



IS YOUR SPA SURVIVING OR THRIVING?

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INTRODUCTION

Over the past 30 years of being an international spa consultant within the hospitality industry, I think I have seen probably almost every mistake made from concept to day-to-day operations. I have also seen the success stories of spas that have been properly planned, marketed and managed so they are profitable ventures in and of themselves as well as assets to their "core" business which is typically to sell hotel rooms and/or real estate. As with any successful business, a spa venture needs to follow sound business principles. It's amazing that there are still so many spas that are not marketed or managed as a "business" and, as a result, they are lazy assets in terms of their market appeal, performance and profitability.

In this article, I highlight six simple, common sense business principles to help an existing spa within the hospitality industry to *thrive rather than just survive*, i.e., how your spa can be more marketable and profitable.

1. **Make Sure What You Deliver Is Relevant To Your Guests:** The spa experience is only as good as the *match between what your spa offers and what the guests expect*. Know your guests and what they want in terms of treatments, packages, experiences, price, privacy, sociability, time, facility features, etc.. Make sure that your staff provide feedback to the spa manager based on their conversations with guests. Make sure you know what your guests are saying (social media comments, focus groups, surveys, etc.). As you take all the feedback into consideration in order to be market-driven, don't forget that what is good for the guests needs to also be good for the bottom line of both the spa and the hotel.
2. **Create A Competitive Edge...Offer Something That Your Competition Does Not:** You want to create your unique selling proposition, be able to explain it and deliver it on a consistent basis at a price point that will show value to the guests while allowing the spa to be profitable. You need to be *different from and better than your competition*. While other spas can copy your spa's "brick and mortar" (facility, treatment menu, pricing, etc.), they can never duplicate your "heart and soul" (the unique relationship that exists between your staff and your guests). The consumer has lots of choices. What will allow your spa to attract the consumer then convert this person to loyal guest?



3. **Your Guests Should Be Your Ambassadors:** Following up on the above, when your spa provides an experience that is truly customized to the needs, interests, time and budget of the guests and when it is done in a sincere and genuine manner, the guests will be your "raving fans." Spas are all about relationships, connections, caring and consistency. Successful spas provide a very personalized experience...they are not just about offering treatments...they are about how you *treat* your guests. In a spa, you "touch" people on so many levels: physically, emotionally, spiritually, socially and intellectually. Whether it's a "life-changing" experience or just a memorable moment, your guests should always leave feeling better than when they arrived. They should feel it was time and money well-spent, look forward to their next visit and want to share it with friends and family. You want your guests to be vested in your spa so take care of them, and they will take care of your spa.
4. **Operate Your Spa As A Business:** While this is an obvious principle, it's amazing how low the expectations (utilization, capture rate, productivity, profitability, etc.) can sometimes be and why this is tolerated. The spas that are thriving have focused on marketing and managing the spa as a profitable business venture verses having it be just an amenity to the hotel/resort. With the lack of an industry benchmarking program, there is not an accepted set of metrics used by all spas. Decide on the metrics that will make the greatest positive impact on your spa's ROI (average treatment rate, therapist productivity, treatment room utilization, revenue per available treatment room, average revenue per guest, etc.) then consistently measure and monitor these and change your business accordingly. Data is only valuable if you know what it means and how to use it to improve performance and profitability. Collecting, measuring and monitoring information then making timely changes is an on-going process in order to stay "on-trend" and "*on-profit*."
5. **Train Your Staff:** The staff are a spa's most important asset. They are the connection that *bonds* the guest to the spa. Every spa needs to have a spa director who is a leader, motivator and understands business, marketing and psychology. Spa receptionists need to know how to "sell" treatments, create experiences and recommend retail items that will make guests feel and look terrific. Spa attendants need to know how to pamper as well as educate the guests, e.g., how to use the wet area facilities such as the steam, sauna and whirlpool for enjoyment and health. The service providers need to know how to give a great "spa service" with "personalized service." The whole spa teams needs to know that every time they interact with guests, it should make a positive difference in the guests' lives whether it is a moment of joy, a release of stress or a revelation in personal well-being. Selecting and training your spa team to be guest-centric and to be good stewards of your business is an *investment not an expense*.



6. **Spa Advisor/Spa Asset Manager:** It is important for an outsider who understands the "spa business" and the "business of spas" to be able to analyze the spa with detailed operational, financial and marketing audits, shopper services, guest surveys, etc.. An objective and experienced operational spa advisor can gather information and provide guidance in order to enhance the guest experience, attract and retain market share, generate more revenues, control expenses, analyze compensation programs and maximize profits. In light of how much it costs to build and operate a spa and the spa's potential to contribute to the hotel's financial viability, it's amazing how few spas have a "spa advisor" or "spa asset manager" to protect and enhance the investment of both the spa and the hotel. If the spa does not have an outside advisor, create your own in-house "spa business team" consisting of spa staff, director of finance, director of sales and marketing, etc. to meet on a regular basis to discuss what is being done and how it can be better.

CONCLUSION

Spas that thrive understand the careful balance and interaction among the needs of the guests, staff, owner/operator and investors. As with any business, the spa needs to be marketed and managed as a profitable business. There needs to be clear expectations and defined means to help the spa achieve its maximum potential. Most spas are multi-million dollar investments so to expect them to thrive rather than to just survive is not unrealistic if you invest in marketing, training and business intelligence. Spas have come a long way from being loss-leaders to amenities to businesses, but there is still a long way to go. Hopefully, some of the above principles will help you take the next step so your spa can be a **Significant Profitable Asset**.



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