



EUROPE: *Ireland*

ECONOMIC CLIMATE

Ireland's spa industry has experienced significant change and development over the past 10 years. This was incentivised by tax concessions to encourage the development of world class hotels across the country – each one boasting a larger more sophisticated and exotic spa than the next. It was the start of an amazing journey for both the Irish client and therapist.

These spas enjoyed unlimited budgets when it came to staffing, stocking, advertising, training, etc. However affluent the property may have been, there was one main shortfall across the industry in Ireland. Most were being operated day to day by hotel managers. Successful in busier times, when things became more challenging it became apparent that this multi million euro industry needed some credible career options in its management structure for the now thousands working in the sector.

The Irish spa goer was enjoying experimenting with all the wonderful types of hotel spa's available and selecting favourites as they went. For most it was the physical building which impressed them. For some the spa most covered in the media. But for the core Irish client (who is interested in the health benefits of treatments) it was the service. This led to repeat business and positive word of mouth for the spa concerned. A steady increase in competition, the worsening economic downturn and falling guest figures are spelling out a difficult future for the luxury hospitality sector in Ireland. The recession which began in the second half of 2008, greatly affected the tourism industry as consumers showed increased concern over their personal finances.

Surveys indicate that many spa managers believe the spa industry may be protected to some extent from the negative effects of the current economic climate, as spa consumers continue to demand relaxing spa and wellness services despite potential decreases in their discretionary spending. The leisure industry has suffered as people have less disposable income. However, with health, fitness and 'wellness' issues remaining topical, a certain level of demand will remain and will grow into the future, according to various tourism bodies. When consumer confidence returns and people begin to know where they stand financially, the industry will see the benefit.

POSITIVE

- Client care and customer service are flourishing in surviving business's
- There is greater value for the customer
- Popular treatments are being packaged together and sold with a day spa pass
- Benefits of training is being realised by most managers and owners now.
- Less staff turnover so better intercompany relations
- Employers benefit from their staff being on part time contracts
- More group business

SPA INDUSTRY BRIEFING: *Ireland*

- Team spirit is alive with incentives and the staff are creating a motivated work place
- As the competition narrows due to closures, the top Irish spa's will benefit

NEGATIVE

- Treatment revenue has decreased by 30% - 50 % across the board;
- Retail sales have plummeted – from an average of 12% to now a mere 2-5%;
- Salaries or hourly rates across the sector have in most cases been reduced or frozen
- There are challenges scheduling a part time work force
- Low stock levels / tight cash flow;
- No new spa developments due to the banking crisis;
- Contra deals being struck with media in exchange for advertising
- Unimaginable uncertainty due to the extent of properties experiencing receiverships
- Credit terms restricted by suppliers who have incurred financial losses

STATISTICS

The exponential growth in spas in Ireland over the last 10 years has been astounding. Everywhere you look, from big cities to the most remote rural spot, spa and wellness offerings exist. In 2006 alone, over 30 facilities opened, offering different types of spa experiences. Much of this growth is represented in the hotel or resort spa sector. The growth is not only in response to changing consumer expectations but is also playing a key role in educating Irish consumers with regard to spa experiences. Within a short period of time, Ireland's health and wellness industry has grown from offering a few select, dedicated health farms and spas, to offering a significant choice to the consumer.

INNOVATION

During 2009 the country's first degree in Spa Management was born at the Athlone Institute of Technology. In addition to the Fáilte Ireland Spa and Wellness Categorisation Programme, this degree will support the development of the spa management career in Ireland. The drive to diversify and expand current product offerings is fuelling development in wellness tourism. New leisure experiences and treatments, which can be packaged and marketed as a desirable, relaxing and health-promoting experience, are also contributing to supply growth.

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