

## **General Session: Introducing the Spa Market in Russia**

Tuesday, May 22<sup>nd</sup>

10:30AM – 10:45AM

Empire Room

**Presenter:** Marina Kuchurkina, Director, Guild of Spa Experts, Russia

### **Future in the Spa-style**

*Three years ago, when the National guild of experts of Spa industry had been created, we talked and wrote that Spa business at Russia was just doing its first steps. Then it was hard to say at all, if the Spa philosophy was accustomed at the Russian land. Treasured letters SPA were appearing in the names of saloons, cosmetics, services and treatments, but it was no unity and then it was no industry. Today it's able to say with a confidence – there is Spa at Russia and, it's the major, it will thrive. Analyzing this segment of market, it's able not only to do the conclusions but to do the prognosis for closer years.*

Valuing the development level of Spas in Russia, we cannot but turn to the experience of our foreign colleagues. At least because the ISPA (International Spa Association) were founded in the USA already in 1991 and numbers in it's lines more than three thousand members. Otherwise we are lagging behind America minimum at 10 years, and it's without taking into account features of our mentality. Some owners of the Russian Spas, that have been at the Western Spas, are trying to borrow ideas from the overcame colleagues, but this attempts rarely have a success – we can't overtake the time and jump over the head. In the USA the Spa services are the part of a casual of a middle American, in our country it's something misunderstood, expensive and elite. It will take not a one year before Spa will strongly settle down in our life and in our mind. But we've got a chance to avoid much mistakes, learning the experience of the founders of the industry, that's the cause if we're not to overtake America, we're to take her very fast. Besides already today we can say bravely that we aren't only borrowing the foreign experience but also are developing our own technologies.

There are appearing the standards of the industry. Developed in 2005 classification of the Russian Spa objects exactly defined the criterions on which we can put the Spa object to the one or another category. Today our committee of the marketing is working on the other standards and demands, to which have to satisfy Russian Spas: what is the Spa care and the Spa treatment, how much towels we have to give to the customer, demands to the quality of linen and much more... We're standing near the line of a broken frame of the problems, that have to be solved exactly now for industry to develop not chaotic, but in according to the rules of the market.

One of the main problems, what meet the owners of Russian Spas is a lack of the qualified employee. And we are actively solving this problem too! For two years we were preparing to the opening of our self education centre and so in September 2006 the International Academy of Spa esthetics opened its doors for all the experts wanting to level up their qualify to correspond to the honor name of "Spa expert". The professional staff of teachers, the unique educating programs, the most modern equipment and the best products – it's all for uses of our students. And most joyful – interest to the Spa is growing not only in Moscow: from the other cities people are coming to us for an education, in nominations of our yearly competition the Russian Spa Professional Awards win not only the capital Spa objects and experts, and to the major experience of the Russian Spa industry – the Russian Spa Industry Summit – come an adherents even from the closer and far foreign countries.

Concluding 2006, let's review how the different types of Spa objects developed.

Most dynamic type turned out the Day Spa. The classic day Spa needs a big budget for corporate performances, PR and a straight advertisement. It's almost considered that in the Day Spa (comparative with other types of Spas) it's most hard to sell services to the final customer.

Nevertheless the day Spas open in a big cities, and they go more and more. The club day Spa are developing, almost this type of Spa services are actively advancing by fitness clubs.

Almost is growing the number of the Spa bath complexes. In 2005 it was many ambitious projects, which issue was to collect in the one Spa “the baths of the whole world”, but the year has gone and in the market of such services stayed the professionals of the bath business that know their work, study new technologies and wisely inculcate them. By the strength of our national traditions this way is popular. In the any Spa treatment is important not only the skill of the expert but almost its philosophy consistent. Bath treatments have the deepest historical roots and give a great area of the fantasy for transformation of a simple washing to the beautiful and filled with meaning ritual.

*The Medical Spa* was developing not as successful as they might. A lot of the sanatoriums of a “soviet type” call themselves Medical Spas and offer the high quality services of the therapists, balneologists etc. But for our sorry it’s not enough to number sanatorium to Spa. But the criterions are defined, the demand for these services is growing, then we have a right to wait for the successful projects in the closer future.

*The Countryside Spas and Spa hotels* investors value as a perspectives. The foreign experience shows that the similar Spas are high rented and it’s already hard to imagine the international class hotel without the Spa services as an addictive service. But there are still the few full valued Spa centers – and it will be so until investors will consider that for opening Spa in the hotel it’s not just enough to buy needed facilities. But in true it needs the thorough development of the care menus (especially in the family type of the hotels, where it needs to have a special program for men and kids) and the qualified employers and the delicate design of the rooms...

*The Spa of natural sources* are developing at Russia very slow. Such projects needs a big financials and compensate for a long time. It were opened a few Spas in Kislovodsk, but it’s early to speak about the success of this way. We keep hoping that the unique natural resources of Russia will be interesting for investors in the future – but the concept of “the health by the nature” is very popular in our country.

In the *objects with the elements of Spa* are going to be very popular the “concept rooms”. This type of Spa needs minimum finance and is counted for the customers who are just discovering the magic world of Spa – so they are the absolute majority what explains success of such projects.

What is waiting for us in 2007? We’ll outstand the common trends of the development of the industry.

1. Investors will get more exactly understanding of what finances are needed for a successful Spa business and what profit should they wait of it. We’re sorry, but in the minds of the mass the Spa business is still valuating negative – as a business for a wives of a reach people. Yes, we’ve got that traders in the market, but they are a minority and their projects rarely are successful: the market doesn’t excuse nonprofessionals.
2. The demand of the qualified employee will grow. But the number of the employee will grow too, both by the output of our Academy.
3. Prices of treatments will be changing. Today the middle cost of the treatment in the USA is 75\$, in Europe – 70 euro. At our country prices of Spa services start from 100\$. The reasons are understandable: cost of the rent, big fond of the salary. But at Europe and America Spa objects owners have these wastes too. The deal is that at our country the entire Spa services a selling with a high price as a luxury services, and the middle price category doesn’t exist. It’s a reason to consider that it will appear services for middle class with adequate prices too.
4. At the market of Spa products situation scarcely changes. We’ve got many of world marks of Spa products. The choose is great. However at Russia aren’t represented all marks of luxury

products. Developers afraid to move to the market new production, considering the situation fluctuates and the future of Russian Spa industry fogging.

5. With Spa facilities we have the polar situation. At Russia at the first way appeared representatives of an exclusive production, which appeared in Europe only at a few objects. But the market isn't finally formed, so the coming of the luxury marks isn't excused all the time. It must be understood exactly that there is a difference between the luxury, business and economic project.
6. The Spa tourism will develop actively. There are appearing the sites with ordering the Spa tours online, grows the number of asks for the Spa services at choosing the hotels.
7. There are opened first saloons with Spa treatments for animals, but likely in the next year these services will be still considered as exotics.
8. Spa for men. There is a need for such Spas and it was some attempts of opening, but no one of the men Spas got to the honor level. We keep hoping that in the next year such attempts will have more success – if the creators of Spa and the investors will borrow the experience of foreign colleagues and will define the demands and possibilities of potential target audience.

So, no matter what is the prognosis – the industry is developing.

Already the 60% potential customers know, what is the Spa and a one third of them even heard of the way of “Spa at home” (that is one of the last world trends). A great future waits for us – the future in the Spa-style.