

EUROPE: *United Kingdom*

OVERVIEW

The United Kingdom has a long tradition of spa going back to the Roman times, and including waves of enthusiasm for bathing and taking the waters, particularly from the 18th century to the present day. Traditional Spa towns such as Bath, Harrogate, Scarborough, Boston, Buxton, Cheltenham, Malvern, Leamington, and Tunbridge Wells became popular because of their mineral springs and spa facilities – attracting Royalty and the wealthy classes as England, in particular, underwent transformation through the Industrial Revolution.

In the 20th Century many of these facilities declined in popularity, probably due to a number of factors – a general deterioration of the facilities; better quality of homes; better medical facilities and medicines; and different vacation requirement – in particular the attraction of low cost ‘holidays in the sun’ overseas.

Since the millennium, however, the spa sector has seen a rebirth of enthusiasm for both traditional and new spas and spa treatments. Spurred by the increasing affluence of a service driven economy there has been an aggressive investment in Hotel and Destination Spa facilities, the emergence of the Day Spa facilities and a clear change of emphasis at traditional Beauty Salons which has resulted in the rise of the Salon Spa.

In recent years there have been some very marked trends:

- ◇ The rise of the professional health club/gym chains which have more recently added spa to their offer: Esporta Health Clubs and their Tranquility Spa concept; Virgin Active with a number of spa brands – Heaven V, Re-Aqua and Dove; Ban-natynes with their Sensory Spas.
- ◇ The rise of professional Day Spa chains – most notably Re-aqua/Dove (Unilever are a key investor and owner of the Dove brand); and Champneys Town and City brand – extending their established Destination Spa offer into Urban Day Spas
- ◇ The addition of spa to the luxury hotel sector

The 2007 Global Spa Economy Report estimated that there were around 2,500 spas in the UK generating total spa revenues of \$1,724m. The ISPA 2008 Global Consumer Study estimated that 25% of the UK population are active spa goers and average 3 visits per year – favouring Day Spa (66%) just ahead of Hotel Spa (55%). The most popular treatments are massage, facial, manicure/pedicure, body scrub/wrap and aromatherapy – interestingly this does not include the hydrotherapy, bath and water therapy and balneotherapy treatments which are more popular in Continental Europe and which have had a significant role in the UK’s spa tradition – modern spa has, apparently, taken over!

UK SPA PERFORMANCE AND THE CREDIT CRUNCH

Undoubtedly the spa sector is not immune from the economic recession. Hotel occupancy is generally down – which will directly affect spa treatments bookings and spa retail sales. There seems to be more resilience in the Day and Salon spa sector and these spas have benefited from the increased availability of spa gifting products from both individual operators and from national spa marketing companies like SpaFinder.

It is estimated that 35% of spa goers used a gift product in their last visit to a spa and most will be in the £25 - £50 price range – a relatively low price ticket which will be more ‘recession proof’ and which will continue to be an attractive gift for birthdays, anniversaries, Mother’s Day and Christmas.

A tracking study of Day Spa business performance by the UK Professional Beauty Magazine shows the following results:

Is the business:	Better?	Same?	Worse?	Occupancy?	Net Profit?
Dec 2008	51%	20%	29%	77%	42%
Jan 2009	57%	14%	29%	63%	19%
Feb 2009	52%	21%	27%	73%	29%
Mar 2009	62%	28%	10%	78%	30%

These numbers suggest the following: Firstly the level of revenue and business confidence is surprisingly high – 71% of spas in December were saying that business is the same or better. This had risen to 90% by March. Secondly, occupancy rates fell from the peak Christmas period but recovered by March. Finally, the decline in net profit has been triggered by a marked increase in consumer marketing – specifically in discounts and offers.

Across the UK, Hotel Spas and Day/Salon Spas are offering incentives and promotions to consumers to drive business. Common incentives include: discounted treatments of the month; 2 for 1 and 3 for 2 treatment offers; treatment upgrades or extras (e.g. free mini facial with massage); buy 1 get another half price; and hotels offering spa based incentives to drive room occupancy – free use of facilities, free treatments and enhanced hotel/spa packages. In addition spa business education continues to focus on better recruitment, training and staff retention; people productivity, cash management and general overhead management – particularly energy.

UK INVESTMENT AND TRENDS

Investment in the spa sector has remained high through this recession with no indication of any projects being cancelled or seriously delayed. Some recent openings and projects in build include:

- ◇ Christchurch Harbour Hotel - new spa
- ◇ Von Essen Fawley Hall – new spa retreat
- ◇ Armathwaite Hall in Keswick – new spa
- ◇ Danesfield House Hotel buys Urban Spa Illuminata
- ◇ Sofitel T5 Heathrow – new spa
- ◇ Von Essen Hotel Verta – new spa
- ◇ 6 Senses Day spa at Pan Peninsula Canary Wharf announced
- ◇ Tytherington Club Cheshire – new spa
- ◇ Lucknow Park hotel – new spa
- ◇ COMO Metropolitan Hotel – new spa announced
- ◇ Feversham Arms Hotel in Yorkshire – new spa
- ◇ Sofitel Hotel St James London – new spa in construction
- ◇ Knock Castle Hotel and Spa - new spa in construction
- ◇ Trump Balmedie Beach golf and spa resort, Scotland (\$1billion project) – announced

This list of new spas clearly shows operators responding to increased demand for spas from consumers. It includes the expansion of existing spa brands like Six Senses and COMO into new UK projects; continuation of the investment by Accor into the Sofitel luxury hotel brand; and further investment in spa by Von Essen Hotels - a fast growing luxury hotel operator in the UK and France with a portfolio of 30 hotels including Cliveden, Seaham Hall and Sharrow Bay.

SpaFinder in the UK has over 300 partners and there has been no evidence of any serious contraction in the industry. Despite the recession there has been no project cancellations or spas closing – with the exception of Elizabeth Arden Red Door in London which is reported to be winding down its operation, probably as a result of a change in strategy to focus on the US market.

It is anticipated that 2009 will see an increase in UK ‘staycations’ - families holidaying in the UK - with self-catering on the rise (a reversal of the trend for all-inclusive holidays) and also an influx of visitors from Europe attracted by the cheaper pound. Bookings at Hoseasons, a budget operator, are reported up 27% versus 2008 and both Pontins (holiday camps) and Center Parcs (holiday villages) have announced substantial investment programmes – the latter including an extension of their Aqua Sana spa brand.

MEGA-OPPORTUNITIES

There is clear convergence of health/wellness, fitness, pampering and beauty/aesthetics within the spa sector. Arguably, each overlaps the other and each has a place in the development of the spa industry as it grows from niche to mainstream.

Unsurprisingly in the current economic climate, there has been a shift ‘back to basics’ – massages done well, facials that focus on results and not hype, traditional treatments rather than the ‘next new thing’. There has been a move away from exotic pamper treatments using chocolate and strawberries and a greater focus on the health and wellness deliverables – and of course, the desire to ‘de-stress’ has become the mantra of the recession.

Non-surgical medi-spa has also continued to develop with a proliferation of filler, botox, peels, teeth-whitening, and many other products and treatments available. Probably hard hit by the recession as many of these treatments are discretionary – they are not part of the majority of consumer’s standard beauty/aesthetic regime – they undoubtedly have a place in the future. As does the general re-branding of clinics to medical spas – taking advantage of the softer, more welcoming, more consumer-friendly ‘Spa’ brand.

Finally, spas in the UK continue to be places of quietness and reflection. Visitors are usually singles or couples or small groups of friends enjoying the treatments and facilities. They are generally not social meeting places and it will be interesting to see if this trend develops in the future – although maybe the UK is not quite ready for mid-morning vodka and pickled herring a la Moscow spa style!

SUBMITTED BY:
Kevin Turnbull
Chief Executive
SpaFinder Europe
Kevin@spafindereurope.com
+44.870.121.6066
www.spafindereurope.com

