

## MARKETING STRATEGIES ADOPTED BY THE STAND-ALONE SPAS IN PUNE

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### Abstract-

The word "spa" creates images of long days filled with mud baths and meditation classes, exquisitely prepared spa cuisine offered in serene environments with the most exquisite aroma filled spaces. But spas seem to be everywhere: office buildings, strip malls, village storefronts. Salons with one tiny massage table advertise themselves as spas. How can they all be spas? Though the Egyptians and Romans have reiterated the benefits of spas, Ayurveda has also brought to the fore front the benefits of the messages and the various therapies that help relieve one from simple pains to complicated medical conditions. The stressful lives that people live nowadays has re-livened the necessity for such remedies that are long lasting and effective. The researcher has tried to identify the various strategies used by spas in order to reach out to their customers. The research attempts to look for the most commonly used promotional activities that are enjoyed by the customers and the spa management alike. Spas are here to stay and the slow rise of the customer base has shown that quality of therapy(Service), hygiene (Place) and trained staff (Process and Physical evidence) are the most important issues for customers while the management is in a constant bid to rediscover different needs of consumers and custom create therapies to address them. This constant creativity often takes the focus away from the basic marketing mix of Product/ Service, Place, Physical Evidence and Process, which then affects the quality of service. Thus spas need to balance their research on customer requirements with the physical delivery of the quality services to their end consumers.

**Key words:** Ayurveda, Massage, Therapy, Marketing Strategy, Physical Evidence, Process, Service, Marketing Mix.

### Introduction

The word "spa" conjures up images of long days filled with mud baths and meditation classes, exquisitely prepared spa cuisine, and fragrant eucalyptus groves. But spas seem to be everywhere: office buildings, strip malls, village storefronts. Salons with one tiny massage table tout their spa services. How can they all be spas? The concept of spas is very ancient. It was what gave Cleopatra her unparalleled beauty. Roman and Egyptians were one of the early civilizations that recognized the importance and benefits of Spas. The fast-track lives of today that have stemmed from the economic development of the society has brought with it many a disease of the mind and body. Ayurveda has also brought to the fore front the benefits of the messages and the various therapies that help relieve one from simple pains to complicated medical conditions. The stressful lives that people live nowadays has re-livened the necessity for such remedies that are long lasting and effective. Seen as a non-invasive remedy, Spa therapies have slowly made their way into the beauty regime of many. Not only women, but men have been actively utilizing these methods to rejuvenate and revitalize their lives. Spas have taken different forms like destination spas, day spas etc. However their basic focus is to revitalize the mind and body by offering a quiet serene environment in the middle of chaotic lifestyles of their customers.

### Objectives:

1. To identify the marketing strategies used by the spas

2. To understand the customer expectations during service delivery
3. To identify the most profitable and customer oriented marketing strategy currently in use.

**Research methodology:**

The methodology includes explanation of the approach taken to find out the marketing strategies being adopted by spas, instruments required to collect data and to analyze the data.

**Approach:**

A quantitative approach is used in order to accomplish the aims of this study. It would help in collecting the data, which is required to analyze the correction trends and accomplish the aims.

In addition, the quantitative approach would help the researcher to examine the factors objectively. This approach would also help the researcher to make use of some instruments in order to gather the required information.

**Sample Size:** It was administered to 08 Spas and 25 customers from all age group and types of clientele in order to extract quality data.

**Data collection:** A Questionnaire was used as a research tool for collecting data. The present paper is predominantly based on primary data

**Data analysis:** The data collected was analyzed by way of percentile representation of the results of the questionnaire. The result is presented here by way of pie charts.

**Scope of research**

The scope of this research is restricted to examine marketing strategies used in 08 located in various parts of Pune city. It focuses on investigating and exploring the most preferred ones and whether it reflects the customer

**Literature Review**

Medical, wellness and health tourism are three segments that have seen growth of varying levels across countries of the world. Spas form an integral part of the wellness tourism industry. The definition of wellness tourism as per Global Spa Summit is: Wellness Tourism involves people who travel to a different place to proactively pursue activities that maintain or enhance their personal health and wellbeing, and who are seeking unique, authentic or location-based experiences/therapies not available at home. As per Global Spa & Wellness Summit and SRI International report, there is an upward movement in growth of the global spa industry. It has grown from USD 60 billion in 2007 to an estimated USD 73 billion in 2012. Asia has fast-growing markets with revenues increasing at the rate of 20 per cent annually.

SRI International has estimated that 22 per cent increase has taken place in the total number of spas across the world from 71,600 in 2007 to 87,000 plus in 2012.

Success and growth of global spa industry is also a reflection of fast-growing spa markets in developing nations. India has been one of the major countries in the world offering wellness tourism — given its rich traditions of Ayurveda, meditation, yoga and other spiritual and healing practices. As per the ministry of tourism, department of AYUSHI and NABH2, wellness centres include spas, ayurveda centres, yoga and naturopathy centres, fitness centres, and skin care centres, etc. Accreditation of wellness centres is under NABH as per quality standards defined for evaluation. The ministry of tourism has also devised incentives for accredited wellness centres and ayurveda hospitals to promote this segment. As per Spa Association of India (SAI), there are over 2,300 spas in the country generating revenues of about USD 400 million per annum. A double-digit growth rate is estimated in the wellness industry over the next five years, with sectors like spa and beauty treatments, forecasted to grow at 35 to 40 per cent. About 30 per cent growth in the inventory of spas is expected over the coming 2 — 5 years. The factors driving the surge in spas in India are growing annual disposable incomes, increasing health awareness and high potential of good returns on investment for existing as well as new entrants. Given India's strong ayurvedic and yoga

background, the country receives increased attention from foreign travellers for wellness treatments. India's spa industry is witnessing increase in demand of the indigenous spa facilities which have modern designs and a combination of western and traditional therapies. Currently, India has roughly 20 — 25 major spa centres, majority of them being in South India, the main states being Kerala and Karnataka. Kerala is considered to be the centre of ayurveda and wellness tourism with many other states witnessing growth due to investment in services, products and promotions. Kerala is already offering destination spa packages all year round. However, the world's top spa destination namely Ananda Spa — Ananda in the Himalayas is located in North India in Uttaranchal as per ranking given by the Conde Nast Traveller Readers Spa Awards of 2012. Although, destination spa is an even smaller market as compared to day spas and resort spas, however, it does direct in innovation in providing an inclusive mind-body-spirit experience. Globally, destination spas comprise only two per cent of the total number of spas but contribute about 13 per cent of the industry revenue and 9 per cent of the industry employment.

Vana Retreats will launch a wellness resort namely Vana, Malsi Estate in Dehradun in late 2013 which is going to be another example of destination spa in India for holistic wellness, ayurveda and yoga. Also, another destination spa under planning is Bodhi Dhama by GOCO, in Dharamshala. The renowned hotel chain Banyan Tree Hotels & Resorts is also planning to further expand its portfolio with two more properties in India with Angsana Club & Spa in Ludhiana and Goa. Recently, Banyan Tree has opened an all-pool villas retreat in Kerala with a dedicated ayurvedic centre and variety of wellness therapies. Also, Hilton Shillim Estate Retreat & Spa, the first leisure property by Hilton Hotels & Resorts, has started its operations in village Shillim in Pune in January this year. We are witnessing a number of international players investing in the wellness industry in India due to the expanding spa consumer base along with a growing preference for treatments and services that are supported by international brands including skincare and beauty products.

There are various known domestic and international hotel brands offering specialised spa services across India. Some of them are Jiva Spa by Taj Group, Quan Spa by JW Marriott, Heavenly Spa by Westin, Shamana Spa by Grand Hyatt, Sereno Spa by Park Hyatt, Wildflower Hall Spa and Amarvillas Spa by Oberoi, Kaya-Kalp-The Royal Spa by ITC, Maya Spa by Zuri Group, Sohum Spa by Movenpick Hotels & Resorts, etc. The newly-opened resort, Fairmont in Jaipur is also likely to introduce Willow Stream Spa in India in the near future. Also, Accor group has tied up with Indonesia-based Mandara Spa for its Novotel and Pullman brands in few upcoming locations. Though, Accor already has an In Balance by Novotel Spa operating to target business travellers. Also, YOO Spa by Six Senses

Spa in Pune Trump Towers alongside luxurious residential apartments by Panchshil realty is yet to open in 2014. This is another stepping stone by spa operators in targeting luxury domestic demand. Thus, awareness of spa among tourists/ day visitors and brand associations for quality services are showing positive sentiments in the growing spa market. Various state tourism governments are also making efforts to revamp tourism, announcing facilities such as wellness and recreational club through public private partnership (PPP) mode. Majority of tourists travelling to India for wellness tourism are high-end travellers from North America, the Middle East, and Europe, as well as affluent Asian countries. Key metro cities are also witnessing incremental spa facilities, mainly day spas and resort spas, by branded hotels to target a wider segment and improve revenue contribution by this stream. Spas in hotels are no more just an "add on" feature but a profit centre in its own right. Spa is gaining significance for the various benefits and are often packaged with beauty and salon services to enhance the experience of the clients.

India is rising towards the concept of spa destinations and with its increasing clientele from the word *wellness* is usually used to indicate a healthy balance of mind, body and spirit that results in an overall feeling of well-being. This expression is tied for alternative medicine, and it is first used by Halbert L. Dunn in mid-50's of 20th century. The modern concept of wellness did not, however, become popular until 1970. The term is defined by the National Institutes of Wellness in Wisconsin as "an active process of becoming aware and making choices toward a more successful existence". This is in line with the changes that the focus is away from prevention of illness and approaching to prevent human health. In other words, wellness is to assess the state of health that emphasizes the entire being and its ongoing development. Wellness can be described as "constant, conscious pursuit of living to its fullest potential". Alternative approaches to wellness are often denoted using two different terms: "health various countries across the world, it certainly is stepping ahead towards one of the sought after options for spa destinations. and wellness" and "wellness programs". Wellness programs offer alternative medical techniques to improve health. Whether these techniques actually improve physical health is controversial and the subject of much debate. James Randi and James Randi Foundation are the honest critics of this alternative concept of a new era of health. Wellness often includes many health related disciplines, such as therapy with natural products.

Wellness, as part of the luxury needs, can readily be found in affluent societies because it involves dealing with the body, after the basic needs for food, shelter and medical care base are already accomplished. Many of the activities applied in wellness, in fact, aimed at controlling the side effects of enrichment, such as obesity and inactivity. Wellness roots can be found in 19th century, when the middle class in the industrialized world found time and resources for different forms of self-improvement.

Wellness, as defined by the Foundation of Wellness, considers prevention without drugs, which cannot be eliminated health problems, but they can be prevented. Wellness focuses on minimizing the effects of the three dimensions of stress: physical stress (which causes irritation to the nervous system), chemical stress which causes toxicity of the body) and mental stress (which can trigger hormonal changes, mainly in the adrenal glands). It may be noted that the definition of wellness vary depending on who promote it. These wellness promoters try to ensure a healthier population and a higher quality of life. It is the pursuit of a healthy, balanced lifestyle. Wellness as an alternative concept generally means more than the absence of disease - an optimal state of health. Supporters of the program believe that many factors contribute to wellness: living in a clean environment, eating organic food, doing regular physical exercise, balance career, family, relationships, and the development of faith.

Participating in wellness programs aims to make people feel better and have more energy. These programs allow individuals to take greater responsibility for their health behavior. Private wellness programs are often enrolled to improve fitness, smoking cessation, and the regulation of body weight. Wellness programs in the workplace are recognized by a growing number of companies. They are part of the health and security of the company. These programs are designed to improve employee morale, loyalty and productivity.

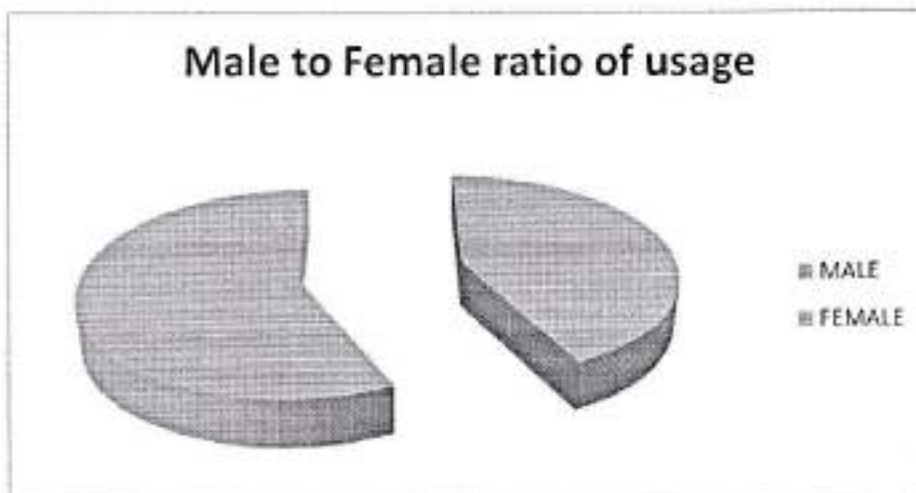
#### **Research Findings and Interpretation**

##### **Primary Data Findings:**

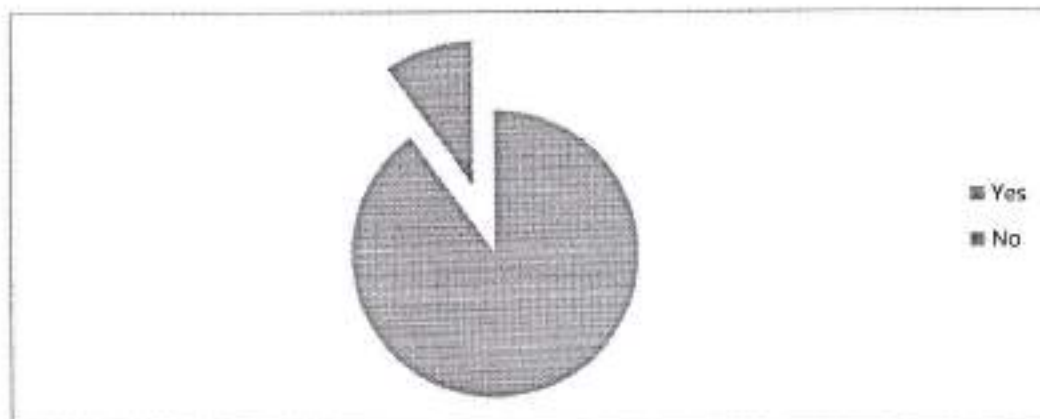
These findings are derived from the data obtained from questionnaires (6 spas and 84 clients) and personal interviews. The findings are based on a sample size and so could vary a little when collective study is done.

##### **Male- female preference chart:**

In the research 84 customers were distributed to the customers. 80% females choose spa whereas in Men 60% chose spa facilities because of the variety of services offered and specialized services as compared to beauty salons.

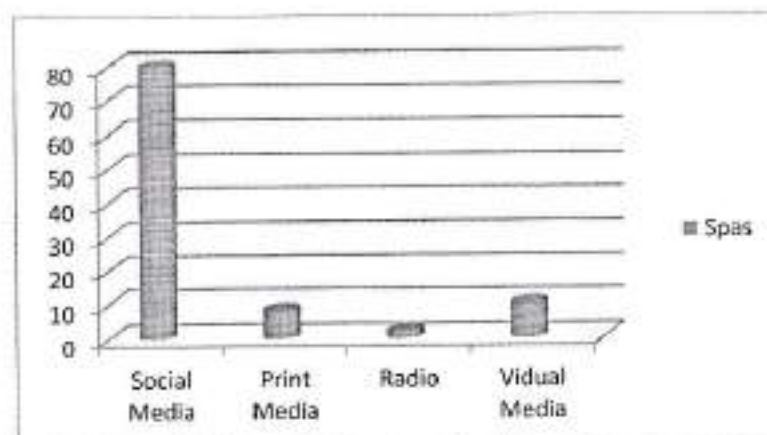


#### Existence of Loyalty programmes:



Nearly all Spas have adopted some form of reward programmes in order to reach out to customers effectively. It also acts as a referral base. Spas have recorded nearly 40-50 enrolments during festive seasons. They also have corporate memberships which entails an entire organization. Such corporate members use the membership as incentives for their employees there by expanding the total exposure of the spa facility.

#### Preferred promotional media:

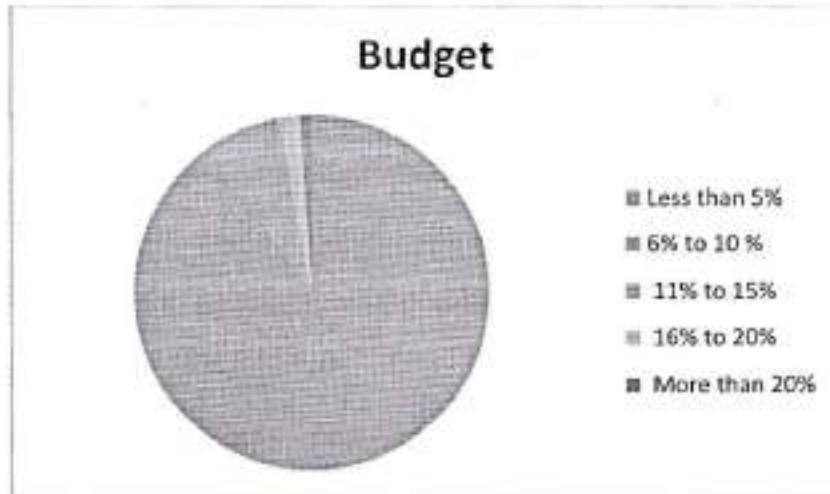


The technologically savvy generation is easier to tap on social media than any other media vehicle. Social media also helps to be in continuous dialogue with the customer and is a two-way communication forum. It not only acts as a promotional media but is also being used to

take appointments and discuss with therapists regarding personalized programs. This creates a strong bond between the customer and the spa.

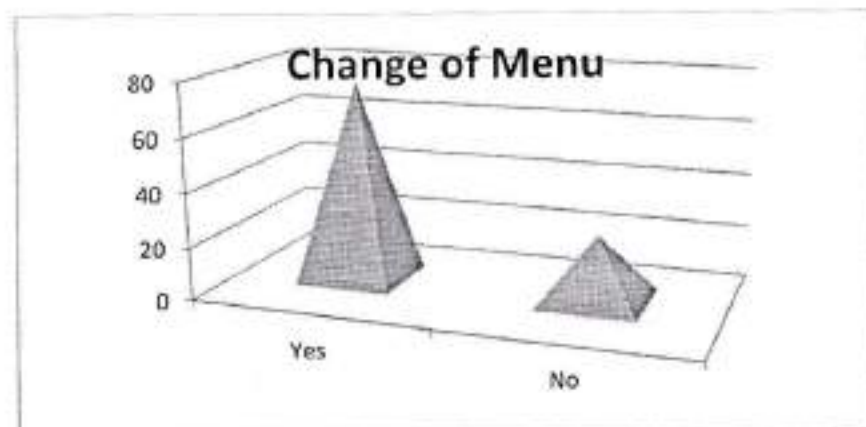
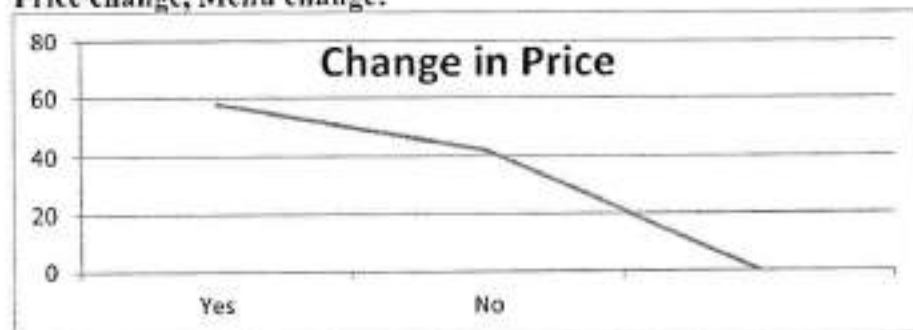
Promotions thus are more regular than a scheduled release. They range from daily to even hourly. The Spa team usually has a designated marketing person monitoring their various social media handles.

**Budget provision in annual plan:**



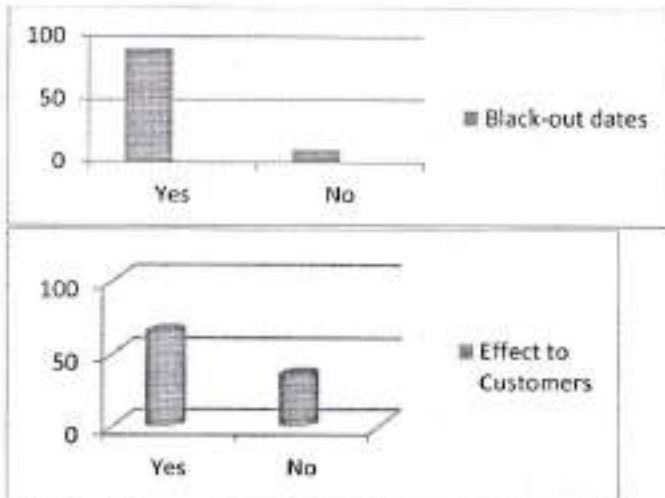
The graph clearly states that majority of staff spend around 6% to 10% of their total budget for Marketing. This is a relatively small amount of funds considering the fact that there is fierce competition in the market and their market presence is very recent and they are yet to find their niche in the diverse market like Pune.

**Price change, Menu change:**



Spas are involved in altering their menus and thus their prices very frequently. New therapies are added especially with respect to the seasonal changes and the prices thus reflect demand for the therapies. Spas have seen to offer new therapies to their loyal customers to test its relevance in terms of market acceptance and price acceptability.

**Use of blackout Dates and its effect on customers:**



The first bar graph tells us that nearly 95 % of the spas whether small or large indulge in the concept of black-out dates. These are some days marked out in advanced when no discounts or any offers are valid. This is a strategy adopted to maximize profits and make up for the lost revenue during slack period. All services are offered at their maximum retail price to all whether they are loyalty members or walk in. However unfortunately for the customers they lose their loyalty benefits and are treated as any other customer. On top of the fact that their loyalty is not honored, their discounted deals are also not accepted. Most spas have a large corporate customer base and the black-out dates coincide with the dates when they can avail of the services. Hence dissatisfaction is rampant. The customer feels cheated as his membership is rendered useless on all terms. Then the question of whether it is profitable to become loyalists of a brand arises.

**Pricing strategies used:**



Nearly 65% of the spas in the city offer daily discounts in order to boost sales. Week day offers are very common and can range from free foot or head massages to the use of steam and sauna facilities on the purchase of therapy. However, most of the spas have no major offers during weekends and are also reluctant to offer complementary therapies for first timers. To counter this limitation, they have introduced Happy hours- these are certain times of the day when extra discounts or buy one get one free offers are prevalent to counter low demands. These are beneficial for the corporate customers which form more than 80% of their client base who can use these benefits to their advantage.

#### **Services Offered- product line extension**

It was observed from the menus, that there was a good amount of variety offered in the spas. Spas provided 35-40 services on an average, it ranged from Swedish Massage (with extensive choices of oils) Aromatherapy Massage, Shirodhara, Vinotharapy Massage, Foot Reflexology, Palmarosa & Ylang Ylang Body Polish, Natural Protein Body Wraps, Healing & Hydrating Facials to Beautiful Bride Package, Steam variations, etc. Most of the focus was given on the massages in the spas which shows the evolution of spa according to the needs of the clients by analyzing target market. Thus the product line is quite extensive and thus the customer has good option and the offerings are very competitive with respect to price and value for money. There are already big Indian spa brand like four fountain, Sohum spas established in Pune with specialized staff and big marketing budgets it is a highly competitive market. Attracting customers and retaining their loyalty is of vital importance.

#### **What are the Customer Expectations of Clients Pune market?**

The customer in Pune market is highly demanding as like any other Spa market in India. It was observed from the finding of this research that the basic demand of any spa client is of professionalism and wide array of services on offer. Some guest also look into the qualifications of the therapist before choosing a particular spa. The word of mouth is the most trusted source of information among the guests as many spa fail to deliver what was promised in the ads. Women need a safe and comfortable environment, and they are always hunting for best deals in town. As hotels are known to deliver their promises females tend to prefer Hotel Spas.

People want best services in least possible costs which is being delivered to a fair extent in Stand-alone spa. It was observed that out of 20 questionnaires filled by the Guests 60% of the guest listed variety in services as a major factor while selecting a Spa. Some other factors were price, location, expertise, equipment, ambience, Staff.

#### **Conclusion:**

Looking at the need of the hour, the Male population of the city desires these facilities. However the spas are unable to target this market segment due to the traditional mindsets of beauty being restricted to ladies. The Spas are active on their social media handles; however, feedbacks should be more detailed so that the visibility of consumers can be used as a leverage to reach out to niche markets. Another interesting and successful strategy adopted by Spas is of seasonal variation of therapies and therefore pricing. Thus they appeal to the customer expectations and thereby result in customer satisfaction. Loyalty members are finding the restriction of benefits during the black-out dates. These are the dates like new year, festive holidays and such other days when the majority of clientele is willing to utilize their loyalty benefits. However, to maximize revenue, Spas use this strategy of blackout dates. Spa therapies are still considered as a luxury more than a necessity and hence the lack of member benefits results in many a member not utilizing the facility during the said dates. Regular week day discounts and happy hour concepts are more appealing to the customers rather than pre purchasing the membership benefits and not utilizing the facility at all. This might result in spas losing their customer base there by impacting the total revenue.



Spas thus have to tread carefully between revenue maximization and customer relationship management and arrive at a win-win for both.

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