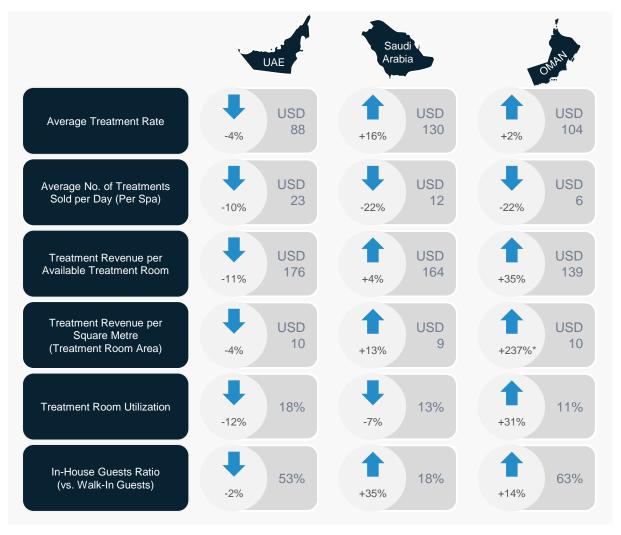# SPA BENCHMARK REPORT

UAE, SAUDI ARABIA, OMAN - FULL YEAR | 2018

UAE - SAUDI ARABIA - OMAN SPA BENCHMARK REPORT 2018 FULL YEAR REVIEW

In this edition of the Spa Benchmark Report, the performance of hotel spas operating within the UAE, Saudi Arabia and Oman are analyzed, providing an insight into indicators such as the average treatment rate, revenue and number of treatments sold in 2018.

	UAE	Saudi Arabia	OMAN
Average Treatment Rate	↓ -4% USD 88	↑ +16% USD 130	↑ +2% USD 104
Average No. of Treatments Sold per Day (Per Spa)	↓ -10% USD 23	↓ -22% USD 12	↓ -22% USD 6
Treatment Revenue per Available Treatment Room	↓ -11% USD 176	↑ +4% USD 164	↑ +35% USD 139
Treatment Revenue per Square Metre (Treatment Room Area)	↓ -4% USD 10	↑ +13% USD 9	↑ +237%* USD 10
Treatment Room Utilization	↓ -12% 18%	↓ -7% 13%	↑ +31% 11%
In-House Guests Ratio (vs. Walk-In Guests)	↓ -2% 53%	↑ +35% 18%	↑ +14% 63%

Notes:
Above data is represented in USD and shows percentage change from 2017 to 2018.
Above data shows actual figures shared by the participants of the benchmark survey.
*Includes a new participant which has a high revenue per square metre compared to others.

Oman, being strong leisure destination, has a robust wellness sector. As indicated by the figures above, performance by the spas in the country has improved compared to last year.

Saudi Arabia's wellness industry has shown improvement in 2018 compared to 2017. Revenue in general has increased although the average number of treatments sold per day as seen a drop.

Spas in the UAE, on the other hand, have seen a drop in programme since 2017. Increasing competition and influx of price sensitive travelers are some of the reasons impacting the overall revenue of the spas in Dubai & Abu Dhabi.

ABU DHABI & DUBAI SPA PERFORMANCE 2018 FULL YEAR REVIEW

UAE Market Highlights

INTRODUCTION

This section of the report focuses on analysing fourteen spa performance metrics, based on data received directly from a panel of spa operators in Abu Dhabi and Dubai. The Full Year Review assesses year-to-date data from January to December for the last three consecutive years.
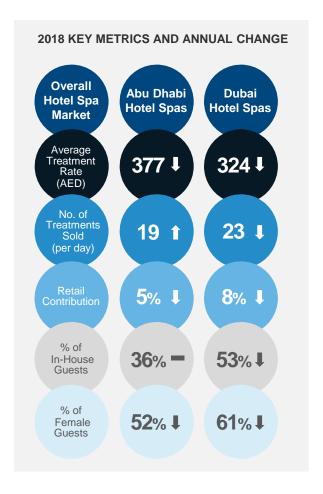
- Abu Dhabi – The overall hotel spa market is analysed from a stock of 90 treatment rooms, including city hotel spas and resort spas.

- Dubai – Two spa types are analysed from a stock of 200 treatments rooms, (i) Resort spas and (ii) City hotel spas.

TRENDS AND NEW SPA OPENINGS

Overall, the UAE market has underperformed in 2018 compared to 2017. The spa market in the UAE continues to be affected by the increasing influx of price-sensitive source markets. Capture ratio of hotel guests have fallen in both Dubai (by 22%) and Abu Dhabi (by 3%). Abu Dhabi, however, seems to continue to attract more walk-ins than in-house guests, thereby depending lesser on tourists/travelers to generate revenue.

2018 witnessed the opening of several new spas in Dubai and Abu Dhabi, including the Cinq Mondes Spa at Emerald Palace Kempinski Hotel, Qua Spa at Caesars Palace Bluewaters Dubai, the signature Zen Spa at Saadiyat Rotana Resort & Villas and the luxury spas at The Abu Dhabi Edition.

Anticipated spa openings in 2019 include the luxury spa at Stella Di Mare, AWAY spa at W the Palm, and the 2,800 sqm spa at Mandarin Oriental Jumeirah Beach. Abu Dhabi anticipates the opening of new luxury spas later this year including the luxury spa at Grand Hyatt Abu Dhabi Hotel & Residences.

2018 KEY METRICS AND ANNUAL CHANGE

Overall Hotel Spa Market	Abu Dhabi Hotel Spas	Dubai Hotel Spas
Average Treatment Rate (AED)	377 ↓	324 ↓
No. of Treatments Sold (per day)	19 ↑	23 ↓
Retail Contribution	5% ↓	8% ↓
% of In-House Guests	36% ▬	53% ↓
% of Female Guests	52% ↓	61% ↓

PERFORMANCE INDICATORS ABU DHABI HOTEL SPAS

Abu Dhabi spas experienced negative performance in spite of an increase in the average number of treatments sold per day. This can be attributed to the shift in source markets in Abu Dhabi hospitality market as well as the increasing use of promotions and discounts to attract customers. Treatment revenue granted per therapist and therapist utilization have also seen a fall in 2018 compared to 2017 indicating the underutilization of therapists and the possibility of increase in the number of spa therapists among the spas. Abu Dhabi spas continue to attract more walk-in guests compared to in-house guests.

ABU DHABI HOTEL SPAS	AVERAGE (AED / %)			AVERAGE (USD / %)		
	FY 2016	FY 2017	FY 2018	FY 2016	FY 2017	FY 2018
Revenue Indicators						
Average Treatment Rate	395	394	377	108	107	103
Treatment Revenue per Available Treatment Room	835	722	717	227	197	195
Treatment Revenue Generated per Therapist	1,064	1,112	1,009	290	303	275
Revenue per Available Treatment Hour (RevPATH)	69	60	60	19	16	16
Treatment Revenue per Square Metre (Treatment Room Area)	21	18	19	6	5	5
Treatment Revenue per Square Metre (Total Area)	6	5	6	2	1	2
Average No. of Treatments Sold per Day (Per Spa)	22	17	19	22	17	19
Retail Percentage	4%	6%	5%	4%	6%	5%
Utilization Indicators						
Treatment Room Utilization	21%	17%	16%	21%	17%	16%
Therapist Utilization	36%	30%	28%	36%	30%	28%
Female Spa Guests Ratio (vs. Male)	55%	53%	52%	55%	53%	52%
Hotel-Related Indicators						
Spa Revenue per Occupied Hotel Room	57	43	53	16	12	14
Capture Rate of Hotel Guests	4%	3%	3%	4%	3%	3%
In-House Guests Ratio (vs. Walk-In Guests)	34%	36%	36%	34%	36%	36%

PERFORMANCE INDICATORS
DUBAI RESORT HOTEL SPAS

Dubai Beach Resort spas experienced a 5% increase in treatment revenue per treatment sold in 2018 compared 2017. However, with the drop in total number of treatments (11%), the total treatment revenue generated among spas in the sample dropped by 6%. Revenue generated per therapist has dropped by 2%, while therapist utilization decreased by 9%. However, revenue from treatment room area and total area has improved performance. Capture ratio from hotel guests fell drastically by 28%, along with 11% drop in in-house guests ratio.

DUBAI RESORT SPAS	AVERAGE (AED / %)			AVERAGE (USD / %)		
	FY 2016	FY 2017	FY 2018	FY 2016	FY 2017	FY 2018
Revenue Indicators						
Average Treatment Rate	358	344	362	98	94	98
Treatment Revenue per Available Treatment Room	935	952	857	254	259	233
Treatment Revenue Generated per Therapist	1,267	1,342	1,320	345	365	359
Revenue per Available Treatment Hour (RevPATH)	64	80	73	18	22	20
Treatment Revenue per Square Metre (Treatment Room Area)	42	45	49	12	12	13
Treatment Revenue per Square Metre (Total Area)	13	14	17	3	4	5
Average No. of Treatments Sold per Day (Per Spa)	50	47	42	50	47	42
Retail Percentage	11%	10%	9%	11%	10%	9%
Utilization Indicators						
Treatment Room Utilization	25%	28%	24%	25%	28%	24%
Therapist Utilization	63%	54%	49%	63%	54%	49%
Female Spa Guests Ratio (vs. Male)	62%	64%	64%	62%	64%	64%
Hotel-Related Indicators						
Spa Revenue per Occupied Hotel Room	44	54	49	12	15	13
Capture Rate of Hotel Guests	3%	3%	2%	3%	3%	2%
In-House Guests Ratio (vs. Walk-In Guests)	53%	52%	46%	53%	52%	46%

PERFORMANCE INDICATORS
DUBAI CITY HOTEL SPAS

Dubai City Hotel spas recorded an 8% drop in treatment revenue per treatment sold in 2018 compared to 2017 and a 3% drop in number of treatments sold. Overall, most indicators showed a negative performance except a marginal growth observed in the retail revenue contribution by city spas, as well as an overall increase in the in-house guests ratio.

DUBAI CITY HOTEL SPAS	AVERAGE (AED / %)			AVERAGE (USD / %)		
	FY 2016	FY 2017	FY 2018	FY 2016	FY 2017	FY 2018
Revenue Indicators						
Average Treatment Rate	378	336	308	103	91	84
Treatment Revenue per Available Treatment Room	757	620	551	206	169	150
Treatment Revenue Generated per Therapist	717	734	694	195	200	189
Revenue per Available Treatment Hour (RevPATH)	53	47	41	14	13	11
Treatment Revenue per Square Metre (Treatment Room Area)	42	36	32	11	10	9
Treatment Revenue per Square Metre (Total Area)	13	10	8	3	3	2
Average No. of Treatments Sold per Day (Per Spa)	16	15	15	16	15	15
Retail Percentage	10%	8%	8%	10%	8%	8%
Utilization Indicators						
Treatment Room Utilization	18%	17%	15%	18%	17%	15%
Therapist Utilization	30%	29%	27%	30%	29%	27%
Female Spa Guests Ratio (vs. Male)	61%	63%	59%	61%	63%	59%
Hotel-Related Indicators						
Spa Revenue per Occupied Hotel Room	26	21	17	7	6	5
Capture Rate of Hotel Guests	2%	1%	1%	2%	1%	1%
In-House Guests Ratio (vs. Walk-In Guests)	57%	54%	56%	57%	54%	56%

PERFORMANCE INDICATORS DUBAI SPA MARKET ANALYSIS FY 2018

Data collected from the Dubai spa panel has been further analysed by size and opening year. Large spas are those with 10 or more treatment rooms, while small spas have less than 10 treatment rooms. New spas are considered to be those that have been open for less than 5 years, while established spas are those which have been open for 5 years or more. Spas were classified as such to ensure an even number of spas per category.

KEY PERFORMANCE INDICATOR - FY 2018 AVERAGE (AED / %)	TYPE OF SPA		SIZE OF SPA		OPENING YEAR	
	Resort	City	Large	Small	New	Established
Revenue Indicators						
Average Treatment Rate	362	308	321	327	286	333
Average No. of Treatments Sold per Day (Per Spa)	42	15	38	12	12	26
Revenue per Available Treatment Hour (RevPATH)	73	41	60	44	40	53
Retail Percentage	9%	8%	10%	7%	10%	8%
Utilization Indicators						
Treatment Room Utilization	24%	15%	19%	17%	16%	19%
Therapist Utilization	49%	27%	38%	31%	40%	32%
Hotel-Related Indicators						
Capture Rate of Hotel Guests	2%	1%	2%	1%	1%	2%
In-House Guests Ratio (vs. Walk-In Guests)	46%	56%	48%	56%	54%	52%

TYPE OF SPA

Resort spas continue to outperform city hotel spas, achieving an 18% premium in average treatment rate and higher treatment room and utilisation indicators. Data indicates that city hotel spas receive a higher share of price sensitive guests and are more likely to offer discounts to attract guests, than spas in resorts.

SIZE OF SPA

Large spas in the sample show similar performance to that of resort spas. Large spas benefit from economies of scale, hence they tend to achieve a higher therapist utilization rate. However, the average treatment rate from the large spas was marginally lower than the smaller spas in the sample.

OPENING YEAR

In 2018, data indicates that established spas have outperformed the new spas in all areas except for the in-house guests ratio.

PERFORMANCE INDICATORS
SAUDI ARABIA HOTEL SPAS

Saudi Arabia Market Highlights

The performance of Saudi spas have improved over the last three years. All the revenue indicators have shown positive change compared to last year including the average treatment rate, which increased by 16%. However, a drop of 22% in the average number of treatments sold per day was recorded in 2018. The spas also witnessed an approximate 7% and 2% drop in utilization of treatment rooms and therapist hours ratios, respectively.

KSA HOTEL SPAS	AVERAGE (SAR / %)			AVERAGE (USD / %)		
	FY 2016	FY 2017	FY 2017	FY 2016	FY 2017	FY 2017
Revenue Indicators						
Average Treatment Rate	383	421	489	104	115	133
Treatment Revenue per Available Treatment Room	570	590	615	155	161	167
Treatment Revenue Generated per Therapist	1,020	1,090	1,114	278	297	303
Revenue per Available Treatment Hour (RevPATH)	55	57	61	15	15	17
Treatment Revenue per Square Metre (Treatment Room Area)	26	29	33	7	8	9
Treatment Revenue per Square Metre (Total Area)	3	5	7	1	1	2
Average No. of Treatments Sold per Day (Per Spa)	22	16	12	22	16	12
Retail Percentage	4.4%	2.1%	2.5%	4.4%	2.1%	2.5%
Utilization Indicators						
Treatment Room Utilization	14.8%	13.6%	12.7%	14.8%	13.6%	12.7%
Therapist Utilization	26.7%	25.7%	25.3%	26.7%	25.7%	25.3%
Hotel-Related Indicators						
Spa Revenue per Occupied Hotel Room	45	61	49	12	17	13
Capture Rate of Hotel Guests	9.1%	4.4%	6.6%	9%	4%	7%
In-House Guests Ratio (vs. Walk-In Guests)	29%	14%	18%	29%	14%	18%

Notes:
Sample represents 47 treatment rooms among the luxury hotel spas in Saudi Arabia.
Female Spa guests ratio is not included in the above data.

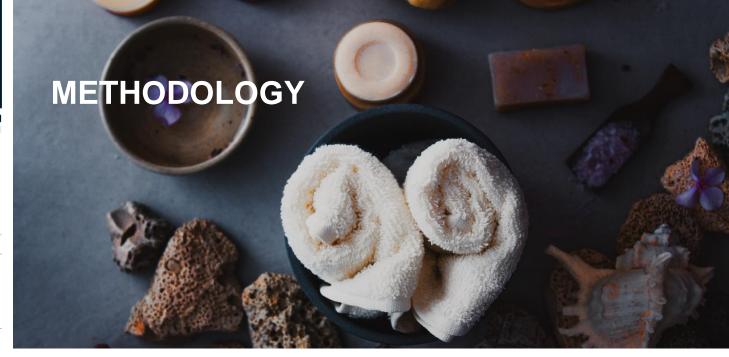# PERFORMANCE INDICATORS OMAN HOTEL SPAS

Oman Market Highlights

Overall, the spas in Oman have improved performance over the years. The capture ratio of hotel guests among the spas have improved drastically indicating the potential for wellness in Oman. Although the utilization ratios were relatively lower in the past, the spas are increasingly becoming more efficient which is reflected in the improving ratios in 2018 and this trend is expected to continue in the coming years. The growing wellness industry will promote Oman as a destination for leisure travelers who seek experience, rejuvenation and revitalization.

OMAN HOTEL SPAS	AVERAGE (OMR / %)			AVERAGE (USD / %)		
	FY 2016	FY 2017	FY 2018	FY 2016	FY 2017	FY 2018
Revenue Indicators						
Average Treatment Rate	40	39	40	105	101	104
Treatment Revenue per Available Treatment Room	22	40	53	58	103	139
Treatment Revenue Generated per Therapist	47	54	72	123	139	187
Revenue per Available Treatment Hour (RevPATH)	2	3	4	5	9	12
Treatment Revenue per Square Metre (Treatment Room Area)	1	1	4	2	3	10
Treatment Revenue per Square Metre (Total Area)	0.1	0.2	0.3	0.3	0.5	0.8
Average No. of Treatments Sold per Day (Per Spa)	9	7	6	9	7	6
Retail Percentage	11%	6%	6%	11%	6%	6%
Utilization Indicators						
Treatment Room Utilization	6%	9%	11%	6%	9%	11%
Therapist Utilization	14%	13%	18%	14%	13%	18%
Female Spa Guests Ratio (vs. Male)	60%	61%	60%	60%	61%	60%
Hotel-Related Indicators						
Spa Revenue per Occupied Hotel Room	7	7	8	19	17	20
Capture Rate of Hotel Guests	5%	4%	11%	5%	4%	11%
In-House Guests Ratio (vs. Walk-In Guests)	66%	55%	63%	66%	55%	63%

Notes:
Sample represents 39 treatment rooms among the luxury hotel spas in Oman.

METHODOLOGY

This publication has been prepared by Colliers International Hotels MENA, providing fourteen key metrics designed to track spa operational performance. The initiative is driven by and for the spa industry, and uses actual operating data from a sample of spas across UAE, Saudi Arabia and Oman.

Definitions

KEY PERFORMANCE INDICATORS	CALCULATION
REVENUE INDICATORS	
Average Treatment Rate	Total Treatment Revenue ÷ Total No. of Treatments Sold
Treatment Revenue per Available Treatment Room	Total Treatment Revenue ÷ Available Treatment Rooms
Treatment Revenue Generated per Therapist	Total Treatment Revenue ÷ Available Therapists
Revenue per Available Treatment Hour (RevPATH)	Total Treatment Revenue ÷ (Available Treatment Rooms x Opening Hours)
Treatment Revenue per Square Metre (Treatment Room Area)	Daily Treatment Revenue ÷ Treatment Room Area (m²)
Treatment Revenue per Square Metre (Total Area)	Daily Treatment Revenue ÷ Total Spa Area (m²)
Average No. of Treatments Sold per Day (Per Spa)	Total No. of Treatments Sold ÷ No. of Days in the Period
Retail Percentage	Total Retail Revenue ÷ Total Spa Revenue
UTILIZATION INDICATORS	
Treatment Room Utilization	Treatment Room Hours Sold ÷ Available Treatment Room Hours
Therapist Utilization	Occupied Therapist Hours ÷ Available Therapist Hours
Female Spa Guests Ratio (vs. Male)	Total No. of Female Spa Guests ÷ Total No. of Spa Guests
HOTEL-RELATED INDICATORS	
Spa Revenue per Occupied Hotel Room	Total Spa Revenue ÷ Occupied Hotel Rooms
Capture Rate of Hotel Guests	Total No. of In-House (Hotel) Spa Guests ÷ Total No. of Hotel Guests
In-House Guests Ratio (vs. Walk-In Guests)	Total No. of In-House (Hotel) Spa Guests ÷ Total No. of Spa Guests

FOR MORE INFORMATION

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