

spa issues

retailTHERAPY

writer **Judy Chapman**

Several years ago industry 'experts' advised against spas selling retail products, touting that spas were best left as commercial-free zones. However with the pressure on for spas to make more revenue, many have little choice but to boost profits via the sales of creams, lotions and oils. And when done well, retail can be as uplifting for the daily revenue reports as for the consumer.

According to a recent study by Smith Travel Research, the average spa retail revenue per spa treatment is on the rise – from US\$18 to US\$25 when comparing January 2008 to January 2009. In South East Asia, the average retail to treatment capture rates averages around 15 to 20 percent while in the United States, Mark Wuttke from The Wuttke Group reports that its now not uncommon to find spas achieving 25 to 35 percent of their total spa revenue in retail.

It wasn't so long ago, however, that spas, in particular hotel and resort spas, were perceived as a service to their guest. Not unlike gym and sauna facilities, hoteliers did not demand that spas be as profitable as the food & beverage and room divisions. How things have changed. "Increased expectations from property asset managers, private investors, and hotel management companies that the spa be a stand alone profit centre, not just an amenity, is creating some enormous challenges for the spa community," reports Wuttke. "This increased pressure however is helping spas discover just how much money they have been unknowingly leaving on the table."

He says that when a spa reaches maximum treatment room utilisation, the only

way to truly leverage the business without additional capital investment for facility expansion, increasing hours of trade, or another price rise, is through retail. "Fiscally savvy spa operators now realise that treatments have always been the bread and butter of their spa business and retail can be the cream." Helen Greene, Director of Spa at The Four Seasons Hong Kong agrees, "Some of our best selling items include robes, socks and slippers with the Four Seasons logo. Candles, diffusers and essential face and body products sell consistently

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well and over the last three years since we've opened we've been able to refine our selections to appeal to the kind of items that our guests seem to like." Greene reports that this year they have seen stronger sales in cleansers, toners and body creams as well as natural and organic products.

Founder of ILA Spa, Denise Leicester also reports that retail spaces work well when they inspire the five senses – sight, touch, smell, sound and taste. "The retail space needs to have a sense of invitation

with small tester samples and be an area which is relaxing enough for the guest to sit down and 'try' the products," she says. After the treatment, she suggests a prescription pad of all products used during the treatment perhaps with a recommended product highlighted.

"People are always interested in new and innovative concepts," adds Brian Hathaway, Senior Director of Spas Asia Pacific for Four Seasons. "Create simple, effective and creative displays and give immense product knowledge training to

spa receptionists and therapists. Position your retail area in a good location, preferably between the locker room and reception so the guest can browse

through the items on the way to pay for their treatment and one can increase their GOR by seven to 12 percent.

"When retail is seamlessly integrated into the guest spa journey without compromising the guest experience, spas have realised minimum revenue increases of thousands and up to US\$200,000 per year," agrees Wuttke. "That said, for retail spaces to be successful in spas the concept must be an authentic, simple self-guided discovery that is rooted in healing." 