ISPA FOUNDATION

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2022 ISPA U.S. SPA INDUSTRY STUDY

Introduction

This report presents the findings from the 2022 U.S. Spa Industry Study. The study was commissioned by the International SPA Association (ISPA) Foundation.

Established in 1991, ISPA has been recognized worldwide as the professional organization and voice of the spa industry, representing health and wellness facilities and providers across the globe. Members encompass the full spectrum of the spa experience, from resort/hotel, destination, mineral springs, medical, cruise ship, club and day spas, to service providers such as physicians, wellness instructors, nutritionists, massage therapists and product suppliers.

ISPA advances the spa industry by providing educational and networking opportunities, promoting the value of the spa experience and speaking as the authoritative voice of the industry to foster professionalism and growth.

This report presents the state of the industry in 2021, as indicated by total revenues, spa visits, average revenue per visit, the number of spa locations and staffing levels. These are referred to as the "Big Five" statistics.

This 2022 study marks the 23rd anniversary of the Spa Industry Study which was first conducted in 2000, highlighting the spa industry in 1999. Industry studies were also conducted in the years 2002, 2004, 2006 and 2007. Shorter tracking studies were commissioned in 2003, 2005, 2008 and 2009.

The study has been conducted on an annual basis since 2010, and full Industry Study reports were produced each year from 2010 to 2019. In 2020, the Industry Survey was curtailed due to the onset of the coronavirus pandemic. In that year, only the Big Five statistics were produced, showing the state of the industry in 2019, immediately prior to the COVID-19 pandemic and therefore serving as a baseline for assessing the impact on the spa industry.

The 2021 Industry Study focused on the impact of the COVID-19 pandemic on the spa industry in 2020. In that year, the restrictions introduced to contain the spread of the COVID-19 virus had their greatest impact on customer-facing industries such as the spa sector, which experienced large falls in visits, revenues and employment.

As restrictions eased, spas were able to reopen and, by the end of 2020, almost all spas (96%) were fully or partly open. By that time, vaccines had been developed and roll-out of the vaccination program commenced in mid-December 2020.

However, even as restrictions were further eased and the economy rebounded in 2021, the COVID-19 pandemic continued to have an effect, with successive waves of infections throughout the year.

That is the context within which this Industry Study examines how the spa industry fared in 2021.

Research Objectives

The research objectives of the 2022 U.S. Spa Industry Study are as follows:

- Determine the size of the spa industry in the United States, specifically in terms of the "Big Five" statistics:
  - Number of establishments;
  - Revenues;
  - Number of visits;
  - Revenue achieved per visit; and
  - Employment.
- Analyze and assess the spa industry in the recovery from the COVID-19 pandemic.
- Determine current and future industry trends and challenges.
- Develop a profile of the U.S. spa industry using criteria such as regional distribution, spa type, ownership structure and service/product offerings.
- Manage the ISPA database of key industry statistics.

Definitions

For the purpose of the ISPA study, a spa is defined as a place of business that enhances the overall well-being of a person through a variety of professional spa services that encourage the renewal of mind, body and spirit. To be qualified as a spa, a business must offer at least two of the following three services: massage (full body); skin care treatments (i.e. facials); or body treatments (i.e., hydrotherapy or body wraps/scrubs).

The spa industry categories used in this study are as follows:

CLUB SPA	Primary purpose is fitness. Offers a variety of spa services on a day-use basis.
DAY SPA	Offers spa services to clients on a day-use basis.
DESTINATION SPA	Historically a seven-day stay, encompassing spa services as part of a program whose primary purpose is guiding individual spa-goers to develop healthy habits.
MEDICAL SPA	Operates under the full-time, on-site supervision of a licensed health care professional. Primary purpose is to provide comprehensive medical and wellness care in an environment that integrates spa services.
MINERAL SPRINGS SPA	Offers on-site source of natural mineral, thermal or sea water used in professionally administered hydrotherapy services.
RESORT/HOTEL SPA	A spa located within a resort or hotel.

Throughout the report data is analyzed by type of spa. Day and resort/hotel spas are generally listed with the remaining spas combined into the 'other' spa category, due to their sample sizes in the survey undertaken for this study.

Report Contents

Note: All percentage calculations are based on un-rounded figures; therefore, totals or sub-totals may differ due to rounding.

Industry Size: Rebounding from the Pandemic

This section presents the survey findings for the size of the U.S. spa industry, addressing the following topics:

The economic context in the recovery from the pandemic

Spas' operating hours: whether spas are operating all the hours they want to be open or at a reduced number of hours, as of spring 2022

The Big Five statistics in 2021, i.e., revenues, visits, revenue per visit, establishments and employment

Profitability in 2021

Spas' current practice and intentions, as of spring 2022, regarding proof of vaccination requirements for their employees, guests and third-party partners

Looking forward to 2022: as the industry emerges from the pandemic, what is the single biggest opportunity that survey respondents see for the U.S. spa industry?

The Economic Context

Following a steep downturn in 2020 due to the COVID-19 pandemic, the U.S. economy rebounded strongly in 2021. Economic output climbed above its pre-pandemic level, accompanied by rising employment and falling unemployment. However, inflation has re-emerged and remained on an upward path through spring 2022.

Across the U.S. economy, the value of economic output (GDP) rose by 5.7% in 2021, recovering all of the output lost to the pandemic in 2020, when GDP fell by -3.4%. The GDP measure fell in the first quarter of 2022, by an annualized -1.5%. That was mainly due to a surge in imports, as businesses sought to rebuild inventory to meet growing consumer demand.

Employment also recovered, with a rise of 2.8% in 2021 compared with a -5.8% decline in 2020. The growth in payrolls continued through the first quarter of 2022, at an annual rate of 4.5%. Unemployment continued to fall and by spring 2022 was down to 3.8%, close to the pre-pandemic level of 3.7%.

In current dollar terms, personal consumption expenditure rose by over 9% in 2021 and an annualized 9.5% in the first quarter of 2022. However, with rising inflationary pressures, the growth in constant dollar terms was less, at 5.8% in 2021. Nonetheless, consumer demand remained strong in the first quarter of 2022.

Reflecting inflationary pressures, the Consumer Price Index (CPI) rose by 4.7% in 2021, rising to 7.9% in the first quarter of 2022.

THE U.S. ECONOMY

Selected indicators, annual percent change

	2019	2020	2021	2022 (Q1)
GDP (Constant 2012 $)	2.3%	-3.4%	5.7%	-1.5%
Employment	1.3%	-5.8%	2.8%	4.5%
Unemployment (%)	3.7%	8.1%	5.4%	3.8%
Compensation of employees				
Current $	4.5%	1.1%	8.7%	8.3%
Personal consumption expenditure (all services)*				
Current $	4.1%	-5.6%	9.2%	9.5%
Constant (2012) $	1.7%	-7.5%	5.8%	4.8%
Consumer price index (all items)				
	1.8%	1.2%	4.7%	7.9%

Sources: Bureau of Economic Analysis (BEA); Bureau of Labor Statistics.

**Personal consumption expenditure is a measure of how much consumers spend on durable goods, consumer product and services. The figures shown above relate to spending on services.*

GDP, income and expenditure data extracted from estimates published by BEA in May 2022. Rates shown in constant (2012) $ are adjusted for inflation.

Employment in the Pandemic

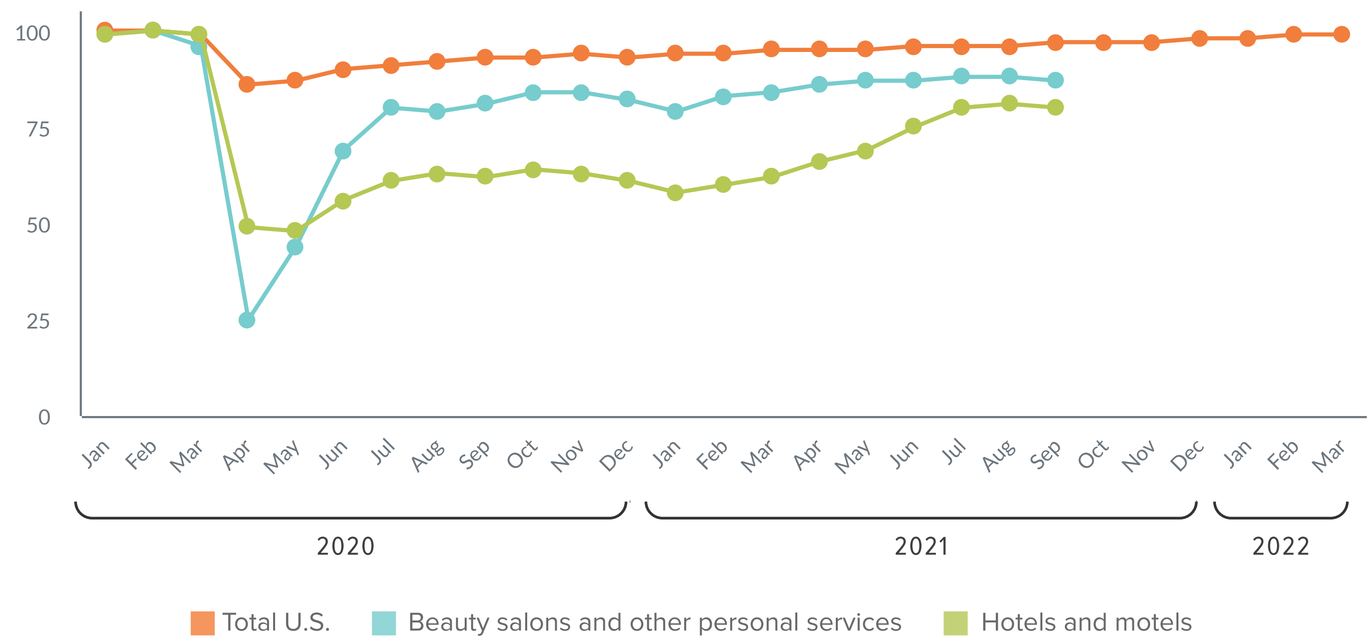
Service industries that rely on personal contact with the consumer have recovered less quickly than other sectors in the wider economy.

Following the first COVID-19 stay-at-home order in spring of 2020, employment fell dramatically in service industries such as beauty salons and other personal services, including day spas, as well as hotels and motels. With an easing of restrictions and adaptation of workplaces to social distancing and other requirements, employment in personal care services staged a partial recovery, registering a rebound in employment between June and July of 2020.

However, as the pandemic persisted, with further outbreaks of variant COVID-19 strains, by September 2021 (the most recent month for which BLS industry data are available), employment in the beauty salon and other personal services remained 13% below the pre-pandemic level.

Employment in hotels and motels has been slower to recover. By September 2021, the number of jobs was still 20% lower than the pre-pandemic level (February 2020). That is likely to reflect the added impact of travel restrictions during the pandemic. While airline travel grew strongly in 2021, 85% more than in 2020, the number of passengers carried remained 27% below pre-pandemic levels.

EMPLOYMENT, FEBRUARY 2020=100 (SOURCE: BLS)



Spa Operating Status

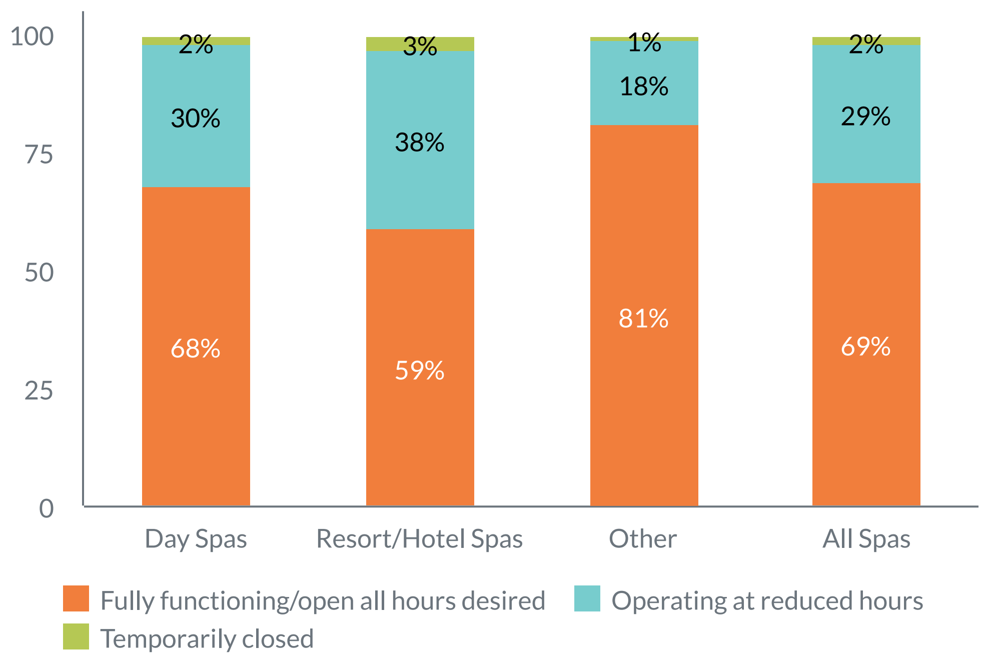
FEBRUARY 2022

By February 2022, over two in three spas (69%) were fully functioning/open all desired hours. A little under three in 10 spas (29%) were operating at reduced hours. The remaining 2% were temporarily closed.

The proportion of spas saying they were fully functioning ranged from 59% of resort/hotel spas to 68% of day spas and 81% of all other spa types.

Resort/hotel spas were the most likely to say they were operating at reduced hours (38%). In the day spa sector, 30% of spas said they were operating at reduced hours.

SPA OPERATING STATUS, FEBRUARY 2022



Among the 31% of spas operating at reduced hours or temporarily closed, staff shortages were the most frequently cited reason (70%), followed by staff sickness (41%), COVID restrictions (26%) and lack of customer demand (16%).

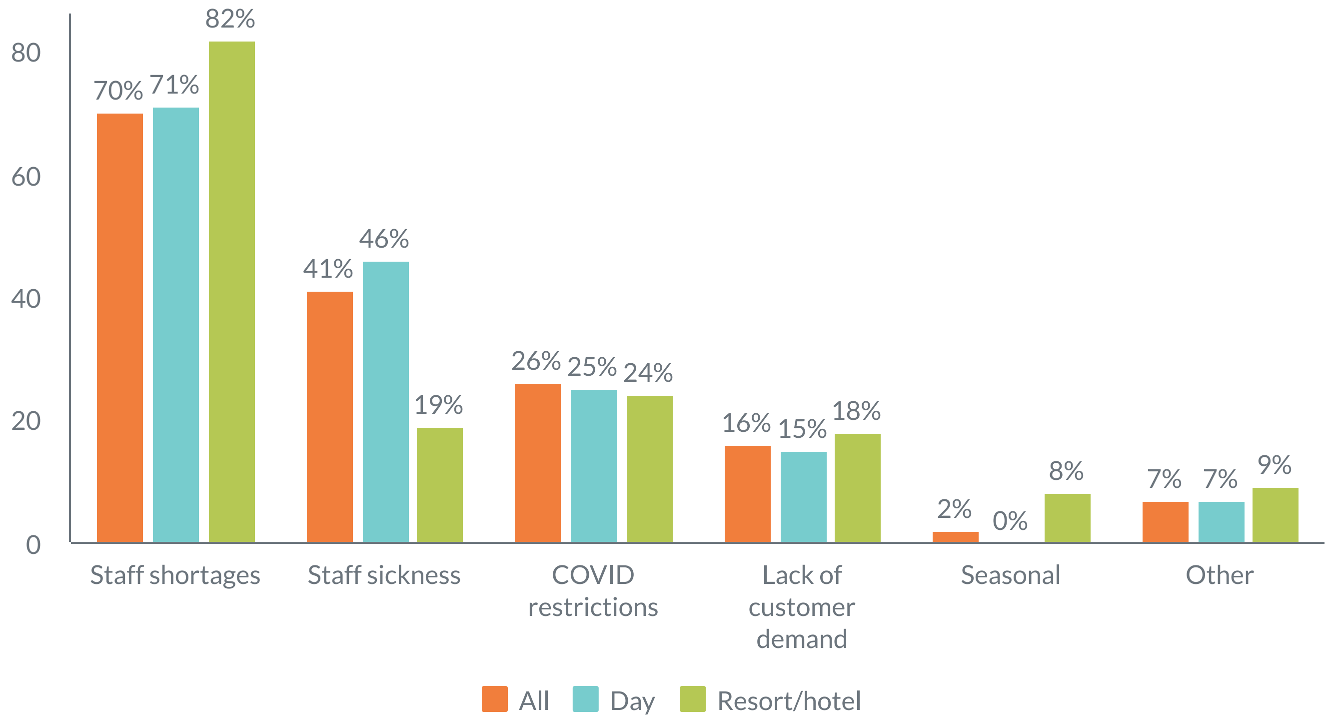
Resort/hotel spas were the most likely to highlight staff shortages (82%), followed by day spas (71%).

Staff sickness was cited as a reason by almost one in two (46%) of the day spas that said they were operating at reduced hours or temporarily closed in February 2022.

COVID-19 restrictions were mentioned by a little over one in four spas (26%). The proportion varied hardly at all between day spas (25%) and resort/hotel spas (24%).

Lack of customer demand was cited by 16% of the spas saying they were operating at reduced hours or temporarily closed in February 2022. The proportion pointing to lack of demand did not vary greatly between day spas (15%) and resort/hotel spas (18%).

REASONS FOR SPAS OPERATING AT REDUCED HOURS/TEMPORARILY CLOSED



The Big Five Statistics

2021 OUT-TURN AND PERCENT CHANGE OVER 2020

The spa industry registered strong revenue growth in 2021, underpinned by an upturn in visits and a rise in revenue per visit.

Total spa industry revenue is estimated to have risen by $6 billion, from $12.1 billion in 2020 to $18.1 billion in 2021, an increase of 49.4%.

An estimated 173 million spa visits were made in 2021, 49 million more than in 2020 when spas received 192 million visits. In percentage terms, spa visits rose by 39.5%.

After dropping by 4% in 2020, the number of spa locations stabilized at 21,510 in 2021, a marginal decline of -0.2% compared with 2020.

The average revenue per visit increased sharply, up by 7.1% from $97.50 in 2020 to $104.50 in 2021.

Total employment is estimated to have increased by 13.2%. With a 15.8% rise, full-time employment expanded at a slightly faster pace than part-time employment (+12.1%). Contract employment is estimated to have fallen slightly, by -0.7%.

BIG FIVE STATISTICS

	2020 (YEAR END)	2021 (YEAR END)	% Change
Revenue	$12.1 billion	$18.1 billion	49.4%
Spa Visits	124 million	173 million	39.5%
Locations	21,560	21,510	-0.2%
Revenue per visit	$97.50	$104.50	7.1%
	2021 (JAN)	**2022 (JAN)**	
Total Employees	304,800	345,000	13.2%
Full-Time	140,600	162,800	15.8%
Part-Time	149,000	167,100	12.1%
Contract	15,200	15,100	-0.7%

Spa Establishments

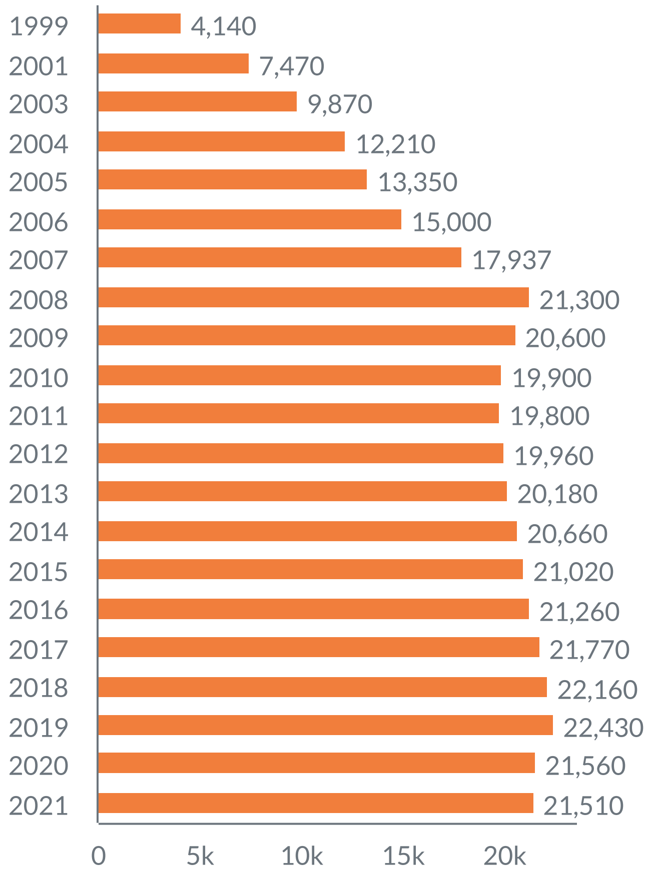
Following a 3.9% drop in 2020, the number of spa establishments is estimated to have stabilized in 2021, falling only marginally, by -0.2%

An estimated 21,510 spa locations were operating in 2021, slightly fewer than in 2020 (21,560 locations). However, in 2021, the number of locations remained 4% below the pre-pandemic level (22,430 locations at end-2019).

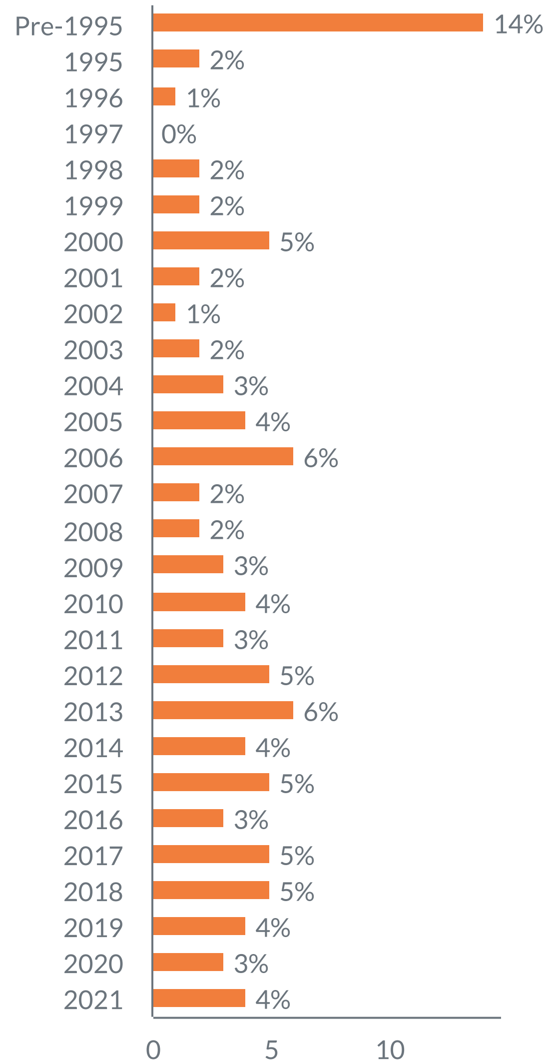
In 2021, there were an estimated 610 new spa openings, adding 2.8% to the number of spas in operation at the end of 2020.

However, an estimated 660 spas closed over the course of 2021, representing 3% of the 2020 total. The net effect was a reduction of 50 spa locations by the end of 2020 (-0.2%).

TOTAL SPA ESTABLISHMENTS IN THE U.S.



YEAR SPA OPENED



Establishments by Type of Spa

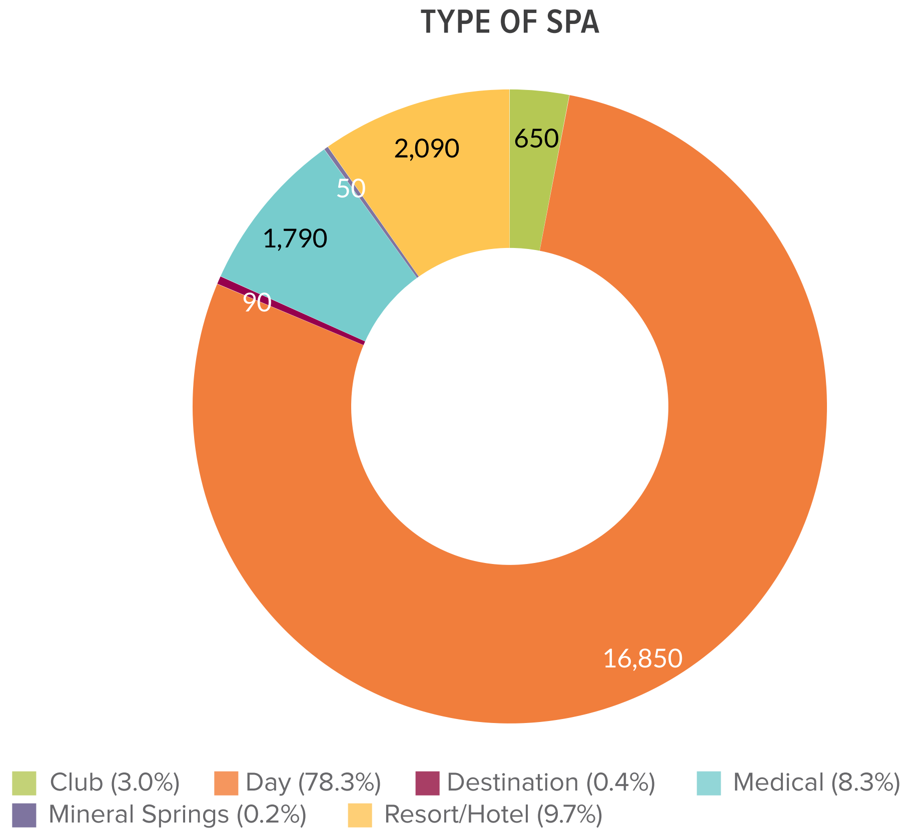
Day spas continue to predominate within the spa industry, accounting for 78.3% of the total of 21,510 establishments, followed by resort/hotel (9.7%) and medical spas (8.3%).

By end-2021, there were almost 16,900 day spa establishments operating across the U.S., slightly lower than the 2020 estimate (16,920).

The number of resort/hotel spas at the end of 2021 is estimated at 2,090, representing a 2.9% increase compared with 2020, when an estimated 2,030 resort/hotel spas were in operation.

The number of medical spas is estimated at 1,790, a decline of -2.2% compared with 2020.

Club spa locations are estimated at 650 in 2020, an increase of 3.6% compared to the number of such spas in 2020.

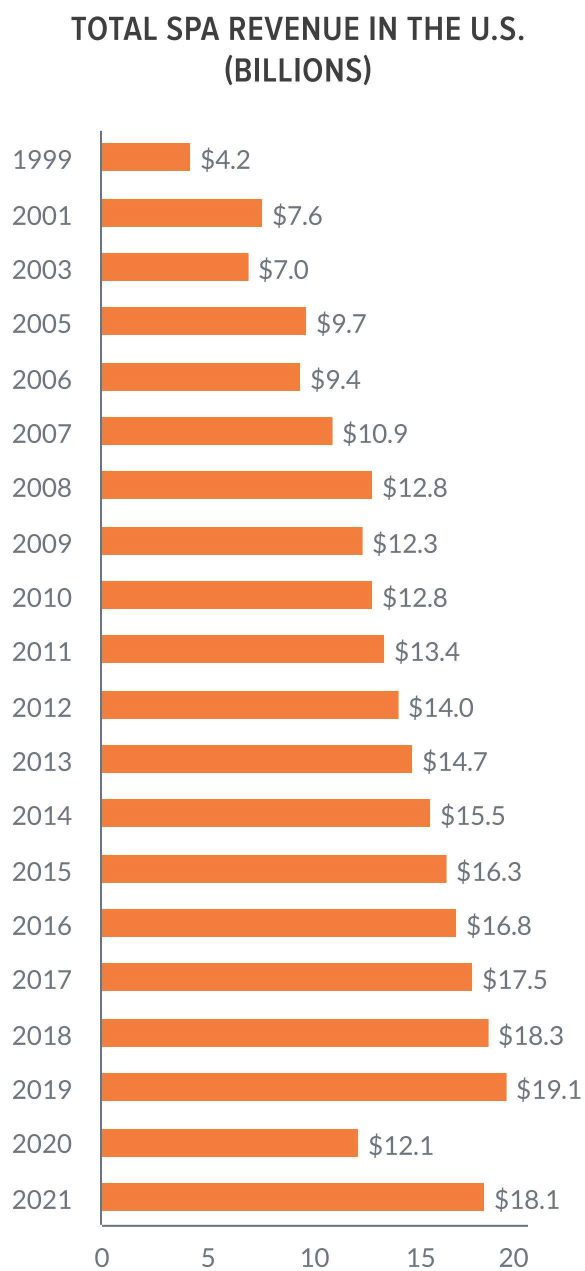


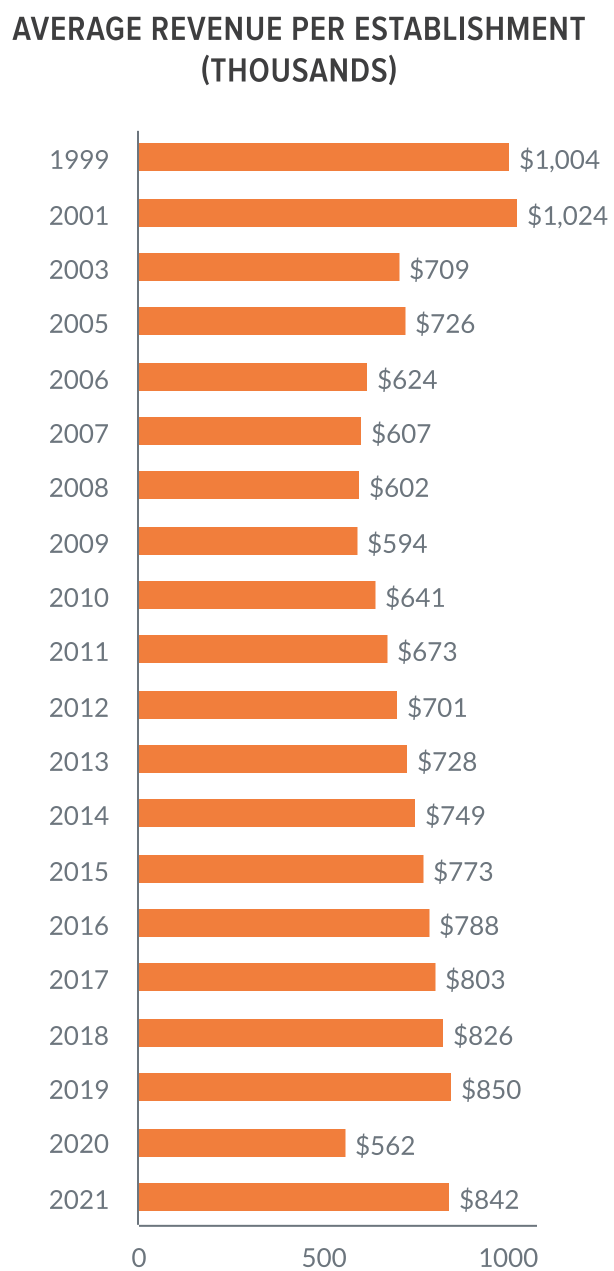
Spa Revenues

Total spa revenues rebounded in 2021, rising by 49% and recovering most, though not all, of the revenues lost to the pandemic-induced downturn in 2020.

Total spa revenues for 2021 are estimated at $18.1 billion, an increase of $6 billion on total revenue in 2020 ($12.1 billion), but still 5% below the pre-pandemic level of $19.1 billion in 2019.

Average revenue per spa establishment recovered from $562,000 in 2020 to $842,000 in 2021 (+50%).





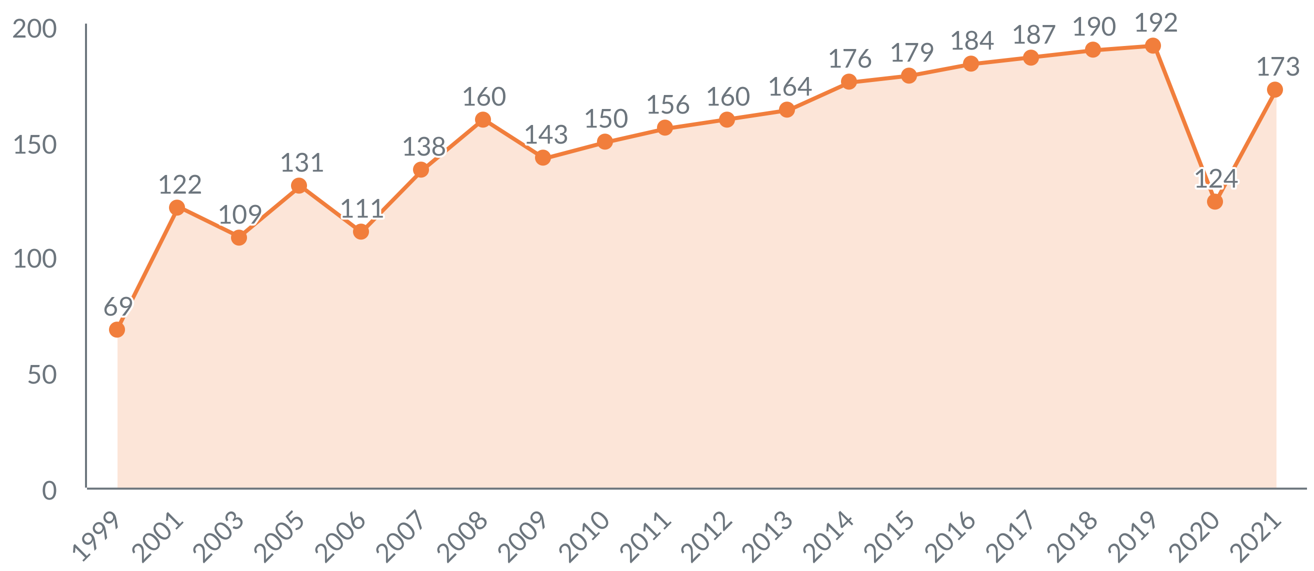
Spa Visits

An estimated 173 million visits were made to spa establishments in 2021, up from 124 million in 2020, but still 10% below the 2019 pre-pandemic peak of 192 million.

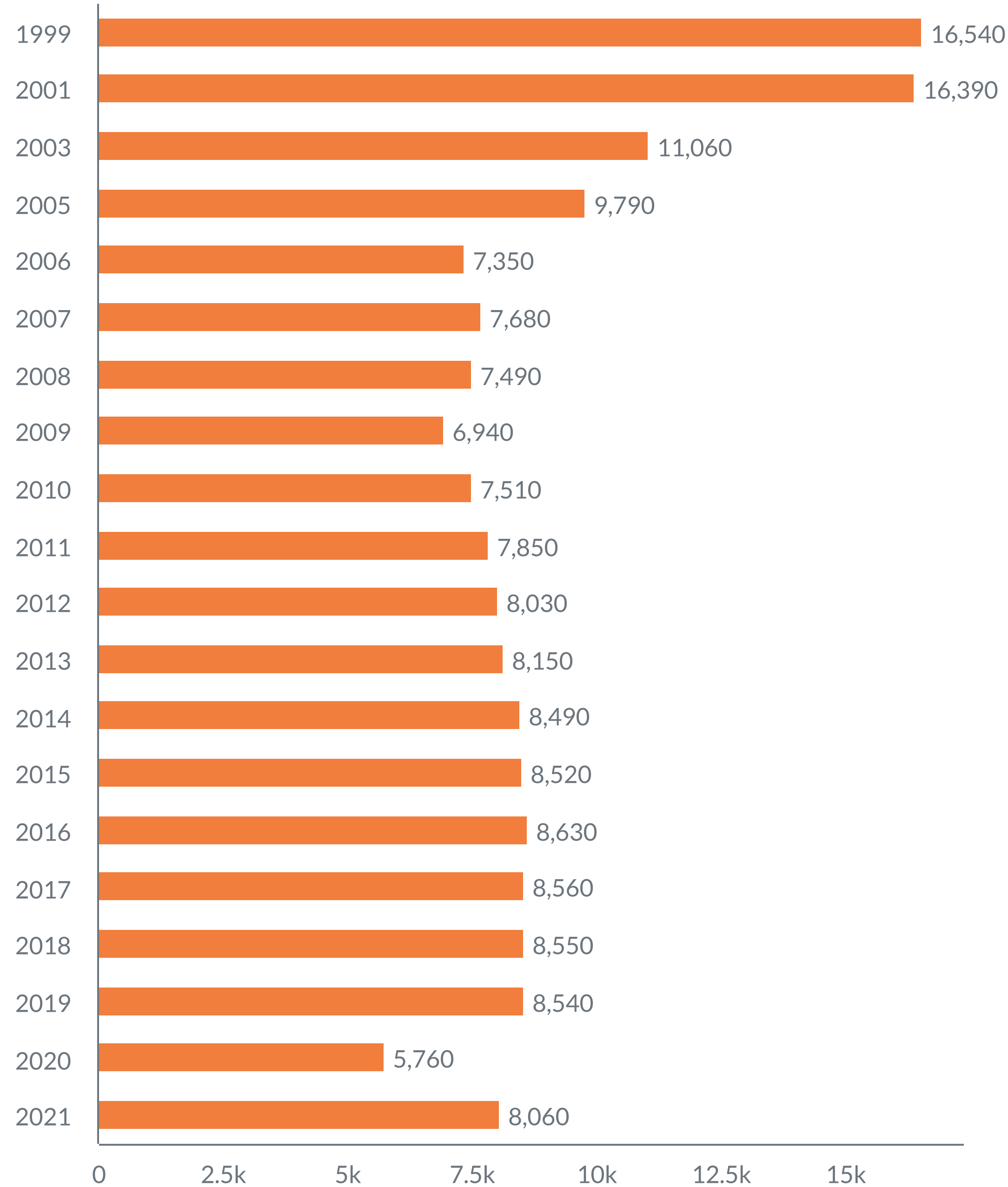
In 2021, there were 49 million more spa visits compared with 2020, a 40% increase.

The average number of visits per spa establishment also rose by 40%, from 5,760 in 2020 to 8,060 in 2021. Nonetheless, spa visits per establishment in 2021 were still 6% below the pre-pandemic average of 8,540 per spa.

TOTAL SPA VISITS IN THE U.S. (MILLIONS)



AVERAGE VISITS PER ESTABLISHMENT



Average Spa Revenue Per Visit

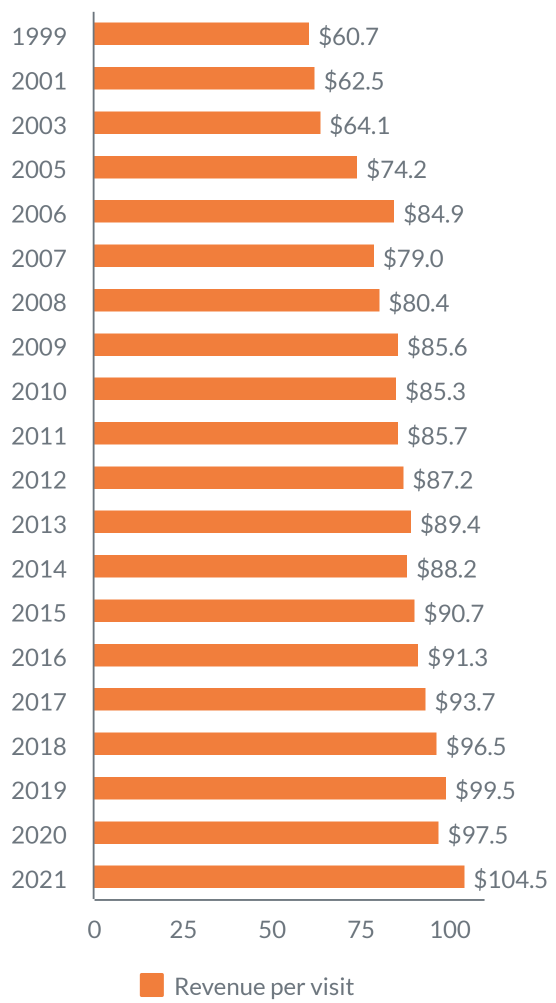
The average revenue per visit in 2021 is estimated at $104.50, an increase of 7% compared with 2020 ($97.50).

As shown by the chart below, the average revenue per spa visit achieved in 2021 is the highest on record.

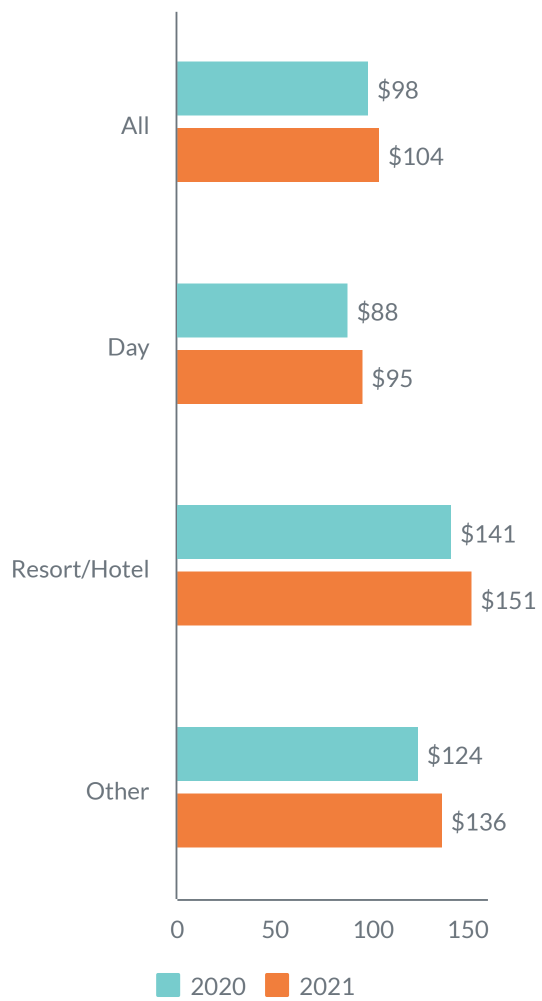
Average spend per visit varies by spa type, ranging from $95 for day spa visits to $151 for resort/hotel visits. Compared to 2020, the average revenue per visit in 2021 is estimated to have risen by 7% in both the day spa and resort/hotel sectors.

The average amount that clients spend when they visit a spa is influenced by a range of factors, including the mix of services and treatments that clients purchase and the pricing of those services in a competitive market. Within that context, the rise in average spa revenue per visit in 2021 would seem to reflect, at least in part, higher prices per service (see section 3 in this report for discussion of the trend in average prices per service).

AVERAGE REVENUE PER SPA VISIT



SPA REVENUE PER VISIT



Employment

When asked to give the approximate percent change in staff employed compared with January 2021, 63% of survey respondents said they had increased their staff count.

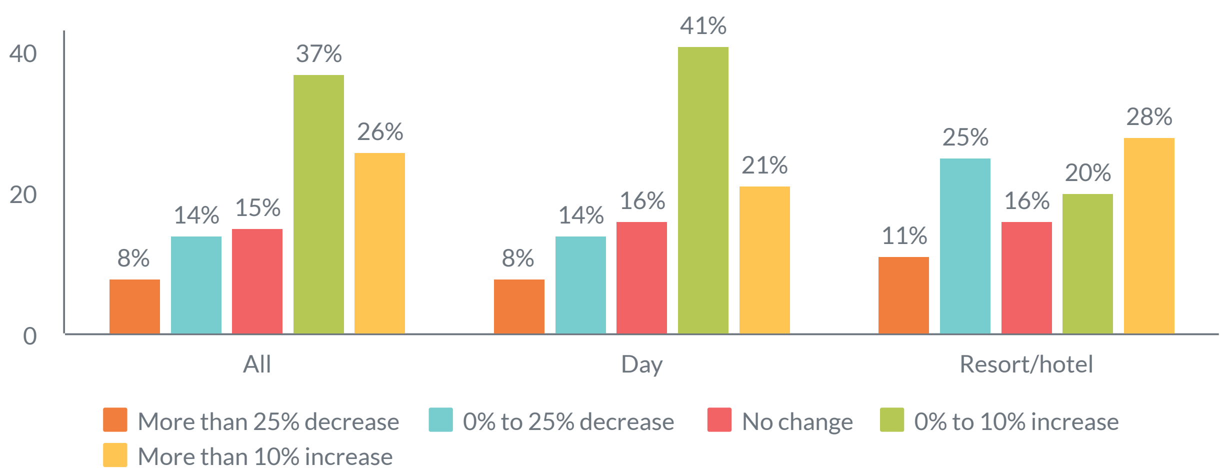
Over one in three spa businesses (37%) said they had increased their staff employed by less than 10%, while 26% of spa businesses said staffing levels were at least 10% higher than in January 2021.

Day spa businesses were more likely than resort/hotel businesses to say they had increased their staff count, by a margin of 62% to 48%, respectively.

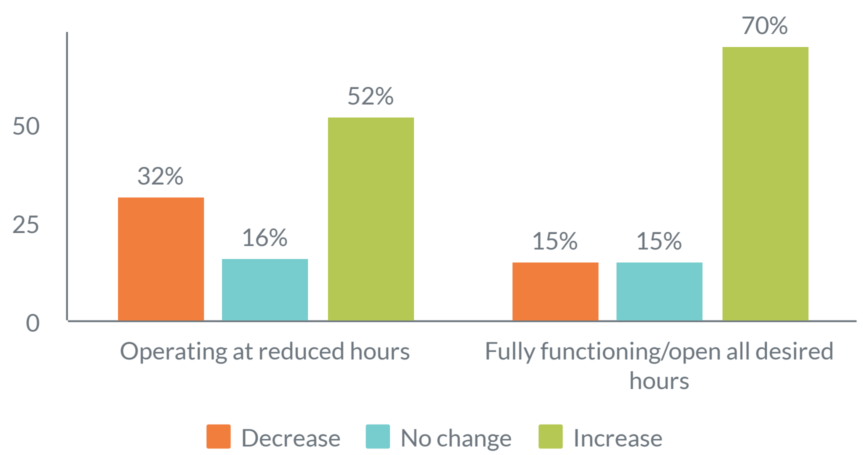
A little over one in three resort/hotel businesses (36%) said they had fewer staff employed compared with January 2021. Among day spa businesses, the proportion reporting fewer staff was 22%.

Just over half (52%) of spas operating at reduced hours had increased their staffing compared to nearly three quarters of those that were open all the hours they wanted to be (70%).

EMPLOYMENT CHANGE COMPARED TO JANUARY 2021 (APPROXIMATE %, BY SPA TYPE)



EMPLOYMENT CHANGE COMPARED TO JANUARY 2021 (APPROXIMATE %, BY SPA OPERATING STATUS)



By January 2022, total employment stood at 345,000, an increase of 40,200 (+13%) compared with January 2021, bringing the spa workforce back to 90% of the pre-pandemic level as of January 2020 (383,700).

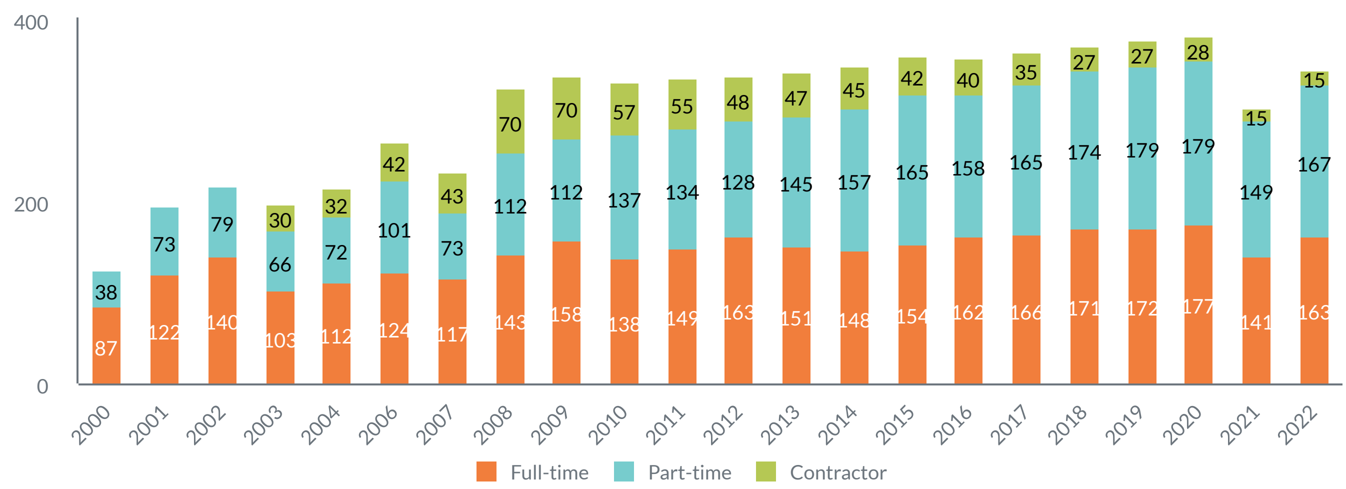
The number of full-time employees is estimated to have risen by 22,200 (+15.8%), rising to 162,800 in January 2022. Part-time employment also increased, up by 18,100 (+12.1%) and standing at 167,100 in January 2022.

Employment of independent contractors was almost unchanged, falling by less than 1%.

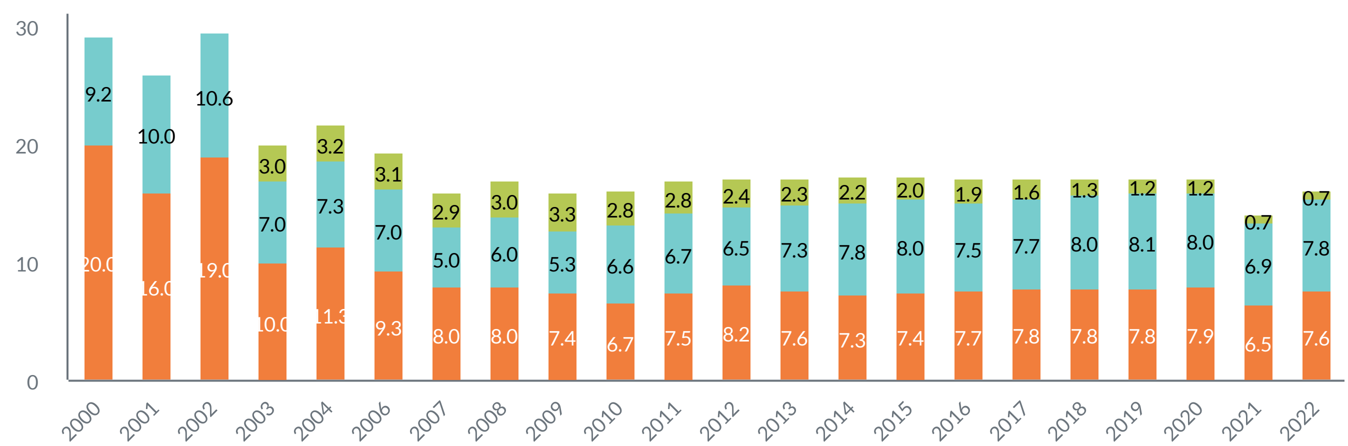
Across the industry as a whole, the number employed per spa location rose from 14.1 in January 2021 to 16 in January 2022, 6% below the pre-pandemic average of 17.1 in January 2020.

Note: On average, spas consider service providers need to work 30 or more hours per week to be considered a full-time employee.

TOTAL EMPLOYEES IN THE U.S. (THOUSANDS)



AVERAGE EMPLOYEES PER ESTABLISHMENT



Profitability

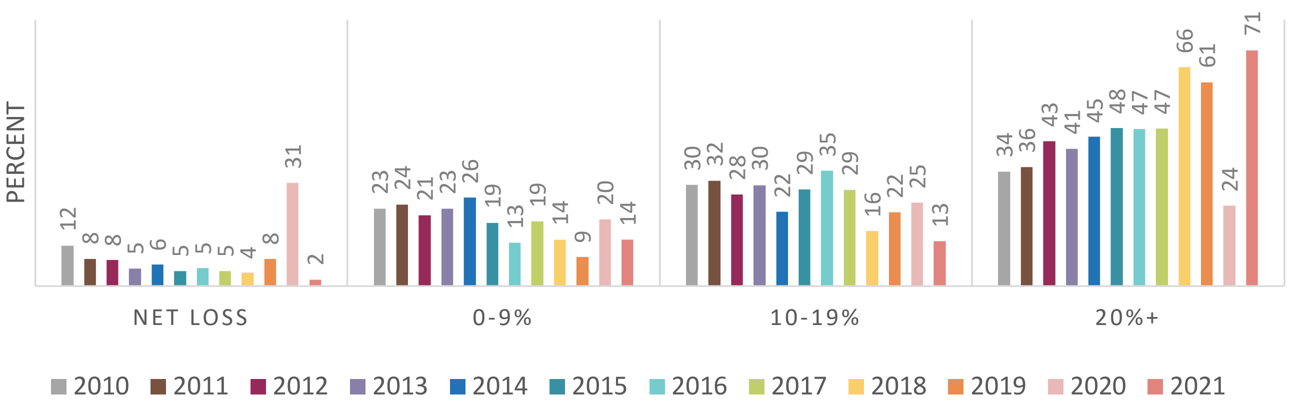
Spa profitability made a strong recovery in 2021. The proportion of resort/hotel spas reporting a loss dropped from 31% in 2020 to 2% in 2021. Similarly, in the rest of the spa industry, the proportion reporting a loss fell from 28% to 7%, about in line with the historical average.

Since many resort/hotel spas are part of a larger enterprise, survey respondents in the resort/hotel sector were asked to give their approximate spa profit percentage, for the spa operation only and not the entire business. All other types of spa establishments were asked to give the approximate spa profit before fixed charges percentage.

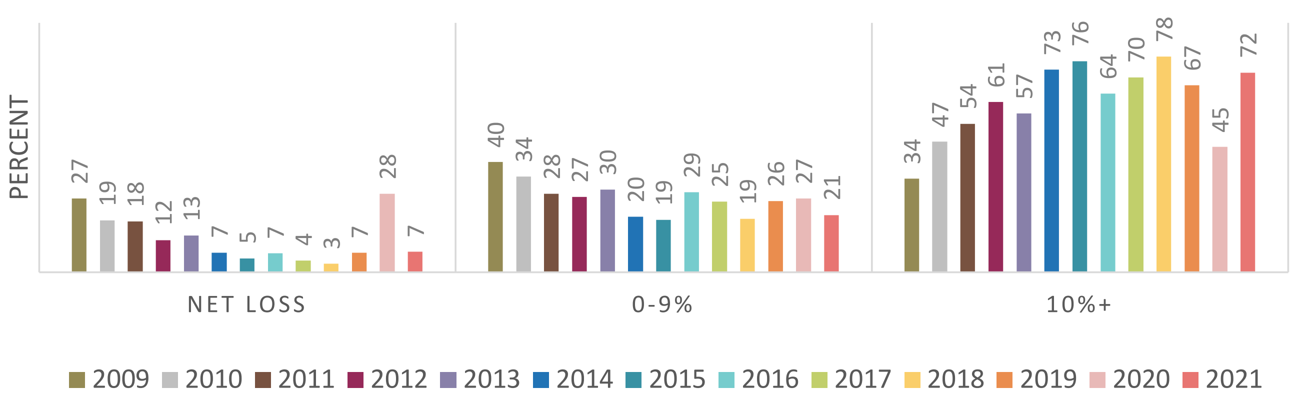
In the resort/hotel sector, 71% reported a spa profit percentage of 20% or more in 2021, up from 24% in 2020 and slightly higher than the pre-pandemic proportion (61% in 2019).

Excluding the resort/hotel sector, 72% of spas reported a profit percentage of 10% or more, up from 45% in 2020.

SPA PROFIT PERCENTAGE: 2010–2021, RESORT/HOTEL SPAS



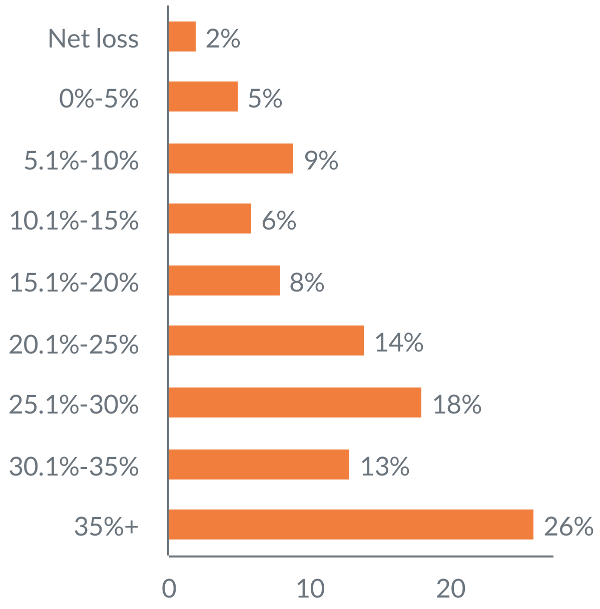
PROFIT PERCENTAGE BEFORE FIXED CHARGES: 2009-2021
ALL SPAS EXCLUDING RESORT/HOTEL SPAS



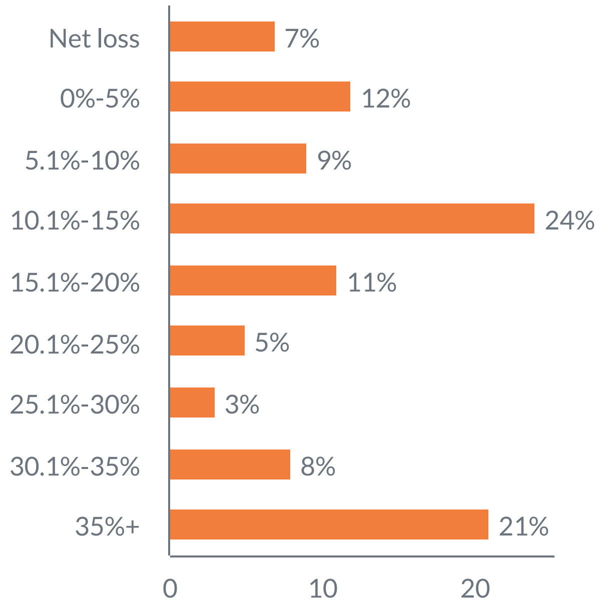
The detailed profit percentage results indicate that, in 2021 over one in four resort/hotel spas (26%) reported a spa profit percentage of 35% or more. Almost one in two resort/hotel spas (45%) cited a profit percentage in the range 20% to 35%.

Excluding the resort/hotel sector, the most frequently cited spa profit percentage was in the range 10%-15%, reported by almost one in four spas (24%). A little over one in five spas (21%) said their profit percentage was 35% or more.

SPA PROFIT PERCENTAGE, 2021 – RESORT/HOTEL SPAS



SPA PROFIT PERCENTAGE, 2021 – ALL SPAS (EXCL. RESORT/HOTEL)



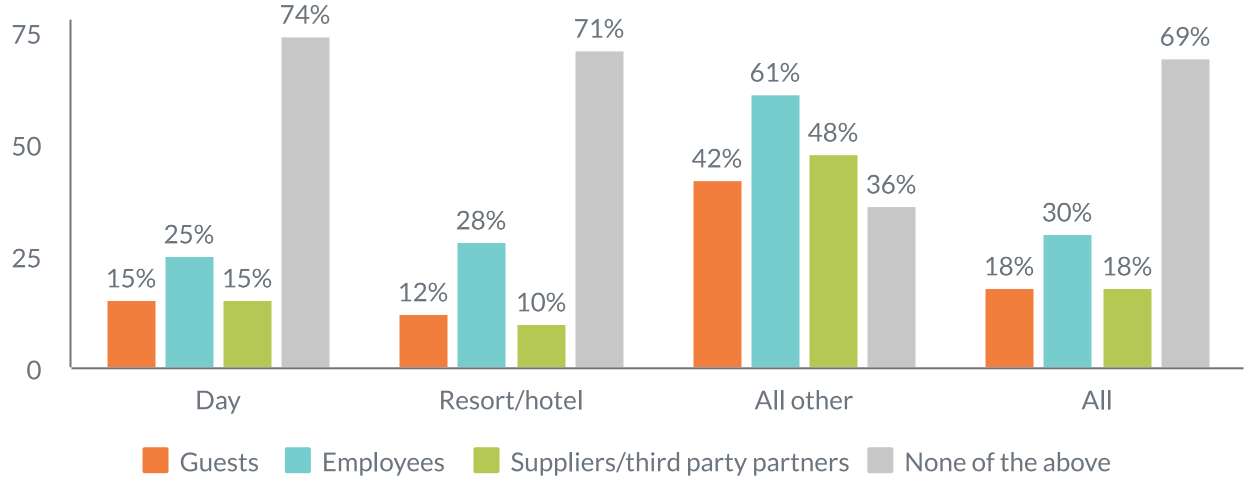
Proof of Vaccination Requirements

At the time of the industry survey (early-2022), almost seven in 10 spas (69%) said they did not currently nor plan to require guests, employees or suppliers/third party partners to show proof of vaccination before visiting or working at their establishments. Among spas that had or planned to enact such a requirement, the most frequently cited applicable group was employees, with 30% of all spas saying they required or planned to require that their staff show proof of vaccination. A little under one in five spas (18%) said they required, or plan to require that their guests show proof of vaccination in advance of receiving spa services.

The current or planned vaccination requirements did not vary greatly between resort/hotel and day spas. Among resort/hotel spas, 28% said they required or planned to require that their staff show proof of vaccination, compared with 25% of day spas. About one in eight resort/hotel spas (12%) said they would require their guests to show proof of vaccination, compared with 15% of day spas.

Current or planned requirements to show proof of vaccination in relation to staff and/or guests was higher in the other spa category, which includes medical spas.

SPAS CURRENTLY REQUIRING OR HAVE PLANS TO REQUIRE PROOF OF COVID-19 VACCINATION BEFORE VISITING/WORKING AT SPA



Looking Forward to 2022: Single Biggest Opportunity

As the industry emerges from the pandemic, survey respondents were asked to say what is the single biggest opportunity that they see for the U.S. spa industry. From the responses given, attracting and keeping talent presents the single biggest opportunity for spas wishing to capitalize on the opportunities offered by the surging demand for spa services. Though, reflecting uncertainty around future prospects, about one in eight respondents (12%) were unable to say or felt it was too early yet.

STAFFING – Spas identified two main opportunities. First, there is a shortage of qualified, experienced talent; not enough people training and not enough schools. In particular, massage therapists are in short supply. Second, there is an opportunity to enhance staff retention, putting more focus on staff well-being and showing that staff are appreciated. Workplace wellness is to the fore in that regard.

WELL-BEING – the range of opportunities mentioned include creating a wellness culture, countering the mental health effects of recent years (anxiety, stress, isolation), education to move the perception of spas away from the 'pampering' image and medical services.

GROWTH – Recovery is strong as services revert to 'normal' and guests return in large numbers. Spas required to close during the pandemic were delighted to reopen and hope to stay open. Spas that remained open saw more sales and visits. Destination spas welcomed tourism reviving. The pandemic has created huge pent-up demand, presenting a great opportunity for growth, new services and innovation. Many spas look forward to attracting new clients and to enjoying better profits and increased revenue.

SAFE SPACE FOR ALL – Spas want to be known as trusted safe havens in a time of anxiety. Safety has been central to reopening and returning to normal. Spas have navigated working with those who won't get vaccinated, vaccine mandates, lifting of restrictions, accommodating groups safely, mitigating staff and guest fears of COVID outbreak worries.

DELIVERING SERVICES – Respondents highlighted a need for hands-on services post-pandemic. People have been touch-deprived and shut in, with no such experiences for two years. For many, touch is vital for de-stressing, hence the huge demand for massages as spas return to in-person treatments.

At the same time, many guests remain wary. One spa noticed their younger demographic asking for non-touch, therapist-free treatments. In this growing area, technology is providing the answers: AI, zero-touch, provider-free therapies are also a response to staff shortages. Some now offer a mix of non-touch and touch therapies. Home care—including take home products and distance care—and and self-guided services within the spa have also become more common since the pandemic began.

INNOVATION AND TECHNOLOGY – Spas are adapting by altering services, embracing well-being and using technology to grow ecommerce, streamlining operations, modernizing booking and offering distance and zero-touch care.

EMPHASIS ON QUALITY – Guests are showing a greater appreciation and readiness to pay more. Quality and prices are going up along with personal service. People are willing to pay for experiences.

Key Points Summary

THE INDUSTRY IN 2021: REBOUNDING FROM THE PANDEMIC

Following a steep downturn in 2020 due to the COVID-19 pandemic, the U.S. economy rebounded strongly in 2021. Economic output climbed above its pre-pandemic level, accompanied by rising employment and falling unemployment. However, inflation has re-emerged and remained on an upward path through spring 2022.

Service industries that rely on personal contact with the consumer have recovered less quickly than other sectors in the wider economy. By September 2021, employment in beauty salons and other personal services (which includes day spas) was still 13% below the pre-pandemic level. Employment in the hotel and motel sector was 20% lower than the pre-pandemic level.

By February 2022, over two in three spas (69%) were fully functioning and open all the hours that they wanted to be. A little under three in 10 spas (29%) were operating at reduced hours. The remaining 2% were temporarily closed.

Among the 31% of spas operating at reduced hours or temporarily closed, staff shortages were the most frequently cited reason (70%), followed by staff sickness (41%), COVID restrictions (26%) and lack of customer demand (16%).

The spa industry registered strong revenue growth in 2021, underpinned by an upturn in visits and a rise in revenue per visit:

- Total spa industry revenue is estimated to have risen by $6 billion, from $12.1 billion in 2020 to $18.1 billion in 2021, an increase of 49.4%.
- An estimated 173 million spa visits were made in 2021, 49 million more than in 2020 when spas received 124 million visits. In percentage terms, spa visits rose by 39.5%.
- The average revenue per visit increased sharply, up by 7.1% from $97.5 in 2020 to $104.5 in 2021.
- Total employment is estimated to have increased by 13.2%. With a 15.8% rise, full-time employment expanded at a slightly faster pace than part-time employment (+12.1%). Contract employment is estimated to have fallen slightly, by -0.7%.
- When asked to give the approximate % change in staff employed compared with January 2021, 63% of survey respondents said they had increased their staff count.
- After dropping by 4% in 2020, the number of spa locations stabilized at 21,510 in 2021, a marginal decline of -0.2% compared with 2020.

Notwithstanding the 2021 growth, apart from revenue per visit, by the end of 2021, the spa industry had yet to return to pre-pandemic levels:

- ***Total spa revenues for 2021*** were 5% below the pre-pandemic level of $19.1 billion in 2019.
- The number of visits to spa establishments in 2021 was 10% below the 2019 pre-pandemic peak of 192 million.
- By January 2022, the spa workforce stood at 90% of the pre-pandemic level.
- At the end of 2021, the number of locations remained 4% below the pre-pandemic level.

PROFITABILITY

Spa profitability made a strong recovery in 2021. The proportion of resort/hotel spas reporting a loss dropped from 31% in 2020 to 2% in 2021. Similarly, in the rest of the spa industry, the proportion reporting a loss fell from 28% to 7%, about in line with the historical average.

PROOF OF VACCINATION REQUIREMENTS

At the time of the industry survey (early 2022), almost seven in 10 spas (69%) said they do not currently require or plan to require guests, employees or suppliers/third party partners to show proof of vaccination before visiting or working at their establishments. Among spas that have, or plan such a requirement, the most frequently cited group was employees, with 30% of all spas saying they required or planned to require that their staff show proof of vaccination. A little under one in five spas (18%) said they required, or plan to require that their guests show proof of vaccination in advance of receiving spa services.

LOOKING FORWARD TO 2022: SINGLE BIGGEST OPPORTUNITY

As the industry emerges from the pandemic, survey respondents were asked to say what is the single biggest opportunity that they see for the U.S. spa industry. From the responses given, attracting and keeping talent presents the single biggest opportunity for spas wishing to capitalize on the opportunities offered by the surging demand for spa services. Though, reflecting uncertainty around future prospects, about one in eight respondents (12%) were unable to say or felt it was too early to determine.

Spa Services + Facilities

In 2021, spas received an estimated 173 million client visits, an average of 8,060 per spa establishment. This section describes the facilities and services that spas offered to their client

This section presents the Industry Study findings for the following topics:

The core types of services offered by spas

Average prices per service

Pricing and service availability strategies

Retail product availability and average retail spend

Spa policies and activities currently in place

AVERAGE VISITS PER SPA ESTABLISHMENT

Types of Services Offered

When asked about the services that they provide to their clients, 92% said they offer massage services, followed by facials (90%), couples services (58%) and body services (57%).

The range and mix of services offered varies by type of spa. Reflecting their larger size, resort/hotel spas typically offer a wider range of services; an average of eight types of services compared to five among day spas.

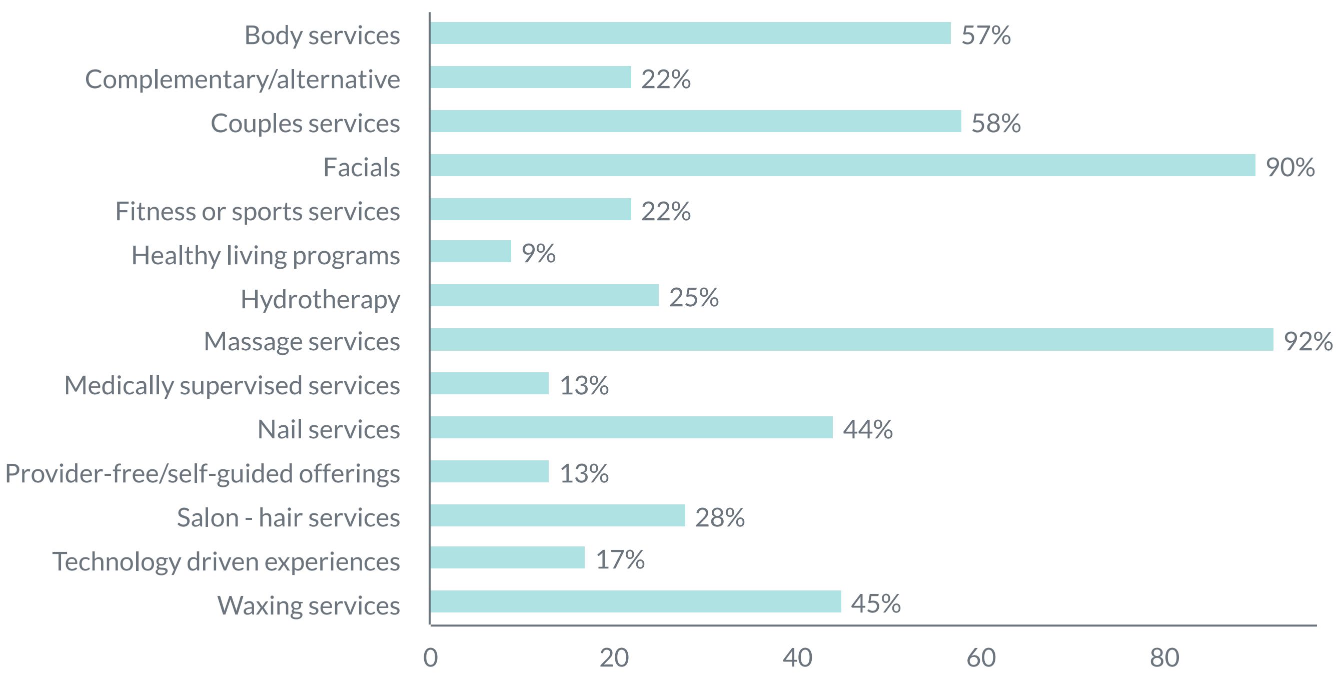
In addition to their core spa and salon services, many spas offer their visitors a diverse range of treatments and programs. Hydrotherapy services are offered by one in four spas (25%), ranging from 40% of resort/hotel spas to 26% of day spas and 12% of establishments in the other spa category.

Complementary or alternative therapies or mind, body and spirit programs, such as acupuncture, reiki and yoga, are available in 22% of spas, including 42% of resort/hotel spas and 15% of day spas.

Over one in eight spas (13%) offer medically supervised services. Reflecting the medical spa effect, such services are most often found in the other spa category (73%).

The range of services provided by spas has continued to expand, with 17% now offering technology-driven experiences, ranging from 13% of day spas to 33% of resort/hotel spas. Provider-free/self-guided services are available at 13% of spas, including 32% of resort/hotel spas.

TYPES OF SERVICES OFFERED



PRODUCT OFFERING: CORE SPA SERVICES

	ALL	DAY	RESORT/ HOTEL	OTHER
Body services	57%	56%	95%	32%
Complementary/alternative therapies or mind, body and spirit	22%	15%	42%	49%
Couples services	58%	59%	93%	23%
Facials	90%	90%	98%	86%
Fitness or sports services	22%	18%	55%	21%
Healthy living programs	9%	3%	10%	47%
Hydrotherapy	25%	26%	40%	12%
Massage services	92%	93%	100%	80%
Medically supervised services	13%	6%	5%	73%
Nail services	44%	42%	81%	25%
Provider-free/self-guided offerings	13%	6%	32%	45%
Salon - hair services	28%	27%	56%	14%
Technology driven experiences	17%	13%	33%	24%
Waxing services	45%	43%	70%	36%

Prices Per Service

The average price per spa service in 2021 is estimated as $108, up by 7.6% compared to 2020, when the estimated average price per service was $100. That is the fastest rate of increase in the average price per service since at least 2010, when the Industry Study first reported on the annual rate of change.

Average prices vary depending on the type of service provided, ranging from $51 per nail service to $124 per body treatment. At $106, the average price per massage occupies an intermediate position within that range. The differences in average prices by type of service have been consistent over the past five years. It should be appreciated that these are estimated average prices which will vary across spa establishments depending on type, location, etc.

The average price per massage ($106) in 2021 was 6% higher by comparison with the 2020 average. The average price for facials ($112) in 2021 was 8% higher than the average in 2020 while body treatment prices rose by 9% on average.

The average prices shown for hair services and nail services tend to be more variable from one year to the next, due to smaller sample sizes for spas offering those services. Percentage changes should therefore be interpreted with caution.

AVERAGE PRICES, 2021 COMPARED TO 2020, 2019, 2018 AND 2017

	2017	2018	2019	2020	2021
Per body treatment	$109	$114	$114	$114	$124
Per facial	$102	$103	$104	$104	$112
Per hair service	$82	$83	$81	$80	$91
Per massage	$96	$96	$98	$100	$106
Per nail service	$45	$47	$48	$49	$51
Per service	$94	$96	$98	$100	$108

Note: For each type of service, survey respondents are asked to report the ‘actual’ average price based on their P&L statement, rather than the ‘list’ price of treatments.

Prices Per Service by Type of Spa

The average price per spa service is higher in resort/hotel spas than in day spas.

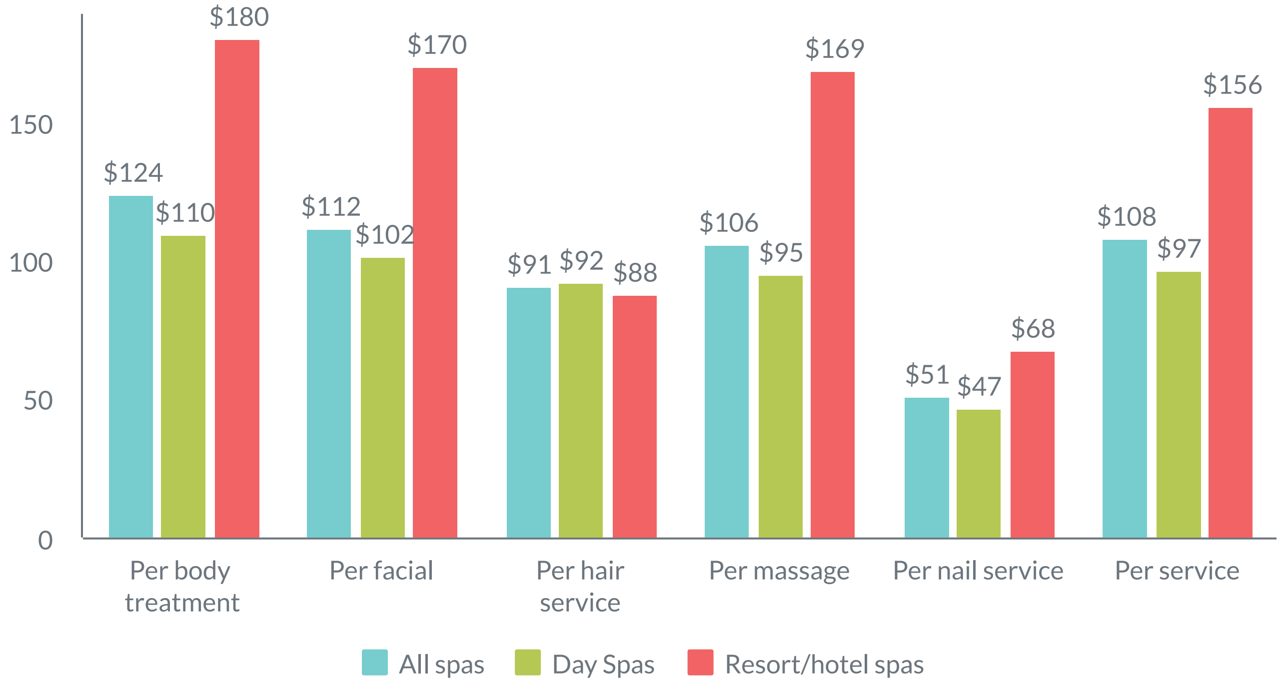
In 2021, the overall average price per service in resort/hotel spas was $156 compared to $97 per service in day spas, a differential of $59.

The largest difference between resort/hotel and day spas was for massage services, with the estimated average price in resort/hotel spas standing at $169 compared to $95 in day spas, a $74 difference. Similar differences can be observed in relation to facials ($170 in resort/hotel spas versus $102 in day spas) and body treatments ($180 in resort/hotel spas compared with $110 in day spas).

Average prices for hair services in day spas ($92) are estimated to be slightly higher than resort/hotel spas ($88).

Price comparisons by type of spa should be made with a degree of caution. The averages shown in the accompanying chart will vary across individual spas according to a range of factors such as location.

AVERAGE PRICE PER SERVICE BY TYPE OF SPA



Pricing and Service Availability Strategies

Spas have adopted a range of strategies designed to boost client visits and match pricing to service availability and demand. The mix of strategies varies by spa type.

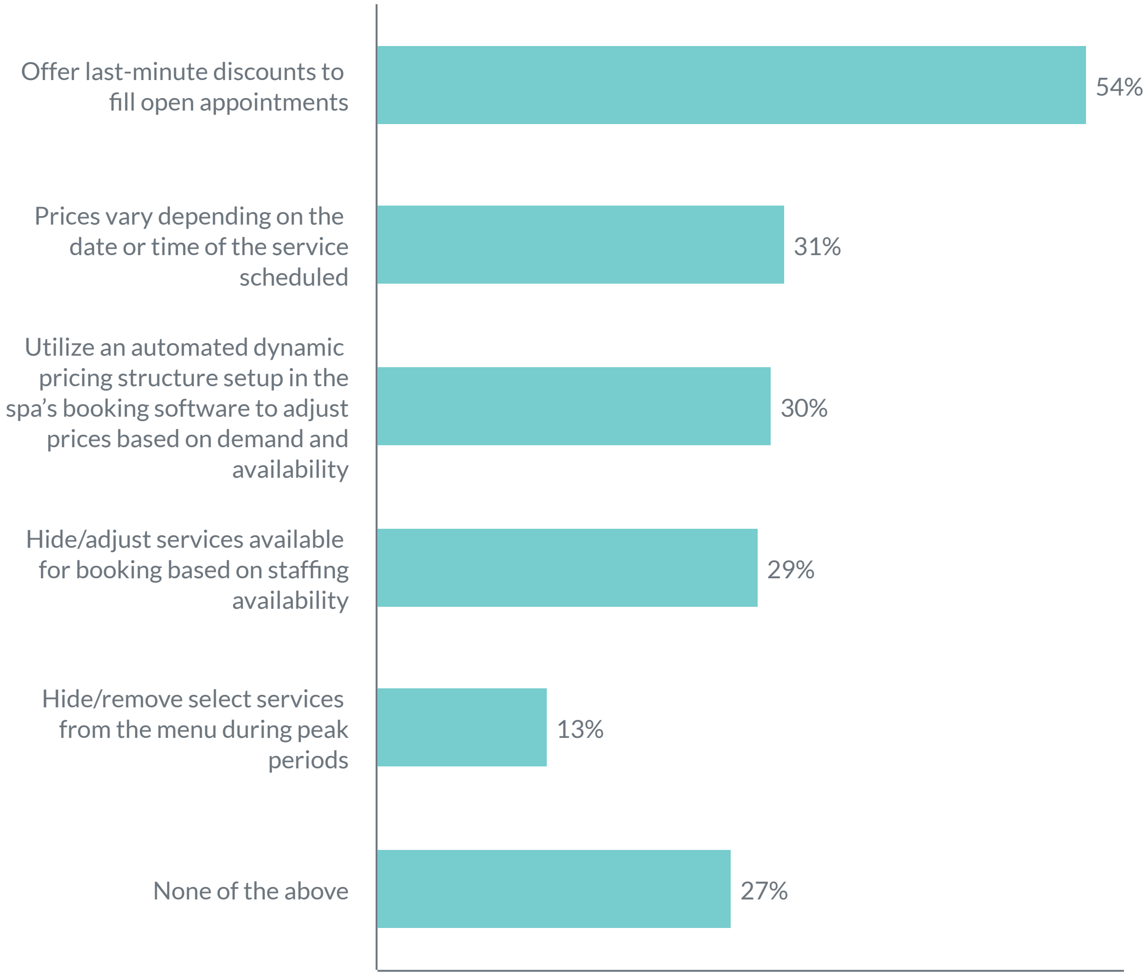
To encourage client visits, over one in two spas offer last minute discounts to fill open appointments. That strategy is more frequently used in day spas (58%) than in resort/hotel spas (31%).

Close to one in three spas (31%) vary their prices depending on the date or time of the service scheduled. That strategy is used by over one in two resort/hotel spas (52%) and less often employed by day spas (28%).

By contrast, day spas (29%) are more likely than resort/hotel spas (18%) to say they adjust prices based on service availability using an automated dynamic pricing setup in their booking software.

A large majority of spas (73%) use one or more of the pricing and availability strategies listed in the chart below, including 72% of day spas and 78% of resort/hotel spas.

PRICING AND SERVICE AVAILABILITY STRATEGIES UTILIZED



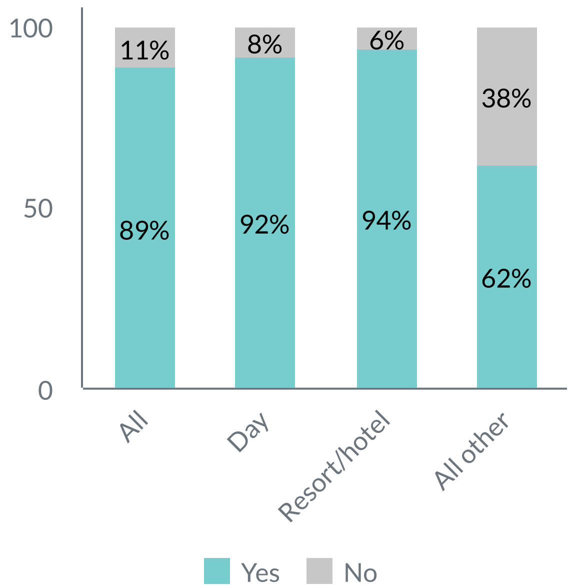
PRICING AND SERVICE AVAILABILITY STRATEGIES UTILIZED

	ALL	DAY	RESORT/ HOTEL	ALL OTHER
Offer last-minute discounts to fill open appointments	54%	58%	31%	47%
Prices vary depending on the date or time of the service scheduled	31%	28%	52%	38%
Utilize an automated dynamic pricing structure setup in the spa's booking software to adjust prices based on demand and availability	30%	29%	18%	40%
Hide/adjust services available for booking based on staffing availability	29%	30%	31%	21%
Hide/remove select services from the menu during peak periods	13%	10%	33%	14%
None of the above	27%	28%	22%	30%

Retail

Almost nine in 10 spas (89%) contain a retail element. The average value of retail purchases in 2021 was $40.

RETAIL SECTION



AVERAGE VALUE OF RETAIL PURCHASES

ALL SPAS	DAY SPAS
$40	$33
RESORT/HOTEL SPAS	**OTHER**
$44	$98

Policies or Activities Currently in Place

When asked about the policies or activities that they currently have in place, the most frequently cited were increased spa menu prices (63%), loyalty programs (62%), spa renovations (60%) and an online booking option (59%).

The range and mix of policies and activities varied by spa type.

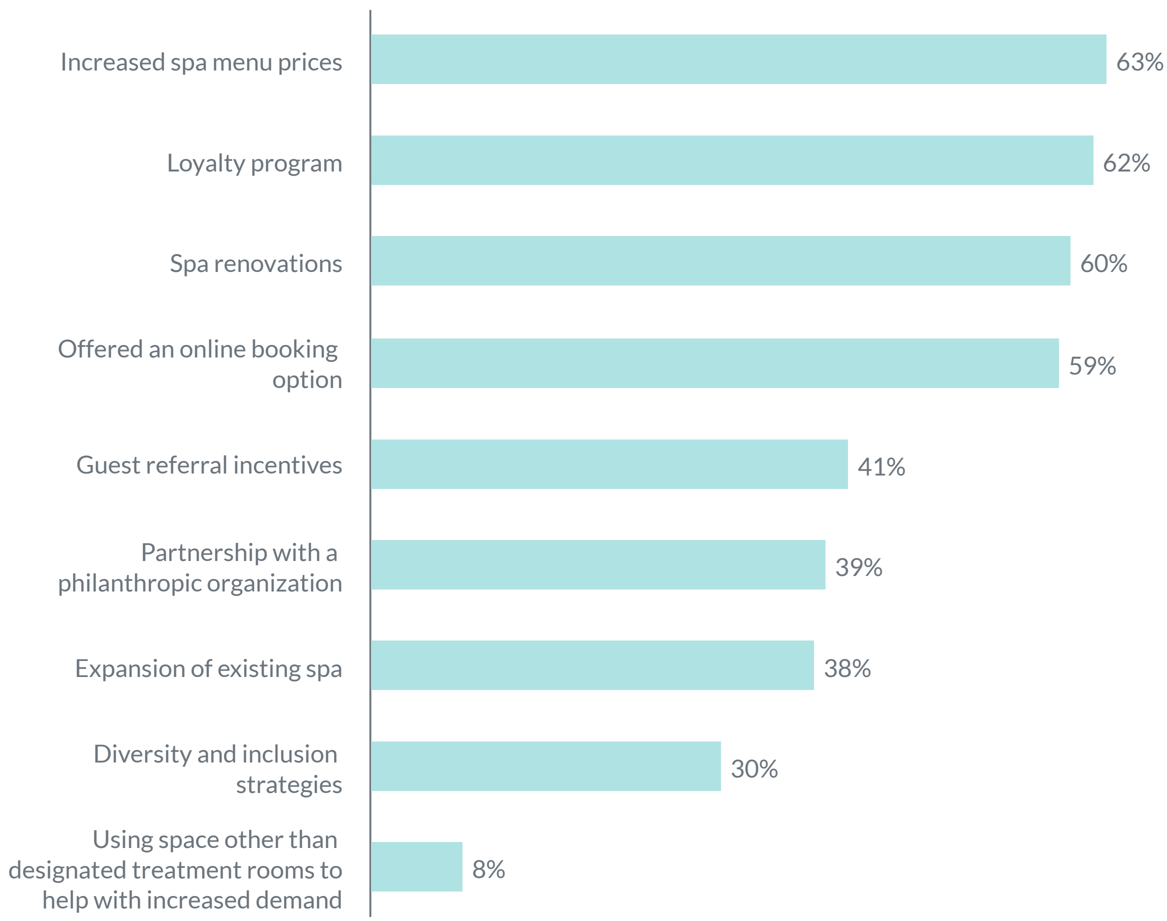
Day spas were most likely to mention customer-facing activities, notably loyalty programs (71% compared with 36% of resort/hotel spas) and guest referral incentives (46% compared with 17% of resort/hotel spas).

Day spas were also more likely to say they were undertaking spa renovations (62% compared with 33% of resort/hotel spas) and/or expansion of their existing spa (39% compared with 19% of resort/hotel spas).

Almost four in 10 spas said they partnered with a philanthropic organization, including 42% of day spas and 29% of resort/hotel spas.

Close to one in three spas (30%) mentioned a diversity and inclusion strategy, including 35% of day spas and 19% of resort/hotel spas.

POLICIES OR ACTIVITIES CURRENTLY IN PLACE



POLICIES OR ACTIVITIES CURRENTLY IN PLACE

	ALL SPAS	DAY	RESORT/ HOTEL	ALL OTHER
Increased spa menu prices	63%	59%	83%	71%
Loyalty program	62%	71%	36%	26%
Spa renovations	60%	62%	33%	65%
Offered an online booking option	59%	62%	59%	34%
Guest referral incentives	41%	46%	17%	26%
Partnership with a philanthropic organization	39%	42%	29%	24%
Expansion of existing spa	38%	39%	19%	44%
Diversity and inclusion strategies	30%	35%	19%	8%
Using space other than designated treatment rooms to help with increased demand	8%	6%	25%	12%
Outdoor/curbside treatments	6%	5%	11%	4%

Employment

This section focuses on employment in the spa industry, under the following headings:

Compensation: movements in compensation levels over the last year for leadership/management positions, front desk/receptionist/concierge positions and massage therapist positions

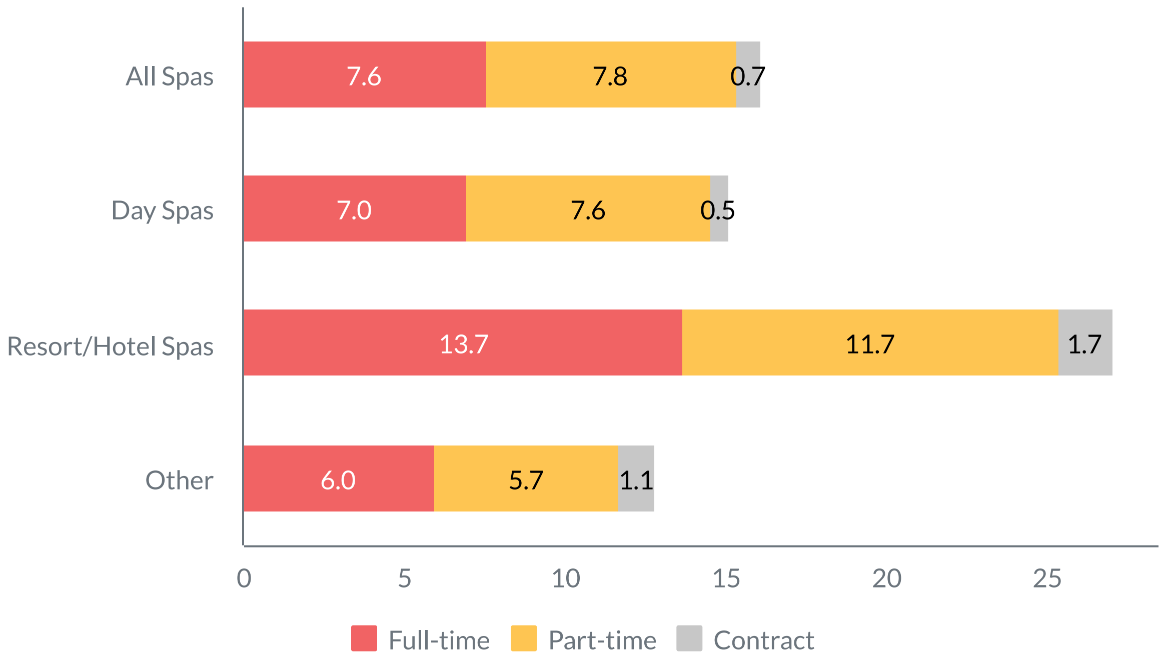
Recruiting: issues experienced by spas in recruiting massage therapists in the last year

Actions taken to help cope with recruitment difficulties

Staff retention: issues spas are dealing with in relation to retention of staff

Unstaffed positions: both for service providers and managers and directors

EMPLOYMENT PER SPA, BY FULL-TIME, PART-TIME AND CONTRACT



Employment

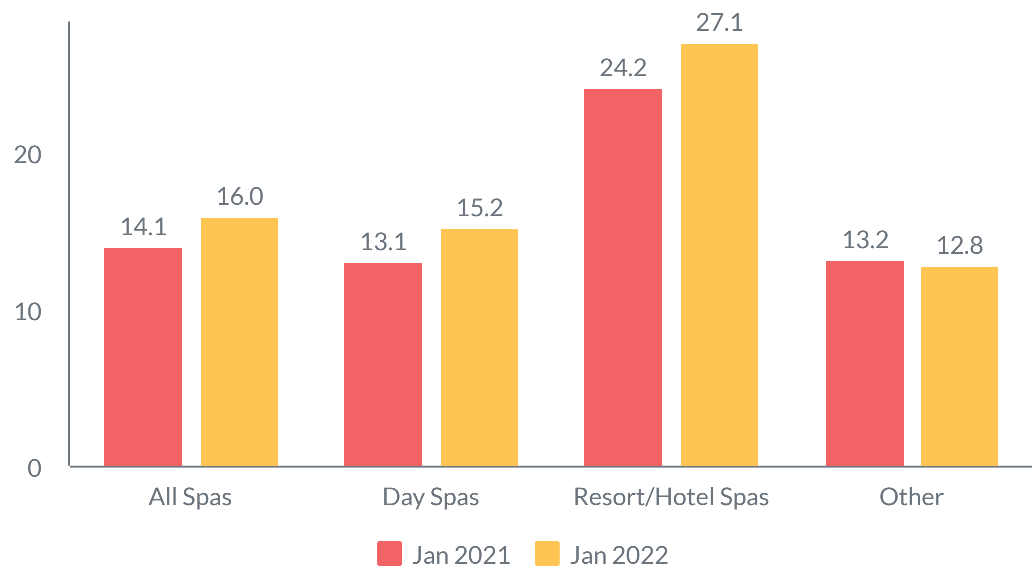
The total number employed in the spa industry is estimated at 345,000 as of January 2022, comprising 162,800 full-time employees, 167,100 part-time employees and 15,100 contract workers.

There are 21,510 spa locations across the U.S., with an average of 16 workers per spa establishment as of January 2022, an increase from the pandemic-affected average of 14.1 workers per spa in January 2021.

As of January 2022, average employment per spa remains 6% below the pre-pandemic January 2020 average of 17.1 workers per spa.

Employment levels in January 2022 were highest in resort/hotel spas, with 27.1 workers on average compared to an average of 15.2 per establishment in the day spa sector.

EMPLOYMENT PER SPA, JANUARY 2022 COMPARED WITH JANUARY 2021

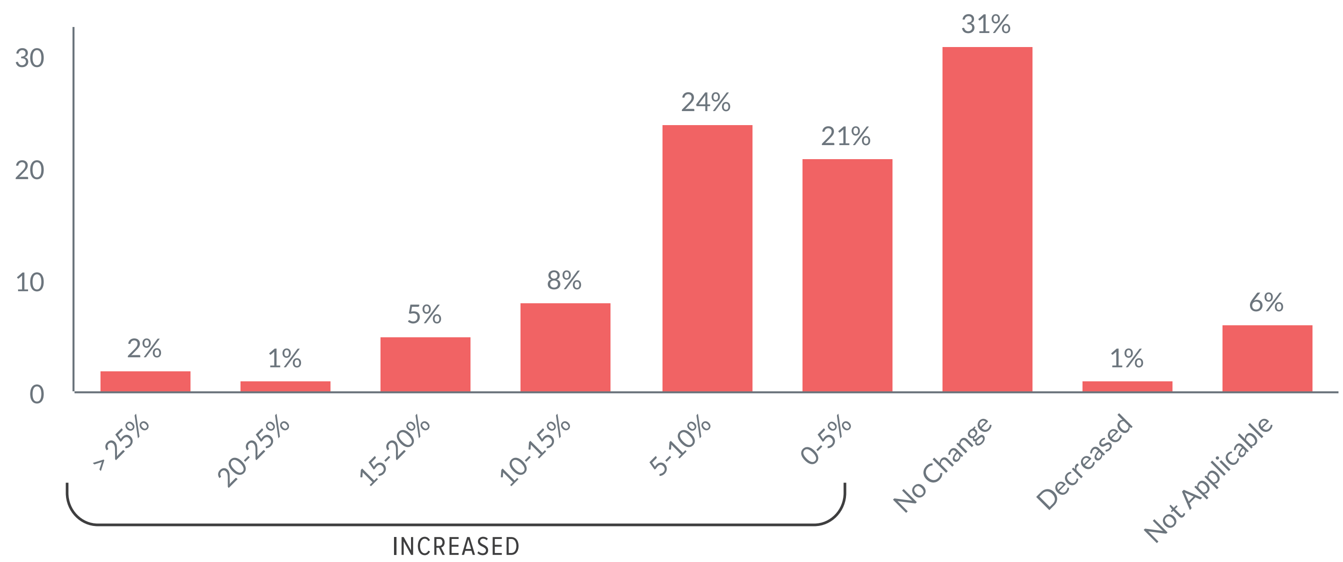


Movement in Annual Compensation Levels: Leadership/Management

Annual compensation levels for full-time leadership/management positions, such as spa manager, increased in 62% of spas. Almost one in five spas (17%) reported an increase in compensation levels in excess of 10%, with 24% citing an increase in the range 5%-10% and 21% saying levels had risen by 5% or less. A little under one in three spas (31%) reported no change in compensation levels. Just 1% of spas said compensation levels had reduced.

The distribution of changes in annual compensation levels for leadership/management positions did not vary greatly between day spas and resort/hotel spas, the main difference being a slightly higher proportion of day spas saying compensation levels had remained unchanged, i.e., 35% compared with 27% of resort/hotel spas.

MOVEMENT IN LEADERSHIP/MANAGEMENT COMPENSATION LEVELS



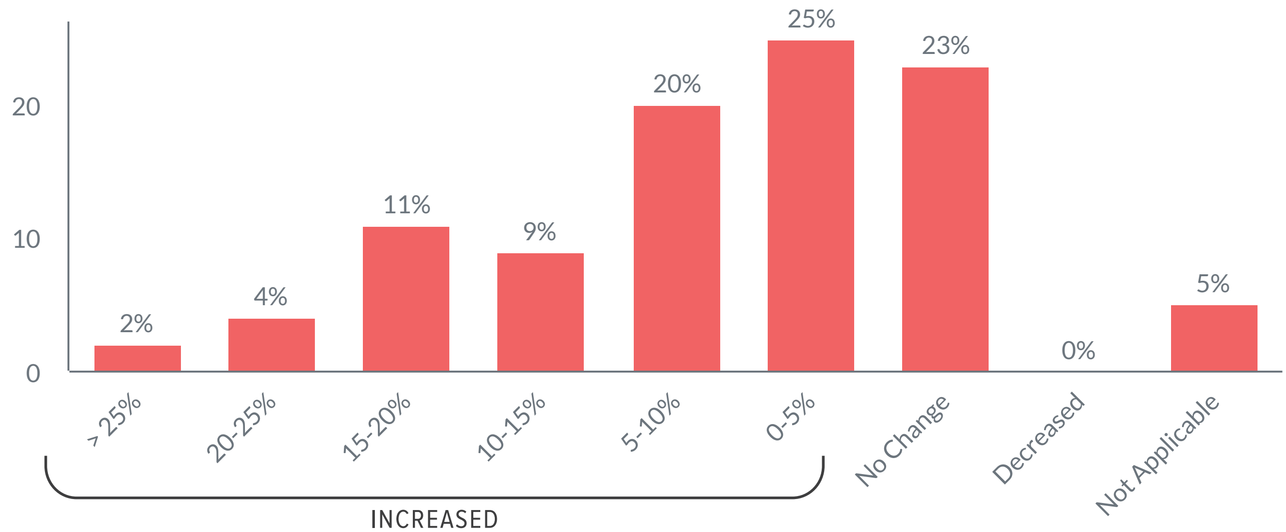
	ALL SPAS	DAY	RESORT/ HOTEL
Increased by more than 10%	17%	17%	16%
5-10% increase	24%	21%	18%
0-5% increase	21%	20%	31%
No change	31%	35%	27%
Decreased	1%	1%	0%
Not applicable	6%	6%	8%

Movement in Annual Compensation Levels: Front Desk/Receptionist/Concierge

Annual compensation levels for full-time front desk/receptionist/concierge positions increased in 71% of spas. Almost one in five spas (17%) reported an increase in compensation levels in excess of 15%. Compensation levels increased by 5%-15% in 29% of spas. One in four spas (25%) said compensation levels had risen by less than 5%. Fewer than one in four spas (23%) reported no change in compensation levels. Almost no spas said compensation levels had decreased.

Over four in five resort/hotel spas (82%) said that compensation levels for front desk positions had increased. Day spas were less likely to report rising compensation levels, with two in three (67%) reporting that levels had increased. A little over one in four day spas (27%) said compensation levels had remained unchanged, compared with just 10% of resort/hotel spas.

MOVEMENT IN FRONT DESK/RECEPTIONIST/CONCIERGE COMPENSATION LEVELS



	ALL SPAS	DAY	RESORT/ HOTEL
Increased by more than 15%	17%	11%	23%
10-15% increase	9%	6%	14%
5-10% increase	20%	23%	15%
0-5% increase	25%	28%	30%
No change	23%	27%	10%
Decreased	0%	0%	1%
Not applicable	5%	5%	7%

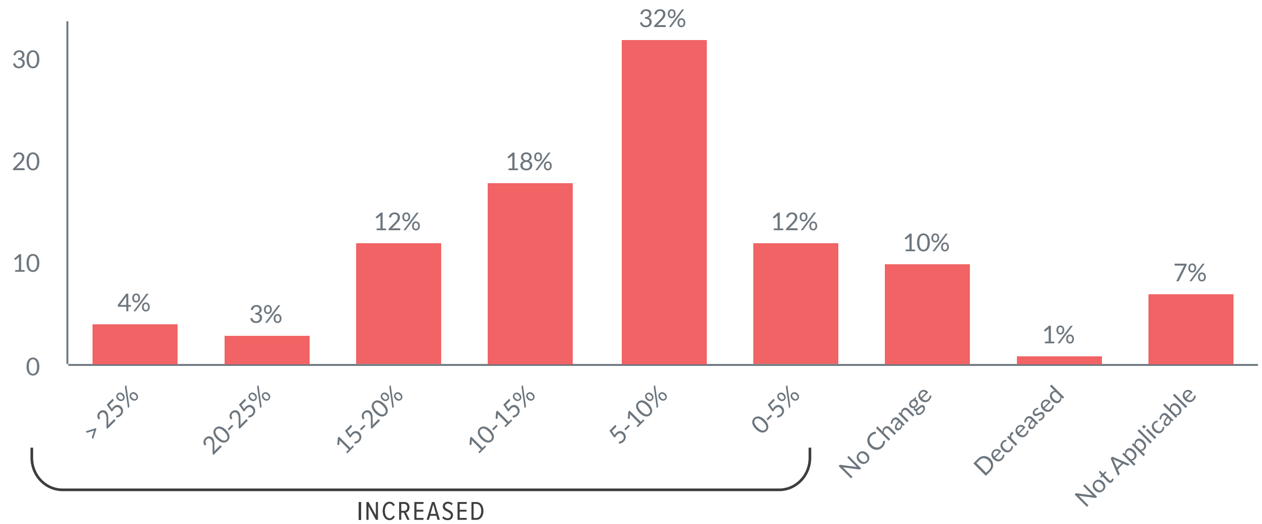
Movement in Annual Compensation Levels: Massage Therapist

Annual compensation levels for full-time massage therapist positions increased in 82% of spas. Close to one in three spas (32%) said compensation levels had risen by 5%-10%. Almost one in five spas (19%) reported an increase in compensation levels in excess of 15% along with 18% saying levels had risen by 10-15% and 12% reporting increases of less than 5%. Compensation levels were unchanged in 10% of spas.

The proportion of spas reporting an increase in compensation levels for massage therapists was higher among day spas (86%) compared with resort/hotel spas (77%).

The reported increases in compensation levels were more variable among resort/hotel spas, with 23% reporting an increase of more than 15% alongside 29% quoting an increase of less than 5%. Among day spas, increases were more concentrated in the 5%-10% range (39% of day spas).

MOVEMENT IN MASSAGE THERAPIST COMPENSATION LEVELS



	ALL SPAS	DAY	RESORT/ HOTEL
Increased by more than 15%	**19%**	**15%**	**23%**
10-15% increase	**18%**	**21%**	**15%**
5-10% increase	**32%**	**39%**	**9%**
0-5% increase	**12%**	**11%**	**29%**
No change	**10%**	**8%**	**13%**
Decreased	**1%**	**0%**	**2%**
Not applicable	**7%**	**6%**	**8%**

Massage Therapists: Recruitment Issues in Last Year

Lack of qualified candidates was the main issue faced by spas in recruiting massage therapists during 2021, mentioned by 50% of spas. Therapists' concerns about close contact with guests, due to COVID-19, ranked second with 43% of spas citing that issue, albeit that pandemic effect would appear to have reduced when compared with the 73% of spas mentioning therapists' concerns as an issue during 2020.

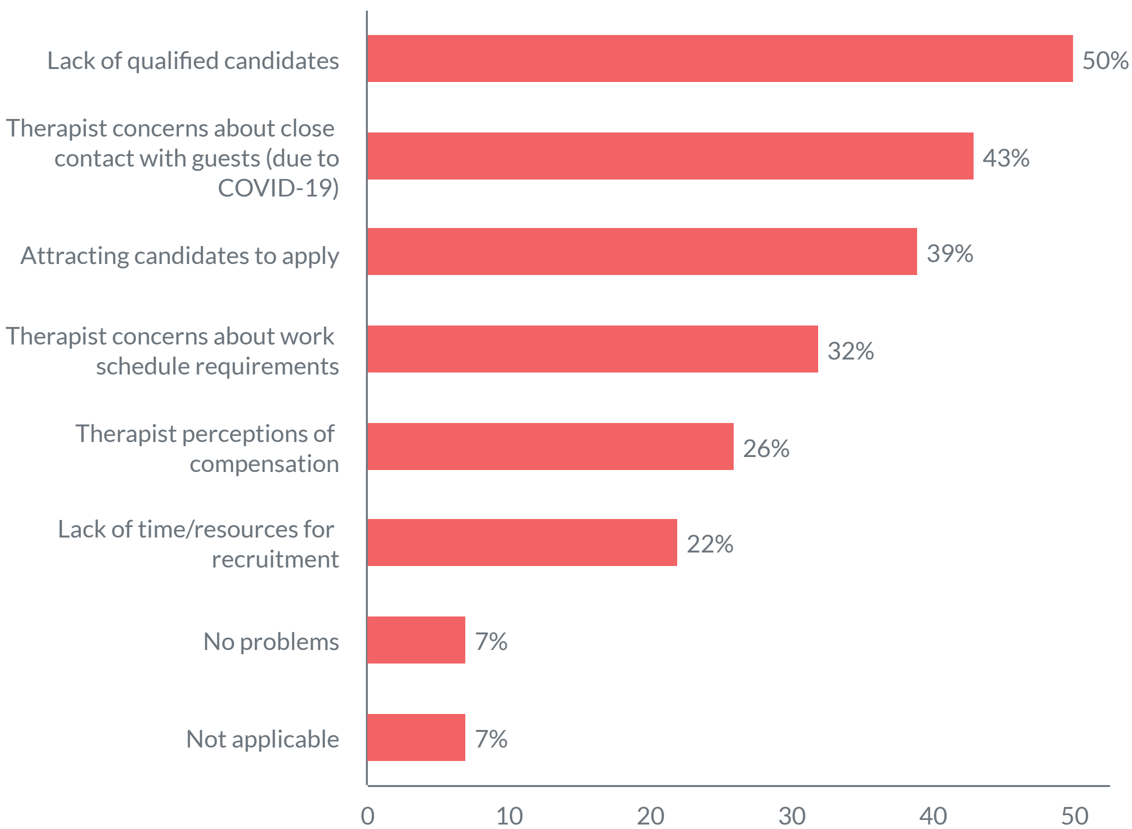
A large majority of spas (86%) cited one or more issues in recruiting massage therapists in the last year, including 87% of day spas and 92% of resort/hotel spas.

Among day spas, lack of qualified candidates ranked first (53%) followed by therapists' concerns about close contact with guests (53%, down from 78% in 2020).

Attracting candidates to apply was most frequently mentioned by resort/hotel spas (68%), followed by lack of qualified candidates (61%) and therapists' concerns about close contact with guests (51%, down from 60% in 2020).

While the recruitment difficulties posed by therapists' concerns about close contact with guests have abated by comparison with 2020, issues around the availability of qualified candidates have become more acute, with mentions of that issue up from 35% in 2020 to 50% in 2021.

ISSUES RECRUITING MASSAGE THERAPISTS IN THE LAST YEAR



ISSUES RECRUITING MASSAGE THERAPISTS IN THE LAST YEAR

	ALL SPAS	DAY	RESORT/ HOTEL	OTHER
Lack of qualified candidates	50%	53%	61%	16%
Therapist concerns about close contact with guests (due to COVID-19)	43%	41%	51%	49%
Attracting candidates to apply	39%	37%	68%	26%
Therapist concerns about work schedule requirements	32%	29%	35%	47%
Therapist perceptions of compensation	26%	27%	27%	23%
Lack of time/resources for recruitment	22%	23%	26%	9%
No problems	7%	7%	8%	7%
Not applicable	7%	6%	0%	19%

Recruitment difficulties: Actions Taken

Spas have sought to address recruitment difficulties through a range of actions. Most often, they have offered higher wages (76%), followed by offers of flexible work schedules (64%) and partnering with local schools (51%).

The range of measures adopted by spas to tackle recruitment difficulties include:

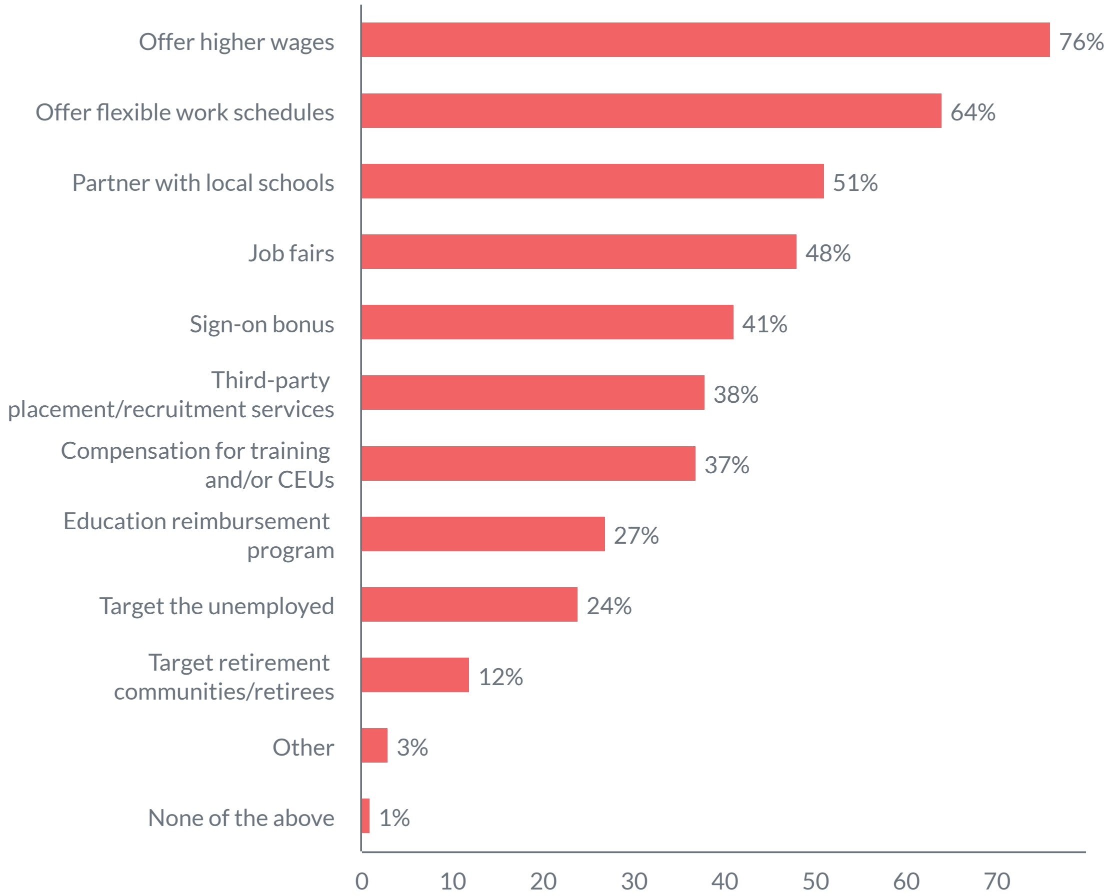
Financial incentives—offering higher wages (76%) and/or a sign-on bonus (41%), along with 64% offering flexible work schedules.

Education and training, to enhance the supply of skills—including 51% saying they were partnering with local schools, 37% offering compensation for training and/or Continuing Education Units (CEUs) and 27% offering an education reimbursement program.

Proactive outreach for recruitment—including job fairs (48%), third party placement/recruitment services (38%), targeting the unemployed (24%) and targeting retirement communities/retirees (12%).

As shown in the table on the following page, the mix of actions taken does not vary hugely by spa type. On average, day spas cited four of the measures listed, with resort/hotel spas mentioning an average of five, indicating the relative efforts that spas are making to deal with recruitment difficulties.

RECRUITMENT ACTIONS TAKEN



RECRUITMENT ACTIONS TAKEN

	ALL SPAS	DAY	RESORT/ HOTEL	OTHER
Offer higher wages	76%	77%	64%	76%
Offer flexible work schedules	64%	58%	72%	94%
Partner with local schools	51%	51%	65%	37%
Job fairs	48%	43%	61%	71%
Sign-on bonus	41%	33%	57%	82%
Third-party placement/ recruitment services	38%	34%	41%	62%
Compensation for training and/ or CEUs	37%	30%	38%	82%
Education reimbursement program	27%	21%	43%	60%
Target the unemployed	24%	25%	26%	11%
Target retirement communities/ retirees	12%	14%	6%	3%
Other	3%	2%	10%	2%
None of the above	1%	0%	8%	0%

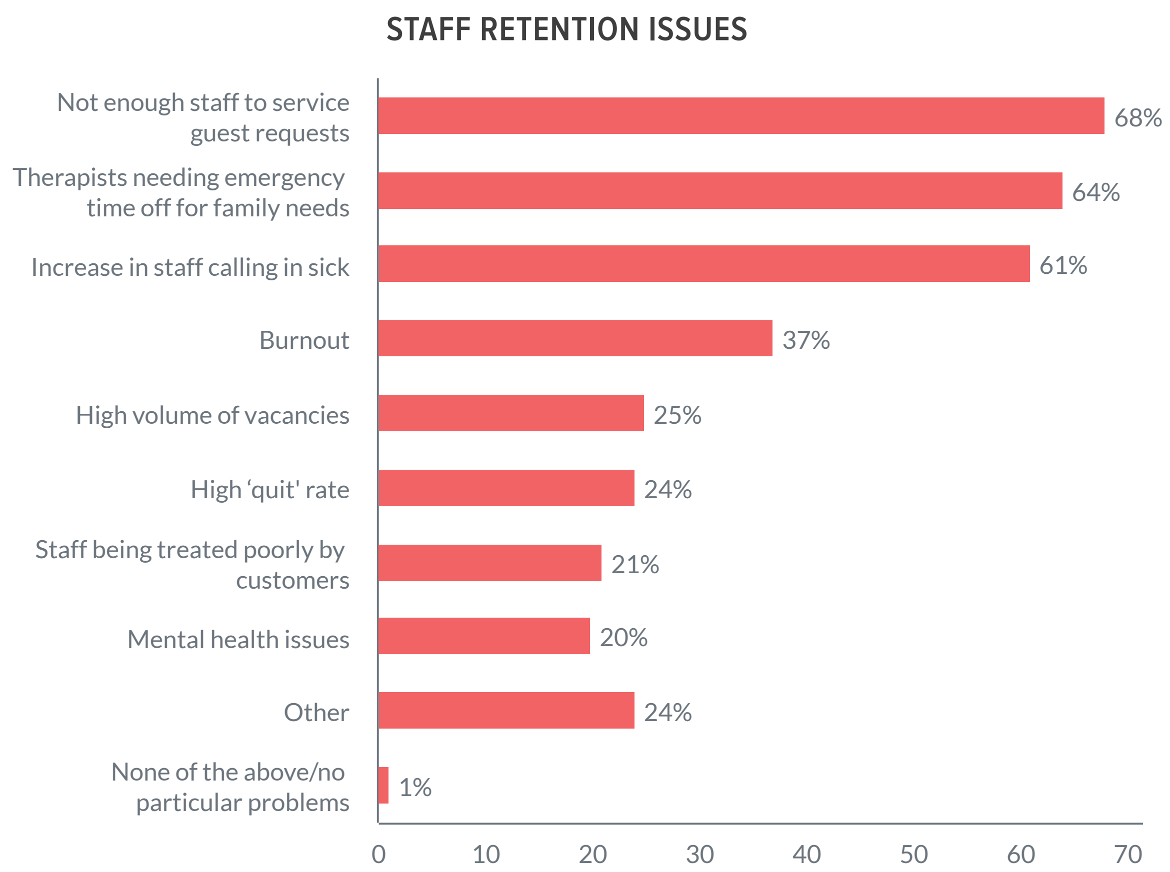
Retention of Staff

In addition to recruitment challenges, spas have also been dealing with a range of issues around staff retention, notably lack of staff to service guest requests (mentioned by 68%), therapists needing emergency time off for family needs (64%) and an increase in staff calling in sick (61%).

Retention issues were more acutely felt in the resort/hotel sector by comparison with day spas. As shown in the table on the following page, resort/hotel spas were more likely to mention concerns around each of the issues listed.

For example, 82% of resort/hotel spas said they had to deal with not having enough staff to service guest requests compared with 64% of day spas. Similarly, 81% of resort/hotel spas said they were dealing with an increase in staff calling in sick versus 61% of day spas.

Almost one in two resort/hotel spas (49%) said they were having to deal with staff burnout, compared with 32% of day spas. Mental health issues were also more frequently mentioned by resort/hotel spas (36%) than day spas (17%).



STAFF RETENTION ISSUES

	ALL SPAS	DAY	RESORT/ HOTEL	OTHER
Not enough staff to service guest requests	68%	64%	82%	86%
Therapists needing emergency time off for family needs	64%	61%	63%	86%
Increase in staff calling in sick	61%	61%	81%	48%
Burnout	37%	32%	49%	56%
High volume of vacancies	25%	22%	46%	25%
High ‘quit' rate	24%	25%	34%	11%
Staff being treated poorly by customers	21%	23%	28%	7%
Mental health issues	20%	17%	36%	23%
Other	24%	29%	6%	3%
None of the above/no particular problems	1%	0%	5%	3%

Unstaffed Positions: Service Providers

When asked if they have any unstaffed service provider positions, 75% of spas said they had openings that they are actively trying to fill, including 76% of day spas and 82% of resort/hotel spas. The number of unfilled service provider positions is estimated at 46,760 of which 28,560 are full-time and 18,200 part-time.

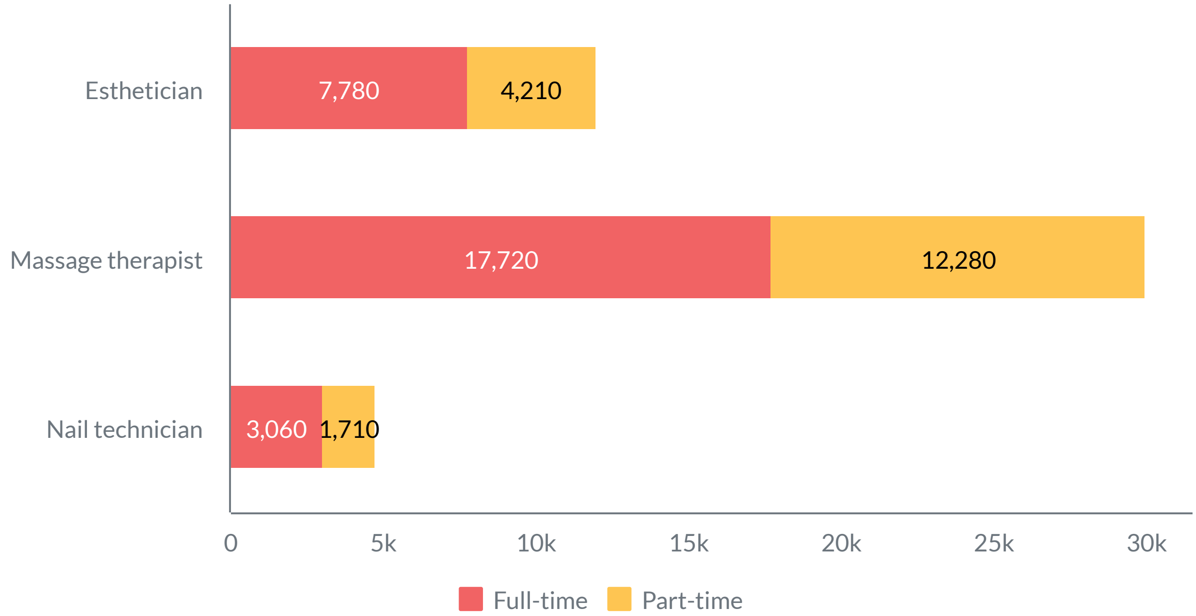
Massage therapists account for the largest number of unfilled positions that spas are currently trying to fill, a total of 30,000 representing 64% of unfilled service provider positions. The massage therapist share of unfilled positions is estimated at 66% in the day spa sector and 60% in the resort/hotel sector.

Estheticians account for an estimated 11,990 unstaffed positions (26%). The esthetician share of service provider vacancies was higher among day spas (26%) compared to resort/hotel spas (19%).

The remaining 4,770 positions are for nail technicians (10%). The nail technician share of service provider vacancies was highest among resort/hotel spas (20%).

The number of unfilled service provider positions equates to 15% of total employment in the spa industry as of January 2022. That is a higher proportion by comparison with the 8% estimated in January 2020, prior to the pandemic. As the spa workforce in January 2022 remained 10% lower than the pre-pandemic level, the number of open positions may be viewed as indicative of spas' ongoing efforts to build back from the pandemic downturn.

UNSTAFFED POSITIONS



UNSTAFFED POSITIONS

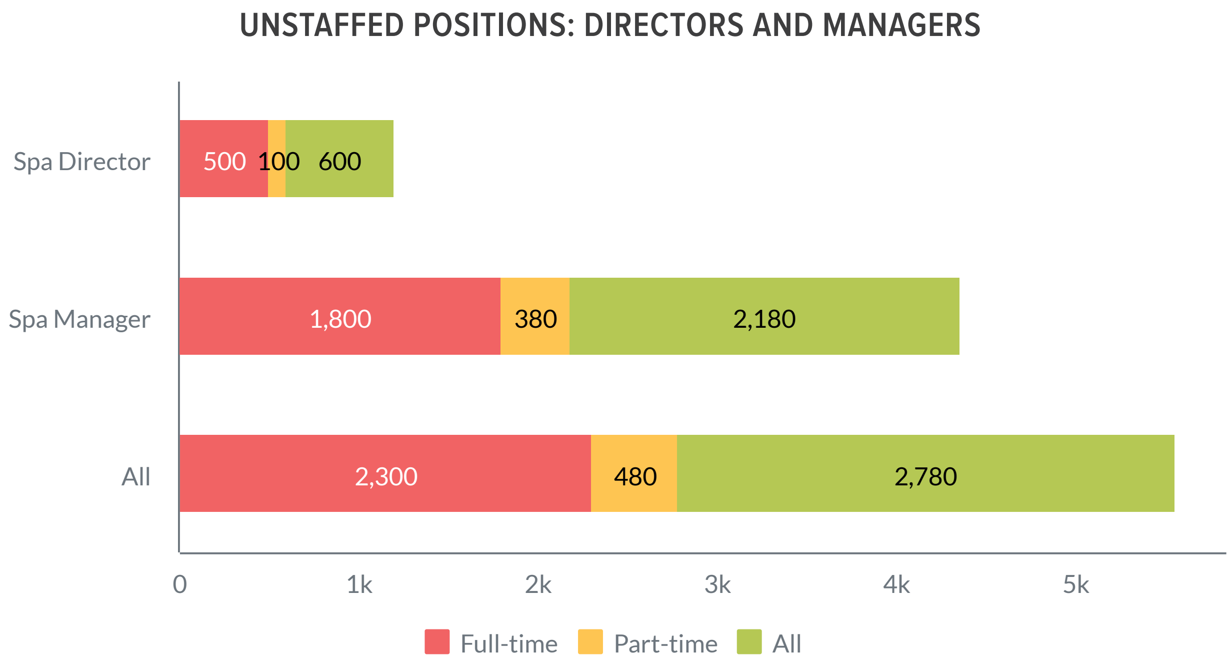
		ALL SPAS	DAY	RESORT/ HOTEL	OTHER
Esthetician	Full-time	7,780	6,090	970	730
	Part-time	4,210	3,130	640	440
	All	11,990	9,220	1,610	1,170
Massage Therapist	Full-time	17,720	14,600	2,360	750
	Part-time	12,280	8,600	2,690	1,000
	All	30,000	23,200	5,050	1,750
Nail Technician	Full-time	3,060	1,940	940	180
	Part-time	1,710	830	770	110
	All	4,770	2,770	1,710	290
All Service Providers	Full-time	28,560	22,630	4,270	1,660
	Part-time	18,200	12,560	4,100	1,550
	All	**46,760**	**35,190**	**8,370**	**3,210**

Unstaffed Positions: Directors and Managers

Spas saying that they have unstaffed positions were asked to also say how many spa director and spa manager positions they are actively trying to fill.

The total number of spa director positions that spas are currently seeking to fill is estimated at 600, of which 500 (83%) are full-time and 100 (17%) are part-time positions.

It is estimated that spas are seeking to fill 2,180 spa manager positions, of which 1,800 (83%) are full-time with the remaining 380 (17%) part-time openings



	FULL-TIME	PART-TIME	ALL
Spa Director	500	100	600
Spa Manager	1,800	380	2,180
All	2,300	480	**2,780**

Spa Industry Profile

This section presents a profile of the estimated 21,510 spa industry establishments located across the U.S. as of end-2021. The spa industry is diverse, with establishments varying by size, facilities, range of services offered, as well as the people who work in spas and the clients they serve.

This section focuses on the following attributes of spa establishments:

Composition of the industry by spa type

Main contrasts by type of spa establishment in respect to industry size statistics, i.e., average revenues, visits and employment

Location of spas

Age profile of spa establishments, as measured by year of start-up

Single location operations vs. affiliated to a larger entity

Key Ratios

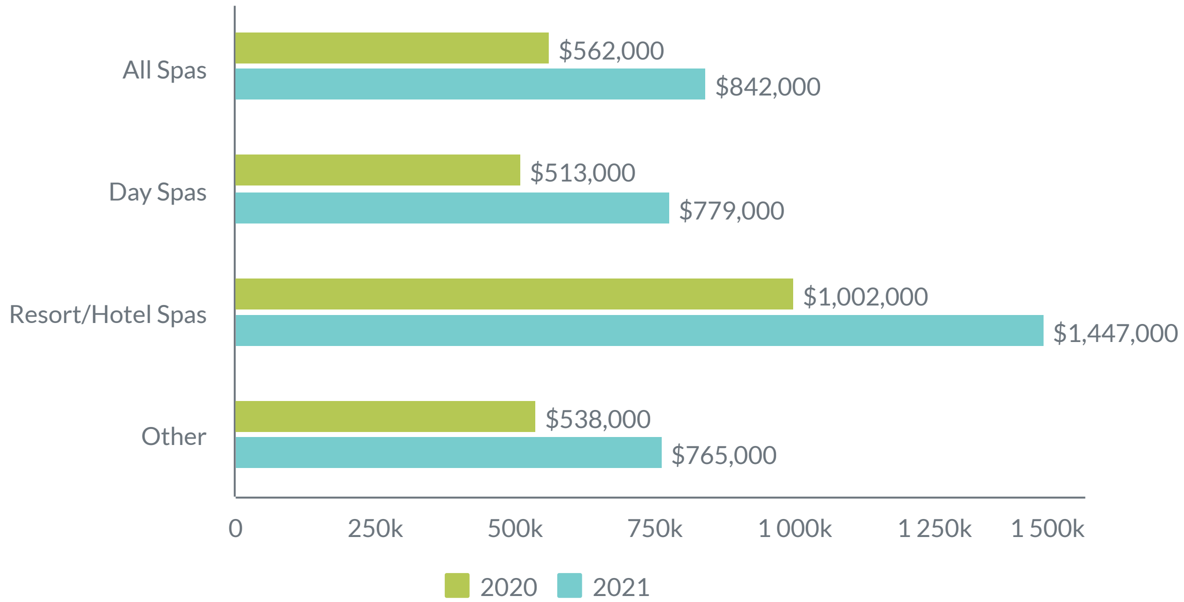
Key size indicators vary by type of spa. As in previous years, average revenues and visits per resort/ hotel spa are higher than for day spas.

The key size indicators are shown for the main spa types in the Key Ratios table on the following page.

Also shown are revenue ratios, including revenues per visit and per employed person. Resort/hotel spas generate higher average revenues per visit ($151) compared to day spas ($95).

Reflecting their larger average size, revenue per resort/hotel spa ($1.447 million) was 1.7 times higher than the average for day spas ($779,000). In previous studies, the ratio of average revenues generated by resort/hotel spas relative to the day spa average had typically been around 2.5. The ratio fell to 2.0 in 2020 due to the greater impact of the pandemic on the resort/hotel sector and, by the end of 2021, had not yet been fully restored.

AVERAGE REVENUE PER SPA ESTABLISHMENT



Note: The key ratios by spa type should be interpreted with caution. They are estimates based on a sample of spa establishments and will therefore be subject to variability from sampling error. Special care should be taken in making comparisons with previous Spa Industry Studies as the estimates in those previous reports will also exhibit variability due to sampling error.

KEY RATIOS BY SPA TYPE

	ALL SPAS	DAY	RESORT/HOTEL	OTHER
Revenue per spa	**$842,000**	**$779,000**	**$1,447,000**	**$765,000**
Per visit	$104	$95	$151	$136
Per employed person	$52,510	$51,390	$53,430	$59,600
Visits per spa	**8,060**	**8,240**	**9,600**	**5,610**
Total employees per spa	**16.0**	**15.2**	**27.1**	**12.8**
Full-time	7.6	7.0	13.7	6.0
Part-time	7.8	7.6	11.7	5.7
Contract	0.7	0.5	1.7	1.1

The Big Five: Composition by Spa Type

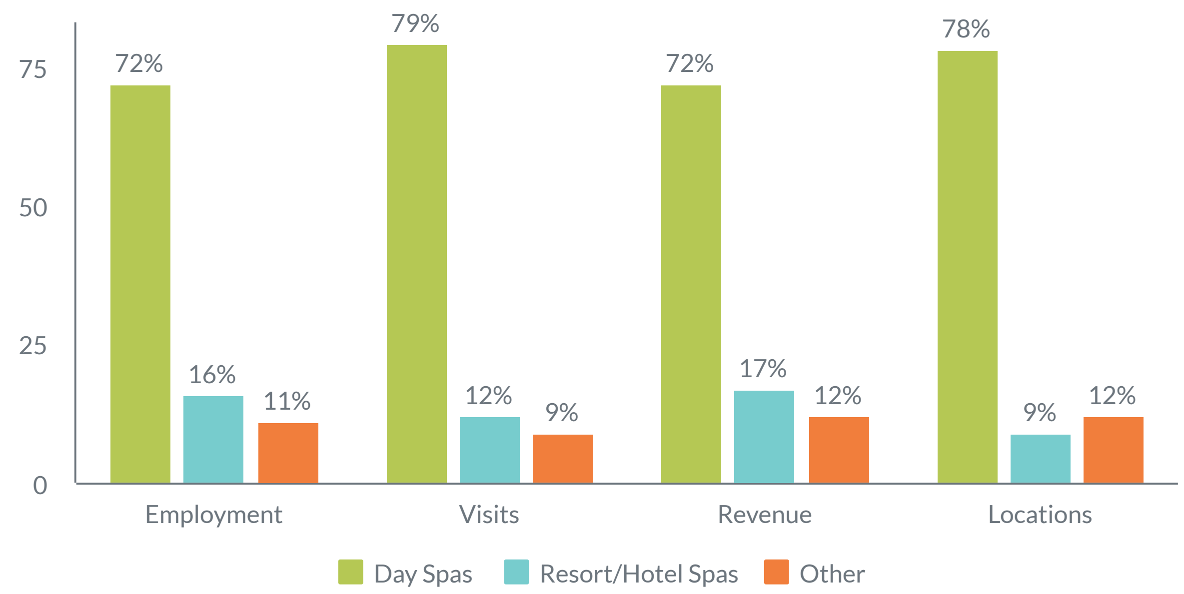
The composition of various size indicators by spa type varies according to differences between spas in key ratios such as average revenues and visits.

While they account for 9% of locations, resort/hotel spas account for almost one-fifth of total spa industry revenue (17%) and 16% of employment. The contrast reflects the larger scale of resort/hotel spas compared to the industry averages for revenue and employment.

In 2021, day spas accounted for 72% of total revenue, compared to 78% of locations. This is because spend per visitor in the day spa sector ($95) is below the industry average ($104).

It should be noted that the revenue and employment shares accounted for by the resort/hotel sector in 2021 were lower than in previous years, reflecting the larger effect of the COVID-19 pandemic on resort/hotel spas, especially in 2020.

COMPOSITION BY SPA TYPE



Geography of the Spa Industry: Distribution of Spa Types by Region

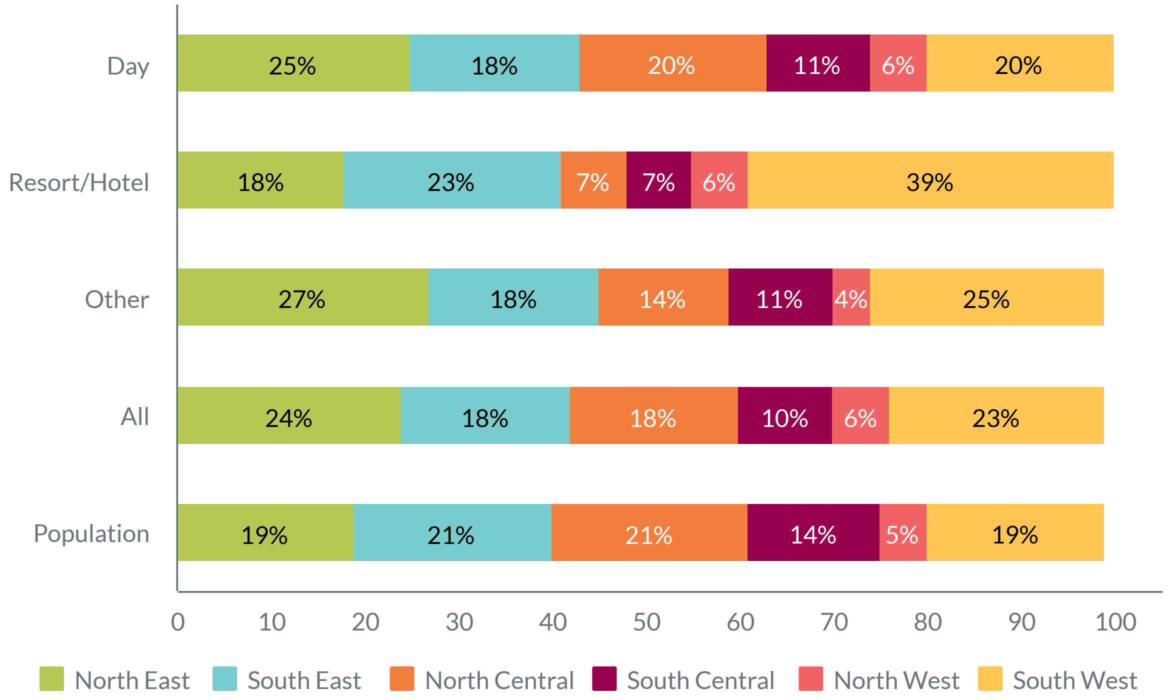
The distribution of spa types by region in 2021 shows little change from the historic pattern.

Compared to the general population, resort/hotel spas are more heavily concentrated in the South West region; 39% of such spas are located in the South West, i.e., over two times the region's 19% population share.

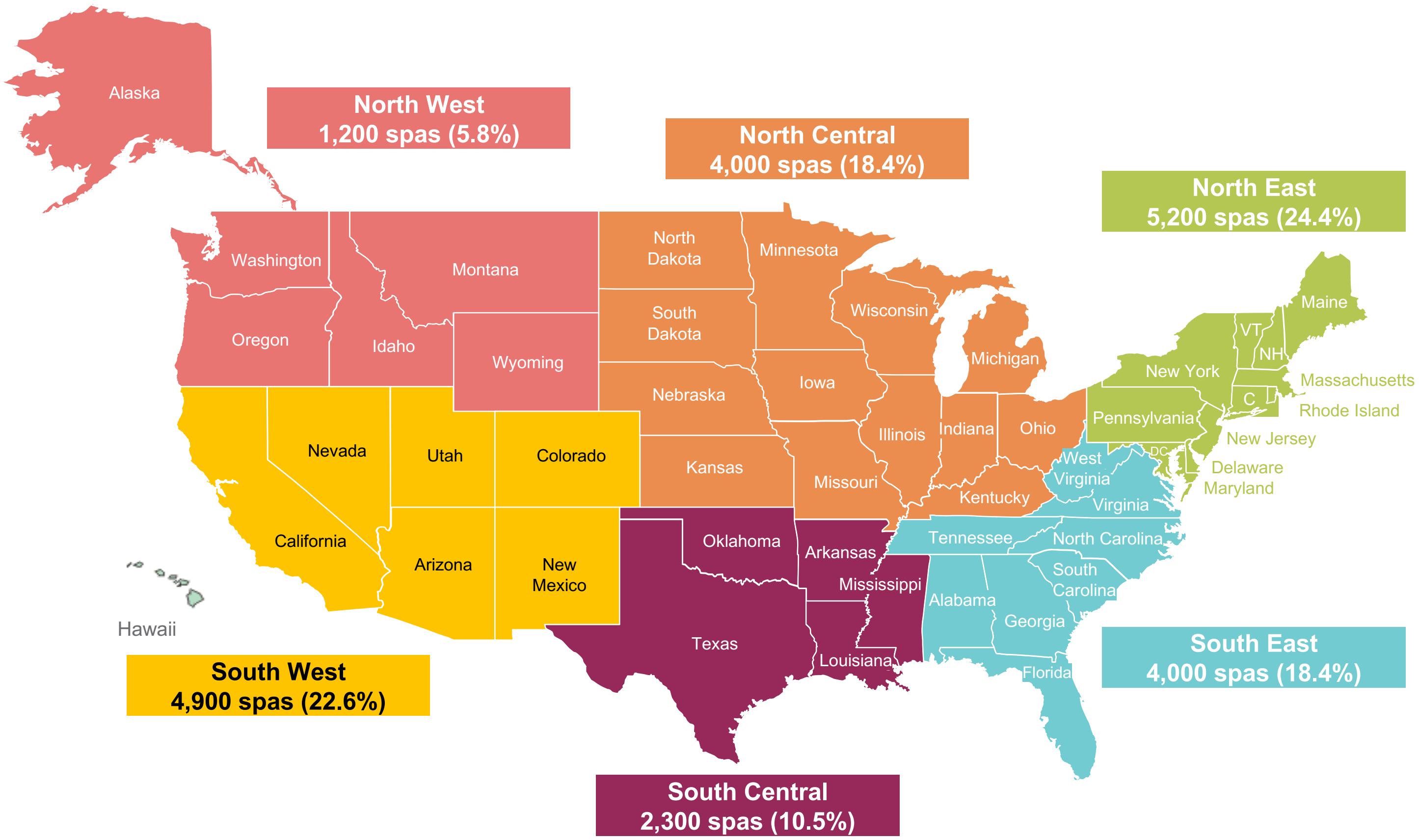
The regional distribution of day spas more closely follows the general population; such spas typically serve the population living in the areas where they are located.

The map of spa establishments by region is shown on page 54. Key ratios by region are shown in the table on page 55.

DISTRIBUTION OF SPA TYPES BY REGION



DISTRIBUTION OF SPA ESTABLISHMENTS BY REGION



Note: Number of spas rounded to the nearest 100

Key Ratios by Region

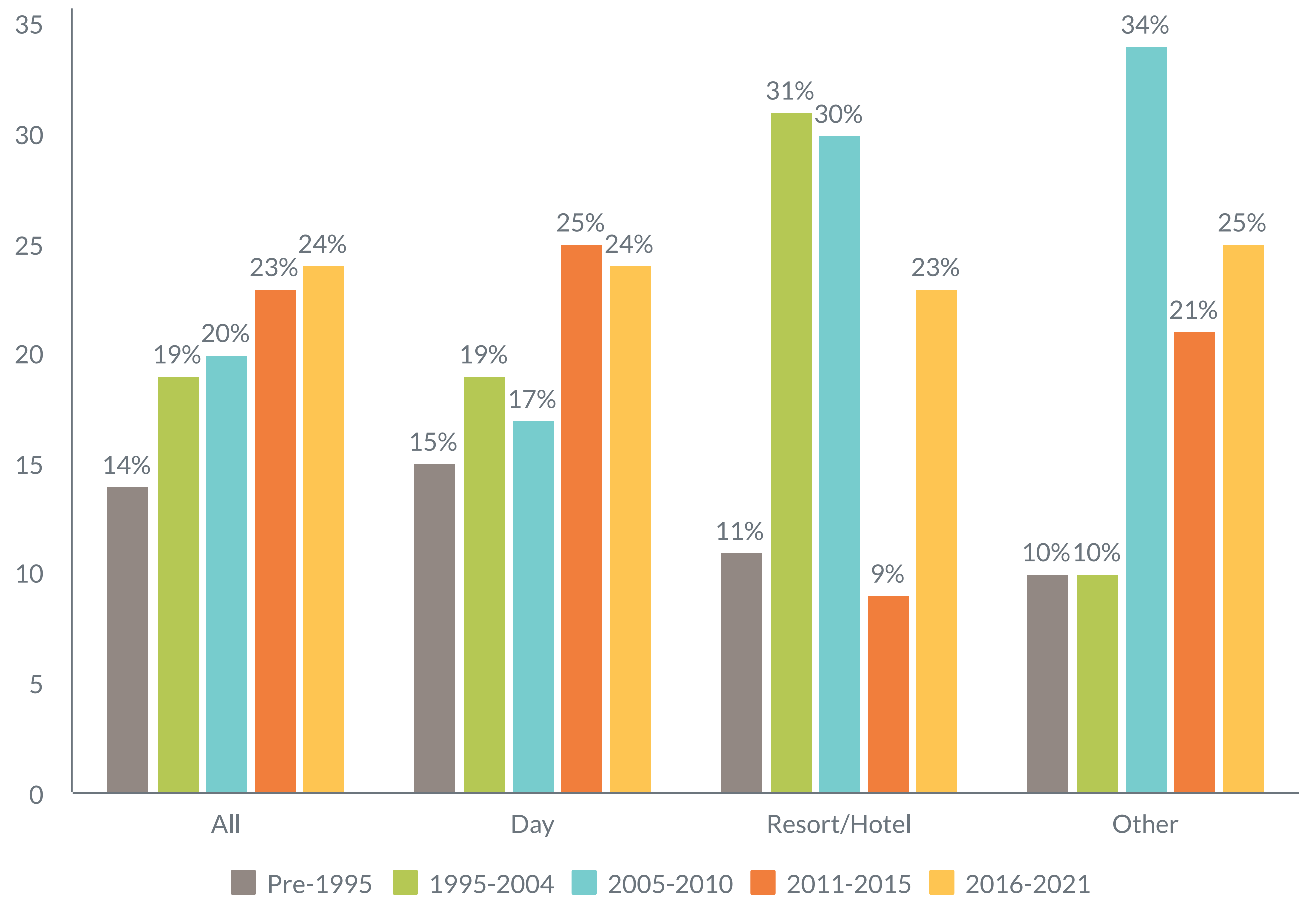
	ALL	NORTH EAST	SOUTH EAST	NORTH CENTRAL	SOUTH CENTRAL	NORTH WEST	SOUTH WEST
Revenue per spa	**$842,000**	**$795,000**	**$844,000**	**$784,000**	**$869,000**	**$874,000**	**$918,000**
Per visit	$104	$100	$109	$96	$103	$109	$112
Per employed person	$52,510	$48,090	$54,230	$52,730	$54,120	$56,110	$54,170
Visits per spa	**8,060**	**7,970**	**7,710**	**8,170**	**8,460**	**8,030**	**8,170**
Total employees per spa	**16.0**	**16.5**	**15.6**	**14.9**	**16.1**	**15.6**	**16.9**
Full-time	7.6	7.2	7.7	7.1	8.5	7.7	7.8
Part-time	7.8	8.7	7.1	7.3	7.1	7.2	8.1
Contract	0.7	0.6	0.8	0.5	0.5	0.6	1.0
LOCATIONS*							
Total	**21,500**	**5,200**	**4,000**	**4,000**	**2,300**	**1,200**	**4,900**

Regional number of locations rounded to the nearest hundred.
Note: The key ratios by region should be interpreted with caution, particularly when comparing with the national average statistics. Similarly, changes compared to previous years will reflect sampling variability. Please see key ratios note on page 53.

Year Spa Business Started

Among those spas in business at the end of 2021, 24% said they started in the period from 2016-2021. A similar proportion (23%) commenced in the first half of the last decade, i.e., between 2011 and 2015. One in five spas (20%) said they started between 2005 and 2010. The remaining spas include 14% that have been in business since before 1995.

YEAR SPA BUSINESS STARTED



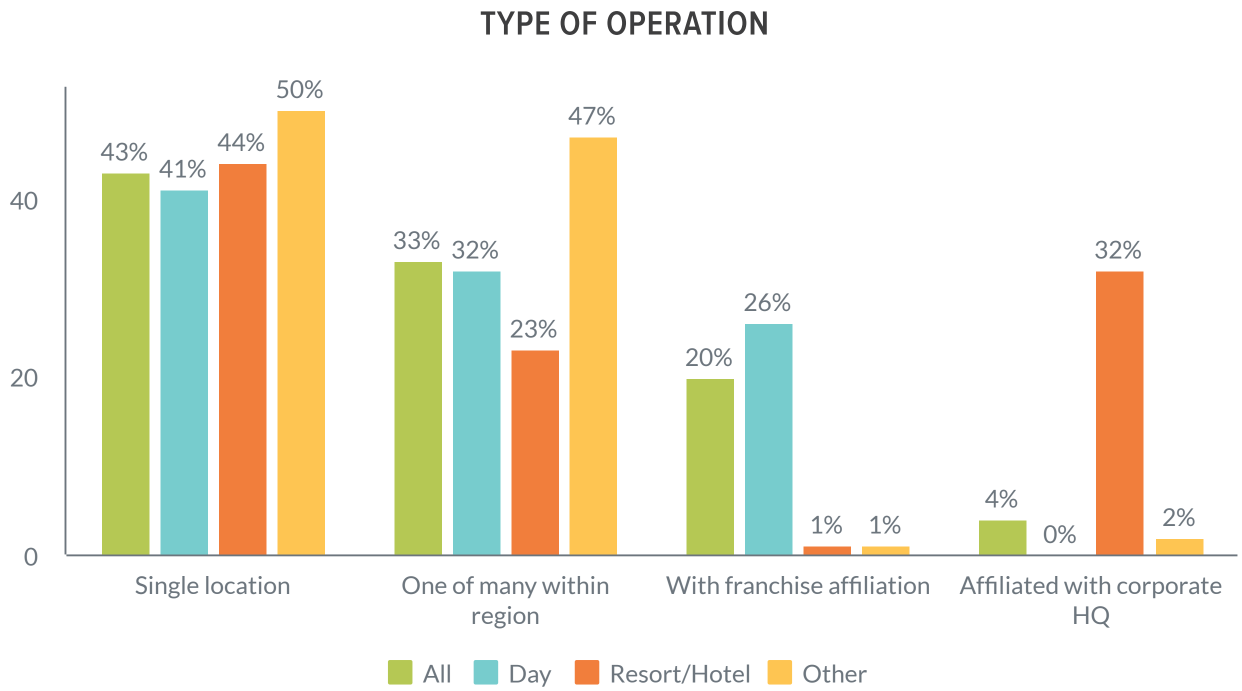
Type of Operation

Slightly less than one in two spa establishments (43%) describe themselves as single location operations.

One in three spa locations (33%) said they are one of a number of establishments within the same state or region and owned by the same owner/company.

Spas with a franchise affiliation account for 20% of establishments. The proportion is highest among day spas (26%).

Overall, 4% of spa establishments said they are affiliated with a national corporate headquarters. The proportion with such an affiliation is highest among resort/hotel spas (32%).



Technical Appendix

This section describes the approach to the 2022 U.S. Spa Industry Study, under the following headings:

Overview on the methodology

The questionnaire

Survey outcomes

Comparability over time

Survey Methodology

A large-scale quantitative survey of spa establishments was undertaken to collect the information required to estimate the key statistics for the ISPA 2022 U.S. Spa Industry Study. The full survey was launched in January 2022 and completed in early-March 2022.

The survey questionnaire was divided into two main parts. The first part asked respondents to provide details for each of the ‘Big Five’ key statistics, including 2021 revenues and visits and current employment levels. Respondents were also asked to provide information on their type of operation, year started, spa type and their current operating status (whether open all the hours they want or less than that).

The second part sought information on operating characteristics of spas, such as core spa services, average price per visit by type of service, retail and spa policies. The survey questions included a particular focus on staffing, including open job positions, recruitment and retention and movement in compensation levels.

Contact details for spas invited to participate in the survey were obtained from the ISPA database of spa locations, containing information on over 10,500 contacts.

The Questionnaire

The questionnaire for the 2022 Industry Study was based on the questionnaire used for the 2021 Industry Study. This was to ensure continuity and consistency with the 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020 ISPA U.S. Spa Industry Studies. The questionnaire was developed in consultation with ISPA and refined through expert review and in-house testing of the structure and routing of the questionnaire.

As in the previous Industry Studies, the final version of the questionnaire comprised two main parts. The first part focused on collecting the information necessary to estimate the key statistics per spa establishment, i.e., revenues, visits, and employment. This section also asked spas about their 2021 profit percentage.

The second part of the questionnaire asked respondents to provide information on the operational aspects of their spa establishment, under the following headings:

- Employment and staffing;
- Movements in compensation levels;
- Open job positions;
- Product offering: Core spa services;
- Retail;
- Spa policies;
- Looking forward to 2022.

Survey Outcomes

The survey was launched on a bespoke internet registration site in January 2022 and ran until early-March 2022.

The estimates for key statistics are based on responses relating to 2,311 establishments. Those establishments were based on 412 survey returns that were submitted for either single locations or composite returns for businesses with multiple spa locations.

When compared to their share of all spa establishments, resort/hotel spas were over-represented in the sample while day spas were under-represented. The findings reported in this study have, therefore, been weighted to reflect the distribution of establishments by type of spa.

As the information for this study was collected from a sample of spas, the findings will inevitably be subject to margins of error. For proportions based on all respondents, the indicative margins of error at the 95% confidence level are ±4.8%.

The margins of error are wider for sub-samples. Thus, for proportions based on all day spas, the margins of error are ±7.3%. For proportions relating to resorts/hotels, the indicative margins of error are ±7.6%.

Key ratios by spa type and region should be interpreted with caution. They are estimates based on a sample of spa establishments and are therefore subject to variability from sampling error. Special care should be taken in making comparisons with previous Spa Industry reports as estimates in those reports will also exhibit sampling error variability.

Comparability Over Time

In 2005, ISPA undertook a census of the North American spa industry to formally qualify and classify spas. Through this process, ISPA developed specific product- and service-based criteria for qualifying and classifying spas. The spa type definitions are listed on page two of this report.

In order to develop revised estimates of the trend in the number and distribution of spas, data from previous studies was adjusted to be consistent with the revised definitions. Further detail on the re-estimation procedures can be found in the ISPA 2007 Spa Industry Study.

In particular, with the exception of destination spas, per-spa estimates of revenue no longer include accommodations. Similarly, on-site retail and fitness operations that were not contained within the spa were specifically excluded from the statistics. Using data on the allocation of space and revenue from previous studies, these components were removed and the averages recalculated for comparability purposes.

The methodological changes were made to reflect the changing industry. As a result of the methodological changes, a greater emphasis was placed on narrowing the statistics to those activities that relate only to the spa.

While the estimates for studies undertaken prior to 2006 were adjusted to facilitate comparability and identification of industry trends, the pre-2005 estimates shown in pages 12-19 should nonetheless be treated with a degree of caution.

About the Foundation

The ISPA Foundation is the 501(c)3 arm of ISPA and was created in 1999 to serve the educational and research needs of the industry. The ISPA Foundation's mission is to improve and enhance the value of the spa experience; their vision is to advance spa culture to sustain health and well-being.

The ISPA Foundation's objectives include being the educational source for the spa industry, establishing definitive research that validates spa industry-related topics and creating an endowment that sustains the ISPA Foundation in perpetuity.