

Life Sciences • OD4186

Health & Wellness Spas in the US

Just relax: Expanding services and a high disposable income will benefit the industry



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About

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About This Industry

Definition

Health and wellness spas offer guests various spa services, including massages, facials and body treatments. Businesses included are day spas, spa resorts, hotel spas and medical spas.

Codes

2022	81219-Other Personal Care Services
2017	81219-Other Personal Care Services

What's Included

- Massage and bodywork treatments
- Skincare treatments
- Salon services
- Retail sales

Companies

No single company accounts for more than 5% of total industry market share.

Related Industries

Domestic industries

Competitors

- Gym, Health & Fitness Clubs in the US
- Hotels & Motels in the US
- Hair & Nail Salons in the US
- Tanning Salons in the US

Complementors

- No data available

International industries

- Gym, Health & Fitness Clubs in Canada
- Gyms and Fitness Centres in Australia
- Gyms and Fitness Centres in New Zealand
- Gyms & Fitness Centres in the UK
- Personal Trainers in the UK
- Pilates & Yoga Studios in the UK
- Gyms & Fitness Centres in Ireland
- Gym, Health & Fitness Clubs in China

Related Terms

BODYWORK

Any therapeutic, healing or personal development technique that involves touching, energy medicine or physical manipulation.

EXFOLIATION

A cosmetic technique aimed at removing dead skin cells from the face and body.

FACIAL MASK

A cosmetic product applied to the face for a set time, used for different purposes, including deep cleansing, healing acne scars or hyper-pigmentation and skin brightening.

Additional Resources

- International Spa Association
- Dayspa Magazine
- Day Spa Association
- US Census Bureau

At a Glance

Revenue		Employees		Businesses	
\$20.9bn	'19-'24 ↓1.8 %	373k	'19-'24 ↓0.6 %	19,998	'19-'24 ↓0.5 %
	'24-'29 ↑2.1 %		'24-'29 ↑1.8 %		'24-'29 ↑1.0 %
Profit		Profit Margin		Wages	
\$1.8bn	'19-'24 ↓4.5 %	8.8%	'19-'24 ↓1.3 pp	\$16.2bn	'19-'24 ↑1.6 %
					'24-'29 ↑1.9 %

Five-year growth rates display historic and forecast CAGRs

➔ Major Players

There are no major companies in this industry

🕒 Products and Services

Item	Revenue	Market Share
Massage and bodywork treatments	\$11.3bn	54.2%
Skincare treatments	\$2.7bn	12.8%
Salon services	\$2.3bn	10.8%
Retail sales	\$2.0bn	9.5%
All other	\$2.7bn	12.7%

🔑 Key External Drivers

Key External Drivers	Impact
Per capita disposable income	Positive
Consumer spending	Positive
Time spent on leisure and sports	Positive
Number of adults aged 20 to 64	Positive
Consumer confidence index	Positive

Key Takeaways

Performance

- The aging workforce and insufficient new entrants have created a significant shortage of skilled therapists. To cope, spas are turning to touchless therapies like floatation chambers and saunas.
- With non-invasive cosmetic procedures like Botox and laser treatments in high demand, medical spas are becoming increasingly popular. Social media buzz and an aging population are driving this trend.

External Environment

- Health and wellness spas have numerous supportive associations, with educational and charitable outreach available. Industry associations support spas by contributing to research, conferences and advocacy. They also ensure better regulations for spa safety and customer satisfaction, benefiting the entire industry.
- Licensing is crucial for spa professionals. Most states require nail, skincare and massage therapists to complete accredited programs and meet specific qualifications to legally practice.

SWOT

Strengths	Low Imports
	Low Customer Class Concentration
	Low Product/Service Concentration
	Low Capital Requirements
Weaknesses	Low & Steady Barriers to Entry
	None & Steady Level of Assistance
	High Competition
	Very High Volatility
Opportunities	Low Profit vs. Sector Average
	High Revenue Growth (2019-2024)
	High Revenue Growth (2024-2029)
Threats	Number of adults aged 20 to 64
	Low Revenue Growth (2005-2024)
	Low Outlier Growth
	Low Performance Drivers
	Time spent on leisure and sports

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Steady
Regulation and Policy	Moderate	Steady
Life Cycle	Mature	
Revenue Volatility	Very High	
Assistance	None	Steady
Competition	High	Steady
Innovation	Moderate	

Executive Summary

Just relax: Expanding services and a high disposable income will benefit the industry

Health and wellness spas have been navigating a time of both challenge and opportunity over the last few years. The industry includes a variety of health and wellness facilities like day spas, spa resorts, hotel spas and medical spas. Most spa services, like massages and other bodywork services, are discretionary. Performance is tied to fluctuations in consumer disposable income and confidence. Labor shortages, particularly in positions like massage therapists and aestheticians, have forced spas to innovate with touchless therapy offerings like flotation chambers and saunas. A trend in wellness tourism can be observed, with travelers seeking exclusive treatments and experiences that cater to their self-care needs. Revenue is forecast to fall at a CAGR of 1.8% to \$20.9 billion through the end of 2024, despite an uptick of 0.9% in 2024 alone.

Consumer interest in personalized and customized experiences has grown, prompting spas to offer bespoke wellness journeys tailored to individual preferences. Services like DNA testing and advanced diagnostics have emerged, empowering clients with treatments that cater to their distinct health profiles. Traditional holistic practices such as yoga, meditation and acupuncture have gained traction as part of a broader integrative health movement. Demand for treatments that offer comprehensive health benefits, such as immunity-boosting IV therapy and lymphatic drainage massage, helped stabilize profit amid market fluctuations. These offerings have been instrumental in preventing greater profit loss by aligning with the global trend toward heightened health consciousness and preventative care.

Revenue for health and wellness spas is forecast to rise at a CAGR of 2.1% to an estimated \$23.3 billion through the end of 2029. Rising per capita disposable income and consumer confidence are expected to lead to continued spending on discretionary spa services. As mental wellness gains prominence, spas will expand their offerings to include therapies that nurture both body and mind. Adopting culturally rich traditional therapies will diversify spa offerings, establishing a niche appeal for consumers seeking unique wellness experiences. Together, these trends underscore a dynamic and evolving industry poised to meet the future's health and wellness demands.

Performance

Key Takeaways

The aging workforce and insufficient new entrants have created a significant shortage of skilled therapists. To cope, spas are turning to touchless therapies like floatation chambers and saunas.

With non-invasive cosmetic procedures like Botox and laser treatments in high demand, medical spas are becoming increasingly popular. Social media buzz and an aging population are driving this trend.

Performance Snapshot

Revenue

\$20.9bn

'19-'24 ↓ 1.8 %

'24-'29 ↑ 2.1 %

2024 Revenue Growth

0.9 %

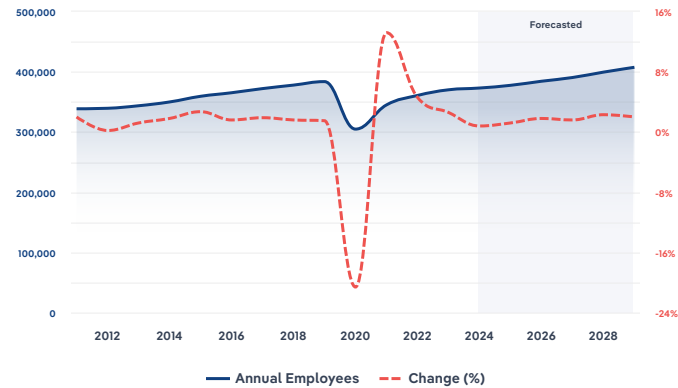
Increasing

Revenue Volatility

Very High

Employees

Total number of employees and annual change from 2011 – 2029. Includes 5-year outlook.



Employees

373k

'19-'24 ↓ 0.6 %

'24-'29 ↑ 1.8 %

Employees per Business

19

'19-'24 ↓ 0.1 %

'24-'29 ↑ 0.8 %

Revenue per Employee

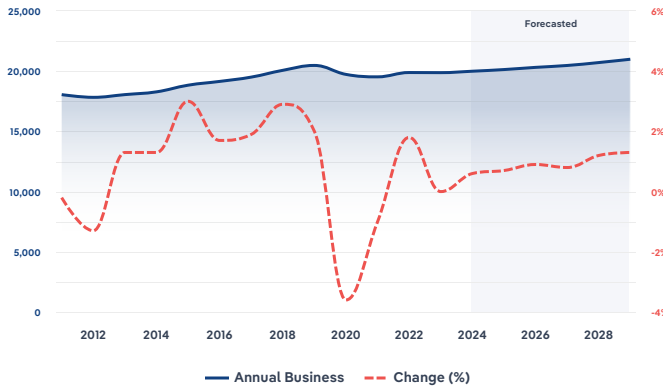
\$56,078

'19-'24 ↓ 1.3 %

'24-'29 ↑ 0.3 %

Business

Total number of businesses and annual change from 2011 – 2029. Includes 5-year outlook.



Businesses

19,998

'19-'24 ↓ 0.5 %

'24-'29 ↑ 1.0 %

Employees per Business

19

'19-'24 ↓ 0.1 %

'24-'29 ↑ 0.8 %

Revenue per Business

\$1.0m

'19-'24 ↓ 1.4 %

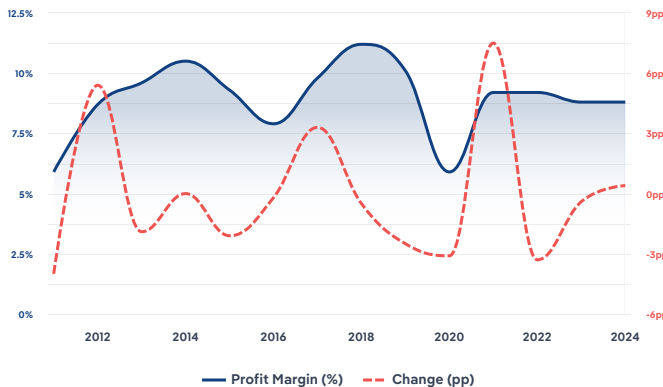
'24-'29 ↑ 1.1 %

IBISWorld

Source: IBISWorld

Profit Margin

Total profit margin (%) and annual change from 2011 – 2029



Total Profit

\$1.8bn

'19-'24 ↓ 4.5 %

Profit Margin

8.8%

'19-'24 ↓ 1.3 pp

Profit per Business

\$92,056

IBISWorld

Source: IBISWorld

Current Performance

↓ 2019-24 Revenue CAGR -1.8%

What's driving current industry performance?

Labor issues plague health and wellness spas

- Health and wellness spas grapple with a shortage of massage therapists and aestheticians. The 2023 ISPA U.S. Spa Industry Study estimates 35,870 job vacancies across the spa industry, including 21,270 for massage therapist positions.
- The spa workforce is aging, and many workers are nearing retirement. This leads to a shortage of experienced workers, as younger workers aren't entering the industry in the same numbers.
- To combat labor shortages, spas have implemented more touchless therapy offerings, like floatation chambers, saunas and halotherapy. By

coupling these experiences with a massage, facial or body treatment, spas can increase the value of their services.

Wellness tourism has erupted in popularity

- Spas play a pivotal role in offering a range of world-class wellness services. Wellness tourism is a growing trend driven by travelers seeking unique treatments that aren't typically accessible to them.
- According to Forbes, about 94% of travelers incorporate self-care into their trips, with 59% opting for solo wellness getaways. Luxury hotels and resorts have world-class spas, with some offering immersive experiences and sessions with visiting practitioners.
- Consumer interest in digital detox and wellness retreats is surging. Some spas directly organize retreats for their clients, either on-site or at designated retreat locations. Others may partner with specialized wellness retreat businesses to provide spa services during a retreat.

Consumers enjoy customization and personalization in their wellness treatments

- There is a growing interest in holistic and integrative health, which emphasizes the importance of the whole person, including the mind, body and spirit. Spas offer a variety of holistic and integrative treatments, like yoga, meditation and acupuncture.
- People are increasingly seeking personalized experiences, and spas are responding by offering customized treatments and programs based on DNA testing and advanced diagnostic tools. Bespoke wellness journeys, tailored to individual preferences and needs, encompass nutrition, fitness, skincare and mental wellness.
- The growing trend towards holistic and integrative health focuses on the overall well-being of the mind, body and spirit. Spas provide various treatments, such as yoga, meditation and acupuncture, to support this approach.

Popular treatments can support health and promote wellness

- Health-conscious consumers seek treatments that boost immunity, detoxify and improve overall wellness, leading to a preference for services that offer many benefits. Spas that provide treatments like IV therapy, LED and red light therapy and lymphatic drainage massage cater to the growing interest in comprehensive health and recovery strategies.
- Consumers prioritize recovery methods that rejuvenate both body and mind, so they prefer spa treatments that meet those goals and promote relaxation.
- Lymphatic drainage massage helps reduce fluid retention and inflammation and enhance circulation, appealing to those looking to detoxify and improve body aesthetics. Cold plunge therapy can reduce muscle soreness and trigger a powerful endorphin release, making it a favorite among athletes and fitness enthusiasts.

Volatility Very High

What influences industry volatility?

Economic downturns negatively impact spending on spa services

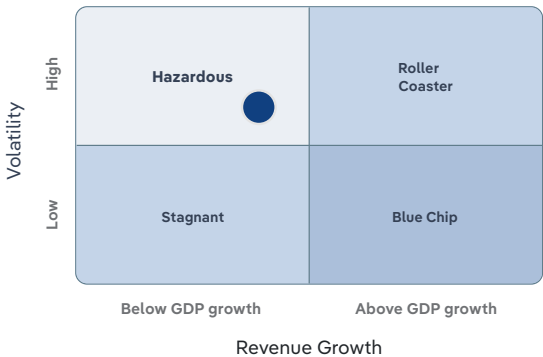
- Spa services are often considered non-essential luxury expenses, making them vulnerable to cuts when consumers tighten their budgets during economic slowdowns.
- Periods of economic uncertainty, rising inflation or a recession can lead to diminished disposable income. This can shift spending behavior and create unpredictable booking patterns for spas.
- Booms in tourism and travel help moderate revenue swings, whereas disturbances in travel industries can negatively impact the financial stability of health and wellness spas.

Seasonality causes fluctuations in attendance

- Health and wellness spas often experience revenue spikes during peak travel seasons as tourists and vacationers indulge in spa services. Outside these busy times, demand can significantly decline, creating long periods of lower revenue.
- Holiday seasons, like summer vacations and year-end festivities, generate a rush of clients, but the off-season is much quieter, creating instability. Spas in tourist areas are especially vulnerable to these seasonal swings, making long-term planning more difficult.

Hazardous

Industry volatility vs. revenue growth (2018-2024 CAGR)



☆ Key Success Factors

How do successful businesses overcome volatility?

Maintain efficient work practices

New technologies can automate repetitive tasks, optimize scheduling and improve overall operational efficiency, allowing spa staff to focus on providing exceptional customer service.

Secure a highly skilled workforce

Skilled staff can build rapport with customers, understand their needs and tailor treatments accordingly, increasing customer satisfaction and loyalty.

Outlook

↑ 2024-29 Revenue CAGR +2.1%

What's driving the industry outlook?

Technology will continue to play an important role

- More spas will offer touchless therapies as the labor issues that plague the industry will persist. Spas will conduct more of their business online, like retail sales and client consults, as consumers have grown increasingly comfortable using additional services via the Internet.
- Some spas will dabble in the use of AI to develop personalized treatment plans for their guests. Others will use VR and AR to create immersive wellness experiences.
- Wearable devices like smartwatches and fitness trackers can track spa guests' activity levels, heart rate and sleep patterns. This data can be used to develop personalized wellness programs for guests.

New offerings will help spas garner new clientele

- Mental wellness services will continue to grow as mental health shifts to the forefront of health consciousness. The popularity of holistic well-being will continue to trend and contribute to new offerings at health and wellness spas.
- There has been a shift towards preventative health care, with consumers increasingly valuing services that help people prevent diseases and promote long-term health. Spas providing treatments like nutrition counseling, genetic testing and stress management programs will attract more clients.
- More spas will incorporate traditional therapies like Ayurvedic treatments, Chinese medicine and indigenous healing practices. By hiring professionals who are experts in popular practices from other cultures, health and wellness spas can establish a niche for themselves.

Medical spas will rise in popularity

- According to the American Med Spa Association, medical spas operate under the full-time supervision of a licensed healthcare professional. They offer various services, like Botox injections, laser hair removal, nutritionist services and teeth whitening. The top three revenue-generating services for medical spas are Botox injections, aesthetician services and laser hair removal.
- Rising per capita disposable income and consumer spending will drive demand for medical spa services, contributing to revenue growth. More spas will offer membership programs, making it more convenient and cost-effective for regular customers to keep up with their treatments.
- People are increasingly looking for noninvasive cosmetic procedures that can help them improve their appearance without surgery. Medical spas offer a variety of noninvasive cosmetic procedures, such as Botox, dermal fillers and laser treatments.

The growing popularity of social media and the aging population will boost demand for spas

- Social media platforms like Instagram and TikTok have made it easier for people to learn about and share their experiences with cosmetic and wellness procedures. This will lead to an increased interest in spas and the services they offer.
- As the population ages, there is an increasing demand for cosmetic and wellness services to help people look and feel their best. Spas offer various services, such as Botox, dermal fillers and laser treatments, that can help people reduce the signs of aging.
- Spas provide a convenient way to receive various cosmetic and wellness services in one location. This appeals to busy people who don't have time to visit multiple places to obtain the needed services.

Life Cycle

Mature

Why is the industry mature?

Contribution to GDP

Though spa contributions have grown slightly, the industry still lags behind growth in the overall economy. Improving economic conditions drove consumers to boost health and wellness spas' expenditures, contributing to GDP.

Market Saturation

Health and wellness spas reach higher market saturation in urban areas, though suburban and rural regions present significant growth opportunities.

Innovation

Online booking options and rewards systems attract more customers and boost revenue. Spas leveraging technology offer immersive and experiential wellness experiences, enhancing overall customer satisfaction and retention.

Consolidation

Health and wellness spas are highly fragmented, consisting of many small players. Spas can access new markets by acquiring existing spas in popular or up-and-coming areas.

Technology & Systems

Loyalty programs, mobile apps and advanced point-of-sales systems streamline operations and enhance customer engagement. Mobile credit card payment platforms help spas reduce transaction fees, fostering cost-effective operations.

Products and Markets

Key Takeaways

Massage and bodywork treatments dominate the spa industry. They're the lifeblood of resort and hotel spas, driving over half their revenue. Older adults, prone to chronic conditions, are avid patrons who benefit immensely from these therapies.

Seniors are becoming a key demographic for spas. Seeking prevention and treatment for health issues, they're finding that spas are a cost-effective option compared to traditional healthcare institutions.

Largest Market

\$11.3bn Massage and bodywork treatments

Product Innovation

Moderate

Products and Services

How are the industry's products and services performing?

Massage and bodywork treatments are the core offering of health and wellness spas

- Massage and bodywork encompass many treatments, including deep-tissue massage, acupuncture and trigger-point therapy.
- Massage and bodywork treatments comprise more than half of revenue for resort- and hotel-based spas but typically account for less than a quarter of revenue for medical spas.
- The aging population is a crucial demographic for massage and bodywork treatments, as older adults are more likely to suffer from chronic conditions that can be alleviated by massage therapy.

Skincare treatments are part of extensive spa packages

- Skincare treatments comprise cleansing, facial masks, exfoliation, toning, moisturizing and protection. Chemical peels, aesthetician services, Botox fillers and injections, microdermabrasion and photo-facial pulsed light services are among this segment's most popular services.
- Consumers increasingly seek personalized skincare solutions that address their skin concerns and needs. Spas are responding to this demand by offering a more comprehensive range of skincare treatments and products.

Heightened competition limits revenue from salon services

- Salon services primarily encompass hair and nail treatments, including manicures and pedicures. Hair treatments may comprise haircuts, highlights and color treatments, conditioning treatments, curl styling and permanent hair straightening services.
- Nail salons typically offer lower prices for salon services than health and wellness spas. This can attract price-sensitive customers and make it difficult for spas to compete on price.

Retail spending at spas is linked to disposable income levels

- Health and wellness spas also sell health and wellness products to customers.

• Skincare products comprise half of all retail sales, and industry spas also sell hair care products, cosmetics, nail care products and apparel.

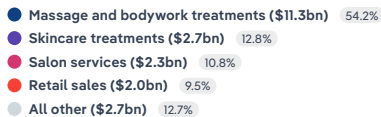
• Online sales of spa products have grown in recent years as consumers increasingly prefer to shop for products from the comfort of their homes. This trend benefits spas that offer online shopping options.

Medically supervised spa services bring in an outsized share of revenue

- Other services include medically supervised services, fitness services, food and beverage sales, health and wellness services and membership fees.
- Medically supervised services generate one-third of all revenue for medical spas, but revenue from these services is negligible at other types of spas.

Products & Services Segmentation

Industry revenue in 2024 broken down by key product and service lines.



IBISWorld

Source: IBISWorld

What are innovations in industry products and services?

Moderate

Experimental and holistic wellness

- Spas are shifting from traditional treatments to more experiential offerings, like sound baths, meditation classes and floating experiences. These new services aim to help clients relax, de-stress and connect with their inner selves by creating immersive environments.
- Integrated wellness programs are becoming increasingly popular at spas. These programs combine traditional spa treatments with other wellness modalities like nutrition counseling, fitness classes and stress management techniques. This holistic approach helps clients achieve their overall health and wellness goals by addressing multiple aspects of well-being.

Tech and beauty integration

- Some spas use virtual reality (VR) to transport clients to exotic locations. Others leverage augmented reality (AR) to provide information about their treatments. This fusion of technology and relaxation elevates the overall client experience.
- Artificial intelligence (AI) personalizes treatment recommendations and provides chat support to clients. AI skin analysis scans clients' skin using high-resolution cameras and AI algorithms to detect issues like wrinkles, pigmentation and hydration levels, offering personalized skincare treatments.
- Advanced treatments such as LED therapy, microcurrent facials and infrared saunas offer cutting-edge options for skincare and wellness. These treatments frequently yield faster and more effective results, enhancing the overall efficacy and appeal of spa services.

☆ Key Success Factors

What products or services do successful businesses offer?

Supply a diverse range of products

A diverse product range allows spas to cater to a broader range of customers with varying preferences and needs. This can attract new customers and increase customer satisfaction among existing patrons.

Invest in new technology to enhance operational efficiency and quality

By automating processes and streamlining operations, spas can reduce labor costs, minimize administrative expenses and improve resource utilization, leading to increased profitability.

Major Markets

What's influencing demand from the industry's markets?

Women are the core market for health and wellness spas

- Because society emphasizes female health and beauty, women have long dominated the clientele of health and wellness spas.
- According to the ISPA Consumer Survey, 52.0% of women tend to spend \$80.0 or more on treatments, compared with 43.0% of men. This trend illustrates that women are willing to pay more than men at spas, boosting women's share of revenue.

- This demographic typically lacks the disposable income necessary to use spa services.
- According to the International Spa Association, many spas offer special packages to teens (29.0% of spas), children (12.0% of spas) and families (15.0% of spas).

Major Markets Segmentation

Industry revenue in 2024 broken down by key markets

Men have become a target demographic for spas

- According to the International Spa Association, 40.0% of spas offer special packages to men to cater to an untapped market.
- Incorporating spas into fitness facilities has aided growth in this market over the past five years.
- Increasing health consciousness and awareness of personal wellness has boosted male desire to attend spas.

Seniors are an expanding market for the industry

- The number of senior citizens has outpaced population growth, expanding the senior segment.
- Senior citizens are a prime demographic for spas because of the high rate of health and medical issues in late age.
- Older consumers view spas as a way to mitigate and prevent health problems that would be expensive to treat at other healthcare institutions.

Teenagers and children lack the funds to splurge on spa services



● Adult women under 65 (\$8.7bn)	41.8%
● Adult men under 65 (\$6.1bn)	29.1%
● Seniors (\$4.0bn)	18.9%
● Teenagers and children (\$2.1bn)	10.2%

International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Geographic Breakdown

Key Takeaways

Highly populated urban areas are ideal for spas. The Southeast's growing population and disposable income fuel its health and wellness market. More people have the means to splurge on premium spa services, making this region a hotspot for wellness businesses.

There is a high concentration of spas in the West, particularly in California, where disposable incomes are high. Major cities like Los Angeles and San Francisco support a strong tourism sector and offer a steady stream of customers.

Business Locations

State	Establishments Units	Population %
California	2884	11.5
New York	2491	10.0
Florida	2203	8.8
Texas	1892	7.6
Illinois	896	3.6
Pennsylvania	867	3.5
New Jersey	850	3.4
Georgia	784	3.1
North Carolina	756	3.0
Virginia	711	2.8
Colorado	682	2.7
Washington	683	2.7
Ohio	647	2.6
Massachusetts	634	2.5
Michigan	611	2.4
Indiana	460	1.8
Minnesota	445	1.8
Arizona	434	1.7
Missouri	410	1.6
Tennessee	401	1.6
Wisconsin	389	1.6
Connecticut	383	1.5
Oregon	387	1.5
Alabama	188	1.3
Maryland	321	1.3
South Carolina	334	1.3
Nevada	305	1.2

State	Establishments	Population
	Units	%
Utah	301	1.2
Kentucky	251	1.0
Oklahoma	216	0.9
Iowa	199	0.8
Louisiana	205	0.8
Kansas	178	0.7
Nebraska	176	0.7
Arkansas	159	0.6
Idaho	126	0.5
Hawaii	103	0.4
Maine	90	0.4
Mississippi	97	0.4
New Hampshire	108	0.4
New Mexico	94	0.4
Rhode Island	92	0.4
Delaware	84	0.3
Montana	76	0.3
North Dakota	75	0.3
South Dakota	72	0.3
Alaska	61	0.2
Vermont	50	0.2
West Virginia	60	0.2
District of Columbia	37	0.1
Wyoming	31	0.1

Where are industry businesses located?

The Southeast benefits from a growing population and disposable income

- The economic landscape of the Southeast supports this growth, as more consumers have the means to invest in these premium services, signifying a robust market for health and wellness businesses.
- The region's status as a popular tourist destination attracts visitors from across the country and abroad. The tourism industry provides a steady stream of potential clients, as tourists often seek spa treatments as part of their vacation experience.

Health and wellness spas thrive in the Mid-Atlantic

- The Mid-Atlantic region dominates health and wellness spas, largely because of the expansive consumer markets in large metropolitan areas like New York and New Jersey. These areas'

high population density and affluence drive demand for wellness services.

- Nearly one-quarter of the spas are in New York, Pennsylvania and New Jersey. The concentration in these states reflects their robust economies and diverse populations, which create a consistently high demand for spa services.
- Companies often select high-traffic locations like shopping malls, strip centers and department stores to maximize visibility and customer access. These strategic placements ensure a steady flow of potential clients and capitalize on existing commercial foot traffic.

High disposable income contributes to high demand in the West

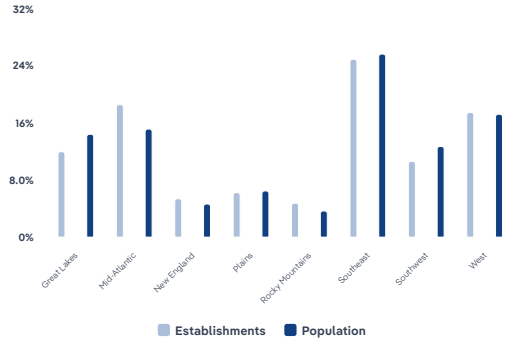
- High disposable income in the West drives significant demand for health and wellness spas. Establishments in this region are largely

concentrated in California, known for holding the greatest percentage of health and wellness spas.

- California appeals to spa businesses because of its vast consumer markets in cities such as Los Angeles, San Francisco and San Diego. The popularity of destination spas in the West is bolstered by a robust tourism industry, providing a consistent customer base.

Mid-Atlantic has the largest spread of businesses compared to its population

Share of Establishments (%) vs. share of population (%)



IBISWorld

Source: IBISWorld

☆ Key Success Factors

How do businesses use location to their advantage?

Operate in a location that is close to key markets

Operating in a location close to key markets can help spas to increase their brand awareness and attract more customers. This can give them more leverage when negotiating with suppliers.

Ensure car parking availability

Convenient parking is essential for spas, as it allows customers to arrive and leave their vehicles without hassle or stress. This can enhance the overall spa experience and encourage repeat visits.

Competitive Forces

Key Takeaways

Health and wellness spas face intense competition, so differentiation is key to success. Offering superior quality, creative services and exceptional customer care can make all the difference.

Suppliers' terms can strain spa budgets. Surging prices for tech advancements and shifting conditions from landlords make it challenging for spas to balance meeting customer demands and controlling operational costs.

Concentration Low	Competition High Steady	Barriers to Entry Low Steady
Substitutes Moderate Steady	Buyer Power High Increasing	Supplier Power High Increasing

Concentration Low

What impacts the industry's market share concentration?

Despite successful franchises, the Health and Wellness Spas industry is highly fragmented

- Most industry operators are small business owners running their spas, with no company accounting for more than 5.0% of the market.
- Massage Envy Franchising LLC, a notable industry franchise, has over 1,000 locations nationwide. The initial investment range for a Massage Envy franchise is \$554,850 to \$980,000, pricing some potential franchisees out of the market.

- The industry's entry barriers are extremely low, contributing to high fragmentation. Individual health and wellness spas have difficulty serving a large portion of the market.
- Health and wellness spas offer a wide range of services, from massages and facials to yoga and meditation. This makes it difficult for any company to specialize in a particular area and gain a significant market share.

Market Share Concentration

Combined market share of the four largest companies in this industry

Low barriers to entry provide an easy way into the Health and Wellness Spas industry



Source: IBISWorld

☆ Key Success Factors

How do successful businesses handle concentration?

Leverage business expertise

To achieve financial success, it's critical to have experience and skills in managing and operating all aspects of a small business.

Generate repeat customers

Generating repeat customers is a crucial strategy for a spa to handle concentration in the health and wellness industry. Cultivating a loyal clientele can help a spa weather the competitive storm and establish a strong foothold in the market.

Barriers to Entry Low Steady

What challenges do potential industry entrants face?

Legal

- Potential entrants into the spa industry must navigate stringent regulations, including FDA guidelines and labor laws, like minimum wage and OSHA standards. Franchised salons must abide by franchising laws set by the US Federal Trade Commission.

Start-up Costs

- New entrants in the spa sector face low start-up costs, as they only need to rent a space and acquire relatively inexpensive equipment. These lower barriers to entry can attract many hopeful entrepreneurs.

Differentiation

- In the competitive spa market, differentiation is key. Spas can set themselves apart through superior quality, varied product offerings, strategic marketing and exceptional customer service. Parking availability and local competition also significantly impact success.

Labor Expenses

- Success as a spa hinges on hiring skilled and appropriately licensed staff, like masseurs, skincare specialists and stylists. Finding and retaining talented employees presents a primary challenge for new entrants.

☆ Key Success Factors

How can potential entrants overcome barriers to entry?

Ensure proper licensing

Obtaining the necessary licenses and permits is essential for health and wellness spas. These licenses demonstrate that the spa is operating legally and that its employees are qualified to provide the services that they offer.

Secure economies of scale

Economies of scale can lead to lower costs for spas, as they can purchase products and services in bulk, negotiate better pricing with suppliers, and spread fixed costs over a larger volume of business.

Substitutes

Moderate

Steady

What are substitutes for industry services?

Do-it-yourself

- People can perform self-care activities from the comfort of their own homes. The internet and accessibility of tutorials and information has motivated individuals to practice spa care at home, saving money and time.
- Inflation and economic uncertainty have caused some consumers to perform self-care activities at home, decelerating revenue growth.

Hair and Nail Salons

- Consumers may opt for a more inexpensive experience at a hair or nail salon, where many spa services may be offered. Some hair and nail salons offer additional services like massages, facials and waxing, which can provide relaxation and stress reduction benefits.
- Sa treatments are often more comprehensive and focus on relaxation and stress reduction, while hair and nail salons typically focus on specific beauty services.

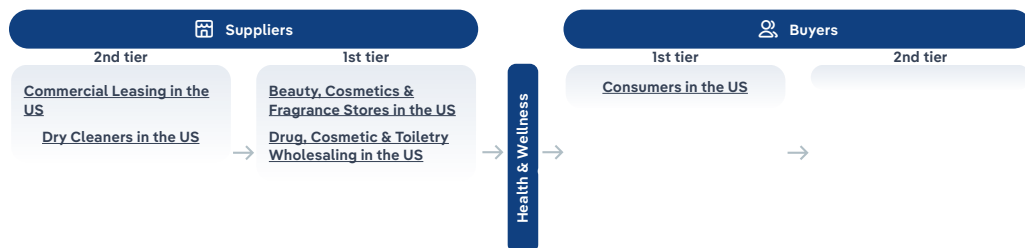
☆ Key Success Factors

How do successful businesses compete with substitutes?**Develop a loyal customer base**

A satisfied client base will encourage repeat customers, which will help minimize revenue fluctuations.

Supply a diverse range of products

Industry operators supply a diverse range of products to get customers to purchase more than one spa service, as well as boost retail sales.

Buyer & Supplier Power

IBISWorld

Source: IBISWorld

What power do buyers and suppliers have over the industry?

High Increasing

Buyers: Location is essential

- Spas located in high-traffic areas with good visibility attract more walk-in customers and easily capture the attention of passersby. Spas located in easily accessible areas, like near public transportation or major highways, are more convenient for customers and encourage repeat visits.
- High-end spas catering to affluent clientele benefit significantly from being in upscale neighborhoods, near luxury hotels, or shopping districts. These locations align with the lifestyle and expectations of wealthy customers, ensuring they find the venue appealing and become regular patrons.

High Increasing

Suppliers: Switching costs

- Surging prices of new technologies and innovative solutions allow spas to meet evolving consumer demands but can strain their budgets. Suppliers changing terms and conditions, like payment terms or minimum order requirements, can make business more difficult for spas.
- Landlords can raise rent for properties in prime locations, affecting spas' operational costs. Spas risk losing business if forced to relocate to less desirable areas, amplifying the importance of their current location and making them more dependent on landlords' terms.

☆ Key Success Factors

How do successful businesses manage buyer & supplier power?**Operate in a location that is close to key markets**

Operating in a location close to key markets can help spas to increase their brand awareness and attract more customers. This can give them more leverage when negotiating with suppliers.

Franchise operations

Franchises typically have greater bargaining power than individual spas because of their larger size and collective purchasing power. This can lead to better pricing and terms from suppliers.

Companies

No single company accounts for more than 5% of total industry market share.

External Environment

Key Takeaways

Health and wellness spas have numerous supportive associations, with educational and charitable outreach available. Industry associations support spas by contributing to research, conferences and advocacy. They also ensure better regulations for spa safety and customer satisfaction, benefiting the entire industry.

Licensing is crucial for spa professionals. Most states require nail, skincare and massage therapists to complete accredited programs and meet specific qualifications to legally practice.

Regulation & Policy

Moderate

Steady

Assistance

None

Steady

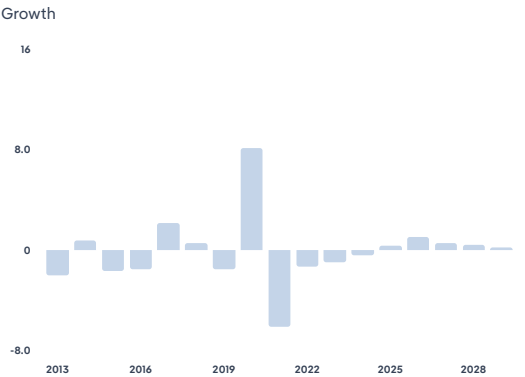
External Drivers

What demographic and macroeconomic factors impact the industry?

Per capita disposable income strongly influences health and wellness spas in the US. Individuals with more disposable income are more inclined to spend on beauty services like massages, skin care treatments and nail treatments. This trend suggests that revenue growth is closely tied to consumers' financial well-being. When per capita disposable income rises, consumers have more money to spend on discretionary services,

Consumer spending measures the total amount Americans spend on services, new goods and net purchases of used goods. When consumer spending rises, people spend more on discretionary and luxury services. This trend extends to health and wellness spas in the US, which can see greater patronage as individuals spend more on their well-being.

Time spent on leisure and sports



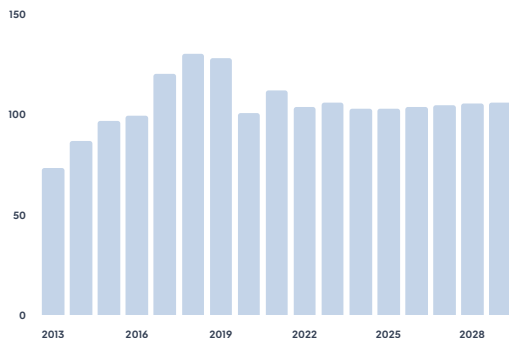
IBISWorld Source: IBISWorld

Time spent on leisure and sports significantly impacts health and wellness spas. When Americans have more leisure time, they're more likely to indulge in personal-care services like spa treatments and massages. A decline in leisure time could threaten these services, highlighting a critical relationship between free time and the industry's vitality.

An increase in the number of adults aged 20 to 64 can boost demand for spa services. This demographic typically has substantial disposable income, contributing significantly to industry revenue. Given their average level of disposable income, women within this age group are the largest source of revenue for spa services. A greater number of adults aged 20 to 64 represents a potential opportunity.

Consumer confidence index

Index



IBISWorld

Source: IBISWorld

Consumer confidence plays a crucial role in the success of health and wellness spas. When consumers feel optimistic about economic conditions and their future income, they spend more on luxury services like spa treatments. Conversely, during periods of economic uncertainty or declining disposable income, consumer spending on such services tends to plummet, impacting the overall performance.

Regulation & Policy

Moderate

Steady

What regulations impact the industry?

Advertising and Consumer Protection Laws

The Federal Trade Commission (FTC) can take legal action if a spa's ads are misleading, ensuring commercial integrity. Zoning and real estate land use restrictions apply, requiring spa storefront landlords to secure zoning approvals and permits for retail operations. Franchised spas must also comply with the FTC's Trade Regulation Rule on Franchising. Enforcement of these regulations helps maintain industry standards and protects consumers.

Health and Safety in Employment Act of 1992

Health and wellness spas must identify workplace hazards and take practical steps to prevent harm to workers and clients. They need to ensure their premises comply with public health legislation and associated codes and guidelines, which focus on cleanliness, construction, sterilization of equipment and personal hygiene of staff. The Occupational Safety and Health Administration (OSHA) mandates regular safety training for spa employees to prevent workplace injuries.

Licensing Regulations

Most states have licensing requirements for nail, skincare and massage therapists. Employees must complete a program in an accredited state-licensed cosmetology or esthetics (skincare) school. License qualifications vary by state, but a person must generally have a high school diploma or GED, be at least 16 years old and have graduated from a state-licensed esthetics or cosmetology school.

Assistance

None

Steady

What assistance is available to this industry?

Government

Small Business Administration (SBA) Loans

SBA loans, like the 7(a) loan, provide health and wellness spas with funding for working capital, equipment purchases, and expansions. These low-interest loans help spa owners access needed capital without facing high borrowing costs. This form of assistance allows spas to grow or

stabilize during financial downturns, positively impacting their long-term viability.

Non-government

Industry Associations

Industry associations, like the Spa Association, Day Spa Association and International Spa Association, offer vital assistance to health and wellness spas. They gather and publish industry-relevant research, host networking and best practice-sharing conferences and represent industry interests to governmental and consumer advocacy groups. These associations have facilitated improved regulations impacting spa safety and customer satisfaction standards.

Financial Benchmarks

Key Takeaways

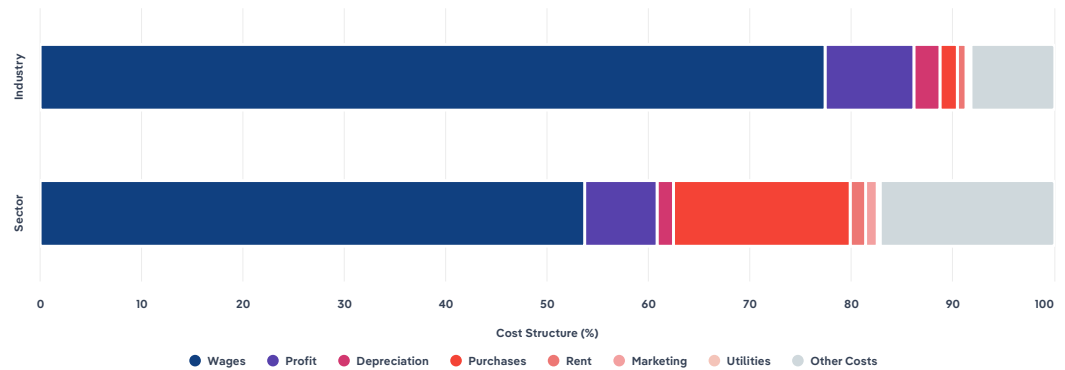
Locating in prime areas is costly, forcing spas to raise prices and constraining profit. Bundling services can attract a loyal customer base, which, in the long term, will benefit profit and expand revenue.

Spas are facing rising depreciation costs. Investing in advanced technology and expensive equipment means higher depreciation, especially in high-cost living areas like NYC and LA.



Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2024



What trends impact industry costs?

Investment in more advanced technology equates to more depreciable assets

- Spas invest in computer systems and spa equipment, including manicure tables, pedicure spa chairs, salon tables, massage tables, UV lights, electric files, sterilization equipment, fans, towels and airbrush equipment.
- Spas located in areas with higher living costs, like New York City or Los Angeles, often have higher depreciation costs because of the higher cost of equipment and assets.

High demand and staff shortages are affecting spas

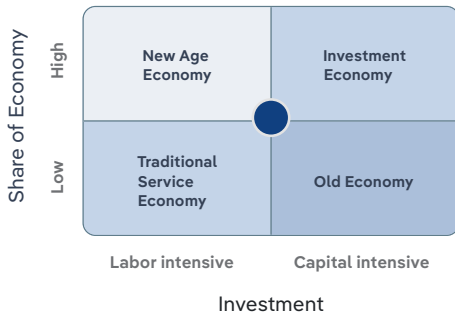
- Labor expenses include wages and benefits, like health insurance, workers' compensation and unemployment insurance.
- Demand for wellness services is growing faster than the supply of qualified workers. This is partly due to the aging population, which is more likely to seek wellness services.

- The labor shortage is having a significant impact on health and wellness spas. Many spas struggle to stay afloat, and some have been forced to close their doors. Those spas that remain open try to compete and retain skilled employees through higher compensation, which inflates wage costs.

Turbulent economic conditions elevate profit volatility

- Sales of merchandise items and price-premium services help drive revenue, allowing salons to retain relatively high profit.
- Pandemic pressures contributed to a plummet in discretionary income that most customers use for spa services. In 2020, profit dropped by about half; since then, it has recovered significantly, though it hasn't yet fully returned to pre-pandemic levels.

Share of economy vs. Investment



IBISWorld

Source: IBISWorld

Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ Million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2005	61,739	1.2	18.0	18.9	24,247	39.3	1.0	52.5
2006	52,210	1.0	17.8	18.7	24,838	47.6	1.1	64.6
2007	67,194	0.9	13.1	14.1	30,013	44.7	1.1	52.7
2008	59,791	0.9	14.3	15.6	27,723	46.4	1.1	63.3
2009	50,920	0.9	16.5	18.2	23,846	46.8	1.1	57.7
2010	53,712	1.0	16.7	18.4	25,597	47.7	1.1	60.8
2011	54,020	1.0	17.1	18.8	27,010	50.0	1.1	59.4
2012	55,272	1.1	17.0	19.0	27,737	50.2	1.1	62.0
2013	56,374	1.1	17.0	19.0	28,251	50.1	1.1	63.6
2014	57,366	1.1	16.9	19.1	28,590	49.8	1.1	63.9
2015	58,214	1.1	17.1	19.1	28,928	49.7	1.1	61.2
2016	58,475	1.1	17.2	19.1	31,920	54.6	1.1	65.1
2017	58,729	1.1	17.1	19.1	33,211	56.5	1.1	68.8
2018	59,113	1.1	17.1	18.8	35,270	59.7	1.1	73.0
2019	59,765	1.1	17.1	18.7	38,958	65.2	1.1	78.2
2020	47,047	0.7	14.1	15.4	46,510	98.9	1.1	107.5
2021	59,456	1.1	16.0	17.7	43,912	73.9	1.1	85.8
2022	58,987	1.1	16.6	18.1	43,842	74.3	1.1	86.0
2023	56,021	1.0	16.9	18.6	43,399	77.5	1.1	88.9
2024	56,078	1.0	17.0	18.7	43,407	77.4	1.1	88.8

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ Million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2025	56,291	1.1	17.1	18.7	43,440	77.2	1.1	88.6
2026	56,682	1.1	17.2	18.9	43,501	76.7	1.1	88.3
2027	57,024	1.1	17.3	19.1	43,553	76.4	1.1	87.9
2028	56,959	1.1	17.5	19.3	43,543	76.4	1.1	88.0
2029	57,057	1.1	17.6	19.4	43,558	76.3	1.1	87.9
2030	57,185	1.1	17.7	19.5	43,577	76.2	1.1	87.8

Key Statistics

Industry Data

Values

Year	Revenue (\$ Million)	IVA (\$ Million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Wages (\$ Million)
2005	14,852.2	7,790.5	13,350	12,751	240,566	5,833.1
2006	13,961.1	9,015.1	15,040	14,309	267,400	6,641.8
2007	15,762.8	8,301.8	17,940	16,687	234,588	7,040.8
2008	18,158.6	11,488.3	21,310	19,464	303,700	8,419.5
2009	17,343.5	10,012.3	20,610	18,721	340,600	8,121.8
2010	17,832.3	10,834.2	19,900	18,085	332,000	8,498.2
2011	18,291.0	10,864.9	19,850	18,056	338,600	9,145.5
2012	18,759.2	11,627.4	19,960	17,829	339,400	9,413.8
2013	19,370.1	12,322.2	20,180	18,055	343,600	9,707.2
2014	20,072.5	12,833.7	20,660	18,284	349,900	10,003.5
2015	20,916.2	12,799.3	21,020	18,837	359,300	10,393.9
2016	21,355.0	13,899.3	21,260	19,151	365,200	11,657.0
2017	21,853.1	15,045.8	21,770	19,509	372,100	12,357.9
2018	22,338.9	16,299.6	22,160	20,073	377,900	13,328.5
2019	22,931.9	17,927.8	22,430	20,479	383,700	14,948.1
2020	14,339.9	15,420.1	21,560	19,734	304,800	14,176.3
2021	20,512.2	17,593.5	21,510	19,531	345,000	15,149.5
2022	21,276.6	18,307.8	21,790	19,889	360,700	15,813.9
2023	20,733.3	18,423.6	21,840	19,880	370,100	16,061.9
2024	20,919.7	18,576.9	21,972	19,998	373,049	16,193.0
2025	21,251.4	18,829.8	22,130	20,136	377,529	16,399.9
2026	21,783.7	19,234.9	22,351	20,318	384,315	16,717.9
2027	22,267.6	19,583.7	22,545	20,475	390,495	17,007.2
2028	22,751.9	20,017.5	22,828	20,717	399,444	17,393.0
2029	23,251.0	20,433.1	23,145	20,994	407,506	17,750.1
2030	23,748.3	20,843.8	23,464	21,270	415,291	18,097.3

Note

Figures are inflation adjusted to 2024

Industry Data

Annual Change

Year	Revenue %	IVA %	Establishments %	Enterprises %	Employment %	Wages %
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	-6.0	15.7	12.7	12.2	11.2	13.9
2007	12.9	-7.9	19.3	16.6	-12.3	6.0
2008	15.2	38.4	18.8	16.6	29.5	19.6
2009	-4.5	-12.8	-3.3	-3.8	12.2	-3.5
2010	2.8	8.2	-3.4	-3.4	-2.5	4.6
2011	2.6	0.3	-0.3	-0.2	2.0	7.6
2012	2.6	7.0	0.6	-1.3	0.2	2.9
2013	3.3	6.0	1.1	1.3	1.2	3.1
2014	3.6	4.2	2.4	1.3	1.8	3.1
2015	4.2	-0.3	1.7	3.0	2.7	3.9
2016	2.1	8.6	1.1	1.7	1.6	12.2
2017	2.3	8.2	2.4	1.9	1.9	6.0
2018	2.2	8.3	1.8	2.9	1.6	7.9
2019	2.7	10.0	1.2	2.0	1.5	12.2
2020	-37.5	-14.0	-3.9	-3.6	-20.6	-5.2
2021	43.0	14.1	-0.2	-1.0	13.2	6.9
2022	3.7	4.1	1.3	1.8	4.6	4.4
2023	-2.6	0.6	0.2	0.0	2.6	1.6
2024	0.9	0.8	0.6	0.6	0.8	0.8
2025	1.6	1.4	0.7	0.7	1.2	1.3
2026	2.5	2.2	1.0	0.9	1.8	1.9
2027	2.2	1.8	0.9	0.8	1.6	1.7
2028	2.2	2.2	1.3	1.2	2.3	2.3
2029	2.2	2.1	1.4	1.3	2.0	2.1
2030	2.1	2.0	1.4	1.3	1.9	2.0

Note

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Key Success Factors

How do successful businesses overcome volatility?

Maintain efficient work practices

New technologies can automate repetitive tasks, optimize scheduling and improve overall operational efficiency, allowing spa staff to focus on providing exceptional customer service.

Secure a highly skilled workforce

Skilled staff can build rapport with customers, understand their needs and tailor treatments accordingly, increasing customer satisfaction and loyalty.

What products or services do successful businesses offer?

Supply a diverse range of products

A diverse product range allows spas to cater to a broader range of customers with varying preferences and needs. This can attract new customers and increase customer satisfaction among existing patrons.

Invest in new technology to enhance operational efficiency and quality

By automating processes and streamlining operations, spas can reduce labor costs, minimize administrative expenses and improve resource utilization, leading to increased profitability.

How do businesses use location to their advantage?

Operate in a location that is close to key markets

Operating in a location close to key markets can help spas to increase their brand awareness and attract more customers. This can give them more leverage when negotiating with suppliers.

Ensure car parking availability

Convenient parking is essential for spas, as it allows customers to arrive and leave their vehicles without hassle or stress. This can enhance the overall spa experience and encourage repeat visits.

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