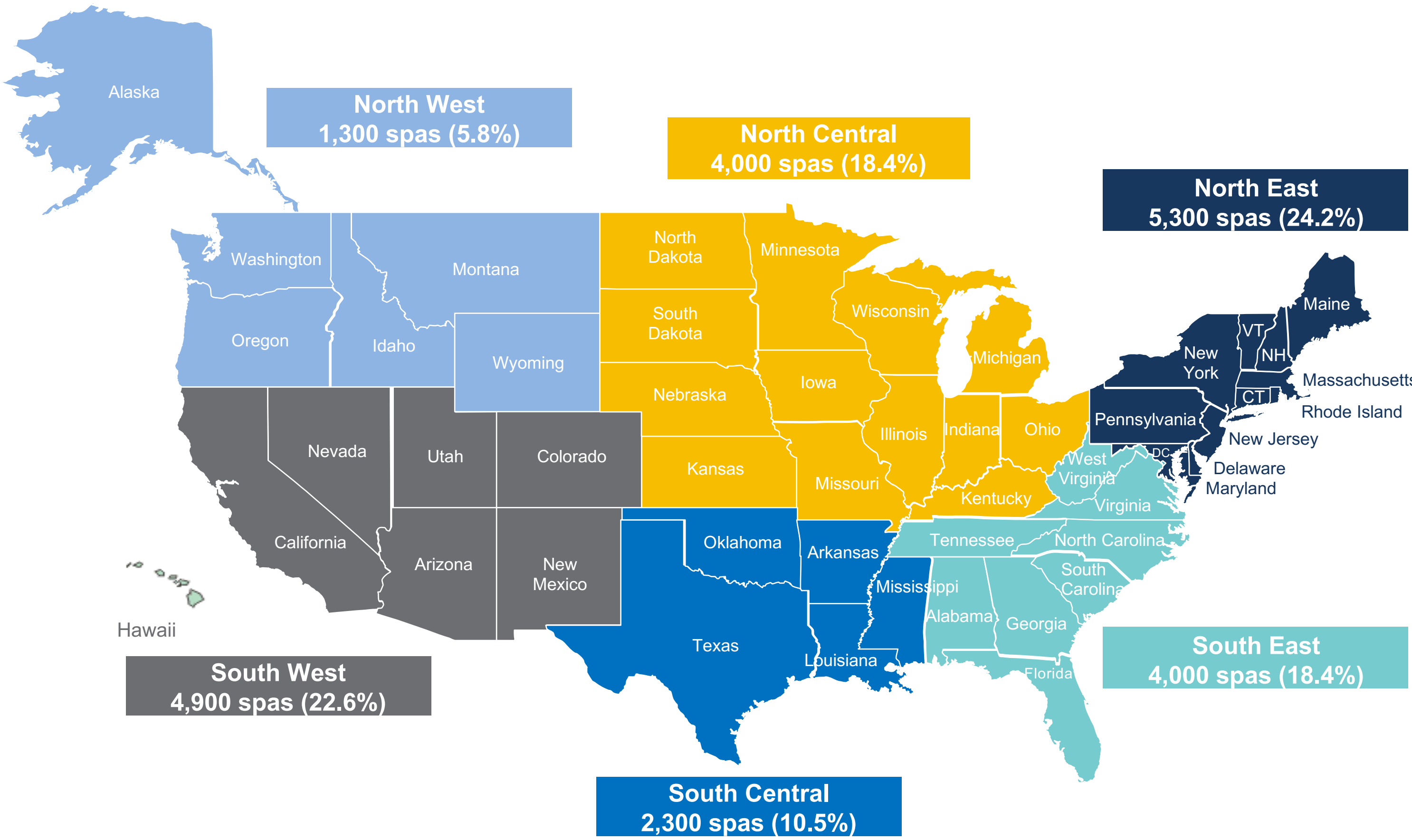
Compared to the general population, resort/hotel spas are more heavily concentrated in the South West region; 39% of such spas are located in the South West, i.e., over two times the region's 19% population share.

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 70. Key ratios by region are shown in the table on page 71.



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	**$924,000**	**$906,000**	**$875,000**	**$866,000**	**$918,000**	**$951,000**	**$1,024,000**
Per visit	$112	$112	$110	$104	$106	$111	$120
Per employed person	$55,800	$57,980	$53,530	$53,330	$55,440	$57,060	$57,180
Visits per spa	**8,280**	**8,090**	**7,940**	**8,290**	**8,680**	**8,570**	**8,510**
Total employees per spa	**16.6**	**15.6**	**16.3**	**16.2**	**16.6**	**16.7**	**17.9**
Full-time	7.9	7.1	7.8	8.0	8.6	8.1	8.2
Part-time	8.0	8.0	7.7	7.7	7.4	7.9	8.7
Contract	0.7	0.5	0.9	0.5	0.5	0.6	1.0
LOCATIONS*							
Total	**21,800**	**5,300**	**4,000**	**4,000**	**2,300**	**1,300**	**4,900**

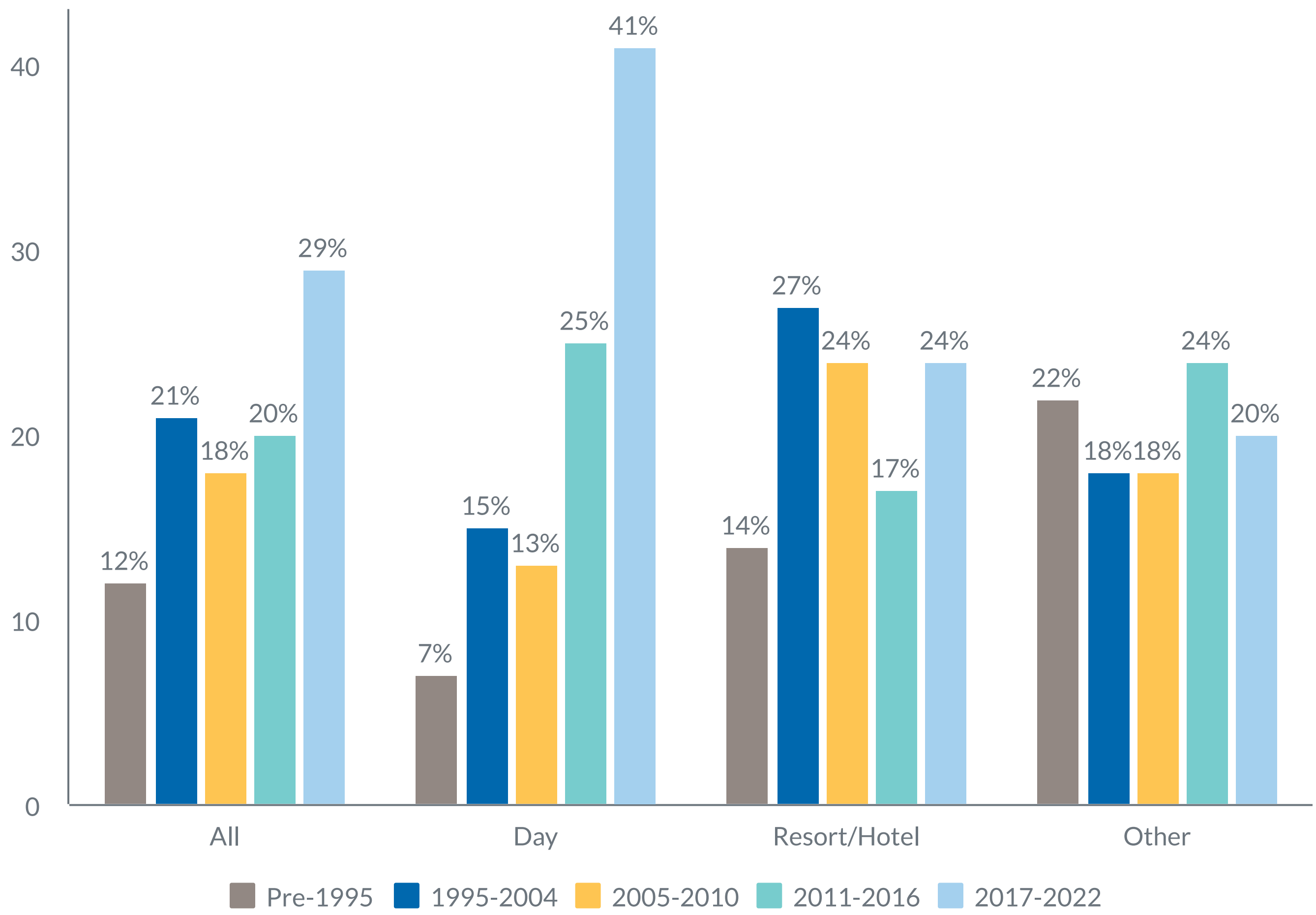
**Regional number of locations rounded to the nearest hundred.*

Note: The key ratios by region 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.

Year Spa Business Started

Among those spas in business at the end of 2022, 29% said they started in the period from 2017-2022. One in five (20%) commenced in the first half of the last decade, i.e., between 2011 and 2016. Similar proportions said they started between 2005 and 2010 (18%) and 1995-2004 (21%). The remaining 12% of spas have been in business since before 1995.

YEAR SPA BUSINESS STARTED



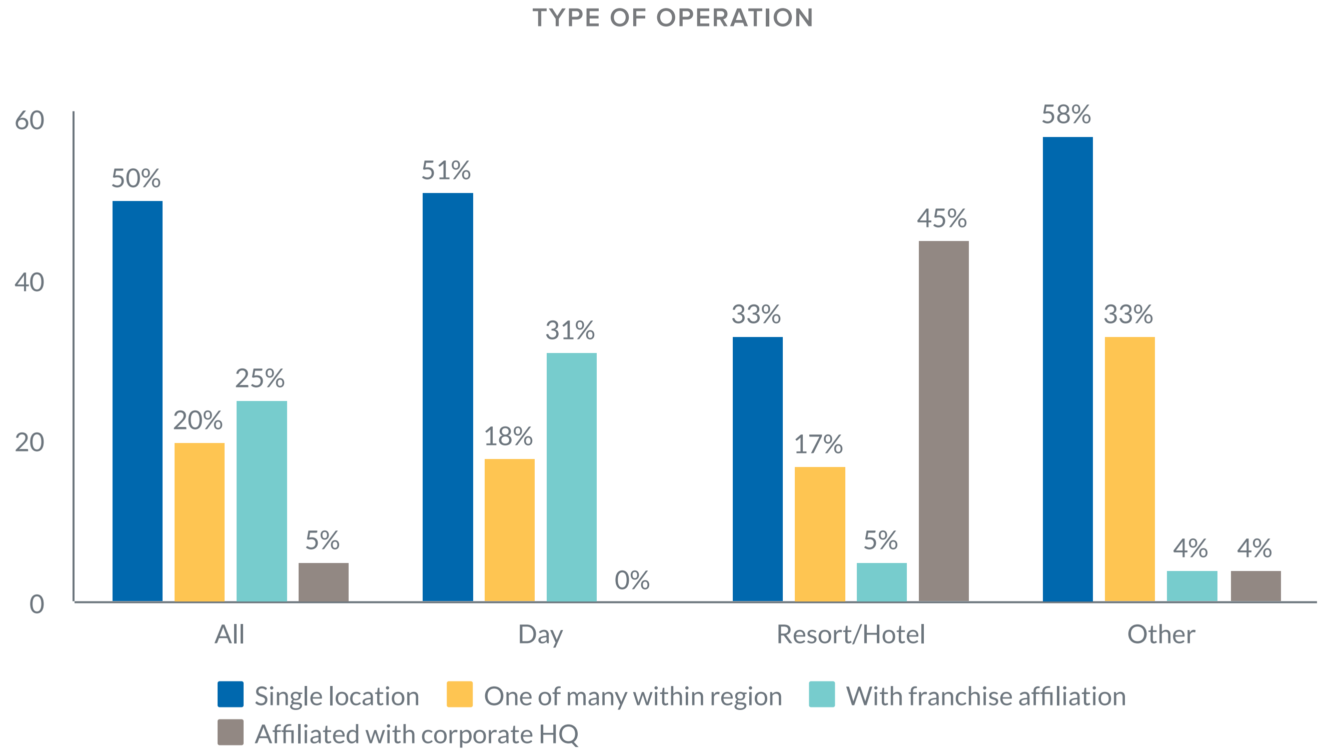
Type of Operation

One in two spa establishments (50%) describe themselves as single location operations.

One in five spa locations (20%) said they are one of a number of establishments within the same state or region and owned by the same owner/company.

Spas with a franchise affiliation account for 25% of establishments. The proportion is highest among day spas (31%).

Overall, 5% of spa establishments said they are affiliated with a national corporate headquarters. The proportion with such an affiliation is highest among resort/hotel spas (45%).



TECHNICAL APPENDIX

This Section describes the approach to the 2023 U.S. Spa Industry Study, under the following headings:

Overview on the methodology;

The questionnaire;

Survey outcomes; and

Comparability over time.

Survey Methodology

A large scale quantitative survey of spa establishments was undertaken to collect the information required to estimate the key statistics for the ISPA 2023 U.S. Spa Industry Study. The full survey was launched in January 2023 and completed in early-March 2023.

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 2022 revenues and visits and current employment levels. Respondents were also asked to provide information on their type of operation, year started, spa type and changes made in the past year.

The second part sought information on operating characteristics of spas, such as core spa services, average price per visit by type of service and spa policies. The survey questions included a particular focus on staffing, including open job positions, recruitment issues and compensation levels.

Contact details for spas invited to participate in the survey were obtained from the ISPA database of spa locations, containing information on over 9,200 contacts.

The Questionnaire

The questionnaire for the 2023 Industry Study was based on the questionnaire used for the 2022 Industry Study. This was to ensure continuity and consistency with the 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021 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 2022 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:

- Employment and staffing;
- Compensation levels;
- Open job positions;
- Product offering: Core spa services;
- Spa administration and policies;
- Looking forward to 2023.

Survey Outcomes

The survey was launched on a bespoke Internet registration site in January 2023 and ran until early-March 2023.

The estimates for key statistics are based on responses relating to 2,829 establishments. Those establishments were based on 438 survey returns that were submitted for either single locations or composite returns for businesses with 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 ±4.8%.

The margins of error are wider for sub-samples. Thus, for proportions based on all day spas, the margins of error are ±7.3%. For proportions relating to resorts/hotels, the indicative margins of error are ±7.4%.

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 2 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 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 for the key statistics 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.