

# future tracks

By J. Elaine Spear

Whether your day spa produces \$500,000 or \$15 million a year, maintaining a successful business in the explosive spa market means keeping a close eye on emerging trends. Like the shifting sands that continually reshape the desert landscape, changing economic and lifestyle issues continually remake the spa industry. To help identify the multifaceted future of the spa business—and the many paths you may choose to take—*DAYSPA* asked seven spa experts to talk about evolving trends that could influence the direction of your business over the next few years. They identified the following eight trends.





# 1. Cultural Shifts

“We now have enough historical information to be able to make a very clear plan in terms of future business,” says Adam Broderick, president of Adam Broderick Spa & Salon in Ridgefield, Connecticut. “We know the dynamics of the spa industry, for instance, and how cultural shifts affect

already translating into much shorter spa packages and services that achieve better results more quickly—whether it’s de-stressing or improving the appearance of skin.”

Kim Marshall, owner of the Marshall Plan in Venice, California, also advises spa owners to forget about words like “pampering” and “luxury” as they’re all but passé. “Results, benefits, and pragmatic living are the buzz words of the future,” says Marshall. “Many future spa experiences will also be positioned as coping mechanisms for people who are running on empty while trying to survive in this crazy world. This will increase the number of therapeutic body services performed and put a greater emphasis on things like relaxation areas, self-directed therapies such as steam or mud applications, and spiritual/physical activities like yoga.”

our businesses. Based on past experience, we’ve identified one of the newer trends as a decrease in the frequency of visits. We’ve also been able to ascertain that this has little to do with the current economy and everything to do with the lack of time. To counteract clients’ time-impooverished lifestyles, spas are strongly positioning themselves as a key element in balancing people’s lives. This is



# 2. Getting Connected

“Besides seeing massage therapists, estheticians and physicians, there will be more socializing in the future spa setting, whether it’s through yoga, Pilates or other group activities,” says Howard Murad, MD, CEO and founder of Murad in El Segundo, California. “This will be an important role for spas since I believe one of the major contributors to disease is isolation. Being connected with people creates a sense of healing. Some people do this through religion; others join organizations that do bird watching, gardening or whatever their passion may be. For many others, though, this important connection will be the spa.

“I have an interesting story related to this about a patient of mine who was suffering from

empty-nest syndrome,” continues Murad. “She had backaches, stomachaches and felt sad all the time. Her children had moved on with their lives, and all she had left were her work and her home. One day she decided to take a yoga class and ultimately that became her connection. Soon her stomach felt better, her backaches went away, and her outlook improved as she began to feel a bond with people in her yoga class. This type of socializing can often be more effective than therapy.”



### 3. Chain Power



Chains have been steadily entering the marketplace for the past few years, with companies such as Steiner Leisure Limited, Elizabeth Arden Red Door and Canyon Ranch Spa continually

expanding their operations. This proliferation of spa chains is expected to accelerate in the future for a number of reasons, including the normal maturation of the marketplace and the fact that the spa industry has continued to grow in the midst of an uncertain economy.

The most recent entry into the world of spa chains is Stonewater Spas, based in New Haven, Connecticut. This company, funded by a large group of private investors, has purchased 13 established spas to date—including Kiva in Chicago and Aruj Salon & Spa in Coconut Grove, Florida—with plans to acquire at least

20 more businesses over the next 18 months. “We’re heavily investing in the spa industry,” says CEO Francis Acunzo. “Moving from the East Coast to the West Coast, our plan is to acquire top businesses that are located in desirable urban locations.” Larry Oskin, president of Marketing Solutions in Fairfax, Virginia, notes that while chains will continue to expand in the United States, he doesn’t foresee what he calls the “Wal-Mart effect” where every small business selling similar goods folds as soon as this megacompany rolls into town. “Behind the scenes, day spa chains are certainly going to raise the bar in terms of education, benefits, recruitment, advancement opportunities and media coverage,” says Oskin. “But there will still be plenty of room for sophisticated, independent day spas that are able to establish themselves as popular brands in their marketplace and maintain well-run, state-of-the-art businesses.”



### 4. Seeking Simplicity

Before adding a lavish beauty treatment that heavily relies on creating a fantasy or a pampering experience, keep in mind that consumers are making it clear they want to return to the basics, whether they’re buying makeup, home furnishings or spa experiences.

“Consumers are definitely seeking more simplicity in their lives,” says Lynn Walker McNeese, executive director of the International Spa Association. “In addition to solid services, this trend also translates into convenience. Consumers want to be able to meet multiple needs under one roof—a mas-

sage, facial and yoga class, for instance.”

McNeese also shares that the ISPA 2002 Spa Industry Study shows that key service trends to watch out for include the Eastern/Asian influence; medical-type products and services; food- and plant-based treatments; hot stone and rock massage; and services for men. (For information on how to purchase the ISPA 2002 Spa Industry Study, visit [www.experienceispa.com](http://www.experienceispa.com).)





## 5. Medical Spas

Currently less than 2% of all businesses are true medical spas—those having medical services overseen or performed by physicians—that offer things like nutritional analysis, spider vein treatments, laser hair removal, medical-grade facials and Botox injections. Yet, this select group of spas is expected to grow significantly over the next several years.

“From a spa perspective, offering medical services like Botox and prescriptive facials represents an edge in an increasingly competitive business arena since they’re much more results oriented,” says Deborah Smith, president of Smith Club & Spa Specialists in Basalt, Colorado. “Too, receiving top-notch medical services like laser facials or spider vein removal in the warm, friendly environment of a spa is more appealing to

many clients who associate the smells and sights of a doctor’s office with disease.”

Smith also points to an early trend in the spa industry for greater involvement with dentists who can offer spa clients medical-grade teeth-whitening treatments and porcelain overlays while they enjoy the scents of aromatherapy oils and listen to the sound of spa music and trickling fountains. When things get tense, these same clients can then follow their dental appointments with a massage!

“Longevity or anti-aging spas will also represent a strong niche market among medical spas,” says Smith. “These very specialized businesses will primarily concentrate on helping clients look and feel younger from the inside out by offering such services as medical work-ups, hormone replacement therapy, vitamin and food supplement programs, along with traditional spa therapies to help relieve conditions like chronic joint pain and sore muscles.”

## 6. Marketing Savvy

Oskin reports that healthy day spa budgets are fueling more sophisticated marketing efforts. “Spas of the future will increasingly shy away from newspaper ads in favor of things like television commercials that allow them to give a targeted audience insight into their services, as well as virtual tours of their facilities,” says Oskin. “There’s also a marketing trend toward buying bigger, four-color ads in regional magazines, or national magazines with regional editions, rather than paying smaller fees to local publications. I also see an increase in public relations spending to garner mentions in national magazines that proclaim a certain spa to be the ‘best of’ in a particular city.”

Oskin also predicts increased use of book-

ing-room staffs as telemarketers who will use sophisticated databases to entice missing clients to return for services or alert targeted groups of clients—or prospective clients—to upcoming spa promotions. “There will be increased use of the Internet for such things as online booking, colorful e-mail newsletters and appointment reminders,” he says. Broderick, who’s already doing many of these things in his business, adds that one of the newest Internet trends involves providing a “live” salesperson on your Web site to help people make the right purchasing decisions.



## 7. Retail Emphasis

The strongest emerging trend in spa retail is the creation of shopping experiences that include a bevy of exciting products that aren't necessarily related to actual spa treatments. These products include spa-related gift items or products that extend the spa experience, as well as coveted beauty and fashion brands that are usually available only in select, upscale stores. "Spas will be learning how to market these products in a sophisticated, exciting atmosphere that gives clients the kind of experience that's usually associated only with boutique-style stores like MAC or sleek beauty concerns like Sephora," says Broderick.

Giuliano The Spa for Beauty & Wellness in Boston recently stepped into the future of retailing by opening a lifestyle store with both spa and street access that features a full-time makeup artist. Similarly, Calista Grand Salon & Spa in West Chester, Pennsylvania, opened its "U" store—a 1,000-square-foot shopping area on the ground floor of this mega-business—this past summer. The "U" store has a playful atmosphere featuring interactive displays, video demonstrations and product information, as well as a competent sales team that's available to answer any and all questions.

Adam Broderick Spa & Salon recently put the finishing touches on a new boutique-style retail area that occupies a full 1,200 square feet next to the front entrance of this cutting-edge business. "In addition to carrying professional product lines like Bumble



& bumble and Obagi prescription skin care, we're taking our retail concept to the next level by carrying upscale brands like Stila, Nars, Creed and Gucci in a contemporary setting," says Broderick. "This is exposing our clients to quality items they didn't even know they wanted to purchase before browsing our store while waiting for their appointments or during checkout. The original goal with our new retail plan was to raise our average ticket price to \$92, but within a few short weeks of opening our boutique, the average ticket price shot up to \$97. This is amazing considering we're still in the infancy of this retail concept."



## 8. Age-Specific Spas

As baby boomers steadily approach their golden years, Smith predicts an increase in **vitality spas**—a new category of spa that's essentially half day spa and half health club—that will serve as an alternative to the health club scene for this group.

"This type of spa will offer a wide variety of body therapies along with gentle

exercises such as Pilates, yoga and tai chi," says Smith. "The structure of the vitality spa will typically be a combination of membership and walk-in business, with members receiving a set discount on services." Smith also emphasizes that longevity spas—those catering to baby boomers who want to feel and look younger—will continue to have a larger presence in the spa industry.

If you're younger than 30, you've probably been treated more like a nuisance than a valuable customer when shopping in certain upscale stores. No

more! Far from being a shopping bother, marketers reveal that Generation Y—ages 8 to 23—have more disposable income than any previous generation their age. Marketers also point out that this powerful young group of consumers influences their family's spending to the tune of \$6 billion a year!

"It's no wonder that spas will soon be putting more effort into enticing these young people to try their services," says Broderick. "They represent the future of all enterprises, including the spa business."

Already recognizing the size and power of the newest generation, **youth-focused** businesses and product lines are cropping up in the

retail and professional sectors at a fast clip. Broderick, for instance, has begun romancing this valuable consumer group through his retail area that's now filled with trendy product lines that appeal to fashion-conscious teens. Calista Grand has just rolled out a comprehensive teen development course that includes plenty of spa indoctrination. And the Seventeen Studio Spa Salon in Dallas is completely directed toward Generation Y with a simple, abbreviated menu offering such hip services as Glam Glow (body polish) and Fakin' It (self-tanning).

"We expect youth-focused spas to continue growing," says Oskin. "Recently, for instance, the Eclips Kids Salon & Spa in McLean, Virginia, opened its first spa for the 14-and-under crowd. It offers things like island braids, manicures, pedicures, mini-facials, clothed massage, makeup lessons, brow shaping, and spa and dress-up parties. Standing at the forefront of this movement, Eclips recognizes the powerful opportunities that come with developing this young group of people into faithful spa clients." ♦



J. Elaine Spear is a former salon owner, a *DAYSPA* contributing editor, the author of *Haircutting for Dummies* (Hungry Minds), and a spa/salon consultant to major corporations. She's based in Santa Fe, NM.