PRIORITIES OF TODAY'S SPA CONSUMERS

Coyle Hospitality Group

April 2011

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Overview

The last year was an interesting one for the spa industry. The ever-evolving spa consumer changed in a profound way due to the effects of the economic downturn and the overall sentiment of uncertainty. While spas struggled to maintain their share of the market, some took drastic measures such as deep discounting and cuts while others tried to remain true by offering added value and/or creating alternative marketing messages and strategies to attract and retain new business.

While some operators reported improvements toward the end of 2010, for many it was a year of trying to keep business steady and staff employed. The results, however, are far more positive. This era of spa directors, owners and operators is an even savvier group; one that has learned how to not just manage business but to creatively market to those they *want* to be their customers and working hard to retain those customers once they have made it through the door.

Technology has truly implanted itself in the spa world, demonstrating staying power, with most spas having some sort of online presence in addition to their website and a more active networking with those online. Devices like iPads, iPhones, Blackberries and others abound are keeping people connected to spas minute by minute. Those who effectively utilize this information to their benefit are reaping the rewards.

Last year, we addressed the following questions, which we aim to do again in 2011.

- What makes a consumer choose a spa for the first time?
- What spa 'deals' are worth promoting?
- What marketing efforts are effective?
- How is social networking affecting business?
- Will the spa consumer book treatments and services on the internet?
- What is the best way to retain clients after a spa visit?

In addition, we asked the question that came up most over the past year

- Which marketing efforts work best?
- Will the deal savvy consumer return to my business?

This year's research focuses primarily on the elements outside of the spa experience that occurs within your walls. We aim to provide you with some ideas on how best to attract and retain business.

Research

The data in this report includes survey and evaluation data collected by Coyle Hospitality Group.

Approach

Consumer behavior, when it comes to emotional purchases like spa, presents interesting challenges when gathering market research. First, the offerings are varied and complex. At even a smaller day spa, over 50 treatments and services are likely available, and variations naturally occur since the offerings are delivered by people.

Secondly, the motivations to purchase are hardly easy to put into pre-labeled, multiple choice slots. A consumer may spend for several different reasons in the same spa or choose different spas for different purposes. Finally, because the desired outcomes are emotional (how people feel and how they look), perspectives are very unique, and meaningful data can be difficult to grasp. Often, we see respondents expressing similar sentiments, but using very different phraseology.

Coyle has been conducting market research in hospitality since 1996. We have fielded and then evaluated tens of thousands of surveys. We have learned the value of the most important survey questions in the toolbox of the market researcher: 'What?' and 'Why?'

While we do utilize multiple choice questions to help define groups within the pool of respondents, when we wish to examine critical consumer behavior, we have found that these wonderfully simple open-ended questions produce the most useful results.

'What?" and 'Why?' produce the most reliable data for several reasons. The respondents speak their minds, stating what is important to them, not the survey designer. Secondly, they are less inclined to provide misleading data by answering questions that are meaningless to them; the things they leave unsaid are useful. Finally, we avoid survey fatigue by being succinct.

The challenge with asking such questions is that the responses are in narrative form. There is no bar graph or fancy looking pie chart a few clicks away from the raw survey data. Coyle researchers are confronted with hundreds of thousands of words, sentiments and feelings to make sense of. And while our approach is proprietary, we rigorously process the initial data. Each response is categorized and analysts then begin sifting through the statistics, searching for trends and meaning. Yes, reading and then rating thousands of unique narrative responses about why one ad was preferred over another is an arduous task. For our part, we always learn a great deal in the exercise because the stories respondents tell invariably shed new light on what is accepted as conventional wisdom. More important, we feel a sense of security that the data we gather is about what the consumer wants to tell us, not what we or our clients were expecting to learn.

Coyle Hospitality Group Global Spa Survey 2010

This survey was completed by 1,275 consumers worldwide over six days in April and May 2010. Respondents were from 27 countries around the globe, and the vast majority were well-traveled.

Questions were qualitative, analyzed using the approach outlined above, and multiple choice. Topics addressed were spa deals, web research and booking, spa visit preferences and frequency, post-spa impressions/preferences and wellness research.

Our goal was to better understand what consumers want and how they seek to find it.

Coyle Hospitality Group Global Spa Survey 2011

This survey was completed by 1,025 consumers worldwide in March 2011. Questions were qualitative, analyzed using the approach outlined above, and multiple choice.

Respondents were just over 80% female and just under 20% male.

Age ranges were as follows (approximate):

21 or younger:	1%
22-29:	18%
30-39:	26%
40-49:	25%
50+:	30%

Topics addressed were spa deals, web research and booking, spa visit preferences and frequency and post-spa impressions/preferences.

Our goal was to see the trends in consumer sentiment year over year

About Coyle Hospitality Group

Coyle Hospitality Group is a market leader providing mystery shopping and brand quality assurance services exclusively to spas, hotels, restaurants, cruise lines and venues worldwide.

Since 1996, Coyle has completed over 60,000 quality evaluations exclusively for over 300 hospitality companies.

Coyle works with a group of 6,000 evaluators worldwide. Coyle gets over 35,000 inquiries from people wishing to become evaluators each year, and accepts less than 2%. Coyle selects evaluators based upon their purchase experience and target demographics.

This unique model enables Coyle to tap into the consumer perspective on a large scale and provide feedback to clients on a very granular level from people already in their client demographic.

Coyle's research team is composed of hospitality and spa veterans with extensive education and training in hospitality, especially at the luxury level.

To date, Coyle has developed brand quality assurance and performance measurement systems for over 300 clients.

MARKETING

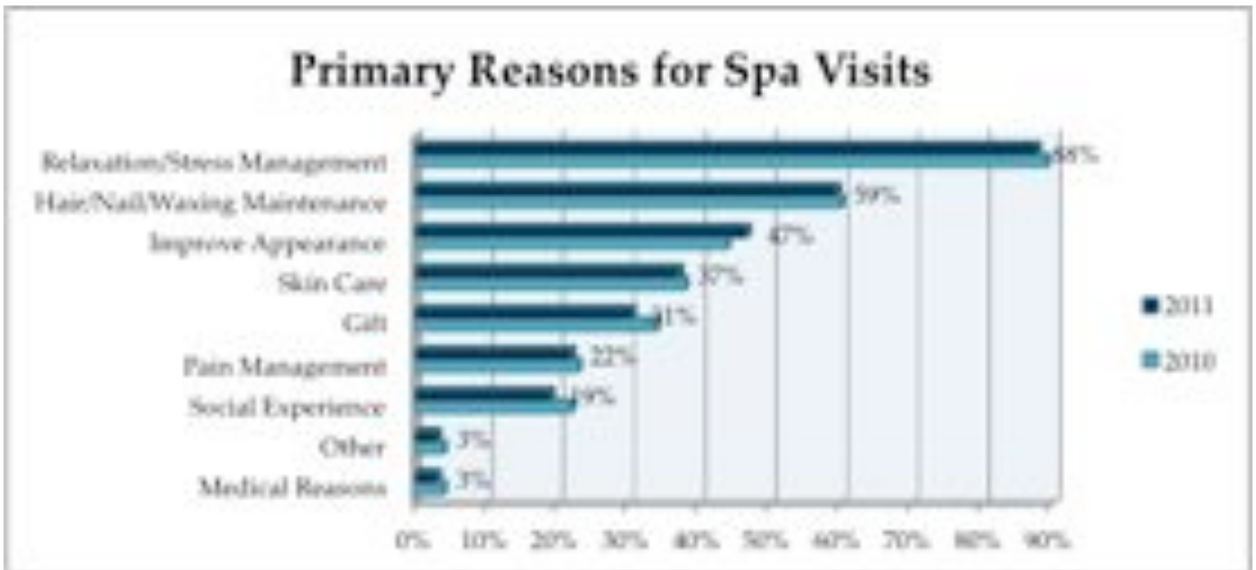
What prompts consumers to go to a spa? Have the motivating factors changed since 2010?

We, again, tried to get to the root of three primary questions and added one more this year:

- Why do consumers visit spas?
- What 'deals' are most attractive and why?
- What 'marketing' means are most trustworthy and widely used?
- Which methods have been successful in attracting and retaining consumers? (new for 2011)

Why Spa?

In both 2010 and 2011, we asked respondents to tell us what the primary reasons for their latest spa visits were. Respondents were encouraged to select as many options as applicable, thinking of their past several spa experiences. The results are as follows:



It is important to note that none of the categories changed by more than 3% points from 2010 to 2011. Relaxation and stress management still remain the primary reason consumers visit spas. Interestingly, while beauty (hair, nail, waxing) maintenance remain high, improving appearance grew by 3% points this year. This would indicate that the trend towards beauty commonly mentioned by spa trade publications is in fact in place in the minds of the consumers, mimicking what economists call the "lipstick effect" where small indulgences are prominent in a recession.

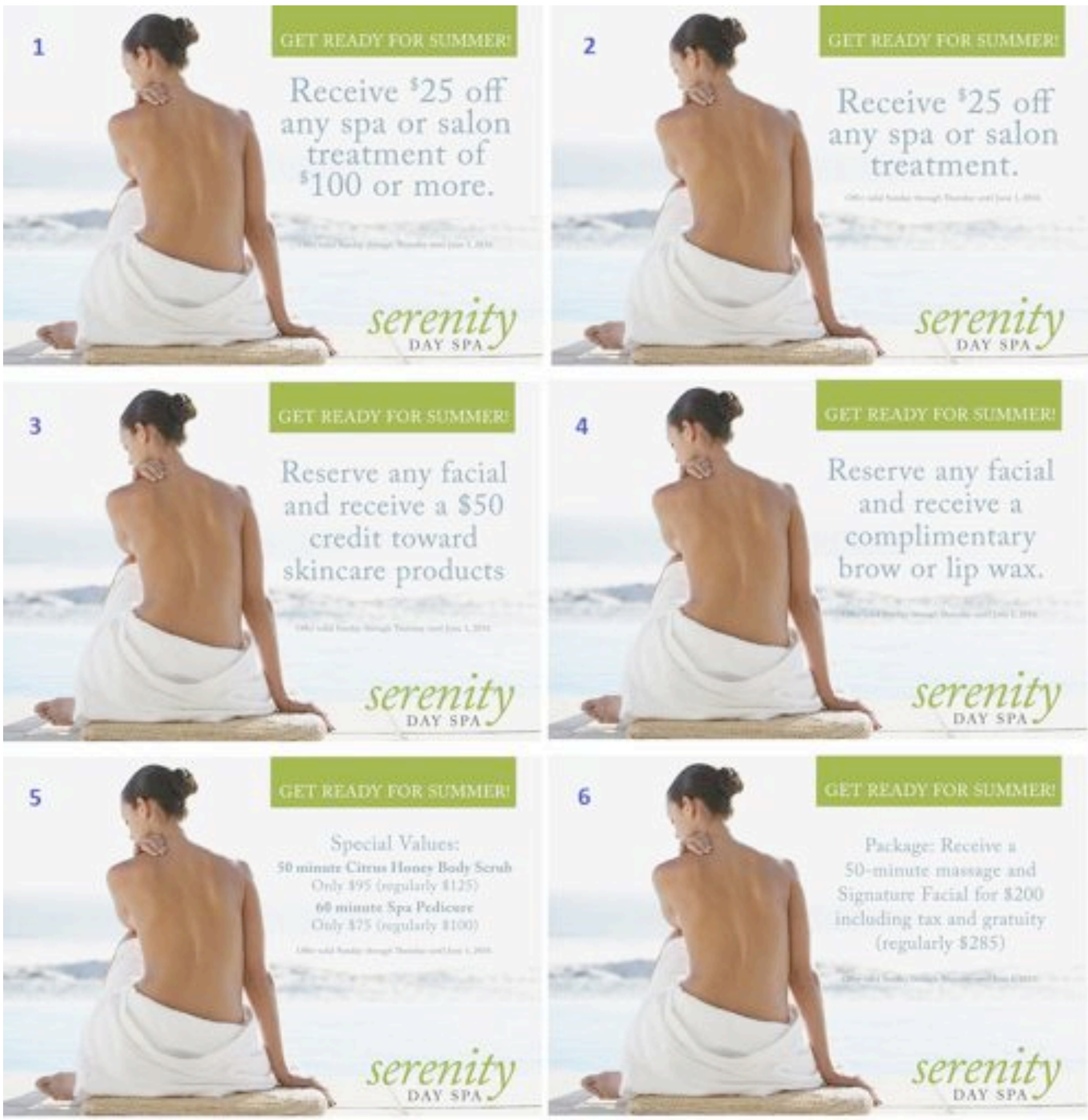
Gifts (redeeming a gift certificate) and Social Experience both declined by 3% points this year as primary reasons for visiting a spa. These declines should be seen as positive for spa owners as it would indicate that instead of waiting for someone else to provide payment for a service or waiting for a group to attend, consumers are more inclined once again to spend their own money at spas and do so on their own time. While these areas are still strong and very important, with 31% still mentioning Gift and 19% mentioning Social Experience as the primary reason for visiting a spa, consumers seem to be shifting back toward making spa part of their routines.

As clearly demonstrated, spas still are seen as a place to relax and manage stress. Of those surveyed who had visited a spa in the past five years, 95% had at least one massage annually with 59% having 1-4, 20% having 5-9, 10% having 10-15, 2% having 16-19 and 4% having 20 or more (almost identical to 2010). A total of 79% had at least one facial annually though 64% had 1-4 per year and 11% had 5-9). Frequency for manicure/pedicure and hair removal was higher and 87% (down from 88% in 2010) and 63% (down from 66% in 2010) of respondents respectively experienced these services annually.

As we pointed out last year, the areas spa owners and operators dedicate significant time and menu space to, are still experienced far less frequently by the consumer. Of those surveyed, 72% (down 1% point from 2010) did not have bath rituals, 90% (up 1% point from 2010) did not have cultural rituals, 84% (up 1% point from 2010) did not experience meditation and 90% (same as 2010) did not have medical treatments. These generally high-ticket items may make sense for spas to retain and market to consumers, and may be successful for spas doing so effectively.

Spa Deals

In 2011, we presented respondents with the same six advertisements we presented in 2010. All had the same background image but contained different offers. Respondents were then asked to rate each advertisement from 'very appealing' to 'very unappealing'. Respondents were then asked to tell us 'why' certain advertisements appealed to them and others did not in trying a spa for the first time. The advertisements that were presented are as follows:



The results of the ratings are as follows with the highest concentration of responses highlighted in orange for each advertisement:

Advertisement	Very Appealing		Appealing		Moderately Appealing		Neutral		Moderately Unappealing		Unappealing		Very Unappealing	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Advertisement 1	9%	9%	31%	34%	34%	34%	13%	12%	7%	5%	4%	4%	2%	2%
Advertisement 2	45%	49%	32%	29%	12%	13%	5%	4%	2%	2%	2%	1%	1%	2%
Advertisement 3	8%	7%	18%	16%	21%	22%	23%	23%	14%	14%	12%	14%	4%	4%
Advertisement 4	8%	8%	20%	17%	19%	24%	22%	22%	13%	12%	11%	13%	6%	5%
Advertisement 5	9%	8%	17%	18%	23%	26%	23%	21%	14%	13%	10%	10%	3%	4%
Advertisement 6	14%	14%	19%	20%	23%	23%	21%	18%	11%	12%	9%	9%	3%	4%

The results were nearly identical to last year. Advertisement #2, which featured $25 off with no minimum purchase requirement, was by far the favorite in both years with 91% ranking it at least 'moderately appealing' in 2010 and 89% doing the same in 2011. Advertisement #1, which offered a dollar discount off with a minimum purchase, had 77% respond within the 'appealing' categories in 2010 and 74% do the same in 2011. As with the favorites, the other ads had similar responses to last year, indicating that today's deal savvy consumer wants choice, simplicity and a good, meaningful deal.

Consumer Response

As we saw and heard quite a bit over the past year, the sentiment from spa professionals is quite mixed when it comes to discounting, deals and other marketing techniques. Many have fought long and hard to combat the 'discounting' trend and have worked toward 'adding value' instead. Many, however, have utilized other avenues (some more strategically than others) to attract new business--the goal being to bring in new clientele and turn them into a loyal patron. The issue many consultants and professionals have encountered is the issue with retention. We decided this year to ask the consumers what marketing campaigns prompted their last several visits to spas and if they have returned or not.

Method	Massage	Facial	Nail Service	Hair Service	Waxing/Hair Removal	Makeup Application	Medical Treatment	N/A
Direct Mail Print Ad with Deals or Coupons	16%	3%	5%	3%	2%	0%	0%	70%
Direct E-Mail Ad with Deals or Coupons	18%	6%	4%	3%	2%	0%	1%	66%
Online Deal Site with limited time deal (ie. SpaWeek, Groupon, Living Social, etc.)	30%	9%	7%	5%	4%	1%	2%	44%
Word-of-Mouth Recommendation	33%	10%	10%	8%	6%	1%	2%	31%
It was in the hotel/resort/location I was near and I was in need of a spa	42%	7%	5%	2%	2%	1%	0%	41%
Reputation - Branded Spa	20%	9%	2%	3%	4%	0%	1%	61%
Read about it in a Third Party Publication (ie. spa finder, etc.)	7%	4%	2%	1%	2%	0%	1%	83%
Found it on a web search (google, bing, yahoo, etc.)	13%	6%	5%	3%	2%	0%	1%	70%

The chart above indicates the percentage of respondents that said they scheduled and had a service (indicating which service they had) based on each of the marketing methods listed. While, as usual, we must remember that massage is the most commonly booked service at most spas (and a consumer favorite), looking at the booking behavior of that column alone by the methods utilized can be quite telling.

In massage alone, 42% said they scheduled a massage due proximity (being in the hotel/resort/location), the most by far. Second, happily, was word-of-mouth recommendation, with 33% of respondents booking due to this reason. However, the additional responses are something we can not ignore. A total of 30% said they had a massage at a spa due to an online deal site promotion (Groupon, Living Social, etc.) or limited time deal (SpaWeek, etc.), 18% due to a direct email ad with deals or coupons and 16% due to a direct print ad with deals or coupons. Also good news for branded spas, 20% booked a massage due to the reputation of a branded spa. A total of 13% scheduled based on a Google search and 7% based on reading about it in a third party publication.

As a whole, including all treatments, word-of-mouth was still the most prevalent, again good news for operators who are confident in their operations, with 69% of respondents using this method to schedule an appointment of some type. Perhaps disconcerting, however, is that Deal Sites were utilized by 66% of respondents to book and receive a service. Also compelling is that 34% responded to a direct e-mail ad, 30% to a direct print ad and 30% on a web search meaning that traditional marketing and SEO is certainly not obsolete.

The question, however, is what worked in actually retaining these consumers once they were attracted through marketing.

Method	Returned	Have Not Returned
Direct Mail Print Ad with Deals or Coupons	65%	35%
Direct E-Mail Ad with Deals or Coupons	69%	31%
Online Deal Site with limited time deal (ie. SpaWeek, Groupon, Living Social, etc.)	63%	37%
Word-of-Mouth Recommendation	85%	15%
It was in the hotel/resort/location I was near and I was in need of a spa	45%	55%
Reputation - Branded Spa	80%	20%
Read about it in a Third Party Publication (ie. spa finder, etc.)	53%	47%
Found it on a web search (google, bing, yahoo, etc.)	64%	36%

We asked respondents to think of the spa they visited as prompted by the corresponding marketing method that brought them there. We then asked if they had returned. The results are in the table above.

As proven time and time again, word-of-mouth still remained the most successful method, prompting an 85% return rate. This finding, coupled with the fact that it prompted the most traffic, makes the strongest method of marketing. What these results continue to tell us is that offering superior service and taking care of existing clients is probably the most important thing a company can do to market to new business. Incentivizing existing good clients to promote your spa to their friends and colleagues can also prove to be very effective and profitable.

Also powerful is that there was an 80% return rate for those spas visited due to the brand reputation. Again this speaks to quality and consistency. When considering partnerships with brands, spa professionals may wish to consider the sheer power of a solid, well-respected brand.

Direct E-mail ads (69% return), Direct Mail Print ads (65% return), Web Search (64% return) and Online deal sites and limited time deals (63% return) all still yielded high returns in the 60-70% range.

The lowest return rate came for visited due to proximity (45%), as expected due to the nature of this method and reading about it in a third party publication (53%) which seems surprising as traditionally being featured in publications has been coveted.

The most salient point is that consumers who utilized these methods to visit a spa returned over 50% of the time in most cases. It is evident that some methods prove stronger than others. Looking at the reach of a marketing method coupled with its retention rate and then taking into account the expense and how it will affect your spa are what comprise a successful marketing campaign.

Social Networking

As with last year, for the purposes of this research, we will address social networking as *situations where consumers are actively sharing (giving or receiving) feedback or information about spa*. In Coyle's Global Spa survey, we asked a variety of questions about how and what consumers communicate about spas.

Communication Tendencies

2010	Very Unlikely	Unlikely	Neutral	Likely	Very Likely
Online review	13%	18%	21%	32%	16%
Word of mouth	1%	0%	1%	23%	74%
Email friends	7%	13%	20%	33%	26%
Post on a social networking site	22%	19%	22%	21%	17%
Become a 'fan' on a social networking site	22%	15%	21%	23%	18%

2011	Very Unlikely	Unlikely	Neutral	Likely	Very Likely
Online review	14%	19%	20%	29%	18%
Word of mouth	1%	1%	1%	27%	69%
Email friends	9%	17%	23%	29%	23%
Post on a social networking site	24%	17%	19%	21%	19%
Become a 'fan' on a social networking site	24%	17%	20%	21%	17%

Once again, as indicated in other areas of this year's survey, the differences year over year were slight with no more than a 4% point change in any one category.

Word of Mouth again proved the most prevalent way respondents would be likely to communicate their experience with 97% saying they were either likely or very likely to do so (same as 2010).

Perhaps the most notable change, however, is that the likelihood to email friends to communicate such feedback dropped considerably from 59% likely or very likely in 2010 to 51% in 2011. There was also a slight decrease in the likelihood of becoming a 'fan' on a social networking site (down 2% points) and a slight increase in posting on a social networking site (+2% points).

Still very important to remember is that 47% (down only 1% point) are likely or very likely to communicate their feedback via an online review meaning the monitoring of these sites is ever important.

As mentioned earlier, it appears as though the technological movements seen last year are here to stay, at least for the time being, so ignoring them will certainly result in missed opportunities to attract and retain clientele.

Trustworthiness of Communication Methods

We also asked respondents how trustworthy they found various methods of 'social networking'.

2010	Not Trustworthy	Somewhat Untrustworthy	Neutral	Trustworthy	Extremely Trustworthy	N/A-Do not Use
Friends/Family word of mouth	0%	1%	6%	35%	56%	2%
Co-workers word of mouth	0%	2%	16%	44%	27%	11%
Feedback sites	1%	5%	30%	37%	7%	20%
Blogs	2%	8%	34%	20%	3%	33%
Spa magazines	1%	6%	28%	33%	8%	25%
Spa Websites	1%	4%	32%	47%	9%	6%
Physician	1%	1%	19%	19%	12%	47%
Professional Organizations	1%	1%	23%	19%	7%	50%

2011	Not Trustworthy	Somewhat Untrustworthy	Neutral	Trustworthy	Extremely Trustworthy	N/A-Do not Use
Friends/Family word of mouth	0%	1%	6%	35%	56%	2%
Co-workers word of mouth	0%	2%	19%	42%	25%	11%
Feedback sites (Yelp, etc.)	1%	5%	31%	38%	10%	14%
Blogs	1%	9%	36%	19%	3%	32%
Spa magazines (SpaFinder, Spa Magazine)	1%	6%	29%	32%	9%	24%
Spa Websites	1%	5%	34%	45%	9%	6%
Physician	1%	1%	17%	20%	16%	45%
Professional Organizations (ISPA, etc.)	0%	1%	22%	15%	9%	52%

As shown above, and as anticipated, word-of-mouth recommendations from friends and family remained the most trustworthy to respondents at 90% either trustworthy or extremely trustworthy (down 1% point from 2010).

Interestingly, the biggest changes in trustworthiness were seen in Physician (+5% points from 2010 in the trustworthy categories) and feedback sites (+4% points from 2010 in the trustworthy categories). While the former change is positive, the latter one may be found disconcerting.

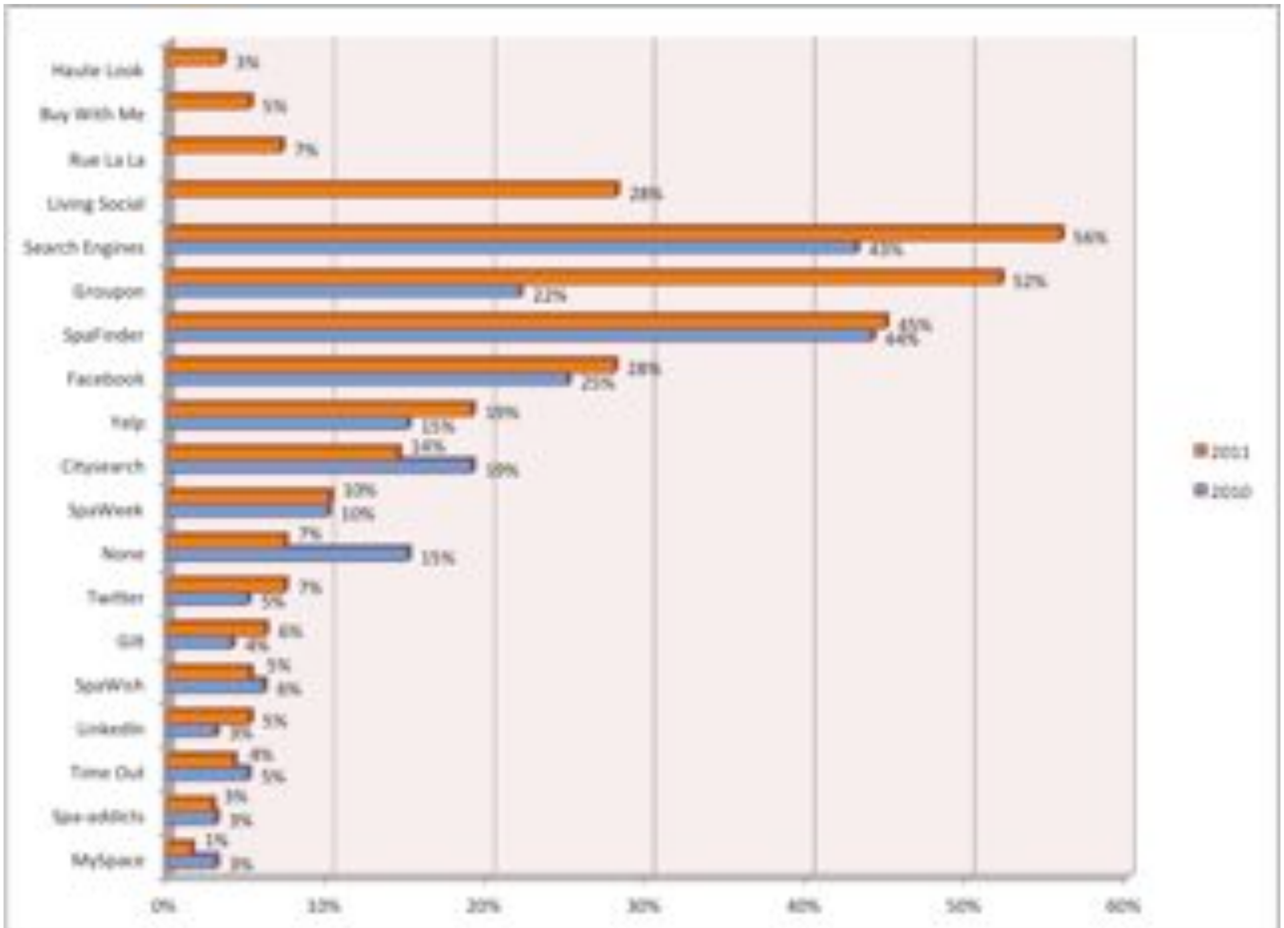
As more and more spas and spa organizations stress the importance of evidence based research and physician support, the trustworthiness of physicians in making spa decisions is quite positive.

On the other hand, knowing that anyone with internet access and a free login to a feedback site can be sharing their experience, good or bad, at your spa, the increase in the trustworthiness of this category may be ringing alarm bells. Also added to the mix is that fewer respondents said they did not use feedback sites this year (20% in 2010 and 14% in 2011).

Again, this just emphasizes that monitoring social media is a good idea to be sure you are fully aware of your spa's reputation both on and offline. The use of professional organizations to garner spa feedback declined even more this year, with 52% not using this method, while physicians saw slightly more use with only 45% not using this method.

Use of Websites

We asked consumers again this year what websites they currently used to seek spa information, adding a few newcomers to the mix. *Respondents were asked to select all that they utilize so percentages will not add up to 100.* The respondent usage for both 2010 and 2011 was as follows:



Some significant shifts were seen this year. Search engines became the new most widely used resource to source spa information at 56%. Again, perhaps alarming was the tremendous increase in Groupon as a site to seek spa information (52% in 2011 up from 22% in 2010). SpaFinder remained strong at 45%, perhaps largely due to mobile applications available as well.

New additions this year included deal site Living Social, which had as many responses as the fourth strongest site, Facebook, at 28%. Also notable were a 4% point increase in Yelp (up to 19% this year) and a 5% point decline decline in Citysearch (down to 14% this year).

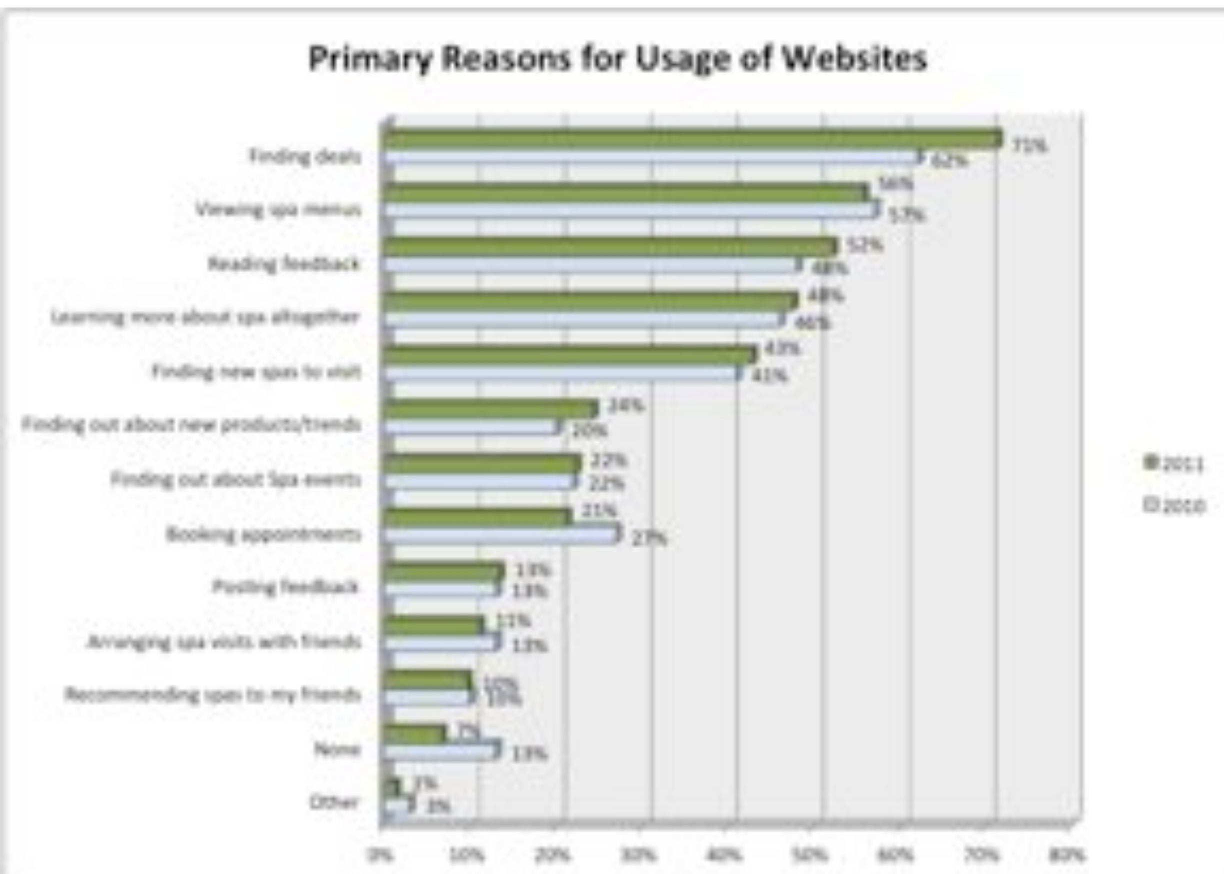
Two of the deal sites we added this year, such as Rue La La and Buy With Me started strong with 7% and 5% respectively, surpassing other sites, including some that are dedicated to spas.

Spas, even more clearly than last year, need to focus on search engine optimization to the increasing traffic sourced through search engines like Google, Yahoo or Bing. 52% of respondents utilized such sites to source spa information.

The increase in the use of Groupon to find spa information (almost as much as search engines) may be eye opening to many spa professionals. The power of this marketing tool is hard to deny and, while a risk analysis on such a marketing technique is certainly a good idea, the consumers are definitely looking to such avenues and a well executed 'deal' may be worthwhile to consider.

Also, in line with the results mentioned earlier, the increase in usage of Yelp, which is edging closer to the powerhouse sources, is something to note and watch.

We also asked spa goers to identify their primary purposes in visiting such sites for spa information. *Respondents were asked to select all that they utilize so percentages will not add up to 100.* The respondent usage patterns were as follows:



Moreso than last year, consumers are finding deals as the primary reason for using websites, with 71% citing this as one of the primary reasons. Still second was veiwing spa menus. Another notable change, however was the 4% point increase in reading feedback as a primary reason.

Perhaps the most interesting areas are those of learning about spa altogether (up 2% points to 48%) and finding new spas to visit (up 2% points to 43%). This again would indicate that optimizing your web page to be found by search engines along with being informative and helpful are also primary to attracting consumers to your spa.

Our spin on the deal savvy consumer in this area is that you don't have to necessarily discount heavily to be 'seen' by the deal seeking consumer. A presence on sites that are being searched with promotions and added value coupled with a high quality brand name or reputation seen via word of mouth and/or online reputation could effectively produce the same result in terms of traffic—this is good too in that it does not jeapordize the business by offering deals that hit the bottom line negatively.

PRE-ARRIVAL/SALES

As we explored in 2010, creating a spa experience that suits each individual guest is an art. It begins with identifying needs and customizing the experience to suit those needs. Coyle has tried to identify how consumers are 'shopping' and how effective spas are at capturing their attention before they set foot in the door.

Online Shopping

Whatever marketing decisions were made have been executed and a spa is looking at your website. They have essentially entered your front door and are deciding whether to buy or move on.

We, once again, asked consumers what the most important elements on a spa website are. Here is what the consumers stated they wanted to see on a spa website for a location they were considering for the first time with the highest concentration of responses highlighted:

2010	Very Important	Important	Neutral	Unimportant	Very Unimportant
Years in business	6%	31%	39%	19%	5%
Offerings/treatments available	78%	19%	1%	0%	2%
Facilities	59%	37%	3%	0%	1%
Map/Directions	22%	37%	30%	9%	3%
Prices	78%	19%	1%	0%	1%
Treatment descriptions	64%	32%	3%	0%	1%
Cancellation policy	28%	42%	23%	5%	2%
Spa general information	23%	51%	22%	3%	1%
Staff bios	8%	30%	42%	17%	4%

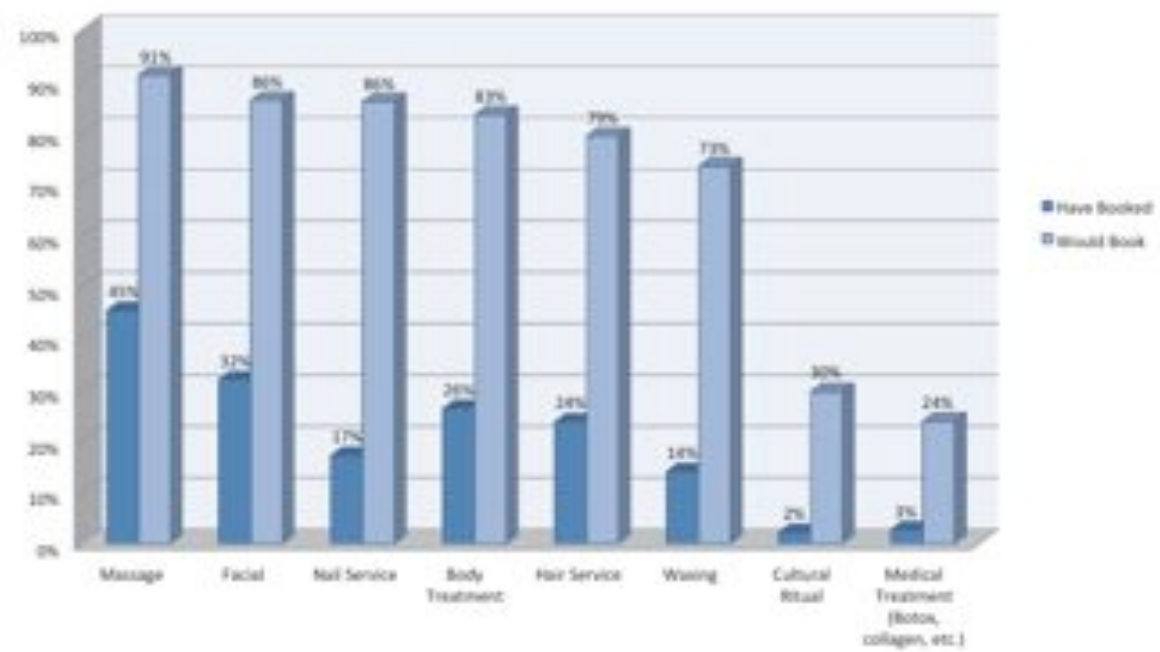
2011	Very Important	Important	Neutral	Unimportant	Very Unimportant
Years in business	7%	33%	37%	19%	4%
Offerings/treatments available	80%	18%	1%	0%	1%
Facilities	59%	34%	5%	0%	1%
Map/Directions	24%	33%	30%	10%	2%
Prices	80%	17%	2%	0%	1%
Treatment descriptions	60%	34%	4%	1%	1%
Cancellation policy	31%	42%	20%	5%	1%
Spa general information	27%	50%	18%	3%	1%
Staff bios	8%	31%	38%	19%	4%
Online Booking Capabilities	16%	35%	33%	13%	3%

Little has changed since 2010. Some notable differences, however, were that 74% (+4% points from 2010) said it was important or very important to have the cancellation policy listed on the website. Additionally, having general spa information listed was up 4% points in the important categories to 78% this year. Facilities available declined to 93% which may be attributed to the consistent increase in limited service spas without additional facilities.

We added online booking capabilities to the list for 2011 and found that 51% found it very important or important. Only 16% found it unimportant or unimportant and the rest were neutral. It will be interesting to see how this shifts in years to come but it is intersting that just over half of respondents found this to be something important to them.

Online Booking

We continue to explore yet another controversial spa topic: online booking. Coyle asked consumers what treatments they have booked and would be willing to book online. The findings are as follows:



Interestingly, the number of respondents who had booked a treatment online decreased slightly in most areas, indicating that availability of online booking has not increased at the rate one would have anticipated based on demand for the service. Still yet, nearly half confirmed that they had booked a massage online and 32% that they had booked a facial online.

Once again, if the respondent was not likely to book a certain type of treatment online, we asked why.

Most prevalent over all treatments and services was that the consumer would want to ask questions, select the provider based on recommendation, get a feel for the spa and its professionalism and to ensure they were getting what they asked for in terms of special requests and/or descriptions.

The strongest responses came in a few areas:

One was in body and skincare treatments when the consumer was concerned about allergies and sensitive skin. They were less inclined to book online without fully understanding the options for them.

Another, as with 2010 results, was with hair services where many were adamant that they had a specific type of hair that required a skilled professional. Many even said this was the most important area and one they would never leave to chance.

Waxing was also deemed a very personal service and one that would warrant a conversation, questions about the provider and products used, preparations necessary and more.

Medical treatments also garnered strong responses as those opposed to booking online stated that they would want a medical consultation, to see before and after pictures, learn more about preparation and to get more specifics prior to booking any medical services. These services, perhaps most clearly, were the ones that consumers demonstrated the strongest fears about in their comments.

Cultural rituals were also interesting in that many of the respondents said they would need to get a feel for the spa in order to book such a service and that they can vary so dramatically that they would want to make sure they got the right provider, one who was skilled and well trained, to enjoy such a service. Many felt that a personal call would provide this more easily than an online description.

Many respondents, however, even those who were resistant to booking their first treatment online, said they would welcome the opportunity to do so if they had the provider and/or service before or if they had been to the spa before.

If giving online booking a try, for those cautious about offering it, perhaps a good start is allowing only existing customers to book online, almost creating an exclusive club. This will allow the care necessary for the initial consultation with a guest on the phone, selecting the right treatment and provider, and then giving them the flexibility in when and how they book to them afterwards. The other caution would be to keep yield management in mind. Incentivizing off-peak times for online bookers can also help fill slow times while saving staff time on the phones trying to 'sell' these appointments.

We too agree that the art of providing the right experience for a consumer begins with the perfectly engaging reservation interaction. Once you have won the consumer, however, accommodating them by accepting their reservation at 2 AM on a Sunday night for the following morning can be what wins you their business again and again. It is certainly a compelling option, and one the consumers are open to if done right.

POST-VISIT

As in 2010, we asked respondents if they would be comfortable receiving follow-up from a spa post-visit and an astounding 86% (88% in 2010) responded that they would. Of those who would be comfortable receiving follow up, we asked how they would prefer to be contacted.

If comfortable receiving follow up, what is preferred method	2010	2011
Email from a spa manager/concierge to check on satisfaction	83%	73%
Call from spa manager/concierge to check on satisfaction	22%	18%
Email from therapist/service provider to check on satisfaction	41%	34%
Call from therapist/service provider to check on satisfaction	11%	10%
Email to join an exclusive spa club	28%	25%
Email with special offers	65%	59%
Call to schedule a follow-up appointment	6%	4%
Email to schedule a follow-up appointment	22%	19%
Call to provide homecare advice	3%	2%
Email to provide homecare advice	15%	13%

We actually saw a considerable change in some areas this year. Interestingly, a 10% point decline was seen in the desire to receive an email from a spa manager or concierge to check on satisfaction and email from a therapist also saw a 7% point decline (now at 34%). Email with special offers also saw a decline of 6% points this year over last. This would tend to tell us that we may have overloaded the consumer with email marketing over the past year as we tried to win their business. Though this method proved effective with many in garnering their business, this could prove as a caution to not overuse this powerful tool.

Still important to note, though is that 7% would welcome an email from a spa manager or concierge to check on their satisfaction and 59% would welcome an email with special offers. Lower, but still relevant are that 34% would welcome an email from the therapist or service provider to check satisfaction and 25% to join a specific club. Email still appears to be the preferred method of contact over phone.

THANK YOU

Thank you for taking the time to read our report. We hope you found the information provided useful and will be able to utilize the findings in your business. We welcome any questions or feedback you may have. Should you wish to share any insights or thoughts, please contact Stephanie Jeff Gurtman at +1 212.772.1760 or jgurtman@coylehospitality.com. We look forward to providing you with further data in the future!