

MOONTIDE CONSULTING

WHY CORONAVIRUS SHOULD IMPACT THE WAY

**SPAS DO
BUSINESS**

A 4-PART BLOG SERIES BY LINDA HARDING-BOND

Why Coronavirus Should Impact the Way Spas Do Business - Part One



"Introspection is always retrospection." – Jean-Paul Sartre

In the past several weeks the world has been hit with a pandemic, the magnitude of which has not been experienced before in our lifetime. Coronavirus (COVID-19) is causing financial strife across most industries and currently, there is no end in sight.

Particularly hard hit has been the global spa and hospitality industry. According to Chip Rodgers, President at the American Hotel and Lodging Association,

Overall, the hotel industry expects 4 million jobs to be lost even if occupancy rates climb up to 30 or 35 percent by the end of the year.

A projected \$355 billion decline in travel spending — transportation, lodging, retail, attractions, and restaurants will deliver an \$809 million hit to the U.S. economy and cost 4.6 million travel-related jobs, says the U.S. Travel Association.

The global spa industry is reeling and coming to a grinding halt. Consumers are canceling trips. Wellness travel plans are being postponed. Local government regulations are closing non-essential businesses. And even if spas remain open, social distancing, guest fears of picking up the virus, and the safety of team workers mean the ability to generate revenue is nearly zero.

How long can your spa survive given these realities?



Global spas are part of a powerful eco-system

Global spas are at the center of an eco-system that includes Consumers, the Travel Industry, Media and Public Relations, Government, Shareholders, and internal Team Members and Staff. The best strategies will factor each of these elements into the mission and goals of the spa.

Rupert Schmid, Co-CEO of **Biologique Recherche** stated-

"Big exogenous shocks and personal illnesses lend themselves to personal reflection and deep introspection. Being exposed to fragility often leads to more empathy, to a greater ability to co-operate and to understand the need of others".

When this is all over, said Rupert, we'll be more aware of three things: (1) the need to co-operate, (2) the necessity to substitute faceless consumerism with human interaction and (3) the fact that things can go wrong very fast.

Jeremy McCarthy, Group Director of Spa & Wellness at **Mandarin Oriental Hotel Group** shared an insightful piece on "Practical Optimism for Difficult Times". This means accepting the difficult reality, while simultaneously imagining how things can get better. It's a great perspective.

I spoke with an award-winning spa in America that continues to thrive even during the coronavirus crisis. Their secret sauce?

E-commerce is currently their primary revenue stream. In the first two weeks after coronavirus hit the US, their online product sales tripled. Gift certificate sales remain robust although unlike in the past they are designated for products rather than services.

This means staff will be compensated during this forced layoff. The spa continues to

engage daily with clients and fans primarily on Instagram, posting pictures of their activities at home and how they're filling their free time trying new skin and body treatments. The spa optimistically began accepting bookings this week beginning March 27. They are already booked 30 days in advance.

Another top-flight spa is also expanding its online game. They are providing complimentary virtual consultations and virtual facials. To help boost conversions the spa is providing free shipping on all of their products.

There are some critical questions C-suite executives and global spa managers should be answering during this downtime. These include:

"How do we get to the level of this spa from where we are now?"

"How can we expand our reach to new generations of travelers?"

"What are we doing to make internal improvements in our systems and processes so that we can operate more efficiently and profitably?"

At Moontide Consulting [we've been discussing these ideas for years](#) with some of the top spas in the world.

In Part Two of this 4-part blog series, we will discuss the importance of engagement. This means connecting and communicating with guests, therapists, and management to create a crisis-resistant revenue stream.

Be sure to contact us directly by joining our mailing list or send us an email to schedule a complimentary discussion about your unique situation.

Why Coronavirus Should Impact the Way Spas Do Business - Part Two

Engagement, Energy, and E-Commerce

"Change is inevitable. Growth is optional."

- John C. Maxwell

Right now most countries in the Western Hemisphere have not reached the peak of the coronavirus pandemic. We have no idea of what's to come. What we know is that directly or indirectly most areas of business will be impacted. Nothing will be as it was before. Smart companies will look ahead and talk about a future that includes diversification, introducing new products, and discovering new markets.

Traditionally, spas operated as a treatment center with retail sales as an afterthought, almost a side hustle. Despite that profit model having a litany of challenges and flaws, it has never really evolved for a variety of reasons. Most common is that senior management did not want to invest money into areas of therapist development for which they could not foresee immediate results.

The anomalous spas which operated differently by focusing on staff training, customer engagement, and retail sales have been considered oddities. Despite in many cases, their overwhelming financial success - there is little evidence of senior managers adopting the modus operandi of these successful spas to their own operations.

A Management Mindset of Positivity

In my experiences of working with top-earning spas, the owners or senior executives tend to have a different outlook on the services they're providing.

They recognize that "energy work" is not just a term that is widely used in the spa industry but something real.

Spa may be a business but it is run by and for human beings. By creating an organization focused upon the application of "positive energy through engagement" at all touchpoints, momentum is created that even a crisis like the COVID-19 pandemic can't completely upend.

This means [examining the customer experience](#) – internal and external - from all angles and being committed to delivering the finest service possible. This can only be achieved through some form of training. Staff is not born with this knowledge. Therefore it is a justifiable investment.

But another action that has an immeasurable impact is their own willingness to model the behaviors that they wish to see from their employees. It may mean making more frequent appearances. Not just materializing during the holidays or if

some grave operational error has occurred. They acknowledge their employees whenever they see them. Customer service guru, [Dr. Bryan Williams](#) calls it the **10 feet / 4 feet rule**.

"Basically, if a customer is within 10 feet of you, give eye contact, smile, (at the very least, acknowledge that the customer is alive!). If you are within 4 feet, then you initiate dialogue."

In the top spa executive's organizations, spa managers cannot sequester in their offices all day. They must be out on the floor engaging with guests and staff.

A Staff Mindset of Full Service

In [Part 1](#) of this series, we talked about a well-known award-winning spa in the US. Throughout the coronavirus pandemic, the owner and staff remain highly engaged with clients on Facebook and Instagram. The good news is that the entire staff continues to receive pay, largely generated from e-commerce.

In an industry where the majority of spa managers have been challenged by the resistance of their staff to sell retail, these therapists average 35% and higher retail sales to service.

What they are crystal clear about is that they are not salespeople. They see themselves as platinum level service providers and educators. Home-care is simply an organic extension of their service.

The result of this group-think is reflected in their sales earnings and future bookings. Having "trained" their guests into the need for home-care, a solid foundation had already been laid.

At the onset of the pandemic, transitioning to e-commerce was a no-brainer. Product sales tripled.

The big question is: *"How do you get to the level of this spa from where you are today?"*

Let me give you a clue because you may be tempted to go this route. Simply setting up an e-commerce site is not the answer. Groundwork has to occur first. Let's work backward. Ask yourself these nine questions:

1. Where is your e-mail list of guests, how many are on it?
2. When was the last time they received a positive message from your spa?
3. What steps have you taken to build relationships with your guests in the past? How?
4. What type of engagement and sales training have your therapists received?
5. How are you monitoring your spa to ensure a quality guest experience? How frequently?
6. How are you acknowledging outstanding therapists or management performance? How often?
7. What steps do you take to address nominal or apathetic performance?
8. Robust retail sales are a result of high engagement. Is it built into your

evaluation process?

9. How many social media outlets is your spa engaged? How many followers do you have?

I have helped guide many world-class spa clients through this internal and external examination of their [retail sales process](#). For senior management, the benefits include a fresh approach to retail sales that factors in the psychological orientation of staff. The return on investment is measurable and dramatic.

In the wake of the coronavirus pandemic, you must consider a new business model for your spa.

Perhaps a Retail Center with an [e-commerce backend](#) integrated with spa treatments is ultimately the safest most profitable idea. Your therapists will need to be highly engaged and trained to make this model work. Senior management must also buy-in to creating this specialized spa ecosystem.

In closing, spa e-commerce does not happen in a vacuum. It results from strategic leadership and vision at the top of the spa. This results in optimizing the client journey for retail sales. From the initial touchpoint of online search, social media or wellness tourism to foot traffic and customer bookings there is tremendous potential. The end result is helping the client through holistic marketing which drives increased sales of compelling products.

The bottom line is that for any spa in the world new opportunities exist. The coronavirus pandemic presents a time for your brand to level up. Are you willing to tune in and meet the needs of your customers that will have the greatest impact on sales and loyalty?

Drop me a line. We'll go further into e-commerce in Part 3.

Why Coronavirus Should Impact the Way Spas Do Business - Part Three

Why 1000's of Global Spa Executives Can't Sleep at Night Since COVID-19

Wouldn't it be great if things were back to normal in the global spa industry? Instead, wellness travel is terminated for the foreseeable future. Routine facials are finished.

And the deep tissue or relaxing massage is out. In many countries, government mandates require spas to close.

COVID-19 has wreaked havoc across hospitality for the past month.

It's a familiar story.

Only 11 percent of hotel spas and 14 percent of resort spas give clients the ability to purchase products online. Day spas are leading the pack when it comes to e-commerce sales at 56%. This is more than three times the percentage of hotel and resort spas.

These numbers were crunched before the coronavirus pandemic happened.

News flash... Global Spa Executives Can't Sleep

How can a spa or resort property expect to increase revenue, grow market share or build relationships when clients are afraid to book an appointment?



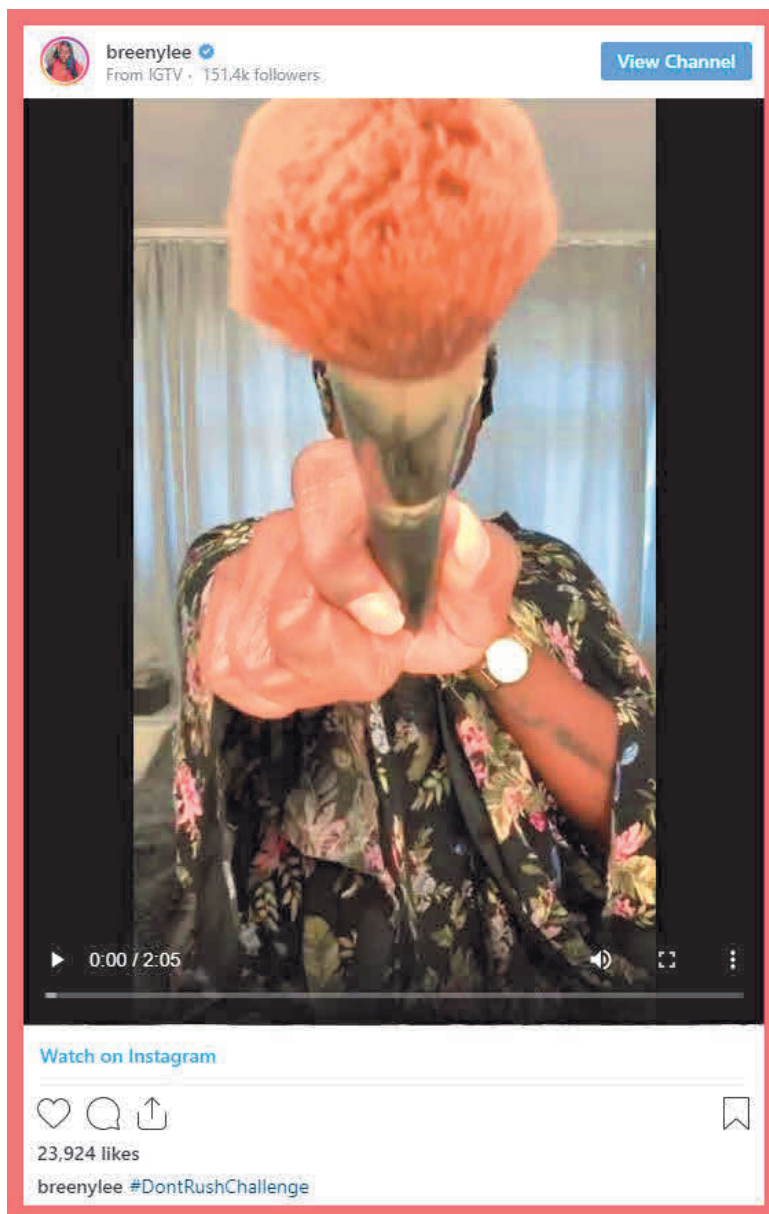
Spa Management, Therapists and Guests are connected to a broader ecosystem

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LEADERSHIP CHALLENGE

From fun dances to beauty hacks and makeovers challenges are hugely popular online. Twitter, Instagram and the fast-growing app TikTok are powerful platforms for spreading hits to millions of people worldwide. The latest craze is the #DontRush challenge.

The idea is to go "from bummy to baddie" with a wave of a makeup brush. Just a "poof" and the participant transforms in the comfort of their home. The before and after is instantly shared with anyone watching.



The #DontRush Challenge is reaching millions across social media

For C-suite executives, the challenge is to show your leadership skills. Do your actions instill confidence with stakeholders? What is happening to your relationship with spa therapists, customers, and local governments? What message are you sharing with the public?

Let's dig a little deeper

In some spas, C-suite is focused on the current crisis with a mindset of growth and opportunity. A second group is driven by fear. The third set is operating on hope that things will just "return to normal".

Meanwhile, **#WorkFromHome**, **#StayAtHome**, and **#FlattenTheCurve** are trending all over social media. The decline in the global tourism market alone should command the attention of every C-Suite executive. These are difficult times.

No one can predict with 100% accuracy what direction the health and wellness market will embrace.

There are many multi-billion-dollar categories including wellness tourism, the "sleep market", and CBD and cannabis. Where we can agree is that spa customers and colleagues will have to adjust to a new normal in hospitality on the other side of coronavirus.

The spas that recover from this economic apocalypse will sell products outside of the cushy confines of their physical properties.

It is crucial to pivot to e-commerce, social media and digital marketing.

JOIN THE 10% CLUB

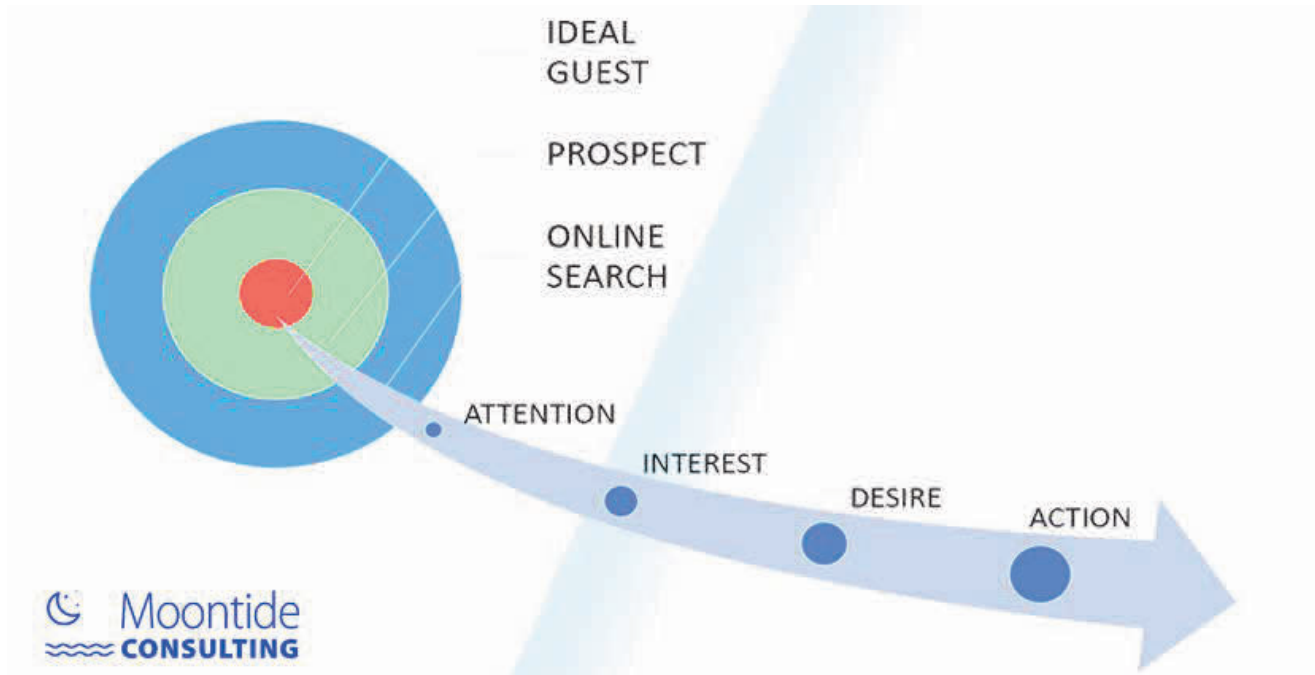
Since only 10 percent of spas are selling beyond their property there is a significant opportunity for senior managers to increase revenues with the right e-commerce strategies.

I have seen spa C-suite executives bathe in the luxury of not having to pursue the retail sales effort. It contributes less than 2 percent of our overall revenue. Fair enough but why is this allowed to continue? The profit margins on retail product sales exceed that of spa services including massage and facial.

In Part 1 of our series, Linda shared how [online retail sales are allowing some spas to continue](#) to retain and pay their staff even during this pandemic. Is it possible to expand the world of spa and wellness while ignoring the e-commerce opportunity? Not likely.

First off does your spa have an online store? If not this should be a centerpiece for your pivot on the other side of the coronavirus. The good news is you can get busy on this now while the hotel business is slow and your spa is closed.

What if you were able to optimize your online spa and brand presence? No pressure there!



Find your Ideal Guest online with search and move them from Attention to Action with content

The simple truth is an online store is a 24-hour sales machine that can drive revenue while you sleep. Why not give your clients the ability to log into your site to purchase products, gift cards, services or special promotion packages you create?

CUSTOMERS WANT INFO AT THEIR FINGERTIPS

But now you may be wondering...

How much trend analysis have we done and what content have we created based on the results?

I find often world-class spas do not think of their target audience first in developing a digital strategy.

So here we go. Help people get to know, like and trust your spa even while occupancy rates are down 60% at the hotel. Your role is to identify prospects early in the customer journey and lead them to your website to make a purchase.

For example, if prospective clients search for "best massage in Dubai" or "top facial in Singapore" does your property show on the first page? Before we go any further do some research and determine what skincare, home care or relaxation questions people are asking today.

[Gwyneth Paltrow's Goop](#) does an amazing job with keyword research and it drives the \$250 million lifestyle brand. [Consider keywords like MDMA have a](#)

search volume of 450,000 per month. These topics turn into wellness challenges and some are featured in The Goop Lab on Netflix.

Here's what we know. People are searching online before buying a product. They may want to know about the ingredients, the safety or the product's ability to create the desired result. How can you educate them while they are isolated at home?

Now for some secret sauce. **What complaints do they have about their current product line or skincare regimen?** How can you deliver this information even while your salon is closed?

Create a video series. Offer online consultations. Record answers to Frequently Asked Questions (FAQ section). Engage and bring value that demonstrates your willingness to help.

It all boils down to this. Providing answers allows you to continue to build relationships with your customers and perhaps attract new clients with similar interests.

But first a warning.

Mobile friendly is required. More than 60% of web-search and traffic is happening on the mobile device. Google now indexes "mobile-first". Many spas boast fabulous looking websites with incredible images and video. But is the site optimized for mobile? Make sure the text is not too small or the images so big that your site is penalized and does not show in the Google search results.

Fact is for **resort/hotel, destination, and day spas** this may be the key to retaining your clients and spa therapists.

Make sure you communicate with your existing clients. This can be done with email, social media, or even phone calls. Let them know we're all in this together. Provide the personal touch that separates your brand and highlights service.



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Don't wait until a crisis happens to communicate with your customers

This is how you go beyond being a trinket seller and commodity-based business that only competes on providing the cheapest price.

NEW COMPETITION IS EMERGING

It's simple. Spa is all about people. **When is your team available to show their expertise on social media by consulting or answering questions?** Where does your website integrate with social and e-commerce? How secure is the information?

Now here's the next step and this is important. The spa environment will never be the same after COVID-19 but this could be a good thing. The key is to survive and thrive in the long run.

If you need some guidance please [contact us to book a strategy session](#) and determine if e-commerce can work for your specific situation. Right now is the time to take action.

ABOUT THE AUTHOR: NORM BOND shows people how to use digital marketing tools to find customers, grow sales and increase profits. He currently splits his time between Bangkok, Thailand and the U.S. He is available for consulting and speaking.

Why Coronavirus Should Impact the Way Spas Do Business - Part Four

If You Want Spa Customers Back Put Yourself In Their Slippers

(NOTE: This post is the last in our 4-part series on “**Why Coronavirus Should Impact the Way Spas Do Business**”)

In [Part One](#) of the series, we examined the projected 4.6 million job loss in the hospitality industry. Travel spending is also expected to decline to the tune of \$355 billion dollars.

Global spas are at the center of an eco-system that includes Consumers, the Travel Industry, Media and Public Relations, Government, Shareholders, and internal Team Members and Staff. The best strategies will factor each of these elements into the mission and goals of the spa.

Additionally, spas that understand the importance and necessity to substitute faceless consumerism with human interaction will be the winners and elevate them above the others.



Global spas are part of a powerful eco-system

In [Part Two](#) of the series, we discussed **engagement** and the impact of coronavirus on traditional spa models. Ironically the services once thought to make a spa virtually recession-proof, massage, facial, and nails have become its' downfall due to social distancing. However, the spas that focused on retail product sales combined with an online component have managed to stay afloat and in some situations thrive.

[Part Three](#) of the series focused on **leadership** and **social media**. We looked at how one group of C-Suite is focused on the current crisis with a mindset of growth and opportunity. A second group is driven by fear. The third set is operating on hope that things will just “return to normal”.



Managers hoping spa business will simply return to normal

Trending hashtags like #StayAtHome and #FlattenTheCurve demand a pivot to e-commerce, social media, and digital marketing. Surprisingly, in this age of online commerce, only 11 percent of hotel spas and 14 percent of resort spas give guests the ability to purchase products online.

In the absence of economic stability, a tremendous opportunity exists to create a new revenue stream. A strategy must be developed for long-term recovery.

Today's burning question is, "Why should guests want to return to your spa?"

It is painfully clear that the old spa model is not the most profitable or stable. Senior management has shared their thoughts and most are aware of a new normal which demands changes to current operations. No one knows what the future will bring.



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Don't wait until a crisis happens to communicate with your customers

I believe that a good starting place is to put yourself in the spa customer's slippers. Ask yourself:

- *What will they require to feel safe and relaxed at my spa?*
- *How are they needing to change their life post-coronavirus?*
- *What activities can we offer to promote their emotional, physical, psychological, and spiritual well-being?*

Despite massive industry growth, most spas were still operating under the 80/20 rule. [Retail training](#) proved repeatedly that 20% of staff were delivering 80% of a high-quality, customer experience.

Active demonstration of emotional intelligence was surprisingly absent even at high-end spas. This standard should no longer be acceptable if you expect to thrive.

Should you consider adding an in-home massage service? Do guests even need to come to your spa for treatments and products? Can that be handled with an [online component](#)?

COVID-19 has caused a paradigm shift; too much spa supply and not enough demand.

Time is no longer a commodity - it is a precious gift. Customers will be more discerning and less tolerant of mediocrity and robotic service.

The competition will be at its highest for customer dollars but not necessarily with other spas. Many customers have used social distancing as an opportunity to learn self-care. They've discovered that spa equipment, is available at online [wellness sites](#). They've learned to do their own services at a much cheaper cost and no health risk.

Savvy spas that have used this time to strengthen customer relationships by providing on-line tutorials, seminars, tips, and social media interactions will have a waiting audience who has not forgotten them. They will be able to hit the ground running when they reopen. In the best cases, some are already booked months in advance, having sold gift cards during the hiatus.

The good news is that human touch is a basic need. People need human interaction. Loneliness, especially in the time of COVID-19, is more rampant than ever. The spa industry is perfectly positioned to use this opportunity to pivot and apply its considerable skills and knowledge to help the world heal and reconnect.

We hope you have enjoyed this four-part series. Please send us an email to schedule a complimentary discussion about your unique situation.