



THE CHANGING FACE OF THE SPA CONSUMER!

Analysis & Perspectives for WTM 2009

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SpaFinder – Our Unique Perspective

- The world's biggest spa marketing company
- Website collection – SpaFinder.com plus UK, France, Germany, Italy, Spain and Japan
- 6 million online spa visitors
- International Gift Programmes – SpaFinder & Salon Wish
- 8,500 spa and salon partners worldwide
- All categories – Hotel, Resort, Destination, Residential, Day, Salon Spas
- 30,000 Travel Agent partners

We research spas and spa consumers



IT'S THE ECONOMY... STUPID!

Bill Clinton's 1992 campaign slogan

Financial Turbulence!

- There is a correlation between GDP and Travel Spend
- Has clearly hit the Travel and Tourism Industry
- If GDP growth is >4% Arrivals are even higher
- If GDP growth is <2% Arrivals are even lower
- Has impacted Hotel and Destination spas

Source: Euromonitor

What's Happened in the Past?

Been There : Done That! 1991-93 recession and post 9/11

- **Aggressive promotion by Tourist Boards**
- **Higher demand for mid priced hotels**
- **Cheap flights boost departures**
- **Fierce price competition – driven by low occupancy**
- **Industry consolidation**

What's Happening Today?

- Aggressive promotions: Free nights; kids free
- Room discounts
- Enhanced Loyalty Programmes
- Exclusive services
- Early booking discounts
- Free perks: spa treatments and golf
- 2 for 1; 3 for 2; all inclusive spa packages

Key Message: The Recession is likely to speed up changes in Consumer behaviour

- 60.7% of the EU are internet users
- Broadband penetration is already 20% across the EU
- Tour operators are steadily losing market share to online travel agents and direct booking
- No 1 Internet Search: Holidays & Destinations
- No 3 Internet Search: Travel

Sources: Internet World Stats, PhocusWright, eMarketer survey

Key Message: And they have not stopped going to spas!

	<u>UK</u>	<u>FR</u>	<u>DE</u>	<u>IT</u>	<u>ES</u>
Visited a spa in last 12 months %	25	10	30	39	37
Ave. Visits per 12 months	3	2	5	4	3
Most popular spa type	Day	Hotel	Day	Day	Day
Most popular treatment is massage %	78	65	76	70	64
Last treatment was a gift %	36	30	48	21	23
Ave treatment spend in last 12 months \$	349	361	393	636	250

Source: Research International

Key Message: The Recession is actually creating a demand for spa!

- Wellness is 'Need' not a 'Want'
- There is a major shift in the industry from pamper to wellness
- Created increased spa demand in the downturn
- Searches and traffic on SpaFinder '09 vs 08:
 - UP – Stress, Massage, Getaway, Retreat, Local Spa
 - DOWN – Luxury spa, Resort Spa, Luxury Spa Resorts

Key Message: And Gifting is an extremely important part of the marketing mix.

- The UK Gift Card/Voucher market is worth £3.2 billion annually
- 45% given a Gift Card; 70% given a Gift Voucher
- 43% received a Gift Card: 69% received a Gift Voucher
- **BIG NUMBERS!** The European pre-paid card market is likely to generate €132 billion revenues across a card base of 418 million and transaction volumes of 4.4 billion.... By 2015

Sources: UK Gift Card & Voucher Association, UK You Gov Survey, PSE Consulting

Key Spa industry lessons for 2009/10

- Economic recession and a collapse of consumer confidence
- But recovery forecast end 2009 and into 2010
- Higher stress levels at home and work has made the spa sector quite resilient – but focus is on wellness, not pampering
- Promotion and deals essential to grow your spa business
- And hotel with a spa is better than hotel without a spa: Ave Daily Rate Premium +45%; RevPar +40%

Source: Smith Travel Research

Key Message: It's All About Me....!

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- NO IT'S NOT....!
- It's about your customers
- Do you know where they are?
- Do you know what they are doing?
- Do you know what they want?

Today – part 1

Baby Boomer

Post WW2, Cold War, Civil Rights, Vietnam,
Rock & Roll, Beatles, Motown, Woodstock,
Star Trek and Mission Impossible

Technology: PCs at work, Windows, TV &
Video, Transistor Radios to DVDs

Summary: Technology enthusiasts!

Today – part 2

Generation X

Early '60's to early '80's, end of Cold War and fall of Berlin Wall, Grunge & Hip Hop

Technology: Home computers, video games, internet, e-mail, dial-up modems, e-commerce, MTV

Summary: Loving Technology!

Today – part 3

Generation Y

Early '80's to early '90's, Columbine, 9-11,
Enron, Iraq Wars, North Korea, China & India

Technology: never experienced life without
computers, broadband, wi-fi, Napster, IM &
SMS, blogs, My Space, You Tube, Twitter,
iTunes & iPod & iPhone & Apps

Summary: Living Technology!

Key (and Final) Message:

It's the Customer...Stupid!

Kevin Turnbull's 2009 campaign slogan