

# **Global Spa Summit** JOINING TOGETHER. SHAPING THE FUTURE.

## **Global Hotel Overview and Spa STAR Benchmarks**

### **The Contribution of Spas to Hotel Operating Performance**

General Session

Tuesday, May 19<sup>th</sup> 2009 9:00am – 9:45am

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

**Jan Freitag, VP Global Development, Smith Travel Research, United States**

**Theresa Jager, Student, the Ecole Hoteliere de Lausanne, Switzerland** [in conjunction with the Cornell School of Hotel Administration, United States]

*Scribe: Aras Erekul (Cornell)*

**Jan Freitag**

All data is included on Smith Travel Research (STR) and GSS websites as well as the USB sticks handed to you so relax and enjoy the presentation.

Every major hotel chain is a client of STR, so this data is truly strong and accurate.



Occupancy is a function of demand and supply. It's true that we have fewer people travelling this year, but we also have more rooms available, which should also be taken into consideration while assessing the occupancy figures.

Similarly, new hotels play a major role in the decrease of occupancy in the Key 15 Global Markets slide.

*Spa STAR – Smith Travel Analysis Report for Spas*

Parameters collected are deliberately kept to a minimum of nine and it won't take too much of your time, so please submit your spa's data, so that as time goes on we have a more accurate industry report.

AIG effect – people who can afford staying at luxury properties can't stay because they can't afford it from a PR perspective.

How do you manage your average rate per treatment when the curve is going down? This is the main challenge of today's spa managers.

There is a decrease in the average price per spa treatment. Two possible explanations for the change in average cost per treatment: the staycation phenomenon and a decreased number of treatments. The upward blip in December 2008 for salon utilization is the Christmas effect.

The descent in RevPAR and RevPATH will turn around. This is a cyclical industry. Our expectation is that in the second half of 2010 we will begin to start seeing an increase.



#### Theresa Jager

Occupancy in hotels with spas is lower because people don't want to pay the premium prices of these hotels. However, an increased RevPAR is also enjoyed, balancing the lower occupancy.

#### Mary Tabacchi, Professor, Cornell School of Hotel Administration, United States

Seeing a correlation between higher RevPAR and the presence of spas is nice, but it doesn't prove causality. As of today, we don't know how RevPAR becomes higher in the hotels with spas, as it is not possible from the data we collect to understand if the spas are the determining factor raising the

revenues. It may also be that luxury hotels already charge higher rates and also happen to include spa amenities by default. Hopefully in the future we will be able to collect more extensive data, enough to run multiple regression analysis to assess the true effect of spas on RevPAR.

#### From the Audience

What would really be interesting is to see if the spas are increasing average money spent per guest on various amenities.

#### Jan Freitag

Yes, our research always seems to spark more questions. But our job is to look into the data that will most readily increase your profit and make you money, with the least amount of data collection burden on you.



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.