



SURVEY REPORT ON Medical & Wellness Spas

By Linda W. Lewis

Day spas were the focus of the reader survey report in our July issue. This month we'll look at survey data from two other types of spas: medical spas, now only 6% of the total spas in this country but one of the fastest growing groups, and wellness spas, now at 9% of total spas. We last reported on wellness centers/spas in our November 2001 issue and included brief profiles of a few different models to give readers a feel for the different types of facilities that call themselves wellness centers/spas. Since this is our first look at medical spas, we'll provide similar information on them in this issue.

Photos Courtesy Reniu Laser Day Spa

WELLNESS SPAS

First, let's look at what's happened with wellness spas compared to our 2001 survey. The number of wellness spas has remained about the same, despite the growth in day spas and the surge in medical spas. We estimate that there are about 800 wellness spas in the U.S. Our survey report is based on 110 completed surveys from businesses that identified themselves as wellness centers with spas. The size of these wellness spas remains unchanged compared to our 2001 survey.

The service mix has changed significantly in only four areas. Fewer wellness spas are offering nutritional counseling and weight-loss programs, now 58% compared to 73% in 2001, and yet it remains one of the biggest moneymakers for wellness spas. Electrolysis/thermolysis (8% now compared to 19% in 2001), reflexology (70% now compared to 79% in 2001), Yoga, tai chi and other exercise programs (now 35% compared to 41% in 2001) also showed up in fewer wellness businesses.

Services That Produce the Most Revenue—Wellness Spas*



*Respondents were asked to name the top three, but many listed only one or two services; only services listed by at least 5% of respondents were included in the chart.

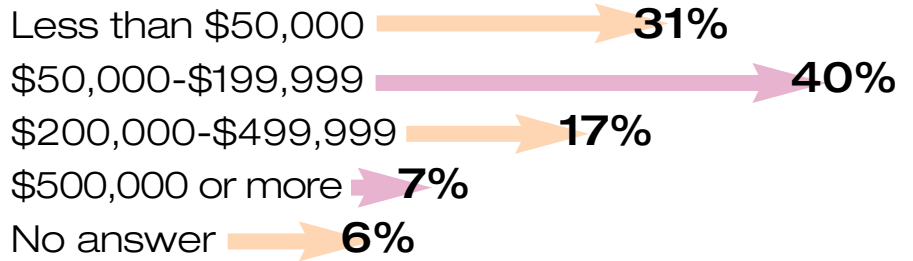
Services Offered—Wellness Spas

Massage	97%
Aromatherapy	85%
Body scrubs/masks/wraps	75%
Reflexology	70%
Facials	66%
Energy therapies	63%
Nutrition counseling/weight loss	58%
Cellulite treatments	46%
Waxing/sugaring	45%
Yoga/tai chi	35%
Steam therapy	33%
Natural nail care	31%
Pedicures	31%
Makeup application	31%
Self tanning	27%
Hydrotherapy	27%
Microdermabrasion	21%
Nail extensions	18%
Ayurvedic	16%
Hair care	11%
Paramedical makeup	9%
Color therapy	9%
Vichy shower	9%
Electrolysis/thermolysis	8%
Permanent makeup	8%
IPL/photofacials	7%
Laser hair removal	5%
Other*	35%

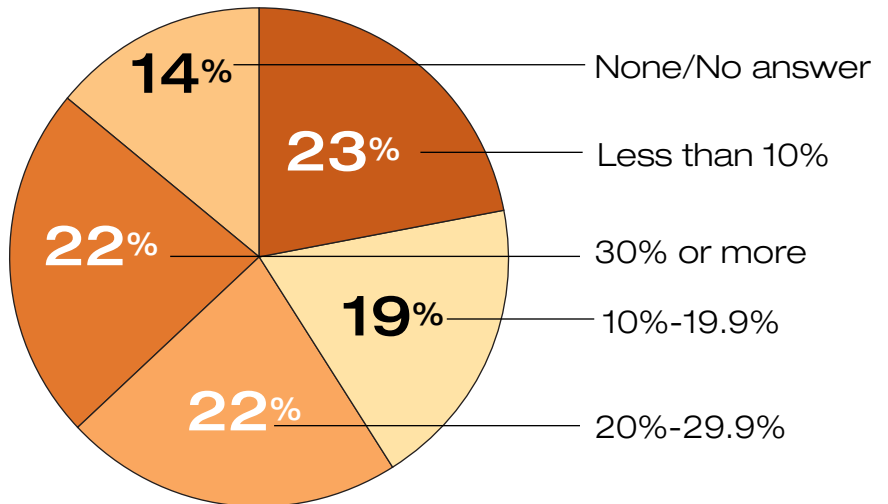
*Some of the services listed under "Other" included acupuncture (8%), colonics (6%), chiropractic (5%), cranial-sacral (4%), naturopathy (3%) and hypnotherapy (3%).

The financial health of wellness spas hasn't changed much either; a slightly higher percentage of businesses bring in less than \$50,000 in revenue (31% compared to 28%), but there was a definite jump in the percentage of spas bringing in \$500,000 or more, from 1% in 2001 to 7% this year. The good news is that 45% of wellness spas derive 20% or more of their revenue from retail sales. The high percentage (34%) keeping 20% or more of revenues as profit may be influenced by the retail sales ratio, but it's more likely a function of lots of single operator businesses, since 90% of these wellness spas employ five or fewer full-time employees.

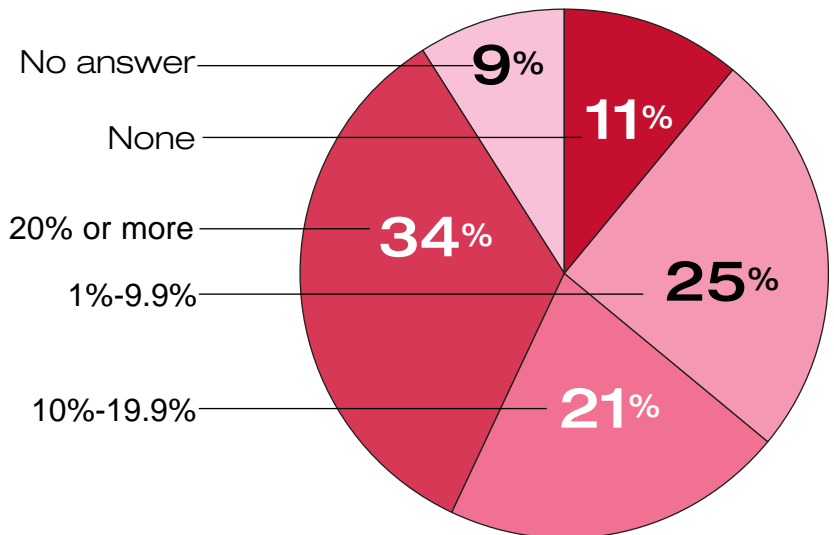
Gross Annual Business Revenue—Wellness Spas



Percentage of Gross Revenue From Retail Sales—Wellness Spas



Percentage of Gross Revenue Remaining as Profit—Wellness Spas



COMPARING WELLNESS, MEDICAL AND DAY SPAS

Day spas are generally larger than wellness spas or medical spas; they employ more full-time workers than either and use more independent contractors than medical spas but fewer than wellness spas. The biggest difference is in the number of clients served in a typical week: Day spas serve an average of 233 clients in a typical week, while medical spas take care of only 71 per week and wellness spas see only 68. But while day spas are seeing more clients, the medical spas are bringing in clients primarily for high-ticket services (see chart on this page) compared to wellness spas (see chart on page 134) and day spas. In day spas the top money producers are massage, facials, hair care, nail care, and waxing/sugaring.

Size of Facility (sq. ft.)

	Wellness Spas	Medical Spas	Day Spas
Less than 1,000	28%	19%	13%
1,000-2,999	53%	47%	55%
3,000-4,999	12%	27%	22%
5,000-9,999	2%	7%	8%
10,000 or more	5%	0%	2%

Staff Notes

	Wellness Spas	Medical Spas	Day Spas
5 or fewer full-time employees	90%	74%	52%
1 or more independent contractors	59%	33%	40%

Services That Produce the Most Revenue—Medical Spas*

Laser hair removal	43%
Microdermabrasion	33%
Facials	27%
Botox injections**	19%
IPL/photofacials	15%
Massage	11%

*Respondents were asked to name the top three, but many listed only one or two services; only services listed by at least 10% of respondents were included in the chart.

**Medical procedures, such as Botox and collagen injections, laser resurfacing and chemical peels were likely underreported because they were not on the list provided and had to be written in under "Other."

Clients Served in a Typical Week

	Wellness Spas	Medical Spas
30 or fewer	34%	33%
31 - 100	32%	40%
101 or more	18%	18%
No answer	16%	9%
	Average: 68/week	Average: 71/week

MEDICAL SPAS

Based on our survey data, we estimate that there are around 500 medical spas across the U. S. We received completed surveys from 70 businesses that identified themselves as “medi-spas.” And as we’ve already indicated, the thing that sets these businesses apart is the services they offer. There are three typical business models:

- Day spa with certain rooms dedicated to medically supervised services such as laser hair removal, IPL/photofacials and Botox injections.
- Extended medical practice with a separate section or several treatment rooms devoted to spa-like services, such as laser hair removal, IPL/photofacials, cellulite treatments and facial peels.
- The clinical skin care model is neither a day spa nor a medical practice. It offers medical and relaxation therapies in a relaxing but more clinical facility.



Medical spas like day spas derive substantial revenues from facials.

Services Offered—Medical Spas

Microdermabrasion	93%
Facials	86%
Laser hair removal	71%
IPL/photofacials	60%
Massage	51%
Cellulite treatments	50%
Permanent makeup	50%
Waxing/sugaring	49%
Makeup application	47%
Body scrubs/masks/wraps	44%
Self tanning	43%
Paramedical makeup	39%
Aromatherapy	37%
Reflexology	27%
Nutrition counseling/weight loss	26%
Natural nail care	20%
Botox*	20%
Pedicures	19%
Electrolysis/thermolysis	16%
Hydrotherapy	16%
Sclerotherapy/vein therapy*	14%
Ayurvedic	11%
Filler (collagen) injections	11%
Hair care	11%
Nail extensions	11%
Steam therapy	11%
Color therapy	10%
Vichy shower	10%
Yoga/tai chi	9%
Energy therapies	7%
Other	40%

*Written in under “Other” category, these services and others, such as chemical peels and laser resurfacing, are likely underreported for this reason.

Day Spa With Medical Services

Reniu Laser Day Spa, Dana Point, California, is a sparkling example of a day spa with medically based skincare



The inviting reception area at Reniu highlights retail products.

“About 50% of our revenues come from spa services and 50% from medical treatments.”

services. First, as you can tell from the photographs on page 132, the 3,100-square-foot facility is truly beautiful with ambiance to burn. As the Bamboo Room shown on page 144 indicates, the spa takes its décor and treatment ideas from the Fiji islands. Clients can choose from a full spa service menu that includes the signature Pohaku Massage, which incorporates warm stones and coconut oil into a full-body, 75-minute massage; Swedish Massage; a European Facial or an Epicuren Rejuvenating Facial; manicures and pedicures; and waxing. On the medical side, clients can opt for IPL (intense pulsed light) facials, laser hair removal, Botox treatments and laser vein therapy. Clients also have the option of regular spa microdermabrasion treatments or medically enhanced microdermabrasion that includes ultrasound and electrical stimulation—a combination so effective it’s called a mini-facelift.

Owner Bob Oosdyke says all of his

spa treatments are “Fiji natural,” using the best natural products and ideas straight from the islands. Even the medical treatments include as much of the Fiji ambiance as the protocol for the treatment will allow.

“About 50% of our revenues come from spa services and 50% from medical treatments,” says Oosdyke who courts bridal groups as well as women in search of noninvasive face lifts. The 12-room day spa is now open nine hours a day, seven days a week and has 22 full- and part-time employees. The concept is working so well that Oosdyke hopes to roll it out as a franchise opportunity soon.

Medical Practice and Spa

One of the first medical spas, Juva MediSpa in New York City is an extension of the Juva Skin & Laser Center operated by dermatologist Dr. Bruce Katz. The beautiful spa, which was profiled in our July 2003 issue, looks and feels like a top-notch day spa with beautiful décor, soothing music and solicitous staff. The differences are that services are limited to skin care and massage—no salon-type services such as manicures and pedicures—and the emphasis is on results-oriented treatments.

Another example is La Jolla Spa MD, run by the dynamic husband-and-wife team Mitchel P. Goldman, M.D. and Dianne York-Goldman. The La Jolla, California, facility offers clients a wide variety of skincare treatments from European facials to the latest in noninvasive skin treatments called Photodynamic Therapy. PDT combines a blue light photodynamic illuminator and 20% aminolevulinic acid (a photosynthesizing drug applied topically or taken internally). Within 18 hours the

Medical practices with spas often offer a limited service menu.

ALA is absorbed by precancerous skin cells and the light source then exposes and destroys them, causing minimal damage to surrounding healthy tissue. Spa services like seaweed body wraps and waxing, and even amenities like a juice bar are available in this well-rounded medical spa.

Clinical Skin Care Model

Like the other two models this one offers no salon services, but it does offer both high-touch spa treatments and high-tech medical therapies using medically trained personnel with excellent

estheticians to offer services that range from ayurvedic treatments and permanent makeup to laser hair removal and acne laser treatments. She has even created a line of products especially for her MediClinical Spas. Since her aim is to franchise this concept, *DAYSPA* will tell you more about Institut' DERMED in an article on franchise opportunities planned for some time next year.

Through our semi-annual surveys, we're beginning to see clear models emerge for day spas, wellness spas and medical spas, and we'll continue to share this valuable information with



Reniu's Bamboo room is a warm, cozy relaxation area for clients to enjoy between treatments.

customer service skills. Institut' DERMED, with two locations in the Atlanta area, is an example of this type of medical spa. Lyn Ross, a medical esthetician, has created a network of physicians, laser specialists, nurses, physician assistants and other medical

you as long as you continue to help us collect it. Our heartfelt thanks to those of you who completed questionnaires this year. ♦

Linda W. Lewis is the executive editor of *DAYSPA*.