



Branded Spa vs. Non-Branded Spa. Which Gives the Best ROI?

Concurrent Breakout Session Debate

Tuesday, May 19th 2009 11:15am – 12:15pm

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

Debate Moderator: Mary Tabacchi, Professor, Cornell, United States

Branded Spa:

Mia Kyricos, Director Global Spa Brands & Programming, Starwood, United States

Jeff Matthews, President & COO, Mandara Spa, Indonesia

Non-Branded Spa:

Wolf Hengst, Former President of Worldwide Operations, Four Seasons, United States

Samir Patel, Managing Director, Six Senses Spas & Resorts, Thailand

Scribe: Medea Grimm (Ecole Hoteliere de Lausanne)

Mary Tabacchi (session moderator)

Why do hotels need a separate brand for their Spa? Or do they? Why didn't you brand your Spa Wolf?

Wolf Hengst

If you are not a branded spa, then as a hotel you have to commit to your spa at the same level of importance as to your business. If there is a commitment to make it work, and if your hotel brand allows you to position your spa at the level of quality it should be, there is no need for a separate brand.

Mary Tabacchi (session moderator)

Why bring in a Spa operator?

Wolf Hengst

Often hotels have no clue on what to do. We brought in an outside operator to help us find products, spa managers, and therapists. Growing, we found out that for some things we needed external outsources, like ESPA for example, as we did not have the resources at the velocity that development was happening. Furthermore, for an independent hotel, a Spa operator like ESPA might bring enormous value to your hotel.



Mia Kyricos

In terms of a separate brand for your spa or not, as operators, it depends on the strategy. If the hotel is known for 5 star service and/or being a spa expert (such as Four Seasons or Mandarin), there is no need for a separate brand. In our case, at Starwood, it is better to bring in a known spa brand and operator.

Mary Tabacchi (session moderator)

Does branding your Spa separately from the hotel name allow you to attract more local people and not only hotel guests?

Jeff Matthews

Spas in resorts, no. Spas in urban areas, yes.

Wolf Hengst

In the local communities there is not a huge interest in the hotel. So, the branding of a recognized spa operator (similar to a celebrity chef in the hotel restaurant) might then attract the local people.

Mary Tabacchi (session moderator)

How does the brand come into play?

Samir Patel

You build a brand of a spa through creating visibility. When you look at a hotel company creating a brand, it should either complement the brand or differentiate it.

Mary Tabacchi (session moderator)

Is the art of a brand the consistency?

Samir Patel

Spas touch the guest in emotional ways. Consistency in a high level service brand is necessary. Brand: physical, experiences, communication.

Mary Tabacchi (session moderator)

How many times do you want to travel and experience the same thing?

Samir Patel

No, what is important is to know exactly what to expect.

Mary Tabacchi (session moderator)

Do you think of your brand as consistent?

Jeff Matthews

Our strength is the consistency, the guests know what to expect and will not be disappointed.

Wolf Hengst

On the other hand, there is an issue of consistency between a spa operator and hotel. It is crucial that the spa operators understand the true philosophy of the hotel operator as nowhere else is there such a close contact as between a therapist and a guest. If the hotel has high standards and a brand philosophy, the spa operator *must* understand these. The expectations of the guest are related to the expectations they have of the hotel operator.

Samir Patel

Furthermore, guest communication and staff communication are necessary to create a consistent experience. Core values of the brand come into play even during the creation.



Mary Tabacchi (session moderator)

I could never remember all these brands as a consumer. Does the customer know, does he care?

Mia Kyricos

As a western spa guest you get a lot of information. At Starwood are we as concerned about guests remembering which brand it was? No. Do we care if the customer had a good experience and a lasting memory? Yes, we care.

Jeff Matthews

Hotels come to us because they know us and what we can bring to them.

Mary Tabacchi (session moderator)

What about the costs to develop a brand?

Mia Kyricos

It costs to develop a concept for each brand, so there are economies of scale with an external spa operator.

Mary Tabacchi (session moderator)

Why should people come knocking on your door?

Jeff Matthews

There is always ROI with us.

Susan Harmsworth, Founder & CEO, ESPA International, United Kingdom

For city center spas, an external spa operator brings more value as the hotel can achieve 50-50 hotel/external guests. A hotel with a branded spa is important to attract local customers and become a social place. Moreover, we as ESPA are more cost effective as we have global training centers, we focus on consistency, therapy standards, SOP's, and yield management.

Mary Tabacchi (session moderator)

Nevertheless, is it true that the independent hotels need a spa brand more than hotel chains need a spa brand since it brings credibility into the spa market? Could there be brand dilution?

Samir Patel

Yes certainly. Our current strategy is that it has to be an iconic property, we pick.

Wolf Hengst

Of the 72,000 spas in the world, there are not really many spa operator branded spas, so I don't think that there is brand dilution.

Mia Kyracos

A general trend is a synergetic partnership with spa operators, still controlling the spa operations as a hotel.



Closing remarks

Brand Recognition: The consumer doesn't know or is confused by spa brands within hotel/resort brands. However, branding may be important to

non hotel spa consumers. It makes good marketing sense to bring brand recognition to local or membership consumers as these consumers are the life blood for the hotel/resort spas during downturn in travel.

Perhaps more homogenous resort/hotels such as Four Seasons, Ritz-Carlton, Banyan Tree, and Six Senses do not need additional brands. These hotel/resort brands have few or no sub-brands. Whereas Starwood or Hyatt may have several hotel/resort sub-brands each appealing to a different type of consumer and spa brands need to vary to fit the various hotel/resort concept.

Spa Management Companies need to brand separately from the hotel/resort brand due to consumer loyalty to the management company concepts for example: Six Senses and Mandara.

Consensus:

Separate spa branding depends upon goals, mission, concept and number of sub-brands within the hotel chain. Panelists answer debate with "it depends."



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.