



Day Spas & Medical Spas

Key Industry Trends and Critical Success Factors



Spa Industry Growth

- **Number of Spas increased from 5,689 in 1999 to 12,102 in 2003**
 - Day spas account for 70% of all spas
- **2003 Spa Revenues exceeded \$11.2 billion**
 - 136 million visits
- **Since 2002, Medical Spas have grown at a rate of 109% compared to 26% for the industry**

Source: International SPA Association, 2004



Spa User Profile

- 71% are female
- Average 40.8 years old
- Average income is \$72,200
- 55% are college graduates
- 77% exercise more than once per week
(62% exercise two+ times per week)
- Most day spa users reside within a 20-minute drive time

Source: International SPA Association, 2003



Most Popular Spa Services

- **Massage**
- **Facials**
- **Manicures**
- **Steam baths**
- **Hair cutting/styling**
- **Pedicure**
- **Exercise/fitness classes**
- **Aromatherapy**
- **Body scrub**
- **Hair removal/waxing**

Source: International SPA Association, 2004
Presented in order of popularity



Spa User Motivations

- Relaxation or stress relief
- Pamper oneself
- Feel better about oneself
- Result of gift certificate
- Improve mental health
- Improve physical health
- Improve appearance
- Celebrate special occasion

Source: International SPA Association, 2003
Presented in order of importance



Cosmetic Procedures Trends

- **12 million cosmetic procedures between 2003 and 2004**
 - **An increase of almost 500% since 1997.**
 - **Liposuction, breast augmentation, eyelid surgery and rhinoplasty (nose jobs) are the most popular surgeries.**
 - **Females make up 90% of all cosmetic surgery procedures**
 - **Non-invasive treatments skyrocketing**
 - **More women in their 20s are getting cosmetic injections**

Source: MSNBC Online Health News, 11/14/05



Top Five Medical Spa Treatments

- Botulinum toxin (botox) injections
- Chemical Peels
- Collagen injections and other injectables
- Microdermabrasion
- Laser hair removal, and related laser services

Source: American Society for Aesthetic Plastic Surgery, 2005



Key Trends for 2006

- **New spa venues**
 - Airports
 - In hotel rooms
 - At home
 - Lifestyle communities
- **Healthy aging treatments/products**
- **Medical partnerships**
- **One-of-a-kind experiences**
- **Participating as a group**
- **Multi-generational and gender expansion**
- **Booking time instead of treatment**

Source: International SPA Association , 2006



Spa Industry Observations

- Strong Eastern/Asian influence on products, services and spa design
- Integration of fitness and alternative medicine with spas
- Spas no longer seen as "pampering," but as necessity for health & stress reduction
- Internet access to program menus, pricing and scheduling
- Industry maturation means more resources available to spa owners



Defining the Spa Experience

- **Mind, Body and Spirit**
- **Touch, Massage and Bodywork**
- **Water Elements and Treatments**
- **Food, Diet and Nutrition**
- **Movement, Exercise and Fitness**
- **Skin Care and Natural Beauty**
- **Physical Space, Climatology and Ecology**
- **Social/Cultural Arts, Values**
- **Time, Rhythm and Cycles**



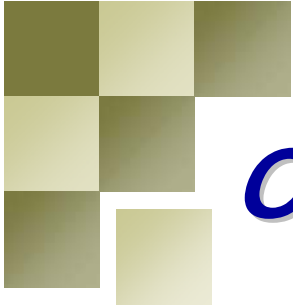
Critical Success Factors

- **Understand your market**
 - Demographics, competition, traffic patterns, buying patterns
- **Understand your state licensing requirements**
- **Begin with the customer experience in mind**
- **Design space to facilitate the experience**
- **Select the right staff –**
 - Qualifications
 - Professionalism
 - Customer orientation



Critical Success Factors

- **Educate your consumer with effective communications**
- **Listen to your customer**
- **Build/protect your brand**
 - Offer only what you can deliver well
- **Stay fresh with new innovative offerings and products**
- **Take advantage of industry resources**
- **Measure and manage accordingly**



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