



EUROPE: *Switzerland*

SUMMARY

Nowhere else in Europe is so much being invested into hotel spas as in Switzerland. Over the last few years, investments of hundreds of millions were executed, in particularly in 5-star hotels such as The Dolder Grand Zürich (Lord Norman Foster), Tschuggen Grand Hotel Arosa (Mario Botta), and the Grand Resort Ragaz to name but a few. Other important projects such as the Alpenbad Adelboden, Wellnessbad Rigi (Mario Botta), InterContinental Resort in Davos, and Eden Roc in Ascona are in the pipeline or about to start. The expansion of day spas, detached from hotels, only started in recent years and yet, the development is moving rather slowly. Most day spas are located in major cities and are more focussed on fitness than treatments or include large water facilities.

CHANGES IN CONSUMPTION

The best value for one's money is a major concern of every spa customer. It is all about getting the best deal. Whereas prices may decline significantly, there is absolutely no quality confession from customers' perspective. Most hotels are facing steep drops in occupancy and thus, try to increase their spa revenue by creating packages specially designed for locals.

Creativity seems to be unlimited when looking at the offers that are on the market. Each and every one of them has the same goal: to attract new guests and to secure revenue. Hence, the message spas are sending out is very obvious: the demand for spa offerings has decreased significantly.

Spa and cosmetic product brands have also pushed out special deals, such as "buy 2 get 3" or "buy two products and get something else for free", in order to increase sales.

CHANGES IN SPENDING PATTERNS

Packaged, all inclusive spa offerings seem to be more attractive to customers than individual treatment bookings. When looking at the retail sales as a percentage of treatment revenue, we can establish that there has been virtually no change at all. The decrease in percent of retail revenue is equivalent to the decrease in percent of treatment revenue. Retail revenue has dropped by 25% in the first quarter of 2009 in comparison to the first quarter of 2008, but so has the treatment revenue.

EXPECTED SHIFT IN REVENUES

A hotel's spa revenue is closely related to the occupancy of the hotel. Hence, a possible 20 to 30% drop in hotel occupancy will have a similar impact on spa revenue. The price sensitivity of spa-goers will supplement the decline of revenue.

SPA AND WELLNESS RELATED PROJECTS CURRENTLY UNDER DEVELOPMENT IN SWITZERLAND

No. of Hotels with Spas which have been classified by Swiss Tourism Board	No. of leading Spas currently classified	Spa and wellness related projects planned	Projects cancelled
61	15	17	8
Statistics revealing the number of day spas which are independently operated in Switzerland do not exist.			

TREND-SETTING AND UNIQUE PROJECTS

Currently the most exclusive and comprehensive Spa resort, probably in Europe, is the Grand Resort Ragaz. Not only is it the first spa-suite hotel with thermal water in all guest rooms, the sauna and steam bath and in treatment rooms, but it is also offers a vast spectrum of medical treatments, prevention and celebrates the healthy lifestyle.

We've identified a clear shift from passive wellness consumption towards a more sustainable approach, in particular to a healthy 360° view that is much more focussed on prevention, incorporating all aspects of the daily life such as sports, exercises, relaxation, nutrition, and knowledge about the personal needs.

Another trend is themed special offers, such as Ayurvedic weeks and yoga weekends, where specialists are invited to the spa site to run a closed program for the guests.

OPPORTUNITIES

Since we are in a heavily service oriented peoples business, there are only limited opportunities on the cost side. However, the current situation forces everybody to focus on creative revenue generating approaches, revealing cross-working opportunities between departments, good understanding of therapists about work processes, establishing incentives that boost sales, and increasing in-house trainings.

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