



## SOUTH AMERICA: *Brazil*

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### ECONOMIC CLIMATE

The recent economic recession had a negative affect on the spa industry in Brazil in 2008 and first quarter of 2009. However, the impact was lower than expected. The spa industry in Brazil is very young, but it is growing very quickly because of the increasing popular culture of body and beauty care, wellness and quality of life. People in Brazil are increasingly becoming aware of what a spa actually offers, its services, structures and benefits, and that has brought many new spa goers to the spas. This fact has positively influenced new entrepreneurs in this market, and therefore created a much larger market for the spa business in this country, especially in the larger cities such as São Paulo and Rio de Janeiro.

Many people in Brazil still link the concept of spa to luxury and very expensive services. This false view of spas has kept potential clientele away. Basically, despite the recent negative economic environment, we notice that the Brazilian spa industry is rapidly overcoming it and we are seeing a very positive growth for this segment in our country.

The Brazilian people are very price oriented. Many people do look at quality first but at price. Even though there are many differentiated spas with higher quality structures and services, they also compete with smaller and lower quality and less expensive spas. This is a big challenge for entrepreneurs, who must differentiate their spa and services.

### STATISTICS

The Brazilian spa market is very young, fragmented, informal and not professionalized. This has resulted in difficulties especially when it comes to gathering information and statistics. We still have no precise information on our spa industry, but the market is estimated to have fewer than 1.000 spas, mainly concentrated in São Paulo, where we suspect 40% of the spas in the country are located.

Some data we have in the Brazilian spa market is related to the first Spa Week (last October) that we (the Brazilian Spa Association) organized in São Paulo. We just promoted the second edition of Spa Week, very similar to the U.S. and Canadian version. This event has strongly and positively impacted the spa market in the cities where it occurred - São Paulo and Rio e Janeiro. It was a 14 day event and 14 spas participated (in the second edition happening in this April we jumped to 38 spas). There were 6.7 thousand services rendered during this period, which resulted in an increase of an average of 110% of the normal routine of the spas. 83% of the clientele were woman, and 39% were 21 to 31 years old, which shows that the younger population is more oriented toward the benefits of the spa, but does not frequent spas because of the prices. 30% of the clientele were 32 to 41 years old. It is also interesting to know that 41% of the people who attended Spa Week had never gone to a spa in their life! There is an extremely large potential client base.

## INNOVATION

Brazil is a multiracial country with many cultures and origins. This has influenced the spa industry, which reflects different countries around the globe: Japan, India, U.S. and Europe in particular. Because the Brazilian spa industry is young, most of the innovations come from worldwide influences. It is difficult to find innovative services or treatments that are not found in any other place. However, Brazil is rich in local influences, natural environments and many natural resources. Some indigenous factors might include facial products, body lotions and oils from natural Brazilian resources, different natural masks, natural grains and seeds for pillows and relaxing couches, the use of local types of woods for decoration and architecture etc.

In terms of management, the Brazilian spa industry is very poor. Most of the spa entrepreneurs are aestheticians, physiotherapists or other types of spa professionals that succeeded in their individual businesses. It is hard to find strong and prepared entrepreneurs investing in this business, but it is growing because of the overall growth of the industry. There is also a lack of education programs in Universities as well as a need for dedicated schools for spa professionals and managers. We, in the Brazilian Spa Association, are investing a lot in this segment, developing special courses, processes and certifications.

In Buddha Spa (a chain of spas of which I am a partner), we have developed and created during a very professional and structured management team in the past 5 years. We are probably the most professional spa company in Brazil, operating our own spas and working as spa consultants for other companies. My partner and I have a financial and law background, therefore we have structured an efficient business model that can be replicated by the franchises we have launched. Our professional structure and management training includes client management, therapists, administrative management, legal issues, controlling and procedures, marketing and commercial, architecture and decoration, coordination and supervisors, etc.

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