



## ASIA: *Japan*

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### ECONOMIC CLIMATE

Japan's spa and wellness industry was not affected by the economic crisis until the spring of 2009. Although the crisis hit us six months later than the rest of the world, we are taking longer to recover. Overall, the number of spa customers has dropped after spring 2009. Japanese spa goers' incomes were NOT negatively affected by the 2008 economic crisis. However, it was Japanese nature to exercise "self-restraint," to be thrifty, and limit spending money on luxurious items. This was reflected in a reduction of spa visits.

Operating 14 spas that range between mid-end to high-end hotel spas and RYOKAN spas (Japanese traditional hotel with ONSEN, hot spring), to day spas, I could see the different impacts for varied locations and conditions. For high-end spas, we did not see major drops due to our conservative approach to high-end spa customers during this economic crisis. We showed the lowest priced treatment menus to attract customers. We were able to sell value-added services and upgrade the treatment to a higher price point. However, there was a slight drop in revenues. Average treatment price per customer for 2008 at a high-end spa at a luxury hotel is yen27,718 (US\$ 1= yen95, US\$292). In 2009, it dropped to yen25,277 (US\$ 266). The average price per customer dropped 8%, and the number of spa customers dropped 7%.

For mid-end spas, we saw a major impact on the number of guests. Compared to 2008, guests dropped by 23%, but we saw the average treatment prices go up by 10%. This resulted from offering various add-on treatments on the menu that were price friendly, starting from yen1000 (US\$9.50).

Patience is required for weathering this economic climate, but as long as the right approach is used, we can continue to see positive and stable revenue.

### STATISTICS

In Japan, you need to target local Japanese customers to maintain stable revenue. Local Japanese make-up 98% of our spa clientele, with the exception of Hilton Niseko Village. Niseko is a very popular destination for worldwide skiers due to its powder snow. In 2008-2009, the average percentage of international guests staying at Niseko Hilton Village was 22%. In 2009-2010, it went up to 30%. Though we are still in the middle of the economic crisis, the number of international guests at the hotel has increased 8%. Spa customers have increased by 38%. This is considered a significant jump for us. If we are able to attract more international guests to visit us in Japan, spa clientele will continue to increase. Hilton Niseko Village is working on increasing the number of

## SPA INDUSTRY BRIEFING: *Japan*

international guests from 35% to 38% in 2011 and to 45% in 2012. The key point is to attract international customers who will enjoy the new spa experience in Japan. Currently, our Japanese ZEN themed spas are very well received by international customers.

### INNOVATION

- **Site Design:** “Another-Japan” themed design has been very well received by both local Japanese and international customers. What if Japan had been modernized, while retaining its traditional style? This design has both modern and traditional parts of Japanese style. For Japanese, the space looks very cozy because it is something they are familiar with. For international guests, it is a new perspective with a Japanese flare that makes it fresh and exciting.
- **Markets:** To-Go Treatments. Japanese customers lack patience and do not like to waste time. Many want a time-efficient treatment. Many of my spas have a tailored menu offering “to-go spa treatments” for those who have limited time and budget.
- **Offerings:** Cross cultural SPA Experience. Using ZEN as a base concept, I mix other cultural rituals to create a unique spa experience for our spa customers. As an example, I found similarities between Northern Japanese culture and the Native American culture. At the spa located in Northeast Japan, I combined Native American Sweat Lodge elements with local culture to create entirely new spa experiences. It has been very well received both by local Japanese and international customers.

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