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In hot water Developing a profitable spa operation

Check out... bar drinks and snacks

IN HOT WATER

Serena Rogers explains how economic uncertainty doesn't have to hurt spa longevity



I n a conversation with a client early last December, she asked what my thoughts were on how spas should position themselves in times of economic uncertainty. Leisure and wellness industries are often the hardest hit when people's disposable income either decreases or is eliminated completely. As profit margins get tighter, and people find deals at the click of a button, so many operators are drawn to offering huge discounts or package deals, both in-house and online. However, for an industry driven by value and experience, I believe this does more harm than good.

The loyal spa clients who regularly frequent your establishment do so because

they have discovered the experience you provide enhances their lives and is worth their time and money. They are not there for the latest promotion or discounted service – these devoted regulars cannot be confused with, or compared to, the deal hunters. Deal hunters are just that: explorers. They search and then try you out and move on. When your special ends, so does their patronage. What's more, coupon sites promote your business without any real understanding of your services.

It is essential to put in the time and effort to develop a client base that sees value in your service offerings and experience, and appreciates being recognised for having astute good taste. These clients would





Spas

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much prefer an unexpected treatment upgrade, gift with purchase, or VIP invitation to a customer appreciation event than to get a few pounds knocked off their bill. This is not to say that clients don't enjoy saving money so if, and wherever possible, we always recommend passing discounts and specials along to your guests, as long as your margins can handle it.

The goal should be to develop a strong and profitable spa operation by nurturing a handful of discerning and loyal clients who stay with you for hours, or days at a time. This is far better than having many different clients that spend an hour on average with you, at unpredictable intervals. You want your spa to become part of a person's routine and lifestyle. If your team gets to know your regular clientele, they can work to increase the average spend per visit, while improving the volume of retail and gift card purchases.

At its essence, the key to successfully adding value is that it needs to be unexpected and genuine. Show clients you are paying attention and taking care of them. This means really getting to know your clients' preferences, habits, and personalities. For example, consider a local client who visits your spa weekly or bi-weekly for a 60-minute massage. She calls to book her next appointment, and you realise she hasn't visited in over a month. When she explains that she has





been extremely busy, acknowledge that she is probably feeling extra stress from being overworked and then offer to upgrade her session to 90 minutes at no additional cost. Let her know how important it is to relax and unwind.

This 'value add' has multiple benefits. It shows that you and your team are very familiar with the client, appreciate her patronage, and have concern for her wellbeing. You have made a personal connection that changes your business relationship into a friendship. Going forward, she will be more likely to think of you when it comes time to get a spa treatment, give a gift, or refer someone looking for a great spa.



Spa director at the Careys Manor Hotel & SenSpa Lina Lotto says: "The important thing to remember, when considering the longevity of a spa setting, is to never lose sight of your key brand values – they hold true whether the economy is buoyant or challenging. Brand values are required for customers to entrust their loyalty to you in tough times." She explains that it is also important to ensure you are differentiated from your competition to ensure both new and repeat business. This can often be achieved by revisiting your unique selling points and strongly promoting them. She adds: "It is very tempting to slash the marketing budget during tough economic times – don't do it! Challenging times present an opportunity to gain valuable ground in key markets and your marketing team should be working harder than ever to increase advantage."

For more information go to www.careysmanor.com



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Effective 'value adds' can only be achieved if everyone on your team understands the concept, objective, benefits and operational applications. So, when preparing your forecasts, allocate a set amount to your sales and promotions budget that represents the wholesale cost for a certain number of specific 15-minute add-ons, treatment upgrades and low-ticket retail items. Train and educate your entire staff on how, and when, to recognise a value-added opportunity and empower them to create memorable experiences for your guests. We need to remember what we do best as spa professionals - we take care! Once guests and staff alike realise this - and see consistent delivery - success is on the horizon.

Serena Rogers is the founder and managing director of Nika Consulting Inc, a global consulting firm specialising in spa projects, concept and brand development. She has developed and managed boutique and luxury operations in North American, Asia and the Caribbean. Contact her at serena@nikaconsulting.ca or 001 866 833 6452. Visit www.nikaconsulting.ca for more information.

