

Breakout Session: Marketing and Public Relations Strategies That Fuel Growth Globally

Monday, May 21st
11:45AM – 1:00PM
Sutton Suite

Scribe: Christopher Sanson

Moderator: **Sallie Fraenkel**, COO, Spa Finder Inc., New York

Panelists:

Mike Canizales, CEO, Spa Chakra, New York

Victoria Fuller, Founder & Director, TravelPRCo, UK

Christine Quentin, Sales & Marketing General Manager, Accor Thalassa, France

David Stoup, Chairman & CEO, Trilogy Ventures, LLC, Arizona

Contributors:

Steve Conquy, CEO, MSpa International, Thailand

Albert Herrera, Vice President, Hotels & Resorts; Virtuoso, New York

Mary-Catherine Mundell, President, Caudalie USA, Inc., Texas

SF: Introductions

DS: Trilogy is an investment company involved in start-ups, repositioning turnarounds, and personal branding with Dr. Andrew Weil. My background includes involvement with prestigious beauty brands such as La Prairie (co-founder in 1978) and Elizabeth Arden and Red Door.

CQ: Accor is the largest European hotel groups. Hotel brands include Sofitel and Novotel. Responsible for 18 destination water spas - AccorThalassa, the leading network of Thalassotherapy and Thermal Spas around Europe. Strong interest in developing spa base outside France.

MC: Background in International HR at Microsoft. Spa Chakra is a worldwide network of luxury spas opening in key gateway cities around the world through partnerships with Guerlain and LVMH.

VF: 20 years in Travel PR based in London. PRCO has offices in Milan, Berlin, New York, Paris, and Moscow representing primarily hotels including Fairmont, Four Seasons and Taj, travel companies like Abercrombie and Kent.

SF: What is the Greatest Challenge and Opportunity facing spa industry right now in PR/marketing?

VF: Challenge is spa fatigue. Having a spa is like having a restaurant, everyone has one. How do you stand out from the crowd? The opportunity is the massive media coverage

on spas beyond traditional niches to mainstream. Another opportunity is new markets interested in spas such as Russia and India.

DS: Challenge is there is a fair bit of sameness. Opportunity is to employ credible third-party media companies to tell your story in a compelling way.

CQ: Challenge is that there isn't the establishment of gurus in France like in the US or Asia. France still needs to educate the market. The opportunity for France is that they are more interested in physicality and fitness over holistic treatments.

MC: The challenge is that a lot of money is being deployed in bad ways to underqualified experts and specialists. The risk is that this will turn around and there will be a backlash from poorly spent money down the road. The opportunity is in partner marketing. Consumers don't believe in advertising but they do believe in PR so leveraging co-branding is an economical way to reach really fickle users.

Audience Question: People in the spa industry have spoken of truly wanting to help others but there is also a tremendous amount of hype and unsubstantiated claims that permeate the industry. How do you reconcile these two forces?

CQ: That's why we feel education is important for us to educate the consumer and journalists to read beyond the hype. In the process we establish our credibility and build loyalty with the guests.

DS: Working with Andrew Weil I can see he has mixed feelings on seeing how the industry has gone from being ignored for decades to an industry of hype. Andrew puts his name on products only when there are scientific clinical studies that confirm his benefits in the product.

SF: Victoria, how do you alter your PR campaigns to adjust to different attitudes and norms in different countries and cultures? What lessons can be learned from your experiences in other countries?

VF: The tools we use are similar, but yes, the consumers and journalists are very different everywhere. In Europe, for example, there is so much vacation time, there is a real opportunity. In Germany you see people wanting to go back to their roots. Low carbon impact is important in the media. UK is all about natural products. There is a huge interest in yoga, detox spas, and in more serious ventures. City spas need to have buzz treatments to get media attention. Russians are on the move big time. They love spas, ideally in hot countries with easy visa access. Russian consumers tend to decide last minute and can be quite demanding.

SF: Steven – As CEO of MSpa based in Bangkok, what can you add about marketing and PR in Asia?

Steven Conquy: There are mature markets in Singapore and Thailand where there is a battle to gain traction with traditional marketing expenditures and special offers. There is an overload in supply with static demand. China and India are interesting markets. There are distinctions between HK, Macau, Shanghai and everywhere else as well as international guests versus domestic consumers. 50% of clientele is local. We host workshops, spa and beauty fairs, and put on roadshows to various universities, and more to educate the native mainland consumer on what spas are. They are still interested in beauty and specifically facial beauty such as facial whitening, anti-wrinkle and expect that in spas.

India is a fantastic market for Ayurveda. Indian consumer who knows all about Ayurveda and yoga just want something simple they can relate to and be pampered such as massage treatments.

SF: What percentage of total hotel revenues does your Marketing/PR budget represent? How much is specifically allocated to the spa division? How do you allocate your overall marketing budget?

MC: We don't look at it like that. We believe that our hotels should heavily emphasize spas in their marketing to drive business. We also believe spas should be self-sustaining and not loss-leaders. We aim for a 50/50 balance between hotel guests and local guests. We spend 15% of revenue early on in PR dwindling down to 6% over time. So we spend big on that.

SF: How important is the Internet and email to your marketing strategy?

CQ: Extremely important. We first saw the Internet as reservation tool. Our idea evolved to see it as more of a marketing and educational tool with interactive sites. Now we are developing ways for our guests to connect before, during and after their trip via email. We are also working to provide more information to our guests. So we are investing much more to implement this.

DS: We spent most of our resources on drweil.com and it is now the 7th most trafficked health and wellness website. We use the Internet as an inexpensive way to feed our customers information in droves. We send 33 million email messages a month to our consumers with Q&A with the doctor. We want to do focus groups. It is a huge opportunity we didn't have 20 years ago.

SF: How do you allocate marketing spending between hotels and spas?

CQ: Fortunately I have the luxury of a dedicated spa marketing budget and the hotels promote the spas along with the hotel. So, yes, we split it and there is a daily battle to figure that out.

Audience: Each outlet has its own P&L statement and spas are big enough where they have their own sales and marketing budget.

MC: We find it splits by type of marketing. It's natural for hotels to do larger branding and awareness campaigns while the spa handles micro marketing for particular treatments and promotions.

SF:

VF: It is important to incorporate a unique story about indigenous materials and such into your PR message. Everything green is hugely important in Europe. Indigenous and natural are key buzzwords.

MC: Ok, that's true but don't confuse the consumer. Develop some signature treatments to get it into print and differentiate but consumers still predominantly want the bread and butter basic treatments and you have to have them in there.

SF: In one or two sentences, what's the most surprising thing you've discovered when it comes to spa marketing?

DS: The most surprising thing is gift certificates. They can induce trial, carry through on promise, and say thank you. Gift certificates are a great way to get people to try it out and to bring in atypical customers.

CQ: I wouldn't say I've been surprised. What's important is the weight of the scientific community that is different than the hotel industry.

MC: Very few things change consumer behavior: Bottled water, ATMs, the internet. The key is to focus on the basics and not over-engineer our product.

VF: My biggest surprise is how nice the spa industry writers are, versus food or fashion.

Audience Question: How do you interact with the delivery side so that the execution lives up to the promise of the marketing?

VF: We're in the smoke and mirrors business. I have a client (who's nameless) where the treatments are not consistent. And we make sure the journalists get our absolute stand-out therapists on their visits. So the coverage is great but we pound it that they must address this issue and improve it.

MC: We are proudly fascist about operations excellence. We have redone our mystery shopping system to factor in monthly mystery shopping to insure excellence in performance versus company standards.

DS: We tied in not only compensation but recognition. When we recognized excellent service at Arden we saw a great response from our people.

Audience Question: Why did Spa Chaka choose to start in Australia?

MC: We started there because the consumers are sophisticated enough where we can gauge our performance and make our mistakes there before rolling it out internationally. If we screw up in Australia, we're ok, if we screw in New York, we're in trouble.

Audience: How important are the trade shows?

CQ: Not very. The trade show is much more a party for our people but we do not see the thought leaders we are interested in being at the trade shows. Frankly, I'm not a big fan of it.

SF: A lot is spent on defining what a spa is. How do you define the unique spa experience and how much do you put into thinking about that?

MC: We feel it's not worth being too cute. All the terms and standards have been made by ISPA and we believe it's better to use those standards, stop confusing the customer, and focus on communicating more important things like our expression of those standards.

SF: To follow on that, do you extend that to branding your spas as ISPA compliant to clarify this confusion?

MC: Yes we see a huge benefit for PR to press and consumers to educate them on the standards and use the icons to help standardize the definitions so we can move forward.

SF: Thanks!