



## NORTH AMERICA: *United States*

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### ECONOMIC CLIMATE

It is no news globally that the United States has suffered from the deepest recession in modern history over the last 18 months. What may not be as widely known outside of the U.S. is that the health care debate has divided the country. While independently, these two issues are of great magnitude, when combined together they could present one of the greatest opportunities ever for the spa industry.

In this current economic climate, the spa industry was not spared. Prices for treatments dropped, cutbacks in staffing levels were made and little to no money was spent on upgrading or renovating properties causing guests to feel the pinch overall through inferior experiences. Interestingly though, treatment room utilization was up which demonstrated that many patrons, at all pricing levels, did not necessarily reduce the number of spa services that they receive. They looked for shorter or abbreviated treatments so that at the very least, they did not have to go without.

The primary reason for visiting a spa was stress reduction, indicating that the recession contributed to poor mental, emotional and physical health. When you combine this with the fact that a staggering 70% of all Americans are either obese or overweight and that prescription drug sales grew to a record \$300 billion in 2009 during a declining economy, the United States does not have a health care issue; it has a health care crisis. The increased use of cholesterol-lowering and anxiety reducing drugs proves we are a culture of quick fixes and instant gratification. We would rather take drugs as opposed to getting healthier through diet, exercise, massage, meditation or yoga.

The health care industry in the United States is one of the only industries growing through this bad economy. They have borrowed ideas from the spa industry to create sexier, more experiential hospitals wanting to give patients more hospitality type experiences. So why not the I reverse? For the future “health” of our industry, it will be imperative for spas to look at inclusive health care for our own growth. The opportunity is ripe and now more than ever, not only prevention but disease management is at our doorstep. Price Waterhouse Coopers reported that “wellness programs and initiatives to personalize the experiences of health plan members are on the rise” and that “employers will rely on prevention and disease management programs to temper costs... rather than shifting higher levels of cost-sharing onto workers.”

### INNOVATION

Inclusive health care is a relatively new concept that is now practiced in some medical spas. It is a partnership similar to that of the patient-centric integrative health centers, where “a team of professionals partner with a patient to achieve long-lasting cosmetic goals and total wellness” (Dr. Howard Murad 2009). We see the broader extension of this concept reaching out to all types of spas particularly the facilities that were overbuilt between 2001-2007. They are suffering the

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wraths of the recession with underutilized spaces and amenities at great cost to their ROI because they were built with a projected growth that was based on a booming economy. These spas have the space and client base that can provide new avenues for a team of health care professionals such as chiropractors, mental health professionals, dentists, nurse practitioners, nutritionists and physical trainers to set-up offices in spaces that could be re-purposed to suit an inclusive health care model. A visit to the spa would now not only include a bariatric massage for an overweight guest, it would also include a weigh-in and Body Mass Index reading by your nutritionist, a back and hip alignment by your chiropractor, a blood pressure and cholesterol check by your nurse practitioner and a training session in the privacy of your own room.

The aforementioned spa types are particularly well-positioned to become leaders in the health and wellness industry because their strength has always been the ability to connect with guests at a highly personal level not seen in a traditional health care model. Spas have a low stress/high touch environment that presents the human side of health rather than the clinical side and they will need to draw on this strength to attract potential consumers for the partnered services approach.

The emergence of wellness centers such as Canyon Ranch, Cooper's Clinic or the Duke Center for Integrative Medicine clearly indicate that the demand for comprehensive health programs exist at the higher end of the cost spectrum. However, it will be important to create better priced solutions at the local level that address the local client's health and wellness needs. This is where the real opportunity lies for spas to capture this need as it exists at a much broader level.

According to a recent public opinion survey, "more than three-quarters of Americans support increased investments in prevention programs to help people make healthier choices" (Greenberg Quinlan Rosner Research and Public Opinion Strategies 2009). The same survey found that prevention is their highest priority for health care reform. This proves that Americans are not only open to a proactive idea for better health but are in fact demanding it. Clearly, all signs point toward the opportunity for spas to evolve to the next level by providing a more all encompassing health care model that would include supporting a team approach focused on 360 degree care.

From grass roots to the higher levels of involvement, the spa industry will need to speak with a unified voice that lobbies to advance the singular purpose of bettering people's health and reversing the health crisis in America. It is certainly possible for us to emerge from this recession in a better financial position and with greater market share than ever before. We must use this time of turmoil to make strides and changes that will positively impact our industry well into the future.

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