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A case study to explore the best marketing practices of the fast growing health and wellness industry.

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Abstract

The Purpose of this paper is to discuss how the health spas embark on marketing strategies and how they will deal with the increased consumer demand. On the one hand, a case study of two recognised health spas will illustrate how the spas integrate marketing strategies to build credible relationships with their customers and will demonstrate successes and failures of each health spa. On the other hand, an exploration of the market dynamics will present a consciousness of the customers' expectations and suggest whether the level of service quality in the health spa is adequate to meet these needs. The practical implication of the study will assist in the design of a proposed model with best marketing practices for the sustainability of this competitive industry.

Chapter 1: Orientation

1.1 INTRODUCTION

The wellness industry has experienced exponential demand-driven growth. A flood of health spas and spa-related services are generating mass-market appeal. At the same time, a more sophisticated spa consumer seeks out specific experiences, which is based on specific needs. On the other hand, the regular spa consumers, who mainly visit the spa for basic relaxation and corrective eating programmes, are now making travel and wellness choices based on their lifestyle. At the same time, a broader population is being introduced to spa services primarily through the resort industry. However, with this duality, the increase and rise in the opening of health spas together with the expansion of the consumer, certain obligations surfaced. This necessitates an increased awareness of the competitiveness that now faces this industry. With the explosion of internet based technology, this brought about an intensification of the competitiveness in this industry and hence pursued efforts to offer demand driven capabilities to the market. This problem statement prompted two research questions, which will also give momentum to the way the research evolved:

1. How the spas integrate marketing strategies to build credible relationships with their customers?;
2. Is the health spa's level of service adequate to meet the increased customer expectations?

Spas will have to understand that it is no longer good enough to just be in the wellness industry. Health spas employ marketing and innovative strategies to captivate the market to identify, create and deliver value to customers better than

the competition. They need to build credibility with their respective market segments through various tailored techniques, including branding for a particular market segment, determining product, price and promotional activities and offer a distinctive, yet within expected parameters quality of service and consistency. More important, every customer of the spa industry is very brand loyal and seeks long-term relationships and this is the essence of sustained growth.

The purpose of this paper is initiated by a lack of previous research into what constitute superior service to give this contemporary and growing health business a competitive advantage. In other words, the author wish to undertake a search for commonalities and differences between two health spas to allow a distinctive interpretive process that endeavours to reveal what the critical marketing success factors may be. With customers exhibiting special preferences and with the vast array of health and wellness offerings, how do health spas fulfil in the specific needs in the best possible way. In order to answer this question, it is critical that the primary target consumer be identified, and henceforth the expectations of this market be understood, before business strategies being tailored. Subsequent to the aforementioned, it will become evident what the critical success factors are for sustainable growth. However, it may also be surmised, that without this prior efficacy, marketing endeavours may proof futile. Hence, and with limited resources and unavailable previous literature studies, this research paper will be focussed on two health spas in the Western Cape, namely AltiraSpa and, the renowned spa called, The Hydro, in Stellenbosch. It would be beneficial to learn from these existing South African health spas to gain insight into what they perceive to be their best business and marketing practices, how they tailor their brands, how they manage their brands over time and build promotions that will generate best results. Thus, there is also a need for criteria, which can be used to justify the application of talents in this area.

1.2 BUSINESS BACKGROUND

The term “wellness” was originally used by Halbert L. Dunn in a book he wrote titled “high level wellness” released in 1961 (Ardell, 2004). Several people have since attempted to define the term but there is no one generally accepted definition. Today’s definition of spa’s provide programmes devoted to an individual’s health and fitness, re-designed to make the guest feel significantly better than when they arrived. The combination of fun, exercise, a healthy and balanced diet, pampering, relaxation, and education on managing stress offers magnificent chance for renewal. A spa is a comfortable environment in which to learn how to use the tools of life enhancement.

The term health spa and wellness centre will be used interchangeably, however implies the same. Health Spa’s and wellness-related enterprises are becoming increasingly popular businesses but has yet to fully mature. Various factors contribute to a still greater need for wellness, including stressors, increased leisure time and greater disposable income and mobility; and the social need for relaxation and leisure. Together these factors are creating exciting, new recreation opportunities that did not exist previously. “In order for a spa to maximize the value of an asset it must be competitive, original and integrated into the overall guest experience.” (Richard Dusseau: Principal of Spa Strategy)

Health and wellness services can be described as pampering and wellness. Pampering includes massages, herbal wraps and exfoliating scrubs – experiences to make a person more relaxed and contented. On the other hand, wellness is designed to prevent a specific health problem from occurring so a person can maintain or improve his/her physical and/or mental well-being. There is a holistic aspect of wellness products to regain our internal balance, re-establish the harmony between our body, mind and soul in order for us to

confront the fast-paced, complex and increasingly materialistic world. This is the area of the wellness revolution. The myriad of benefits attributed to health and wellness services are enticing. The spa industry, generally regarded as the health and wellness market's largest player, has responded to this demand with rapid expansion.

The Spa and Wellness industry has now become a universal experience and a more socially accepted industry to visit, synonymous with health, relaxation and a potential multitude of treatments, including alternative therapies; body scrubs, skin care, steam, sauna, hydrotherapy, yoga, fitness, diet, meditation and cleansing. It has also attained momentum during the late 1900's and early 2000's with a phenomenal growth during the past five years.

The author finds it relevant to mention different service offerings pertaining to this industry, which may serve useful in (1) gaining an understanding of the wellness or spa industry, as well as (2) serving as a reference in later explorative findings. Opportunities are listed below to get an overview of potential value added offerings:
Some post opportunities including post mastectomy or post cosmetic plastic surgery; manicures, pedicures, facials on site while recuperating; nutritionist; chemical facial peels; correction of eating disorders and other behavioural problems; endoscopic brow: face and mask lifts are operations through a four-millimetre telescope and are revolutionary in that they leave no scars on the face itself; liposuction or lip sculpture – more precision and artistry in the process and less pain; teeth whitening; detoxification; relief from stressful lifestyles; state-of-the-art fitness; well trained massage therapy; hot mineral baths; medical wellness programmes for business executives; companies can send executives to spas to alleviate the effects of stress, smoking and obesity; reverse cardiac disease for patients suffering from coronary artery disease or with significant risk factors for coronary artery disease; sport injuries/rehabilitation; cosmetic treatments such as

mud baths and facials, counselling; hydro therapy, herbal treatments; collagen injection; cosmetic lip surgery, dermabrasion, fat injection; scar revision.
Other Speciality treatments (Descriptions in Annexure 2):

- Blepharoplasty;
- Restylane for Lips;
- Mesotherapy;
- Crow's feet around the eyes;
- Botox;
- Intense Pulsed Light (IPL) – veins;
- A deep exfoliation: Elemis fabulous Tri-Enzyme.

It is notable that the vastness of this industry can be overwhelming. Spas are expected to meet demands with increased attention to design elements and service and treatment offerings which engage the experienced spa supporter, yet not to alienate first time spa guests. Successful spas will be those that can effectively segment the market, target those consumers which will be most profitable for their property, and create a branded spa product with treatment and services which meet and exceed the needs of those guests. Innovative programmes will break out of the traditional spa mould through the integration of low impact fitness activities and spa treatments which complement various fitness activities.

1.3 PROBLEM STATEMENT

Problem 1

Health Spas in South Africa are opening up at a phenomenal rate. In the Western Cape there are approximately 50 health spas competing for a market share. Each and every wellness centre is confronted with this increased competition. Subsequent to the industry competitiveness, there is a need for health spas to

design marketing strategies that will give them a competitive edge, the lack of which may impede the sustainability of their business.

Sub Problems

- It is difficult for any health spa to sustain itself if they do not embark on winning strategies.
- Health spas will have to differentiate their service/treatment offering in line with the market requirements.
- Health spas must be innovative when they tailor strategies for their target audience.

Problem 2

As the market continues to change and become specialised, perceived value for money will increasingly be a factor. The most important customer requirement for a spa industry will be service. The vast majority of spa supporters go to a spa to be pampered and waited on. Spa visitors typically have very high expectations.

Subproblems

- The level of service quality that exists currently would not be adequate to meet the needs of the niche market. It will be explored which service levels will be most valued.
- Service levels are directly linked to perceived value. How do spas add value for their customers to make the experience outstanding?
- What are the market expectations from the wellness industry?

Problem 3

The health and wellness industry provides its users with perishable commodities; once a service is completed, no tangible product remains for the consumer. A relationship must be maintained with this spa consumer in order to lock the consumer in and ensure a continuous return. Apart from service excellence, the relationship must be ongoing.

Subproblems

- Another problem is building a credible relationship with the spa visitor.
- How do spas build and manage customer relationships;
- How do spas retain customers?

Problem 4

Looking for the property consultant is as easy as taking a drive through the main road of any suburb. Finding the health spa is more difficult and often these spas are located in a setting away from the city buzz. This comparison proves that the Remax', the Seeff, the Pam Golding, etcetera is familiar to all citizens, however not one of the wellness centers have established themselves with the same branding, which is mainly due to poor marketing efforts.

Subproblems

- In order to keep up the ongoing pace, brand awareness is important.
- How the spa integrates and executes branding strategies and branding initiatives become imperative.
- Does the wellness industry align branding strategies for a particular target market segment?

1.4 RESEARCH GOAL

The goal of this research is two fold; on the one hand to explore the dynamics in the spa industry by looking at two of the bigger spa's in the Western Cape and on the other hand, to look at the market dynamics and expectations of the Western Cape research population.

1.5 RESEARCH OBJECTIVES

Based on the explosion of the spa industry and the increased demand for specialised services it is necessary to conduct research into best marketing practices for a targeted audience. The research initiative is to address a comparative study between two health spas, namely AltiraSpa and The Hydro to:

1. Analyse the wellness enterprise to understand what they do to build credibility with a targeted market segment. In order to analyse this, it is important to identify each health spa's business fundamentals including their mission, objectives and market orientation, as these will be the platform from which each respective health spa will build their marketing strategies. The objective will be:
    - 1.1 To learn what this industry is about by looking at their business philosophy, mission and business strategies;
    - 1.2 Learn what the most typical treatments and services are in this industry;
    - 1.3 How does this industry add value proposition for a competitive edge;
    - 1.4 Industry's Customer Profile;
    - 1.5 Industry's Branding strategies;
    - 1.6 Industry's Marketing Mix Strategies.

2. To understand what the market is expecting from the health spa industry? The objective behind this is to identify the surrounding niche market expectations are in order to identify:

2.1 What is the voice of the customer asking?;

2.2 What expectations do the market have in terms of the following:

(i) Product preferences;

(ii) Treatment preferences;

(iii) Service quality expectations;

(iv) Service offerings;

(v) Price preferences;

(vi) Promotional preferences

The writer constructing the study wish to research how the health spa is currently engaging the spa supporter, and identify how the respective health spas are marketing themselves to these current supporters as well as research to identify what the real expectations are from a niche market. The niche market is a Western Cape segment who, the author attempted, should be representative of the Western Cape population. In these endeavours, it is important to learn: (1) what the respective health spas stand for and why - to gain an understanding into their business models; (2) Make an assessment of their current customer profile; (3) identify their brand strategies and rationale behind these strategies; (4) discern what their marketing mix strategy is in terms of product, pricing, promotions and advertising.

The afore analysis of the two health spa's will provide a snap shot of similarities/differences on how these two centres integrate and execute business strategies and branding initiatives focused on the spa.

1. Qualitative data was gathered on the two wellness centers by interviewing respondents and inviting dialogue to learn about their respective business practices.

The first objective was in analysis of the two respective health spas' business strategies. Questions were intended to identify each case's business philosophy and mission and to distinguish how each spa draw on these fundamentals to develop and implement strategies.

- Business Philosophy;
- Vision;
- Internal & External Marketing strategy;

It is also important to discover the respective health spas' customer profile to aid in the analysis of their customer relationships and the following classification variables were applied:

- The customer profile;
- Customer Relationship Management;
- Customer Retention and Loyalty.

The objective behind analysing the two Health Spa's branding strategies is to search whether a strong branded health spa gives it a competitive advantage, to identify whether it opens opportunities for increased communications between the branded feature and the customer. The following variables will be used to aid in assessing how each spa deal with branding and branding strategies:

- Branding and Brand Creation;
- Brand loyalty;
- Brand awareness;
- Perceived Quality;
- Brand Associations.

Each Health Spa's Marketing Mix in terms of the following variables:

- Product;
- Pricing;
- Promotions;
- Advertising.

It would be beneficial to learn from existing South African health spas in assessing how they manage the above potentials, which all contribute to giving them a competitive advantage.

Health Spa's and Health spas are now located everywhere, from a health farm or simply a day spa for some relaxation and pampering. In the Western Cape there are approximately 50 health spas making this a very competitive industry and hence necessitate well planned strategies for competitive advantage and sustained growth. (Annexure 1)

The objectives of the data collected from both the Health Spa's will enable the author to derive a business model by virtue of answering the intended research question, how these two health spas integrate and execute marketing endeavours to build credibility with their consumers. In doing so:

- Analyse the most typical competition's specifics, including treatment menu composition, pricing, packages, facilities and more;
- Measure the two Health Spas' application of lessons learnt from pioneers in the marketing field as well as the practical application of theory;
- It will give an account of their brand strategies and their intended purpose between the branded features and the audience;
- The study will delineate the most popular treatment offerings;
- Outline the pricing strategies;
- Demarcate the competitor advantage/s;
- Mark out promotional strategies;

- Set down best advertising strategies;
- Define their consumer base;
- Explain retention strategies;
- Clarify how they measure customer loyalty;
- Enlighten our understanding of how these health spas prepare their customer mentally before, during and afterwards with customer relationships management;
- Identify opportunities for differentiation from competition;
- Recognise the critical success factors for the successful operation of a health spa.

2. The second objective is to outline the market expectations. In doing so, the author did not attempt to replicate the health spa's existing market segments, but rather to compile an original assessment of a niche market which is identified as a sample of the Western Cape population. Questionnaires were compiled to include variables to describe the Demographic Profile; the Psychographics and the Behavioural profile of the randomly selected samples. Furthermore, questions were constructed to explore certain dynamics around individual preferences in terms of preferred activities; fitness sports; treatment preferences, service expectation ratings, and package preferences. Henceforth, to learn who the typical spa goer is and what propensities this segment exhibits.

   The objective of this data collected from 119 random samples was to give an exposition of the following:

   - Outline the minimum marketing requirements to meet the potential spa guests' expectations;
   - Show us the demographical profile in terms of age, level of education, employment status, income groups, marital status, family structure;

- Demonstrate the psychographical profile in terms of values, beliefs and motivations of this market's propensity to visit a health spa;
- Illustrate which treatment offering this market will be most partial to;
- Be evidence of certain behavioural predispositions to be more inclined to visit a health spa;
- Confirm the target group's spending motives and perceived affordability;
- Present opportunities for consumer recommendations;
- Reveal expectations in terms of service they value most;
- Display this market's tendency toward certain treatment offerings.

1.6 PLAN OF STUDY

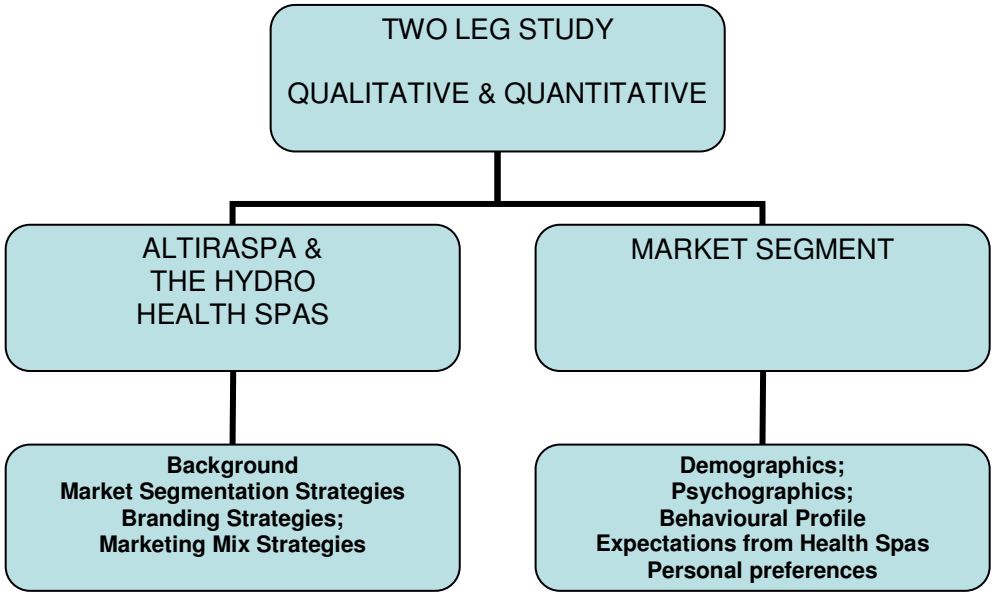
With so many choices between wellness offerings and different health spas, customers are faced with an overload of choices. It is for this reason that strategies are needed to gain competitive advantage over other health spas.

Previous studies have shown that the first step in business planning is to zero in on a niche market. A niche is a specific, narrowly defined group of people that are your potential customers. That will be the group that will become the focus of marketing efforts. It is a common misconception that a product or service should appeal to the widest audience possible and it is extremely difficult to market to everybody.

The next step is to determine what your target market wants and tailor your offerings to suit these needs. One way of finding out what the target market wants is to ask.

In order for any health spa to become a market leader, it is imperative to, not only understand the market dynamics pertaining to the particular industry, but also to then tailor offerings which have been identified as being critical in terms of the wants and needs of the particular market segment. This process of researching the target market will again assist to bring about value propositions for sustained growth of the wellness offering.

In doing so, the plan of study is twofold. On the one hand, a collective case study of two superior health spas in the Western Cape to assist in an analysis of the wellness industry in general and more specifically their business models and marketing strategies in terms of market segmentation, branding and choice of marketing mix. A qualitative approach best serve the aforementioned study. On the other hand, based upon the location of the health spas in the Western Cape, a niche market is identified to include a sample from the Western Cape population. Here a quantitative methodology was chosen, with structured questionnaires attempting to make inferences about the demographic and psychographic profile of this market segment and to deduce behavioural motivations and preferences in terms of the wellness industry.



The research outcome will henceforth demonstrate (1) how these two health spas integrate and execute marketing endeavours to build credibility with their customers and (2) what the market segment is in fact expecting from the same industry.

1.7 OUTLINE OF THE RESEARCH REPORT

In the first chapter the introduction and background of the study was presented. A problem statement was formulated and the goals and objectives of the thesis were discussed.

Second Chapter - In this section the theoretical foundation of the study will be given. The summarised models are in support of the proposed objectives of the study with a focus on the purpose of the study, which include strategy implementation and innovation in marketing; value creation; employee equity; market segmentation; the customer; customer retention and customer relationship management. This will be followed by branding and brand creation; brand loyalty; brand awareness; perceived quality; and brand associations.

Third Chapter – This section is an extension of the previous chapter by means of complementary literature reviews specific to the wellness industry. Various topics in the second chapter were built upon.

Fourth Chapter – This chapter gives an exposition of how the study was conducted. Two different designs were used to describe two different studies; a qualitative design to explore dynamics within the wellness industry and a quantitative design to explain market dynamics. The methodology was explained together with the choice of subjects. This chapter was ended with an explanation to the approach of data analysis and the limitations of the particular study.

Fifth Chapter – This chapter deals with the outcome of the research initiative and will give an exposition of results.

Sixth Chapter - In the discussion a brief exposition of the study is given together with potential problems which will lead to recommendations. In the recommendations, the author purports to have learnt from theory, literature was reviewed and subsequently a marketing model will be proposed. In the conclusion a brief summary will be given merging the aforementioned endeavours.

Seventh Chapter – References to all reading matter will be given.

Chapter 2:

THEORETICAL FOUNDATION OF THE STUDY

It will be assessed which key strategies are necessary for a effective approach to marketing; whether it may be transactional marketing, brand marketing, relationship marketing or value-based marketing in order to determine the most appropriate marketing. Henceforth, the process will also include the strategic process of communicating with a target market, how the use of innovation creates customer value; how the wellness industry should manage key relationships. In doing so, the relationship triangle in marketing will be discussed.

2.1 Strategy implementation and Innovation in Marketing

Dobni and Luffman, 2000, page 895, emphasis that marketing strategies is an extension of an organisations mission, objectives, resources and market orientation, the latter which refers to the existing culture and influence of the employees. It is said that employees with a strong market-oriented culture facilitates value creation strategies such as market segmentation, the development of new products and services for new markets as well as product and service customisation.

Various authors defined market orientation differently; however the general consensus is that the principal feature is an organisation's belief that it should put the customer's interest first by coordinating and integrating the firm's resources toward the creation of superior customer value. Dobni, et al, states that "a market orientation provides a context to facilitate the implementation of strategy". He also postulates that an organisations' market orientation is the mechanism how the organisation will compete and makes the proposition that a business with a high market orientation will hold a high esteem for focussed strategies on the customer, such as product and service customisation, prestige pricing,

advertising, promotion and image management and emphasising brand reputation. Dobni, et al proposed that it is those organisations that interact effectively with their environments that are more successful. Although the study argued some credible points regarding the value of market orientated customer based strategies, it is not clear how this orientation will assist companies in complicated, fast moving markets. It is however of importance that marketing be communicated, accepted and implemented internally prior to external marketing.

Noble continued to explain how to promote the implementation of strategy by starting with a pre implementation plan of cross functional involvement and understanding of the proposed strategy followed by organising the implementation plan by forming a "project team", allocating responsibilities and sensitising other departments to become partners as well as the pooling of resources. The next step is to manage the implementation plan which is typified and laden with physical, turf, interpretive and communication barriers. People also have personality issues and departments may have different goal. When these come into adversary, it may impact negatively on the managing of the implementation plan. In the final stage, cross functional performance can be achieved by forming informal networks to assist in accomplishing the major responsibilities of the plan with a sense of urgency.

In a study conducted by Eisenhardt and Sull (2001) strategy arises from focussing on key strategic processes and therefore simple rules should be created especially in unpredictable markets. In a slow changing and well-structured market it would be best to choose a strategy to build a monopoly and then to defend it, or in a moderate changing market, unique resources can be leveraged for long term dominance.

Abell (1990) proposed an orientation to include dual strategies, one for the present and one for the future. Planning for the present is about "managing current activities with excellence; planning for tomorrow is about managing change". (Abell 1990). The strategic path to the future involves innovation and often a turnaround and even a redefinition. Therefore, pro-activeness is

important to anticipate the future and strategise to accommodate any adjustments. Companies that follow a proactive revolutionary degree of change are true innovators.

2.2 Value Creation

Piercy (2002) argues that we need new marketing for new realities and these must be focussed on "identifying, creating and delivering value to customers better than the competition". A customer-focused superior service is needed in the new marketing.

Marketing endeavours must take cognisance of the differentiating value systems and acknowledge how values are dynamic in order to better understand the drivers of value for different customer groups and to anticipate how these values evolve.

Business now faces the sophisticated customer, who will no longer allow to be subjected to empty promises of advertising and branding. The same customer now expects far better than the ordinary. Branding and advertising still has it place, however brand satisfaction seldom turned into long-term customer loyalty.

Piercy goes on describe the Strategic Pathway to market and set-out with a customer focus and market sensing with a basis in superior understanding of the customer. Next is to make a value judgement on the particular market choice. Traditionally this would have been done by segmentation, however, Piercy argues, new market spaces can be created with a proactive approach to cannibalise products and services. In other words new market opportunities will emerge, which will bring about new areas for value creation into which can be tapped. This is Piercy's value proposition. Value is however perceived and interpreted differently by both the customer and the company and could not be static. Once value is determined, the question remains whether the company has the resources to deliver the value proposition to the targets. Many factors can have an impact on value propositions, some of which include the customer's

expectations, background, the company's ability to manage the relationship with the customer, the magnitude and success of internal and external marketing strategies, forces in the marketplace and competitor strategies.

The value creation process identifies customer needs and service strategies that both match service requirements and take the economic value of customers segments into account. It is important that customer lifetime value be created, as this gives opportunity for cross selling, up-selling and building customer advocacy. Here value should be measured from a customer segment point of view. Segmentation is important to provide an opportunity to tailor the offer to the needs of specific segments.

2.3 Employee Equity

The challenge is to consistency deal with employees in line with a company's identity and always benchmark against rivals, to promote trust, to empower employees and to inspire pride. Employees should understand and endorse a firm's goals, which will ultimately aid in that they will unconsciously take care of the firm's external customers, which typically can be measured in terms of employee loyalty and commitment. (Ambler Pg 185). Champions fully understand company goals and are committed to further the company goals whereas weak links should be better controlled with strict pre-employment fitness profiles. The same champions also show a keen appetite for learning to stay abreast of dynamic market changes and technologies and hence also serve as active innovators. These are positive measures of valuable employee-based brand equity. It is recommended that a company benchmark the calibre of their employees against those of successful firms and specifically measure their perceptions about branding endeavours. Employee satisfaction should also be monitored and loyalty must be acknowledged and rewarded.

2.4 Market Segmentation

"Market segmentation is the identification of portions of the market that are different from one another". (NetMBA 2007).

A market segment is a particular portion of the market which is more susceptible to buying into a particular offering, whether it may be a product, treatment of service. Segments become apparent when it is identifiable, measurable and when it is accessible. Various distribution channels allow communication with any markets, however the market should be substantial in order to justify the allocation of resources required to target the market. The market should also be unique to allow for differentiation and it should be relatively stable to lessen the cost of continuous changes.

The bases for segmentation should therefore include: geographic segmentation, demographic; psychographic and behavioural segmentation.

Multiple motivations for behaviour by one such market segment exist and these should be explored, which could potentially improve the quality of marketing campaigns. For example, a segment may be receptive to a particular product, but lack the financial resources to actually purchase it, allowing marketing effort to be focused on the most profitable segments.

Of particular reference is one such segment, the growth of the baby boomers' generation. It is important to understand how this segment impacts on the economy and hence marketing endeavours. This segment is said to grow to almost 47% by the year 2010 and is responsible for 66% of all expenditures, therefore, understanding what motivates baby boomers, by segment, may proof useful in designing a successful communication strategy. For example, experts all agree that as baby boomers age they will continue to search for non-

conventional forms of treatment to assist them in sustaining their physical, mental and spiritual well-being. (Journal of Vacation Marketing Vol. 11 No. 1, 2005, pp. 31–39). This group will continue to spend large sums of money on complementary and alternative services. As this segment of the population ages, their increased free time and disposable income will further strengthen their ability to purchase these products.

2.5 Customers

Branding is always linked to the customer, since the customer is the buyer of the branded product and the actions is known as the buying behaviour. How the customers behave in the buying decision, and how they affect the brand's success in the market is an important issue. As mentioned, there is an urgency to convince the customer in purchasing a product or service in order to gain success. The relationship with the customers could be a way to accomplish that. Customers tend to choose certain products and services that are associated with their own lifestyle as lifestyles influences the choices made.

Kotler et al. (2002) argues the buying behaviour around new products is a process of having the product fit in the customers' mind, to prepare them mentally before purchases. Kotler et al. (2002) further stresses that there are several roles apparent during a purchase decision. The first include that of the innovators. These customers are ready to try a new product in an early state, to fulfil the adventurous feeling around being the forerunner in purchasing a new product. Early adopters, on the other hand, choose to seek the purchase of a product with less risk and typically this purchaser's behaviour may also influence other's purchaser's behaviour. The most traditional buyer's are the laggards. These customers are suspicious and do not try a new product before it is fully accepted by the market (Kotler et al., 2002).

A customer buys a product or a service, which include the brand, price, features and/or benefits. An organization has to focus on delivering good features, which will be considered as benefits, which results in a competitive advantage for the firm.

2.6 Customer Retention

Weinstein (2001) used a customer value approach explaining that the main objective should be to keep customers and to enhance customer relationships. Hence it is also important to invest at least 75% of a company's marketing budget on relationship marketing activities and customer retention strategies as the cost of gaining new customer outweigh the cost of retaining a customer. A key to customer retention is a satisfied customer who will exhibit tendencies to remain loyal to the existing organisation; ignore competitors; be less price sensitive and who will show favourable appreciation of the organisation.

According to the Pareto Principle, nearly 80% of business comes from 20% of customers and 80% of sales come from 20% of goods or services offered. On-going communication is however necessary to retain these Category "A" Customers. Category "B" Customers are the medium visitors and other value-added services can be employed to keep these customers satisfied. It is important to categorise visitors in subsequent marketing efforts.

According to Weinstein, another way to evaluate customer usage and loyalty patterns is to look at how recent the customer added economic value, how often and how much did the customer spend.

Although Weinstein's theory may proof useful, this theory can not be generalised to include similar analysis of all businesses.

Weinstein also proposed a customer value/retention model considering key elements of customer satisfaction, loyalty, business performance which may all create value. His depiction of horizontal customer profitability chain is valuable based on a combination of quality, service and price as well as image, innovation and intangibles, the elements of which will all enhance customer retention. Weinstein rightfully mentioned that organisations must exceed buyer's expectations and use segmentation and relationship marketing to exploit an improved customer base.

Customer retention is not enough, but segmentation based on customers relationship profitability analysis.

2.7 Customer Relationship Management

A relationship is formed with a customer when a customer is attracted and nurtured, maintained and enhanced with the objective that the economic goals of that relationship are achieved. Trust in the resources involved and in the organisation must be maintained and strengthened in order to sustain the business relationship. The business must therefore be trustworthy. Kotler mentioned that "companies must move from a short-term transaction-orientated goal to a long-term relationship-building goal". (Gronroos, 1994. Page 9).

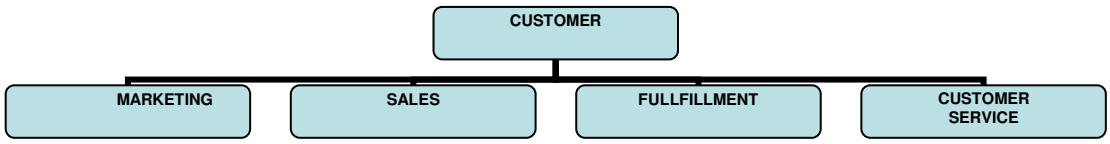
A paradigm shift is evolving and customer relationship economics demand a relationship-orientated approach to marketing. Heskett introduced the concept of market economies, by which it was meant that results will be achieved by understanding the customer in stead of by concentrating on developing scale economies. (Gronroos. 1994). This shift is a shift toward a focus on building value-laden relationships and marketing networks, therefore moving from a

marketing mix to relationship marketing, which emphasize the need for different dialogues with identified customers.

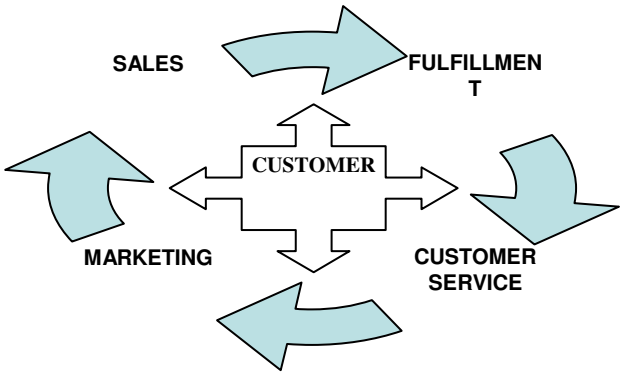
Gronroos stressed Reichheld observation that creating a highly loyal customer strategy will only be achieved when combined with the company's business strategy. The focus on the relationship should be long termed and should be supported by marketing mix activities, including product, price, place and promotion.

It is however also considered that relationship marketing is not a complete paradigm shift and that technology remains to play a critical role, hence, relationship marketing based on technology advances can be considered as an improved paradigm. Web based Customer Relationship Management (CRM), for example, is an online CRM system and is becoming increasingly popular to effectively run web based campaigns, track leads, convert leads into sales, deliver responsive service and support to internal, external customers and partners. (Agrawal & Mittal, 2002). For an integrative and successful implementation, a redefinition of the real customer is necessary together with a shift with a focus on this customer and the profitability of this customer.

Kearney explained this on the hand of the convergence of a traditional model, depicted below:



to the CRM integrated model based on customers:



In Kearney's model, the CRM model focussed on enhancing the customer experience and hence, also enhances the customer lifetime value whereby the customer perspective is considered and a quick response rate ensured. The web based CRM offers a low cost of ownership and will aid in more effective cross sell higher responses to marketing campaigns, extraordinary service and support, higher customer retention and loyalty and higher customer profitability.

2.8 Branding and Brand Creation

"A brand is a name, term, sign or symbol, or design , or a combination of them intended to identify the goods and services of one seller or group of sellers" – (Keller, 2003, p.3). Branding is to help achieve and maintain a loyal customer base in a cost effective way in order to achieve the highest possible returns on investment.

It is often difficult to create a good brand and some of the reasons according to Aaker include the ongoing pressure to compete on price; the increase of competitors; the continuous fragmentation of markets; the complexity of brands; some biasness toward changing strategies and innovation; the pressure to invest elsewhere as well as short-term pressures. (Aaker. 2002.) Creating a brand requires the visibility of brand's intended purpose, the making of brand associations and the differentiation of the branded image, product, sign or

symbol. The brand's main purpose is to create awareness and to further communications between the branded feature and the customer.

Kapferer (1992) identifies five principles in the creation of a brand. The first principle includes defining the brand's identity. Relevant questioning of whom the target audience will be, what the positioning of the product is to be, how it will meet the expectations of the consumer, questions about the advantages as well as the competitive arena are all of significance.

A brand association is anything customers link with the brand. The link to a brand will be stronger the more experiences and exposures it is based upon. Further it will be stronger when it is supported by a network of other links (Aaker, 1996).

Subjective and emotional associations are important for brand value. These include personal associations. Associations may also be of an emotional character, relating to lifestyle or personality. Together these associations make a brand personality that suggests situations when a brand is and is not appropriate (Aaker, 1996).

Major brands do not solely derive their identity from functional sources. The choice of a brand's imaginary source is just as important as the choice of a chosen product out of a range. This constitutes the second principle of Kapferer's exposition.

The third principle is based on giving meaning to branded products. The product/s which best represents the brand's intention should be highlighted to enhance the brand.

When a brand is created, two alternative strategies may be chosen, as in the former case, by communicating the brand meaning, its imaginary significance, and its intention direct to the consumer, or, indirectly, through promoting a representative product. This is Kapferer's fourth principle of brand campaign.

The last principle is about the dialogue of the brand, the symbolic communication and thus the brand language. Brand communication is mostly visual, which complicates communication.

When a customer purchases a branded product, the purchase is carried out with the intention that the branded product reflects the buyer's image and lifestyle and is an extension of the buyers' personality.

2.9 Brand loyalty

Brand value must be created and brand loyalty is the most important measure of a brand's value. If customers are indifferent to the brand and make their purchase based on features, price, and convenience with little concern to the brand name, there is probably low brand equity. However, if customers continuously purchase the brand over competitors' with superior features, price, and convenience, brand value actually exists. This means that brand loyalty can be thought of as a measurement of the customer's attachment to a brand. (Aaker, 1996).

Aaker also identified valuable loyalty based segmentation where customers should be segmented into categories of purchasing behaviour that are most similar, like price-switchers; non-customers; the passively loyal and fence sitters. Loyalty can also be enhanced to strengthen a customer's relationship to the brand. Frequent-buyer programs can be adopted, which service as positive reinforcement for the client. One typical South African programme is eBucks where customers are rewarded when purchases are made on FNB card. The points can then be used in lieu of airline tickets. Another loyalty based programme is joining clubs, where club members receive discounts, event notification and special offers. The aforementioned strategies could again be used to formulate a loyalty database for a narrower, focus segment which will ultimate enhance the relationship to the brand with ongoing communications.

2.10 Brand awareness

Aaker quoted that "a brand name by itself may not be as important as being aware of the name attached to a symbol or visual image". (Aaker 2002.)

Therefore, he argued, should it be better to also measure the awareness of symbols and visual imagery.

Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a particular product category. In contrast to brand loyalty, brand awareness is the simplest form of brand equity and reflects familiarity gained from past exposure.

The ultimate awareness level lies in brand dominance where customers recall the brand of a single product and generally requires extensive resources and media coverage including promotions, sponsorships and publicities; however recall may also lead to inconsistency. Brand knowledge may lead to more accurate generalisations.

2.11 Perceived Quality

Perceived quality can be measured by defining quality and measuring quality on a continuum from low to high quality; consistency versus inconsistency; its position in a category – best versus worst. (Aaker. 2002) Perceived quality is also a vital construct in brand equity and is associated with functional benefits serving as a mediator across product classes.

It is however not an easy task to measure quality without any cues as perceived quality involves a product frame of reference. Loyal customers, by example could be misinterpreted only because they don't easily switch products as apposed to the "switching" customer. Perceived quality may also not always be the driver. Cognisance must also be given to a perceptive culture that supports the product and quality. Should a product previously been subjected to poor advertising it may have an impact on further perceptions. Hence, it is very important to protect a product's reputation. A product may also be consider being of good quality on a dimension not important to customers. Customers do not always have all the information to make an objective judgement on the true quality of a product and may be assessing the wrong cues.

2.12 Brand Associations

Since brands reflect a certain image, brand associations like product attributes, a particular image, face, celebrity spokesperson or a particular symbol become a clue to a particular brand and are driven by the brand identity.

Purchasers want to associate additional benefits with a brand and link these to certain attributes and personal values and expand the knowledge structure to include these benefits, making the brand credible.

Some other important aspects to keep in mind are attribute benefits and values. The definitions of these are presented by Vriens and Ter Hofstede (2000) that an attribute is a directly observable physical characteristic of a product, the examples including price, location, aesthetics, etc. Benefits are not easily identifiable, however consist of a combination of several attributes and are created by the customer using the product. Values, on the other hand, can be defined as cognitions and beliefs that are assumed to have a strong motivational impact on purchase behaviour. Understanding which attributes, benefits and values are most important to customers in a certain segment will assist in developing a brand positioning and aid in brand assessment. The associated benefits of the product attribute could further assist in planning advertising.

Chapter 3:

LITERATURE REVIEW

A thorough review of the literature is an essential component in the preparation of this research and existing theories and concepts which have been obtained by previous researchers and which can therefore be either assumed and built upon, or questioned, will be utilised in aiding further research. Thus the literature review can be used as an invaluable source from which to mine all sorts of information regarding the wellness centre, branding, promotional initiatives and further research questions, operational definitions, research designs and methods, all of which can be used to inform the process of planning.

Studies done by Huff-Rouselle et al considered the prospects for the health and spa industry. These studies can be related to the South Africa context where strengths, weaknesses, opportunities and treats to each sector can be analysed. During the study is was stressed that strategies in this sector should be aligned to include a focus on services not normally offered, focus on quality over price, however price must still compete with target markets, focus on baby boomers, especially young retirees and semi-retirees, build entrees to affluent niche market and not to compete for high volume, low cost markets, promote quality, exclusivity, develop horizontal integration (resorts with spas, spas with cosmetic treatment centres); seek out joint ventures for brand name recognition and links to target markets, seek out linkages to referral networks in target markets. Market conditions of different states were compared with significant demand requirements of each economic sector. It could be argued that each health spa will exhibit a semi-unique marketing strategy, which will be an extension of the particular spa's mission, objectives, available resources and market orientation.

It is also a further opinion that value judgements will be made on the basis of the particular market choice, each with its own identity and expectation.

Waarawardena suggested that a firm must display innovativeness, pro-activeness and risk-taking behaviour in their strategic decisions. Waarawardena proceeds to incorporate an exposition of marketing capability which he defines as an integrative process designed to apply the collective knowledge, skills and resources of the organisation to the market-related needs of the business, enabling the business to add value to its goods and services and meet competitive demands. (Waarawardena. 2003. Pg 19). This process include processes, the first being a customer service based process; (2) effective promotional strategies, including advertising, publicity and personal selling, gaining market share and sales growth; (3) sales generating skills in the organisation; (4) strengthening distribution channels including relationships; and (5) the extent of resources committed for advertising; (6) next is the business' ability to research customer behaviour and monitor competitors and lastly the ability to differentiate products.

Waarawardena also quoted Rothwell (1992) confirming that "extensive marketing efforts lead to product success". Angelmar, (1989, p. 186), on the other hand, stated that a "unique and superior product is a necessary but often insufficient condition for innovation success. Achievement of competitive advantage typically also requires that the product be brought to the attention of and be made available to the appropriate target customers", which requires communication, sales force and distribution resources.

The author will substantiate evidence that Waarawardena's exposition, as an integrative process, applies to the wellness industry. What Waarawardena should have accentuated is that the market-related needs should be explored first, followed by a market specific value proposition to meet competitive demands. Market related needs become apparent when it is identifiable, measurable and accessible and therefore market segmentation strategies remain important.

After segmenting the market, target strategies must be considered and a value offer must be made to the segment. Market positioning is needed. This process is to create a particular image, reputation or perception in die mind of the user. It will become critical to also define a niche in the spa industry. In the same way that one type of spa will not meet the needs of every consumer, consultants will need to become more specialised, on the contrary, consultants who focus on respective segments of the industry will continue to improve and refine the guest experience. A decision must be made in which market segments the spa wish to be known for. In developing a specialty, clearly defined standards and strategies should be tailored around it. This will give the health spa an opportunity to be on the forefront. The sophisticated spa consumer is demanding this and will drive the implementation of standards as the industry matures.

A discussion paper on Market Segmentation in Tourism endeavoured to understand market segmentation better and to provide an indication of trends in the market, with special focus on emerging segments. The particular approach was for product push versus market pull and took the previous studies one step further by focussing on three main bases for market segmentation: product, demographics and behaviour. In other words, with a market pull approach, management must first understand the needs of individual market segments and then design packages/ treatment offerings to meet those demands. Therefore, the assumption is made; any offering should be designed only after having identified accessible markets.

Dr's Dolnicar and Leisch undertook a segmentation study of Austrian winter tourist's typical activity profile. This study is important as it makes assumptions about segmenting a market, the application of which is important for the wellness industry to make (1) assist in the planning phase of the data and (2) to make inferences on the basis of comparisons. Dolnicar and Leisch delineated that certain psychographic profiles specifically plan holidays to include activities which could be an extension of their behavioural profile, for example, the active/sporty

type represented the skiers who also showed low interest in cultural activities as opposed to the calmer, relaxed group who preferred activities such as leisure time in spas and health facilities and going for walks or hikes. The culture tourists, they proposed, consisted of groups more interested in sightseeing, visiting museums and exhibitions and enjoy shopping.

The writers assumed that psychographic profiles and travel/vacation behaviour are dependent variables. It could however be argued that any psychographic profile may attempt at a particular activity and may decide, after a less satisfying experience, to abandon further participation in lieu of something more enjoyable. One example is winter skiing. Should the sporty type have a series of failed attempts at skiing, this same person could decide to partake in some other less sporty activity. So, although some demographic categories may share some common characteristics, such as age, race, gender or income, it is the psychographics of these groups, their values, motivations and beliefs which are different due to different attitudes.

It is questionable whether conclusions may be drawn on which psychographic types partake in specific activities, as holidays may also be planned around specific offerings, which may have been prompted by travel agents, or by virtue of conversations with friends with their own perceptions and experiences.

The central argument remains. The customer fills a space in the market segment and becomes the focus of attention. The value creation process identifies the customer's needs and expectations and takes the economic value of customer' segments into account. It is essential that these customers be nurtured into a loyal customer, a customer who will come back.

The constant acquisition of new customers as well as the retention of existing customers is central to strategic marketing and there should be a focus on improving these drivers of customer equity. Better attraction and retention result in increased customer lifetime value and proofs relative satisfaction levels. It is paramount to acquire competitive advantage in being service leaders.

Historically, marketing expenditure was primarily considered in relation to the potential return and only if the ROI exceeds the cost of capital. This may however result in an oversight of brand equity and customer loyalty and retention. The longer a company can retain and service customers, the higher the net worth of each customer. Continuous improvement in service quality is not a cost but an investment in a customer who generates more profit than the margin of a one-time sale.

Reichheld & Sasser established strengths on how to keep customers. They postulated that as a customer's relationship with the company endures, profits levels rise. A typical problem, the writers argued, is that too few service company executives are able to follow through on their commitment to satisfy customers. A weakness of some of these companies is exactly that quality is not measured and can therefore not be improved. Therefore defection analysis will assist a company to administer continuous improvement and with this analysis a company can focus its attention on that which the customer values most. It is however not always easy to identify defections in service levels and a perceptual map should be included to make allowance for different perceptions. Often customers perceive service to be improper due to a prejudiced attitude or when such a customer has had a prior negative experience of whatever nature. Many other external factors can have an impact on a customer, which may predispose the customer to frustration and thereby a potential negative evaluation of service levels.

Customers may also exit for various reasons and not necessarily as a result of defections. This does not imply that defection analysis is fruitless, but that caution should be taken when interpreting results and should be combined with other analysis.

The important purpose is to lock a customer in and build a communication channel with every customer, which will not only promote sustained growth, but

result in a long term goal orientation and not just a short term transaction orientated goal. Businesses must interact effectively with their environment and a futuristic orientation is needed to manage change. It is necessary, together with a focussed superior service, that the customer mentality be prepared in advance. This mentality can by cultivated with branding.

Building a brand will become increasingly important. Both day spa users and resort spa users will base their decisions on the strength and reputation of the brand. The challenge remains to maintain brand standards internationally in the new global economy. It is critical that throughout the process of brand development, that the health spa target specific markets. To enter a new market requires a specification of the target market and the nature of competition to set the competitive frame of reference. The target market or markets for a brand typically do not constitute all possible segments that make up the entire market, but require some changes or variations in the marketing strategy especially in advertising.

As consumers develop loyalty to specific spa brands it will become increasingly crucial for each brand to develop its signature. As a service-based business, it will be critical that consistency becomes the defining factor.

Emerging and established spa brands will need to continue looking for opportunities to distinguish their brands while reinforcing credibility, quality and consistency. Management companies, spa directors and operators will need to focus on refining their message to consumers and reinforcing that message through authentic programmes and services. As spa visitors gain experience, they will seek out spas that provide a complete sensory experience consistent with the concept. Each brand should reinforce the concept through the service protocol, treatment menu and interior design. Spas that incorporate as many value propositions as possible into every aspect of the guest experience will optimize their ability to reinforce the brand and create a lasting customer

relationship. Defining a corporate culture that supports the humanistic values with a philosophy of continuous improvement will determine the success of every spa.

Recruitment, training and retention will become the ultimate challenge in high-touch reality of the spa business. Ambler depicted that employees must should understand and endorse a firm's goals, which must be strongly embedded in the minds of each therapist.

Being in control of a strong brand is a competitive advantage, which also opens many opportunities for increasing purchase behaviour and good customer relations. It is also an essential ingredient for continued business success. Having good relationships and be attuned to the needs and demands of customers is of great importance to the firm. The competition between corporate organizations is also high and continues to grow. In order to keep up with the market's ongoing pace, brand awareness is an important factor.

Riezebos (2003) states that brand value refer to the fact that a branded product has more value for the customers than the bare product. He also argues that the brand has to have some kind of importance to the consumer in order to add any value to the product.

The brand could for instance be promoted through advertising and promotion. Advertising has an important role in the brand development. Advertising could be used to position a brand, and to help enhance awareness and familiarity of a brand.

In a scientific paper by Damijan Mumel and Boris Snoj they have endeavoured to demonstrate the use of cluster analysis in ascertaining the homogeneity/ heterogeneity of visitors' expectations. Cluster analysis can serve as a powerful tool to bring a view to the structure. The goal of the study was to identify the profile of importance of general health spa service quality components as well as

the market segmentation in accordance with their demand. A questionnaire was used to measure the 23 components of health spas service quality classified using the SERVQUAL five dimensions, including tangibles, reliability, responsiveness, assurance and empathy. The structure of visitors was adopted and adapted to the specifics of health spa industry in Slovenia and included guests in search of health treatments, general business people and conference participant to young families on holidays. The main target groups were found to be in the middle-class guests. The sample of respondents was chosen from guests who stayed at the health spa for at least five days.

Although the intended purpose of the study was to serve as a useful database for management in health spa's, it could be a shortcoming that the other potential visitors were excluded from the spa and only the regular visitors were interviewed to assist in the completion of the questionnaire. The specific dimensions are too narrow to give a comprehensive picture of what constitute the real need of a visitor, whether this visitor will ever be a loyal guest to the health spa. By including a broader spectrum, the study may have found interesting phenomenon more reliable for measuring guests demand to further improved management. It is a further opinion that this study may assess guest demand in order to correlate this with service offerings at such a health spa and this will constitute a field for further research.

Chapter 4:

RESEARCH

4.1 Methodology

There are generally two types of research methods, quantitative and qualitative. These methods can be used together or separately, one should choose the method most appropriate to the purpose of the thesis. The two approaches mainly differ in how to collect and analyse data. Quantitative method is focusing on statistical instruments and how to prove relations between different variables. Furthermore, it is characterized by a large sample (more than 30), the variables of which is tested mainly with questionnaires. Statistical methods are used to analyse the results of the research. An advantage of quantitative research is the high degree of objectivity due to the large scope of observations and it is therefore possible to make generalizations.

Qualitative methods, on the other hand, are of an explorative nature and generate dialogue which could add to an improved understanding of the dynamics under investigation. This research method is usually built upon interviews and case studies, which in turn foster an interactive environment where the interviewer gets the chance to respond through following up questions.

	QUANTITATIVE – MARKET SURVEY	**QUALITATIVE – HEALTH SPAS**
Purpose	**To answer questions about the demographics, psychographics, behavioural profile, preferences and perception of the surveyed samples.**	**The aim was to reach a descriptive analysis of the wellness industry, and more specifically with reference to their business orientation, followed by their market segmentation strategy, brand strategy and marking mix strategy. A form of classification scheme was developed prior to interviewing.**
Examples	**Questionnaires to a randomly stratified group of people in the Western Cape.**	**Personal interviews were conducted in the natural setting with representatives from the respective health spas.**

Process	**It was decided to measure the market segmentation dynamics of the surveyed group and therefore concepts, variables, hypothesis and methods of measurement were defined prior to structuring the questions.**	**A more holistic approach was followed with a specific focus to explore best business models, including marketing practices in the health/wellness industry. During the dialogue, more emerging and increased understanding evolved, however not necessarily changing interpretations.**
Data Collection	**Research was focussed on a few classification variables and data was therefore collected specifically related to those variables. Specific methods of measuring each variable are identified, developed and standardised with attention to the validity and reliability of the measurement instrument.** **Data collected from a sample comprising of 119 respondents. Questionnaires were emailed to business people and other questionnaires were hand delivered at some businesses in Cape Town and some in Vredenburg and in Langebaan.**	**Data collection was dependent on the author's own interpretation and structuring of classifications to improve understanding of the phenomena under question. One representative party from each wellness centre was thoroughly interviewed, preceded by a questionnaire and follow up with telephonic conversation.**
Data Analysis	**The author relied on deductive reasoning, starting with certain premises and then drawing logical conclusions from them.**	**The author use more inductive reasoning, making observations and then draw inferences. The data analysis will also be more subjective.**
Reporting Findings	**Reduce data to means, medians, correlations and other summarising statistics.**	**Conduct interpretive narratives from data and try to capture the complexity More personal, literary style.**

Two different research designs were employed in this paper.

1. Initially a quantitative research approach will serve the research purpose best in answering questions about relationships among measured variables to explain, predict and control the market dynamics under question and to get an understanding of the market industry trends. This survey approach involved acquiring information about the characteristics of a sampled population to understand their opinion, attitudes and preferences by asking them questions, the answers of which will be tabled. A sample of the Western Cape Peninsula was send

questionnaires by means of electronic mediums and by the use of hand delivered questionnaires. The latter delivery included randomly selected business and the questionnaires were distributed to females only.

2. The author has chosen a qualitative approach and focussed on a collective case study methodology, including a judgemental sample comprising of two distinctive health spas in the Cape Peninsula to make comparisons, build theory and to propose generalisations. The reasoning behind the choice of the particular health spas are based on the reputability of the respective health spa, their level of excellence and the author has based her perceptions on a television commercial on the comparability of the more superior South African health spas. These two health spas form part of the live interviewing process. It became evident that these two health spas would qualify as a benchmark to which industry specific business models can be developed. Extensive data was collected and the investigation was focussed on the business models of these health spas.

   The data collection process included semi structured interviews, questionnaires and audio recordings, which represented a more detailed and systematic examination. The author believes that this serve the purpose of the research endeavour as it would be difficult to turn respondents' thoughts into numbers. The questions were of a descriptive nature and the mode of reasoning inductive, guided by general propositions and research questions. The aim was to get an in-depth description of the variables in question.

   The semi-structured interviews with the Marketing Director included the following kinds of questions:

- Background on the business, including length of time in practice, staff complement and composition, size of establishment and tourism associations;
- Business model of the health spa with clear strategies, implementation of strategy, both internally and externally, innovation; vision, mission statement and goals;
- Questions to learn about the particular health spa's brand strategies, including what branding means to them, brand associations, brand communication, brand awareness campaigns, brand loyalty, brand equity and perceived quality;
- Questions to learn about their marketing mix strategies, including treatment offerings and prices; most popular treatment, pricing strategy, differentiation strategy; promotional strategies, media vehicles; advertising, marketing campaigns and its impact on the bottom line;
- Questions about the health spa's consumer profile, demographics; their strategies to retain their customers, their way of measuring customer loyalty, their customer focus and market sensing and their perceived marketing endeavours that contribute most to their success.

4.2 Choice of subjects

1. The first part of the design include a sample from the Western Cape population, however mostly females from businesses around Cape Town, Vredenburg and Langebaan , the dynamics of which were explored and data were collected specifically related to the identified variables by means of a questionnaire survey distributed to 500 randomly selected female samples. The data collected from our sample will be converted to numerical indices in a quantitative research design. 300 Questionnaires were mailed electronically to business men and women and 18 were

completed and returned. It was due to this low return rate that the researcher decided on another approach. Another 200 questionnaires were hand delivered in the Langebaan, Vredenburg and Cape Town area of which 101 were completed and returned. The final sample composed of 119 returned questionnaires. Questionnaires were primarily distributed to include females from the banking industry, insurance companies, property industry, conveyancing companies, private companies, semi government institutions, and some female house executives. The ages of the female sample varied between 18 and 65. The authors' first priority was a geographical spread in the sample respondents, which was achieved.

2 The second part of the research is the exploration of the specific industry dynamics of the Health Spa/Wellness trade and two of the bigger centers, The Hydro in Stellenbosch and AltiraSpa in Kleinmond participated in the research. This was done by means of a qualitative research methodology where some classification schemes were explored. A questionnaire was prepared to give order to the explored variables. These were electronically mailed to (1) the marketing director of The Hydro and (2) to the Marketing Manager of AltiraSpa, Cape Town as well as the Branch Manager at AltiraSpa, Kleinmond. These were send about a week before the interviews were scheduled, which served as a follow up to invite dialogue, improved understanding and enhanced interpretation.

Interviews were chosen to gather information and aids in collecting data leading to solve the purpose of the thesis. In order to obtain a thorough understanding of the different dynamics under question, the author decided to interview the marketing manager of The Hydro in Stellenbosch and the manageress from AltiraSpa in Kleinmond. A qualitative approach focus on a relatively small sample and it was decided to include only two

health spas in the case study. It was decided that the chosen respondents were the most knowledgeable in terms of gaining an understanding of the intended research. The advantage of the pre- questionnaire assisted the marketing managers in their preparation for the interview. It also gave them the opportunity to gain assistance from strategic personnel in attainment of most up to date data.

During the interview the author attempted to remain objective, and not to influence answers with leading opinions. The author adopted a listening approach as the structured questionnaire already served as a basis to invite dialogue. To ensure that no information was lost during the interview, a tape recorder was used, which also aided the author, as the interviewer, to stay focussed during the interviewing process.

4.3 Data analysis

This thesis consisted of two studies; the first, the exploration of the market segment by means of questionnaires; the second, a case study of two health spas. In both instances primary and secondary data were collected in order to gain an understanding of the proposed study objectives. Secondary data were collected from existing information sources such as books, journals and articles from business databases. The frame of reference was mainly built upon secondary data.

The first part of the analysis requires the capturing of data on the returned questionnaires in order to compile a statistical analysis.

The second part of the analysis requires a transcription of the information. This information will also be coded for improved interpretation.

Analysis between the empirical finding and the theoretical framework will be presented in the analysis part of this thesis. Moreover, the author

strives to develop a model of critical marketing success factors for the wellness industry.

4.4 LIMITATIONS

There are a number of potential issues and/or limitations with this study that need to be recognized.

- Perhaps the first limitation is whether the questions in the questionnaire are reflecting the true reflection of the intended study, whether it is representative of our research question, whether the constructs we utilized was appropriate.
- A second issue concerns the self-report nature of our survey data. This, of course, is the issue of whether the variables examined were valid.
- The selection of samples could pose a limitation, as they will be randomly selected from targeted companies and will include only females.
- The environment in which the tests were conducted could also provide a number of sources of measurement error.
- Other unpredictable sources of error here include momentary fluctuations in the levels of motivation, attention and interest of the samples.
- There is at least some element of subjective judgment in the process of assigning points to the respondent's responses.
- In interpreting the profile, it is important not to rely on any single score, or even on a single test- the results should be integrated with other data about the person, including biographical information and the results of other tests.
- Also, the Standard Error of Measurement must be taken into account in interpreting the scores

Chapter 5:

RESULTS

The focus of the case study was on two successful health spas. Recently a TV commercial compared five leading South African Health Spas and both AltiraSpa and The Hydro featured amongst these. Success was measured in terms of luxury, magnitude and size; treatment offerings and competitive strategy. These two health spas represent a good benchmark for other health spas. Study objectives were determined and the two health spas agreed to participate and interviews were scheduled.

Both interviews were followed with telephonic questioning and conversations.

The author narrowed her focus to make draw conclusions on the health spa industry's typical and best practices in terms of the way that they strategise their operation; their branding procedures and accomplishments; their marketing mix approach and execution as well as their customer relations management.

The questionnaires also assisted in avoiding biasness in leading the respondents and to improve the quality of the information. As a researcher, the author endeavoured to remain objective. The author familiarized herself with the surrounding of the health spa by observing different treatment applications and spoke to a number of strategic staff members in order to gain an understanding of the business operations. The general observation of the health spa was followed with a scheduled interview with the manager from The Hydro. This interview was conducted over a period of two visits between the interviewer and the interviewee. A similar visit was conducted at The AltiraSpa in Kleinmond, which included a relaxed visit and tour through the health spa and an explanation

of the Rain Forest, a specialised treatment, which was also the latest addition to the health spa. A similar semi-structured interview was done, however this interview was briefly interrupted from time to time. The contents of the conversation were recorded and transcripts were drafted.

The Hydro is a resort on a winelands in a tranquil setting of Stellenbosch and has started out in wellness in 1972 as one of the first wellness centres. The centre is renowned for its slimming/detoxification treatments; its massages and hydrotherapy. AltiraSpa, on the other hand is in business for six years and is part of the international hotel group Arabella. Arabella is on a state-of-the-art golf estate in Kleinmond. Initially the spa was introduced as a value added proposition for the hotel visitors and golfers. Later they also opened the spa to the general public. Recently AltiraSpa spend R7million rand on renovations on what they named "African Rain Forest". This is an extraordinary 15-step experience which includes a salt scrub, followed by alternating a hot and cold shower, followed by an opening of pores in the eucalyptus steam room, followed by aromatherapy sauna, the waterfall shower, and a dry heat sauna, then the cold mountain mist and a well refreshing and calming relaxation in a bed.

There are few differences in these two health spa's approach to their business operations, however it became evident that The Hydro have a far greater occupancy number than the AltiraSpa. The Hydro also has the supported 130 employees compared with 30 employees at AltiraSpa. The composition of the staff are also at opposite extremes, with The Hydro 10% white and 90% BEE, compared to AltiraSpa's 70% white and 30% BEE. Their treatment offerings are very similar; however the main difference is with the packages offered. AltiraSpa is a day spa and serves mostly visitors to the hotel, whereas The Hydro offers 1, 2, 3 – 14 day packages. These extended packages prove valuable for people wanting to indulge in several treatments on a consecutive basis and is necessary when a detoxification or weight loss programme is followed.

	THE HYDRO	ALTIRASPA
BACKGROUND And VISION	Born of a dream, The Hydro was founded in 1972 by Cleto Saporetti and Dr Boris Chaitow.	AltiraSpa South Africa vision is People, Passion, Performance – a motto which includes 3 steps of cordiality and principles. In existence for 6 years.
Philosophy	The philosophy of The Hydro is that within each one of us there is a vital energy, which continually rejuvenates body, mind and soul. The programmes at The Hydro are specially designed to give nature the opportunity to rejuvenate these vital forces.	The spa's philosophy is 7 pillars of wellbeing – beauty, harmony, vitality, aqua, life balance, nature and nutrition – combine to refresh and restore the body, the spirit and the sole. Each spa is an oasis of calm, peace, pampering and relaxation.
Staff Complement	130	30
Staff Composition	10% White/ 90% BEE	70% white/ 30% BEE
Association with Tourism	Stellenbosch Tourism, Winelands Tourism, Cape Town Tourism	Yes
Size of establishment	60 rooms	145 rooms
Objective	Primary objective is for staff to care for customers.	To set personal goals for each therapist based on their potential.
Treatment Offerings	Massages, Hydrotherapy, sauna, steam bath, progressive relaxation, yoga, walking in forest, water aerobics, lectures on diet, exercise and natural healing.	The African Rainforest experience, Skincare Treatments, Spa Body Treatments, Touch Therapies, Hand & Foot care, Fitness, Tinting, Shaping & Waxing
Internal marketing	Yes, through	Dedicated 15 minute daily

implementation	teambuilding, SWOT analysis en regular training. "Our staff is our biggest asset". The staff internalised a culture of excellence, supports The Hydro's mission and business philosophy. This ensures the successful implementation of strategy as it is a concerted effort.	session to discuss principles, conduct for the day and current events. AltiraSpa call their therapists professional and well trained.
External marketing implementation	Yes, through newsletters, marketing functions, web advertising and brochures.	Below the line marketing.
Packages	One-day vitality; One day "Celebrate body & beauty; One-day Health and Beauty; One day Mother-to-be, Relaxing Weekender, Holistic Weekender, Three day anti-stress; Three day body and Beauty, Three day radiance, Four day anti-stress; seven day classic health, seven day classic deluxe, seven day anti-cellulite, ten day anti-stress, fourteen day body sculpting & contouring.	One day African Sky, African Sunset; African Footsteps, African Mist, African Daybreak.

The significance of the background information on both health spas is to use this knowledge to be able to see how these two health spas have created their

respective marketing strategies born out of their mission statements, objectives and market orientation. The latter also facilitates the implementation of strategy.

The Hydro in Stellenbosch is exclusive a hydro/health spa in existence for over 35 years, however this once very profitable business has gone through a decline during 1998. Lessons from the past create opportunities for the future and therefore some of the precipitating factors for the business decline are identified, which included:

- Death of one of the co-founders.
- During this time there was an increased interests in wellness as more and more women started to progress into demanding corporate positions leading to more stress;
- New entrants to the wellness industry. The Hydro was not prepared to these new entrants to the wellness industry at the time.
- Although there was no problem implementing marketing strategies, there was a problem with the actual marketing strategies;
- Problems were not identified timeously in order to allow for corrective measures;
- The Hydro, at the time, did not built strong relationships with their existing customers. They neglected to nurture existing clients and focussed rather on searching for new clients;
- Advertising campaigns were not tailored for any particular market segment;
- The Hydro was just in the wellness busy, but neglected to include real value propositions for their supporters;
- The Hydro did not take advantage of e-business at the time;
- The Hydro did not identify their target markets or market share in selected areas.

These aforementioned problems paved the way to build future strategies. The Hydro now has many mechanisms and processes in place for strategising and adopted a futuristic orientation to confront changes in the market. Management is inclined to think outside the box and are very proactive in cannibalising their customer base.

AltiraSpa, in the Overberg of the Western Cape on the other hand, differentiated themselves to capture a specific niche, that of the golfer and his wife or the other way around. They have also expanded on their service offerings. Besides the prestige golf course, they also have a public restaurant, hotel accommodation for guests, a curious shop, a kiosk, a public bar and a Jacuzzi, sauna and swimming pool for hotel guests. The spa is therefore not the main income stream and was introduced mainly to add value for the hotel visitor.

The management at AltiraSpa has a strong focus on strategic planning and they declare to have a futuristic marketing orientation with an open minded vision. Furthermore, they are innovative in marketing endeavours and claim to be proactive in building their customer base.

It is not clear why AltiraSpa employed 30 members of staff, as this health spa always appears to be vacant. Their main expense account is without a doubt the fixed salary account, which they would like to cut down.

Although it is a very upmarket and luxurious excursion to the AltiraSpa, and perhaps a very quiet experience, the economic value and sustained growth of this health spa is uncertain.

Branding and brand strategies, including brand awareness campaigns, brand loyalty and perceived quality is summarised below:

THE HYDRO	ALTIRASPA
The Hydro brands their business and their products. They understand that the customer buys products or services, which include the brand, price, features and/or benefits. They focus on delivering good features, which will be considered as benefits, which also gives them a competitive advantage. They communicate with their market with strong brand images. They have recently embarked on a journey to rejuvenate their image and create maximum brand awareness with a name change from Rustenburg Hydro to The Hydro with an image of a sophisticated, but young, youthful lady under treatment, "the face of The Hydro". The goal is to get people to identify with the image, then to associate it with (1) The Hydro – for awareness (2) treatment – for an association (3) smiling, happy & content face, – for value/benefit/satisfaction. They also branded all their products especially promotional items like candles, Hydro packaging, Hydro Bags, Leather wallets, cosmetic products, sports wear, cutting boards, brochures, website and advertising in magazines and travel guides to further enhance recognition. The Hydro use words to make associations with their brand, some include tranquillity, comfort, image orientated, unique – these words create value for the	The AltiraSpa is part of the Arabella-Sheraton hotel group, which is an international group. The hotel groups has branded themselves strongly with strong images, aesthetics, they communicate effective brand message to their audiences. The branding is however focussed on the hotel accommodation with strong emphasis on prestige golf courses. They have established themselves powerfully with a common image exposé. The name also conveys messages about 5 star rating and it is a recognised brand, both nationally and internationally and this may give the AltiraSpa an advantage. AltiraSpa's manageress however lacks the knowledge of brand strategies and do not believe that they have a brand strategy in place. The customer therefore first identifies with the hotel group, mainly motivated by their value for 5 star luxury and service. Since AltiraSpa is exclusively a day spa, 90% of their consumers are visitors at the hotel site in Kleinmond. Branding is a means of differentiating a product, or service or experience. The rainforest experience at AltiraSpa is a typical example of differentiating a service offering and is a first for South Africa. However, the real value of this treatment offering is the use by the customer. The customer will attach value to this

brand. The Hydro's strategy included complete brand rejuvenation. A brand can however undergo rejuvenation only if it has the potential to come back strongly into the market. It should have a high strength, meaning that the awareness and the knowledge about the brand should be high. To change a brand name is however the most difficult part. New information must be signalled because the product or some aspect of the marketing program or strategy has changed. The Hydro has overcome these challenges and successfully changed their name, their image together with all logo, printing and advertising. This also necessitated some changes or variation in their marketing strategy.	experience to the extent that it solves the customer's problems and meets its needs. However, due to the inherent intangibility of these treatments, it makes them difficult to evaluate. The brand impact can shift from any experience to the spa itself as service plays a big role in determining customer value. AltiraSpa is very service driven and this may be used as a brand and foundation for building customer value. AltiraSpa's image, luxury, logo, symbols and service all generate brand awareness and stimulate and reinforce brand meaning with existing customers.

The Hydro established their new name, the symbols and designs well and distinguished themselves to crystallise to their supporter who they are and what they stand for. The Hydro brand is thereby reinforced by concerted efforts in a repetitive fashion by branding every aspect of the business at the same time. This was a skilful brand strategy to position themselves strongly against any competitor and to create positive associations in the minds of consumers. They represented themselves with status and prestige, affordability, necessity and an overall sense of wellbeing. These qualities are accentuated in their brand packaging, advertising, corporate stationery and business cards and together these create tangible perceptions for consumers.

AltiraSpa, on the other hand, have a more subtle branding and have tailored their branding to form part of the broader hotel group. It is therefore the opinion of the author that AltiraSpa does not display a deliberate branding strategy, focused on some targeted customers' wants and needs. Differentiation is also considered one of the most critical branding strategies. Is AltiraSpa perhaps perceived as distinctive and attractive by consumers? If so, then consumers will have no reason to choose the spa's brand image over the competition. Without distinctiveness, consumers will have difficulty identifying and remembering a spa's brand when making their decisions. But will this be adequate for sustainability?

We will continue to identify supplementary strategies, which may have contributed to a distinctiveness to search for differentiation strategies at AltiraSpa.

The respective health spas' marketing mix strategies, including product, price, promotion and advertising are summarised below.

	THE HYDRO	ALTIRASPA
Product Strategy	The Hydro is synonymous with quality products. Their product selection is based on previous research and effectiveness.	AltiraSpa applies a product differentiation strategy in their product selection, which is based on the assumption that it will be perceived as best quality products. The spa also caters for overseas visitors and therefore keeps products that they are familiar to, and is valued in high esteem.
Pricing strategy	We keep it market related. On par – and affordable.	Compare themselves to other spas and conform to broader wellness industry.
Promotion	EXPO'S I.E. BRIDAL, Indaba Tourism Show; Getaway Show – Dome in Johannesburg, sponsors to	No comment.

	Children's Res Cross, Heart Foundation and Medic Clinic	
Advertising	During Winter season; Shape up for summer; 8 times per year magazines; 4 times per year in Local Newspapers	During seasonal need periods, offer specials with monthly newsletters, advertise on website and Sunday Times
Communication Mediums	Sarie/ Rooi Rose/ Cosmopolitan/Sunday Times/ Travel Directories	Personalised electronic communication to existing clients and clients who will be staying in the hotel over a certain period. Advertise in newspapers, website, magazines and radio.
Competitive Advantage	Natural and Hands-on approach	African Rainforest Experience, unique & world-first; Foot wash ceremony before all treatments and candle relaxation room
Most popular treatment	One Day Celebrate Body & Beauty ;7 Day Classic health (also on membership); Facials; Hot Stone Massage; Reflexology; Anti-Cellulite treatment; Oceana Spa	Various massages.
Most successful marketing campaign	TV – timing must be right i.e. M-Net & KYKNET, Travel Channel; Radio – KFM – first 50 caller discount; Sunday Times and Rapport Newspapers, Magazines	No comment.

It is not clear whether The Hydro applies a product differentiation strategy. AltiraSpa, on the other hand, successfully differentiated their products to give their consumer, and in particular, the overseas consumer, a reason to choose their spa over that of the competition.

Both health spas are flexible in terms of their pricing, and equally apply a pricing strategy to be in line with other health spas, however not too expensive, or too cheap. Their spa supporters have become less price sensitive after having satisfied themselves to the respective spa experiences and benefits. AltiraSpa may also be able to raise their prices on the basis of their association with the Sheraton Hotel group.

The Hydro has been very proactive in promotions, however prior to their brand rejuvenation. Once their brand name is well established and recognised, they will be able to communicate information to consumers simply by displaying the brand name and/or symbol. AltiraSpa, on the other hand, do not have to employ the same promotional strategies, as they fall under the umbrella of the Sheraton group who will exhibit its own promotional strategies. AltiraSpa did however not convey their promotional strategies.

The Hydro exhibits stronger affiliations with tourism and travel companies, which is a skilful marketing strategy. In comparison with AltiraSpa, The Hydro has the competitive advantage in that they are a resort based spa. Most treatments have to be done over consecutive days and The Hydro can capitalise on this benefit. Tangible results are also delayed, ensuring that The Hydro can exercise more control over benefits. It is evident from the Hydro's account of the most popular treatments, including the 7-day classic health package and the anti-cellulite treatment, requires an extended stay.

Who are the customers at the respective health spas and how do these spas manage these customers? Do they have systems in place to measure customer loyalty?

	THE HYDRO	ALTIRASPA
Demographic Profile	80% Female & 20% Male Age groups: 25-90 Peak season: 60% international & 40% local. Off peak: 30% international & 70% local.	60% Female & 40% Male Age groups: 30 - 60 Peak season: 70% international & 30% local. Off peak: 10% international & 90% local.
Customer Retention	Because majority of our customer base are female, we target Woman's Shows, Popular female magazines, etc. Through this we constantly try to remind this market to visit us again. We also keep up to date with slimming, toning and cellulite treatments – which is very popular with the female market.	AltiraSpa sends out personalized communication and make exclusive offers to their customers.
Customer Loyalty	Through our data base. This is being updated on regular basis and through this we can identify our loyal visitors. We are also in the process of planning a Guest Loyalty card, where we will be able to immediately identify a regular visitor and give them special discounts for their loyalty shown.	AltiraSpa measures customer loyalty by the amount of visits per annum by using client profiles.

It is evident from the above research that the target market consists of mostly females; at The Hydro 80% and AltiraSpa 60%. This difference can be accounted for the fact that AltiraSpa is part of a hotel group with a very prestige golf course, which is still mostly a male dominated sport. As AltiraSpa creates incentives and opportunities for their male counterparts to enjoy the relaxation of the health spa, this accounts for the bigger male visitors' profile. The Hydro, on the other hand, maintains an eighty percentile female occupancy. One of their concerns was that, even with the small percentile male supporters, it is still an infringement upon the female's privacy.

With the new R7million addition of the "African Rain Forest" at the AltiraSpa, both male and female can partake in the treatment experiences simultaneously. Due to the nature of the treatments, nudity is necessary. Considering the demographics: age group between 30 – 60 years, this may pose an intimidating experience for many potential visitors. Off-peak seasons are generally from February to November, which consists of ten months of the year, during which time AltiraSpa have a 90% local visitor's ratio. Although overseas visitors may feel more at ease with this engagement, their South Africans counterparts may be less inclined to feel relaxed. They have not regarded the economic value of each customer, both the visiting and the potential customer.

The Hydro is focussed on continued business relationships with their customers with ongoing rapport and communication. They have created a database of their previous visitors and have capitalised on technology to update this customer profile with updates on slimming, products, general health queries, new innovations, current events and special offers, to name a few. They are very proactive in retaining these customers and continually measure how loyal this segment is. They will now also introduce a loyalty card system to encourage their supporters to visit them again.

QUANTITATIVE REPORTING ON MARKET SEGMENT EXPECTATIONS OF THE WESTERN CAPE

More than one thousand questionnaires were mailed (1) electronically and (2) passed out to residents from the Western Cape. One Hundred and eighteen questionnaires were completed and returned by respondents. (Appendix 2). The audience were informed of the nature of the study, and participants willingly consented to their participation. They were also guaranteed anonymity and confidentiality of their responses on the front cover of the questionnaire.

Respondent Profile

Tabel 1 Gender frequency distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	7	5.9	5.9	5.9
	Female	111	94.1	94.1	100.0
	Total	118	100.0	100.0	

Due to the nature of the study as well as the questions, some men decided to pass the questionnaires on to their wives/friends. This is one of the reasons why most of the respondents were female.

Tabel 2 Age group frequency distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24years	31	26.3	26.3	26.3
	25-34years	35	29.7	29.7	55.9
	35-44years	29	24.6	24.6	80.5
	45-54years	13	11.0	11.0	91.5
	55-64years	8	6.8	6.8	98.3
	65-74	2	1.7	1.7	100.0
	Total	118	100.0	100.0	

The respondents are evenly distributed across the age groups from 18 years and older.

Tabel 3 Frequency distribution of respondents' highest level of education achieved

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Matriculated or less	65	55.1	55.6	55.6
	Matriculated + diploma, technicon	45	38.1	38.5	94.0
	Graduated from 4 year university	4	3.4	3.4	97.4
	Post graduate study	3	2.5	2.6	100.0
	Total	117	99.2	100.0	
Missing	0	1	.8		
Total		118	100.0		

The respondents are evenly distributed across education levels. Fifty five percent of the researched group have matriculated or less.

Tabel 4 Employment status frequency distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employed full-time	101	85.6	87.1	87.1
	Employed part-time	10	8.5	8.6	95.7
	Not employed	5	4.2	4.3	100.0
	Total	116	98.3	100.0	
Missing	0	2	1.7		
Total		118	100.0		

Most respondents are employed on a full-time basis.

Tabel 5 Monthly income frequency distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under R4000	48	40.7	43.6	43.6
	R4000-R8000	35	29.7	31.8	75.5
	R8000-R12000	11	9.3	10.0	85.5
	R12000-R16000	9	7.6	8.2	93.6
	R16000-R20000	5	4.2	4.5	98.2
	Above R20000	2	1.7	1.8	100.0
	Total	110	93.2	100.0	
Missing	0	8	6.8		
Total		118	100.0		

The respondents are evenly distributed across income categories.

Tabel 6 Marital status frequency distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never married	41	34.7	34.7	34.7
	Married	58	49.2	49.2	83.9
	Divorced	14	11.9	11.9	95.8
	Common law marriage	5	4.2	4.2	100.0
	Total	118	100.0	100.0	

The respondents are evenly distributed across marital status categories.

Tabel 7 Family structure frequency distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No children	42	35.6	36.5	36.5
	1 or more children	73	61.9	63.5	100.0
	Total	115	97.5	100.0	
Missing	0	3	2.5		
Total		118	100.0		

Most respondents have children, although there is a good spread across family structure categories. The significance of the above will be discussed below.

Frequency Distributions: Activities most preferred

Tabel 8 Activity most preferred

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Indoor reading/relaxing	30	25.4	25.6	25.6
	Clubbing/social bar	32	27.1	27.4	53.0
	Fitness club	13	11.0	11.1	64.1
	Museum/theatre	6	5.1	5.1	69.2
	Family time	36	30.5	30.8	100.0
	Total	117	99.2	100.0	
Missing	0	1	.8		
Total		118	100.0		

The most preferred activity amongst respondents is “family time”.

Tabel 9 Fitness activity/sport most preferred

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Aerobics	31	26.3	26.5	26.5
	Pilates	16	13.6	13.7	40.2
	Yoga	13	11.0	11.1	51.3
	Aqua aerobics	17	14.4	14.5	65.8
	V-core & Bosu ball conditioning	4	3.4	3.4	69.2
	Circuit training	17	14.4	14.5	83.8
	Cardio dance	19	16.1	16.2	100.0
	Total	117	99.2	100.0	
Missing	0	1	.8		
Total		118	100.0		

The most preferred fitness/sport activity is aerobics.

Tabel 10 Treatment offering most preferred

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cellulite treatment	21	17.8	17.8	17.8
	Hydrotherapy	7	5.9	5.9	23.7
	Body massaging to destress	42	35.6	35.6	59.3
	Improve appearance	13	11.0	11.0	70.3
	Detoxification for improved health & vitality	10	8.5	8.5	78.8
	Weight loss programme	25	21.2	21.2	100.0
	Total	118	100.0	100.0	

The most preferred treatment offering is “body massaging to de-stress”

Testing for the influence of demographic characteristics on activity preferences

The Chi-square test was applied to test which of the demographic characteristics of the respondents influenced activity preferences, however no significant differences could be identified between activity preferences of the respondents from:

- Different genders;

- Income levels;
- Educational levels or
- Employment status.

Significant differences ($p<0.05$) were found between activity preferences of the respondents from the different categories:

- Age group (A);
- Marital status (B) and;
- Family structures (C).

These will be examined below.

A. Activity most preferred * Age group

Tabel 11 Percentage within Age group

		Age group					
		18-24years	25-34years	35-44years	45-54years	55-64years	65-74
Activity most preferred	Indoor reading/relaxing	10.0%	34.3%	31.0%	7.7%	37.5%	100.0%
	Clubbing/social bar	66.7%	17.1%	13.8%	7.7%	12.5%	
	Fitness club	3.3%	8.6%	13.8%	30.8%	12.5%	
	Museum/theatre	3.3%	5.7%	3.4%	15.4%		
	Family time	16.7%	34.3%	37.9%	38.5%	37.5%	
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	47.742(a)	20	.000
Likelihood Ratio	44.339	20	.001
Linear-by-Linear Association	.982	1	.322
N of Valid Cases	117		

(a) 21 cells (70.0%) have expected a count less than 5. The minimum expected count is .10.

The findings show that respondents from older age groups are more likely to prefer indoor reading/relaxing; whereas respondents from younger age groups (18-24) are more likely to prefer clubbing/social bars.

B. Activity most preferred * Marital status

Tabel 12 Percentage within Marital status

		Marital status				Total
		Never married	Married	Divorced	Common law marriage	Never married
Activity most preferred	Indoor reading/relaxing	17.5%	31.0%	14.3%	60.0%	25.6%
	Clubbing/social bar	57.5%	10.3%	14.3%	20.0%	27.4%
	Fitness club	5.0%	12.1%	28.6%		11.1%
	Museum/theatre	5.0%	5.2%	7.1%		5.1%
	Family time	15.0%	41.4%	35.7%	20.0%	30.8%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.910(a)	12	.000
Likelihood Ratio	35.936	12	.000
Linear-by-Linear Association	1.392	1	.238
N of Valid Cases	117		

(a) 13 cells (65.0%) have expected count less than 5. The minimum expected count is .26.

The findings show that:

- Married respondents are more likely to prefer indoor reading/relaxing;
- Unmarried respondents are more likely to prefer clubbing/social bars;
- Divorced respondents are more likely to prefer family time and fitness activities.

C. Activity most preferred * Family structure

Tabel 13 Percentage within Family structure

		Family structure		Total
		No children	1 or more children	No children
Activity most preferred	Indoor reading/relaxing	21.4%	26.4%	24.6%
	Clubbing/social bar	52.4%	13.9%	28.1%
	Fitness club	2.4%	16.7%	11.4%
	Museum/theatre	2.4%	5.6%	4.4%
	Family time	21.4%	37.5%	31.6%
Total		100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.794(a)	4	.000
Likelihood Ratio	22.592	4	.000
Linear-by-Linear Association	4.191	1	.041
N of Valid Cases	114		

a 3 cells (30.0%) have expected a count less than 5. The minimum expected count is 1.84.

The findings show that:

- Respondents with children are more likely to prefer family time;
- Respondents with children are more likely to prefer fitness activities;
- Respondents with no children are more likely to prefer clubbing/social bars.

Testing for the influence of demographic characteristics on fitness/sport activity preferences.

The Chi-square test was applied to test which of the demographic characteristics of respondents influenced fitness /sport activity preferences:

No significant differences could be identified between the activity preferences of respondents from categories:

- Age groups

- Marital status categories
- Educational levels
- Employment status
- Family structures

However, significant differences ($p<0.05$) in activity preferences between respondents from different categories regarding:

- Gender (A);
- Income levels (B).

A. Fitness activity/sport most preferred * Gender

Tabel 14 Percentage within Gender

		Gender		Total
		Male	Female	Male
Fitness activity/sport most preferred	Aerobics		28.2%	26.5%
	Pilates		14.5%	13.7%
	Yoga	28.6%	10.0%	11.1%
	Aqua aerobics		15.5%	14.5%
	V-core & Bosu ball conditioning	28.6%	1.8%	3.4%
	Circuit training	28.6%	13.6%	14.5%
	Cardio dance	14.3%	16.4%	16.2%
Total		100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.921(a)	6	.002
Likelihood Ratio	16.142	6	.013
Linear-by-Linear Association	2.770	1	.096
N of Valid Cases	117		

a 8 cells (57.1%) have expected count less than 5. The minimum expected count is .24.

Although the group of male respondents are small, it seems that there is a tendency for men not to prefer aerobic activities.

B. Fitness activity/sport most preferred * Monthly income

Crosstab

Tabel 15 Percentage within Monthly income

		Monthly income						Total
		Under R4000	R4000-R8000	R8000-R12000	R12000-R16000	R16000-R20000	Above R20000	Under R4000
Fitness activity/ sport most preferred	Aerobics	36.2%	22.9%	27.3%	22.2%			27.5%
	Pilates	17.0%		18.2%	22.2%	80.0%		14.7%
	Yoga	12.8%	17.1%	9.1%				11.9%
	Aqua aerobics	10.6%	14.3%	27.3%	22.2%	20.0%	50.0%	15.6%
	V-core & Bosu ball conditioning		2.9%		11.1%		50.0%	2.8%
	Circuit training	8.5%	22.9%	9.1%	11.1%			12.8%
	Cardio dance	14.9%	20.0%	9.1%	11.1%			14.7%
Total		100.0 %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	57.255(a)	30	.002
Likelihood Ratio	48.007	30	.020
Linear-by-Linear Association	.111	1	.739
N of Valid Cases	109		

a 32 cells (76.2%) have expected count less than 5. The minimum expected count is .06.

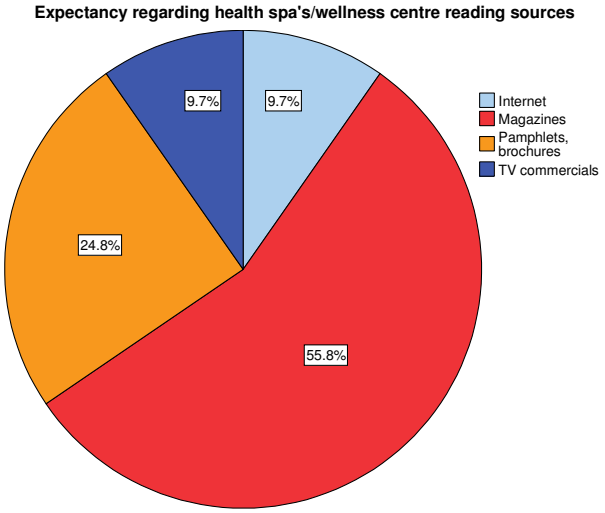
This finding shows that cardio dance, circuit training, yoga and aerobics are less likely to be preferred by higher income groups, however this result should be accepted with caution.

Frequency Distributions: Expectancies regarding reading sources

Tabel 16 Expectancy regarding health spas/wellness centre reading sources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Internet	11	9.3	9.7	9.7
	Magazines	63	53.4	55.8	65.5
	Pamphlets, brochures	28	23.7	24.8	90.3
	TV commercials	11	9.3	9.7	100.0
	Total	113	95.8	100.0	
Missing	0	5	4.2		
Total		118	100.0		

Most expected reading source: Magazines



Testing for the influence of demographic characteristics on expectancies regarding reading sources

The Chi-square test was applied to test which of the demographic characteristics of respondents influenced expectancies. No significant differences could be identified – demographic profiles do not seem to influence expectancies regarding reading sources.

Descriptive Statistics: Service ratings

TABLE 17 SERVICE EXPECTATIONS

	N	Minimum	Maximum	Mean	Std. Deviation
Staff appearance	95	1	10	7.87	2.242
Professional service	102	1	10	8.24	2.482
Cleanliness	104	1	10	8.69	2.450
Communication on specials	93	1	10	7.47	2.725
Technology	97	1	10	7.77	2.307
Products used	102	2	10	7.76	2.221
Size of health spa	89	1	10	6.53	2.336
Location of spa	96	1	10	6.73	2.561
Competence	97	1	10	7.82	2.450
Staff uniforms	87	1	10	7.20	2.537
Equipment/treatment machines	98	1	10	8.15	2.258
Spa image	98	1	10	7.67	2.600

The findings show that *a*ll services are highly valued, however the most valued are:

- Cleanliness;
- Professionalism and
- Equipment/treatment machines

Although the mean scores gives an indication of the value respondents have for specific services it is informative to look at the frequency distributions of value scores as it gives a sense of the opinion of most respondents whilst **average** scores do not indicate general tendencies. (Appendix 4)

Interpreting response patterns with regard to service ratings

Factor analysis (principal component analysis) was applied to determine which aspects of services influence response patterns most significantly. The results of the factor analysis indicated that, in terms of the way respondents valued services, the following aspects of services could be grouped together:

Most important dimension of service: Cleanliness, professionalism and spa image

Second most important dimension: Technology and the products used

Third most import dimension: Size and location of the spa/centre

Frequency Distributions: Treatment importance

TABLE 18 (1) Botox

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	15	12.7	13.9	13.9
	Might consider	26	22.0	24.1	38.0
	Not interested	67	56.8	62.0	100.0
	Total	108	91.5	100.0	
Missing	0	10	8.5		
Total		118	100.0		

The findings show that most respondents will not consider Botox.

TABLE 19 (2) Cellulite treatments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	50	42.4	45.5	45.5
	Might consider	42	35.6	38.2	83.6
	Not interested	18	15.3	16.4	100.0
	Total	110	93.2	100.0	
Missing	0	8	6.8		
Total		118	100.0		

The findings show that most respondents would definitely consider cellulite treatments.

TABLE 20 (3) Deep peels

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	28	23.7	25.7	25.7
	Might consider	51	43.2	46.8	72.5
	Not interested	30	25.4	27.5	100.0
	Total	109	92.4	100.0	
Missing	0	9	7.6		
Total		118	100.0		

The findings show that most respondents might or will consider deep peels.

TABLE 21 (4) Collagen fillers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	12	10.2	11.4	11.4
	Might consider	38	32.2	36.2	47.6
	Not interested	55	46.6	52.4	100.0
	Total	105	89.0	100.0	
Missing	0	13	11.0		
Total		118	100.0		

The findings show that most respondents would not consider collagen fillers.

TABLE 22 (5) Hydrotherapy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	37	31.4	34.9	34.9
	Might consider	55	46.6	51.9	86.8
	Not interested	14	11.9	13.2	100.0
	Total	106	89.8	100.0	
Missing	0	12	10.2		
Total		118	100.0		

The findings show that most respondents might or will consider hydrotherapy.

TABLE 23 (6) Weight loss

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	65	55.1	58.6	58.6
	Might consider	28	23.7	25.2	83.8
	Not interested	18	15.3	16.2	100.0
	Total	111	94.1	100.0	
Missing	0	7	5.9		
Total		118	100.0		

The findings show that most respondents will definitely consider weight loss programmes.

TABLE 24 (7) Anti-wrinkle

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	38	32.2	34.9	34.9
	Might consider	47	39.8	43.1	78.0
	Not interested	24	20.3	22.0	100.0
	Total	109	92.4	100.0	
Missing	0	9	7.6		
Total		118	100.0		

The findings show that most respondents might or would definitely consider anti-wrinkling.

TABLE 25 (8) Power of subconscious mind

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	28	23.7	26.2	26.2
	Might consider	43	36.4	40.2	66.4
	Not interested	36	30.5	33.6	100.0
	Total	107	90.7	100.0	
Missing	0	11	9.3		
Total		118	100.0		

The findings show that most respondents might or will consider power of the mind programmes/workshops.

TABLE 26 (9) Relaxation/de-stress

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	86	72.9	78.2	78.2
	Might consider	22	18.6	20.0	98.2
	Not interested	2	1.7	1.8	100.0
	Total	110	93.2	100.0	
Missing	0	8	6.8		
Total		118	100.0		

The findings show that most respondents would definitely consider relaxation/de-stress programmes.

TABLE 27 (10) Make-over

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	56	47.5	50.9	50.9
	Might consider	41	34.7	37.3	88.2
	Not interested	13	11.0	11.8	100.0
	Total	110	93.2	100.0	
Missing	0	8	6.8		
Total		118	100.0		

The findings show that most respondents might and would definitely consider make-over programmes.

TABLE 28 (11) Skin rejuvenation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	51	43.2	47.7	47.7
	Might consider	44	37.3	41.1	88.8
	Not interested	12	10.2	11.2	100.0
	Total	107	90.7	100.0	
Missing	0	11	9.3		
Total		118	100.0		

The findings show that most respondents might and would definitely consider skin rejuvenation treatments.

TABLE 29 (12) Lymph drainage

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	20	16.9	18.7	18.7
	Might consider	40	33.9	37.4	56.1
	Not interested	47	39.8	43.9	100.0
	Total	107	90.7	100.0	
Missing	0	11	9.3		
Total		118	100.0		

The findings show that most respondents would not consider lymph drainage treatments.

TABLE 30 (13) Transformational workshop

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	28	23.7	26.2	26.2
	Might consider	47	39.8	43.9	70.1
	Not interested	32	27.1	29.9	100.0
	Total	107	90.7	100.0	
Missing	0	11	9.3		
Total		118	100.0		

The findings show that most respondents might and would consider transformational workshops.

TABLE 31 (14) Soul meditation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	26	22.0	24.5	24.5
	Might consider	33	28.0	31.1	55.7
	Not interested	47	39.8	44.3	100.0
	Total	106	89.8	100.0	
Missing	0	12	10.2		
Total		118	100.0		

The findings show that most respondents might and would consider soul meditation.

TABLE 32 (15) Indian head massage

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Will definitely consider	50	42.4	46.3	46.3
	Might consider	37	31.4	34.3	80.6
	Not interested	21	17.8	19.4	100.0
	Total	108	91.5	100.0	
Missing	0	10	8.5		
Total		118	100.0		

The findings show that most respondents might and would definitely consider Indian head massages.

Frequency Distribution: Previous attendance of Spa/Wellness Centre

Table 33 Previous attendance of Spa/Wellness centre

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Has attended previously	49	41.5	43.0	43.0
	Never	65	55.1	57.0	100.0
	Total	114	96.6	100.0	
Missing	0	4	3.4		
Total		118	100.0		

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Frequency of previous attendance	46	1	4	1.83	1.102

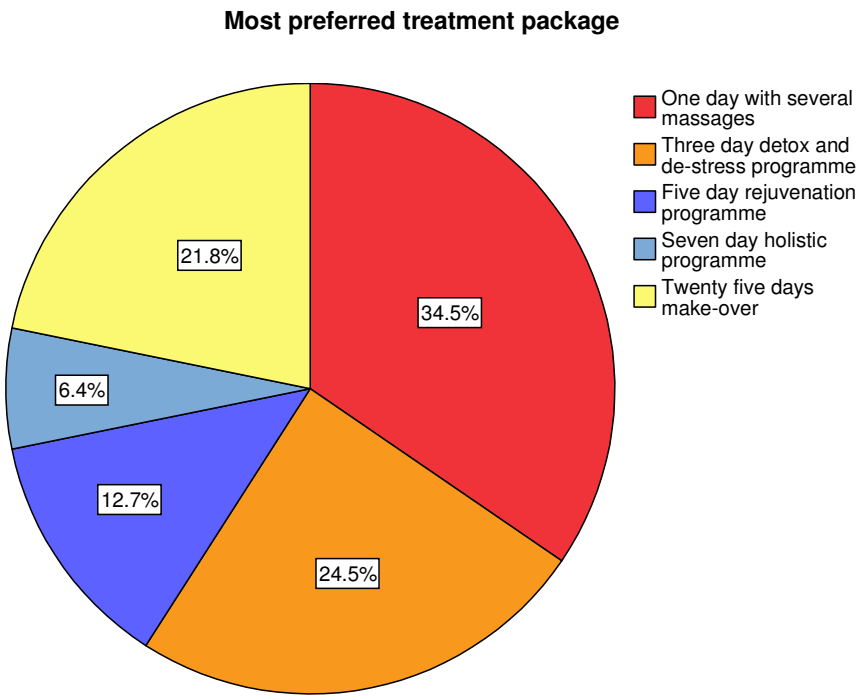
Frequency Distribution: Most preferred treatment package

Table 34 Preferred treatment package

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	One day with several massages	38	32.2	34.5	34.5
	Three day detoxify and de-stress programme	27	22.9	24.5	59.1
	Five day rejuvenation programme	14	11.9	12.7	71.8
	Seven day holistic programme	7	5.9	6.4	78.2
	Twenty five days make-over	24	20.3	21.8	100.0
	Total	110	93.2	100.0	
Missing	0	7	5.9		
	System	1	.8		
	Total	8	6.8		
Total		118	100.0		

The findings show that a “one-day treatment” package, which includes several messages, will serve the respondent group the best. Evidence hereafter will

substantiate which group most significant influenced the preference for treatment packages (1) the least and (2) the most.



Testing for the influence of demographic characteristics on treatment package preferred

The Chi-square test was applied to test which of the demographic characteristics of respondents influenced the treatment package preferred. The following significant influences were identified:

Most preferred treatment package * Age group

Table 35 *Percentage within Age group*

		Age group					
		18-24years	25-34years	35-44years	45-54years	55-64years	65-74
Most preferred treatment package	One day with several massages	40.0%	38.2%	23.1%	27.3%	57.1%	
	Three day depth and de-stress programme	16.7%	23.5%	34.6%	18.2%	42.9%	
	Five day rejuvenation programme	16.7%	5.9%	19.2%	18.2%		
	Seven day holistic programme	6.7%	2.9%	3.8%	9.1%		100.0%
	Twenty five days make-over	20.0%	29.4%	19.2%	27.3%		
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.793(a)	20	.002
Likelihood Ratio	27.244	20	.129
Linear-by-Linear Association	.005	1	.942
N of Valid Cases	110		

a 21 cells (70.0%) have expected count less than 5. The minimum expected count is .13.

The one-day package, with several messages was the least preferred by the 45-54 year group.

Most preferred treatment package * Employment status

Table 36 *Percentage within Employment status*

		Employment status		
		Employed full-time	Employed part-time	Not employed
Most preferred treatment package	One day with several massages	34.0%	40.0%	25.0%
	Three day detox and de-stress programme	25.5%	20.0%	
	Five day rejuvenation programme	14.9%		
	Seven day holistic programme	4.3%	10.0%	50.0%
	Twenty five days make-over	21.3%	30.0%	25.0%
Total		100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.319(a)	8	.038
Likelihood Ratio	12.141	8	.145
Linear-by-Linear Association	1.302	1	.254
N of Valid Cases	108		

a 10 cells (66.7%) have expected count less than 5. The minimum expected count is .26.

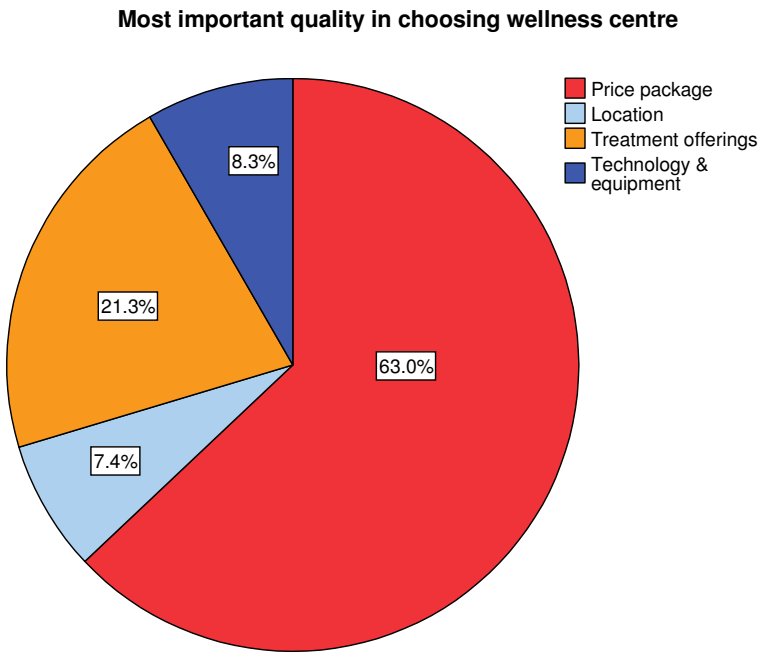
The findings show that the “employed” group prefer the “one-day” treatment packages the most.

Frequency Distribution: Most important quality in choosing wellness centre

Table 48 Most important quality in choosing wellness centre

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Price package	68	57.6	63.0	63.0
	Location	8	6.8	7.4	70.4
	Treatment offerings	23	19.5	21.3	91.7
	Technology & equipment	9	7.6	8.3	100.0
	Total	108	91.5	100.0	
Missing	0	8	6.8		
	System	2	1.7		
	Total	10	8.5		
Total		118	100.0		

The findings show that the most important denominator in choosing wellness centre is the price package. No other significant differences were identified in terms of demographic profiles – it cuts across all profiles.



As the author collected and analysed data from preliminary observations, she found questions arose of whether the case studied health spas do take the customers expectations into account before they strategise (1) tailor strategies for a particular market segment; (2) whether their service quality levels are adequate to meet the needs of the market segment and (3) whether they make efforts to add value for these customers.

In analysing the data, the author looked for emerging themes and recurrent events, categorised them, and re-evaluated it.

Questions from the market study	THE HYDRO	ALTIRA SPA
Do the respective spas know their market demographics?	Yes	Not always
Do the respective spas provide for the most preferred fitness requirement?	No	No
Do the respective spas cater in the 3 most preferred treatments?	Yes	Not all
Do they employ the most viable advertising medium to attract customers?	Yes	No
Do they fulfil in the service requirements most expected:		
5.1 Cleanliness;	Yes	Yes
5.2 Professional;	Yes	Yes
5.3 Spa Image	Yes	Yes
Do the respective spas provide in the most preferred spa treatments:		
Cellulite treatments,	Yes	Yes
Deep Peels;	Yes	Yes
Hydro Therapy,	Yes	Yes
Weight loss programme,	Yes	Yes
Anti-wrinkle treatments;	Yes	Yes
Power of the Sub-Conscious Mind;	No	No
Relax and de-stress treatments;	Yes	Yes
Make overs;	Yes	No
Skin rejuvenation;	Yes	Yes
Transformational workshops;	No	No
Soul meditation workshops and	No	No
Indian Head Message?	Yes	Yes
Do the respective health spas fulfil in the treatment package preference?	Yes	No
Are the health spas sensitised to their market's price sensitivity?	Yes	No
Do the health spas acknowledge the differences in preferences in terms of age.	Yes	No

Chapter 6:

6.1 DISCUSSION

The spa industry has shown phenomenal growth, both in terms of the number of spas opening and the increase in market demand. As the spa supporters' wants and needs evolve, spa marketers must become tuned into these needs and must adopt a futuristic orientation to integrate changes and challenges. A myriad of opportunities exist for the spa industry to maintain its current growth trend; however, spa marketers must continue to improve communications about the spa experience and its benefits and carefully formulate strategies in order to capitalise on these opportunities.

The Hydro, as a resort spa, has successfully segmented their market, and they have targeted those value added propositions most profitable for their business. The Hydro regularly researched their market through an outside company and tailored their offerings to exceed the needs of their guests. There are also very proactive and innovative and have integrated low impact fitness programmes for the benefit of their visitor. Marketing theorists postulated that the principal growth feature is to put the customer's interest first by coordinating and integrating resources toward the creation of superior customer value. In fact, a business market orientation is the mechanism how the business will compete. Hence, a business with a high market orientation will hold a high esteem for focused strategies on the customer.

The Hydro also values their employees as much as they value their customers. Their employees are said to be their biggest asset. They hold a high esteem for their opinions and create many opportunities for dialogue and training with them. It is for this reason that The Hydro has minimal problems to implement their marketing strategies.

The Hydro also shows evidence that they have aligned marketing strategies that gives them a competitive advantage, they have differentiated themselves with:

(1) an appropriate combination of treatment; price and product,

(2) to be a resort spa;

(3) “customers-first” approach;

(4) “hands-on” massaging approach;

(5) they have tailored their service offerings to the market needs;

(6) they offer outstanding service;

(7) their approach are in line with the market expectations, most professional; image orientated; absolute hygiene and cleanliness;

AltiraSpa do not show evidence of the same magnitude of strategic marketing efforts than those of The Hydro. Even though management have made attempts at addressing some lessons from pioneers in marketing, they still lack the motivation to implement some strategies. This may be as a result of their comfort that they are screened behind the hotel’s image. They have not identified a market outside their hotel industry and therefore do not understand these customers’ needs. Hence, they also lack the ability to integrate their customer’s needs and can therefore not deliver value to their customers. Spas will have to understand that it is no longer good enough to just be in the wellness industry. AltiraSpa do not strive to build a separate personality, a personality associated with service excellence and a culture of caring, sharing and giving their visitor a humane and loving experience. This spa is all about business. This is also reflected in the seven million rand renovations project. It is questionable whether a project of this nature is in line with the market expectations and hence whether there is real economic value in it.

Different theorists have demonstrated that businesses need to build credibility with their respective market segments through various tailored techniques, including branding for a particular market segment, determining product, price and promotional activities and offer a distinctive quality of service and consistency. More important, every customer of the spa industry is very brand loyal and seeks long-term relationships.

The Hydro has very successfully implemented an overall brand strategy. Their strategic focus was on branding the spa, its products, services and service offerings. But how has The Hydro been so successful in their branding strategy?

They have embarked on a well planned marketing strategy to include branding and have implemented this strategy;

The Hydro has created an ultimate brand awareness where customers can look at the face of The Hydro, and immediately recall that the face is "The Hydro". They have combined the new name and image with extensive resources and media coverage including promotions, sponsorships and publicities;

They have maximised brand awareness with additional images, colours and symbols and made it easier for people to identify with their brand;

They communicated this new message and image to their target markets;

They created strong brand associations. Since brands reflect a certain image, brand associations like product attributes, a particular image, face, or a particular symbol become a clue to a particular brand and are driven by the brand identity. The Hydro's customers want to associate additional benefits with a brand and link these to certain attributes and personal values to make the brand credible. The Hydro use words to aid the process of association with their brand, some include tranquillity, comfort, image orientated, unique – these words create value for their customers. They focus on delivering good features, which will be considered as benefits and gives them a competitive advantage;

They created a favourable perceived quality and convey this line of quality features throughout The Hydro.

Weinstein used a customer value approach explaining that the main objective should be to keep customers and to enhance customer relationships. Hence it is also important to invest at least 75% of a company's marketing budget on relationship marketing activities and customer retention strategies as the cost of gaining new customers outweigh the cost of retaining a customer. A key to customer retention is a satisfied customer who will exhibit tendencies to remain loyal to the existing organisation; ignore competitors; be less price sensitive and who will show favourable appreciation of the business.

In order to best capitalise on these opportunities, the target market's needs must be considered and met. Forty-two percent of the studied market segment have visited a spa before and would therefore have a better impression on service offerings. The other fifty-five percent have never attended a spa before. Piercy argued that the spa marketing must include a value judgement on the particular market choice and that new market spaces be created with a proactive approach to cannibalise products, services and new customers.

Once again, The Hydro was identified to be proactive. They have first identified their target markets, decided on the communication vehicle for this market, and communicated with their customers through this medium on specials, promotions, new technology and new treatments. This they have done with success and innovation and created an opportunity to build stronger customer relationships. In addition to the magazines, and in combination with their business philosophy, have they structured means through which to continuously listen to the voice of the customer, to ask for suggestions for improvement, to identify potential problems, to create opportunities for more value added services. Their strategies enhanced customer's loyalty to The Hydro by ensuring that customers are satisfied and that they will return. With this concerted effort of

building customer relationships as part of their marketing strategy, they not only maintain relationships with their consumers, but also lock these consumers in.

Both cases add value to the research' intended purpose and have confirmed how the application of winning marketing strategies can ensure sustainable growth or impede growth. AltiraSpa lacks some of the same marketing efficiencies evident of The Hydro.

Before making assumptions about the market expectations as a representative group of the larger population, it could benefit the study to search for specific patterns amongst the fifty-five percent non-spa goers. Is it because they lack the necessary resources? Are they too young to have the same need for weight-loss; de-stress treatments or cellulite treatments? What is the typical behavioural profile of this group in comparison with that of the other group? Is this group also un-educated on spa offerings and the benefits of a holistic wellness programme? Some of these questions will prompt further research.

6.2 RECOMMENDATIONS

At the core of modern marketing are the various processes involved which was discussed above. Sustained growth requires a combination of best corporate reputations, both inside and outside of the health spas and these must be enhanced with the constituencies: the employees, the customers and the larger community. In this way an analysis was done to identify the market requirements and its potential impact upon the sustainable growth of the health spas. The problems were recognised and this paved the way for citing recommendations for the health spa industry.

Health spas must have a strategic pathway for a superior understanding of the customer. For an integrative and successful implementation, the wellness

enterprise must be redefined and the focus must shift to the customer as well as the profitability of this customer.

There are also opportunities beyond being innovative, being able to differentiate treatments or products, or services, being able to build credible relationships with the spa visitor to retain the customer, to being able to build and sustain a brand awareness and to tailor all of these to the need of the customer.

Knowledge transfer has now become a powerful tool to incorporate new technologies. The internet, for example, is one communication vehicle to create opportunities to reach new markets for increased market share. One approach to gain increased market-share could be to develop strategic partnerships with existing product and service companies who have established reputations in their respective industries. Examples would include spa brands partnering with companies such as celebrity yoga providers, natural food stores and even bottled water companies, which will not only provide branded spas with marketing channels, but also with an expanded customer base.

Education and awareness is another powerful strategy. The market must be educated on the holistic benefits of spa use. They must be educated on the benefits of some of the treatments. Spas must do in-house research on the benefits of treatments and must communicate improvements with the customers.

Over time a spa could move beyond its current services and gradually build in capacities for more sophisticated technologies like chemical facial peels and other non-surgical treatments.

Spas should incorporate as many value propositions as possible into every aspect of the guest experience.

Spa marketers could attract new spa customers with promotional tactics, including group discounts, bring-a-friend for a 50% discount for yourself; bring-two-friends and you-come-for-free.

6.3 CONCLUSION

The wellness industry now faces the sophisticated customer, who will no longer allow them to be subjected to empty promises of advertising and branding. The same customer now expects far better than the ordinary.

A problem statement for the design and implementation of marketing strategies was addressed to gain an understanding into the most beneficial marketing plan for competitive advantage. The background theory supported the objectives together with the literature review. A description of the designs for the dual study were explained, one for the study of two health spas and the other a exploration into the market dynamics of the western cape market segment in which these health spas operate. The aforementioned lead to the outcome of the research initiative and a proposed model for best practices was outlined.

The most valuable findings from the (1) quantitative research was to answer the questions: which service levels the market valued most and how the health spa should add value for their customers in terms of their treatment offerings and packages. It is evident from the research that the customer value professionalism, spa image and quality products the most; and spa location and size the least. The most preferred treatments are cellulite treatments, deep peels, hydro-therapy, weight loss programmes, anti-wrinkle treatments, relaxation to de-stress, make over, skin rejuvenation and Indian messages as well as workshops on the following – power of the sub-conscious mind, transformation and soul meditation. This proves valuable for the health spas to ensure that their service levels are on par and to serve as a guideline to tailor their service offerings. The (2) qualitative research substantiates which marketing practices best qualifies for sustainable growth in a very competitive wellness industry. It was shown how brand strategies will enhance overall perceptions of the health spa, how to build credible relationships with the spa visitor to retain them and how this industry can embark on marketing qualities to enhance growth.

Finally, it appears that The Hydro are able to meet the demands of the sophisticated customer expecting value for money, however that AltiraSpa may need to benchmark themselves to The Hydro in order to capitalise on growth opportunities.

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Annexure 1A

Western Cape Spa's

NAME	LOCATION	PLACE	DAY SPA	STAY OVER
Altira Spa	**AltiraSpa Sheraton Grand Hotel**	**Cape Town**	**X**	**X**
Angsana Spa	**Vineyeard Hotel**	**Cape Town Newlands**	**X**	**X**
The AltiraSpa Western Cape Hotel & Spa	**outside Hermanus**	**Cape Town**	**X**	
The Arniston Ginkgo Spa	**Arniston Spa Hotel**	**Arniston Bay**	**X**	**X**
Bliss at Andros		**Claremont**	**X**	**X**
Boulders Lodge and Spa		**Oudtshoorn**	**X**	**X**
Camps Bay	**The Glen**	**Cape Town**	**X**	
Cape Town Medi Spa		**Cape Town**	**X**	
Carchele Beauty Spa		**Cape Town**	**X**	
Celtic manor Health Spa		**Gordon's Bay**		**X**
Century Spa	**Canal Walk Shopping Centre**	**Cape Town**	**X**	
Chelsea Beauty Clinic	**Wynberg**	**Cape Town**	**X**	
Elements on Kloof	**Kloof**	**Cape Town**	**X**	
Elixir Spa	**Mouille Points**	**Cape Town**	**X**	
Eustacia Health Spa	**TygerValley**	**Cape Town**	**X**	
Forest Edge	**Knysna**	**Knysna**	**X**	**X**
Ginkgo Spa at	**Somerset**	**Somerset**	**X**	**X**

Erinvale Estates	West – Helderberg Valley			
Ginkgo Spa at River Manor Bou-tique Hotel & Spa	Stellenbosch	Stellenbosch	X	X
Ginkgo Spa	Steenberg	Cape Town		X
Ginkgo Spa	Winchester Mansions Hotel	Cape Town	X	X
Glasshouse	Green Point	Cape Town	X	
Image Institute	Newlands	Cape Town	X	
Kagga Kamma	Cederberg Mountain	Cederberg		X
Klein Genot Wellness Spa	Franschoek	Franschoek	X	X
Lanzarac Spa & Wellness Centre	Stellenbosch	Stellenbosch	X	X
Lilah Beauty Spa	Durbanville	Cape Town	X	
Mangwanani Zevenwacht	Cape Winelands	Cape Winelands	X	
Pinnacle Spa		Cape Town	X	X
Pure Day Spa	Durbanville	Cape Town	X	
Pure Health and Beauty	Upper Kennilworth	Cape Town	X	
Resonance Boutique Spa	Wynberg	Cape Town	X	
Revive Day Spa	Blaauwberg	Cape Town	X	
Riverside Cottage Spa	Wellington	Wellington	X	X
Romney Park	Green Point	Cape Town	X	X
Rosendal	Robertson	Robertson		X
Rosenhof	Oudshoorn	Oudtshoorn	X	X

Country House				
Sanbona	Klein Karoo	Klein Karoo		X
Sanctuary Spa	Twelve Apostles	Cape Town	X	X
Serenite Spa	Knightsbridge at Century City	Cape Town	X	
Stillness Ginkgo Spa	Tokai	Cape Town	X	
Sugar Hotel & Spa	Green Point	Cape Town	X	X
TerenZONE Skin Therapy	Sea Points	Cape Town	X	
The Hydro at Stellenbosch	Stellenbosch	Stellenbosch	X	X
The Spa at Bushmans Kloof	Cedarberg	Cape Town		X
The Space Grooming Station	Mouille Point	Cape Town	X	
Trogon House	Garden Route	Garden Route		X
Villa Christina Wellness	Highlands Estate	Cape Town	X	X
WedgeView	Stellenbosch	Stellenbosch		X
Whalesong Hotel & Hydro	Garden Route	Plettenberg Bay	X	X
Wilderness Hydro	Garden Route	Wilderness	X	

ANNEXURE 1B

Other Speciality treatments:

- Blepharoplasty: removing fat cells under the eyes or the excess skin on upper lid; rejuvenation therapy with blood cells of black sheep.
- Lips: Vertical lines with restylane, a safe hyaluronic acid gel are the expert filler. More upward lines need micro-injections of tiny amounts in each line. Drooping mouth – filler injected at the corners of the mouth gives a smiley look.
- Tired, sagging skin: Mesotherapy: injecting the dermis layer under the skin with antioxidants, vitamins, minerals and amino acids creating a Mesolift. It offers rejuvenation for the face and the vitamins, antioxidants and minerals tailored to the skin can plump, tighten and rehydrate the skin. A similar technique with different ingredients is used for cellulite reduction and firming up bingo wings as it improves skin elasticity
- Crow's feet around the eyes: Thermage procedure is a great treatment because it is proven to tighten, contour and totally rejuvenate the skin and improve visible lines on face. The ThermaCool system uses radiofrequency technology to stimulate new collagen production so the skin will look bright and healthy. Thermage tightens and contours the skin for a naturally younger looking appearance by delivering heat in the form of radio frequency beyond the dermis deep into the collagen layers. This tightens existing collagen and stimulates new collagen growth. Immediately after a Face by Thermage procedure the skin should feel tighter and smoother.
- Deep lines between eyebrows and creased eyelids. Botox injections tackle it really well. A few injections at the hairline and the temples will lift the forehead and a single injection in the brow area at the side of the eyes will relieve the hooded effect. For frown lines between the eyes, a few injections can be done in the forehead and above the bridge of the nose between the brows.
- Fine, red veins. Intense Pulsed Light (IPL) is a favourite. Pulses of light mostly infrared are applied to and absorbed by the skin, creating warmth. Veins absorb a lot more light, therefore they become a lot warmer than the healthy surrounding

skin tissue and will gradually die and face away. Two to four treatments will lift off discolouration and it lasts as long as you protect your skin and stay out of the sun.

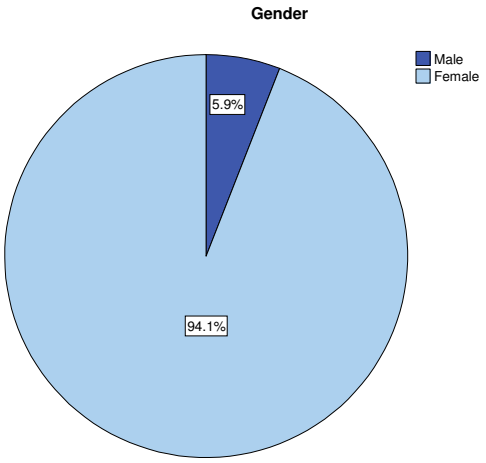
- Uneven skin tone and wrinkles: A deep exfoliation like Elemis fabulous Tri-Enzyme facial that rejuvenates while it exfoliates and really works wonders on the skin. It is effective for treating fine lines and wrinkles, acne scars and uneven skin tone. The facial itself is therapeutic, involving the Papaya enzyme peel, which exfoliates the skin, followed by three different enzyme applications. Elemis recommend three to six treatments at fortnightly intervals for best effect. Much gentler than a peel. Results immediately visible.

ANNEXURE 2 QUESTIONNAIRE

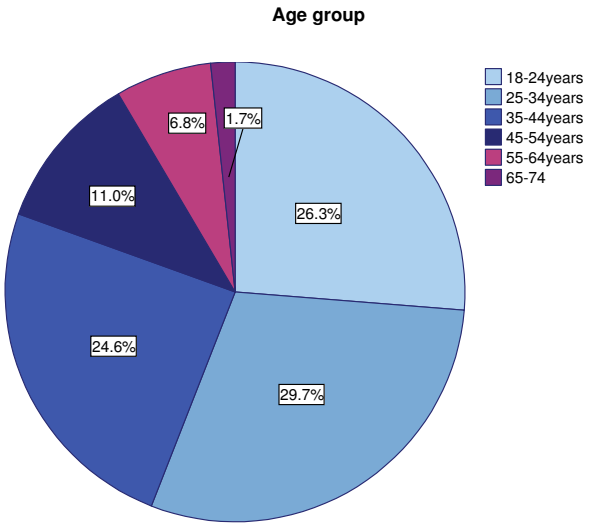
ANNEXURE 3 GRAPHS

Graph 1

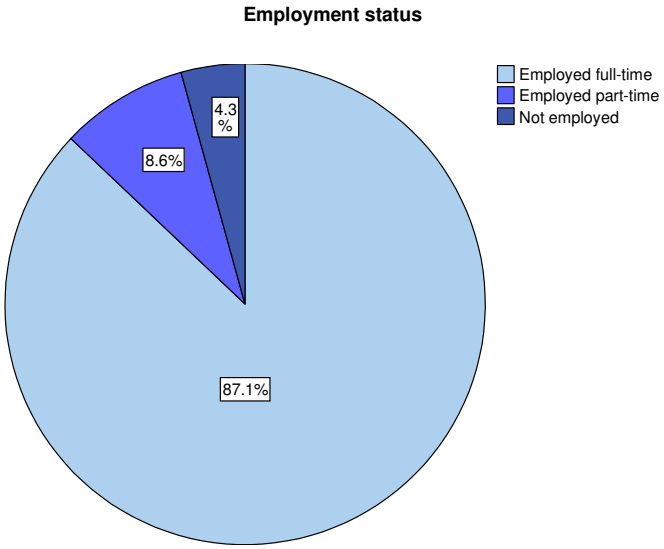
Graphical representation of sample frequency distributions



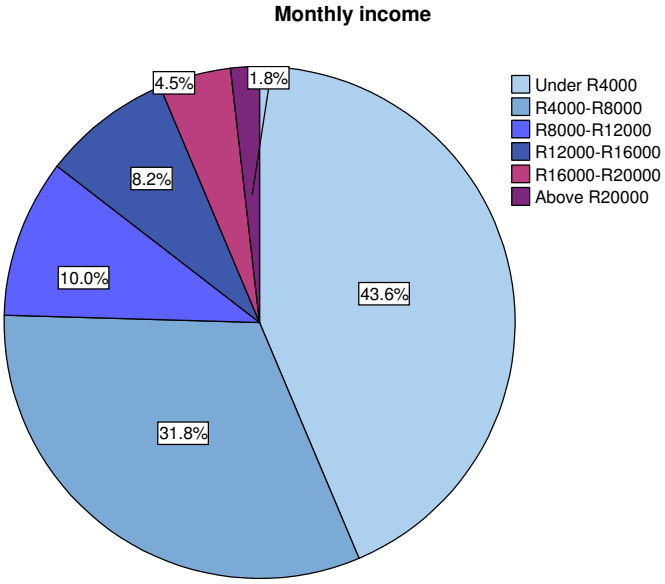
Graph 2



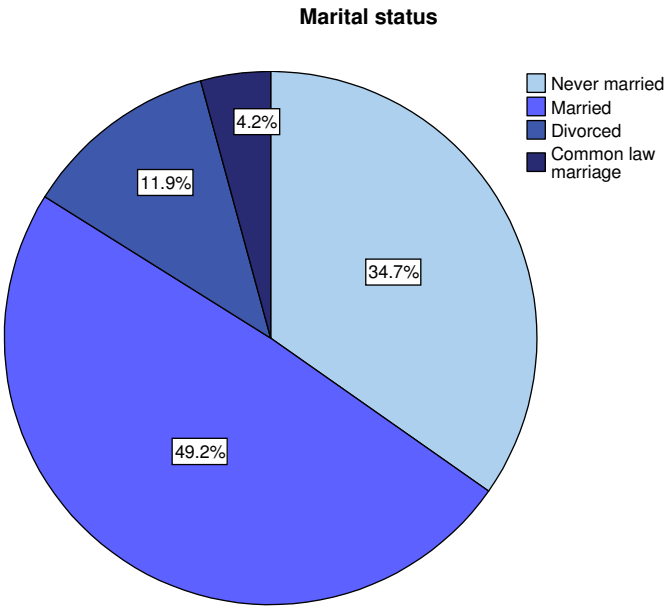
Graph 3



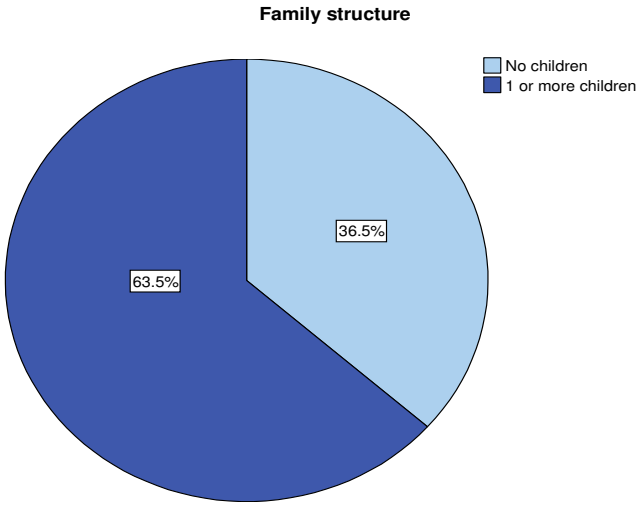
Graph 4



Graph 5

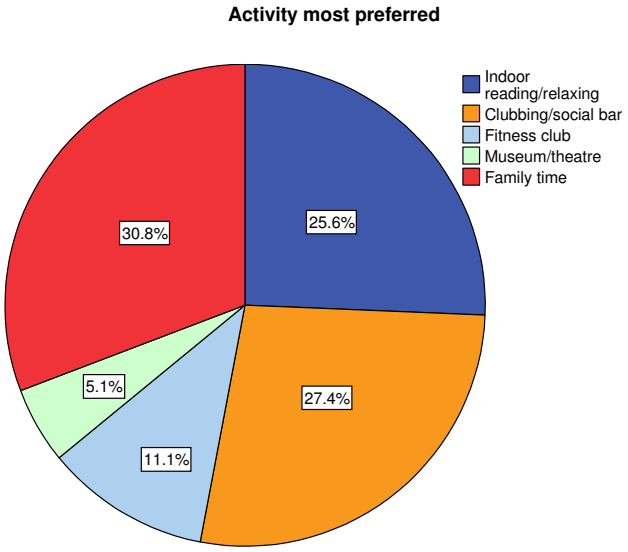


Graph 6

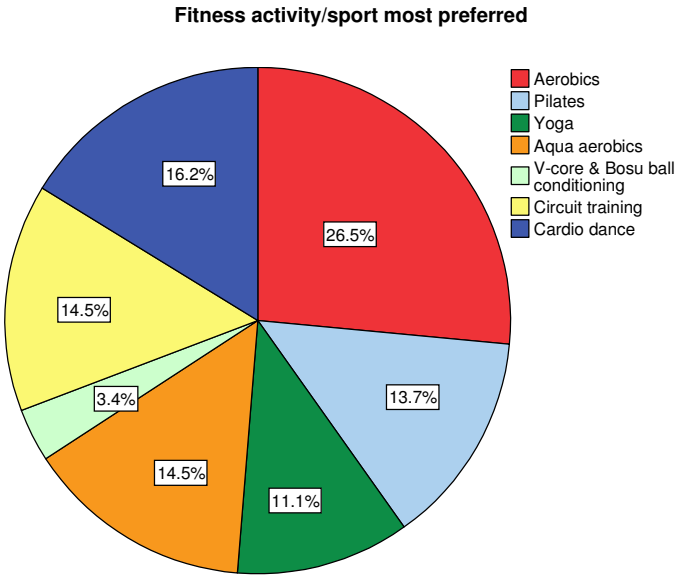


Graph 7

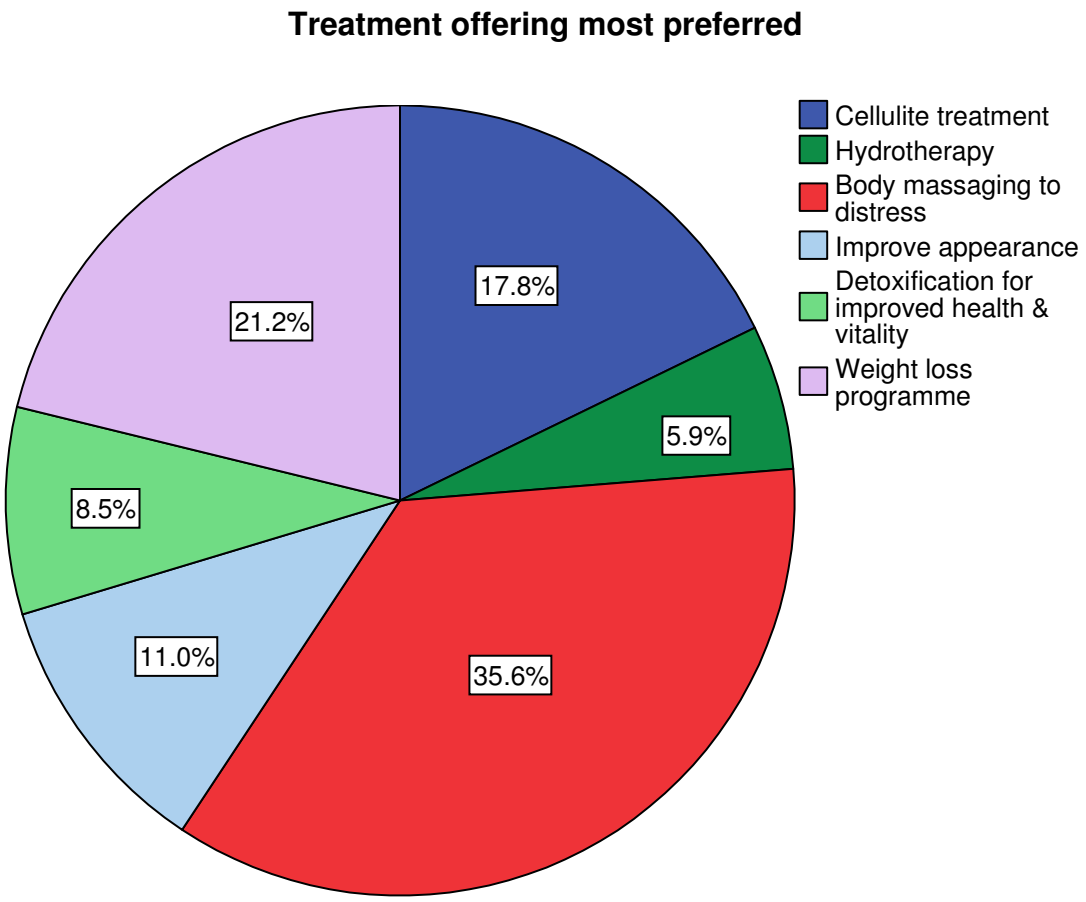
Graphical representation of activity preferences



Graph 8

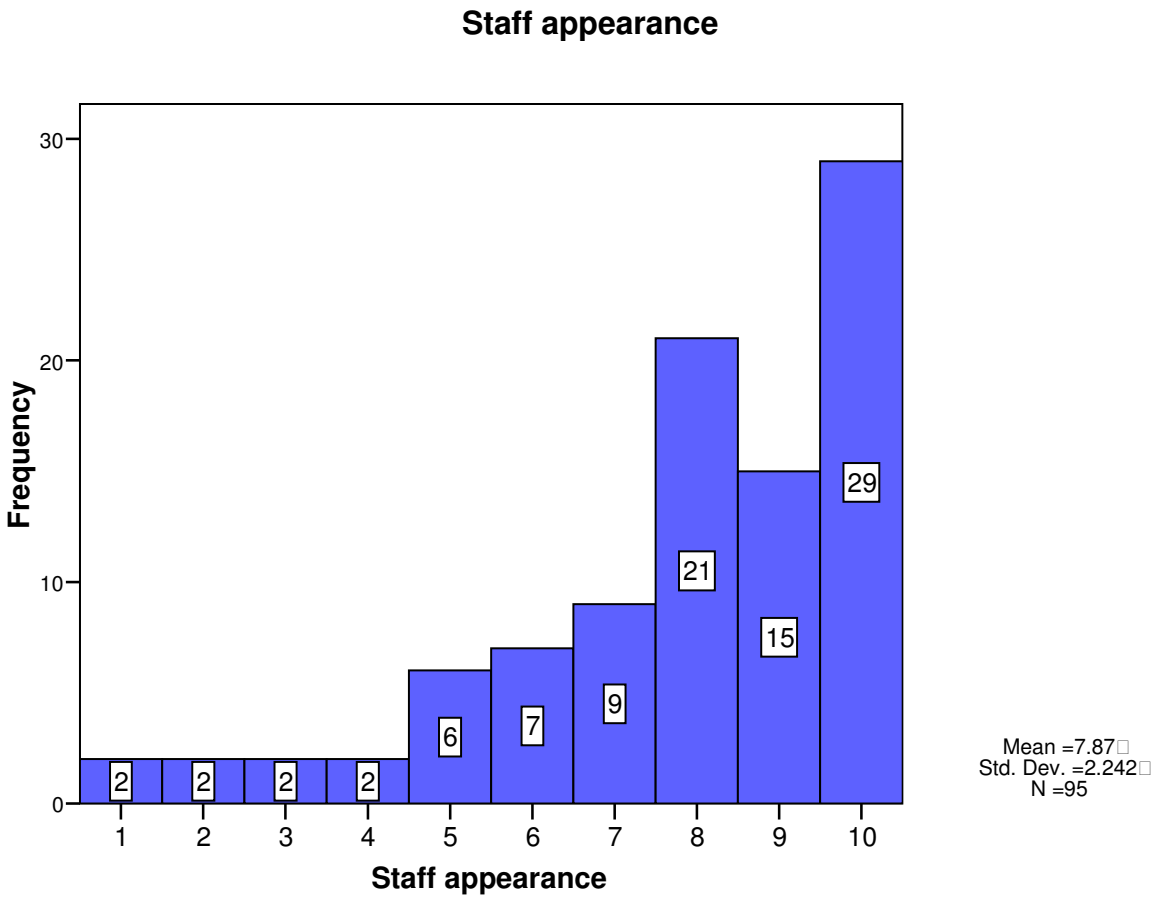


GRAPH 9

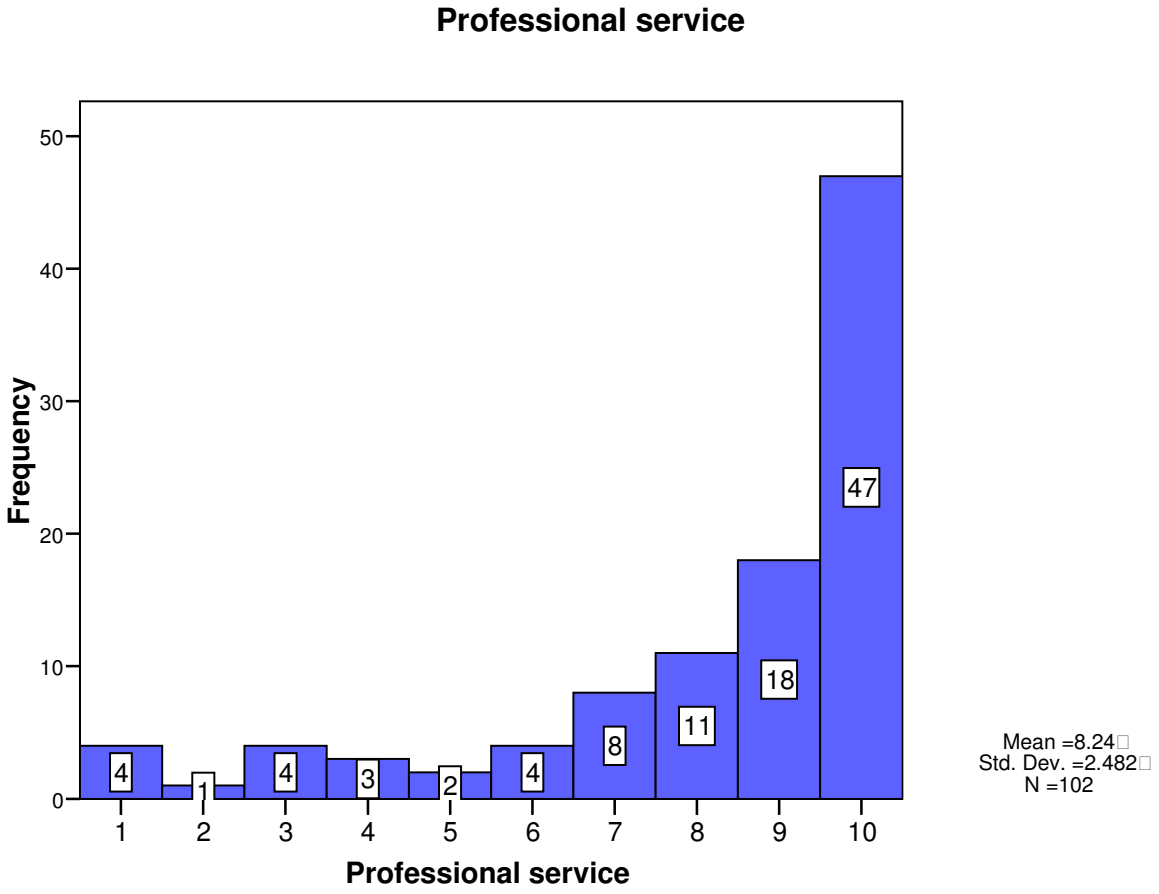

Treatment offering most preferred
17.8%
5.9%
35.6%
11.0%
8.5%
21.2%
Cellulite treatment
Hydrotherapy
Body massaging to distress
Improve appearance
Detoxification for improved health & vitality
Weight loss programme

APPENDIX 4 GRAPHS ON SERVICE EXPECTATIONS

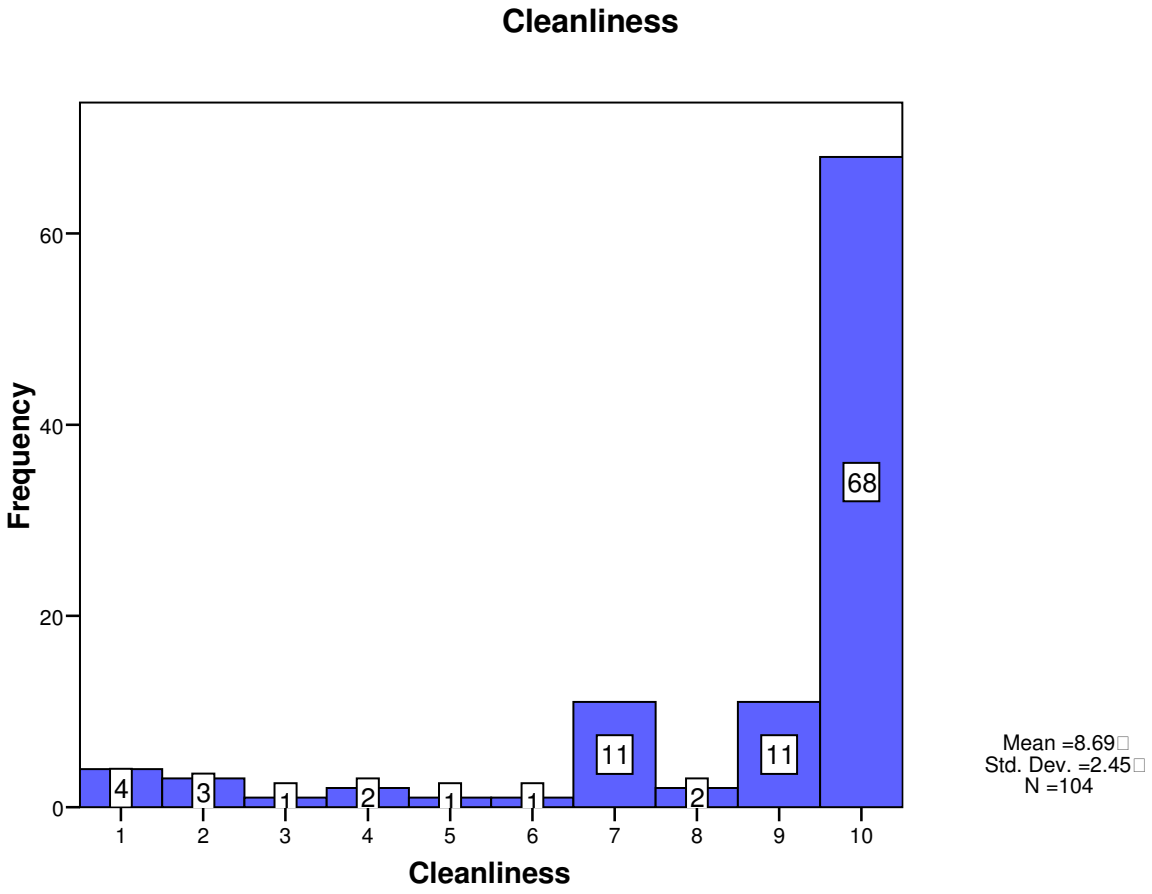
GRAPH 1



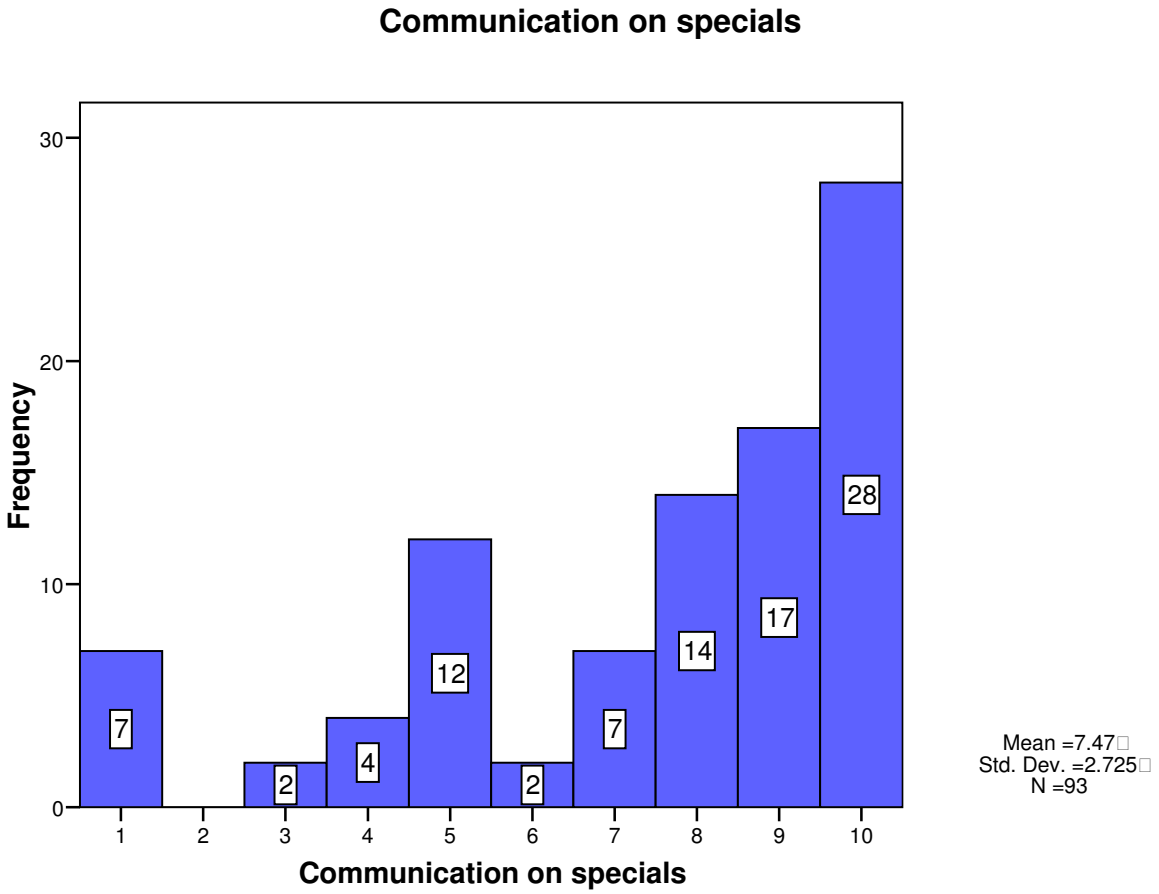
GRAPH 2


Professional service
Frequency
50
40
30
20
10
0
4
1
4
3
2
4
8
11
18
47
1
2
3
4
5
6
7
8
9
10
Professional service
Mean =8.24
Std. Dev. =2.482
N =102

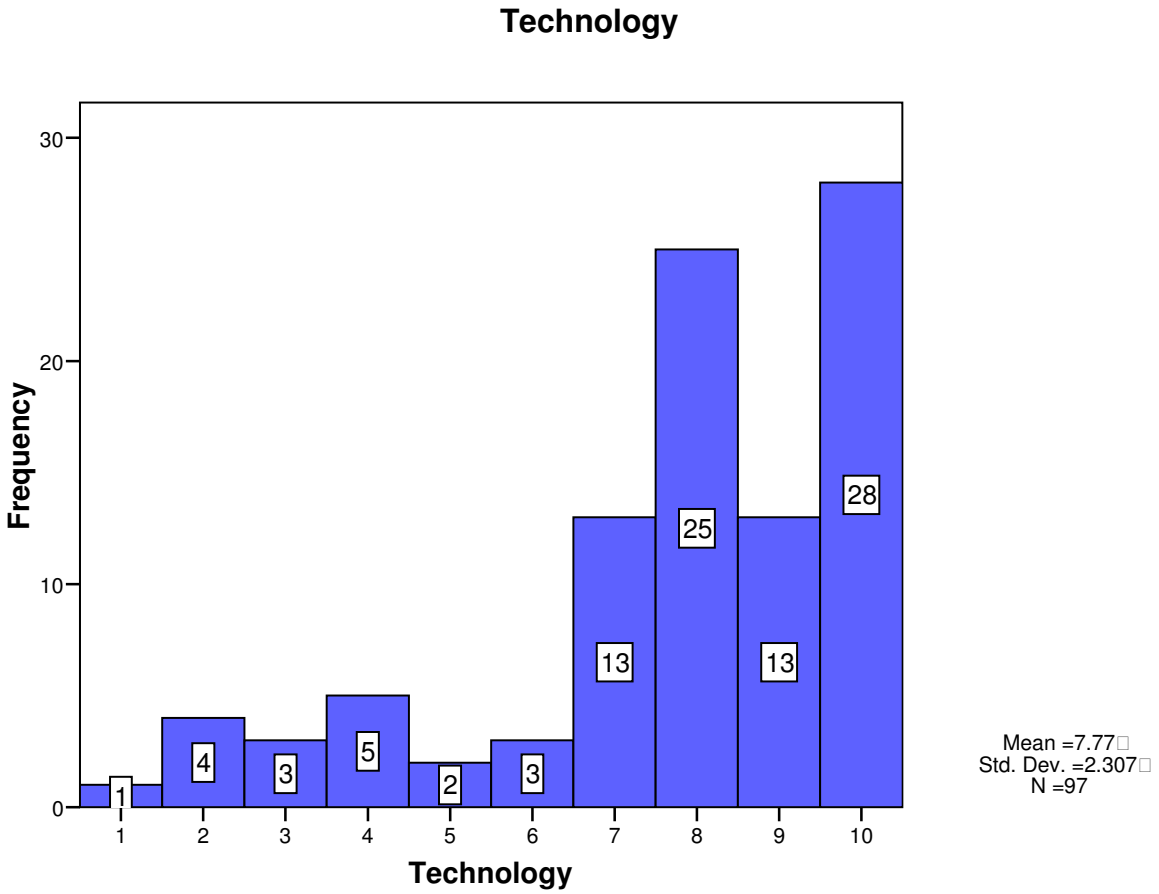
GRAPH 3


Cleanliness
Frequency
60
40
20
0
4
3
1
2
1
1
11
2
11
68
1
2
3
4
5
6
7
8
9
10
Cleanliness
Mean =8.69
Std. Dev. =2.45
N =104

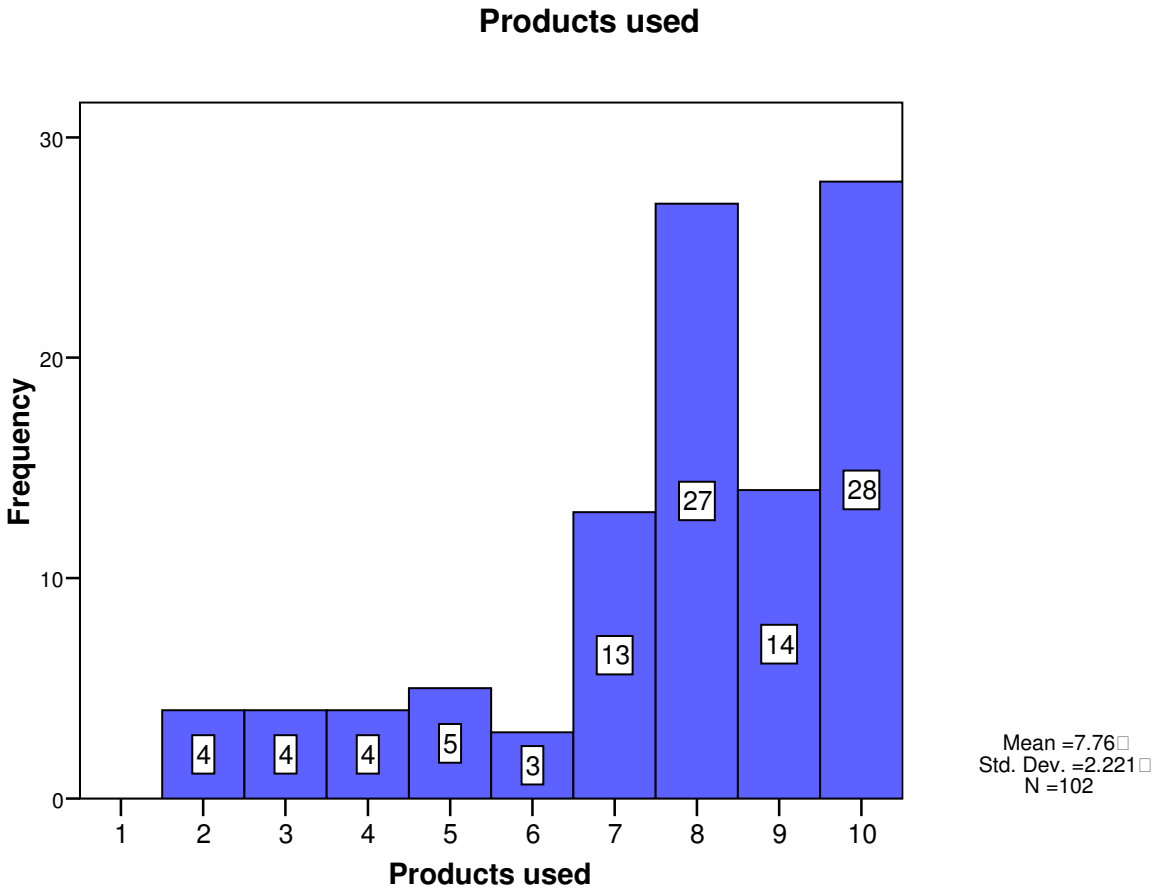
GRAPH 4


Communication on specials
Frequency
30
20
10
0
7
2
4
12
2
7
14
17
28
1
2
3
4
5
6
7
8
9
10
Communication on specials
Mean =7.47
Std. Dev. =2.725
N =93

GRAPH 5


Technology
Frequency
30
20
10
0
1
4
3
5
2
3
13
25
13
28
1
2
3
4
5
6
7
8
9
10
Technology
Mean =7.77
Std. Dev. =2.307
N =97

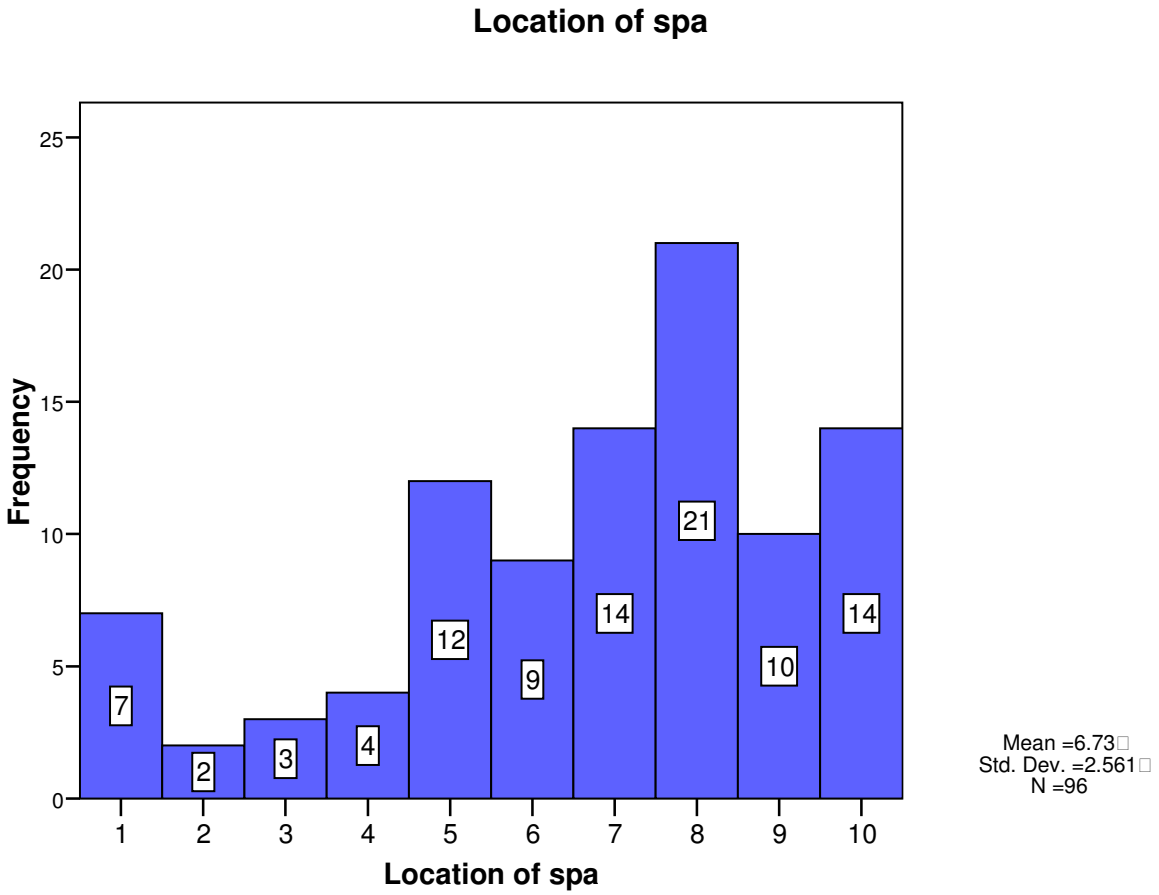
GRAPH 6


Products used
Frequency
30
20
10
0
4
4
4
5
3
13
27
14
28
1
2
3
4
5
6
7
8
9
10
Products used
Mean =7.76
Std. Dev. =2.221
N =102

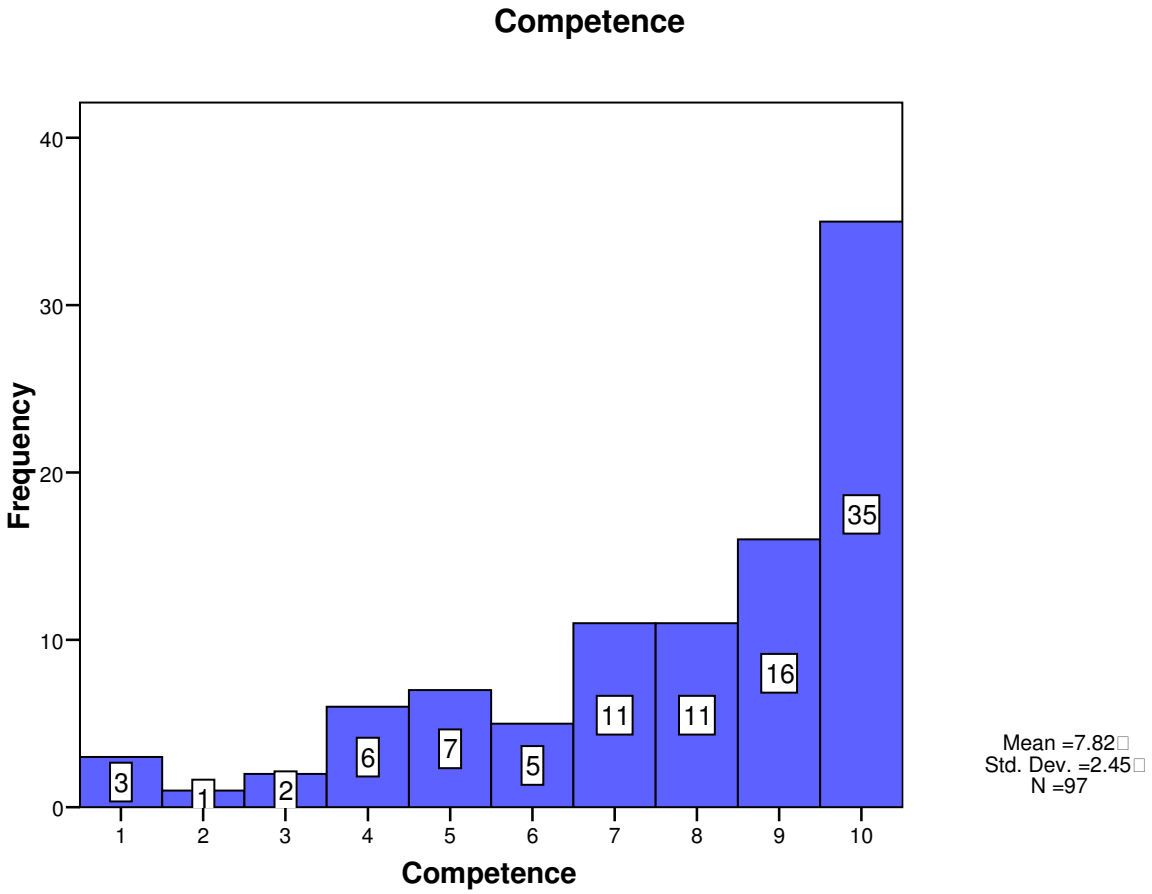
GRAPH 7


Size of health spa
Frequency
15
10
5
0
2
4
3
7
15
11
13
15
8
11
1
2
3
4
5
6
7
8
9
10
Size of health spa
Mean =6.53
Std. Dev. =2.336
N =89

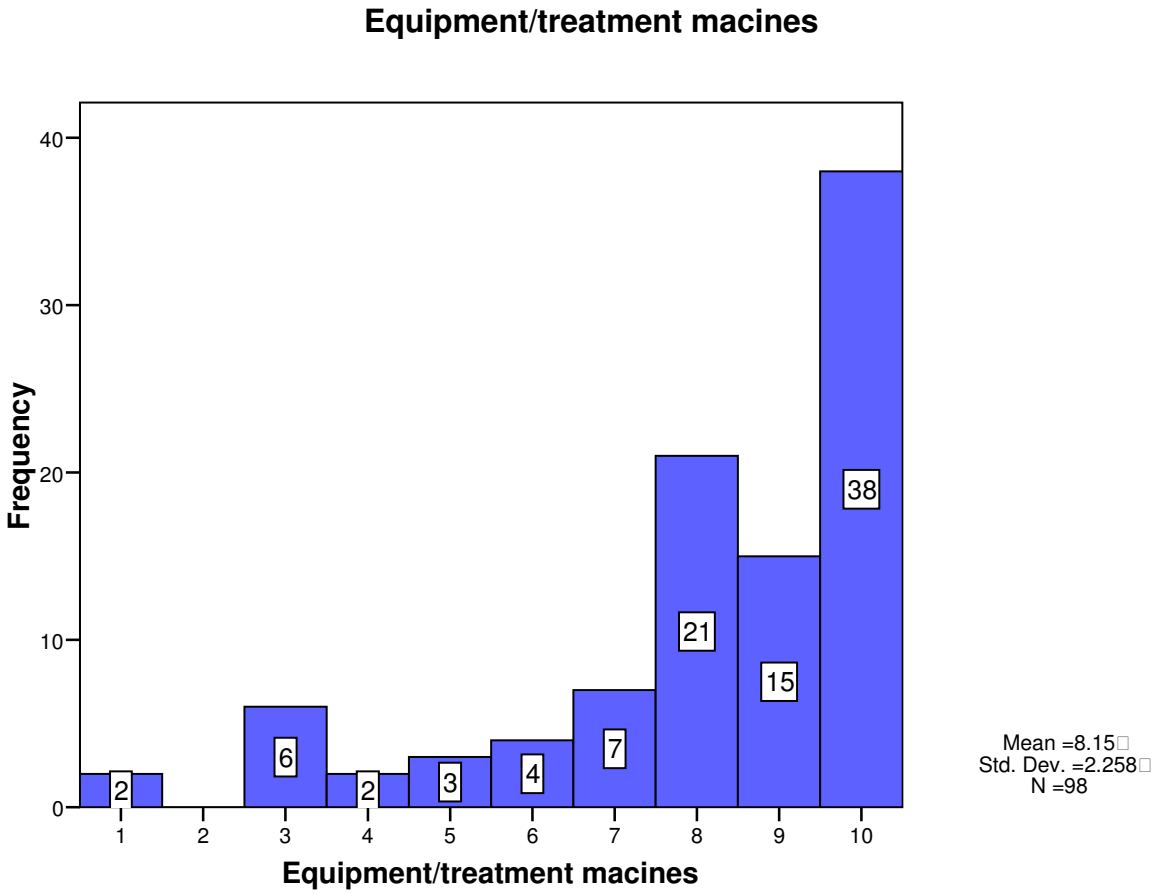
GRAPH 8


Location of spa
Frequency
25
20
15
10
5
0
7
2
3
4
12
9
14
21
10
14
1
2
3
4
5
6
7
8
9
10
Location of spa
Mean =6.73
Std. Dev. =2.561
N =96

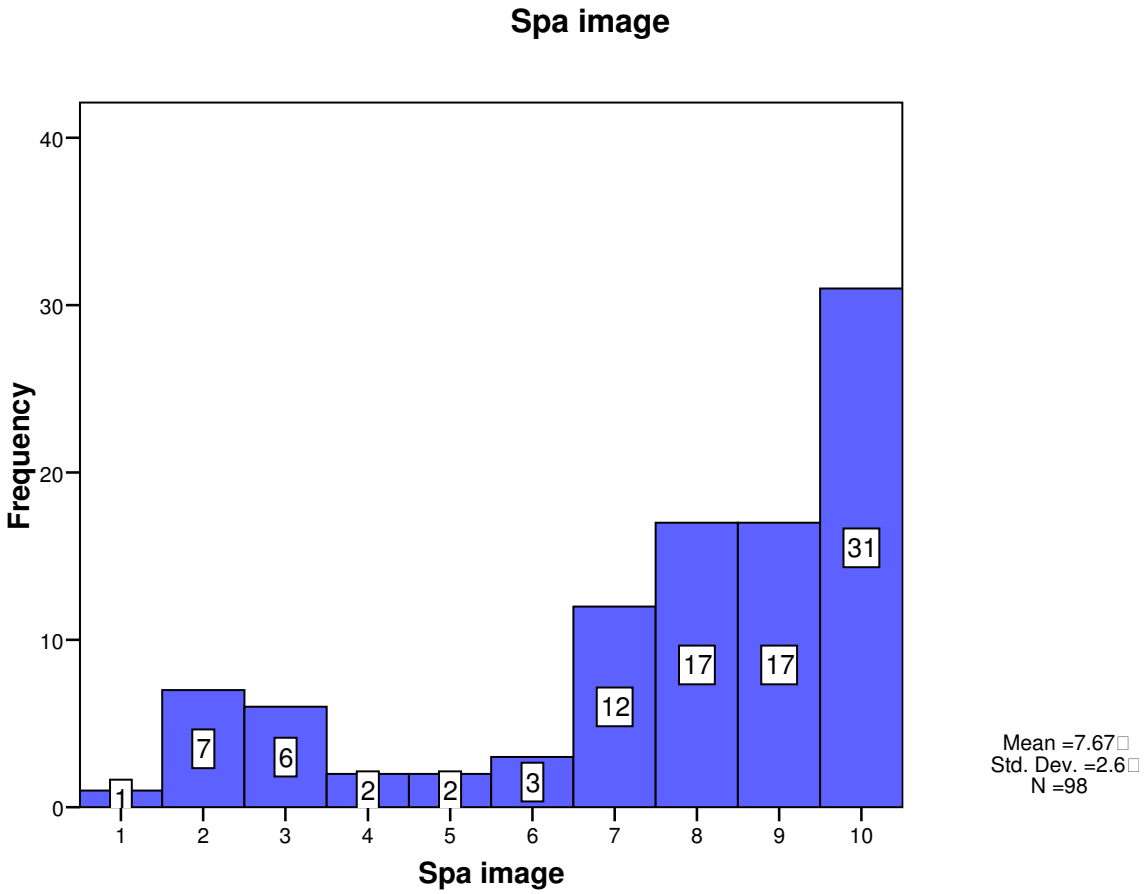
GRAPH 9


Competence
Frequency
40
30
20
10
0
3
1
2
6
7
5
11
11
16
35
1
2
3
4
5
6
7
8
9
10
Competence
Mean =7.82
Std. Dev. =2.45
N =97

GRAPH 10

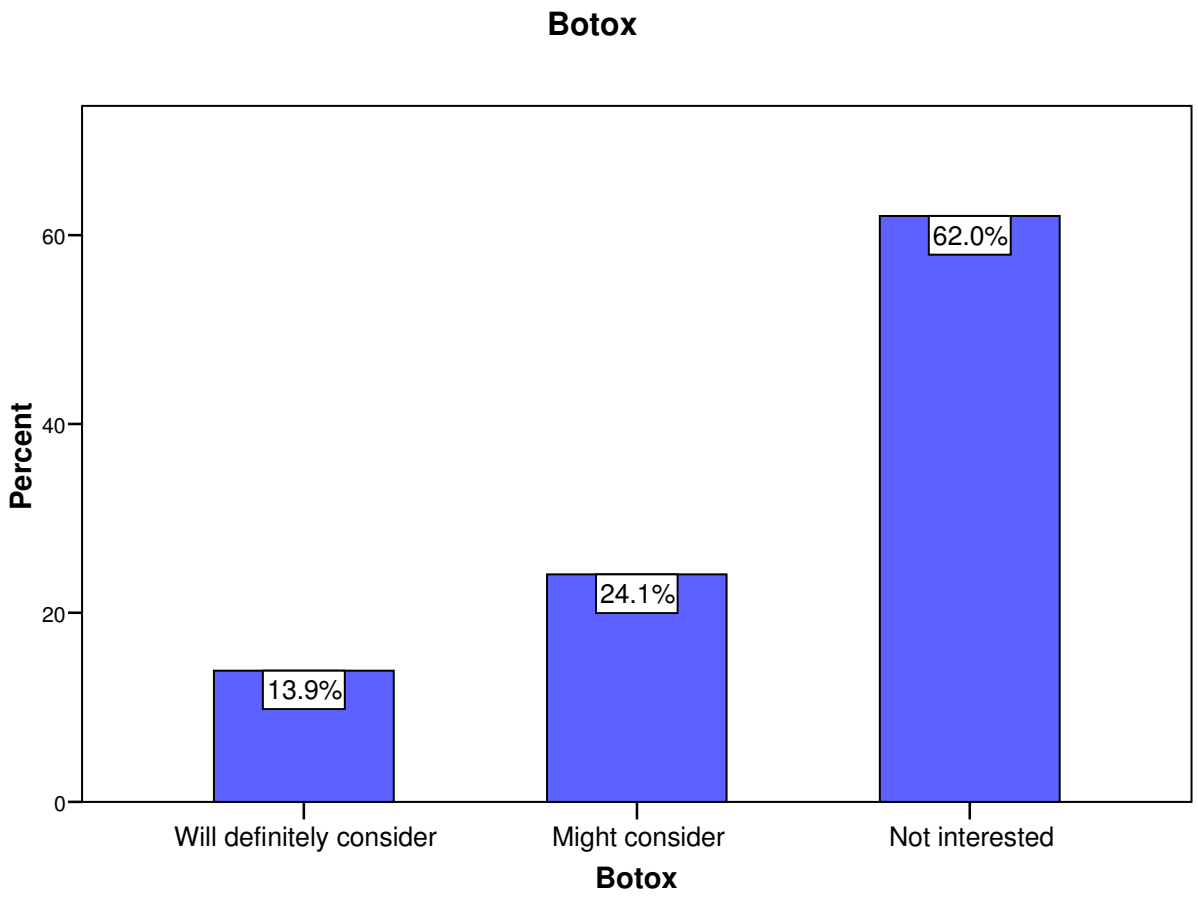

Equipment/treatment macines
Frequency
40
30
20
10
0
2
6
2
3
4
7
21
15
38
1
2
3
4
5
6
7
8
9
10
Equipment/treatment macines
Mean =8.15
Std. Dev. =2.258
N =98

GRAPH 11

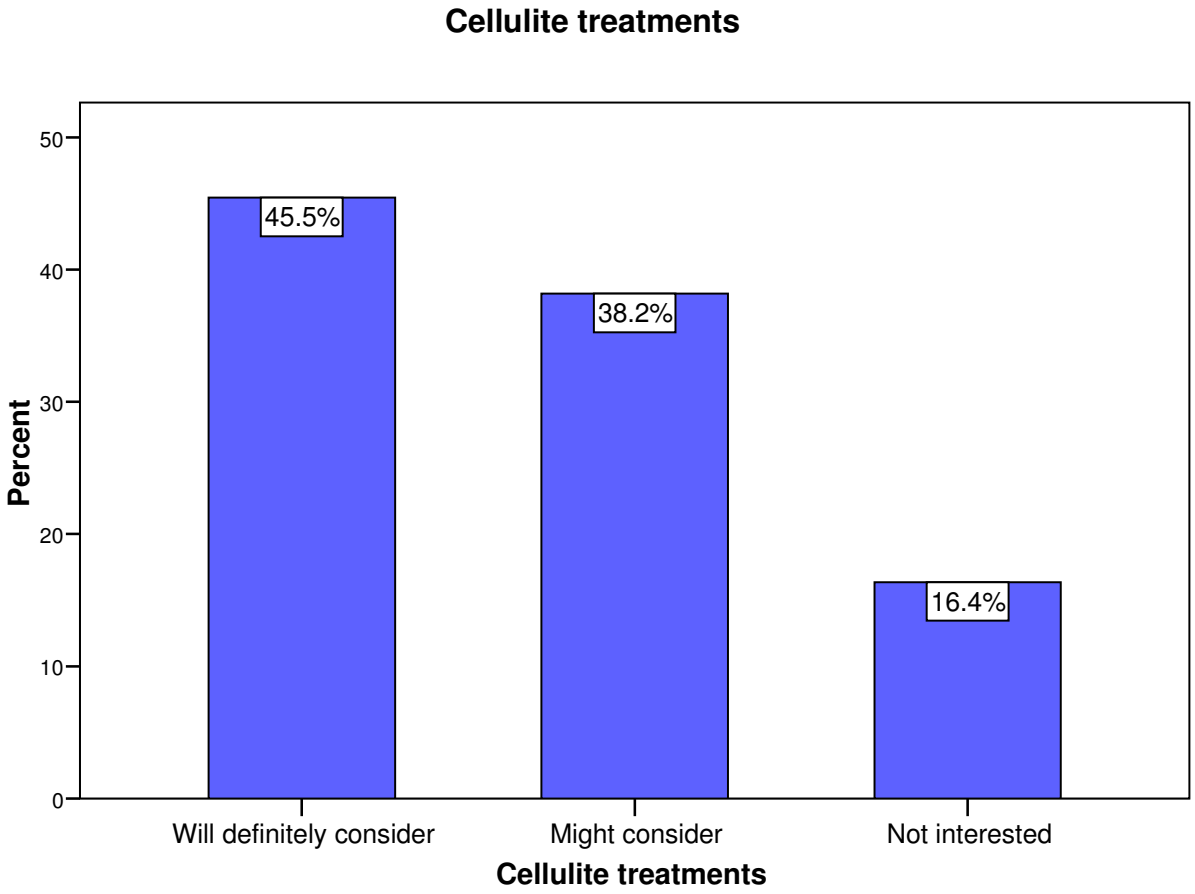

Spa image
Frequency
40
30
20
10
0
1
7
6
2
2
3
12
17
17
31
1
2
3
4
5
6
7
8
9
10
Spa image
Mean =7.67
Std. Dev. =2.6
N =98

ANNEXURE 5 GRAPHS
GRAPH 1

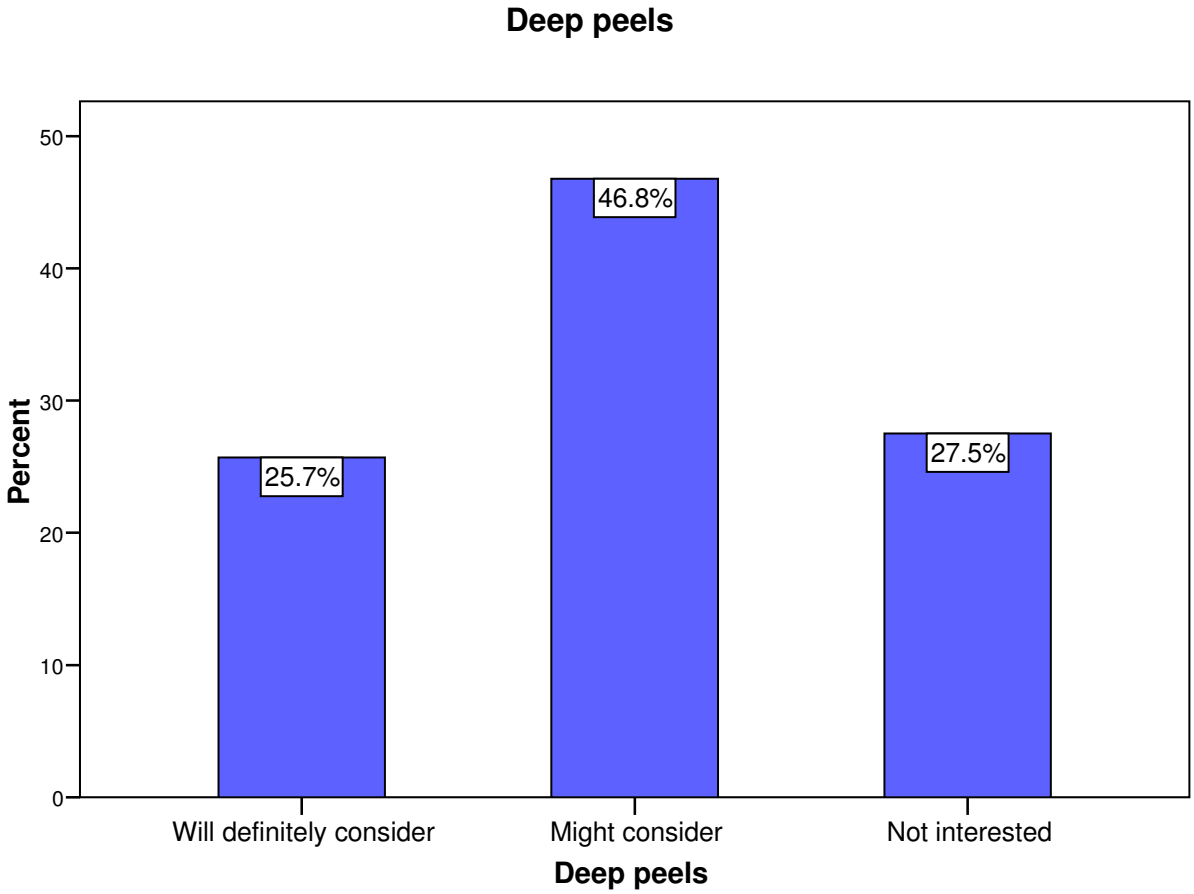
Graphical Representation of Frequency Distributions: Treatment importance



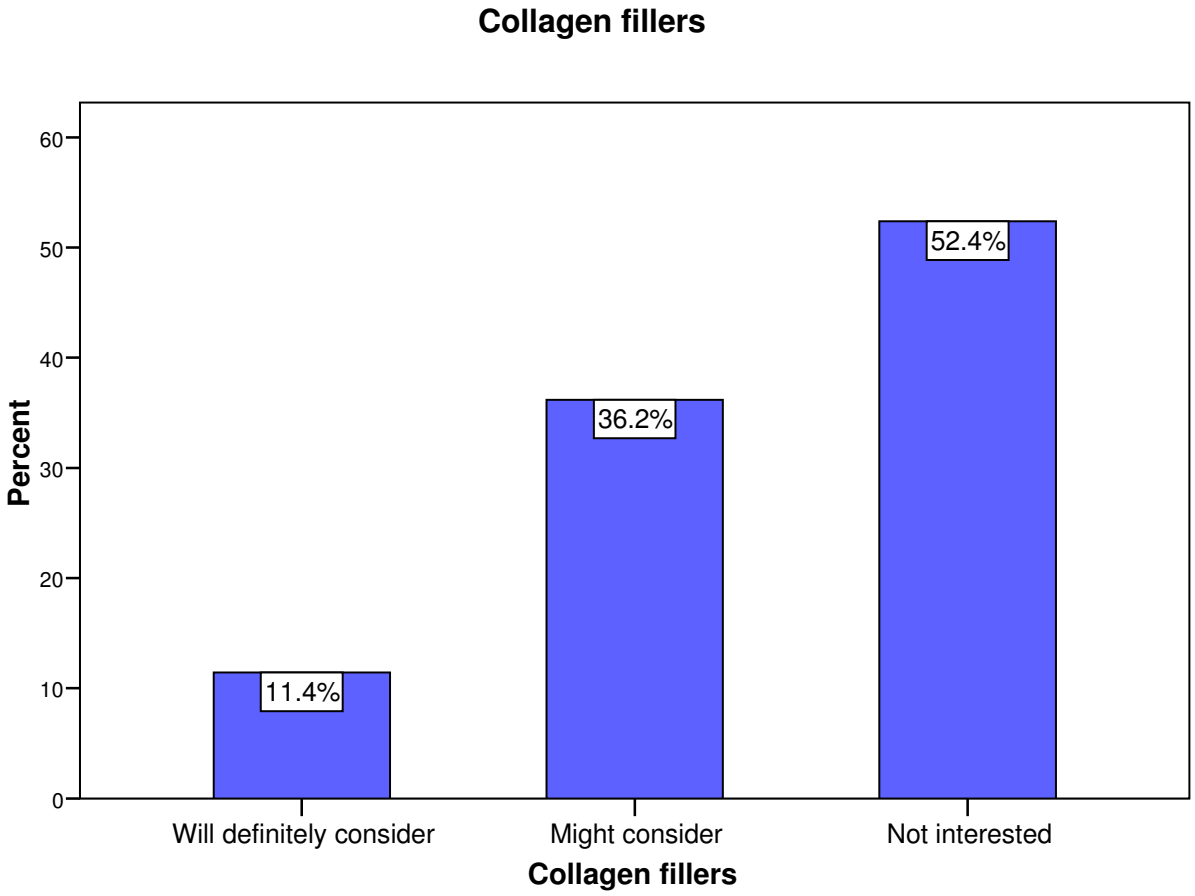
GRAPH 2


Cellulite treatments
Percent
50
40
30
20
10
0
45.5%
38.2%
16.4%
Will definitely consider
Might consider
Not interested
Cellulite treatments

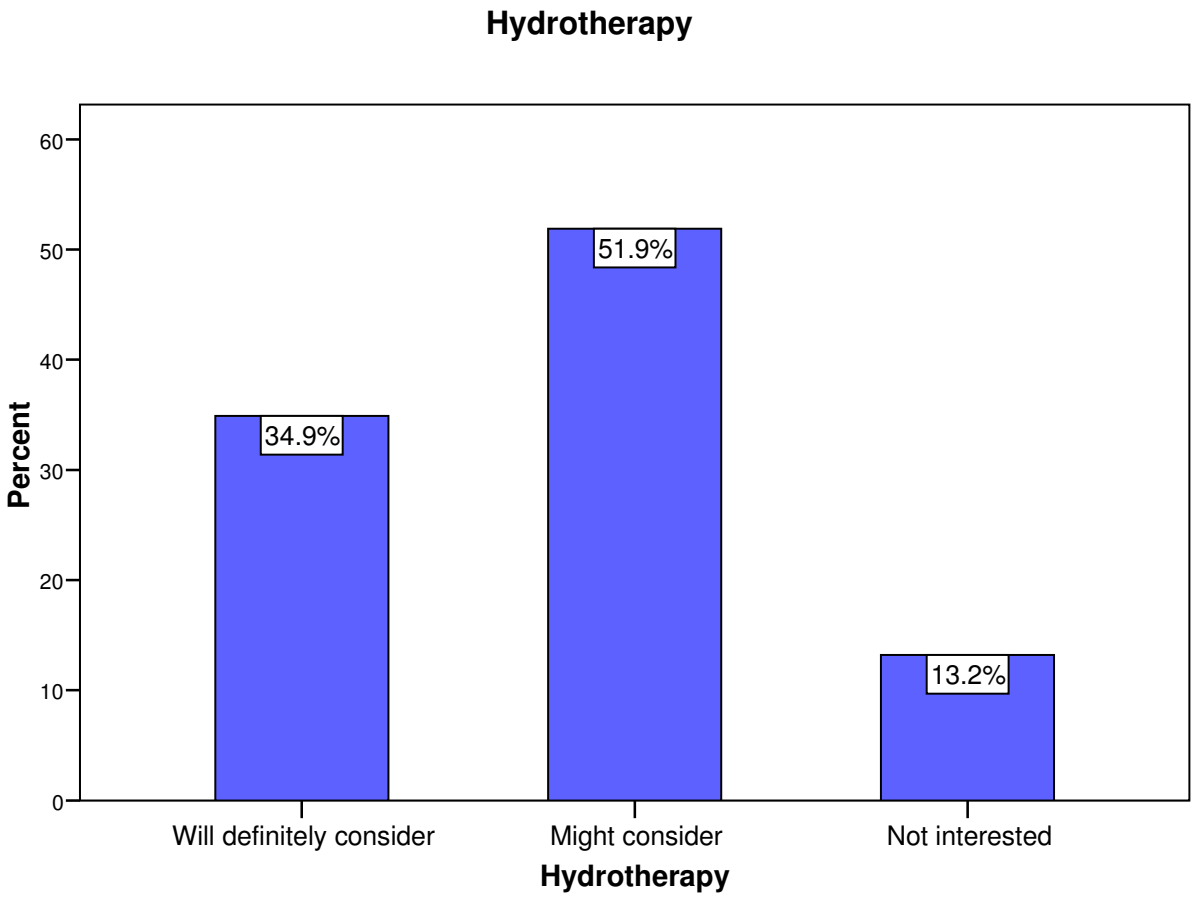
GRAPH 3


Deep peels
Percent
50
40
30
20
10
0
46.8%
25.7%
27.5%
Will definitely consider
Might consider
Not interested
Deep peels

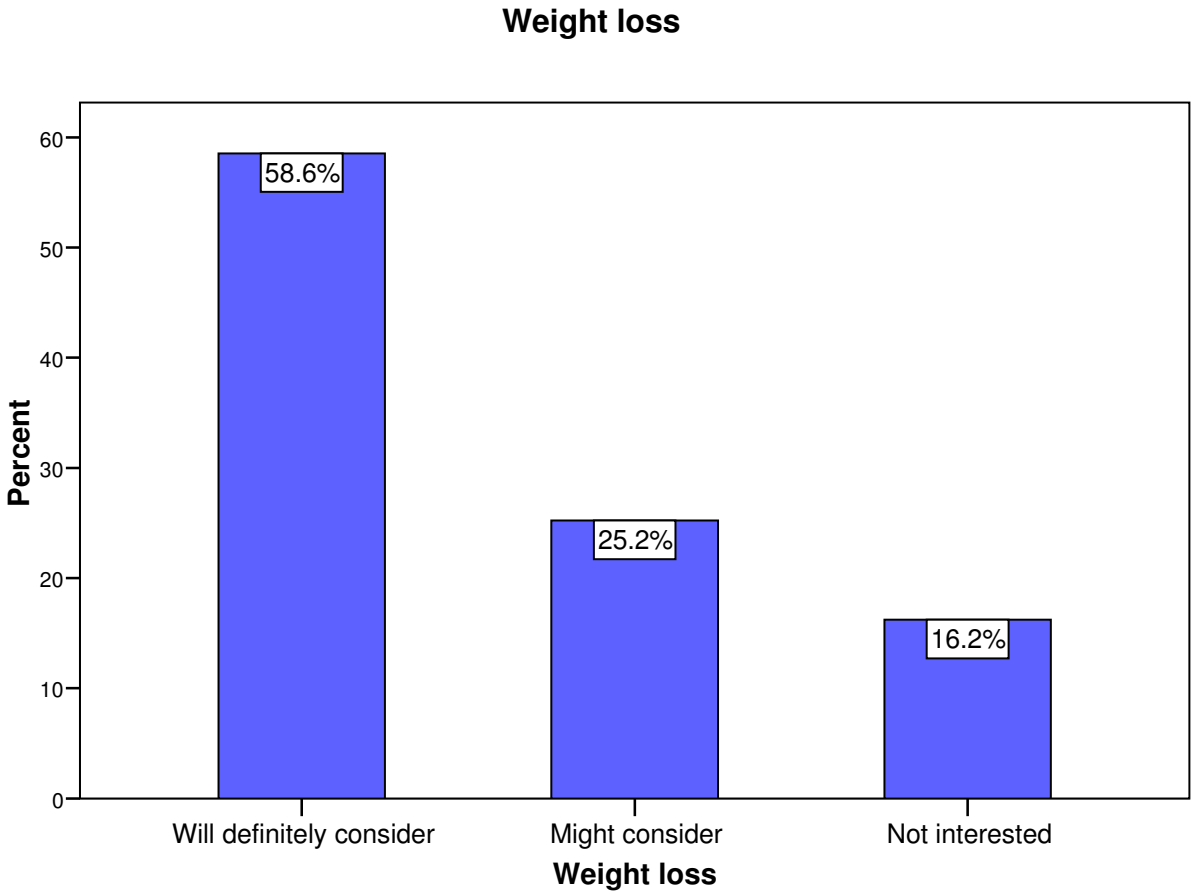
GRAPH 4


Collagen fillers
Percent
60
50
40
30
20
10
0
11.4%
36.2%
52.4%
Will definitely consider
Might consider
Not interested
Collagen fillers

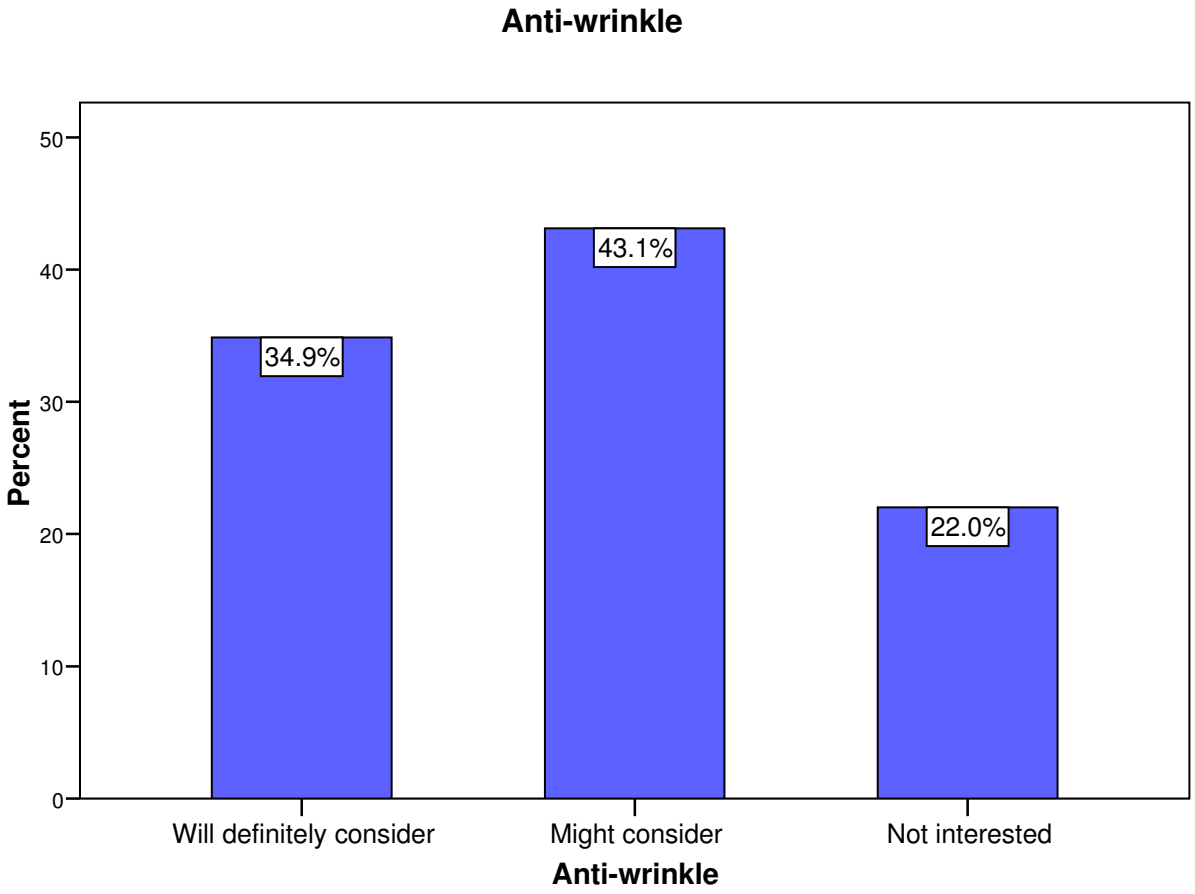
GRAPH 5


Hydrotherapy
Percent
60
50
40
30
20
10
0
34.9%
51.9%
13.2%
Will definitely consider
Might consider
Not interested
Hydrotherapy

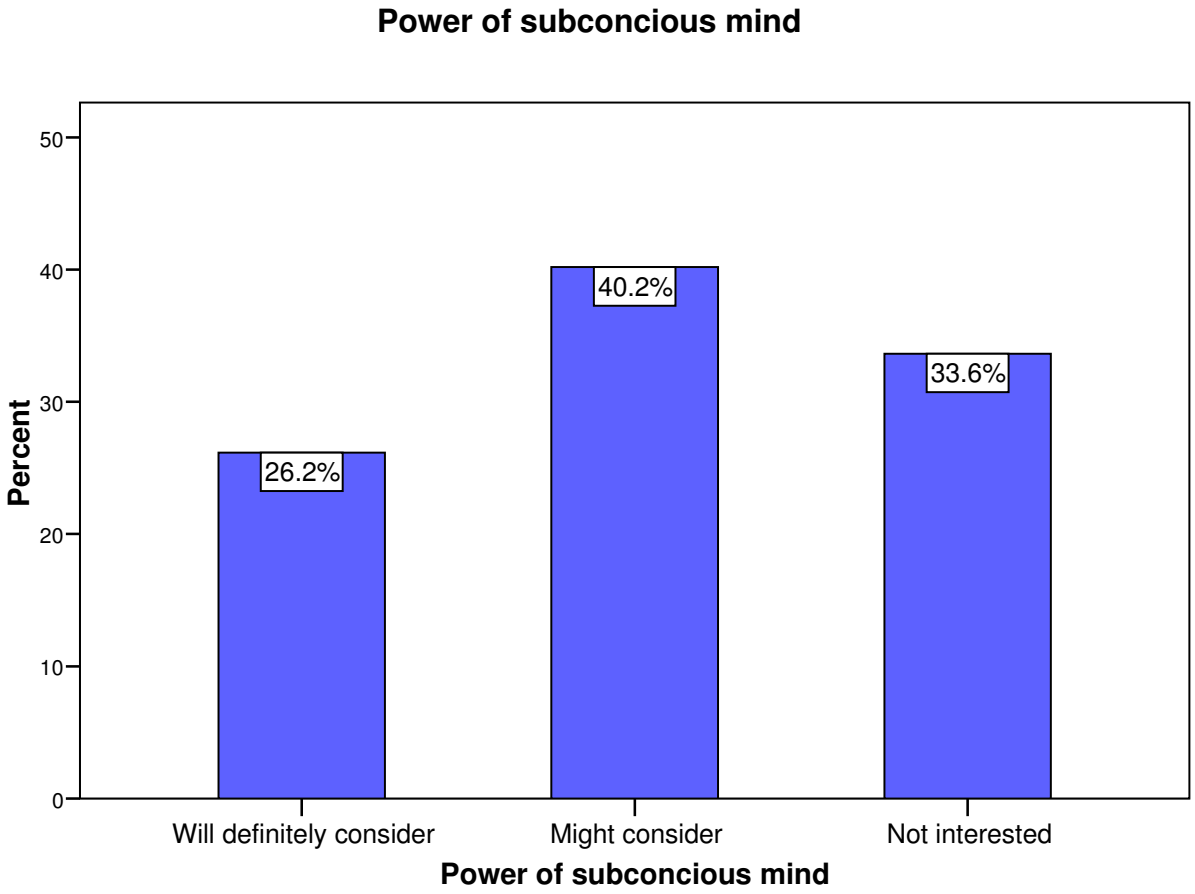
GRAPH 6


Weight loss
Percent
60
50
40
30
20
10
0
58.6%
25.2%
16.2%
Will definitely consider
Might consider
Not interested
Weight loss

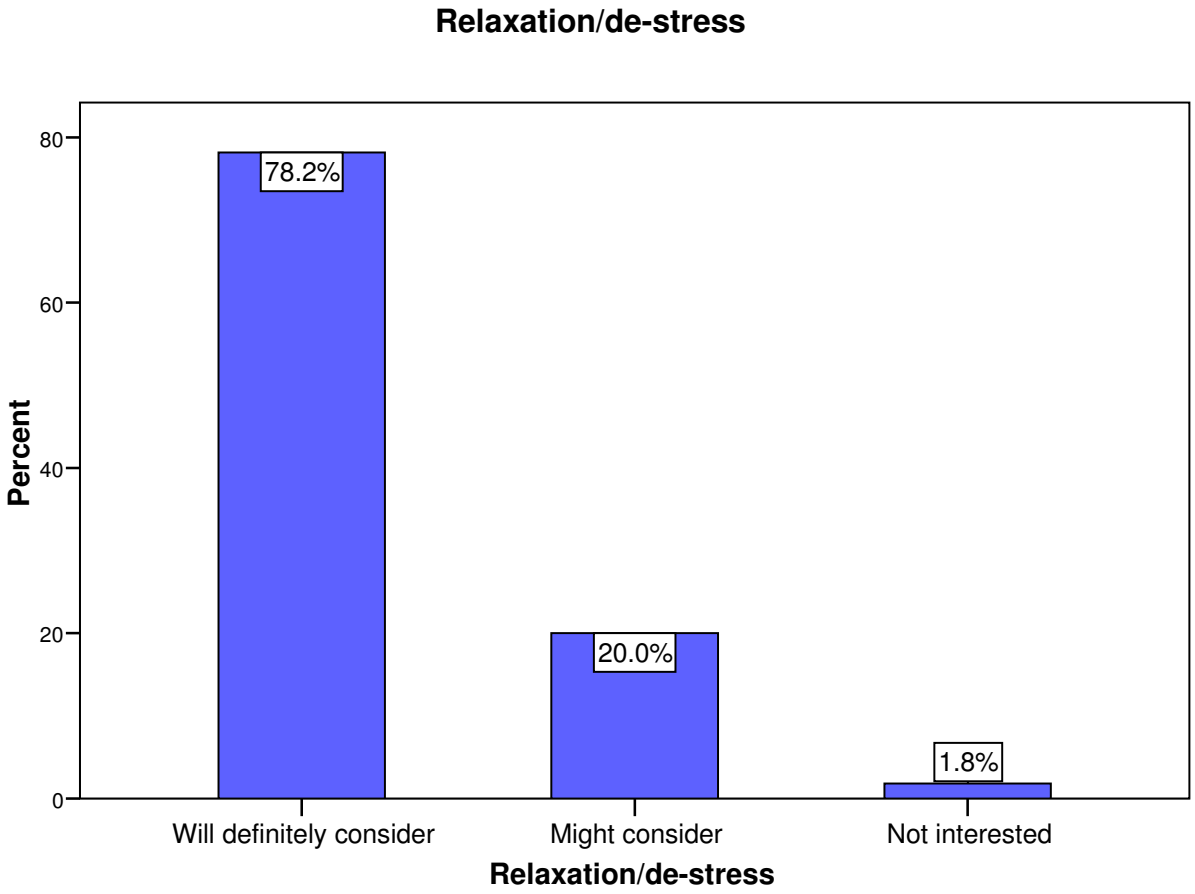
GRAPH 7


Anti-wrinkle
Percent
50
40
30
20
10
0
34.9%
43.1%
22.0%
Will definitely consider
Might consider
Not interested
Anti-wrinkle

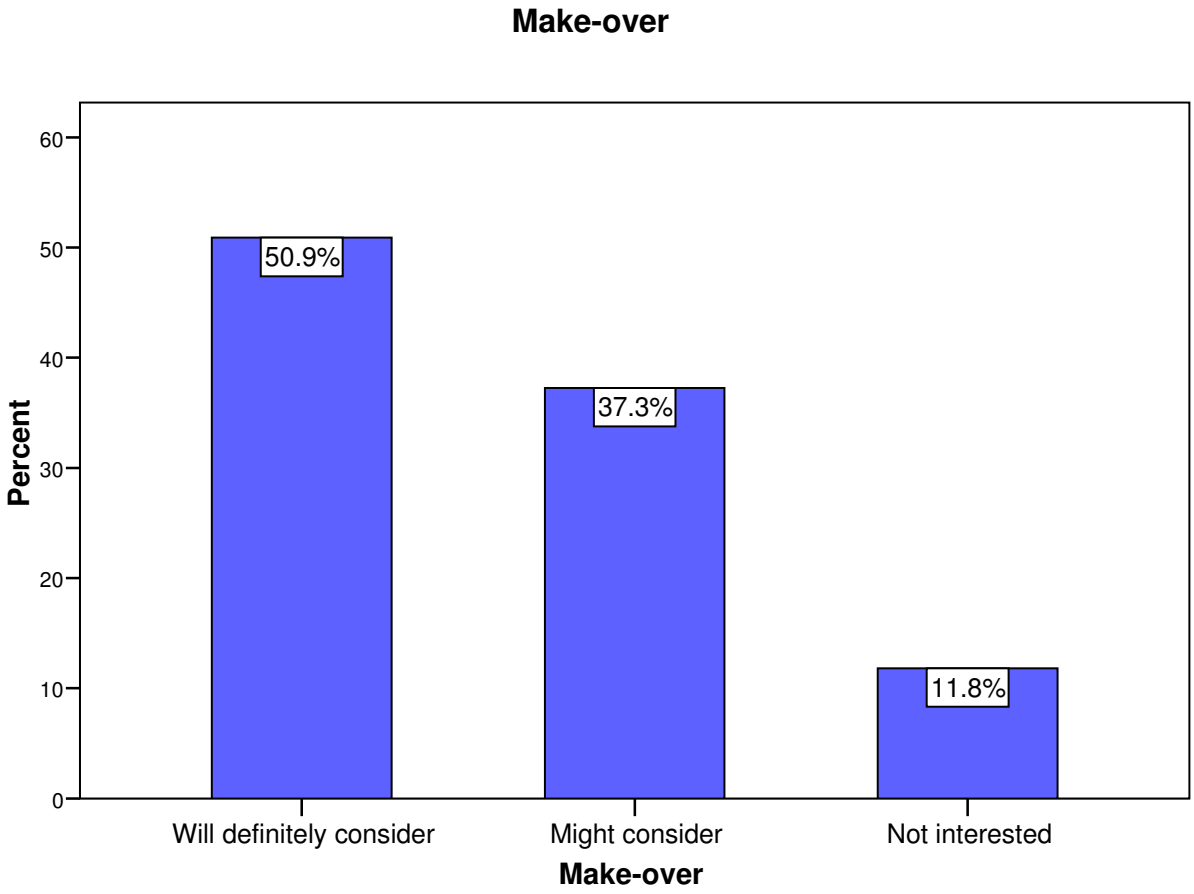
GRAPH 11


Power of subconcious mind
Percent
50
40
30
20
10
0
26.2%
40.2%
33.6%
Will definitely consider
Might consider
Not interested
Power of subconcious mind

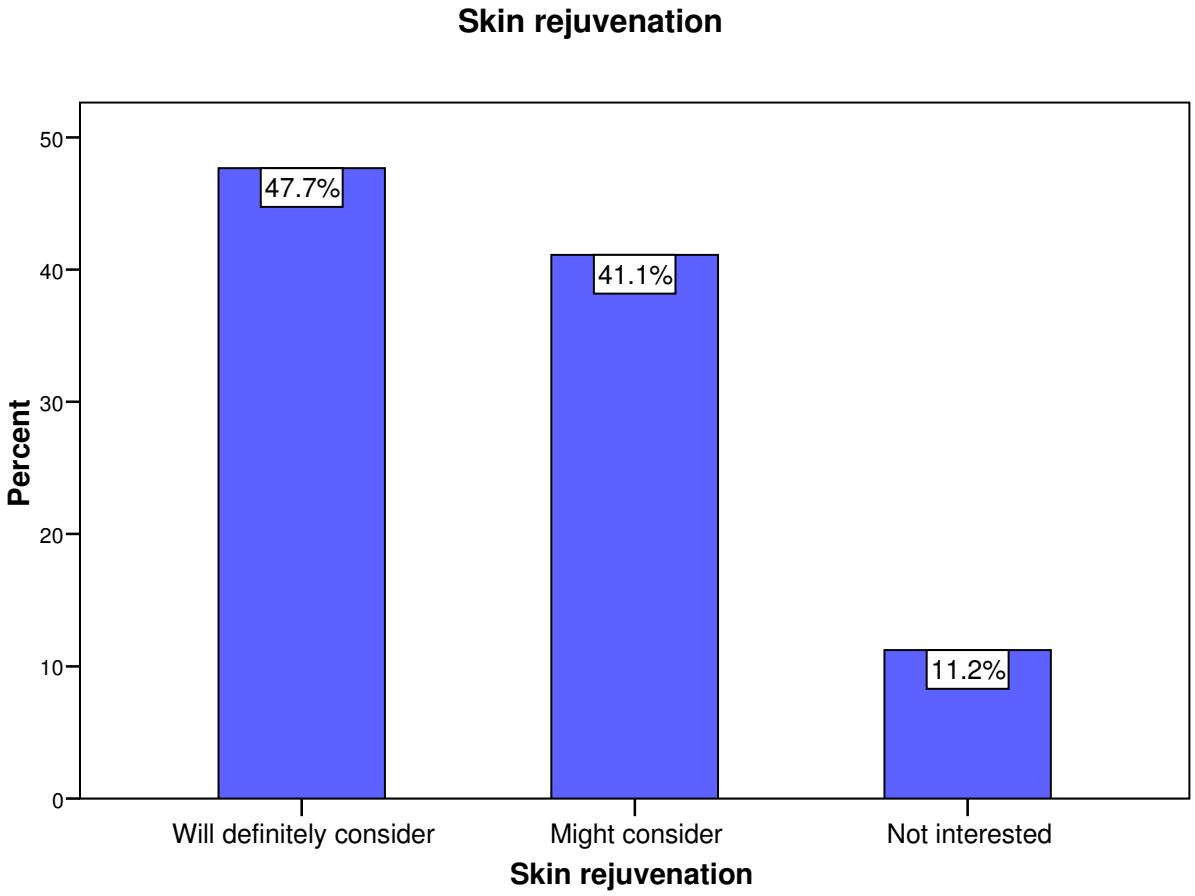
GRAPH 12


Relaxation/de-stress
Percent
80
60
40
20
0
78.2%
20.0%
1.8%
Will definitely consider
Might consider
Not interested
Relaxation/de-stress

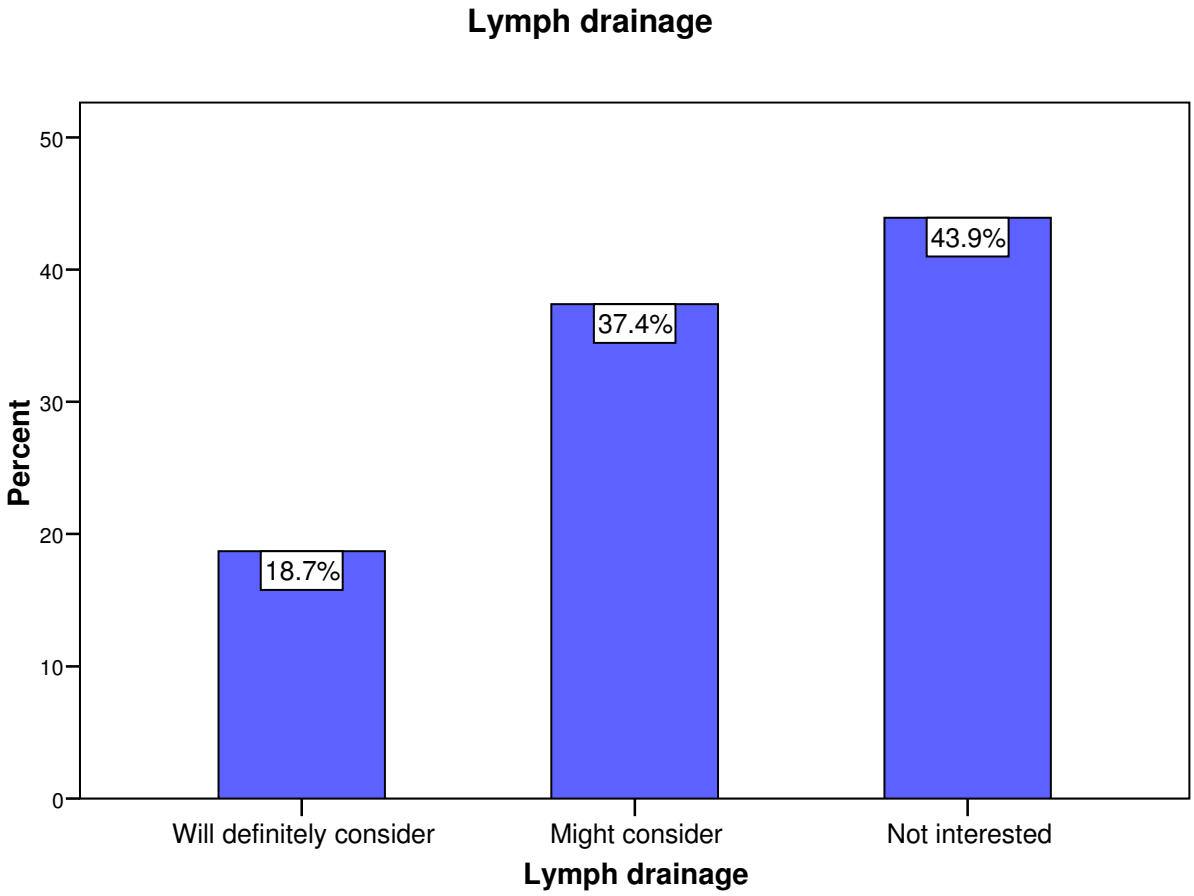
GRAPH 13


Make-over
Percent
60
50
40
30
20
10
0
50.9%
37.3%
11.8%
Will definitely consider
Might consider
Not interested
Make-over

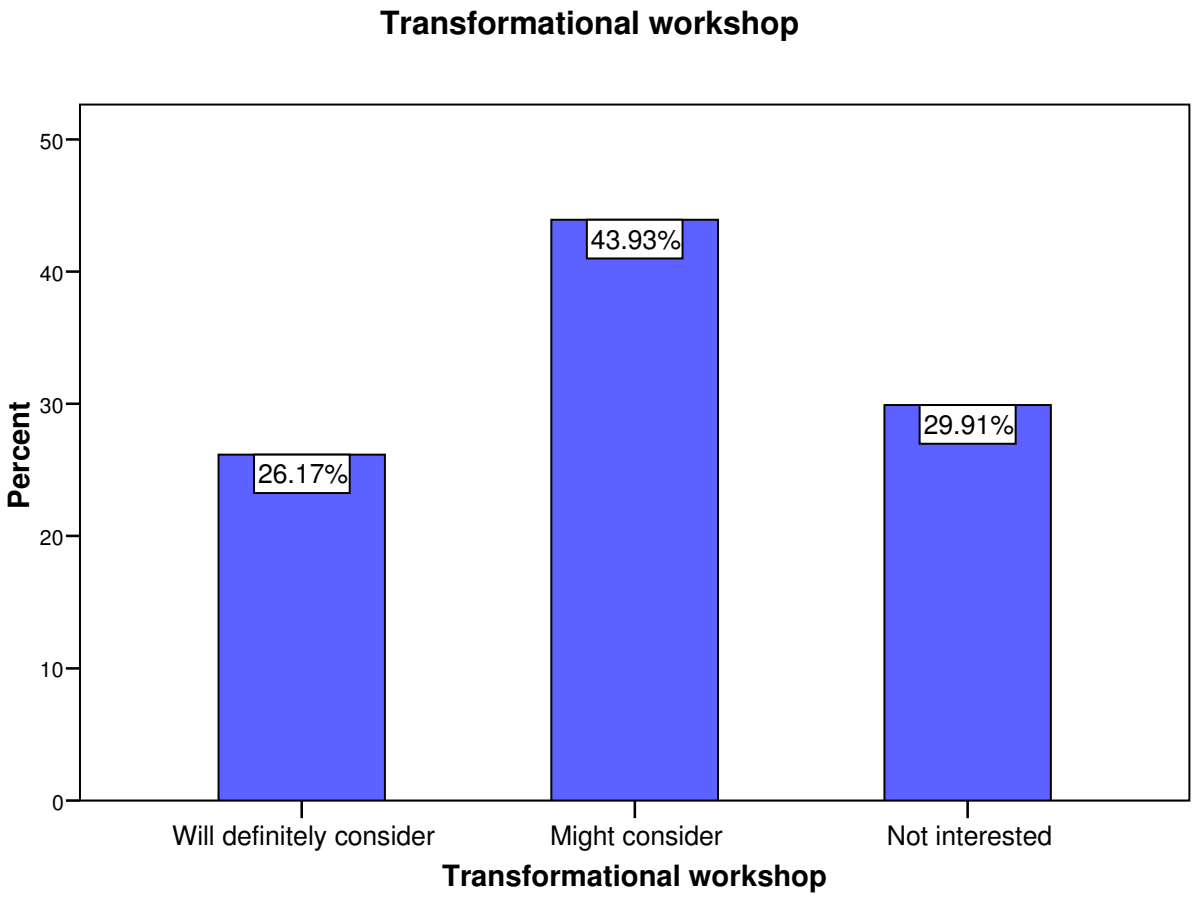
GRAPH 14


Skin rejuvenation
Percent
50
40
30
20
10
0
47.7%
41.1%
11.2%
Will definitely consider
Might consider
Not interested
Skin rejuvenation

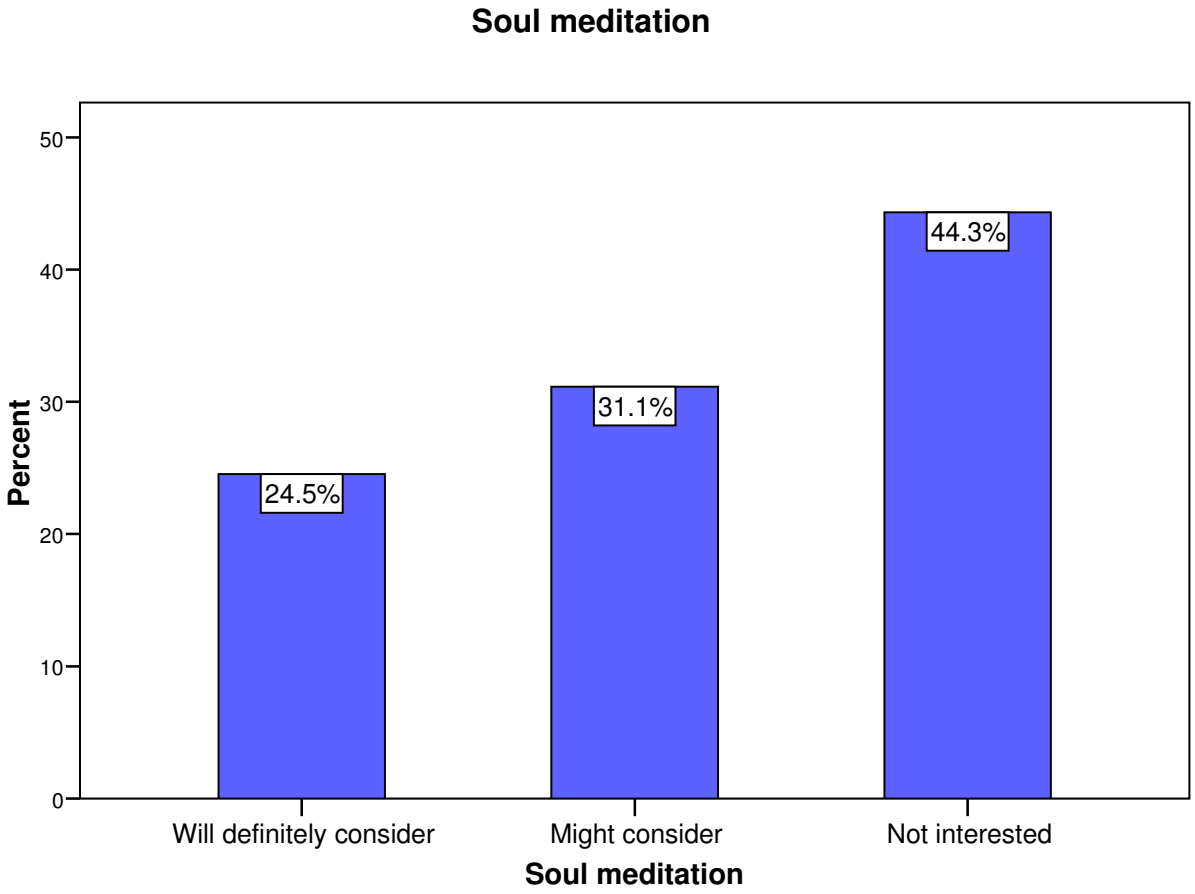
GRAPH 15


Lymph drainage
Percent
50
40
30
20
10
0
18.7%
37.4%
43.9%
Will definitely consider
Might consider
Not interested
Lymph drainage

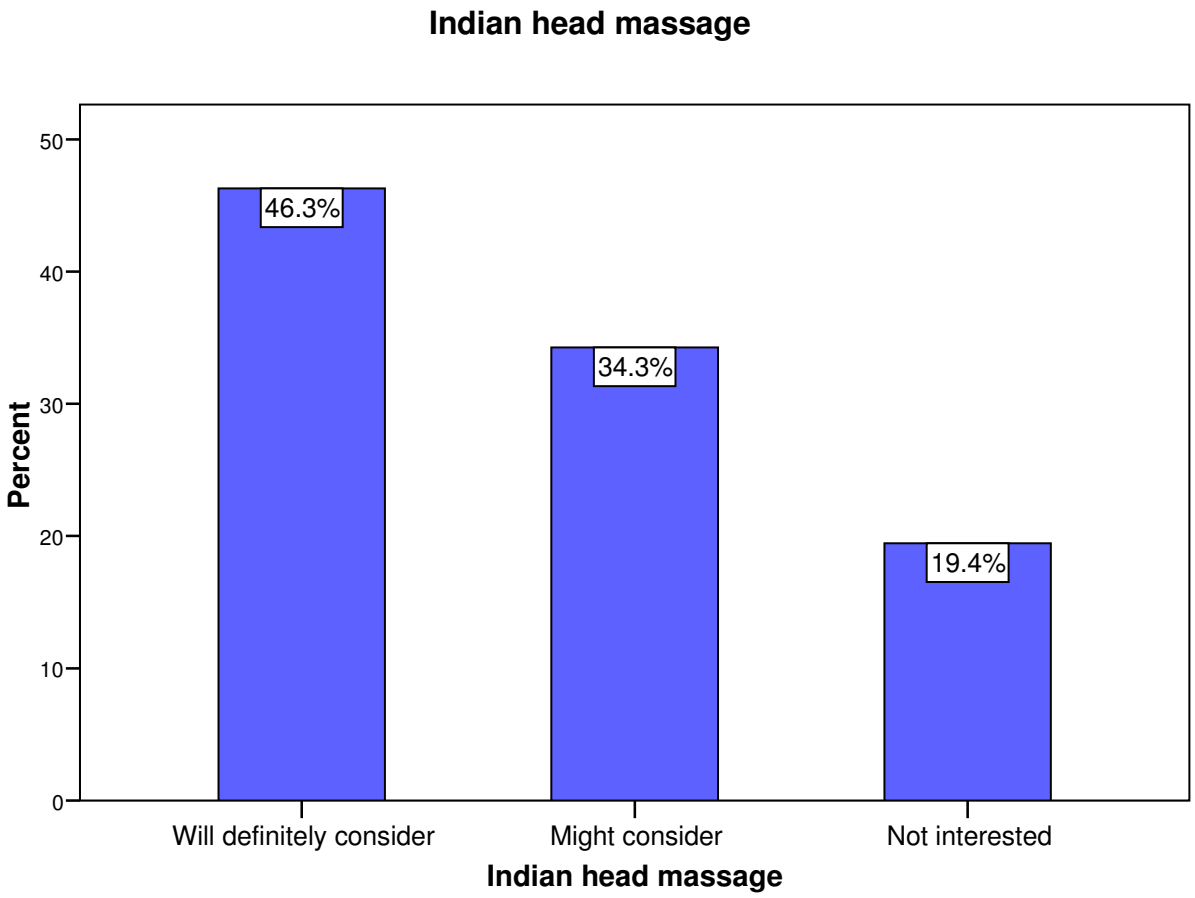
GRAPH 16


Transformational workshop
Percent
50
40
30
20
10
0
26.17%
43.93%
29.91%
Will definitely consider
Might consider
Not interested
Transformational workshop

GRAPH 17


Soul meditation
Percent
50
40
30
20
10
0
24.5%
31.1%
44.3%
Will definitely consider
Might consider
Not interested
Soul meditation

GRAPH 18


Indian head massage
Percent
50
40
30
20
10
0
46.3%
34.3%
19.4%
Will definitely consider
Might consider
Not interested
Indian head massage