

Global Spa Summit JOINING TOGETHER. SHAPING THE FUTURE.

Product Houses Collaboration

Pre-Summit Collaborative Problem-Solving Session

Sunday, May 17th, 2009 2:00pm – 3:30pm

La Salle Davinet, Victoria-Jungfrau Grand Hotel & Spa, Interlaken, Switzerland

Chaired by Geraldine Howard, President, Aromatherapy Associates, United Kingdom

Scribe: Benjamin Robert (Ecole hôtelière de Lausanne)

Geraldine Howard (panel leader):

Let's begin by introducing ourselves, what we do, and our top concerns. Aromatherapy Associates Ltd. is a London based company that provides products and services to Spa establishments. The main topics of interest for me during this session are training, costs (especially in times of recession), the question of exclusivity, and the collaboration with product providers.



Davide Bollati, CEO, [comfort zone], Italy

Davines [comfort zone] Group manufactures products for Spas. We are active in 40 countries and have 200 employees. I am also interested in discussing training and how to reduce distribution costs. Furthermore I think that often, investors make mistakes and companies such as mine can help in this respect. I want to know how I can make myself more heard by the Spa industry.

Krista Kiley, Spa Success Consultants, United States

I recently moved to Switzerland, was director for Spa education, and come from the product side. Am open to new opportunities.

Jacqueline Clarke, Director, Diagonal Reports, Ireland

Coming from the field of research (consumer services in the beauty and esthetics industry), I am interested in discussing training aspects, implications for product houses and new products.

Lopo Champalimaud, CEO, Wahanda, United Kingdom

I have an interest in customer decision making on what products to have.

Joerg Demuth, President, the Organic Spa, Germany

The Organic Spa specializes in organic products for Spa operations (certified organic luxury). I'd like to discuss how people from the Spa industry who do not come from cosmetics and people from the cosmetic industry can work together toward a mutual understanding. Furthermore I am interested in discussing how to understand a product (industry and customers), the problem of product certification between countries, and the topic of organic products in general. Hotel chains must set up standards for the products they buy, mainly to ensure the safety of the products they use in their treatments.

Hirokazu Iida, President, Shuei Upgrades Co., Japan

I'm looking for opportunities to sell products to the Yoga market.

Terry Stevens, Managing Director, Stevens & Associates, United Kingdom

I've written many articles on leisure and tourism, including a regular feature in Spa Business magazine and am interested in retail. Spa suppliers should be more confident in bringing new concepts to the market, but at the same time they need a certain level of standardization in manufacturing. There is a need for set criteria to be met. Buying from a central source would increase efficiency.

Mark Walton, CEO, VOYA, Ireland

As a smaller brand, I'm interested in training and retail. It seems bizarre that the degree of competition between Spas is so high; they should be working together. I'm concerned with the ethical aspect of the market.

General Discussion

The participants agree that the aim would be for product houses to work together more in the industry. Since revenue comes from treatment and retail, product houses have good insight to the numbers in spas operations, the retail sales they generate can be very different and product houses tend to see this more than operators.

Davide Bollati

Many Spas do not care about retail.

Jacqueline Clarke

There are two different sides: (1) making more money and (2) knowing how to sell the products correctly for the client.

Krista Kiley

Therapists are the people who can actually sell the products. Therefore, they must be educated on how to do so. The P&L should be shared with them in order to make it clear to them what retail brings to the company.



Geraldine Howard (session chair)

What about a product house code? Can product houses pull together since it is important for spas to understand the products they are buying?

Daide Bollati

A guideline to benchmark the high quality of products would be efficient and a great help.

Joerg Demuth

The importance lies in understanding the product. [Daide Bollati also adds and emphasizes on design]

Terry Stevens

Understanding the product house business model is most important.

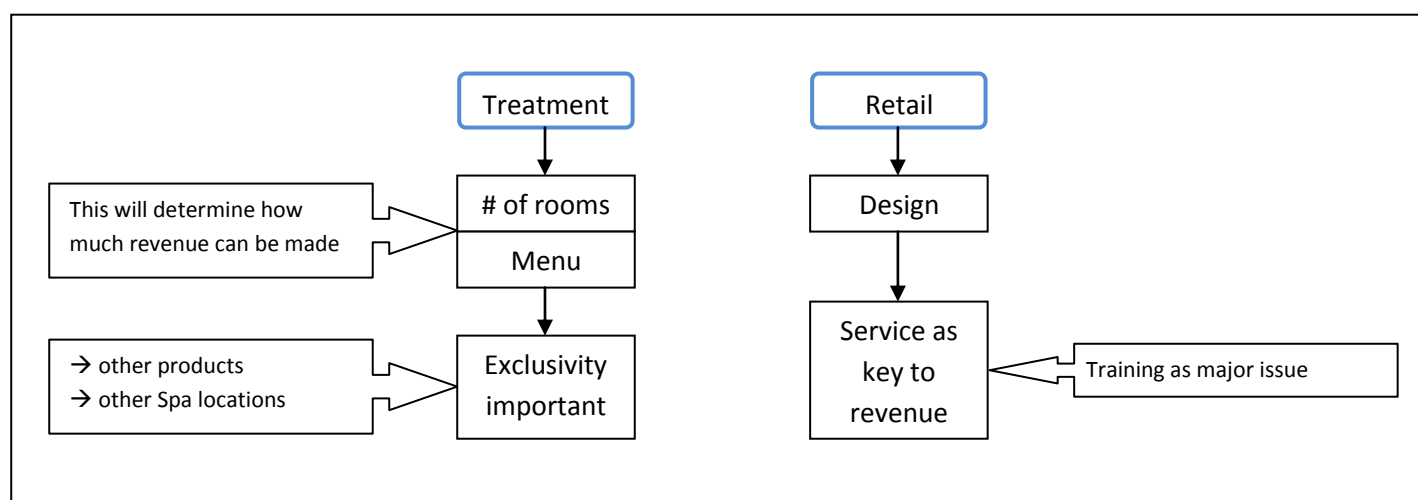


Figure 1: Treatment and retail being the two most important elements in revenue

Geraldine Howard (session chair)

There is a lot of fighting going on among certifying bodies for natural and organic products. This is a shame since customers, the spa clients and the spa operators end up confused.

Jacqueline Clarke

The Spa business is a competitive one and that may be the reason why people are not willing to share and explain their product as they fear that giving away valuable information may affect their bottom line at the end.

Geraldine Howard (session chair)

It is difficult for Spa people to have enough scientific and cosmetic understanding.

Lopo Champalimaud

I reckon that customers should receive an explanation as to why the Spa chose to use a certain product. Guidelines should be put into simple bullet points.

Joerg Demuth

Perhaps there should be a database called “cosmetic database,” where companies can sign up to be listed. Naturally this system must be neutral.

Davide Bollati

The aim would be to ensure that both the product industry and the Spa are successful.

Geraldine Howard (session chair)

Having unsafe products is a great risk to all and damages the image of the entire industry. There are too many brands on the market with inadequate testing.

Lopo Champalimaud

In order for people (who do not know the product industry) to make better decisions, guidelines must be set.



Mark Walton and Jacqueline Clarke

Manufacturers must meet standards in Europe and in the U.S. and must establish best practices. With the help of these standards, customers could be better educated as well.

Geraldine Howard (session chair)

If product houses give guidelines, spas will be better educated. These statements are

important in order to drive revenue on both sides (Davide Bollati deems essential).

Lopo Champalimaud

The product industry must agree on the guidelines before presenting them to the Spa industry. Of course safety and control systems must be in place.

Joerg Demuth

A task force could be put together and a document could be placed online, putting together all the information and ideas regarding this proposed guidelines.

Davide Bollati

The goal would be to help the Spa industry to sell the products more efficiently, as they are not doing very well at it at the moment.

Geraldine Howard (session chair)

The product houses should also look out of the box and give real input to the Spa industry to help with improving retail sales.

Terry Stevens

They [product houses] should teach the Spa staff to use retail more effectively.

Geraldine Howard (session chair)

A retailing session could be included in the next Global Spa Summit. To cover websites sales too.

Lopo Champalimaud

It will be impossible to come up with a general guideline for Spas if not all parties agree on this guideline. The Global Spa Summit could help organize this mutual agreement of the guidelines.

Geraldine Howard (session chair)

Summary: The two key points of discussion revolved around helping the industry to retail better and developing a product house code which gives spas a better understanding of the products they are offering in their spas and knowing that they are safe products to use.



The Global Spa Summit is an international organization that brings together leaders and visionaries to positively impact and shape the future of the global spa and wellness industry.