



The Americas: Brazil

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

It's impressive how fast the Brazilian spa market is developing. When compared to 5 years ago, this industry has definitely grown over 20% per year. That is a result of the increasing "wellness culture" of the population, especially in big cities. It has really changed the way people look at the spas, which are more and more becoming part of people's day by day life.


As time goes, the services offered in the spas are being explored by the press, people are getting more interested in the benefits of going to spas, spas are becoming attractive places for events and social meetings, and the overall wellness lifestyle is increasingly depending on the spa offers. All this perspective has brought a new milestone for the spa industry on the customer's view: If everybody goes, why wouldn't I? What does a spa actually offers that everybody is talking about it?

For instance, the Spa Week, an event organized by the Brazilian Spa Association, jumped from 14 spas participating in the first edition in late 2009, to more than 100 spas early this year, with over 20 thousand people participating. This brings up the following situation: customers are starting to develop more and more of the spa services and structures. Even though there is a large percentage of new customers for spas, there is still a great number of spa-goers that are trying different spas, different services and different experiences in alternative locations, which requires the Brazilian spa industry to be both educative (for those new clients) and professionalized (for those exigent spa-goers). This fact has positioned this market to be at the same time new and less explored on one hand professional and well structured on the other hand, which certainly generates a great amount of opportunities for entrepreneurs and professionals of this area.

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

One sector that has for many years represented (and still represents) an enormous growth is the beauty and cosmetic industry in Brazil. The Brazilian cosmetic industry is the third largest in the world, behind the U.S. and Japan, and still attracts a large capital investment, as the Brazilian population is very "beauty oriented."

In the recent years, we've noticed that much of the attention of the beauty market is being targeted to the spa industry, which, besides offering beauty services, also brings different relaxing and wellness experiences. This fact has also brought the attention of large typical cosmetic brands, equipments, and accessories to focus in this market, therefore attracting more exposure and investments. In line with this expansion, the Brazilian spa market is constantly bringing national and international



players to this market, which sees a big opportunity for the development of new business models in this new and growing segment. For instance, O Boticario, one of the largest cosmetic brands in the country, with over 3000 stores, has just launched a new spa model, still focusing on the sale of products, but now bringing different room services and experiences inside the store.

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

As just mentioned above, the Brazilian spa market is experiencing a strong growth, mainly by virtue of the development of the culture of wellness care and search for life quality. As a result of that, this industry brings various business opportunities for the different market players:

- Spa operators are facing a natural organic growth for their established businesses
- Spa chains are able to exploit the demand for spa services by launching franchising models or partnering with hotels and condos
- Spa consultants have a large and unexplored market to operate, especially in the hotel industry, which is pushing the growth of the spa industry by virtue of the big upcoming events in the country: Olympics and World Cup
- Spa suppliers have a still low competitive market to show the quality of their products and capture the growth of this industry
- Cosmetic companies now find a new market for their products, both associating their brand to this interesting segment (as O Boticario did) or selling products for the majority of spas that don't have an agreement with any other brand yet
- Spa schools and educators find a extremely large market for their services and offers, being able to bring strong standards and quality for this new and still unprofessional industry
- Investors are able to explore new opportunities related to this market or analyze potential acquisitions of the many small companies or spa chains that already exist and successfully operate in this segment

Many other opportunities could be identified for the future look of the spa market in Brazil. It is of interest to mention that this industry involves spas (with over 1000 facilities in the country) and aesthetic clinics, the majority of facilities in the country (over 3000), which are focused in aesthetic services and body beauty procedures. It represents a market with more than 4000 facilities focused in wellness and beauty, definitely representing a large opportunity for any business related to those segments.

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