

# EUROPE: *Spain*

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## OVERVIEW

Visiting spa or thermal bath to simply relax was virtually unknown in Spain 10 years ago. Previously, people only went to spas to treat a health complaint and clients were normally women over 60. However, by 2008, the motive of 84% of spa clients' trips was to relax whilst only 12% went for a health issue (according to IPSOS Report 2008). The number of spa visitors in Spain has risen from half a million to 6 million in the last 10 years, with a radical change in the profile of the typical user: from an average age of 60 to 40. The majority of spa users are still women but men now represent over a third of the market. In addition to the traditional hydrotherapy on offer at thermal baths, the Spanish spa experience now envelops a variety of massage and contemporary treatments such as wine-therapy, citric wraps, etc.

These changes in consumer habits have now settled into the Spanish psyche and, in terms of numbers of spa users, Spain now comes sixth highest in country rankings (according to report carried out by ISPA and ITEC France published in *Quality Spa* magazine). The most popular are still traditional thermal baths, followed by destination spas, followed by urban spas. Destination spas are a relatively new phenomenon in Spain: there are about 600 hotel spas in total but this number is ever increasing as hoteliers realize they will lose business if they do not remain competitive in the market and the hotel spa business helps to bridge the gap between the high and low tourist seasons which are marked in Spain.

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## TIMES OF CRISIS

Whilst the spa business has been booming both culturally and financially over the last decade (with a steady annual increase of 15% since 2003), it has inevitably been affected by the current economic crisis. By the end of this year, the industry can expect to see a 15-20% downward shift in revenue. Despite the recession, clients are still visiting spas but with less frequency, opting for cheaper treatments and shorter stays. For many spas, 30% of income comes from the sale of gift vouchers, a fact that has not changed but the value of the gift has decreased. As a direct result of economic difficulties, customers are not tending to purchase retail products after their treatment. Product sales in general are much slower in Spain as spa sales and marketing is not as developed as in other markets such as the Riviera Maya. The Spanish spa therapist does not tend to recommend products for a home-based follow up to the spa treatment.

General growth in the spa industry has slowed right down with the number of new projects falling by 75%. New developments represent 3 – 5% of the market but, on a more positive note, the projects are of high quality: 4 and 5 star hotel projects that started before the crisis are committed to finishing the development whilst maintaining the same high standards.

## SPA INDUSTRY BRIEFING: *Spain*

As a result of the recession, the industry is having to work harder at customer service, making extra effort to fully explore customers' individual needs, for example, the need for childcare facilities as the target client is now much younger. They are striving to incorporate the latest trends in the cosmetics sector in their menus, offering fruit, chocolate, wine, caviar and gem based treatments. Facial treatments are becoming increasingly popular, especially oxygenating, anti-ageing and radiance boosting.

The economic crisis is an ideal moment to dissect the market, choose more carefully how to position brands and assess which clients are able to survive in this climate. The spas that are most committed to quality and service are the ones that will last. Spas need to work on offering a first class service whilst perhaps having to rely on less personnel. They also need to take advantage of the potentially slower pace of business to train and develop their staff. Spa staff tend to be young and there is a high turnover which means that the team is not always optimized and balanced.

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## LOOKING TO THE FUTURE

Spain is a country of vast differences, both culturally and geographically and, spas are now being created according to location and cultural context. The sector may be in danger of becoming saturated so new spas need to focus on market research and strategy to dictate their size, design and business plan.

Many hotels spas are not profitable as they are still geared towards leisure rather than health. The Spanish spa visitor is becoming more knowledgeable and is increasingly able to recognize quality facilities and service. There is more emphasis on the interior design and uniqueness of the spa as the market becomes more competitive. In an effort to achieve further differentiation, spas are becoming more specialized hence the emergence of medi-spas. The originality and effectiveness of treatments combined with excellent customer service are vital for a spa business to remain profitable and buoyant. A good spa manager is imperative to achieve the necessary level of customer service. In the case of destination spas, the manager should run his or her business as a separate entity and not as a component of the hotel. He or she should have experience in finance, human resources, sales and marketing and the sector in general. Working closely with the hotel management and sales team, the spa manager should seek to motivate and provide incentives for all hotel staff to sell both rooms and spa services.

For the sector to mature fully, spas should focus on improving treatments and on assessing the ecological viability of their businesses, using energy saving techniques such as water recycling and solar power.

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