

The U.S. Medical Spas Industry

November 2023

Table of Contents

| | Page |
|---|-------------|
| <u>Introduction: Study Scope and Methodology, Sources Used</u> | 1-4 |

| | |
|--|-------------|
| <u>Executive Overview of Major Findings</u> | 5-19 |
|--|-------------|

Highlights of all study chapters: nature/description of the industry, medical spas market structure, growth/demand drivers, key operating metrics, \$ market revenues/growth (2002 – 2023, 2027 forecast), major trends (consolidation, diversification, mobile med spas, and factors affecting consumer demand, effects of the pandemic, recovery, results of Marketdata and other surveys, top aesthetic procedures, market history and development, growth markets (tattoo removal).

Tables:

- Number of med spas: 2005-2022
- Industry average income & expense statement
- Number of Non-surgical Procedures and Value: 2022 & 2021
- Total Surgical & Non-surgical Procedures Performed

| | |
|--------------------------------------|--------------|
| <u>Nature of the Industry</u> | 20-35 |
|--------------------------------------|--------------|

Market history, medical spa definition, legal guidelines and typical settings

Number of med spas in operation, industry structure, fragmented market, private pay, single-location operations, avg. revenues, recession-resistant business

Major trends: Discussions of: aging population, higher demand for non-invasive procedures, mobile med spas, IV therapy, private equity investor interest, laser equipment technology innovation, entry into weight loss services, membership models, patient financing,

Liability issues and staff qualifications

Industry regulation: ethical dilemmas

Types of non-surgical aesthetic procedures for improving skin appearance: hair removal, leg and facial veins, skin rejuvenation – in-depth descriptions

Medical spa practitioners – training, number, typical procedures performed: estheticians, laser technicians, cosmetic surgeons, dermatologists.

Consumer Demand: The Top Cosmetic Procedures

36-53

Summary of number of procedures performed: data from American Society for Aesthetic Plastic Surgery (2022), surge in non-surgical procedures in 2021.

Discussion of top 5 procedures surgical & non-surgical procedures for women, men (breast augmentation, liposuction, eyelid surgery, abdominoplasty, breast reduction) and top 5 minimally-invasive procedures (botox, laser hair removal, laser skin resurfacing, chemical peel, hyaluronic acid) – number of procedures and spending

Highlights of ASAPS 2022 survey on cosmetic surgery: men vs. women, by age, top procedures. Comparison to historical surveys in 2005 and 2000

Procedure descriptions, costs

- 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)

Tables:

- Number of cosmetic procedures performed in U.S., by type: 2022 vs. 2021, revenues/mkt. value
- Average Cost of Procedures -2022
- Plastic surgeon fees, by type procedure, total expenditures: 2011 vs. 2000
- Total Surgical & Non-surgical Procedures Performed: 2019-2022
- U.S. National Number of Cosmetic Procedures: 2022 vs. 2011, % change
- Range of Physician/Surgeon Fees, by Type Procedure: 2022 vs. 2011

AMSPA – Major Findings of 2022 member survey: patient demographics (by sex, age), patient visits per month, no. of med spas, avg. annual revenues per med spa, avg. spend per visit, ownership, repeat patients, percent single location operations, staff avg. salaries)

ISPA Surveys: data, major findings of 2023 U.S. Spa Industry Study: 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

Discussion of Key Financial Formulas for Med Spas

Average cost of new med spa equipment:

Discussion of Operations Pitfalls – Opinions of Acara Partners

The Medical Spa Physician Report: major findings of Jan. 2012 survey – not updated (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.)
- 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

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.

Geographic Analysis – Market Potential, By State

Staffing – The Estheticians Outlook: average yearly salaries, projected job growth, regional demand, demographic profile

Medical Spa Nurse Jobs: avg. salaries, U.S. and regional

Average Salaries for:

- Injection Specialist
- Skin Care Consultant
- Beauty Therapist
- Skin Therapist
- Licensed Esthetician
- Spa Therapist
- Master Esthetician
- Lead Esthetician
- Hair Removal Specialist
- Wax Specialist
- Medical Esthetician

Tables:

- Number of U.S. Med Spas, Average Annual Revenues: 2007-2022
- Number of all types of spas: 1999-2022
- U.S. Spa Industry Revenues (all types of spas): 2010-2022
- Total Spa Visits in the U.S: 1999-2022
- Revenues Per Spa Visit: 2018-2022
- Med Spa Average Start-up Costs
- Sample Income & Expense Statement for a Stand-alone Med Spa
- Geographic Data – Estimated No. of Med Spas & Revenues, By State: 2023

Industry Size and Growth

86-107

Summary: Discussion of market history and reasons for recent growth

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

Current market status: Effects of the Covid-19 Pandemic, how consumer attitudes have changed

Effects of the Great Recession of 2008

Sources of market estimates: limitations and benefits, lack of government Census data, AMSPA, ISPA, primary research

ISPA surveys: 2023 Spa Industry Report findings

Discussion: 2020-2021: Performance During and After The Pandemic

Discussion: 2022- 2023 Performance

2027 Forecast: Key growth drivers over the next 5 years, rationale,

Growth markets:

Analysis of the Tattoo Removal Market – Reasons for growth, mkt. \$ size estimates

Analysis of Facial Treatments Market, injectables - Reasons for growth, mkt. \$ size estimates

laser Hair Removal Market - Reasons for growth, mkt. \$ size estimates

Tables

- Total spas industry – number of spas (1999-2022)
- Total spa industry revenues (2010-2022)
- Total spa industry - average revenues per spa (1999-2022)
- Number of medical spas as a percent of all spas (2005-2022)
- Estimated value of the medical spas market (2002-2022, 2023 & 2027 Forecasts)
- Medical spas number vs. ALL types of spas (2005 – 2027 F)
- GLOBAL Med Spas Market Forecasts by other research firms
- Market Potentials by Type Service: 2022 (body shaping, injectables, hair removal, tattoo removal, membership programs, retail products, massage/wellness)

Franchising In The Industry: Company Profiles

108-127

Reasons why franchising has not worked for some in this market: management, state regulations, pricing, botched treatments, overly optimistic earnings claims, recession, etc.

Company profiles (history, services provided, no. of units, purchase costs, royalty rates, 2022 FDD data about average revenues per franchise, parent company revenues, etc.)

- Radiance Medspa
- Sona Med Spa (defunct)
- Dermani Med Spa
- VIO Med Spa
- MedSpa810 Franchising
- Face To Face
- Ideal Image Development Corp.
- American Laser Skincare (defunct)
- KALOLOGIE 360 SPA

- Venus Med Spa (not a franchise)

Tables:

- VIO Med Spa: gross sales by category, company-owned outlets (2022)
- VIO Med Spa: Average yearly sales per franchise (average, median, high, low - 2022)
- VIO Med Spa: Average yearly sales per franchise - Franchised outlets open for two or more years (2021, 2022)
- VIO Med Spa: Annual gross sales per outlet, 7 individual outlets: 2021 & 2022
- VIO Med Spa: parent company revenues, by Type – 2020-2022
- MedSpa 810: parent company revenues, by type: 2019, 2020, 2021
- Dermani Med Spa: company-owned outlets performance: revenues, gross profit - 2022 (5 sites)
- Dermani Med Spa: gross revenues of franchised outlets (6 sites)
- Dermani Med Spa: Parent company revenues: 2022
-

Reference Directory of Information Sources

128-133

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