



INTERNATIONAL  
SPA ASSOCIATION  
ISPA 2010 U.S. SPA  
INDUSTRY REPORT

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# International SPA Association ISPA 2010 U.S. Spa Industry Study

This is a summary of the findings from the 2010 U.S. Spa Industry Study. The study was commissioned by the International SPA Association (ISPA) and undertaken by PricewaterhouseCoopers International Survey Unit.

The study presents a picture of the state of the spa industry in 2009. During that period, the U.S. found itself facing the deepest and most prolonged recession since the 1930s.

## Impact of the recession

No business has been left unscathed by the recession. The spa industry has not been an exception. For the first time since ISPA started conducting industry research in 2000, all “Big 5” key data points experienced a decline over the prior year. However, even with the decline, each of the Big 5 indicators remain at their highest level since starting the research in 2000 (last year’s data was the highest). To that extent the spa industry has weathered the storm remarkably well.

## The Big Five Statistics

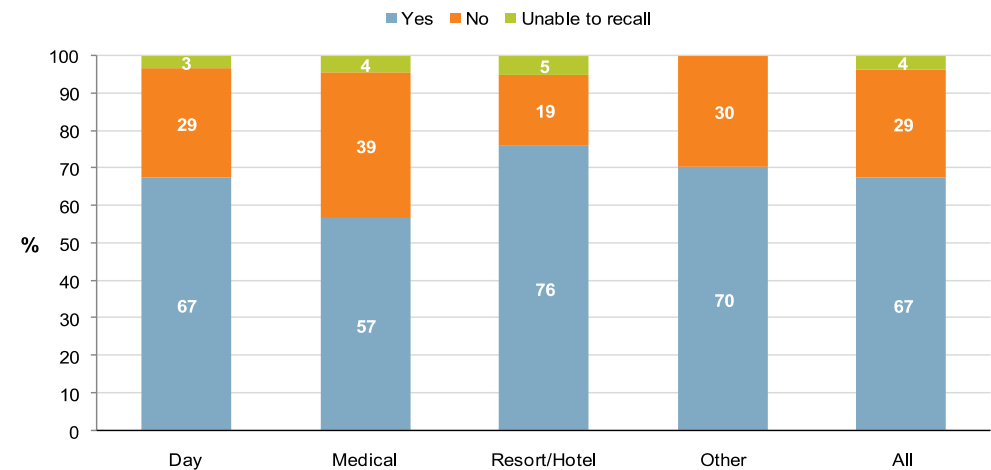
	2008 (Year End)	2009 (Year End)	% Change
Revenue	\$12.8 billion	\$12.3 billion	-4.3%
Spa Visits	160 million	143 million	-10.2%
Locations	21,300	20,600	-3.2%
	2009 (March)	2010 (May)	
Total Employees	340,600	332,000	-2.5%
Full-Time	158,200	138,100	-12.7%
Part-Time	112,300	137,200	22.2%
Contract	70,100	56,800	-19.0%
Square Footage	81 million sq ft	76 million sq ft	-5.2%

## Managing in a recession

Spas are managing the recession by reshaping their workforce and creatively identifying new ways to stay competitive, including:

- Increased use of part-time employees, to help control wage costs. While the number of full-time employees fell by 12.7% (to 138,100), the number of part-time employees within the industry reached an all-time high (137,200 part-time employees), increasing by 22% over the previous year.
- Re-engineering menus to offer shorter and less expensive treatment options and forming more partnerships with local businesses and organizations to increase traffic flow. Three in four (75%) of the spas surveyed for this study said they offer express treatments (30 minutes or less).
- Offering unique discounts and rewards to incentivize customer loyalty and to attract new spa-goers. Two in three spas (67%) implemented promotions over 2009 as a result of the recession. Referral incentive programs (64%), discounts or incentives for first-time clients (63%), and customer loyalty programs (60%) were the most popular.

## Promotions introduced in 2009 as a result of the recession

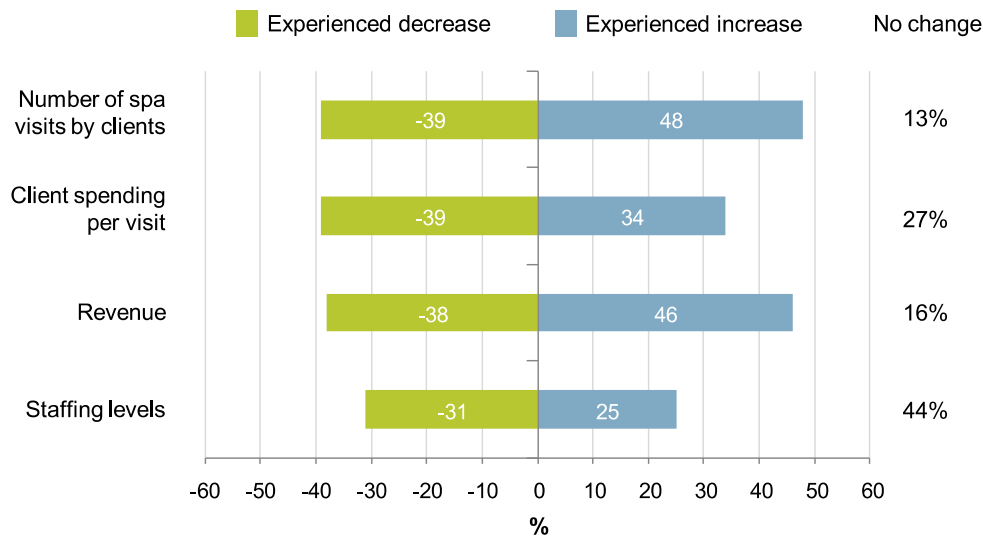




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## Demand indicators:

Experience in past six months (September 2009 to March 2010) compared to one year previously



## Emerging from recession

The survey evidence shows some signs of a return to growth, albeit modest and not yet experienced by all spas. In particular, spas are beginning to see an upturn in numbers of visits by clients. When asked whether they had experienced an increase or decrease in visits between September 2009 and March 2010 compared to the previous year, almost one in two spas (48%) reported an increase compared to 39% reporting a decrease.

The pick-up in demand was strongest among medical spas. The resort/hotel spa sector continues to face more difficult conditions.

However, many spas have thus far sustained their business in the face of the recession but with reduced profitability. Those spas are likely to be more vulnerable in a slow growth scenario or a further downturn in demand.

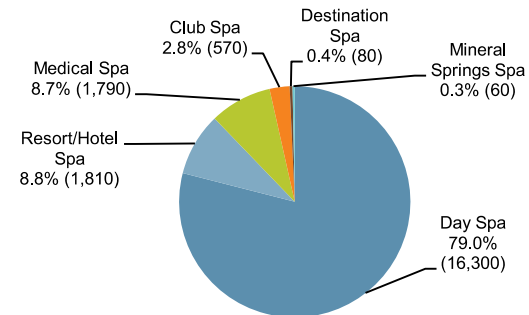
## Looking ahead

The industry remains cautiously optimistic.

Nonetheless, the spa industry continues to face challenges as a result of the economic downturn, including:

- Educating consumers & attracting new customers;
- Managing costs without sacrificing quality;
- Discounting without cheapening the product or damaging reputation; *and*
- Attracting, paying, motivating and retaining qualified staff.

## Number of Spa Establishments in the U.S. by Spa Type



Topics included in the Full ISPA 2010 U.S. Spa Industry Study are as follows:

- Industry size and the impact of the recession;
- Spa industry profile – size and geography by type of spa;
- Facilities, including elements of indoor square footage;
- Services and products offered by spas to their clients;
- Prices and the composition of revenue; *and*
- People.

The full report also includes a technical appendix.

