

A Look at the Japanese Spa Industry

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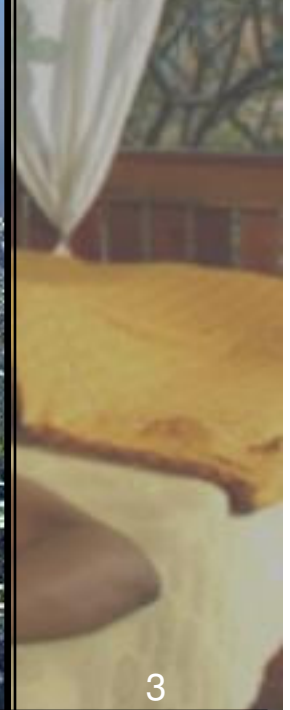
Today's Topics

1. **Trend of the Spa Market in Japan**
2. **Characteristics of the Japanese Spa Services**
3. **Issues on the Japanese Spa Therapists**
4. **Classified Informational Analysis in Detail Categories**
5. **For Harmonizing with the Global Spa Industry**

A photograph of a man lying face down on a massage table in a spa. He is wearing a yellow towel. A person's hands are visible, performing a massage on his back. The setting is a wooden structure with a thatched roof, likely a traditional Japanese onsen or spa. There are white flowers on a small table in the foreground.

1. Trend of the Spa Market in Japan

Hotel Spa *(ex. The Spa at Mandarin Oriental Tokyo)*



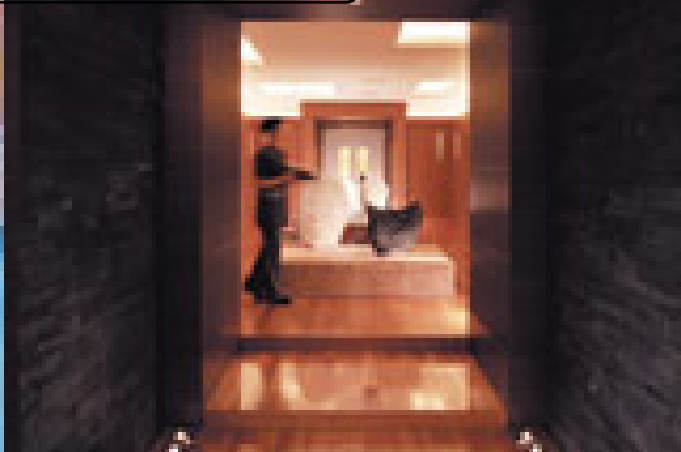
ONSEN (Mineral Hot Springs) with Japanese Inn



Source: www.gorakadan.co.jp

Hotel Spa with **ONSEN** (ex. Yu, the Spa at Four Seasons Hotel Tokyo at Chinzan-so)

Source: www.fourseasons.com/jp/tokyo/spa.html

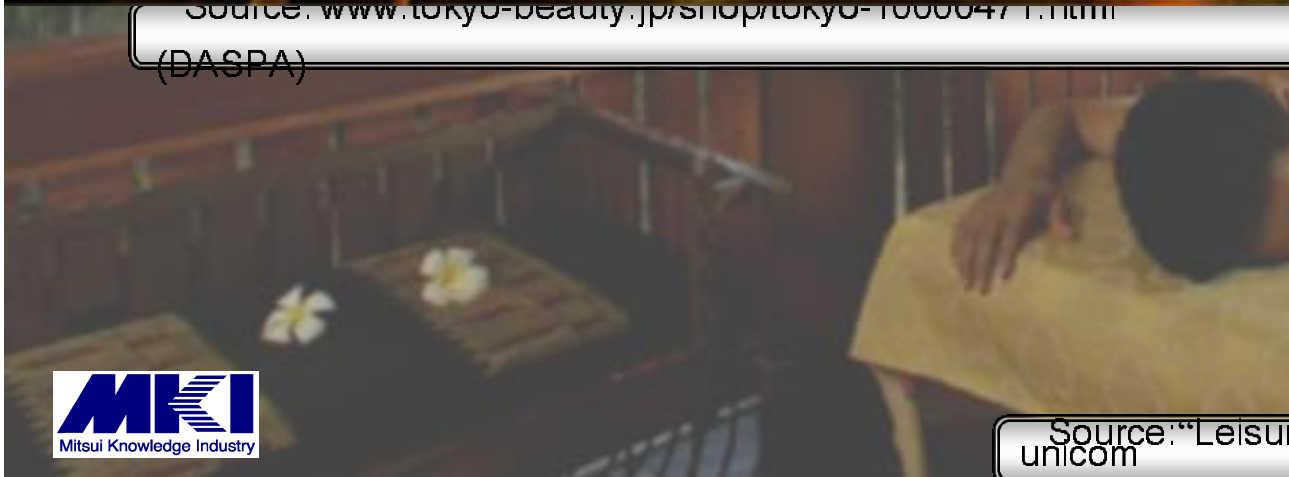
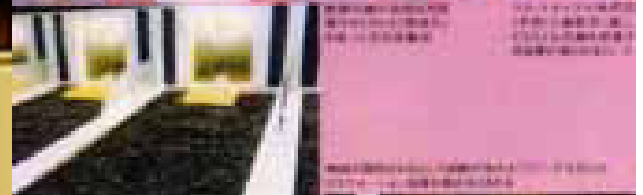
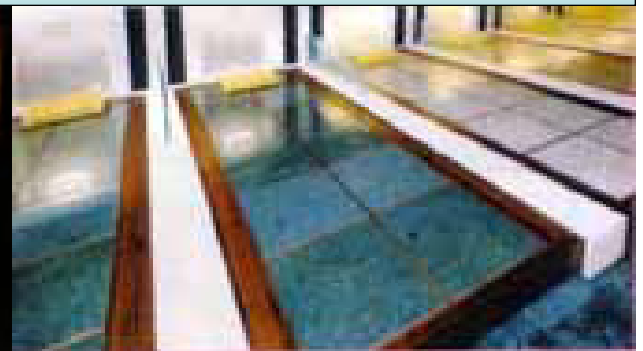


Source: "Leisure Industry Data 2006.02" sogo-unicom

Bed Rock Sauna (Ganban-Yoku)

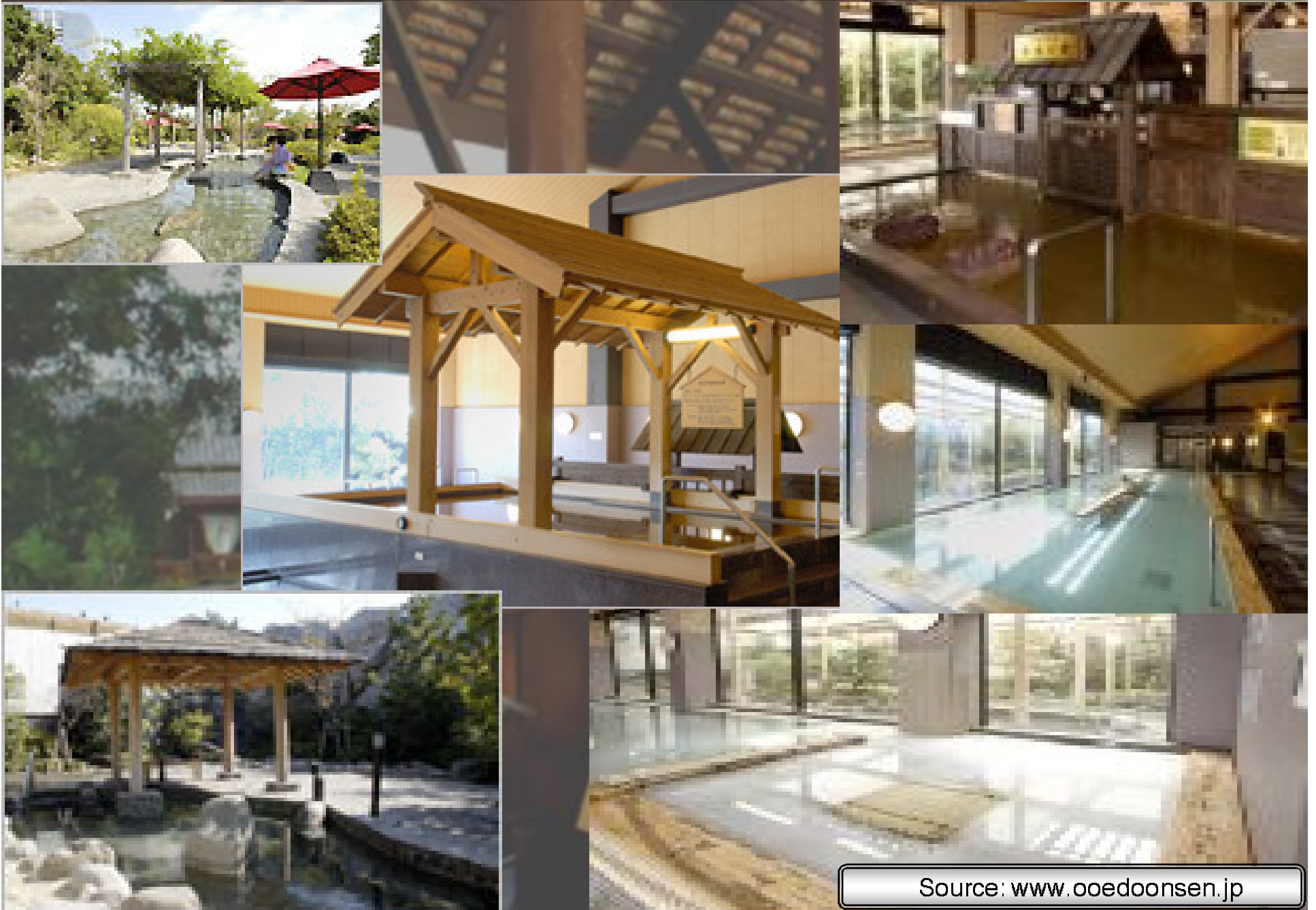


Source: www.tokyo-beauty.jp/shop/tokyo-10000471.html
(DASPA)



Source: "Leisure Industry Data 2006.02" sogo-unicom

Health Land / Public Bath (SENTO)



Source: www.oedoonsen.jp

Retirement Care House with Spa



Source: "Leisure Industry Data 2006.02" sogo-unicom

Spa **Related** Industries in Japan

(with Rough Estimate)

MEDICAL

Market: \$1.67bln.
Salons: 55,000

FITNESS

Market: \$2.75bln.
Salons: 17,000

AESTHETIC

Market: \$1.92bln.
Salons: 5,900

RELAXATION

Market: \$6.67bln.
Salons: 60,000

Industrial Issues in Japan

Japanese Spas have a **variety** of **different facilities** and **services**.

Complicated!

But, there is **no unified** service **standard** and **definition**.

Nobody knows the current situation as a **whole of Spa industry** in Japan.

Need a Spa Survey!

Questionnaire Survey (Oct. 2006, Japan)

Scope of Survey

- Facilities and business establishments involving 'spa services' (selected **2,758 facilities** from the following associations.)

- NIPPON SPA ASSOCIATION / JAPAN SPA ASSOCIATION (NSPA)
- ALL NIPPON ESTHETIC ASSOCIATION
- Aroma Environment Association of Japan
- Japan Resort Club Association
- JAPAN SPA ASSOCIATION (JSPA)
- JAPAN HOTEL ASSOCIATION
- Nihon Onsen Association
- Committee member of Spa services industry etc

Period

- From October 7th ,2006 (Deadline : October 23rd as postmarked)

Caution!

The following information & data are currently **in the process of official opening** to the public by the government.

(There is a possibility to be revised those data before the official opening.)

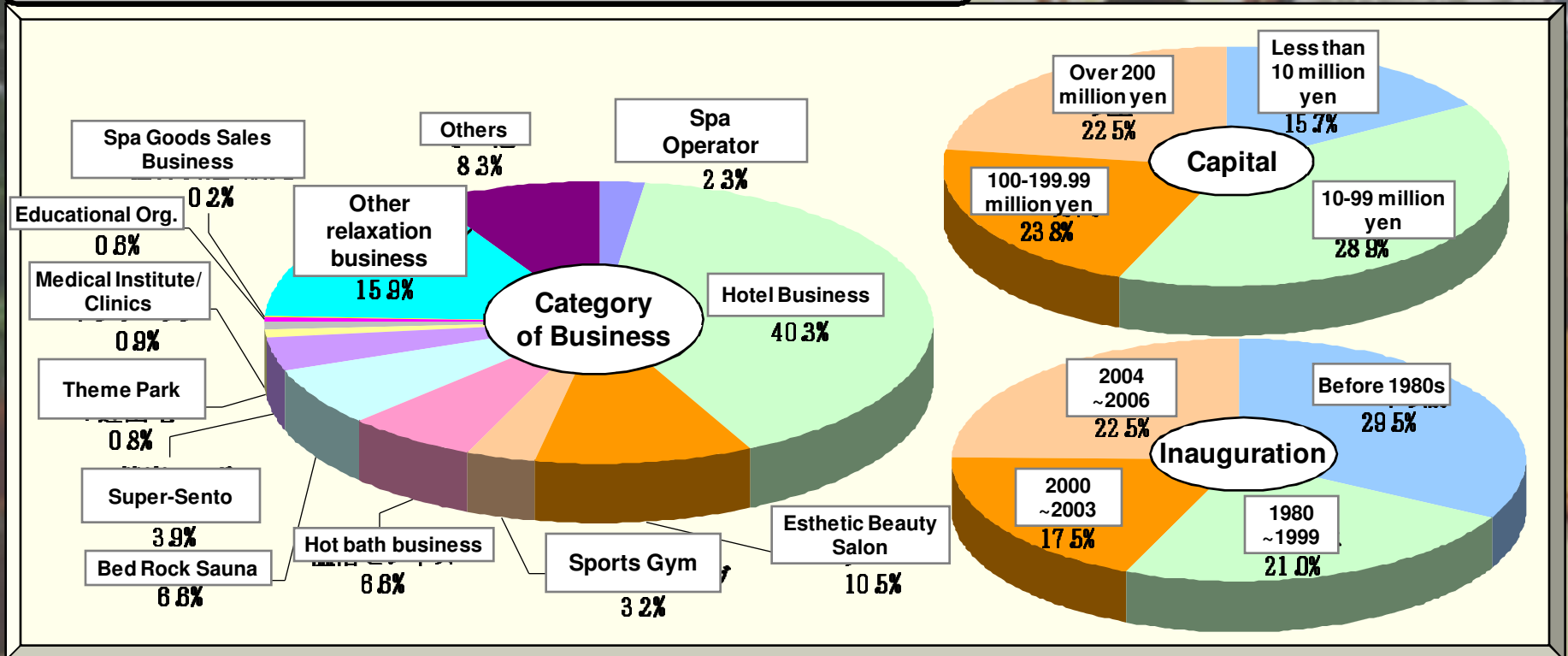
Therefore, could you please **do not use those figures** for any press or published matter.

Collected Questionnaires (Attributes)

(1) Data Collection Status

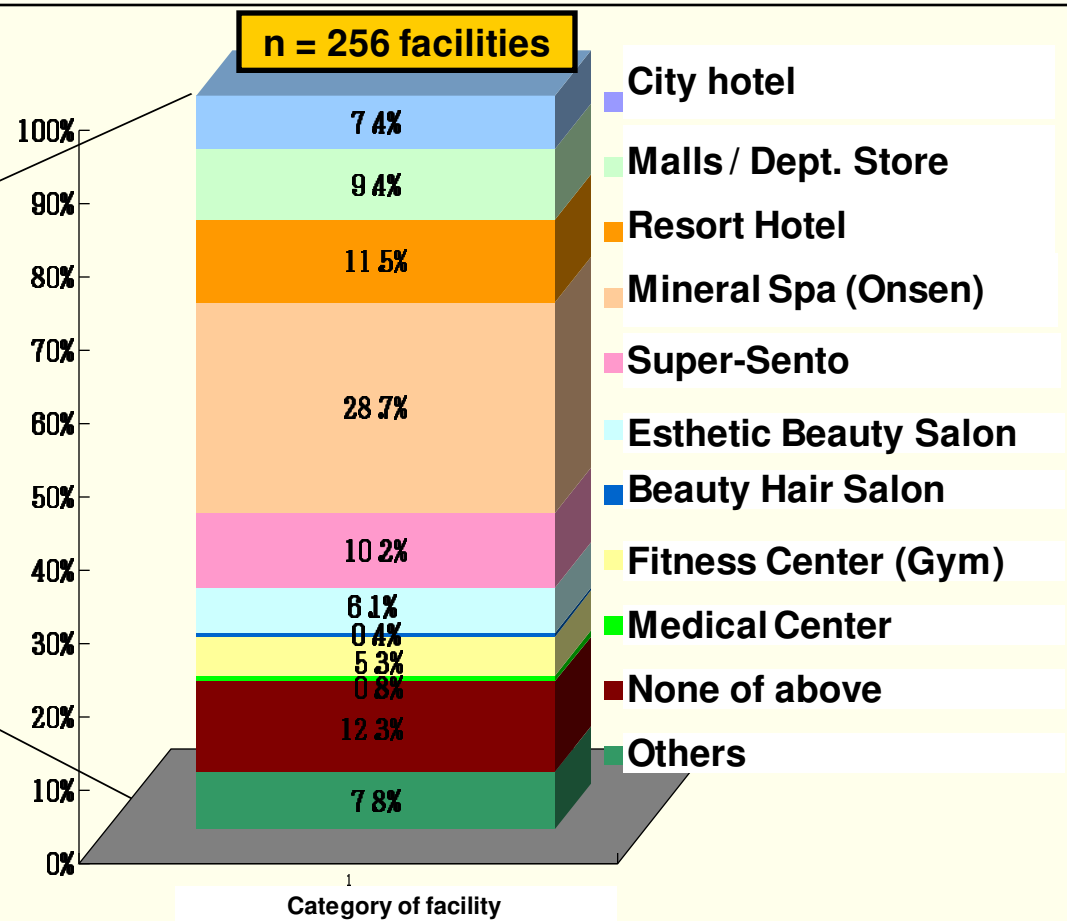
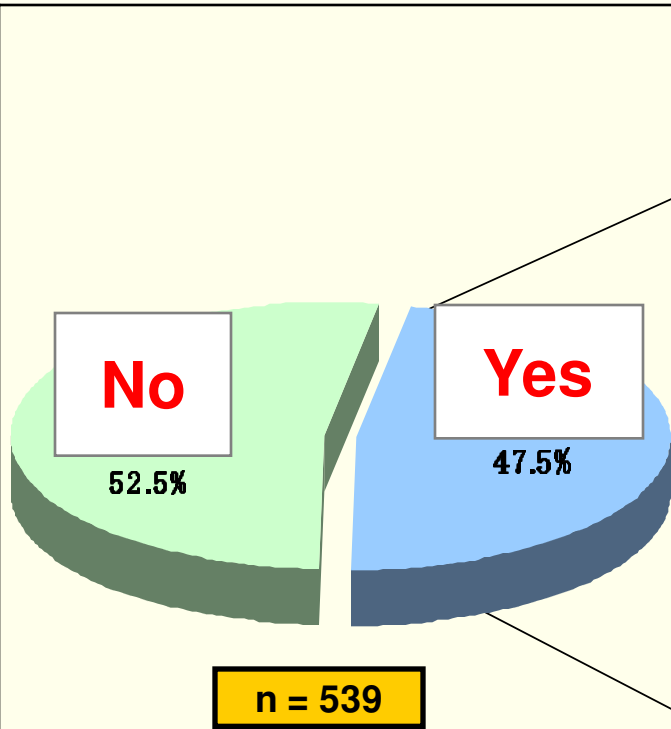
➤ Valid Answers **539 sheets** (Response rate: **19.5%**)

(2) Business Breakdown (539 sheets)



Breakdown of Spa Facilities

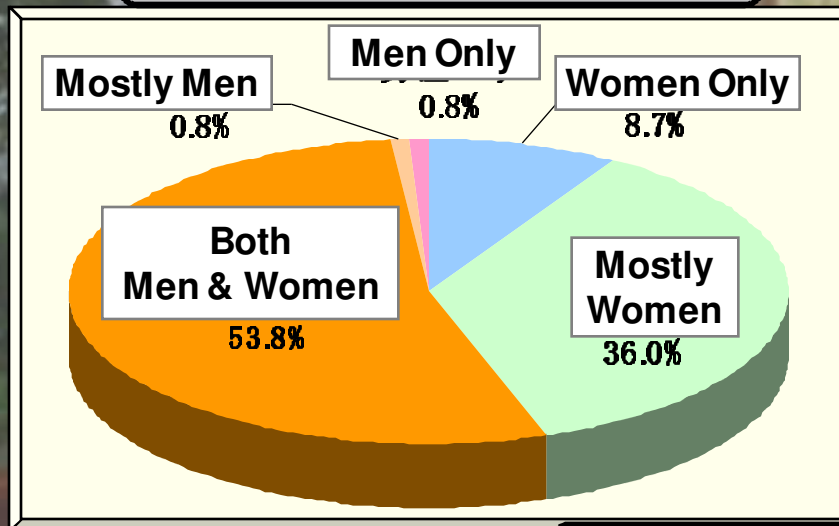
Question: Does your company offer any spa services?



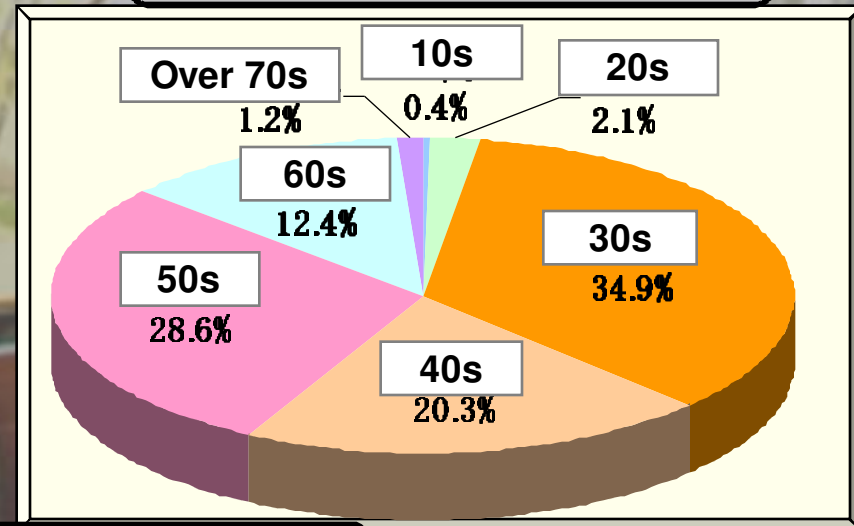
Customers (demographic)

- Most spas aim to offer spa services to **both men and women**.
- Target age groups are evenly spread **from their 30s to 50s**.
- In general, a customer transaction is **less than ¥ 20,000 (= \$167)** and its **average** is **¥ 7,880(=\$66)**.

Gender



Age



Customer Transaction

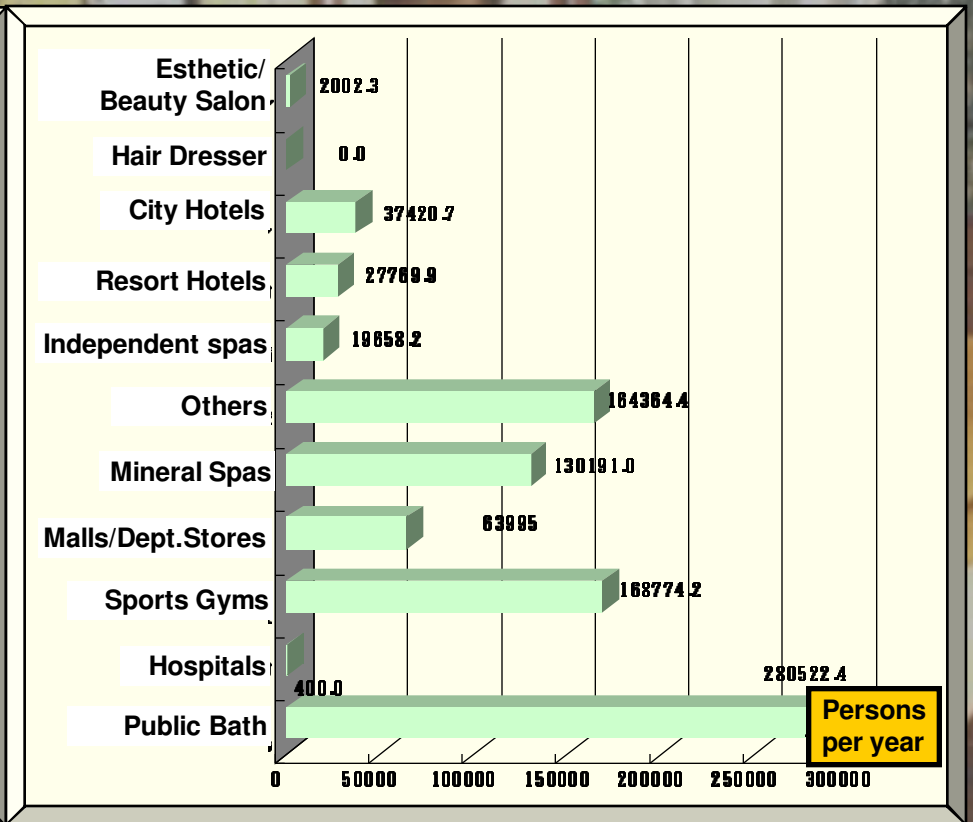
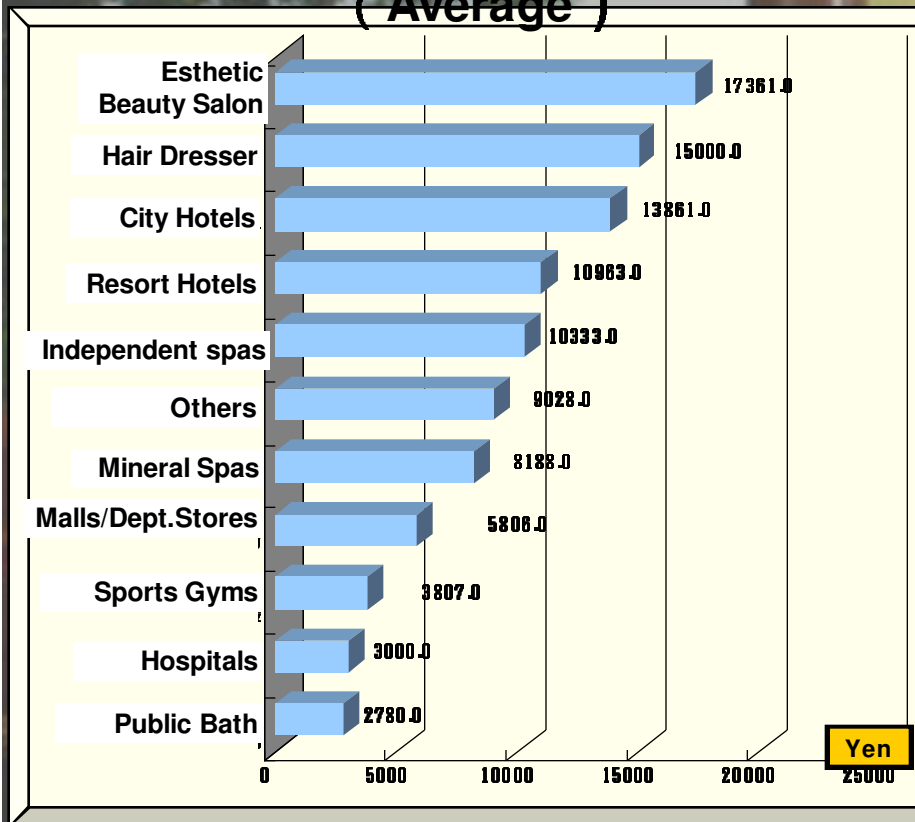
Transaction Range (yen)	Percentage
999 yen	19.2%
1,000~4,999 yen	35.6%
5,000~9,999 yen	14.8%
10,000~19,999 yen	22.8%
20,000~29,999 yen	6%
30,000~39,999 yen	0.4%
40,000~59,999 yen	0.8%
60,000 yen 上	0.4%

Stratification of Customers (typology)

- “**Esthetic Beauty Salon**” has the highest customer transaction (average) **¥17,361(=\$145)**.
- “**Public Bath (SENTO)**” had the highest number of visitors, **280,522 visitors** in 2005.

**Customer Transaction
(Average)**

Annual Visitors in 2005 (Average)

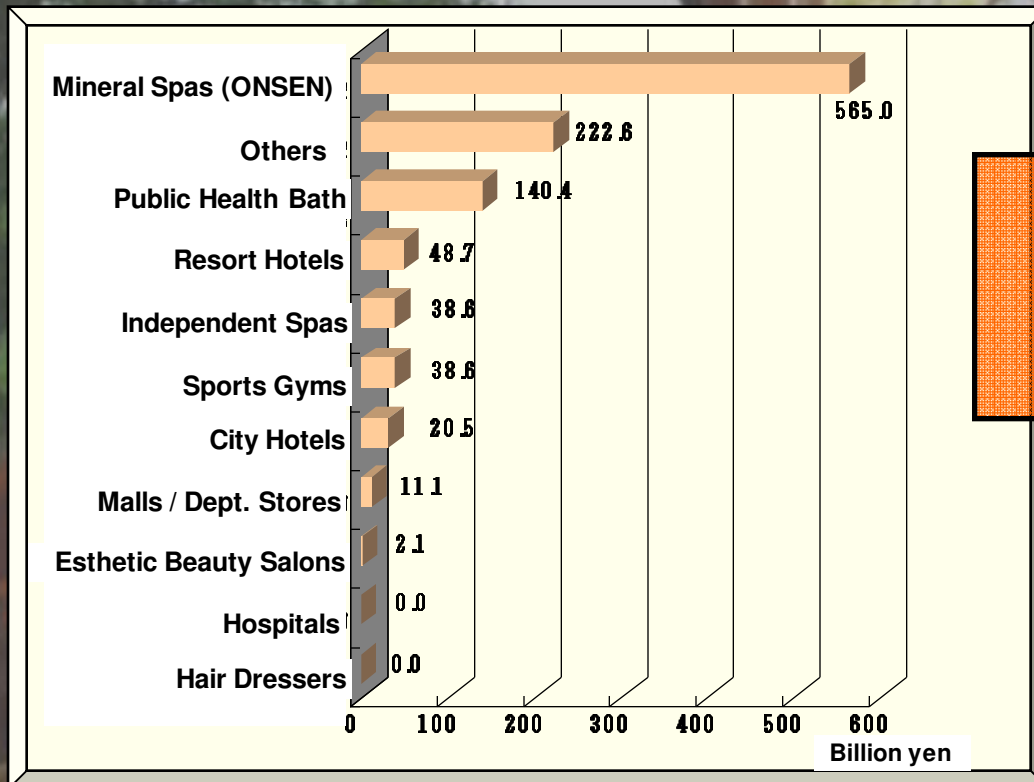


Market Estimates (Oct. 2006, Japan)

* Analysis of the sales based on facility types, customer transaction and the number of annual visitors.

➤ “Mineral Hot Spring (ONSEN) with Japanese inn” put out the **highest sales**, about 56.5 billion yen (= \$0.47 bln.).

Facility Types and Sales



< in SAMPLES >
 A lump sum sale
 in **539 samples**
 = approx. **109.8 billion yen**
 (= approx. **\$ 0.92 bln.**)

< MARKET ESTIMATE* >
 Sales scale on the
 assumption that
2758 facilities are to be
 the whole market
 = approx. **561.9 billion yen**
 (= approx. **\$ 4.68 bln.**)

Growth Trend of Visitors (so far: 2003-2005)

Transition on # of Spa Visitors / Locations

	2003	2004	2005
Annual Visitors (persons)	9,191,713	12,612,230	16,965,944
Spa Facilities (locations)	76	126	149

<in SAMPLES>

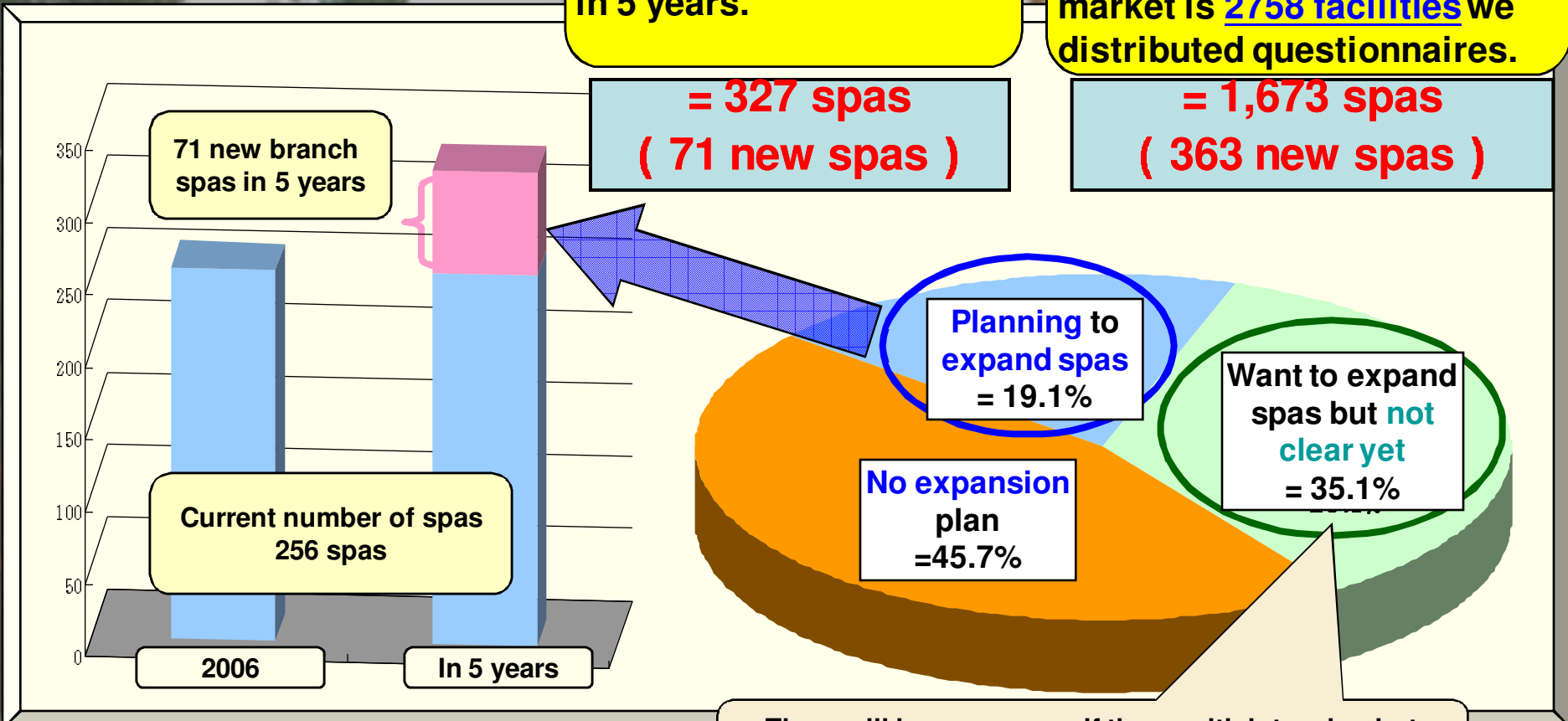
Estimated number of spas among
539 samples before 2005.

Growth Trend of Spa Facilities (future: in 5years)

Intensions of expansion and transition of number of spas

<in SAMPLES>
 Estimated number of spas among 539 samples in 5 years.

<MARKET ESTIMATE>
 Estimated number of spas in 5 years providing that all Spa market is 2758 facilities we distributed questionnaires.



There will be more spas, if those with intension but without actual planning will establish new branches.

Growth Trend of Therapists Employment (in 5 years)

Intentions of New Employment / Transition of Number of New Employers

<in SAMPLES>

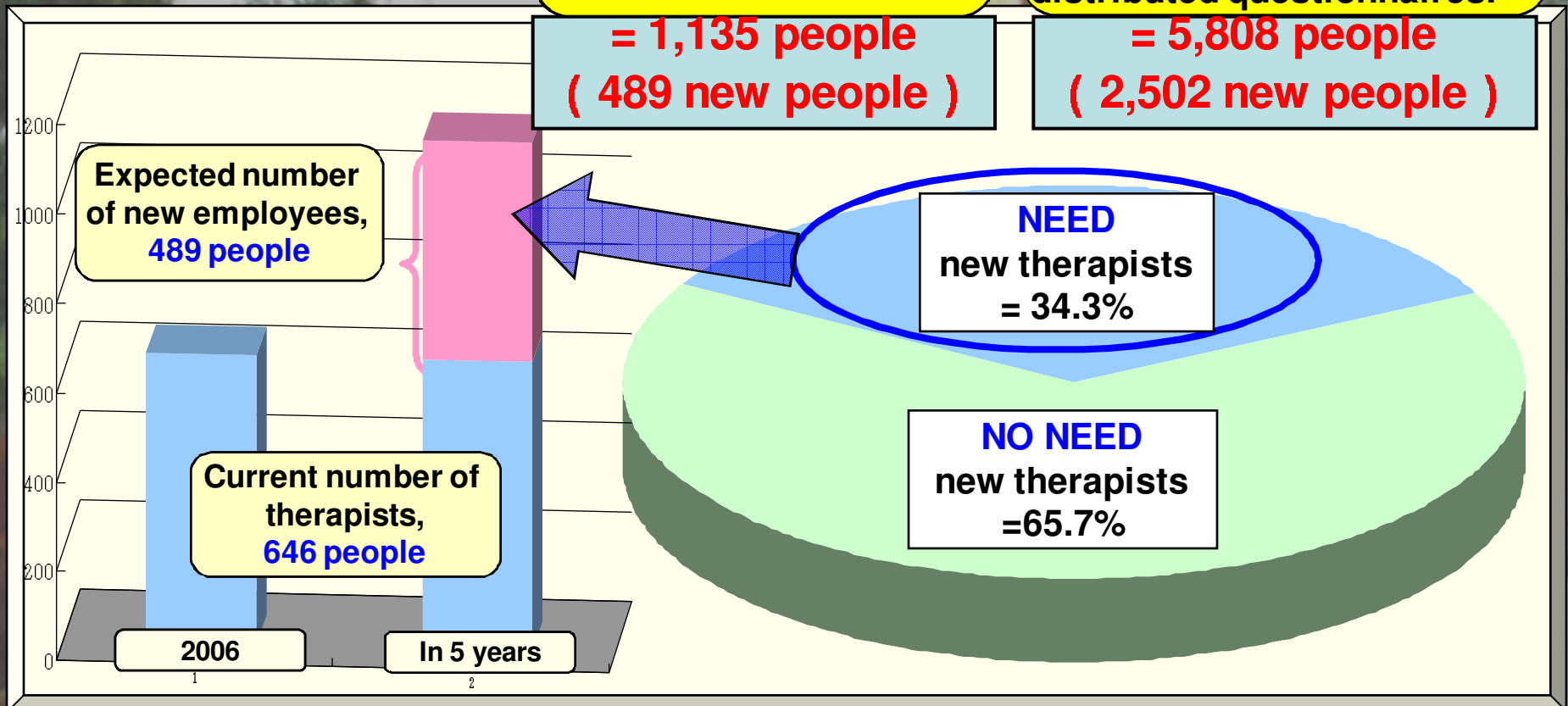
Estimated number of spas among 539 samples in 5 years.

<MARKET ESTIMATE>

Estimated number of spas in 5 years providing that all Spa market is 2758 facilities we distributed questionnaires.

= 1,135 people
(489 new people)

= 5,808 people
(2,502 new people)





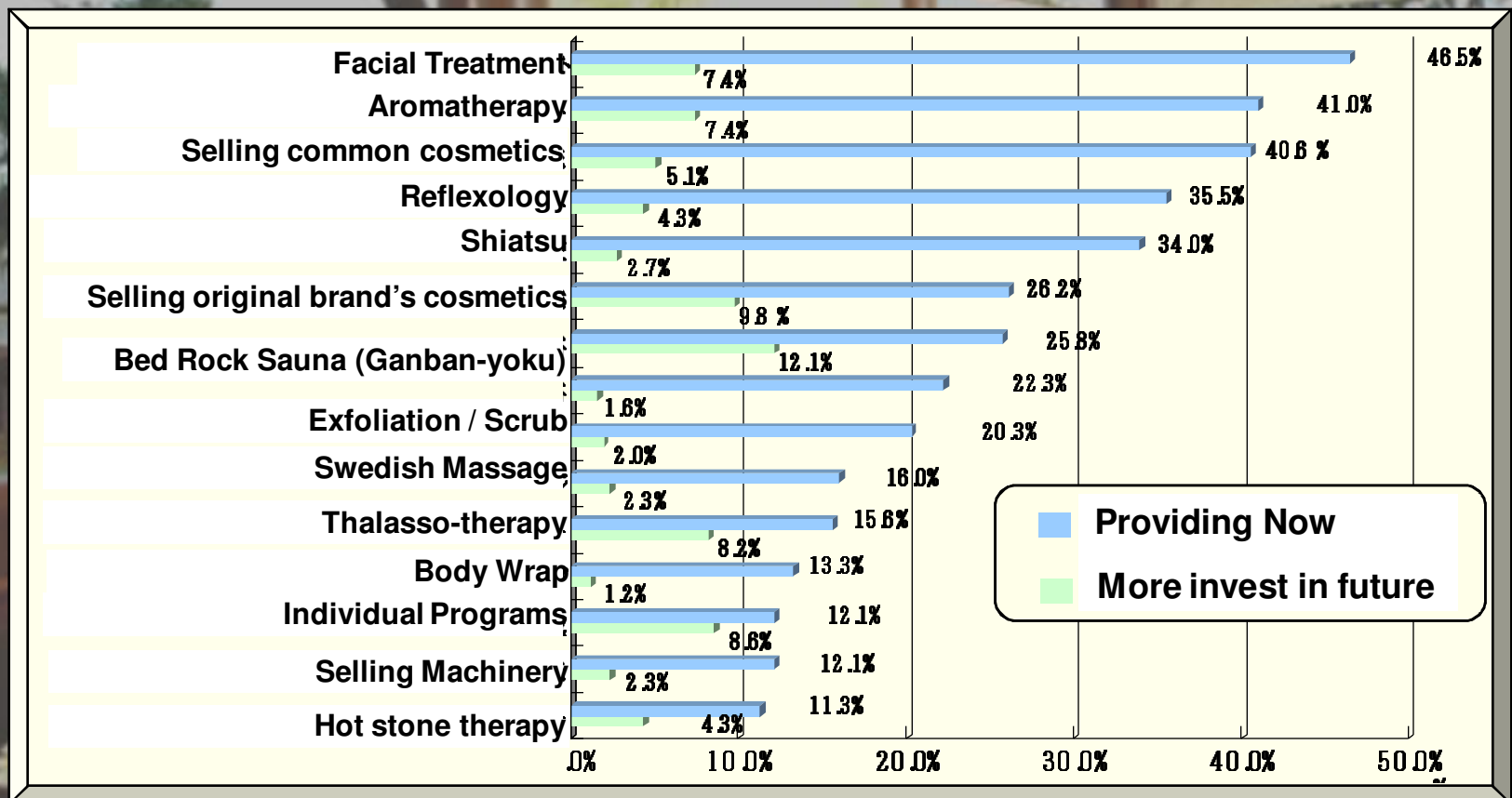
2. Characteristics of the Japanese Spa Services

Circumstances in Spa Services (1)

- **“Facial Treatment”, “Aromatherapy”, “Selling common cosmetics”, “Reflexology”, and “Shiatsu”** are **now** considered as the **main services**.
- **“Bed Rock Sauna (Ganban-Yoku)”, “Selling original brand’s cosmetics”, “Individual programs”, and “Thalasso-therapy”** are likely to be **newly offered (invested more)**.

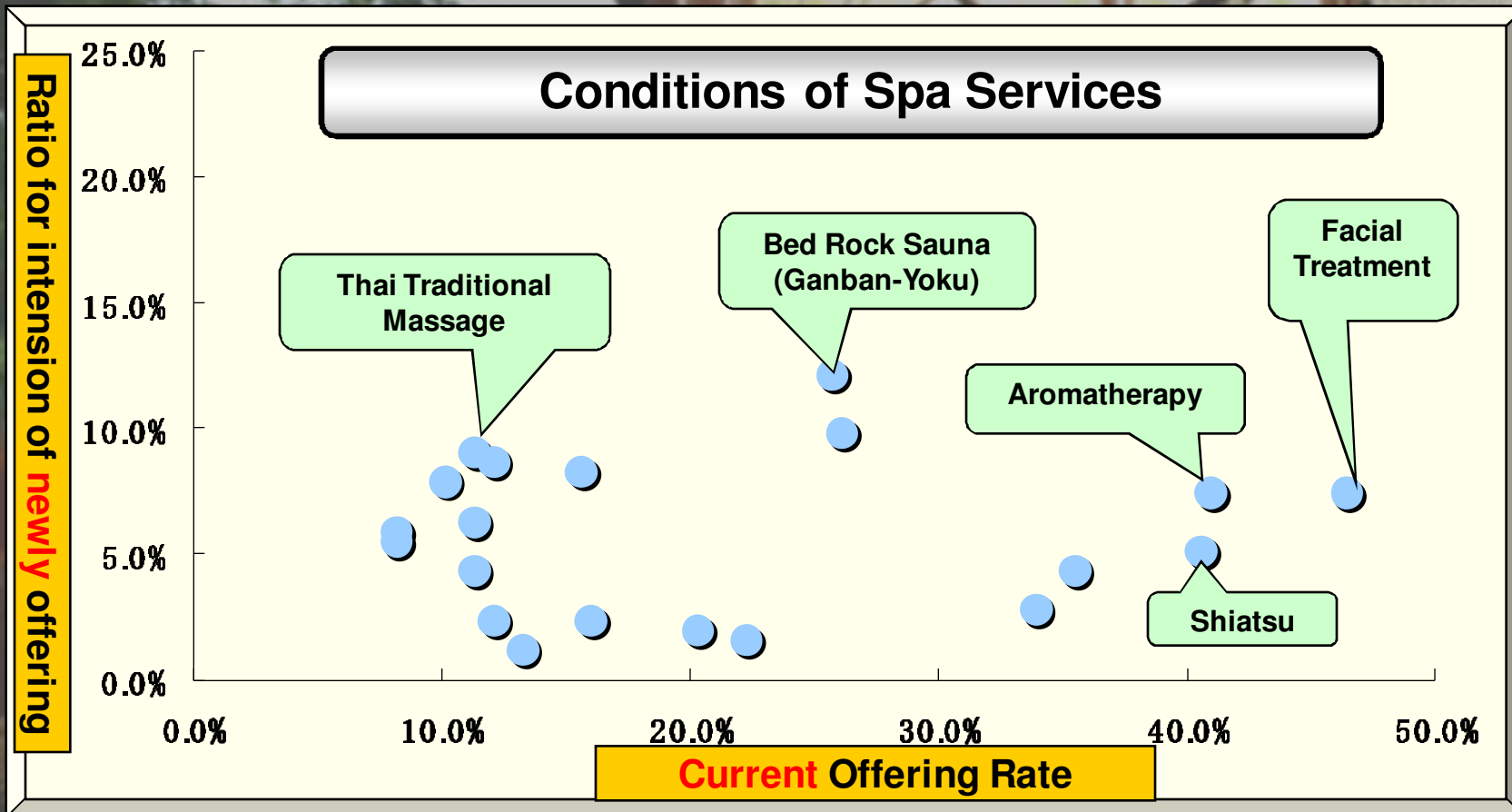
Spa Services

(Now / Future)



Circumstances in Spa Services (2)

- “**Facial Treatment**” and “**Aromatherapy**” has been and will continue to be of **high demand**.
- “**Shiatsu**” will be likely to **decline its popularity** in near future though it is now one of the popular services.
- “**Thai Traditional Massage**” is likely to be **newly offered** though it is not so much popular now.



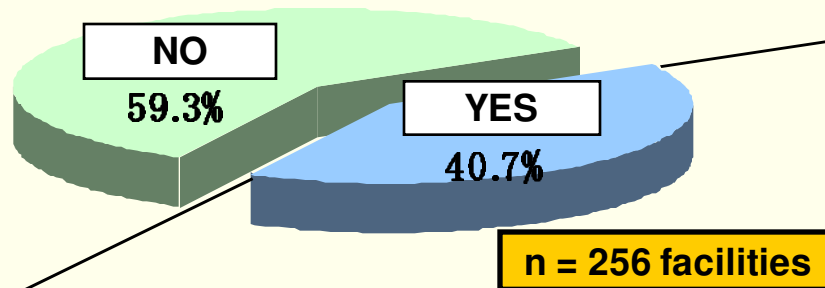


3. Issues on the Japanese Spa Therapists

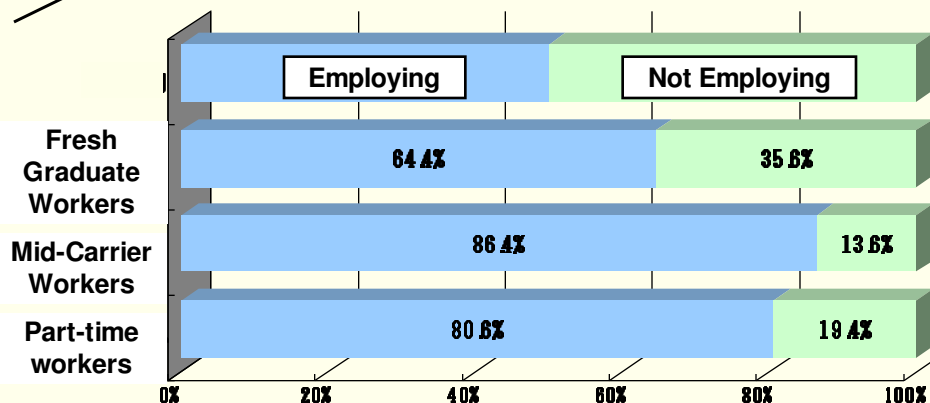
Employment Status of Spa Therapists

- In all spas, only **40.7%** employ spa therapists.
- In employing, many spas tend to employ **mid-career workers** and/or **part-time workers**.

Current Status of Spa Therapist Employment



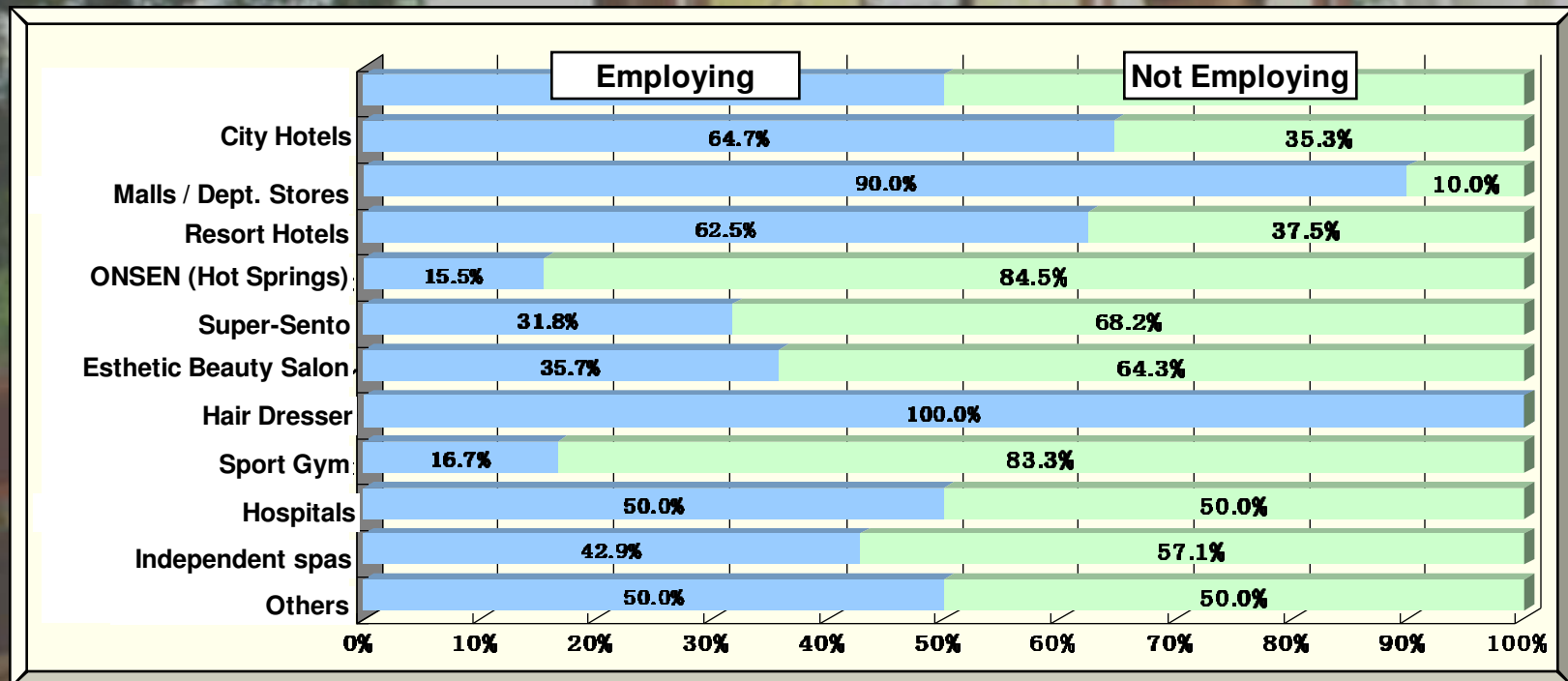
Condition of Employment



Average Employees	Average Salary
4.3 people	\$1550 / Month
5.4 people	\$1733 / Month
5.4 people	\$ 992 / Month

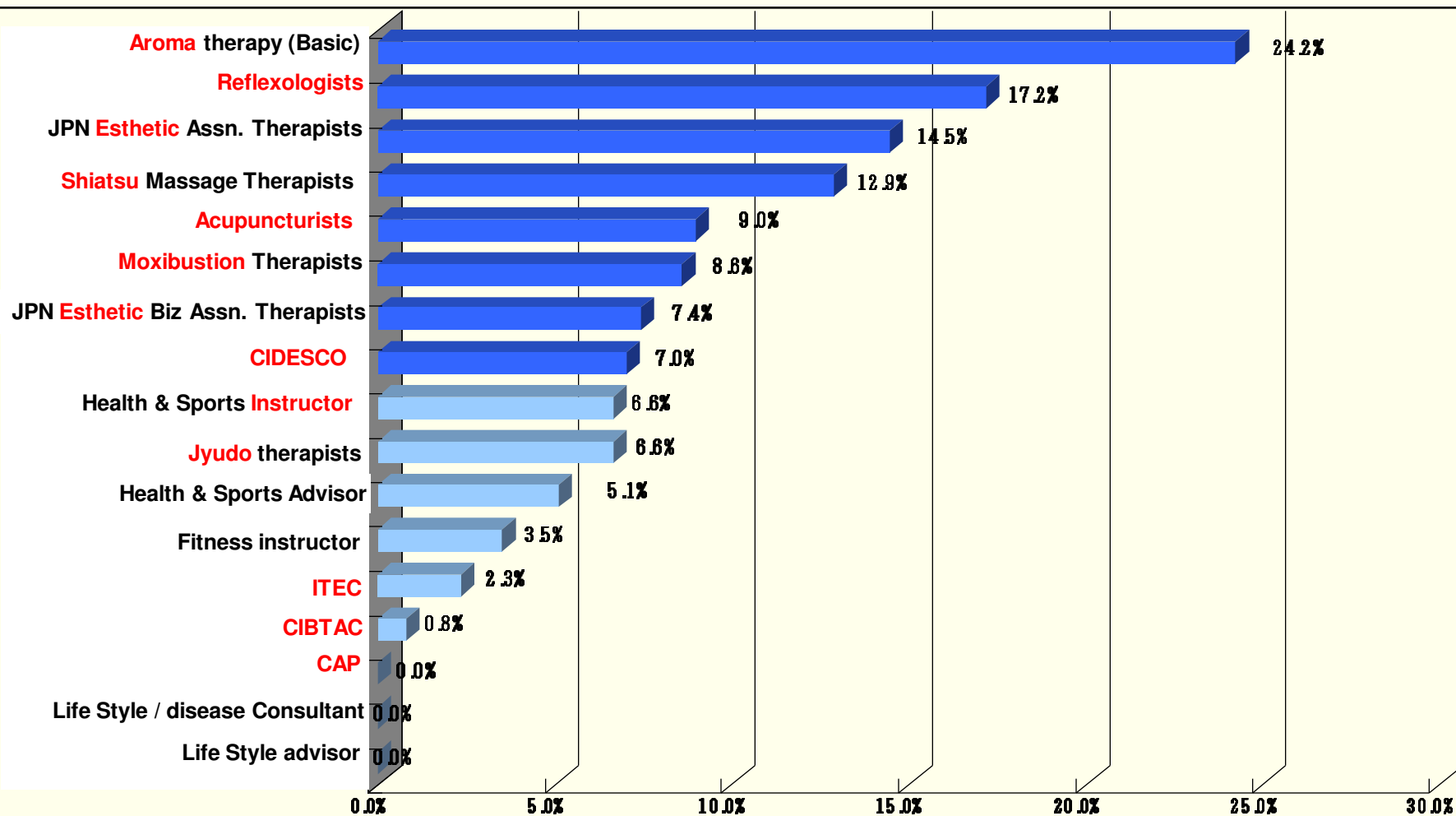
Employment Status of Spa Therapists (based on facilities)

- The facilities such as “**Malls / Department Stores**” (90.0%), “**City hotel**” (64.7%), and “**Resort hotel**” (62.5%) are **more** likely to **employ** spa therapists.
- **On the contrary**, the facilities such as “**ONSEN with Japanese inn**”(15.5%), “**Sport Gym (Fitness)**” (16.7%), and “**Super-Sento**” (31.8%) are **less** likely to **employ** spa therapists.



Certifications for Japanese Spa Therapists

Ratio of the Certification Holders

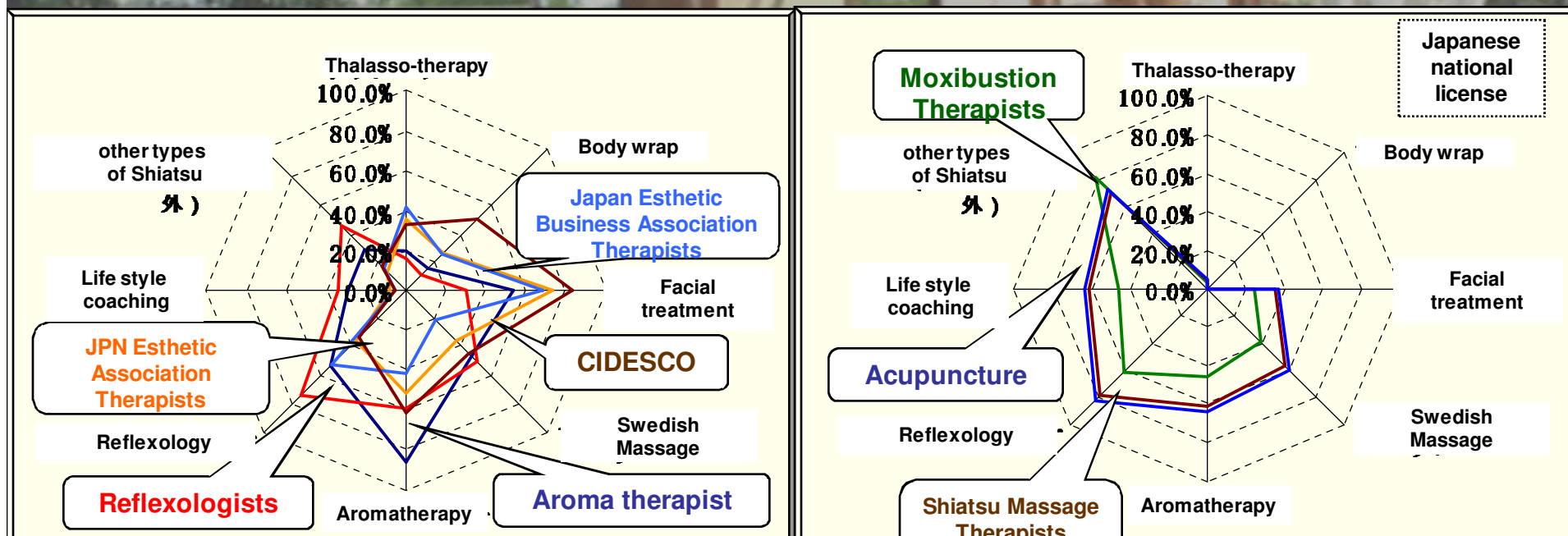


Relevant Analysis on Certifications and Services

* Analysis on the main services offered by the therapists with the major qualifications obtained in Japan.

- “Aromatherapy”, “Reflexology” and “Swedish Massage” are mainly offered by the therapists with the major qualifications obtained in Japan.
- “Thalasso-therapy” and “Body wrap” are mainly offered by the therapists with “CIDESCO”, “JPN Esthetic Association Therapists” but Japanese national license.
- “Shiatsu” is offered by the therapists with Japanese national license.

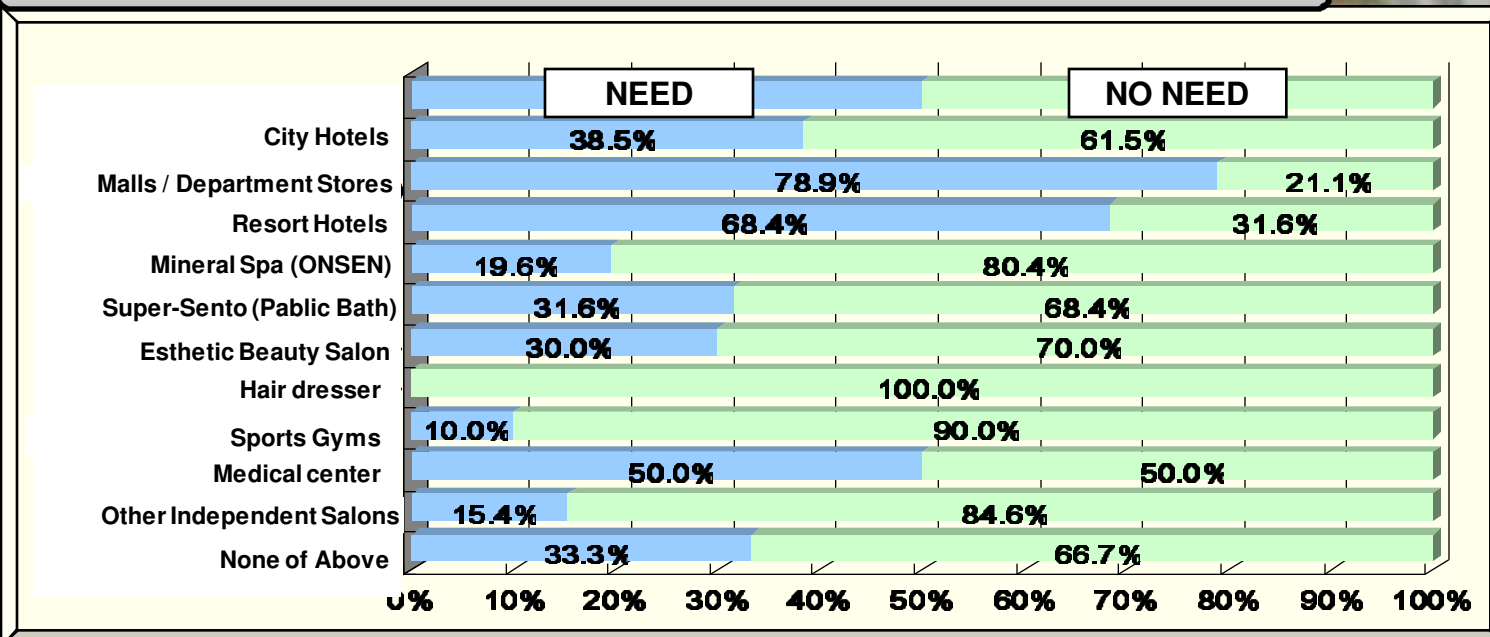
Spa Therapy Certifications and Services



Demand Analysis on New Employment (based on facilities)

- The facilities such as “**Malls / Department Stores**” (78.9%), “**Resort hotel**” (68.4%) are **more likely** to employ **new therapists** in the future.
- The facilities that offer “**Fitness/Sport facilities**” (10.0%), “**Other independent salons**” (15.4%) and “**Mineral Hot Springs (ONSEN)**” (19.6%) are **less likely** to employ **new therapists** in the future.

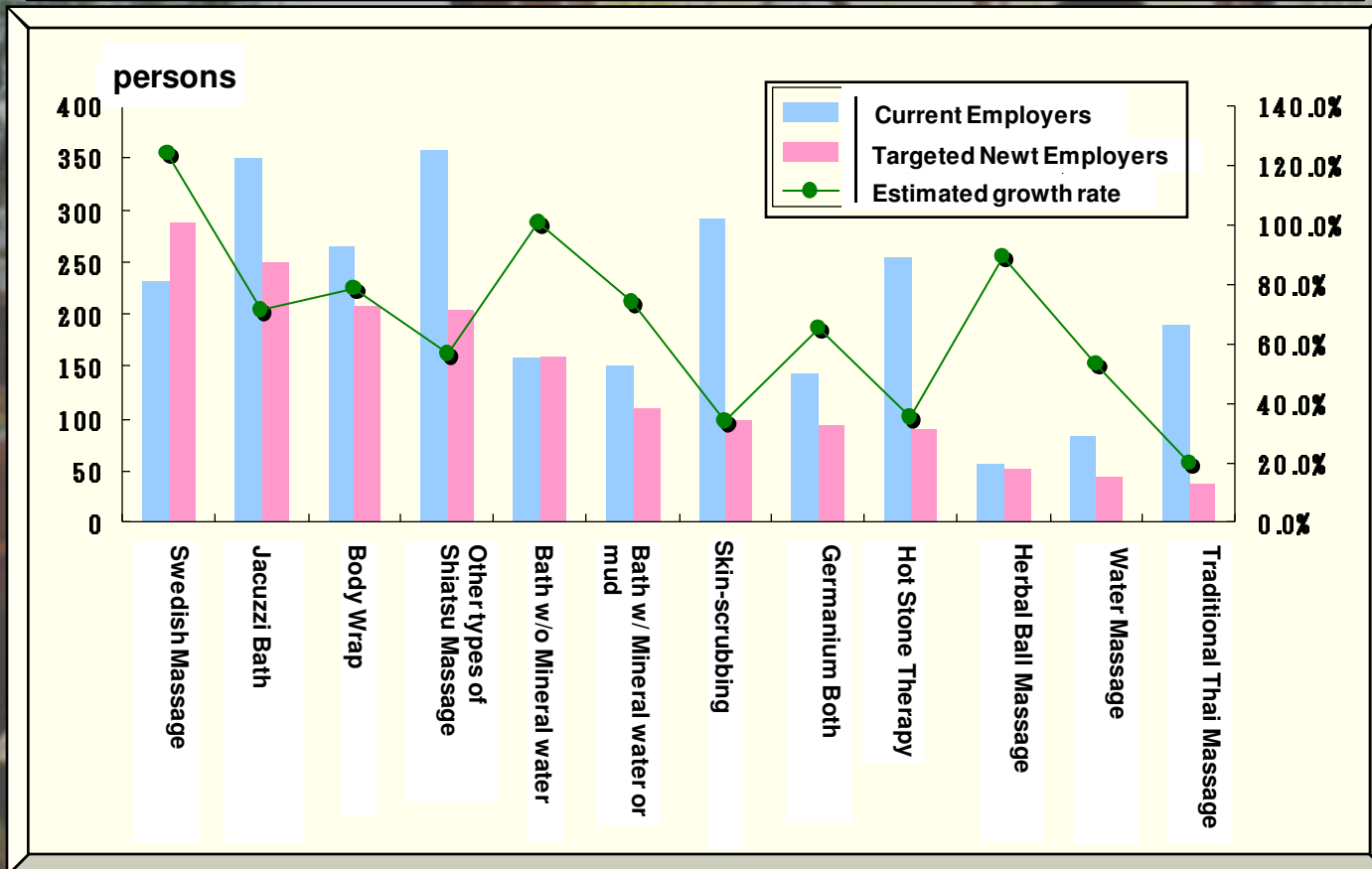
Future Employment Needs/Intensions for Therapists Based on Facilities



Demand Analysis on New Employment (based on services)

➤ The service with the **highest** number of **new employees** (as spa therapists) in the future is **“Swedish massage”** and its expected number is **232 people**. Moreover, this service also had the **highest increasing rate** of new employment of **123.7%**.

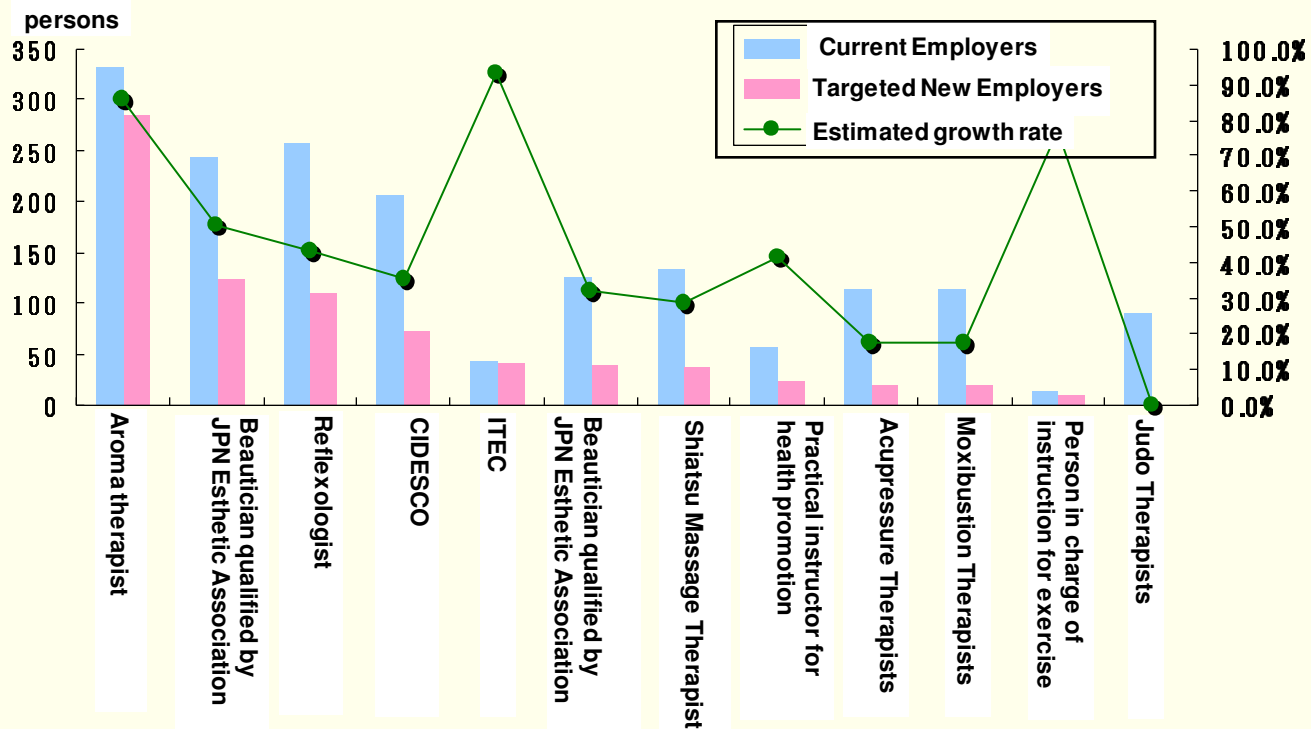
Number of Expected New Employees Based on Services



Demand Analysis on New Employment (based on certificates / qualifications)

- In hiring new therapists, the kinds of qualification with the **higher demand** is “**Aromatherapy authorization**” (**286 people**).
- Moreover, the qualification with the **highest increasing rate** of new employment is “**ITEC**” and its rate is **93.2%**.

Number of Expected New Employees Based on Qualifications





4. Classified Informational Analysis in Detail Categories

Analysis on each category of facilities : Trend (1)

Category of facility	City Hotel	Resort Hotel	Independent Spa	Malls/ Dept.Store	Esthetic Salon	Super Sento (Pub-Bath)	Mineral Spa (ONSEN)	Fitness Center (Gym)
Customer	Around 30s / Mostly for Female					Around 50s / Both genders		
Service	<ul style="list-style-type: none"> • Aromatherapy • Facial Treatment • Reflexology 					<ul style="list-style-type: none"> • Shiatsu • Selling cosmetics • Facial Treatment 		<ul style="list-style-type: none"> • Fitness • Aerobics • Weight training
License	<ul style="list-style-type: none"> • Aromatherapy • Reflexologist • Aesthetician (CIDESCO-NIPPON) • CIDESCO 		<ul style="list-style-type: none"> - Reflexologist - Aromatherapy - Shiatsu 	<ul style="list-style-type: none"> • Aesthetician (CIDESCO-NIPPON) • Aesthetician (ALL NIPPON ESTHETIC ASSN.) - Aromatherapy • CIDESCO 	<ul style="list-style-type: none"> - Shiatsu - Aromatherapy 		<ul style="list-style-type: none"> • Practical instructor - Therapist for preventing lifestyle related diseases • Reflexologist • Shiatsu 	

Analysis on each category of facilities : Trend (2)

Category of facility	City Hotel	Resort Hotel	Independent Spa	Malls/ Dept.Store	Esthetic Salon	Super-Sento	Mineral Spa (Onsen)	Fitness Center (Gym)
Ratio of hiring Therapists	more than 40%			90%	30 - 40%		less than 20%	
Number of Employees per 1 facility	less than 15 people				more than 15 people		less than 15 people	
# of new employees to be hired in 5 years	less than 8 people		more than 8 people					

A background image of a spa treatment room. A man is lying on a massage table covered with a yellow towel. The room has a wooden structure and a thatched roof. There are some white flowers on a table in the foreground.

5. For Harmonizing with the Global Spa Industry

Future Issues in Japan

Need to be provided **definitions** and **guidelines** for Japanese Spas.

We'll be in a **shortage** of the Spa **therapists** and **managers** (under the rapid growth of Spa industry).

Difficulties in the **proper education** (various qualifications are provided indiscriminately).

Difficulties in the **career development** (job separation rate is very high).

Need to be **harmonized** with the **Global Standards**.

Need **Collaborations** for
creating **Common Guidelines**
and **Educational Systems!**

For Harmonizing with the Global Spa Industry

Standards

Education

Qualification

**Job Seekers Support
(Matching)**

Thank you .

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