Medical Spas – A Market Analysis

November 2012

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Procedure descriptions (cost, number of treatments, how it works)

- Facial treatments
- Botox
- Dermal fillers
- Microdermabrasion
- Chemical peels
- Waxing
- Laser hair removal
- Liposuction and body contouring
- Varicose vein removal (sclerotherapy)
- Tattoo removal (why demand is increasing, trends, value of the industry)

<u>Tables</u>

- Number of cosmetic procedures performed in U.S., by type: 2011 vs. 2000
- Physician/surgeon fees, by type procedure, total expenditures: 2011 vs. 2000
- Percent change in physician/surgeon fees, by type procedure: 2011 vs. 2000

ISPA Surveys: 1999-2009 data, major findings: total no. of spas, total spa visits, Avg. visits per establishment

- Medical spas: revenue per visit, per sq. ft., per staff person, visits per spa, sq. footage per spa, employees per spa
- Medical spas, by type service provided
- Composition of revenues for med spas

The Medical Spa Physician Report: major findings of Jan. 2012 survey (med spa income, % spent on marketing, value of new patients, type marketing used, obstacles to growth, most profitable treatments, etc.)

Marketdata online Med Spa Survey results (Aug-October 2012)

- How owners characterize their med spa (part of day spa, med spa, etc.0
- Type of staff employed at the med spa, percent employing
- Revenue mix (procedures vs. retail products)
- Services offered, by type, % offering (16 types)
- Profile of typical customer (% men/women, avg. age, % repeat clients)
- Percent of spas with MD on premises. If not on premises, no. of hrs. they provide supervision
- Identify reasons why you call your facility a med spa (all responses listed)
- Average annual revenues (group avg.): 2009, 2010, 2011 - % increase
- Expected revenues growth in 2012: Percent expecting decrease, same level, increase
- How the last recession affected med spa business – all responses listed
- Greatest concerns in growing the med spa's practice - all responses listed

<u>Market Structure & Operating Ratios</u> (continued)

Sample income, expense and profit margin statement – market average, estimated by Marketdata - % of sales for variety of expenses

Acara Partners: med spa operations pitfalls to avoid, Groupon deals, marketing, budgets, etc.

<u>Franchising: A History of Failure</u> ($100) **69-76**

Reasons why franchising did not work for this market: management, state regulations, pricing, etc.

Examples of franchising gone wrong: HealthWest, Skin Novo, Sleek MedSpa, Sona MedSpa Intl. – why treatments failed, backruptcies

Company profiles/history: Radiance Medspa, Thermage

<u>Other Competitors Still Operating (not franchised)</u>

Ideal Image Laser Hair Removal

American Laser Skincare

<u>Market Size and Growth</u> ($150) **77-88**

Discussion of market history and major growth during 2007 to 2009

Factors affecting demand for med spa services: aging of population, state regulations, broader range of treatments available, broader customer base, technology-driven market

Effects of the last recession

Sources of market estimates: limitations and benefits

ISPA surveys: 2010 Spa Industry Report findings

Review of 2011 -2012 market performance

2013 and 2016 Marketdata forecasts, major concerns of operators

Tables

- Total spas industry – number of spas (1999-2011)
- Total spa industry revenues (1999-2011)
- Average revenues per spa (1999-2011)
- Number of medical spas as a percent of all spas (2005-2016)
- Estimated value of the medical spas market (2002-2016)

Laser Technology and Manufacturer Profiles ($300) **89-121**

Summary and discussion of why technology drives the market

Discussion of new vs. used laser machines: lease costs, American vs. imported machines, FDA approval, influence of top esthetic doctors on the market

Financial considerations for med spa operators: pitfalls of manufacturer contracts, warranties, places to find used equipment, recertification fees, technology and equipment obsolescence

Summary of injectable esthetic products (DYSPORT, RESTYLANE, JUVEDERM, BOTOX, etc)

List of equipment suppliers by treatment type

Manufacturer profiles (headquarters, type equipment sold, specialties, foreign operations, recent developments, divisions, financial data when available for 2009-2011)

- Sciton Laser
- Candela/Syneron Laser
- Cynosure Laser
- Palomar Laser
- Cutera Inc.
- Solta Medical
- Alma Lasers
- Astanza Lasers
- Silhouet-Tone USA
- Cool Touch Inc.
- Lumenis Laser
- Medicis Pharmaceutical Corp. (injectables)
- Allergan Inc. (injectables)

Reference Directory of Information Sources **122-127**

Name/address/phone/key contacts: trade groups, journals, magazines, directories, special surveys, consultants, etc.