

Reorganizing Spa Operations to Leverage Automation and Technology

December 27, 2017 / By Mia A. Mackman



This article reviews the impact and importance of integrating these systematisations to help stimulate and streamline the functionality and profitability of hotel and resort spa operations. Retooling the focus from manually centered services and embracing advancements in new technologies to support sustainable profitability and continued growth.

Interpersonal Service and Talent Drought

Spa treatments and correlating services are customarily viewed as manual-therapies with an important emphasis on the unique interface between (a client and a provider). This person-to-person relational component is a critical measure that often determines the overall experience and tone of the elected treatment or service, client satisfaction and the future efficacy of this relationship.

While personal-touch is an essential component of the spa industry, the impetus of the industry has accelerated at a rate much faster than the growth of the workforce necessary to support it. Combined with an influx in hospitality development, technological investment hesitation and mitigating employee turnover- keeping pace to hire and train new talent, have not made early adaption an easy process. Consequently, the lack of acclimatization not only impacts leadership, but operational consistency and fiscal volume.

A recent study conducted by the **United States Department of Labor, Bureau of Labor Statistics** found that employment within the beauty and wellness arenas hold substantial projected growth in the U.S. economy. The study discovered "hairdressers, barbers and cosmetologists have faster than average job growth, citing an average 10% annual increase in employment from 2014 to 2024." Furthermore, the study noted a "62% average annual turnover as people seek career advancement and new opportunities", resulting in "more than 400, 000 available job openings per year, " in the U.S. alone.

Further research by the Global Wellness Institute GWI, shared by the [Spa and Wellness Career Development Initiative][3] reports that "By 2018, we will need 2.7 MILLION employees in the spa industry to meet demand, with the United States, China, Germany, Japan, and Russia leading the job creation." This data underlines the scope of global spa, wellness and beauty growth which reveals the industry will "need an additional 80, 000 Spa Managers and Directors and 500, 000 Spa Therapists more than the workforce in 2013."

Recognized as an industry of independent talent, this rouses important variables to consider pertaining to hiring and training. It also presents a need to reconsider operational models that promote continued progress. Understanding where the challenges are can help navigate new pathways to improve and transcend standard operational policies.

Reorganizing a Paradigm

Traditionally spa and wellness operations have been divided into departments and categories centered on performance and profitability, fixed on manual services to generate the bulk of treatment revenue and sales.

Summary

Technology and automation are making exponential headway touching nearly all sectors of hospitality, including spa and wellness.

1 Comments

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Considering the increasing challenges to recruit and retain experienced talent, the diversification of this model requires new elements of protective foresight and calculated planning.

Administration and retail components rely on savvy customer service, constant product education and the aptitude to sell. Retail sales measure between 10% to 35% of spa revenue. It's important to provide the resources and tools required to optimize the front desk and administrative performance. Appointment setting and new client intake procedures can be reintroduced with more efficiency to foster extra attention on customer care.

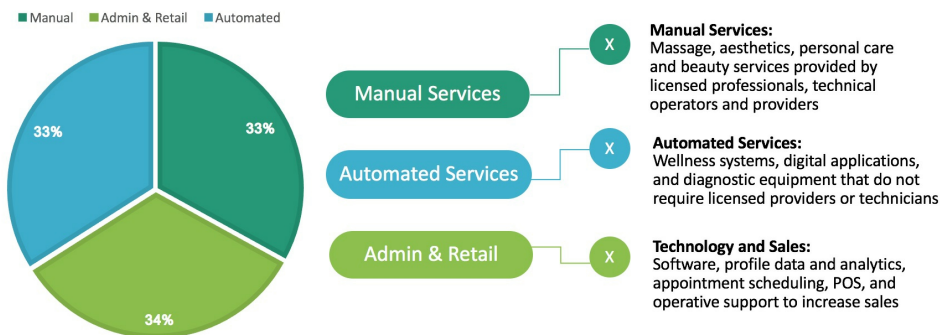
Services and retail are a spas biggest revenue producers. However, labor costs and overhead make up a considerable portion of the yield. Compensation structures vary depending on location, region and spa-type. Nonetheless, labor costs run between 45% to 60%. In addition to operating expenses that fall between 35% to 40%. With such a big percentage of sales and service revenue going to labor and overhead, profitability can be challenging even with a well-organized and fully staffed team.

A model that is solely dependent on the expertise of licensed providers with an emphasis exclusively on manual actions, will be at a disadvantage as technology continues to accelerate and improve. Whereas traditional spa treatments and personal care services cannot solidly be replaced by technology, nor should they ... It is essential to integrate a subset of automation and new applications. This process will help insulate investors and stakeholders from labor liabilities and staffing challenges that could undermine a spas peak performance.

Moreover, industrializing a percentage of spa services will introduce new modalities, create profitable new income streams and protect investments with a relatively fast return on investment. In the figure below, I have simplified these components into three specific groupings based on functionality, industry evolution and impending future growth.

I divided these into the following three groups: manual services, administration and retail, and automated services. Each set represents approximately a third of the operational structure in contrast to the long-standing traditional paradigm. By dividing operations into three specific sets, this introduces a "new model" focused on the future, to upsurge agility and increase profitability.

AUTOMATION, TECHNOLOGY & MANUAL SERVICES



Source: Mia Mackman

Investment

The investment to feature new technology fluctuates considerably. These applications should be selected carefully. Without exception, all levels of change are unique for every spa. Each spa has distinct variables to consider such as location, hotel occupancy and volume.

These choices should be founded on the goals of the property, company culture, budget ratification and asset planning. Deploying function without purpose, is counterproductive. And authenticity and transparency are indispensable. It's also critical to understand the opportunities associated with the investment, perceived value,

marketability and required training.

Embracing innovations in software will increase data capture, enhance guest profile analytics and keep marketing and strategic choices timely and relevant. Data is a currency. Data that is gathered through the hotel is pertinent to the metrics of the spa. Deciphering it with systems designed to predict important sequences can provide useful insight, mark milestones and help set important goals. Software can also support employee rotation cycles, manage daily duties more successfully and reorganize priorities vs. demands for better management of quality and time.

“Because customer demand can be unpredictable and often doesn’t match up with staffing schedules, it can be a challenge to fill appointments with high-quality providers. Tech like Zeel allows spas to tap a large pool of vetted, licensed providers, on demand,” said Samer Hamadeh, CEO of Zeel. (3) Hamadeh also cites the value of “wellness technology as it facilitates easy payments, scheduling, and service reminders.” Taking advantage of these resources leaves more time for cultivating the team of people who provide the social relationships that fuel the business. It also increases access to quality with operational flexibility.

Automated Treatments

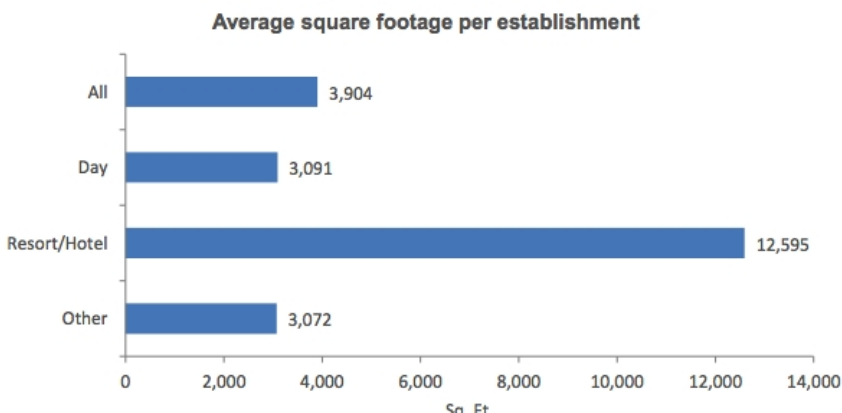
An increasing selection of automated services offer a wide-range of proven health and wellness benefits including: deep relaxation, sleep tribulations, stress, chronic pain, and a variety of common health issues. Some of these applications include halotherapy systems (known as salt therapy), float pods and tanks, products like BOD PODS and cryotherapy chambers. There are also a variety of frequency devices and treatment table innovations that apply modalities using chromotherapy (light and color), vibration and sound.

In addition to these, there are exciting advancements in sleep, neurological health and audio-visual applications involving virtual reality and digital environments to aid relaxation, trauma and reduce stress. With distinct neural and physiological benefits, these modalities are increasing in popularity, mass and demand.

Furthermore, these services do not require a licensed professional to deploy them. They generate a service fee uninhibited by typical commission models and free from provider overhead. They can be offered in place of a conventional service, introduced as pre-treatment, post-treatment or as add-ons to help manage busy scheduling and groups.

Ultimately, this is a “new breed of spa services” that produce tangible wellness benefits, meet on-demand expectations and significantly increase treatment revenue. Furthermore, the personalized health landscape continues to evolve with new diagnostic customizations and wellness applications, driving a call for new services.

Hotels and resorts have an extraordinary opportunity to diversify their spa and fitness programs. The International Spa Association ISPA 2016 U.S. Spa Industry Study (4) highlights “hotel and resort spas have an average of 12, 595 square feet, per establishment.” (figure 2) Compared to day spas, medical spas and others that have an average square footage of 3, 904. Reallocating the space of unused treatment rooms and low-traffic fitness areas can produce viable fresh returns.



Source: International Spa Association (ISPA) 2016 U.S. Spa Industry Study

Other ways to engage technology include, new aesthetic and massage instruments, live-fitness and internet applications, personalized spa apps, digital entry and more. The question is, who will use them? How will they use them? Not just today, but in one-year, two-years or more.

Demand and Delivery

When it comes to bringing these various aspects into play, balancing integration helps manage the curve. It is vital that all elements of the up shift are understood and backed by employees and management. Whereas, these assets should be considered new resources and tools, not countermeasures designed to create uncertainty.

Balancing empathy, nature and personalisation with innovation and technology epitomizes the “freedom to choose”. There are plenty of people who choose not to visit a spa for the simple reason they are uncomfortable being touched. Automated services are a way to capture these customers by offering an easy, personal and hands-free alternative to traditional spa services.

There’s a lot of energy pursuing the millennial market. Appealing to this market requires flexibility, constant creativity and new strategies. Millennials shop products and services with a radically different view on value, quality and time. Businesses seeking the millennial spend and loyalty, need to know how to react, create the right incentives and be willing to change.

Technology becomes a part of this. Statistics and data are providing realistic assumptions about market growth. And with any rapid development, there are always growing pains. By taking actions to leverage technology you can mitigate the increasing stress to remain competitive. Meanwhile, it’s not solely about lateral market competition. It’s about pleasing innovative and informed guests seeking services that meet their imminence and whim.

Demands for spa and wellness services are changing. While massage and aesthetics are still the most commonly requested services, there are increasing modalities catered to wellness and prevention. Underestimating the benefits of new technologies will result in faster moving, more dramatic fluctuations in performance. Knowing how to choose new applications and integrate new systems is well worth taking the time to understand. Thereby, customizing new applications creates meaningful advantages for everyone, guests, employees, owners and stakeholders.

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Mia A. Mackman, HVS Managing Director of Spa and Wellness Consulting, leads the spa and wellness aspects of our consulting engagements, encompassing market studies, feasibility studies, strategic planning, valuation, and forecasting. Mia has predicted leading shifts in the transition of the spa and wellness market since 2004. Known for her agility, leadership, and intuitive insight, she works with global investment companies, property developers, hospitality organizations, industry groups, and global think-tanks. She is recognized for her success predicting and identifying future value propositions. to navigate, adapt, and excel in a fast-changing market. Contact Mia at (928) 284-8503 or