



The Americas: United States

WHAT ARE SOME CHANGES YOU HAVE NOTICED IN YOUR CUSTOMERS THIS PAST YEAR? ARE YOU SEEING ANY NEW REQUESTS FROM CONSUMERS?

Customers have become deal and discount seekers with the arrival of group-buying sites in the past two years. It is difficult to fully understand at this stage if regular spa customers have become deal seekers or if deal seekers have become regular spa customers. Option one would be a disaster for the industry as our margins would be further eroded and would put a lot of spas out of business. Option two would be the goal officially pursued. The key word here is “regular.” A deal seeker that does not become a regular customer at normal margins becomes a marketing expenditure without ROI. I am hopeful that option two is happening for us:

- The most thoughtful reviews we have received in the past 6 months have been coming from group buying customers “surprised” at how well they were welcomed despite the fact that they received 50% discount. This kind of exposure makes it all worth it.
- Most group-buying customers are actually happy to be upsold given the deal they just received.
- Our group buying customers returned to YeloSpa at a rate of 40%.

Customers continue to be better informed and concerned about their health. The fact that we specialize in sleep therapy puts YeloSpa immediately in the health and wellness category rather than pampering. So our customers come in with real issues and concerns and are happy that we have a team trained and educated to address them. I see that as a major change in spa customers for the past three years. And it is accelerating. I also think that the recession has made it necessary for clients to “justify” a spa treatment to themselves. This is why more customers consider serious spas as preventative care.

For us, skincare started as a new request and has become a very fast growing new business. We offer the regular skincare services such as facials and waxing but with a Yelo twist:

- Full organic line from Eminence. Customers appreciate the fact that the DNA of our products is close to the DNA of their skin.
- Fast and result-oriented (acne, anti-aging etc.) treatments for men and women.
- Very reasonably priced.

WHAT SECTORS DO YOU SEE ATTRACTING THE MOST INVESTMENT CAPITAL THESE DAYS? WHAT ABOUT WHEN IT COMES TO THE SPA AND WELLNESS ARENA?

The mobile commerce (smartphone apps) and group buying e-commerce are definitely the sector attracting the most investment these days. With stratospheric valuations of group buying sites such as Groupon at \$25 billion, investors are flocking like sheep into this sector.



In spa and wellness, I see more and more operators investing in very expensive skincare technology and devices. In terms of massage therapy, nothing can really replace the qualified human touch.

WHAT IS THE FUTURE LOOKING LIKE FOR SPA AND WELLNESS IN YOUR COUNTRY?

Given the huge pressure on margins these days, here is the way I see the future of the spa industry:

- Regular day spas will have to become way more efficient in terms of costs management in order to survive. Concretely this means that water-based treatments are going to be tough to keep, therapist commissions will be under pressure, and rents will have to be kept in line.
- High-end day spas will continue to attract a wealthy and affluent clientele in search of exceptional service or environment. But the key word here is exceptional. High-end brands will have to really justify the high-end prices. Affluent spa customers are becoming way more demanding and fake luxury will not cut it.
- I perceive a demand for wellness in places usually not associated with health and wellness such as airports, malls, and corporate office space. Xpress Spa has capitalized nicely in the airports.
- In Europe and in France in particular, I see a real demand and need for more wellness. The market is segmented in two categories there:
 - Spas: usually high-end and tough to access.
 - Instituts de beautee: specialized in skin care. Usually low-end and part of women's routine.
- What lacks is an accessible spa (speed, price and availability) that provides both wellness and skincare. French people are usually amazed and pleased to see the availability of these places in the U.S.

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