Coyle Hospitality Group

NEW PRIORITIES OF TODAY'S SPA CONSUMERS

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JOINING TOGETHER. SHAPING THE FUTURE.

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OVERVIEW

The last year was a challenging year for all hospitality businesses. Travel was down, people ate out less, and hotels saw steep declines in average rate and occupancy. Spa consumers followed suit, spending less on luxury and more on necessity, or not at all.

For most operators in 'experience' businesses, 2009 was a step-back financially with some operators seeing monthly comps off by 40% compared to 2008. Economically, the changes were unprecedented as the credit freeze obliterated housing value and wiped out consumer confidence.

What did not change was the advancement of technology, and the increased impact that the internet continues to have on consumer behavior. Twitter, Facebook, and Social Networking; merely words to most people in 2009, have become economic forces to be ignored at your own peril. The internet and its applications, march on impervious to economic gyrations.
As we seem to emerge from this very difficult economic period, we felt that spa operators would derive significant benefits by doing a 'Temperature check' of today's consumer and asking anew:

- What makes a consumer choose a spa for the first time?
- What spa 'deals' are worth promoting?
- What marketing efforts are effective?
- How is social networking affecting business?
- Will the spa consumer book treatments and services on the internet?
- What is the best way to retain clients after a spa visit?

These questions are only some of those that will be addressed head-on in this report. Like all interesting research, some of the answers lead to more questions and we will try to show you how the answers provide context and meaning.

Report Contents

In this report, we will address the following:

- Marketing: What drives the consumer to spas today
- Pre-Arrival/Sales: How web presence and reservation calls effect consumer behavior
- During the Visit: What 'makes or breaks' a spa experience
- Post-Visit: What are consumers expecting from spas after the visit

Research

The data in this report has been comprised of survey and evaluation data collected by Coyle Hospitality Group.

Approach

Consumer behavior, when it comes to emotional purchases like spa, presents interesting challenges when gathering market research. First, the offerings are varied and complex. At even a smaller day spa, over 50 treatments and services are likely available, and variations naturally occur since the offerings are delivered by people.

Secondly, the motivations to purchase are hardly easy to put into pre-labeled, multiple choice slots. A consumer may spend for several different reasons in the same spa, or choose different spas for different purposes. Finally, because the desired outcomes are emotional (how people feel and how they look), perspectives are very unique, and meaningful data can be difficult to plumb. Often, we see respondents expressing very similar sentiments, but using very different phraseology.

Coyle has been conducting market research in hospitality since 1996. We have fielded and then evaluated tens of thousands of surveys and we have learned the value of the most important survey question in the tool box of the market researcher: the simple questions, 'What?' and 'Why?'

While we do utilize multiple choice questions to help define groups within the pool of respondents, when we wish to examine critical consumer behavior, we have found that these wonderfully simple open-ended questions produce the most useful results.

'What?" and 'Why?' produce the most reliable data for several reasons. The respondents speak their minds, stating what is important to them, not the survey designer. Secondly, they are less inclined to provide misleading data by answering questions that are meaningless to them; the things they leave unsaid are useful. Finally, we avoid survey fatigue by being succinct.

The challenge with asking such questions is that the responses are in narrative form. There is no bar graph or fancy looking pie chart a few clicks away from the raw survey data. Coyle researchers now have thousand of words, sentiments and feelings to make sense of. And while our approach is proprietary, we rigorously process the initial data. Each response is categorized and analysts then begin sifting through the statistics, searching for trends and meaning. Yes, reading and then rating 1,300 narrative responses about why one ad was preferred over another is an arduous task. For our part, we always learn a great deal in the exercise because the stories respondents tell invariably shed new light on what is accepted as conventional wisdom. More importantly, we feel a sense of security that the data we gather is about what the consumer wants to tell us, not what we or our clients were expecting to learn.

Coyle Hospitality Group Global Spa Survey

This survey was completed by 1,275 consumers worldwide over six days in April and May 2010. Respondents were from 27 countries around the globe, and the vast majority were well-traveled. Please see Appendix A for a breakdown of countries traveled to by respondents.

Questions were qualitative, analyzed using the approach outlined above, and multiple choice. Topics addressed were spa deals, web research and booking, spa visit preferences and frequency, post-spa impressions/preferences and wellness research.

Our goal was to better understand what consumers want and how they seek to find it.

Coyle Hospitality Group Mystery Shopping Calls/web visits

Coyle Hospitality Group conducted nearly 100 evaluations of spas, using a worldwide sample, in April and May 2010. Each evaluation included a qualitative and quantitative analysis of the spas' websites and how the spas handled an inquiry/reservation call.

Calls were conducted to spas in 33 countries in Europe (32%), Middle East/Africa (8%), Asia (14%), Australia & South Pacific (5%), North America (25%), Caribbean (5%) and South America (12%). Evaluators posed as hotel guests (69%) or local guests (31%).

Our goal was to understand successes and opportunities for spas once they have the prospective client's attention and interest.

Coyle Hospitality Group Best/Worst Experience Survey

This survey was completed by 1,350 consumers worldwide in September 2009. In it, respondents were asked to name the spa in the last year that provided the best experience and to name the spa that provided the worst experience. We then asked 'Why?' for each one.

Our goal was to obtain unfiltered feedback on both positive and negative spa experiences to get to the root of what the crucial touch-points of the guest experience are; again, in the spa-goers own words.

About Coyle Hospitality Group

Coyle Hospitality Group is a market leader providing mystery shopping and brand quality assurance services exclusively to spas, hotels, restaurants, cruise lines and venues worldwide.

Since 1996, Coyle has completed over 60,000 quality evaluations exclusively for over 300 hospitality companies.

Coyle works with a group of 6,000 evaluators worldwide. Coyle gets over 35,000 inquiries from people wishing to become evaluators each year, and accepts less than 2%. Coyle selects evaluators based upon their purchase experience and target demographics.

This unique model enables Coyle to tap into the consumer perspective on a large scale and provide feedback to clients on a very granular level from people already in their client demographic.

Coyle's research team is composed of hospitality and spa veterans with extensive education and training in hospitality, especially at the luxury level.

To date, Coyle has developed brand quality assurance and performance measurement systems for over 300 clients.

MARKETING

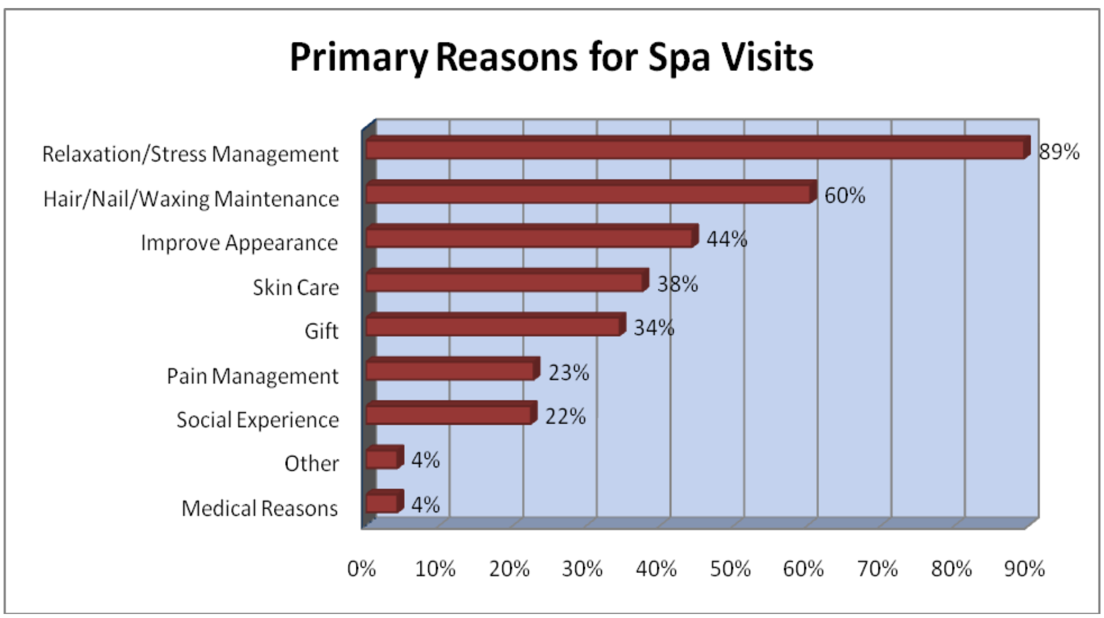
In the current economic climate, what gets a consumer to try a particular spa they have not been to before?

Understanding that this is a very broad question with multiple geographical and demographic applications, we tried to get to the root of three topics that are very current with today's spa-goer:

- Why do consumers visit spas?
- What 'deals' are most attractive and why?
- What 'marketing' means are most trustworthy and widely used?

Why Spa?

In Coyle's Global Spa Survey, we asked respondents to tell us what the primary reasons for their latest spa visits were. Respondents were encouraged to select as many options as applicable, thinking of their past several spa experiences. The results are as follows:



Almost every spa patron is seeking Relaxation/Stress Management. Spa-goers seeking maintenance (hair/nail/waxing) and appearance improvement, the number two and three reasons for spa visits on the list, are also an important market, and by definition are already purchasers of what spas offer.

34% of the responses indicated that visits were prompted by redeeming a gift certificate. We are hard-pressed to think of another industry where gift certificate redemption is a *primary* driver for a purchase. Gift certificates are more commonly marketed to compel an upsell or provide the recipient more latitude in their spending. Clearly, spas need to be sure that gift certificate promotion is conspicuous in all efforts and that purchase is easily executed.

Hands down, spas still are seen as a place to relax and manage stress. Of those surveyed who had visited a spa in the past five years, 98% had at least one massage annually with 60% having 1-4, 20% having 5-9, 11% having 10-15, 2% having 16-19 and 4% having 20 or more. 80% had at least one facial annually though 62% had 1-4 per year. Frequency for manicure/pedicure and hair removal was higher and 88% and 66% of respondents respectively experienced these services each year.

The things spa owners and operators dedicate significant time and menu space to, however, are experienced far less frequently by the consumer. Of those surveyed, 73% did not have bath rituals, 89% did not have cultural rituals, 83% did not experience meditation and 90% did not have medical treatments. Are spa operators delivering a message about their own expertise or answering a market need? We will shed some light on this in the sections below.

Spa Deals

In Coyle's Global Spa Survey, we presented respondents with six advertisements. All had the same background image but contained different offers. Respondents were then asked to rate each advertisement from 'very appealing' to 'very unappealing'. Respondents were then asked to tell us 'why' certain advertisements appealed to them and others did not. The advertisements that were presented are as follows:

The results of the ratings are as follows with the highest concentration of responses highlighted in orange for each advertisement:

Advertisement	Very Appealing	Appealing	Moderately Appealing	Neutral	Moderately Unappealing	Unappealing	Very Unappealing
Advertisement 1	9%	34%	34%	12%	5%	4%	2%
Advertisement 2	49%	29%	13%	4%	2%	1%	2%
Advertisement 3	7%	16%	22%	23%	14%	14%	4%
Advertisement 4	8%	17%	24%	22%	12%	13%	5%
Advertisement 5	8%	18%	26%	21%	13%	10%	4%
Advertisement 6	14%	20%	23%	18%	12%	9%	4%

Advertisement #2, which featured $25 off with no minimum purchase requirement, was by far the favorite with 91% ranking it at least 'appealing'. Advertisement #1, which offered a dollar discount off with a minimum purchase, had 77% respond within the 'appealing' categories. The other advertisements had a more tepid response with the 'appealing' categories coming in between 45% and 58% and 'unappealing categories' between 24% and 32%.

The top reasons provided by respondents for liking particular advertisements over others were:

- They had a choice of what service to apply the discount to (24%)
- The discount appeared to be large and they felt like they were getting a bargain (21%)
- The discount offered had no minimum expenditure (18%).
- The free service (with purchase) was something they could utilize (9%)
- The offer contained less words or was simple/concise (9%)
- The offer was straightforward, not complicated or convoluted (8%)

Some other comments included that there were 'no strings attached', that they could visibly see what they were saving and that it was something they would purchase anyway.

The least appealing of the advertisements, based on the ratings by respondents, were advertisement #3 (32% in 'unappealing' categories), which offered a $50 credit toward skincare products with the purchase of a facial, and advertisement #4 (30% in 'unappealing' categories), which offered a complimentary brow or lip wax with any facial.

When respondents were asked why they did not like one or more of the advertisements, they stated the following most frequently:

- The treatment offered was unappealing (17%)
- A free product offer was not appealing/they would feel obligated to purchase product (13%)
- The advertisement was too cluttered, confusing or had too much text (10%)
- The (entry) cost was too high (9%)

- The font was small (6%)
- The discount was not significant enough (6%)
- The offering was too specific/limited (6%)

This data was collected utilizing the 'Approach' listed in the Research section above. Percentages on data collected will not add up to 100%. This is only a partial list of the data collected (highest percentages)

Interesting to note as well was that 3% of respondents said that 'waxing' creates an unpleasant image, referring to Advertisement #4, and many elaborated significantly and with passion on this topic. It appeared to have a negative, galvanizing effect, so spa owners would be wise to consider that the benefit of the offer should have universal appeal.

Other general comments were that the treatments offered were too functional and did not promote luxury or relaxation, that date restrictions were off-putting and that they do not like to have a minimum expenditure to qualify for a discount. And while our sample ads were very specific, we read enough commentary to provide the following takeaways:

- Consumers prefer minimal restrictions including:
    - No minimum purchase
    - No date restrictions
    - No required product purchase (even if you are giving it away)
    - No treatment restrictions

- Consumers prefer clear, concise delivery of the 'deal' including:
    - Large, easy to read font
    - Limited 'fine print'
    - Clear, definitive discounting

- Consumers prefer meaningful 'deals' including:
    - Those that promote relaxation
    - Those that contain things they would or would like to do anyway
    - Those that contain a significant value

Keeping these key takeaways in mind, we understand that spas are businesses and need to be profitable. Deals that meet the consumers' want-lists can not be in place for every guest on every visit, or spas would simply be upside down. Additionally, though the consumer may *want* all of the freedom in the world, giving them freedom in one area and not another can still yield the same positive effect. For example: advertisement #2, the favorite, had no minimum purchase, no required product purchase, no treatment restrictions and clear and concise delivery. It did not, however, specifically promote relaxation or contain a significant value (compared to the other advertisements), and it did have date restrictions.

As we have seen more often with the current economy, some spas are giving things away with the hope of attracting and retaining new clients. In the Global Spa Survey, we asked each respondent how likely they would be to recommend a spa they had a positive experience at (even if they did not plan to return). 83% said they would be very likely and 17% said they would be likely to do so, leaving only 6 respondents out of 1,275 saying they were not very likely to recommend the spa.

The good news is that even if you feel like you are *giving* treatments away, if the experience is positive, that client is very likely to share the experience. Even if the spa is out of their normal budget, it is likely to yield social network benefits. In the next section, we will help shed some light on the power of this marketing tool.

Social Networking

Today, we hear the word 'social networking' and think of countless different things: Facebook, Twitter, LinkedIn and more. Social networking can mean a multitude of things. And while we recognize the scope of Social Networking is vast, for the purposes of this research we will focus on the concept that Social Networking *describes situations where consumers are actively sharing (giving or receiving) feedback or information about spa*. In Coyle's Global Spa survey, we asked a variety of questions about how and what consumers communicate about spas.

Communication Tendencies

As mentioned in the 'Deals' section above, nearly all of the 1275 respondents to the Global Spa Survey said that they would be likely to recommend a spa if they had a positive experience there. The findings when respondents were asked how they would be likely to communicate that recommendation are illustrated in the table below with the highest concentration of responses highlighted in orange for each:

	Very Unlikely	Unlikely	Neutral	Likely	Very Likely
Online review	13%	18%	21%	32%	16%
Word of mouth	1%	0%	1%	23%	74%
Email friends	7%	13%	20%	33%	26%
Post on a social networking site	22%	19%	22%	21%	17%
Become a 'fan' on a social networking site	22%	15%	21%	23%	18%

As expressed in the table above, respondents were still most likely to communicate a recommendation via 'word of mouth' (97%). Unfortunately, word of mouth is not a quantifiable measure on which spas can rely for immediate benefit, because we are unable to learn either the number of people that the respondent would tell or the length of time they would take to tell it. The intimate aspects of some spa treatments could lead a satisfied recipient of hair removal to tell only one very close friend three years from now.

Indicative of cultural shifts, however, is that 60% would be likely or very likely to email friends with the recommendation, 48% would be likely or very likely to write an online review, 41% would be likely or very likely to become a fan on a social networking site and 37% would be likely or very likely to post on a social networking site.

Interestingly, however, there seems to still be quite a bit of discrepancy amongst respondents regarding posting on a social networking site. Responses were evenly spread from very unlikely to very likely to communicate in this fashion. Becoming a 'fan' on a social networking site demonstrated a more concentrated but similar spread. The responses indicate that these 'social networking' sites are not yet utilized by the masses for this purpose.

Unlike 'word of mouth', posting an online review will reach a quantifiable number of people over a measured period of time, depending on the site's popularity. Interesting, given that comment cards or guest survey fulfillment see a similar curve, which suggests that a significant and unusual level of satisfaction (or dissatisfaction) may need to be reached to trigger a positive (or negative) review.

This could also support the notion that only people who are very dissatisfied are likely to post a negative review, though we admittedly did not ask about that on this survey.

Either way, word of mouth may eventually become an oxymoron as spas seek 'word of mind'; the thoughts that people type online in various formats. Certainly, the fingers are able to reach a lot more people than the mouth.

Trustworthiness of Communication Methods

We also asked respondents how trustworthy they found various methods of 'social networking'.

	Don't Use	Not Trustworthy	Somewhat Untrustworthy	Neutral	Trustworthy	Extremely Trustworthy
Friends/Family word of mouth	2%	0%	1%	6%	35%	56%
Co-workers' word of mouth	11%	0%	2%	16%	44%	27%
Feedback sites	20%	1%	5%	30%	37%	7%
Blogs	33%	2%	8%	34%	20%	3%
Spa magazines	25%	1%	6%	28%	33%	8%
Spa Websites	6%	1%	4%	32%	47%	9%
Physician	47%	1%	1%	19%	19%	12%
Professional Organizations	50%	1%	1%	23%	19%	7%

As indicated in the table above, Friends/Family word of mouth got the most positive response with 91% classifying it as trustworthy or extremely trustworthy. Co-workers' word of mouth was second with 71%. Spa websites were next with 57% citing them as trustworthy or extremely trustworthy. Feedback sites and Spa Magazines were cited as trustworthy or extremely trustworthy only 44% and 41% of the time respectively. The least trustworthy method was blogs with 10% citing them as somewhat untrustworthy or not trustworthy.

Perhaps it is the apparent emphasis or the lack of structure, but 'word of mouth' from strangers seems to be significantly less important than a personal recommendation, regardless of the method of distribution.

Physicians were noted as being trustworthy or extremely trustworthy 31% of the time but 47% of respondents indicated that they did not obtain spa recommendations from this source. Also interesting was that 25% of respondents stated that professional organizations were trustworthy or extremely trustworthy, yet only 50% of respondents actually use such organizations for recommendations.

Use of Websites

We asked consumers what websites they currently used to seek spa information. *Respondents were asked to select all that they utilize so percentages will not add up to 100.* The respondent usage was as follows:

Websites Currently Used to Seek/Receive Spa Information	
SpaFinder	44%
Search Engines-Searching Spas by name/location	43%
Facebook	25%
Groupon	22%
Citysearch	19%
Yelp	15%
None	15%
SpaWeek	10%
SpaWish	6%
Time Out	5%
Twitter	5%
Gilt	4%
LinkedIn	3%
MySpace	3%
Spa-addicts	3%
AZ Spa Girls	2%
SpaBuzz	1%
SalonWish	1%
Lifebooker	1%
Digg	1%
Yipit	0%
Spaindex	0%

As indicated in the table above, SpaFinder proved to be a widely known and used resource for spa consumers with 44% of respondents utilizing it. This indicates strength and trust in a well recognized and reputable spa-focused organization.

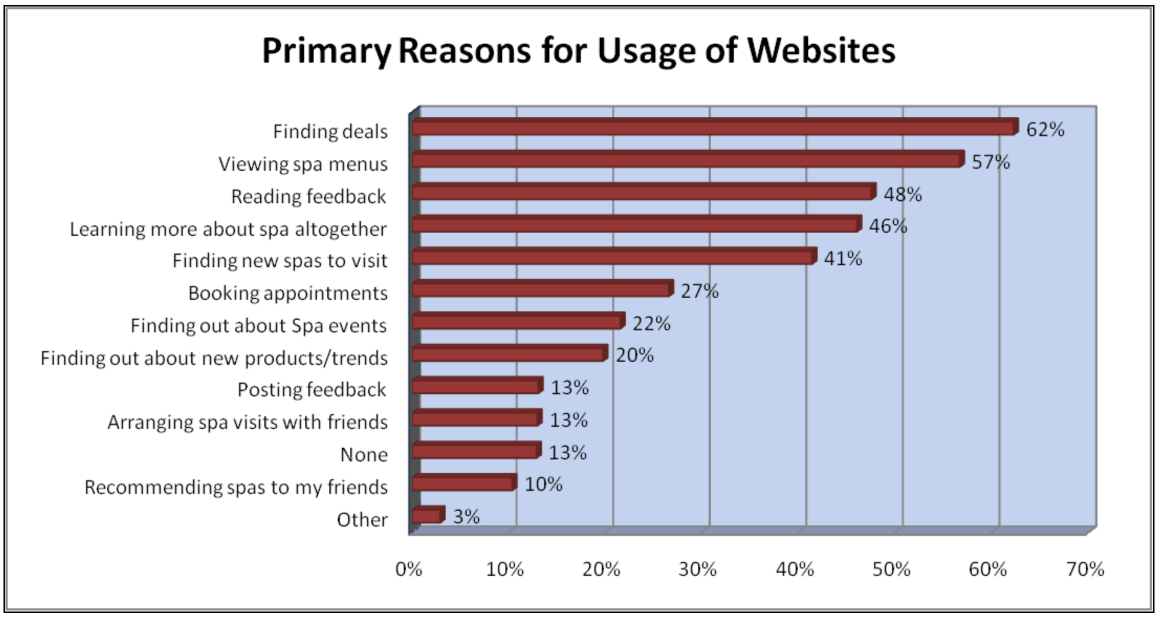
Clearly spas need a search engine optimization strategy with 43% of their potential new users pre-qualifying themselves at a search engine. We will address what the consumer expects to see on spa websites in the Pre-Arrival section of this report. Surprisingly, 15% of respondents said they used no websites to receive spa information and interestingly, these respondents were spread amongst all age categories fairly evenly.

Though usage was varied on websites such as Groupon, SpaWeek and Gilt where online auctions, coupons or date specific deals are offered; the use of these sites offers an interesting and unique dynamic. This allows a broader consumer base to sample a spa's offerings, typically at a deep discount. Spas then rely on a strategic follow-up marketing plan, word of mouth and/or social networking to 'spread the word' about how great the spa experience was.

The frequent utilization of Facebook to seek spa information is also truly indicative of the power of social networking on spa marketing. Spas have been adding and updating Facebook pages to attract a new group of consumers, utilizing them to spread deals, news and other updates. Some even offer daily deals, a practice of yield management, to fill same-day gaps.

Still, despite consumers not deeming them overwhelmingly trustworthy, sites like Yelp and Citysearch are still quite prevalent in terms of those seeking and receiving spa information. Monitoring content on these sites and those like them is also another good idea.

We also asked spa goers to identify their primary purposes in visiting such sites for spa information. *Respondents were asked to select all that they utilize so percentages will not add up to 100.* The respondent usage patterns were as follows:



Not surprisingly, most are visiting websites to find deals. Interesting though, was that viewing spa menus was so strong. This suggests that by the time the web surfer reaches a spa site, they are demonstrating a heightened sense of commitment to make a purchase, given they are looking at the specific offerings. Also, with almost half of the respondents saying they log on to read feedback and find new spas to visit, spa owners may be compelled to secure a strong online presence.

Based upon what we learned about the categories above, our recommendations would be to first and foremost be search engine optimized for the terms consumers use to find spas in your geographic and demographic market. Offering a very straightforward deal on a highly-targeted web site like SpaFinder will have the benefit of both appeal and reaching a large number of people. Also, developing a social networking presence by developing a Facebook page, even a simple one, would likely help. Finally, monitoring feedback sites to better understand what consumers are saying, will also help manage the consumer web experience regarding your spa.

PRE-ARRIVAL/SALES

Once the spa has the consumer's attention, how does the spa convert this attention into the right spa experience for the client? This seems like it would be easy. The consumer tells the spa what they want and the spa gives it to them. As a spa owner or operator, you realize that is not the case, especially since so many spa consumers are still learning. Creating a spa experience that suits each individual guest is an art. It begins with identifying needs and customizing the experience to suit those needs. Coyle has tried to identify how consumers are 'shopping' and how effective spas are at capturing their attention before they set foot in the door.

Online Shopping

OK, so you have done the hard work of advertising the spa and of course we have learned that today's socially networked spa-goer is finding your website for deals, research and to look at your spa menus.

The spa operator now has a lot of important questions to answer. Do we post prices? Do we post the full menu? Our best treatments? All or some? Do we offer a complete rendering of services or should we just get consumers to call so we can properly customize the experience for them? In essence, the spa operator has to decide if their website is a brand-building enterprise (make a good impression to prompt a call) or a lead-generator that produces sales.

Here is what the consumers stated they wanted to see on a spa website for a location they were considering for the first time with the highest concentration of responses highlighted in orange:

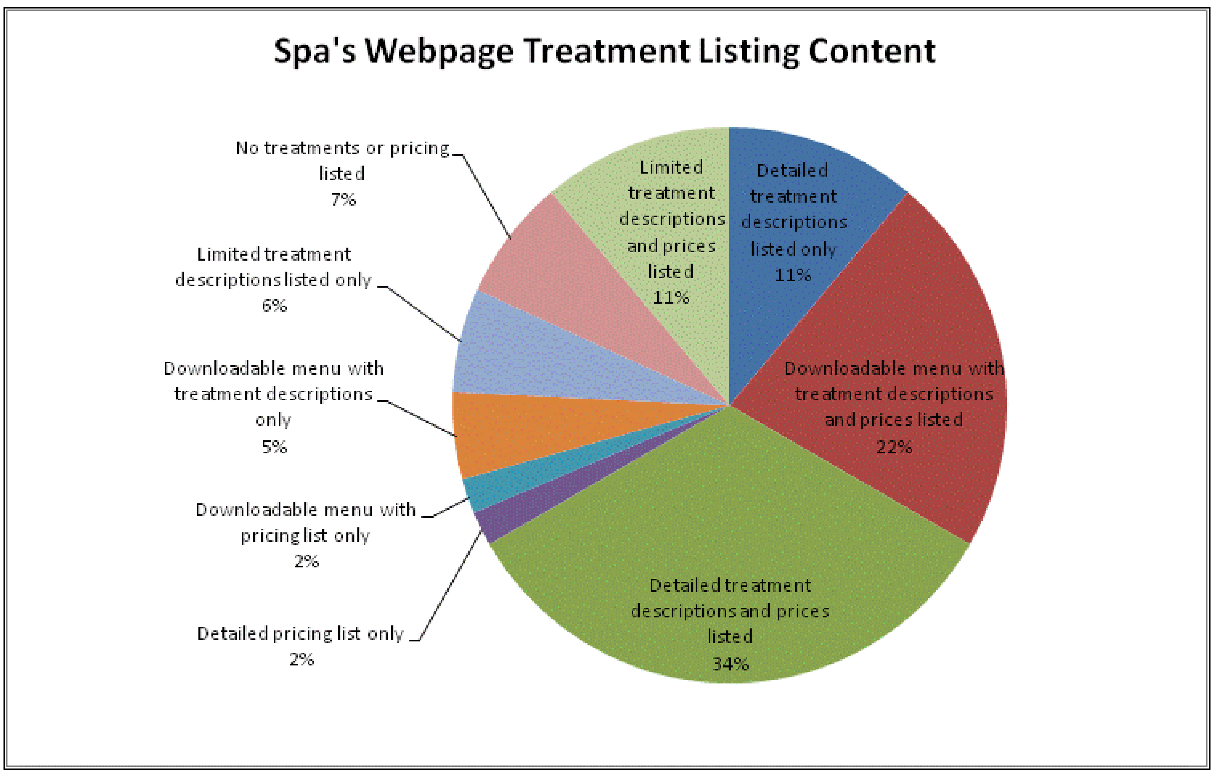
Importance Of Spa Website Elements for First Visit

	Very Important	Important	Neutral	Unimportant	Very Unimportant
Years in business	6%	31%	39%	19%	5%
Offerings/treatments available	78%	19%	1%	0%	2%
Facilities	59%	37%	3%	0%	1%
Map/Directions	22%	37%	30%	9%	3%
Prices	78%	19%	1%	0%	1%
Treatment descriptions	64%	32%	3%	0%	1%
Cancellation policy	28%	42%	23%	5%	2%
Spa general information	23%	51%	22%	3%	1%
Staff bios	8%	30%	42%	17%	4%

Based on consumer preferences, seeing pricing and a rendering of the offerings/treatments available on the website were important or very important to 97% of respondents. The separate entries of 'Treatment Descriptions' and 'Facilities' were deemed important by 96% of respondents with slightly less emphasis on the degree of importance. Clearly, transparency about the primary product they intend to purchase is key to the spa-goer during the selection process. Spa owners who do not reveal pricing or fully explain what the treatments entail are putting up significant barriers to purchase.

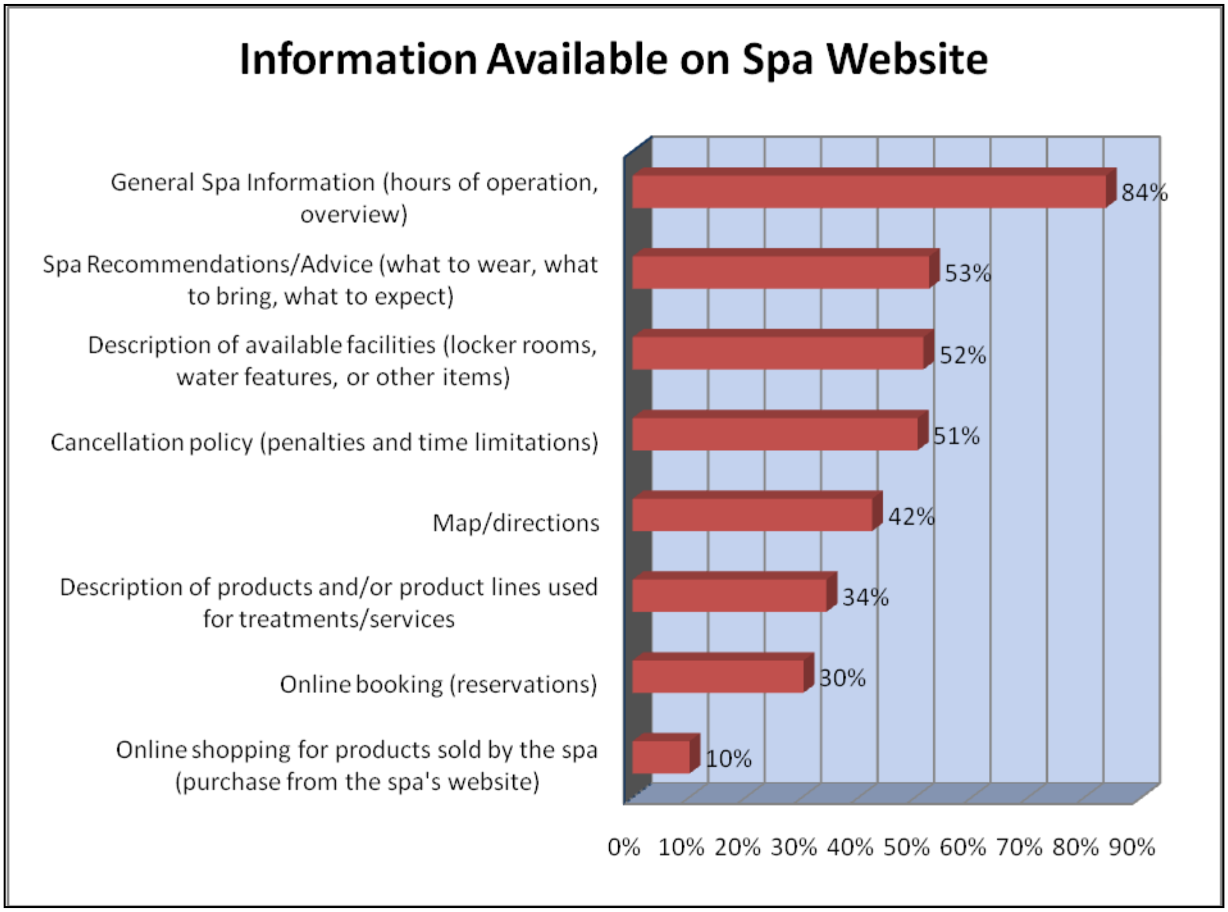
The reasons for a potential visitor to require so much information are varied, and in this survey we did not ask 'Why?' the spa had to reveal so much. We suspect that the spa purchase is not completely unlike a hotel room purchase, in that the consumer has become used to a completely transparent process.

In Coyle's Mystery Shopping Calls/Web Visits research, we performed an analysis of the websites of just under 100 spas in 33 countries. We reported on what each of the spas offered in terms of treatment descriptions and prices on their websites. The results are below:



Interestingly, only 56% of the spas had both treatments and pricing listed in detail (22% in a downloadable menu and 34% in a listing). That leaves just under half of the spas that did not have both of the critical elements that help advance the sale. Additionally, as indicated in the table below, a description of the spa's facilities were only present on 52% of the spa websites visited.

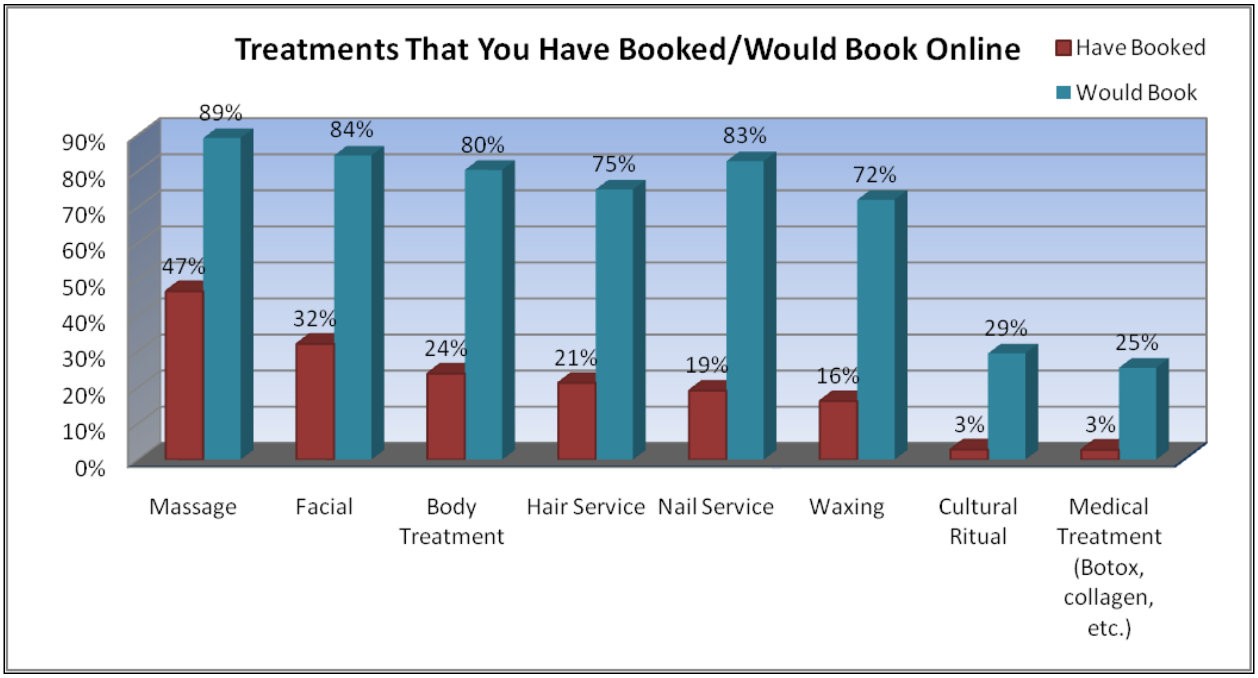
With so many spas failing to deliver the goods on all three important fronts, an excellent opportunity exists for the spa operator to distinguish their spa in a meaningful way from the competition.



Online Booking

There was a time when many spa professionals would not have considered online booking for their spa. Scheduling supply/demand remains a challenge for even the busiest spa, and a simple request to extend a treatment or a request for a male therapist could turn order-taking into an ordeal. Also, there is the concern that the consumer will not schedule the appropriate treatment, setting everyone up for disappointment. We all know of these and other reasons why spa operators might be hesitant to take reservations online. Are there reasons that the consumer doesn't want to book online?

In the Global Spa Survey, Coyle asked consumers what treatments they have booked and would be willing to book online. The findings are as follows:



Interestingly, nearly half of the respondents confirmed that they have booked a massage online. The percentages decline for the other services, but the decrease in frequency seems to mirror demand and sales mix for these modalities as well.

For those who would not be willing to book a treatment online, we asked 'Why?' The most prevalent responses from those surveyed were that they would prefer to be able to ask specific questions about the service or treatment or they would just prefer to speak with a 'live' person (11% for each).

Specific questions about the provider were also cited (5%). Interestingly, 4% said that they would need to visit the location before booking a treatment online. This dovetailed with those who wanted to get a 'feel for the spa' through a phone call. Other respondents stated that they simply would never book online because they would never use anyone but the person they know. This is interesting, particularly since many online booking portals offer the ability to select the provider.

It seems likely that by providing additional information to the online shopper like staff bio/specialties, list of contraindications, description of benefits or other details relevant to the treatment they are selecting, could convert those 'on the edge' to being online bookers. Also, a bit of education for repeat guests, advising them of online booking capabilities, could save phone time for both the spa and consumer.

Either way, it is clear that the stated resistance to book online was fairly low, and again we see an opportunity for the resourceful spa operator given that only 30% of the spas evaluators researched offered online booking.

Telephone Reservations

Websites offer certain advantages over phone contact. First, people can gather information much more rapidly by reading than by listening. Pictures also say a thousand words, and imagery can convey concepts in a more compelling way than conversation. Moreover, the website can hold dozens, even hundreds, of conversations concurrently, and can do so 24/7. It never gets tired, distracted, and it doesn't care if three people are at the desk trying to get its attention. Lastly, a website delivers its message consistently.

It is this last reason that brings up perhaps the most interesting point. Should the initial booking interaction be static, or should it be collaborative, a human-to-human exchange?

Our data shows that some consumers prefer the person-to-person contact. The data also showed that consumers like having all of their questions answered, and they really appreciate a sense of customization; a feeling that the offerings have been crafted for them, guaranteeing a delightful outcome. We have learned that some clients really prefer calling over booking online and some spas don't have any other option.

So with all the limitations a telephone call presents (with limited hours to accept reservation calls dictated by the spa's operating hours) shouldn't the process be outstanding? At least it should do what the internet can not yet do, which is conduct dialogue in the way that dialogue is most effective.

In nearly 100 calls made to spas worldwide, we measured the interactions and asked impressions about the best and worst parts of the call.

In addition to asking evaluators to respond to specific yes/no questions, Coyle also asked on a scale of 1 to 10 (1 being extremely unfavorable and 10 being extremely favorable) how the evaluator would rate their impression of the spa based on the reservation call. Below, we have taken those responses and provided the scores for each standard overall (not considering the rating); for the very unfavorable calls (ratings of 1-2); and for the very favorable calls (ratings of 9-10).

Standards	Overall	Very Unfavorable	Very Favorable
The phone was answered before the 4th ring.	89%	89%	87%
Greeting includes spa name, staff member name and appropriate time of day greeting.	81%	44%	97%
Staff member's tone of voice was relaxed and unhurried.	82%	22%	100%
You are not placed on hold longer than 15 seconds without being offered a return call.	76%	50%	79%
You were asked if you have been to the spa before.	19%	0%	30%
If first time guest, you were asked how you heard of the spa.	4%	0%	4%
Staff asked gender preference of therapist for all body treatments (massage, body scrub or wrap).	26%	11%	31%
Staff used open questions to determine your needs in terms of day and time preferences.	74%	44%	93%
Staff learns your needs in terms of treatment preferences.	63%	0%	90%
Recommendations are appropriate to guest preferences and requests.	69%	0%	89%
Staff mentioned specialty treatments.	58%	11%	79%
If a basic treatment is selected, an attempt to upsell was made.	30%	11%	59%
Staff used your name, once learned, in a natural manner.	44%	0%	63%
Staff was able to answer questions about the spa.	91%	56%	100%
Staff was knowledgeable about products used and spa offerings.	85%	11%	97%
Staff was able to describe treatments in detail.	73%	0%	97%
Staff asks if you have any further questions	38%	0%	83%
Staff provided a pleasant farewell and created a sense of expectation.	85%	22%	100%

Overall, deficiencies were relatively straightforward, with the most missed standards relating to asking if the guest had been to the spa before, and if not, asking how they had heard of the spa; two things probably every spa owner wants to know when the phone rings. Other oft-missed standards included asking gender preference, attempting to upsell, asking if the guest has further questions and addressing the guest by name.

For evaluators who rated the call a 1 or 2, which was especially poor, none of the spa staff provided detailed treatment descriptions or learned about the clients' needs in terms of treatment preferences. This led to an obvious absence of personalized recommendations.

For those evaluators who rated the impression of the spa interaction a 9 or 10, the fulfillment for these same core standards scored very high. The data strongly suggests that, at a minimum, callers expect detailed and forthcoming information. At the next level, they expect the spa to spend their time investment wisely by selecting great treatments on their behalf.

This data gets supported another way. When asked what the best parts about the calls were, evaluators mentioned a knowledgeable/informative staff member 40% of the time. Friendly staff members were also mentioned 40% of the time. Staff who asked a lot of questions and listened well were mentioned 26% of the time and excellent/appealing descriptions provided was cited 25% of the time. Also mentioned were assurances that choices were excellent (14%), great recommendations (13%) and enthusiasm about the spa and other facilities.

Taking all of these positive comments, we have the 'perfect spa coordinator'. Someone who asks questions, gauges needs, provides detailed descriptions of treatments and spa offerings and demonstrates care and enthusiasm. Unfortunately, it is understood that some spas can not designate the human resources to ensure this happens every time, especially if two calls come at once or the reception desk gets busy. The very definition of what the guest wants on these calls is skilled, customized and *undivided attention*.

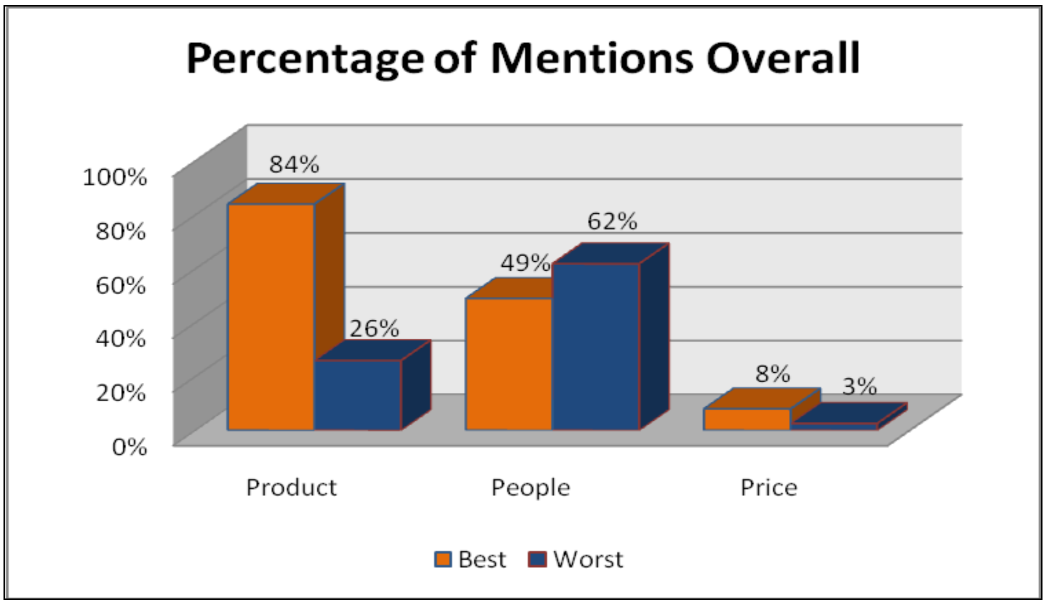
On the flip side of the coin, when asked what the worst part about the call was, evaluators were quite varied in their responses. Again we saw staff that were not forthcoming with answers/information or provided information that was unclear (30%). Other things mentioned were that the call was not customized to guest needs/wants (10%), a lack of questions or collaboration (10%) and long or several holds (10%). Interestingly, 8% also stated that the reservationist seemed to want to simply email a menu instead of speaking with the evaluator on the phone. Based on what we now know, this is a nightmare scenario.

The fact that 10% of the calls encountered multiple transfers or long holds is disconcerting. A lost, misdirected or delayed call starts the interaction off on a negative note, something that is difficult to recover from. The failure rate seen in this small sample is particularly alarming, and is much more prevalent than in sister hospitality industries (hotels, restaurants, cruises). To be fair, some hotels have a larger scale to outsource the calls to a skilled labor pool which may result in improvements, but the stark difference in defect rate is remarkable.

DURING THE VISIT

Despite all the complex moving parts and customization involved in marketing and sales, eventually, a guest walks into the spa. Now is the moment of truth. The guest has learned about the spa, made an informed decision and 89% of them have come to the spa to feel relaxed and relieve stress.

In Coyle's Best/Worst Experience survey, we asked which spa provided the best experience and which one provided the worst experience. We then asked 'Why?' After creating a carefully calibrated scorecard, we saw three main categories emerge that caused both great and bad experiences: People, Product and Price.



As seen in the corresponding charts above, when spa guests mentioned their worst experiences, People came up most often. When mentioning their best spa experiences, guests cited product most often. Interestingly, in both best and worst experiences, price was mentioned the least, suggesting that price is not what makes an emotional impact on most guests.

We will take a look at each individually in the sections below.

People

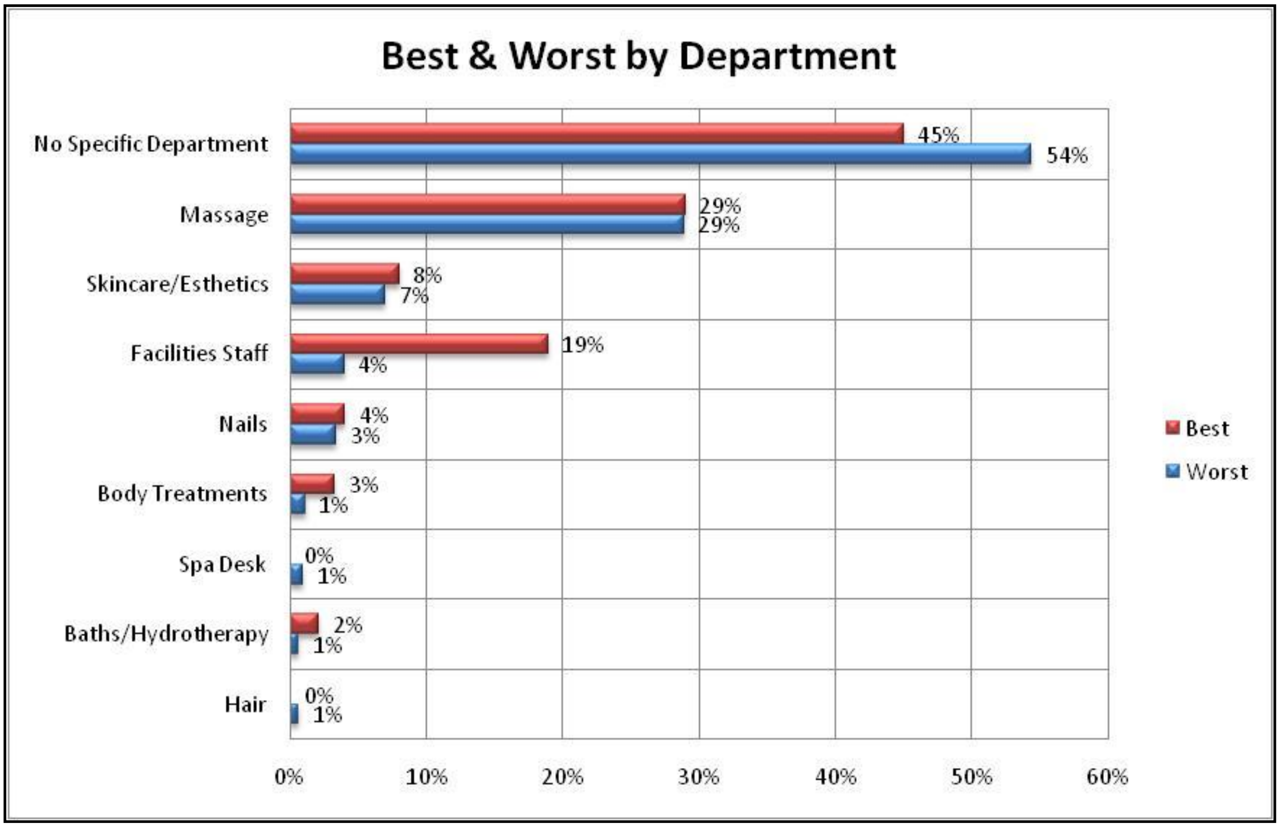
Issues relative to 'People' or staff members came up 62% of the time when guests were recounting their worst experiences. Of those, the most prominent things mentioned were:

- Inappropriate pressure/touch (21%)
- Staff not listening/not responsive (12%)
- Too much conversation (10%)
- Treatment felt rushed (9%)
- Pushy sales (8%)
- Unfriendly/not personable staff (6%)

On the contrary, when guests were recounting their best spa experiences, 'People' were mentioned only 49% of the time. The most prevalent praises included:

- Well qualified/well trained staff (23%)
- Friendly/personable staff (18%)
- Professional staff (12%)
- Personalized service (8%)
- Intuitive service/paid attention to needs (8%)
- No pushy sales (8%)

As indicated by the attributes mentioned most, much of the positive or negative experience was attributed to the skill and technique of the therapist or provider. Again, customization appeared high on the list, as did the staff demeanor and delivery. This is also evident in the following chart, where the departments relevant to treatments or services were generally mentioned more heavily than the support team.

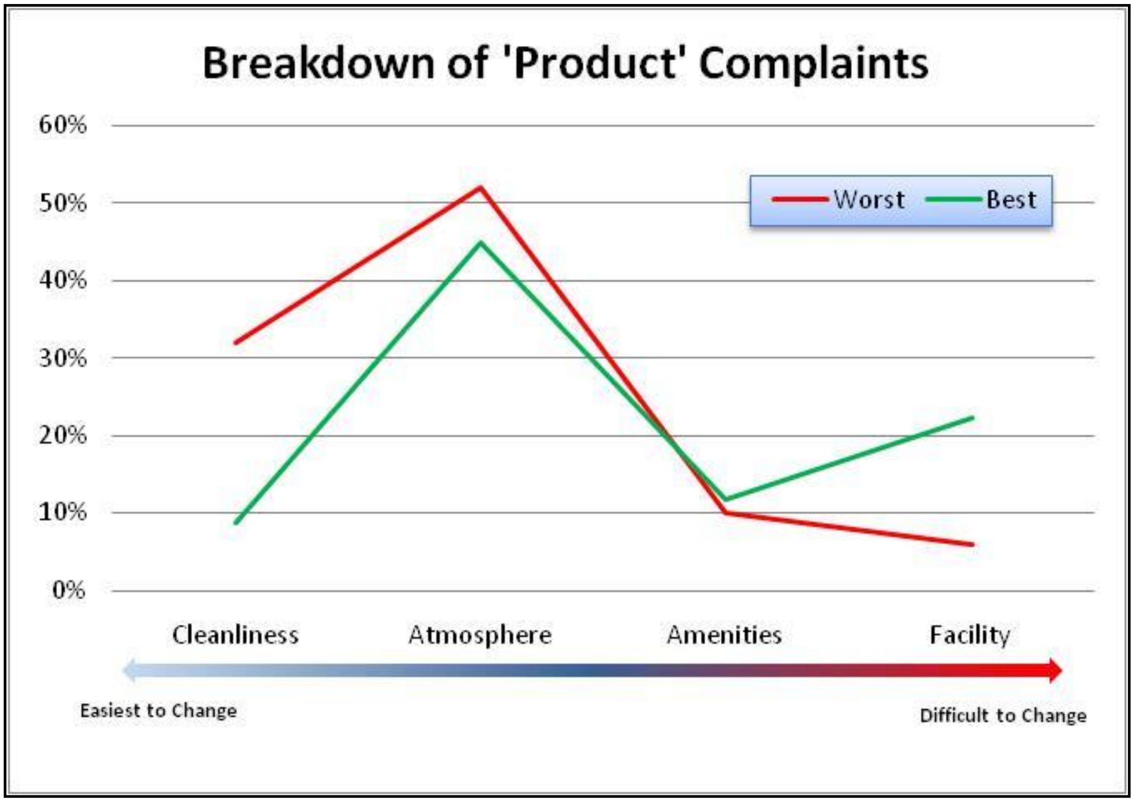


Also, as seen in the chart above, most mentions were general, however of the best and worst experiences, massage was still the most mentioned at 29% for both best and worst experiences.

As it is understood that massage is the most frequently experienced treatment at the full-service level, this makes sense, however those spa professionals that overlook massage, thinking that there is limited training necessary, should beware. Ensuring that customers receive consistent, quality massages is perhaps more important than all the extra training on the specialty treatment on the menu.

Product

In order to best analyze the product mentions in both best and worst spa experiences. We broke down the mentions into Cleanliness, Atmosphere, Amenities and Facility. Once this list was created, our research team felt it was worthwhile to then categorize the items that were mentioned based upon the difficulty/cost to change. This gives the spa operator insight what corrections can be made at a maximum expected ROI.



When looking at negative spa experiences, atmosphere was the most mentioned reason. This stemmed mainly from noise, temperature, a crowded feeling, a bland/sterile or lack of relaxing atmosphere, disruptive guests or bad lighting. These things are all relatively easy to change and/or monitor more carefully in the spa. Atmosphere also accounted for the most positive mentions with things like a relaxing/soothing environment, general atmosphere, music and quiet being provided as top responses.

On another positive note, cleanliness, arguably the easiest thing to change, was mentioned second most when guests recounted negative experiences. Though it is disturbing that cleanliness came up this frequently, it is positive that spas can rectify such issues more readily and with minimal-to-no capital investment.

The absence of amenities such as water, snacks, wine, spa products, robes and other features were mentioned third most frequently in worst experiences. Again, positive for the spa professional as these things are moderately difficult to change. Guests mentioning their best experiences found these things really do add value to the experience.

Facilities, the most difficult to change, were only mentioned in 6% of spa worst experiences. They were, however, mentioned in 22% of spa best experiences. This indicates that, while expensive and more intense to modify, facilities such as spa features, pools, cafes and relaxation rooms are truly enhancing guest experiences at spas on a positive level.

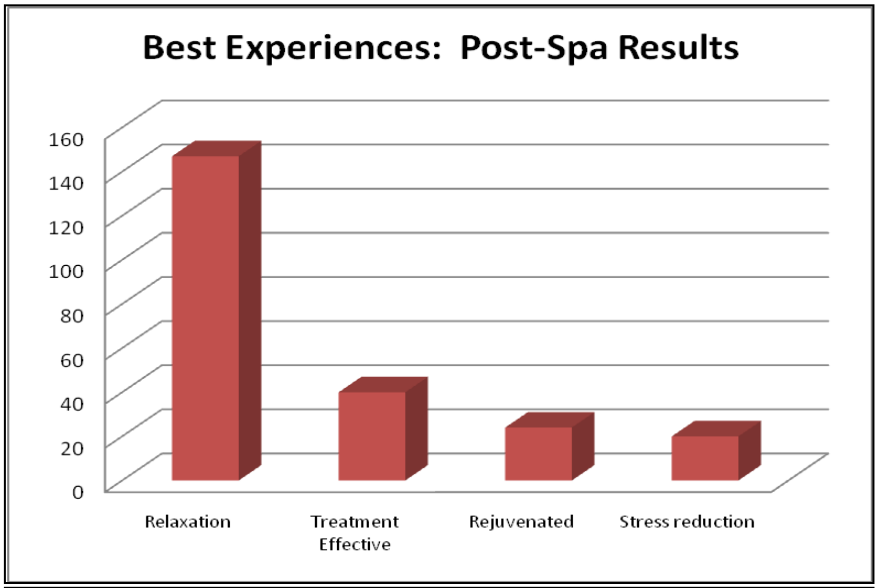
Price

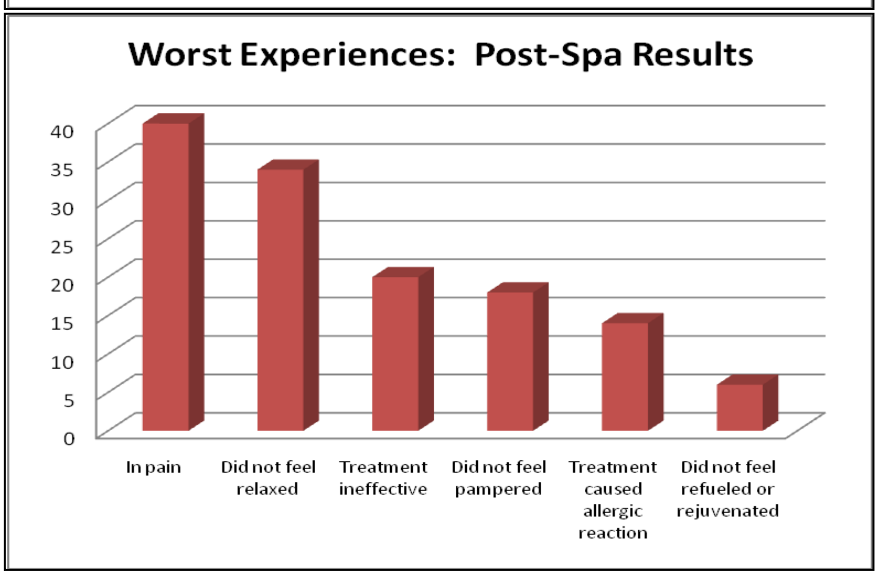
Price came up as a mention for best spa experiences a paltry 8% of the time. Reasons provided included price being reasonable, value, and having a gift certificate. Price was mentioned 3% of the time in consumer worst experiences with reasons including the price being unreasonable/too expensive and the spa not being a good value. Though one can assume that if the 'People' and 'Product elements go wrong, the guest will perceive the experience as a poor value, what was paid is apparently not what the consumer thinks of when explaining why their experience was not positive. And, while on the flip side, positive experiences were enhanced by feeling like it was a good value, this is not what the consumer talked about when recounting a positive experience.

This is all positive news. As we learned in the previous sections of this report, the educated consumer is doing their research ahead of time and selecting a spa based on their research. They are probably making a purchase within a range they think is reasonable and, as long as they get what they pay for and their expectations are met, price is not the issue. That is not to say, however, that the savvy consumer is not shopping your competitors and determining where the best prices are. Once they have selected your spa, though, if you deliver value with quality service and product, they should be content.

POST-VISIT

So, you won the battle to get the guest to your spa, got them through the reservation process and into the spa and they have departed. Now what? Does it stop there? With many spas, it does. We found out what post-spa results caused negative and positive reactions from guests in the Spa Best/Worst Experience research and also asked what type of follow-up guests would welcome from spas post-visit in the Global Spa Survey. This is what we found:





In best spa experiences, post-spa results were mentioned 24% of the time and in worst spa experiences, they were mentioned 10% of the time. As shown in the charts above, the reasons for each were quite similar. In poor experiences, guests felt pain, a lack of relaxation, a sense that the treatment was ineffective, a lack of pampering, allergic reactions and not feeling rejuvenated. On the contrary, in positive guest experiences, relaxation, effectiveness of the treatment, rejuvenation and stress reduction were all mentioned. Relaxation was the number one response for best experiences while being in pain and a lack of relaxation were the top two in negative experiences. Unlike many other businesses, the spa is held responsible for how their customers felt the *next* day.

It is understandable that not every treatment will go as planned and not every therapist is the right match or practices the appropriate communication for every guest. Instead of letting a guest leave the spa and experience pain the next day while blaming the therapist, or not getting the benefits they expected out of the massage, why not find out about the problem first-hand and try to remedy it?

In the Global Spa Survey, Coyle asked respondents if they would be comfortable receiving follow-up from a spa post-visit and an astounding 88% responded that they would. Of those who would be comfortable receiving follow up, we asked how they would prefer to be contacted.

If comfortable receiving follow up, what is preferred method	
Email from a spa manager/concierge to check on satisfaction	83%
Call from spa manager/concierge to check on satisfaction	22%
Email from therapist/service provider to check on satisfaction	41%
Call from therapist/service provider to check on satisfaction	11%
Email to join an exclusive spa club	28%
Email with special offers	65%
Call to schedule a follow-up appointment	6%
Email to schedule a follow-up appointment	22%
Call to provide homecare advice	3%
Email to provide homecare advice	15%

As demonstrated in the table above, 83% indicated that an email from a spa manager or concierge to check on satisfaction would be welcome. 65% indicated that an email with special offers would also be acceptable. 41% also stated that an email from the therapist or service provider would be a preferable way to follow up. While the method that appears to be most prominent in spas is a telephone follow-up, today's spa consumer seems to prefer the unobtrusive email over a phone call. This indicates that they want to have an easy means to respond on their own time if they see fit.

As a spa professional, instead of guessing or worrying about who you will offend by following up, why not provide an addendum to the medical questionnaire you already have the client filling out and asking how they prefer to be contacted post-treatment. This way, we once again please the consumer by identifying their needs and customizing service to them.

THANK YOU

Thank you for taking the time to read our report. We hope you found the information provided useful and will be able to utilize the findings in your business. We welcome any questions or feedback you may have. Should you wish to share any insights or thoughts, please contact Stephanie Perrone Goldstein at +1 480.626.4076 or sperrone@coylehospitality.com. We look forward to providing you with further data in the future!

APPENDIX A

Global Spa Survey
Regions traveled to by respondents:

- United States (15%)
- Canada (69%)
- Mexico (71%)
- South America (25%)
- US Pacific Islands (34%)
- Caribbean (68%)
- British Isles (United Kingdom, Isle of Man, and Republic of Ireland) (48%)
- Nordic Countries (Sweden, Norway, Finland, Denmark, Iceland) (19%)
- Alpine Countries (Austria, Switzerland, Liechtenstein, Slovenia and Germany) (39%)
- Danubian Countries (Bulgaria, Hungary, Moldova, Romania, Serbia, Slovakia, and Ukraine) (13%)
- Mediterranean (Spain, France, Italy, Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Albania, Greece, Turkey, Cyprus, and Malta and the British territory of Gibraltar) (55%)
- Middle East/Africa (21%)
- India (7%)
- Australia (13%)
- China/Hong Kong/Macau (16%)
- Japan (15%)
- Singapore (9%)
- Russia (6%)
- Indonesia (5%)
- Philippines (5%)
- Thailand (11%)