

# [Goal and objectives of a spar business tourism essay](https://assignbuster.com/goal-and-objectives-of-a-spar-business-tourism-essay/)

Through its vast network of research on the consumer and industry, some researchers were pinpointed the following spa industry trends:

- Spa is a Lifestyle: Research shows that more than 2 million spa-goers took part in lifestyle classes in 2005. Examples of lifestyle offerings include healthy cooking classes, seminars on achieving balance and managing stress and treatments which allow guests to customize their own at-home spa experience. more people are embracing the spa experience as it is linked to lifestyle decisions based on health and wellness. Issues such as stress, obesity, and environmental toxins being serious concerns, many spas are incorporating lifestyle elements, which include fitness, diet and overall health into the traditional treatment-based spa concept.

- Spa Visits are Necessary and an Entitlement: This trend is catching particularly among baby boomers. The most common reasons for visiting spas include soothing sore joints/muscles, relieving/reducing stress to feel better about oneself and for mental/emotional health.

- Looking for Results: People expect more than just pampering from their spa visits simply. More than one in ten spa-goers treat spa-going as part of their larger health and wellness lifestyle.

- Medical Components: The annual growth of 69 percent from 2003 to 2005 shows that medical spas are one of the fastest growing segments of the industry. The most popular medical treatments are microdermabrasion, chemical peels and natural weight loss measures such as body wraps. Increasingly, the medical industry in general, and the plastic surgery sector in particular, are incorporating spa treatments such as acupuncture and naturotherapy into their service structure.

- Living at the Spa: Spas are adding residential components and real estate developers are building spas in gated communities and condominiums. For example it is particularly visible in cities like New York City and Las Vegas.

- Socialization: Today’s spas are offering enhanced opportunities for socialization. Many spas are merging the traditional spa concept with entertainment and networking. Eight percent of U. S. spa-goers say they use their time at the spa as an opportunity to socialize.

- Customization: In today’s times Spa-goers desire experiences that are customized to their personal needs and desires. Right from booking time, to selecting the background music, room temperature lighting, and massage oils; being a spa-goer is no longer a spectator sport.

- Gender-specific experiences: consumers are looking for experiences tailored specifically to their gender. As 45 percent of spa-goers are men, the demand for products and services designed specifically with men in mind is at an all-time high.

- Spa Vacations: About 63% of U. S. spa-goers have visited spa while traveling from home. Apart from budgetary considerations, trips to spas are shaped by desires to visit particular places and have specific types of vacations. Women are more likely than men to be spa-goers, though spa traveling reduces the gender gap considerably as 36 percent of spa travelers are male.

- Experiential Journeys: Spa-goers are drawn to indigenous treatments and products, especially when traveling. New textures, aromas and sounds with meaningful story-telling help forge connections to people, places and traditions. Additionally, another trend to watch for is skin care evolving from a product-based service to an experience-based service.

## Industry Background

The spa industry has grown significantly from 2005 to 2007. According to the latest Global Spa Research of ISPA (International SPA Association) there are nearly 100 million active spa-goers globally. The need to relax transcends borders. Regardless of where they live, the primary reasons spa-goers visit spas are to relax and relieve/reduce stress. Most spa businesses market a Web site to advertise products or services. It may not be an attractive or professional looking page on the Internet, but businesses are still using these uninviting Web pages. Owners are staying away from potentially helpful management software, because they are caught up in the paperwork. If all businesses used an Internet strategy, sales and new clients would increase significantly. It’s a matter of developing an Internet strategy, sticking to a plan, and remembering the big picture. The purpose of this research is to determine whether having an Internet strategy is beneficial in the spa industry. Internet articles, e-books, personal interviews, and books were used for research purposes. Overall, research suggests that having an Internet strategy proves beneficial for clients, spa technicians, and management. With a willingness to learn about new software and ways of doing business online, revenue will increase as fast as over night.

## Goal and Objectives of the Business and Milestone

Our mission is to run a profitable business by providing high-end therapeutic massage and aesthetician services in a caring, upscale, professional environment. We offer massage in a variety of styles – traditional Swedish Massage, Sports Massage, Deep Tissue work, Sports Massage, Hot Stone Massage, Reflexology, and others. Our licensed aestheticians offer the latest in skin treatments, body treatments and anti-aging therapies.

Our goal is to tailor the client’s experience based on initial interview information, as well as feedback during the treatments, to ensure the client’s comfort and satisfaction, and to increase repeat business. We are mindful of the overall experience – using only the finest oils and lotions, beauty treatments and aromatherapies. Special lighting, music, decor, and textiles are used throughout the spa to complete the comfortable, plush environment and enhance the client’s overall spa experience.

## Objectives of the Business

Achieve $33, 900in sales the third month after opening by performing 16services per day.

Achieve $81, 600 in sales the 6 month after opening by performing 27 services per day.

Have a local client return rate of 90% by the end of the first 6 months.

Become an established community Spa destination by the end of the first 12 months.

Perform 23 services per day by the end of the first year.

## Uniqueness of Product or Service

Marketing, Marketing, Marketing – Owner is a proven, 15-year sales executive.  Marketing will be the first strength to our success and a huge competitive edge.

Professionalism: Which are includes everything from maintaining confidentiality, to hiring the very best LMT and Aestheticians.

Individual Attention: Each client’s experience will be tailored to his or her preference.

Repeat business/Recommendations: giving the kind of service that brings people back for regular treatments, and encourages clients to recommend us to friends, and other health professionals to recommend their clients.

Unique Treatments: We have the latest in techniques with the best products from around the world.

Fantastic Location: Orchard road

## A Few More Notable Items…

Treatments that use two or more therapists are also seen as being on the rise.

Spa-going moms desire products and experiences designed for them.

The most reason that customer want go to spa is to reduce and relieve their stress, painfuls and the attractiveness of our spa is stone and fruit massage.

## Marketing Plan

## Research and Analysis

Knowledge of the target market provides a basis for determining the appropriate marketing action strategy that will effectively meet its needs (Hisrich, Peters & Shepherd, 2008, p245).

## Market Segmentation

A basic foundation of relationship marketing is market segmentation (Zeithaml & Bitner, 2003, p. 164). Through market segmentation, our company can reach target market easily. Market segmentation is variable. For our company, the main segmentations are as follows.

## Demographic Segmentation

Age: The chart above is the result from our survey. That indicates the main customers of our company are aged from 25 to 40.

## Occupation

Our market segment will include officials and housewives. Officials in Singapore are always stressful because of work. Therefore, doing spa will make them be relaxed and comfortable. Housewives always have a lot of leisure time. In that case, spa would be one of their favorite activities.

## Income group

Our market segment would include people with high income. Because of our company not only provides traditional massage, also provides special Day spa, like hot stone treatment and fruit spa, our clients should has high income.

## Behavior Segmentation

This segmentation is based on people’s lifestyle. Our company’s market segment would include people who prefer to take massage to relax. In addition, people who like to take massage as a healthcare method also can be seen as our target segment.

## Geographic Segmentation

Our main target segment is tourists who are from other countries.

## Target Market

Firstly, tourists would be our company’s major target market.

Meanwhile, based on the demographic segmentation, our company would target local people aged from 25 to 40. According to the left graph below, the population of Singapore had a dramatically increase from year 1970 (2, 013, 600) to year 2009 (3, 733, 900), which means the number of people we can serve also increased.

In addition, the chart on right depicts people at age group from 25 to 40 is a large segment therefore that is a huge market for us. It is also has a growth trends from 1999 to 2009. These are good signals for running Spa Company.

Source: Statistics Singapore, 2010

## Market Analysis

The spa industry in Singapore is prosperous. This country has been positioned as the urban spa hub of Southeast Asia by the tourism board. (Melinda Taschetta-Millane, 2007).

Source: Singapore Tourism Board, 2010.

The graph above depicts the number of visitor arrivals in Singapore. It is clear that, the number of tourists increased from 2003 to 2007. After that, the number decreased slightly, probably because the economic crisis. However, visitor arrivals to Singapore registered 26. 7% growth to reach 950, 000 in June 2010, the highest ever recorded visitor arrivals in the month of June (Statistics Singapore, 2010). Thereby the number of tourists is still large. In that case, the market size of spa industry is very big in Singapore.

On the other hand, our survey also asks peoples’ opinion on whether spa is popular. The chart below indicates that the percentage of people who state spa becomes more popular is 94.

Figure: Survey result of whether Spa become more popular

However, there are many key players in spa industry, such as Spa Esprit, Estheva Spa and Raffles Amrita Spa. Based on many years operation, these spas already have good brand image and many loyalty customers. Therefore, they already got a large number of market share. In that case, our company should use business strategy to gain at least one percent market share at the first year, such as use the latest in techniques with the best products from around the world.

## Competitor Analysis

As the spa business is growing day by day, competition is becoming more challenging than before.

The graph above indicates which spa is the most favorite. This is done by survey from our own. It is clear that most people prefer to Spa Esprit. It is one of the key players in spa industry. However, our company’s competitors would be a Fond and Esprit Spa which are located in Holland Village.

The main competitive advantage for them is their experience from long term operation. In addition, they might have some loyalty customers which would affect us.

Our company not only has direct competitors but also has indirect competitors. For instance, OSIM Corporate which has variety kinds of massage tools. People can take massage at home by using their massage chair. That would also impact our company as our potential customers would loss.

## Marketing Plan

Our strategy is to implement the most aggressive marketing and networking in the community, followed by the best services in the business. Our prices are competitive for the area, and our personnel plan, which includes using a pool of skilled, commissioned therapists and aestheticians, will give us a financial advantage.

## Competitive Edge

Our competitive edge is our ability to market effectively and creatively to bring in the clients and then back that up with the best service and products in the business.  In addition, our combination of unique services, outstanding location and our interaction with the customers are setting us up for huge success.

## Market Strategy: Sale – Distribution

Local Advertising & Seasonal Promotions: Local newspaper advertising, local fliers, grand opening party kick-off and promotion for first 30 days.  Continue regular advertising and plan for seasonal events like Christmas, Valentine’s Day, Mother’s Day, Chinese New Year’s.

Local Networking: Charities, women’s groups, country clubs, wedding planners, and membership with the Spa Association Singapore (http://www. spaassociation. org. sg/).

Health Care Referrals – Prior to opening: Work current contacts and create new contacts with health care providers, especially chiropractors.  Also, become a Provider with health insurance companies that offer Alternative Care to their members.  Most people don’t know that massage therapy is usually paid by insurance when billed correctly and when prescribed by a physician.  aFond and Esprit Spa already has practice management software to handle medically billable massage.  When the insurance does not cover the entire amount of a service the client will pay the difference.  For that reason, we will not want to participate with any PPO’s that require write-off for amounts over the usual and customary fee (which tends to be too low).  A list of acceptable insurance company plans will be maintained and those clients will be able to handle massage therapy through their insurance.  Any opportunity to convince allopathic physicians – MDs – to see massage as having long-term healing benefits for their patients will also be taken, since they hold to key to having massage paid for as “ medically necessary.”   The client will also help drive that with the physicians if they are properly educated.

Hotel Referrals: Hotels that do not offer their own spa services will send their guests to our spa or use our out-call spa services. Prior to opening, I will make contacts with managers and concierges at local hotels to ensure they are aware of the services available. Promotions will be offered to professionals in these industries to create buzz and build relationships.

Online Website: Our spa will show up on every major search engine and in the phone directory. The website will have a full menu of services and eventually have the ability to schedule appointments on-line. The spa software we are using will allow a user to see the schedule and make an appointment without making a phone call.

Location traffic: It is imperative that we be located in a high-traffic strip road, Tanglin road, which is high-end, modern, and clean. We prefer locating near a complementary business like a nail or hair salon, shopping centre that does not offer any massage or facial treatments.

## Pricing Strategy

If, as it has been said, the top three items which determine success in business are location, location, location, then a busy location at Culway Pla in a thriving residential community represents our top marketing strategy. With the owner focusing on the sales, marketing and management and delegating the massage and aesthetician therapies to employees–business profitability potential is exponentially maximized over a one or two person operation by a direct care-giver without any marketing, management or sales background.

As the owner, Madame Pamperzhou has done extensive market research and visited some of the best spas in the world — Beverly Hills, Paris, Amsterdam, Vegas and Arizona — and has taken ideas from the best to offer an upscale, ultra-amenity, spa experience. Once a client experiences the luxurious, high-end level of personalized care that we offer, we are confident that we will have a return client.

## Advertisement and Promotions

The business is still in its introductory stages. Therefore, it is necessary for the business to advertise heavily through mass media. There are various ways of doing so:

Newspapers and magazines: The Company may choose to advertise with color in the standard newspapers.

Leaflets, brochures and pamphlets: These will be prepared for the purpose of informing the customers about the prices, the activities and the general background information concerning the nature of the business.

Banners and posters: For the sake of large-scale advertising, the most eye-catching form would be the banners and the posters. These will be used to illustrate the name of the business, its nature, location and the products we offer. They will be located in areas concentrated with the target market.

5. Business cards: They will be distributed in the market since our business comprises of offering services, it is a good form of increasing clientele.

6. Travel agencies: They will be used to market our spa packages. A certain fixed amount will be paid to them annually to issue our brochures and leaflets as they will be the first ones to come in contact with potential customers.

7. Face book: Perhaps, the easiest and most effective form of advertising in the modern days. It will deliver our message to our target market directly.

8. Discount vouchers: Since our business is heavily outsourcing with various companies, to promote our business in return, they may issue discount vouchers for certain activities or packages for our business, in order to promote it and attract more clients.

9. Hotel referrals: we can make contacts with managers and concierge at local hotels that do not offer their own spa services; this will help to create more awareness about our services.

## Operations Plan

## 3. 1. Company Location and Facilities

## Location 1

Development Name: 41 Holland Drive

Property Type: Shop / Shophouse

Price: S$ 8, 000/ month Negotiable

Size: 731 sqft / 68 sqm

PSF (built-in): S$ 10. 94 psf

Developer: Housing & Development Board

Tenure: 99-year Leasehold

Lease Term: 2 years

The convenience location in the bustling Holland Village vincity, walking distance to 2 Mrt: Bouna Vista Mrt & upcoming Holland Village Mrt. Ample carpark space just behind the shop and another multi-storey car park across the street.

Upmarket neighbourhood with sophiscated consumers, highly suitable for specialised clinics/education centres/niche retail concept shop/etc.

## Operation Hours

Our business is day spa so the operating hours will be from 9 am to 7 pm. We will run the business all 7 days and during holidays the business will increase because many people have plans to spent time in holidays. In public holidays also our spa will be opened, the staffs will be paid incentives during public holidays.

## Transportation

The transportation facilities in Singapore are easy and economical. Holland Village is usually reached from other parts of Singapore either by bus or taxi, and is linked to Orchard Road via Holland Road. Holland village is nearby to Queensway.

## 3. 2. Products and Services

The products we use in our Day Spa are body treatments like body scrub and body scrub, facials and fruit massage.

## Services

Body Scrub

Body scrub will remove your dead skin and unveil a smoother more rejuvenated skin with these divinely aromatic scrubs. Your skin will feel refreshed and reborn.

Body wrap

Our body wrap recipe is made up of a fresh daily blend of ingredients that includes special herbs and oils. The more times you perform a body wrap the faster and better the results. You will be amazed at how soft and healthy your skin will feel and look after.

Facials

This is a fresh and radiant treatment nourishing you skin. In twenty steps including whether it is: cleansing, deep cleansing, Peeling, Massaging and improving your skin by using mask and specific serum depending on skin type.

Nourishing Treatment for Normal & Combination Skin.

Moisturizing Treatment for Dry Skin.

Purifying Treatment for Oily Skin

Fruit Massage

This Moisturizer provides that lock in the skin’s own moisture to prevent dryness and cracking, this new formula nourishes dry skin and helps retain moisture giving your skin a softer and smoother feeling like never before.

## Suppliers

The products for our spa are mainly brought from Amber Products. The Amber products are one of the favourite brands for the customers. Amber has been a dedicated partner with spas and salons around the world for 30 years. Their goal is to build awareness of the importance of maintaining health and well-being through spa services.

## Packages

In our Spa the package is very open and allowed guest to choose any product they like not more than 2 things.

## 3. 3. Licenses and Permits to Start a Business in Singapore

## Compulsory Licenses

A compulsory copyright license is an exception to copyright law that is usually philosophically justified as an attempt by the government to correct a market failure. As an exception to copyright, another party can exercise one or more of the copyright’s exclusive rights without having to obtain the copyright holder’s permission (hence “ compulsory”) but will have to pay a licensing fee.

Some compulsory licenses protect those who wish to use a work for educational or non-commercial purposes. In cases when it is judged too burdensome for scattered or small-scale buyers and sellers to find one another and negotiate a price, governments sometimes issue a compulsory license for the use so that the relative difficulty of obtaining permission for it does not extinguish it. Intellectual Property legislation in Singapore is pepped with regimes for compulsory licensing.

## Business Activity License And Permits

A business license is a permit or registration required by the federal, state, county, or local government to conduct business. Besides the basic operating permits, business owners should investigate other possible licensing requirements based on their location and industry. Conducting business without the proper licenses and permits may result in penalties, notices, and the inability to operate.

## 3. 4. Legislation and Regulation

Due to spa business, company also needs certificates or licenses for each employee to show the credibility. In the pre-opening of our spa, if employees do not have licenses, we would like to pay for them to training section and get the certificate or license. This method gives benefit to both employees and employers.

In order to work smoothly, our spa needs to get prove from union that our work place is safe, employees have the proper social security, holiday, salary, wages, and other benefits are enough for their living standard.

Operating as the company is a must to pay TAX to the government; however, we cannot be sure how much tax will increase or decrease in the specific period.

## Management

## 4. 1. Management Team – Key Personnel

Benny: Managing Director and one of the investors holding 40 % of the share in the investment for the business. He comes from a business family having an amazing business skill and is a PR in Singapore, also has a good knowledge about SPA and Massage as he owns some of the popular Massage shop in other parts of the city. He will only be present for the monthly meetings with the management team and would not be looking after the day to day operations.

Raja: Finance Manager and holds 30 % of the investment share in the business. He has a good knowledge of finance as he has done his masters in finance from University of Wales. He will be looking after the cash inflow and outflow, would be preparing the balance sheet and profit and loss statements and would help the management team in taking the financial decisions of the business.

Becky: Operational Manager having a sound academic background and holding 20 % of the investment share in the business. She has a good work experience as he is in this industry from the last 10 years. She has worked in some of the best restaurants & lounge in the city. He will be having the sole authority of the operations in the workplace.

Varun: Marketing Manager having a good work experience. His responsibility is to update the management from time to time with the Spa and lounge industry, watching out the competitors, negotiating and finding reliable suppliers. He will also serve the business as a Receptionist during the day time.

Nathan: Floor manager and will look after the inventory supplies and will provide assistance to the operational manager.

## 4. 2. Legal Structure

## Employment Agreement

Employment agreement is also known as employment contract. It is an agreement between an employee and employer that specifies the terms and conditions of employment (Janus Corporate Solutions Pte , n. d.). A violation of one or more of the terms in an employment contract by either an employee or employer is considered breach of contract. Employment agreement will include several important clauses such as:

## Code of Conduct

This Code is a concise outline of the Company’s standards of business ethics and conduct (A. T. CROSS COMPANY, n. d.). It deals with various laws and Employee should act honestly and always in the best interests of the employer. Employee should follow all the rules lawfully and proper direction of the employer (ipccc, 2004). The employee must not use any item belong to the employer for their personal use. The employee must not smoke and take any drugs on the workplace.

## Salary/Wages

The Salary will be paid according to the appointment position. The salary must be paid at least once a month within 7 days after the end of the salary period. Overtime pay, if applicable, must be paid within 14 days of the stipulated salary period. This will be paid to the employee by electronic fund transfer. The employer is required to make contributions to the CPF fund. Both employee and employer make monthly contributions to the fund.

## Hours of Work

Employees are entitled to work not more than 44 hours per week (focus singapore, n. d.). The employee may be required to work for additional hours depending on requirements. Employee ordinary daily hours of full time work are not more than eight hours per day. Employees are entitled to take a break for 30 min after working not more than 6 hrs.

## Public Holidays

Employee is entitled to paid day off on public holidays. These are the following public holidays in Singapore. New Year’s Day, Chinese New Year, Good Friday, Labour Day, Vesak Day, National Day, Hari Raya Puasa, Deepavali, Hari Raya Haji, and Christmas Day (8Links, n. d.).

## Annual Leave

Employee must have served at least 3 months with the employer for qualifying the leave for 7 days. An employee is entitled to 14 days of sick leave per year, and 60 days of hospitalization leave provided the employee has worked for at least 6 months for the company (The Law Society of Singapore, n. d.).

## Employee Benefits

Employer offer medical insurance plans that extend to dependants and typically cover personal accident and hospitalization. Company will provide a per-day allowance, transportation allowance or reimbursement of actual expenses while travelling. The company will sponsor employee training programs and educational courses (The Law Society of Singapore, n. d.).

## Stock Agreement

This agreement is between the supplier and the customer. This agreement is mandatory for all the business. For the spa there must be an agreement between the spa and the supplier of the materials. Stock agreement will include several important clauses such as:

## The Engagement

The spa has appointed the Supplier to supply the goods and the supplier have agreed to supply the Contract Goods for the Customer. And the supplier will be the sole and exclusive provider of the Contract Goods to the Customer.

## Prices and Payment

The spa has agreed to pay the Supplier the prices for the Contract Goods as negotiated. The Supplier must issue a Tax Invoice for the Contract Goods supplied.

If for whatever reason the spa does not pay for any Contract Goods when payment becomes due the Supplier may stop the supply until all the dues will be cleared. Suspend supply of the Contract Goods until all outstanding payments have been made.

## Retention of Title

Until the spa has paid the Supplier for the Contract Goods, title in the Contract

Goods will not pass to the spa. The spa must keep the Contract Goods insured noting the Supplier’s interest therein. The title remains in the Supplier, the Contract Goods will be at the spa’s risk until they are paid for.

## Quality of Contract Goods

The Contract Goods must comply with all safety standards, codes and applicable legislation.

## Ordering, Delivery and Packaging

All Contract Goods must be ordered by the spa on the Supplier’s standard order form or standard method which order form or method the Supplier may from time to time change. Any damage during the transportation will be the supplier’s liability.

## Financial Plan (Detail Balance Sheet)

## Critical Risks

The risk refers to the probability, and magnitude, of downside loss, which could result in bankruptcy. The risk of downside loss is partly derived from the entrepreneur’s uncertainties over market demand, technological development, and the actions of competitors (Hisrich, Peters & Shepherd, 2008, p477).

There are several potential problems for our company in the tourism industry.

Firstly, the natural disasters would be our potential risk. For instance, the erupted of Eyjafjallajokull volcano in Iceland lead to many flights canceled, as a result of Singapore lost a large number of tourists. Our company’s potential customers also would decrease. Other natural disasters effects are the same. During that period, our company should focus on local customers to reduce the losses.

Secondly, the economical factors also would be our potential risk. During the economic crisis period, people would not prefer to spend money on spa. It would affect our company directly. In that case, our company should do many promotions to attract people, such as distribute gift certificate and lower prices.

Thirdly, the increasing number of competitors would be our company’s risk. Singapore’s population is not large therefore if there are many competitors, the number of our company’s potential customers will decrease. On the other hand, our company provides the special spa-fruit spa, which is the first company use this kind of treatment. It means that it would be our competitive advantage. However, other company also can imitate tha