

Bali is recovered, safe and prepared for anything

Mary Darling, spa consultant, Bali

In *Spa Business*, issue 4 2008 the lovely story on the COMO Group and Bali's own COMO Shambhala contained a paragraph that caused me to almost drop the magazine. It referred to Bali's "fearsome competition at the five-star level on an island which has not yet recovered from its post 9/11 terrorist attack and the resultant severe drop in the key Australian market – although COMO Shambhala Estate is one of the few Balinese establishments still attracting guests from the country". I had to re-read the words to ensure I'd understood them.

Though Bali tourism did suffer following the tragic events of 2002 and 2005, tourist arrivals have grown – so much so that the industry ended 2008 with a projected 1.9 million arrivals, a 47 per cent increase since 2002. Australia continues to be a key market, along with Japan, the European Union and the rest of south-east Asia, and we're seeing increased traffic from China and Russia.

We're still also seeing new hotel development. Bvlgari, Anantara, and St Regis have all opened sites on the island; and Jumeirah, Banyan Tree and Alila all have properties in the pipeline. Hotels have retrained, refreshed, renovated and repositioned to ensure they remain com-



St Regis is one of many new openings in Bali, where tourism continues to grow

petitive, and most properties offer spas, spa suites, or in-room spa services.

Spa operators here continue to reinvest, by upgrading facilities and educating staff. The spa industry in Bali is also extending its global reach, as operators worldwide come to the island to source products, as well as Balinese therapists – business which stimulates the local economy and diversifies our community.

Bali is safer and better prepared for unforeseen events than other locations in the world, due to our past experience. We've become more creative, strategic and focused, helping to create a destination that's constantly evolving, while remaining vigilant to dangers in the world around us and offering a safe environment for our guests. Details: www.balidiscovery.com.

How to find the silver lining in the economic cloud

Lisa Starr, co-founder, Wynne Business, US

It's no secret that business is going to stay flat or fall further before revenue levels climb back up. Retail spending in the luxury segment is off 5 to 25 per cent, and 2009 hotel occupancy rates are forecast to fall 5 per cent. For spa operators, this is a great time to do some financial housekeeping and get your spa into tip-top operational condition. But where to start?

The first rule is no cutting corners. Guests don't want to be reminded of the economic meltdown by a stingy refreshment selection or lack of fluffy towels. Instead, devise a twofold strategy; maximise every selling and saving opportunity, and involve staff, as they will be carrying out most of the initiatives.

With foot traffic down, you'll need to increase the average spend of each client. So make sure your menu offers a range of prices; add bite-sized service up-

grades that can be performed within the scheduled appointment time; and ensure therapists write down a retail 'prescription' to encourage clients to buy products.

Avoid the discounting trap. Instead try value-added services, free upgrades, retail items packaged with a service, and other tactics that won't undermine your future prices. And market to groups: clients are still getting married, having babies, and celebrating birthdays! You can also use this downtime to work on your website and search engine optimisation.

Another focus should be retention. Assign someone to make a follow-up phone call to every first-time client, and contact clients you haven't seen for a while, perhaps with a special incentive. Introduce a staff compensation programme that encourages the behaviours that drive revenue – service and retail sales and client retention – and reward those who deliver.

Prune your retail inventory: eliminating the bottom 20 per cent of sellers from your shelves will create more space and cash for the products that turn more quickly. Also control your professional inventory. Every single treatment room doesn't have to be stocked with every single product; have a central dispensary for shared and specialty items.

Challenge staff to keep costs low by measuring product, rather than guessing, and by conscious use of linens – though not by cheating clients of a first-class experience. Also make sure to properly deploy personnel by having management staff participate in front-desk or call-centre duties for a few hours a day.

The extra time you've got now is the silver lining in the economic cloud; invest it in these activities and when sales do pick up, you'll see improved profit margins and a staff focused on results.