



STUDENT STRATEGY CHALLENGE
2009 GLOBAL SPA SUMMMIT
17th May 2009, Interlaken

MISSION

To develop an innovative spa concept that appeals to the 21 to 30 year old market (for business and/or leisure) which can form the basis for a chain of spas or as an addition to an existing hotel or spa company.

Concept Introduction

Chill House Lounge & Spa is a new premium class, innovative spa concept with a distinctive advantage over competing spas and F&B outlets. It targets young adults aged from 21 to 30, primarily postgraduate students and young graduate professionals with middle to high disposable income, living time-poor lifestyles. This concept will particularly focus on those with little or no spa experience, 'spa virgins'. They will gather under our clubhouse roof for a place to escape and reenergise while socialising with friends.

Our USP will attract this target market using a package of a complete real and virtual social network with multiple unique experiences. These target consumers want control over how much money and time they spend on services and have high expectations of services they choose to follow. They will have complete power over how they experience Chill House by combining saunas, steam rooms, pools, simple treatments, and a café/bar culture under one roof.

Facilities

(See Appendix B for a detailed floor plan)

Area Description	Facilities	Access to Guests
Atrium Statement design gives a sense of openness and design	Space for socialising in a café/bar atmosphere. Large screens display music videos and clips from the website.	Open to all guests. Pay separately for F&B.
Pool Combines a number of experiences in one space with seating for interaction with non-participants	1. Sunken infinity pool 2. Ice plunge pool & ice cold shower 3. Hydrotherapeutic shower 4. Hydro jet pools X 4 5. Sunken foot pools with recliners	1 – 3 are open to all. Jet and foot pools have sliding glass covers to ensure only used with bookings.
Saunas & Steam Rooms With glass fronts, people remain seen and can interact and observe each other. This also aids operations with security.	Multiple rooms save powering larger spaces and provides flexibility for operations to classify some rooms 'women only' for special events.	All access to members & non-members, unless restricted for events or bookings.
Treatment Rooms With sliding walls to create flexible room sizes and can open up the entire space	A sink and cupboard with a slide down board to create a seamless finish for when the area is open for events	Available to all but priority to members

Treatments

Massages, facials, and nail treatments are kept simple with natural products to not intimidate 'Spa Virgins' and to simplify operations. Partnering with a supplier, such as L'Occitane (when located in Paris), would give legitimacy and could be adapted by location. Local suppliers should be used for environmental and cost issues.

Chill Card Power

The Chill Card will enable guests to use a secure card that can be topped up by credit card or used to record all purchases, including F&B, and then simply pay at checkout. No cash will be inside the spa and members can use the internet site to track their purchases and profile using their card code.

Members will have unlimited time in communal areas and their card will hold their membership terms.

Non-Members (with deposit paid) will have a top-up option for communal areas. Chill time will be recorded on the card from check-in to checkout. On checkout, the balance will be decreased by the time rounded to nearest quarter hour. To reduce time pressures, the price per hour will decrease with incremental hours of stay.

Retail (available online and onsite with special promotions for members online)

Branded products such as slippers, robes, and Chill House CD's and MP3 files of music

Related products (partnering with known brands) such as Speedo waterproof MP3 players, scented candles, spa treatment products, including trusted skin care products (i.e. Body Shop) with a dedicated male product line and skin care for people of all races

Food & Beverage

Smoothies of fresh fruit and yoghurt will be at the centre of our drinks menu. During after work hours, alcoholic drinks will be served and cocktails will incorporate smoothie recipes to maintain their exposure on the menu. There will be a wide selection of alcohol-free drinks to remain loyal to the health conscious market.

Spa cuisine often has a negative reputation of being flavorless, un-filling, and boring. At Chill House, the reality will be different as we will make our cuisine more delicious by following seven principles of natural ingredients, seasonal appropriate, colourful, well-balanced & nutritious, quality ingredients, taste & flavour, and uniqueness & creativity.

The menu will primarily offer small snacks suitable for the café culture embodied by the target market. A small selection of more substantial dishes will be available to capture evening diners.

Chill Nights

To create a lounge bar atmosphere, lighting would be used to create a dim blue lit atmosphere in the atrium and pool areas. For six nights a week, all common areas will be open and the dress code will remain robes and slippers as the atrium will remain a chilled bar lounge. For one night a week, the atrium will be transformed into a dance club with a smart casual dress and only the atrium will be open. Non-members will be subject to an entrance fee on club nights.

Weekly Promotions

The following promotions will fill low occupancy times while promoting Chill House, particularly to 'spa virgins':

Partner Club Nights – Guests have a pre-party at Chill House and receive discounted/free entry into local hotspots for their club night. This would be used during bar lounge nights and benefit both companies with a marketing exchange.

Drinks & Detox Pack – A Chill House special: as a package, a guest and friends visit the Chill House and partnered club on a given night. The following late morning, they receive a discount detox treatment and brunch.

Lunch Chill Rush – Mini treatments for 15 - 30 minutes combined with a café snack for lunch hours

After-Work Specials – 'Happy Hour' with group bookings for colleagues and discounted F&B to bring in local workers

Yoga/Pilates Classes – (For young mothers or those with irregular work hours) Treatment rooms can be opened up in order to create an open space for these classes with additional weekend morning classes.

Events

National Holidays such as Christmas, Valentines Day (with a single's dating event), and summer parties

Theme Parties such as live music/show nights, 'Chill-Out' parties, student (postgraduate) nights, and ladies' nights

Personal Events such as bachelor/ette parties, girls or boys nights/days out, corporate teambuilding, and birthdays

Chill House organised events will be promoted via the networks, emailing lists, onsite, and through partners.

Guests will be encouraged to create personal events through the website booking form and party archives detailed in Appendix D and below. Group treatments and jet pool bookings will be promoted onsite and through the website.

Pricing Strategy - Membership

The pricing model is designed to offer guests the flexibility to design their own experience either through membership committal or non-member status.

Membership packages include unlimited communal area access on selected days and any combination of priority treatments and services. If no combination is decided at signing, members can book in advance or walk-in for discounted treatments prioritised over non-members.

Non-members choose a top up or recording option for the Chill Card and then can book treatments in advance or subject to availability at a higher price than members. During events and special promotions, non-members may not be allowed entry unless a fee is paid. They are further restricted from peak hours on the weekdays.

Members are likely to have a firm income with work nearby creating certainty of days they will visit. Non-members will prefer flexibility, freedom from large fees, and can come during non-peak hours, such as students and young mothers.

The Chill Card will enable us to regularly monitor spend and stay patterns to effectively revenue manage by adapting prices and promotions to increase profit and meet customer expectations.

Marketing Strategy

The goal is to establish the Chill House brand as a central hub for all activities within this target market. Within Chill House, networks of friends are created as well as a network with local businesses that value the same customer segments. Marketing and operations will share the central goal of creating a strong and lasting brand image as the trendsetter and networking tool for this target market.

Product:	Place:	Promotion:	Price:
'Escape to Reenergise' Customized Experience Social Networks Café Culture Flexible Spa Treatments Personalised Events	Internet (details below) Members On-Site Partners: Corporate, Masters University, Gyms, and Clubs	Word of Mouth Chill House Website Partners (Clubs, Gyms, Bars) Chill House Ambassadors Press & Media Publications Public Social Networks	Direct Sales Only (Internet & Onsite) Payment Through Chill Card Revenue Management Flexibility to Adapt Prices Empowerment of Choice

The Chill House website will be a key tool to promote and establish a social network for members (see Appendix D)

Key Segments to Target

Men: The rise of the metrosexual has created a demand for male-friendly skin products and treatments as well as an increased interest in cuisine and home furnishings; an example would be a barber promotional treatment (as a trail).

21 – 25 year olds: These are fashion conscious and key trendsetters who dominate consumption. Older generations (late 20's and 30's) are heavily influenced by this group; therefore, staff will have to understand their latest trends.

Singles: Delaying marriage and families for their careers gives this group a higher disposable income. Active daters, they tend to pay more attention to their personal appearance. They use the internet, especially social networks, more heavily than those in relationships and crave the more social aspect of cafés when consuming fast food.

Spa Virgins: Traditionally a neglected segment, these people have been intimidated by the high-end image and price of spas. By marketing the simple, personalised treatments and flexible packaging, these consumers will feel at ease approaching this new concept, particularly while interacting with friends.

Marketing Launch

The following avenues will be used in the launch and will set the precedent for future strategies to enhance and spread the brand image and customer base:

- Public Relations will promote in modern design, nightlife, and music press and media publications
- Internet with heavy presence in social network sites, forums, blogs, and own website development. Videos of nights and days will be posted on YouTube, creating a strong visual message.
- Initial members and ambassadors will generate word of mouth through recommending friends.
- Theme parties with up-and-coming music and social personalities (such as DJs) popular among the target market
- Partnerships with local dance clubs as detailed previously as well as with local fitness centres, and alliances with graduate programs and graduate recruiters for promotion and group events.

With the launch, the first 100 membership cards (one month, unlimited communal areas) will be given for promotional purposes to key up-and-coming fashion, design, and music professionals: our Brand Ambassadors. Events with these people will generate buzz around the opening and give Chill House an up-and-coming status.

Member Acquisition & Contacts

Non-Member Contacts: Through promotions, members give friends' email addresses to invite them to Chill House.

Member Introduction: Incentives for members, in terms of complimentary days of stay or treatments, when the friend is signed as a member.

Each month, members have two free day passes for friends in communal areas only.

Staffing Onsite

To deliver quick service with premium brand standards by social staff, while reducing traditionally high payroll costs:

- Frontline employees will be primarily between 21 – 25 years old to enhance the social environment onsite. This age group is instrumental in setting trends and therefore people will be recruited for their personality and fit with the brand image.
- Due to the simplified treatments, specialists can be recent young graduates with lower expectations of pay.
- Employees will be trained in multiple areas in order to have flexibility within shifts. This age group want varied training and will maximise each person's contribution by avoiding inefficiency during low occupancy in an area.

Strategic Expansion Plan

1. Launch initial project in a major European city: owned and operated by the parent company
2. Build a brand and promote internationally through tourism and media over 2 years
3. Expand the brand in major cities through franchise-partnership "Partchise" operations (*Partially in Equity and more involved into the development and management process than a basic Franchisee-Franchisor relationship. This model is aimed to keep control over early brand development and to improve on existing strategies*)
Goal: Open 5-10 new sites within 2 years, targeting urban areas where the markets predominantly live and work.
4. Go under Franchise, 10 per year minimum while remaining in developed cities and then new emerging territories. (*Low capital required quick expansion, high leverage, and good control*)

Conclusion

By harnessing the trend influence of the 20 - 24 year old consumers, Chill House could become the brand that encompasses and networks between up-and-coming trends and personalities using the mixed-use spa as a social hub of local young adult communities. Analysis of spend patterns will be implemented through Chill Cards and the website to monitor when trends are changing and how to adapt to these new challenges presented by a fickle and easily distracted target market.

Appendix A

Sources for Primary Research

Spa Strategy of Sunway Lagoon Resort Hotel, Malaysia

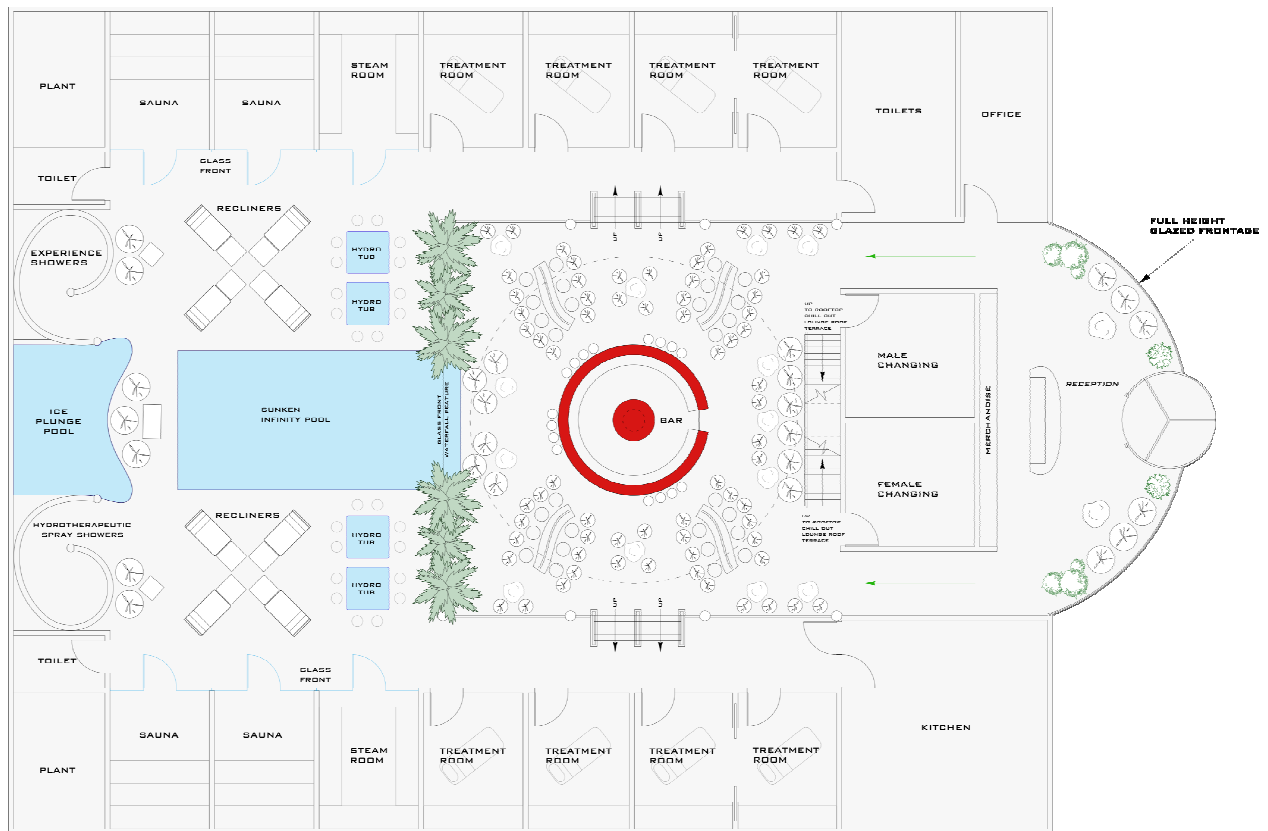
Demographic Research

- *Global Income of People aged 20 -24*, Euromonitor International, 12 July 2007
- *Image is Everything*, Euromonitor International, 20 July 2007
- *Metro and Ubersexual Men*, Euromonitor International, 20 April 2007
- *Single Living: How Atomisation... is affecting Consumer Purchasing Habits*, Euromonitor International, July 2008

Spa Market Research

- *Spa Tourism Report - International*, L. Haden, Mintel Oxygen, June 2007
- *The Spa Trend: Holistic Wellbeing goes Mainstream*, Euromonitor International, 27 June 2007
- *Seven Trends in the Spa Industry*, Massage Magazine,, retrieved March 2009, www.massagemag.com/spa/news/107.php
- Various pages, The Good Spa Guide, retrieved April 2009, www.goodspaguide.co.uk/index.cfm
- *2009 International SPA Association Spa Trends*, Hospitality Trends, retrieved March 2009, www.htrends.com/modules.php?op=modload&name=trends&file=detail&sid=36425
- *News and Research Articles* (e.g. *Profitable Spas: Be On-Trend Rather Than Trendy*, April 2008), Health Fitness Dynamics, Inc., www.hfdspa.com/nws.htm
- *Featured Spa*, Organic Spa Magazine, retrieved April 2009, www.organicspamagazine.com/featured-spa.php

Appendix B



CHILL HOUSE LOUNGE & SPA

PLAN AS PROPOSED

THOMPSON MACLEOD Interior Design Architecture

APPENDIX C

SECONDARY RESEARCH

(1) Interview Luxury Hotel Spa Manager

Introduction: For confidentiality reasons, the manager did not allow us to use his name and the Spa he manages. However, as a brief description, the spa is located in a key European country and operates under a luxury “Spa 5 Mondes” franchise.

- Finance: - Revenue from treatments and secondary spa products with an average guest spend of 170€
- Boutique selling “Spa 5 Mondes” products = 18% total revenue; a key area with a length of 10 meters
- Treatments: - Length from 20min to 7h30
- Treatments purchased: Massages account for 65%, Facials for 25%, and 10% a mix of both.
- Employees: - Masseurs (recruited with cosmetic basic diploma, luxury experience), receptionists, cleaners
- Salary: about 3,300€; Payroll accounts for 50% of total Revenue
- Spa trend: - Spa is traditionally associated with luxury
- Cleanliness is a key matter for all spas, regulations are highly strict
- Spa clients are extremely loyal if happy with what and how you serve them

(2) Survey #1: General View of Spas and Behaviour towards Spas

- WHO: - 60% were women
- Almost 50% were students; remaining were divided into entry level employees and middle level managers.
- BEHAVIOUR: - Health/body and ecological conscious; pamper selves but in eco-friendly, sustainable way
- On average, visit spas every two-three months with most popular spa activities being massage, sauna and steam room, additionally pedi/manicures.
- Prefer to go with friends rather than alone
- SPA VIRGINS: - Those not visiting spas don't go because of 1) price and 2) lack of time.
- DECISION CRITERIA: - Diversity of treatments, service level and ambience.
- Future activities they would like to have in spa is a restaurant

(3) SURVEY #2: Specifically Addressing Chill House Lounge & Spa Concept

- WHO: - 67% of surveyors were female and 59% were in the age range of 21 - 25, remaining 26 - 30.
- 74% of them were students; 17% were entry level employees
- SPENDING POWER: - 56% has leisure budget between 100 and 400 per month
- They would spend up to 200€ for membership cards (offering lower prices and special access but pays for each treatment separately).
- OPINION ABOUT THE CONCEPT: - 90% found the concept appealing
- APPROACH TO SPA: - 60% would like to have a massage at every visit
- 44% would go to spa once a month for 2-3 hours
- 60% accept the idea off “flexible” staffing

Appendix D

Internet Site Menu

	Chill Tour	Bookings	Sneak Peek	Retail Shop
All Access	Virtual tour of property, photos of spa areas during various events	Members & non-members can book facilities. Event planners can plan events with price estimates and advice.	Snap shots of member discussions, event archives, and other pages are displayed to any web viewer to entice non-members.	Order online products available at the spa and exclusive online only purchases
Members Only	Healthy Living Organic healthy recipes, yoga exercises, skin care tips, & healthy living tips and discussions for members to read and discuss.	Local Area Recommendations by members & ambassadors of local activities, bars & restaurants	Forum For suggestions, discussions on improvements or events for Chill House while interacting with Chill Community	Events Archive Photos, discussion, interactions between members at previous events. Members can post own pictures of events.