



## **Retail Sales May 2009 Results – Sneak Peek**

Monthly Snapshot Surveys provide ISPA members with a valuable look into the state of the spa industry, spa industry trends and also help to identify the needs of spa professionals. Snapshot Surveys are conducted on the third Friday of each month, with full results provided only to respondents two weeks from the release date of the survey. Knowledge is a valuable tool and these quick surveys provide a wealth of information shared by ISPA's members.

The May 2009 Snapshot Survey requested quarterly information on retail sales performance and the value of incentives and assistance provided by resource partners. The responses provided clearly indicate that the state of the economy is impacting the management decisions for both spa and resource partner members. ISPA spa members' survey results show that 58% of day spas and 53% of resort/hotel spas experienced a reduction in the total value of their spa's retail inventory for the first quarter of 2009 compared to the same period in 2008. Even though spas are reducing inventory on hand, spas did not show a significant change in the percentage of total retail revenues when compared to the same period in 2008. Spas emphasized the importance of focusing on moving current product inventory before bringing in new lines or additional products. The reduction in inventory is resulting in smaller, more frequent orders.

Spa members also identified the most influential qualities they look for when selecting new spa treatment product(s) or retail merchandise. Training offered by vendors for service providers was the most influential quality when selecting a new spa treatment product, whereas, the product cost and retail sales potential was more important when selecting retail merchandise. Results show the economic climate is also impacting the likeliness of bringing on a new treatment product for 65% of spa members. A common theme among those impacted is the investment required to bring in a new treatment product is too costly and the uncertainty when it comes to risk and return on investment is too high.

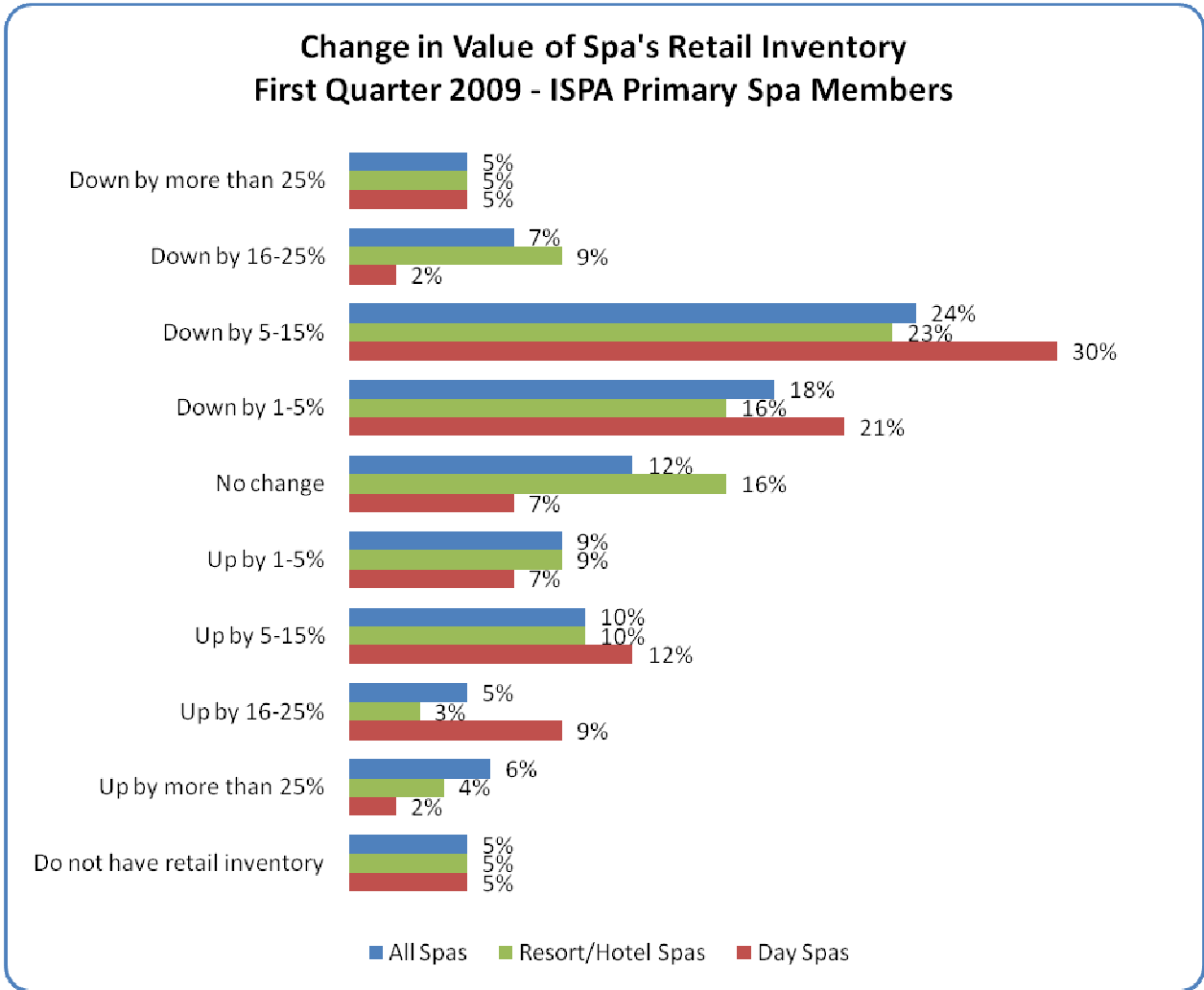
ISPA resource partners are customizing offerings and promotions to meet the needs of individual clients with 36% offering customized payment terms to their customers. By working together as a team, resource partners are assisting spas in a variety of ways including providing complimentary marketing materials, event support, product samples and staff training. Spas are seeking vendors who are willing to invest in their staff by providing educational opportunities and special incentive programs that result in increased retail sales.

The results analysis includes answers from all respondents who took the Snapshot Survey in the eight day period from Friday, May 15, 2009 to Friday, May 22, 2009. During this time, 298 ISPA members responded to the survey. Due to rounding, totals may not equal 100%.



### ISPA Spa Members

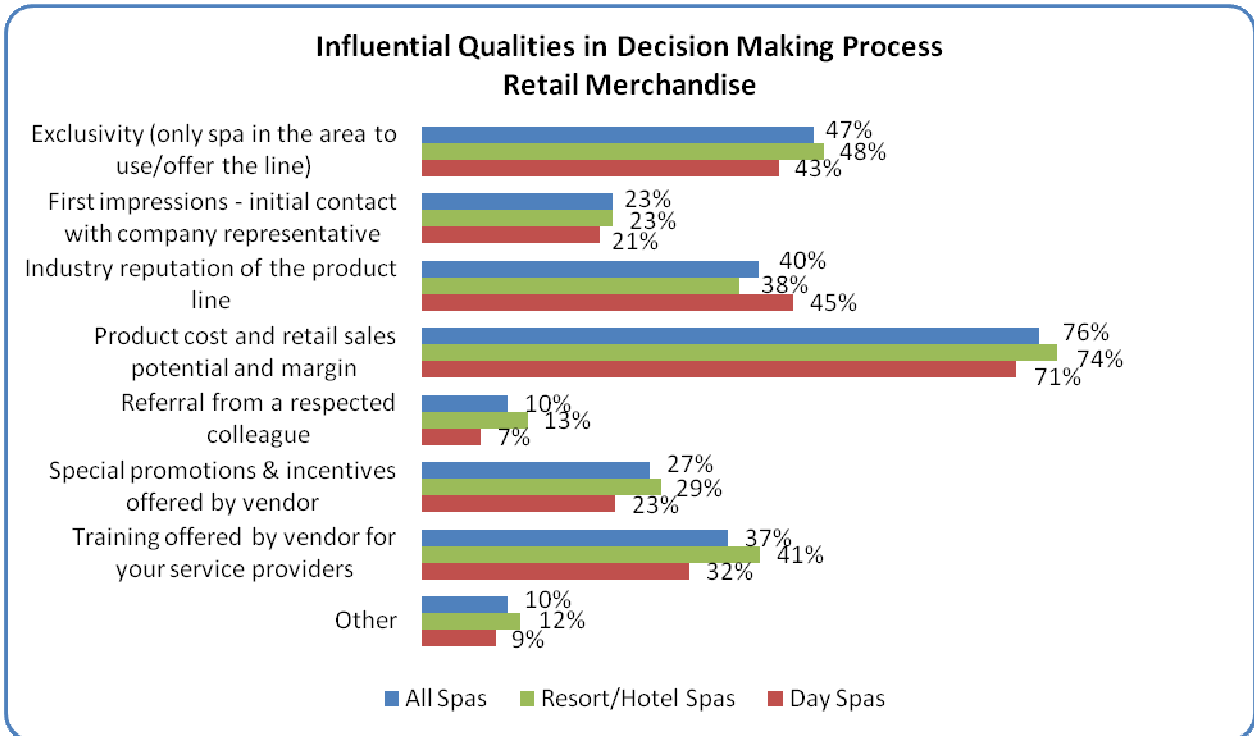
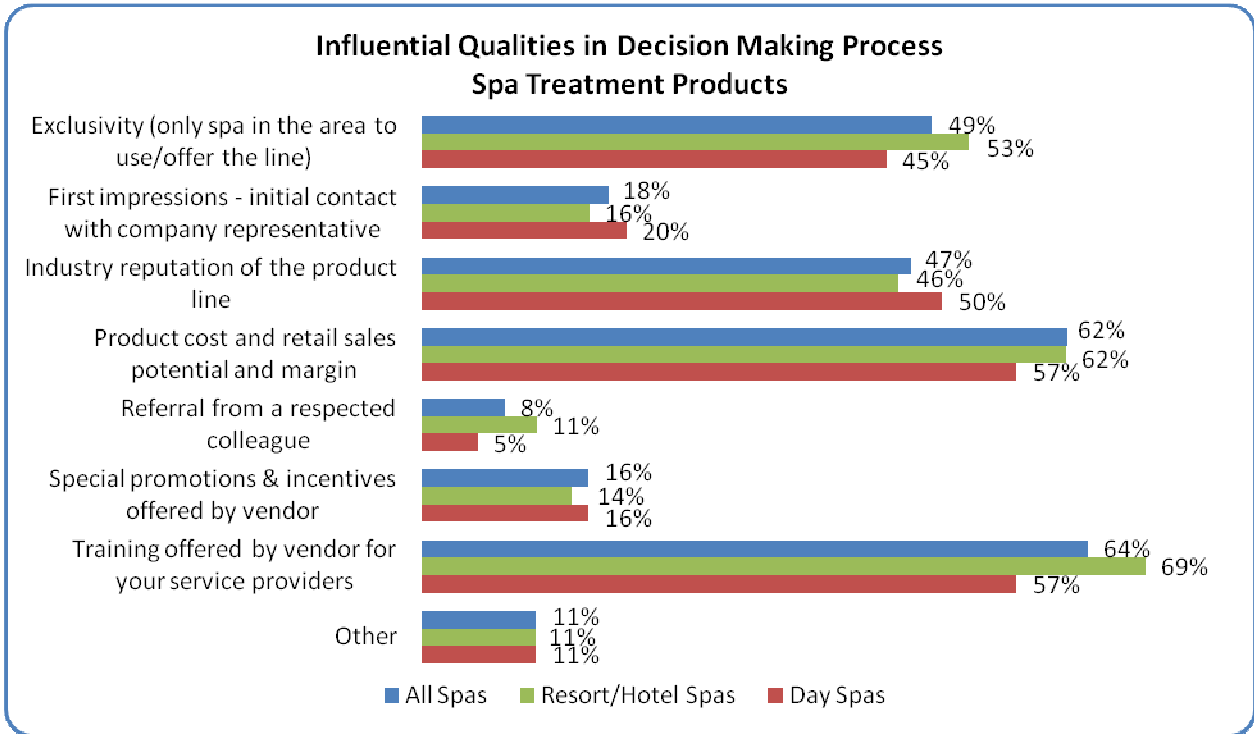
What was your change in the total dollar value of your spa's retail inventory for the first quarter of 2009 compared to the same period in 2008?



#### Top 5 Products Included in Retail Inventory (*All Spas*)

1. Skin Care Products
2. Bath and Body Products
3. Sun Care Products
4. Nail Products
5. Make-up

**Which of the following qualities are most influential in your decision-making process when selecting new treatment products and retail merchandise products for your spa? (Select up to two)**





**Respondents were asked to describe the most valuable incentive(s) or promotion(s) offered to their spa by a vendor/supplier.**

Vendors who choose to invest in their clients' staff members through training, trial products and incentives are highly valued by ISPA spa members. Spas are also looking for vendors who are willing to assist them by providing lower minimum orders, complimentary shipping with select order sizes and buy back programs. Promotions offered by vendors including providing generous samples and product testers for guests during special events are also valuable to spas. A sampling of the survey responses include:

- On-site training, education and marketing support.
- Gift with purchase.
- Volume discount offerings.
- In spa promotions including testers and samples.
- Incentives for boutique staff and providers (i.e., sell five products and the person gets one free).
- Receive a free item with the purchase of ten items.
- Lower ordering minimums, more training reviews offered, better product promotions and incentives/rewards for attaining sales goals.
- Low cost to staff so they can experience the product allowing them to know and promote it from their personal use.
- Training not just focused on their product (although that's great) but on general skills such as massage/skin care techniques, sales, understanding financials, etc.
- When vendors know how to teach the spa to merchandise and sell their products effectively.
- Free shipping with reasonably sized orders.
- Sending samples of new products (from currently established vendors that understand our market) that would sell well. We order 9 times out of 10.
- Employee incentive for sales which helps take the financial burden off of the spa.
- Although this is not a promotion or incentive, the relationship and trust that is built between the vendor and buyer is the most important to us.
- No minimum order value and free shipping.
- Cash and Visa gift cards for the staff.
- Buy one get one free on promotional product, free shipping and 20 percent off purchases of a specific amount.
- The option to return merchandise that does not sell well for credit towards something new.
- Free products for special events to hand out to guests or press.
- Contest for employees that included a trip. We went from selling \$2,000 to \$8,000 in this particular line. The contest ran for one quarter last year and we have maintained this increase ever since.
- We have a wonderful incentive for product sales. If an employee sells \$300 in product for the month she gets a full-size product of her choice provided by our skin care sales representative.
- Educational trips for service providers and cooperative advertising and promotions.
- Participate in cost of printing brochures.
- Volume discount buying. Also, including a complimentary product with purchase.
- Willingness to supply free gift or large samples for various retail promotions.
- The complete package: training, team relationship and interest in the team, achievable goals, motivation, consistency and follow-up. End result being increased sales and cash or product rewards for the team.
- Referral program, by sending clients to our facility who have reached out to them for product information.
- Free shipping allows us to buy less more often and to be able to stock newer products and carry more SKUs in a line.
- Special pricing for employees to buy directly from vendors.
- We get deals when purchasing quantities of 6 or 12 on a regular basis, redeemable points for every purchase, and each month there is a featured promotion or deal. The promotions are timely, which is important. They are enticing to what I and my clients need at the time (i.e., Shave promotion for Father's Day).

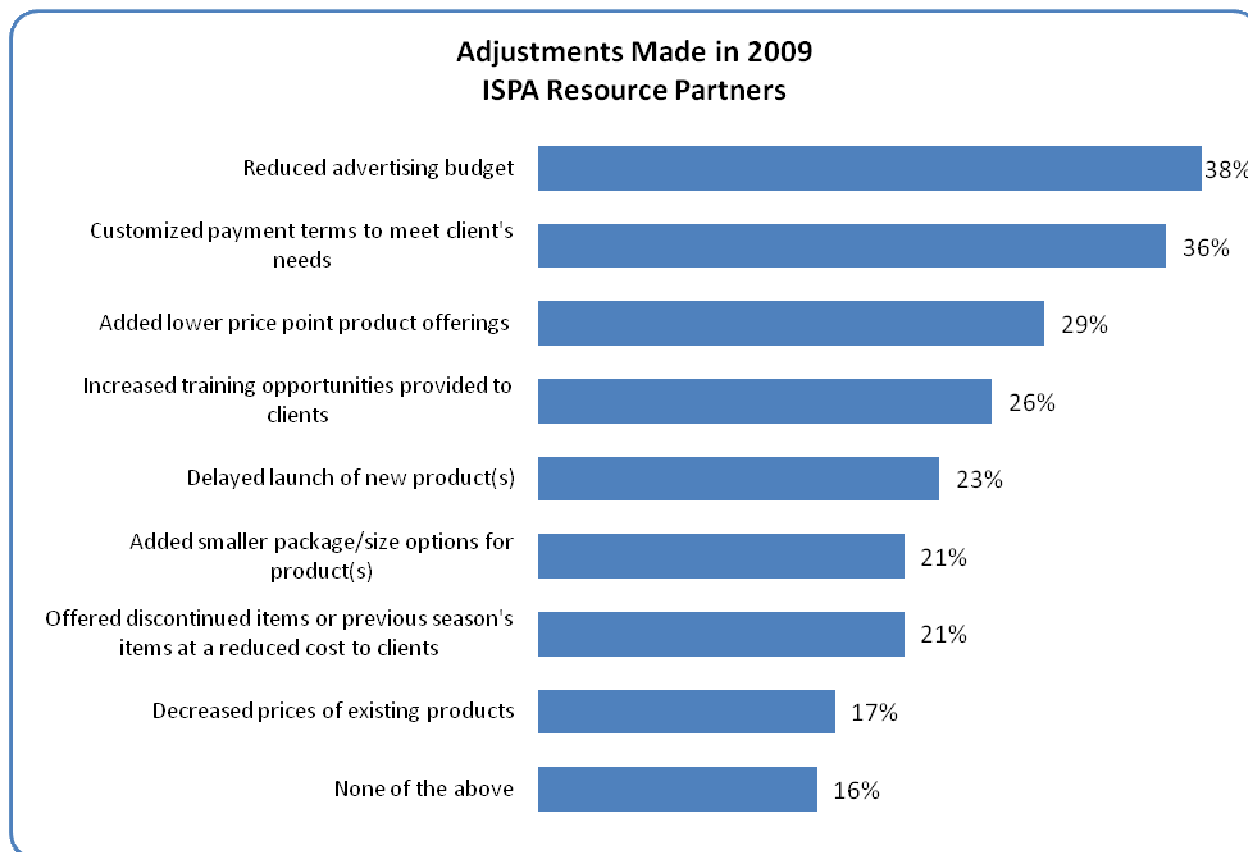


- One of our bath and body lines traded out their winter fragranced product for spring/summer products, very helpful in moving product.
- Replacement for products that are returned.
- Quality product at a good price point per treatment.
- Training for the staff on products is the most valuable way to get the staff excited about the products, and then following that with a sales incentive the following month to continue their efforts.
- Special events held by vendors where they give out free products to those who come to the events.
- Offered six products within a line to the employee who sold the most of their line and sales of the line tripled.
- Vendor representative is present at every team meeting and provides an update on their products. She also does an educational product knowledge class one domain per quarter.
- Special attention paid to our account.
- We love it when the vendor spends the day in the spa offering free services or a free gift with purchase to our guests. It really boosts sales for and enthusiasm from the employees.
- Most valuable incentive would be one that recognizes the total sold by an individual associate and provides a percentage in which the associate can achieve personal product.



### ISPA Resource Partners

As a result of the economy, which of the following adjustments has your company made in 2009? (Select all that apply)



**ISPA resource partners were asked to identify their most popular retail product based on total sales to share with ISPA members. Below are the products identified by the respondents:**

- Abrione Cell Enhancer Hydrogel Moisturizer
- Academie Scientifique de Beaute
- Akhassa Retreat Travel Indulgence Kit Kinara Lactic Acid Hydrating Serum
- Aromatherapist Training by IFA
- AV2 Professional detox system and AV3 Freedom
- Aveda lipsticks
- BABOR HSR cream (High Skin Refiner Cream)
- Bissinger's Chocolatier
- Calme Essentials Collagen Mask
- Caviar Moisture Shampoo
- CND (Creative Nail Design) Solar Oil
- Comfort Zone
- Dewi Sri Spa by Martha Tilaar
- Dr. Alkaitis Organic Day Cream
- Dr. Spiller's Vitamin C-Plus Day Cream



- Er'go Enlighten Collection with Exhale (top scent: Monkey Grass) & Er'go Premium Fragrance Soy Candles in the Solo Collection (top scent: Mineral Spring)
- ESPA Pink Hair and Scalp Mud
- Frou Frou Living robes
- Head Organics Leave-In Conditioner
- Headache Relief treatments & Headache Relief inhaler.
- Hydrooptimale Cream 50ML
- ilike organic skin care St. John's Wort Eye Contour Cream
- Kantic Lights Off calming evening cream
- Kraft paper shopping bags
- Lip Balm from Ballmania
- Love Me Baby Me products
- Marina Cosmetics Sea Perfected Lipstick
- MD Skin Care - Alpha Beta Daily Face Peel 60 applications
- Microplane Foot File
- Millennium SpaSalon Software
- Minnie Jeanne boxed canyon tote midrise color: gold digger
- Naturapathica Sunscreen SPF 25
- Omega Radiance
- Opus Belle De-Age & Re-Lift Cream
- Osea Ocean Cleanser & Osea Essential Hydrating Oil
- Placecol Advanced Facial Range, Platinum Optimal Aging Range & Renaissance Range
- Precor 956 Treadmill
- PRIORI Advanced AHA Smoothing Eye Serum
- PURE SKIN CARE and Custom Formulated Product Lines
- Revitalash
- Rinato Clean Touch Pedicure Spa
- Salt of the Earth's Whipped Body Creme
- Sapothecary 3.5 ounce Retail Soap
- Satin Serenity Pillowcase
- Seaflora wild organic skincare
- Shankara Inc. Microcrystal Exfoliation Treatment
- Sisley Sisleya Eye and Lip Contour Cream
- SOS Massage Complement- Recover Acute
- Spa Cells® facial sponge
- Spa Long tunic
- JAMU Asian Spa Rituals Spa Travelers & Bath Bags
- St. Tropez Self Tan Bronzing Mousse
- Susan Posnick ColorFlo Mineral Foundation
- Swissclinical Day Cream - SPF 15
- TARA Herbal Ease Neck Pillow
- The Epicuren Discovery Protein Mist Enzyme Activated Toner
- The new nueLash product
- Timexpert with Microdermoxine Eye and Lip Contour Pack
- VOYA Organic Seaweed Line
- Yon-Ka Masque No.1
- Zendals robes/slippers and throws