



The creation of experiential value through Spa offer: the case of luxury companies

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Dissertation written under the supervision of professor
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Dissertation submitted in partial fulfilment of requirements for the
MSc in Management with specialization in Strategic Marketing, at the
Universidade Católica Portuguesa, June 2023.

Abstract

This study examines how luxury companies create experiential value through Spa offer. Adopting a qualitative approach, I carried out a comparative analysis of six luxury cosmetics companies having a Spa offer in their brand portfolio. The findings indicate the very different approaches to Spa experiences that still all follow a strategic frame of value creation. Companies design the Spa, then activate it and thirdly permanently work on elevating it. The research gives concrete advice to Spa-enthusiastic managers to implement luxury Spa services.

Dissertation Title: The creation of experiential value through Spa offer: the case of luxury companies

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Keywords: spa, experiential value, luxury industry, wellness and beauty industry

Sumário

Este estudo examina a forma como as empresas de luxo criam valor experiencial através da oferta de Spa. Adoptando uma abordagem qualitativa, realizei uma análise comparativa de seis empresas de cosméticos de luxo com uma oferta de Spa na sua carteira de marcas. Os resultados indicam abordagens muito diferentes das experiências de Spa, mas todas seguem um quadro estratégico de criação de valor. As empresas concebem o Spa, depois activam-no e, em terceiro lugar, trabalham permanentemente para o elevar. A investigação dá conselhos concretos aos gestores entusiastas de spas para implementarem serviços de Spa de luxo.

Título da Dissertação: A criação de valor experiencial através da oferta de Spa: o caso das empresas de luxo

Autor : Juliette Cuënot

Palavras-chave: spa, valor da experiência, indústria do luxo, indústria do bem-estar e da beleza

Acknowledgments

I want to thank everyone who helped me and supported me over these challenging but inspiring months, which helped me finish my thesis and conclude my master's degree.

First of all, I would like to thank my thesis supervisor, Laure Leglise, for her constant encouragement and insightful feedbacks. Second, I want to thank my family and close friends for their never-ending support throughout the thrilling journey. Finally, I want to express my gratitude for all the inspiring people I had the chance to interview. This important step was more than necessary to deep dive into this dreamy luxury Spa world.

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1. Introduction

\$1.5 trillion market. This is now the value of the global wellness market with an evolution rate of 5 to 10% each year estimated by the consulting cabinet McKinsey. Consumers deeply care about their well-being and this market is exponentially getting crowded. Six key pillars drive the wellness market: better health, better appearance, better mindfulness, better fitness, better nutrition, and better sleep where Spas have an influence on all of them (McKinsey, 2021).

The wellness market is getting more competitive with customers having higher expectations of Spas (Lin, 2018). Indeed, Spa treatments have been practiced since antiquity and their technics are being rediscovered, merged and branded to establish a new global industry (Cohen & Bodeker, 2008). Nowadays, the value proposition of brands should focus more on the customer experience to survive in this wellness ecosystem (Shaw & Ivens, 2005). Luxury brands have spotted this opportunity and exponentially added Spa services into their brand portfolio (Atwal, 2009). But how do they perform at designing a valuable experience and keep their luxury brand DNA? There is a lack of research about of how concretely these brands can succeed at creating this experiential Spa value.

Consequently, I propose to answer the following research question: how can luxury companies create experiential value through Spa offer?

To answer my research question, I used a qualitative explorative approach. I have studied six companies in the luxury cosmetic industry that have a Spa business: Dior, Susanne Kaufmann, Carita, Decl or, Lanc me and Yves Saint Laurent.

There are six chapters in my thesis. I start with a review of the literature that includes an overview of the definition of the experiential value, the position of luxury Spas in the wellness landscape as well as a description of how Spa, can be a source of diversification of luxury experiences. In the methodology part, I explained the way I have chosen to gather and analyze primary and secondary data to effectively answer my research question. The Empirical Setting chapter introduced the companies to understand their business context as well as their Spa approach. In the Finding section, I analyzed the primary and secondary results of my research. Next, in the discussion part, the findings are put in perspective with articles from the

literature review. Lastly, the conclusion is a summary of my findings and considers the limits of the research as well as future research possibilities.

2. Literature Review

The literature review summarizes the previous research related to the following research question: how can luxury companies create experiential value through Spa offer? This chapter of my thesis shows the lack of previous work on how experiential value and Spa services from luxury companies are linked together. Previous research has treated these topics separately and do not provide a frame on how concretely brands can win at designing customer Spa experiences. Although the Spa and wellness sector is evolving rapidly, there is also a gap with little research on the subject over the last 5 years.

In this section of my thesis, I will firstly introduce a new way of consuming luxury: favoring the experiences over the purchase of products as it is the case with a Spa experience. I will give a definition of experiential value as well as highlighting how it can be a competitive advantage for luxury companies. Then, I will address the positioning of Spa in the luxury economy by describing it as a wellness offer and as the epitome of luxury. Finally, I will present how Spas can be a diversification source of experience for luxury companies by being the answer for ultra-luxury moments demand and for sustainable luxury consumption.

2.1 A new way of luxury consumption: experiences before products

Unique experiences where consumers face high emotional involvement are an essential part of luxury moments creation. I will start by defining what is experiential value, how it can be considered as a competitive advantage for the luxury brand and apply this demonstration to the Spa context.

2.1.1 Concept of Experiential Value

Customer experience is the internal and subjective response that customers have to any direct or indirect contact with a company. Direct contact usually takes place during purchase, use, or service and is usually initiated by the customer (Meyer 2007). All interaction between a customer and a product, a company or a part of its organization provokes a reaction. This

reaction, same as the customer experience, is strictly personal and involves the customer on various levels: rational, emotional, sensory, physical and spiritual (Schmitt, 1999). Because the emotional bonds created between a brand and its customers are difficult to break by competitors, the companies that are most competitive are those that succeed in combining functional and emotional benefits in their offerings (Gentile & Gualino, 2007).

A product's experiential and hedonic value is determined by the experiences, emotions, and feelings it associates with its users (Smith & Colgate, 2007). The feelings that customers have when shopping are crucial factors in their evaluation of the shopping experience, as emotionally intense moments are more likely to stick in their memories (Sooyun, Geebum, Yeonjoo, & Sunmee, 2016). When a customer purchases a service, he is actually paying for a variety of intangible tasks to be carried out on his behalf. But when a customer purchases an experience, he pays to create memorable activities that a business will offer him in by interacting with him on a personal level (Pine & Gilmore, 1998).

2.1.2 Experiential Value as a competitive advantage for luxury companies

Customers are becoming more and more driven to seek out goods that have positive emotional benefits (Magids, Zorfas, & Leemon, 2015). Because of this phenomenon, the luxury industry is expanding at a rapid growth rate. Luxury brands are more linked to pleasure than value brands, which are more linked to utilitarian advantages (Bhat & Reddy, 1998). This pleasure is seen as desirable and increases the willingness to re-experience this effect that is evoked by the brand (Hagtvedt, 2009). Nevertheless, hedonistic experiences frequently create guilt and are compared to vices and luxury because of their inherently pleasurable, playful, and quickly rewarding nature (Botti & McGill, 2010).

Experiential aspects of consumption include fantasies, feeling and fun (Holbrook & Hirschman, 1982). Hedonic consumptions, including luxury purchases, are the opposite of utilitarian purchases, and are described as being fun, sensorial, and spontaneous (Holbrook & Hirschman, 1982). Because of that, the experiential marketing is slightly different from the traditional one. First and foremost, the emphasis is on customer experiences and lifestyles, which offer consumers values on the levels of their senses, emotions, minds, and interpersonal relationships. Secondly, the focus is on forging connections between meaning, perception, consumption, and brand loyalty (Gentile & Gualino, 2007). Finally, it is asserted that

consumers make decisions that are motivated by emotion and reason rather than by reasoning (Atwal, 2009). Because of these arguments, physical as well as hedonic experiences should be key to luxury brands' marketing communication (Kapferer, 2015).

There is a lack of research on how the experiential value is linked to Spa. Nevertheless, the literature states that extraordinary experience is one of the key elements associated with Spas (Lin, 2018). Spa experiential value comes from the way the Spa supplier develops the right experience; companies primarily concentrate on sensory value through tangible components; emotional, psychological, and intellectual values and benefits (Smith & Colgate, 2007). But also, directly from the Spa attributes such as its natural environment, scope of services, employees (Lin, 2018).

Customer happiness is directly and favorably influenced by experiential value, therefore consumers with strong experiential value are more likely to rate their overall satisfaction favorably (Hsi-Jui & Rong-Da, 2009). Moreover, this customer happiness also depends on providing excellent services, a welcoming environment, and an enjoyable experience (Mathwick, Malhotra, & Rigdon, 2002). These is also the case in the context of Spa where creating individual experiential value will benefit to the Spa business (Lin, 2018).

While companies know a lot about customer buying habits, income and other characteristics used to classify customers, they know little about the thoughts, emotions, and states of mind that customers' interactions with products, services and brands induce. Without knowing these subjective experiences customer satisfaction is more of a concept than an achievable goal (C. & Schwager, 2007). However, for a luxury Spa it is even more important to know your customer to customize your offer to design life-transforming experience (Lin, 2018).

Experiences related to luxury cosmetics brands that have included a Spa offer in their portfolio were not studied. The literature didn't show the benefits for a beauty brand to diversify its activities by developing Spa treatments or even Spa professional products lines. Moreover, the literature didn't study concrete examples of beauty leaders such as L'Oréal or LVMH Groups.

2.2 Spa in the luxury economy

The luxury industry has been studied from all sides, but a growing piece is missing: luxury Spas. A form of service that is more and more appreciated, especially post-covid, in the era of mental health, new relationships with the body and an increased need for premiumization of experiences.

In the second part of the literature review I will explain the position of a Spa in the luxury economy. I will first highlight how the Spa is the incarnation of a wellness offer. Then, I will underline the fact that a Spa is seen as the epitome of luxury.

2.2.1 Spa as a wellness offer

Wellness is described by the World Health Organization as an optimal condition of health, physically, psychologically, emotionally, and spiritually in all the aspects of one's life, including the workplace and environment. Wellness is also understood as a lifestyle of a special state of health, incorporating the harmony of body, mind, and spirit (WHO).

In the international tourism sector, more people have been travelling overseas for wellness during the previous few decades. The desire to travel to improve someone's health and well-being by partaking in wellness-related activities, massages, and Spa treatments for instance, has risen (Han and Hwang, 2013; Kiatkawsin and Han, 2017). Wellness Spa tourism differs from the conventional type of leisure travel and is one of the most rapidly expanding segments of the global tourism business because of the potential that this market holds (Han, 2017).

The rise of wellness related activities can also be explained by the tendency of Western societies to experience higher levels of living standards and well-being along with imbalances and aggression in day-to-day life. This gives rise to new demands for physical, mental, and psychological well-being to achieve the highly desired balance between body and mind (Cohen & Bodeker, 2008). Indeed, people's worries today with their bodies, minds, and selves are linked to disease prevention, daily stress, the value placed on mental and psychological balance, and increasingly hedonistic experiences of products and services consumption (Loureiro, Almeida, & Rita, 2013).

The word Spa comes from the Latin sentence *sanus per aquam* meaning “healthy through water” (Lo, Wu, & Tsai, 2015). By definition, a Spa is understood as water and non-water-based facilities leading to treatments improving the health, relaxation and beauty. In Spas, customers can often benefit from alternative and complementary treatments such as homeopathy, osteopathy, acupuncture, yoga, therapy, sports, aromatherapy, beauty, or aesthetic procedures. Usually reaching a state of well-being necessitates a combination of these pillars, which encourages engaging in a variety of activities (A., Amuquandoh, & Amenumey, 2017). The Spa treatments are inherently fad-driven and temporary increasing the willingness to re-experience new treatments to keep this well-being feeling (Lin, 2018).

Spa-goers have many reasons to go to a Spa: different needs and wants which vary between men and women (Lin, 2018). Usually, Spas market their added value by offering services such as massages, nail care, hair treatment, that boost pleasure and enjoyment to enhance one’s appearance. Spas are no longer seen as a pampering visit but rather as a crucial component of maintaining their beauty and well-being (Koh, Yoo, & Boger, 2010). A Spa visit can serve as a medical treatment employing licensed massage therapist that will help for a medical recovery or against chronic pain. Spiritual treatment is also a reason for choosing a Spa visit since spirituality is associated with mental health issues. Indeed, Spa services such as massage, yoga or a meditation class can help one’s connection to their own feelings and emotions. Spa is also a space for leisure and entertainment where people expect to grow their relationships with their friends and family (A., Amuquandoh, & Amenumey, 2017). Lastly, going to a Spa can serve as an activity or gift for special occasion: birthday gift or tourist activity when visiting a country for example (Huh, Lee, & Soojin, 2019).

2.2.2 Spa as the epitome of luxury

Luxury is becoming more and more about experience and authenticity. Indeed, more emphasis is placed on personal change through, for example, well-being, which translates that customers are interested in improving their lifestyle. (Loureiro, Almeida, & Rita, 2013). By definition, Spa mainly sells an experience and isn’t only linked to physical service. Spa-goers engage in emotion consumption by coming with the desire to rest, relax and treat themselves with a break from the society (Lo, Wu, & Tsai, 2015).

Extravagance, authenticity as well as the search for physical and mental wellness define luxury Spas (Yeoman & McMahon-Beattie, 2006). The luxury Spa experience is based on the premise that Spa services are targeted towards clients seeking luxury, pampering, relaxation (Kelly & Smith, 2009) beautification (Kucukusta, Pang, & Chui, Inbound travelers' selection criteria for hotel spas in Hong Kong, 2013) as well as maintaining and enhancing their health (Yeung, Johnston, & Chan, 2014). Furthermore, a visit to a luxury Spa is a holistic experience which will have a lot of sensory stimulation (Lin, 2018). In luxury hotels and resorts, Spa have become growingly popular such as they are no longer seen as an option but have become an expected luxury amenity. Spa services enhance the global hotel's guest experience and can be a key factor for an hotel's revenue growth (Huh, Lee, & Soojin, 2019). Spas are a key component of hotels and resorts' luxury branding (Lin, 2018).

We know that rarity is a central concept to be identified as luxury. Luxury Spas embodied the informational rarity of the luxury definition. They indeed, not capitalize on the rarity of the products but on the status of the persons who go to these Spas (Kapferer & Bastien, 2009). Creating a loyalty bond with these customers is key especially because Spa-goers used to be repeated customers (Huh, Lee, & Soojin, 2019). For luxury brands, developing close relationships with these customers through understanding their perceptions of authenticity, experiential value, and contentment is essential to achieving success (Kapferer & Bastien, 2009). If Spa operators want to keep their premier position, they must find a way to convince their customers that their experiences are authentic since it's the key to avoid price wars and commoditization (Lin, 2018).

2.3 Spa as a diversification of luxury experience

In the second part the position of Spas in the luxury landscape has been analyzed. Spas must go beyond satisfying the client and embody more than unique experiences. Indeed, Spas are sources of diversification of brand experiences and overall, a new way of creating proximity with a luxury brand.

Firstly, I will demonstrate that the growingly number of Spas is an answer of the rising demand for ultra-luxury services. Then, I will address how going to the Spa is a way of consuming luxury in a more sustainable way.

2.3.1 A demand for ultra-luxury moments

Brand extensions happens when a company chooses to keep its name in order to enter a new product category (Keller & D., 1992). Luxury beauty brands are expanding into the art of lifestyle, with Spa openings in response to the need to extend their universe and find new ways to grow (Maki & Schneider, 2023).

Luxurious moments reflect special value when they reveal their escapism-inducing potential to interrupt and reenergize people's hectic, demanding lives. Luxury moments have the capacity to create meaningful breaks by interrupting the fast pace of everyday life. (Bauer, 2011). The customer journey can be adapted with the goal of creating meaningful luxury moments. These are called disruptive when a “before” and “after” effect is created. When customers are confronted to special atmosphere, light, scent, and sound this can transform their state of mind (Von Wallpach, 2020). Experiencing a luxury Spa treatment can be a way to create this type of moment. Experiential value in the frame of a Spa can be listed as points enabling one’s intellectual, emotional, and spiritual wellness (Lin, 2018).

Marketers in luxury hotels and in luxury cosmetic brands can divide the market into three clusters: Spa-goers looking for pleasure, then Spa-enthusiastic looking for healing and finally relaxation pursuers. Focus on one of this group and position their Spa offers and products using these insights. (Huh, Lee, & Soojin, 2019)

Spas offer much more than just water to drink and mineral springs for swimming. Spas provide customers with a secure, convenient, and accessible form of entertainment and leisure (Schiffer, 2018). Many Spa services that were once considered luxuries are now universally regarded as vital to leading a healthy lifestyle. Spa-goers visit for more than just fun and relaxation; they also do so for their spirituality and social lives. (Huh, Lee, & Soojin, 2019) Customers like mid-range prices, highly qualified therapists, high levels of privacy, a full variety of Spa amenities, and branded Spa products. The most crucial factors when making Spa reservations have been identified as: therapist credentials, cost, and degree of privacy. (Kucukusta & Denizci, Measuring spa-goers' preferences: a conjoint analysis approach, 2014).

As the Spa industry becomes more competitive offering branded Spa products is one answer to differentiate the Spa selling proposition from other companies. This offers the unique

identity of the brand and gives trust in the products sold and used in treatments (Cohen & Bodeker, 2008). Prices will surely increase as branded treatments become available, but as a positive consequence, this will allow product variety and uniqueness to provide a competitive edge. Asian tourists for example, favor branded Spa items for the social status and prestige they can enhance. Non-branded profitable Spas can develop their own brands to build client loyalty. Nevertheless, luxury Spas prefer to use branded Spa products. (Kucukusta & Denizci, Measuring spa-goers' preferences: a conjoint analysis approach, 2014)

2.3.2 Spa as a sustainable way of consuming luxury

Recently, sustainable consumption has received a lot of attention from both academics and marketers. Sustainable consumer habits are seen to promote different civic duties like recycling, conserving energy, avoiding unethical products, and cutting back on personal waste. (Septianto, Seo, & Errmann, 2021) Nowadays, consumers, especially the youngest ones, place more weight on social and environmental factors in their purchasing decisions and see sustainability as a key branding performance indicator. (Ki, Lee, & Kim)

A Spa visit is not a product or a commodity (Lin, 2018). Getting a massage is associated with slow life and is directly linked to a sustainable way of consuming luxury. This sustainable way of consumption has the added value to offer hedonism and pleasure. Because of the hedonic value they have been given, consumers see luxury in sustainable experiences. (Cervellon & Shammas, 2013) Individuals also view Spas as advancing societal goals and enhancing quality of life, making a unique contribution to sustainable living (Chawla, 2017).

The fundamental components and resources of nature are used in the creation of Spa products and services. Spa marketers are aware of the challenge of global warming and the need to improve their operations in an environmentally friendly way (Cohen & Bodeker, 2008). Spas depend on natural resources which play a significant role in how customers perceive its authenticity and experiential value. Preserving these resources is consequently primordial for the interest of the industry (Chawla, 2017). Having spring water, muds or aromatics can help create Spa signature treatments but can be seen as negatively as abusive exploitation of resources (Lin, 2018).

3. Methodology

In this chapter I will discuss how I structure my research, how I collect the needed data to answer my research question and lastly, how I proceed to analyze the collected data.

3.1 Research Design

Given the limited research on the experiential value of Spa for luxury companies the qualitative, grounded-theory approach was the most suitable to analyze this phenomenon. (Edmondson & McManus, 2007). It is the most appropriate approach as the topic under investigation hasn't been extensively analyzed in real corporate context. In that way, a qualitative interpretive research method enables to theoretically interpret actual meanings in a real setting. (Rynes & Gephart, 2004).

To answer my research question, I have chosen a multiple case study. This type of study is appropriate for "how" questions and takes into consideration relevant contextual conditions for the question under study (Yin, 2003). Analyzing multiple cases enables me to compare their similarities and differences in different environments. (Baxter & Jack, 2008). The cases were selected among luxury cosmetic brands based on the existence of a Spa offer in their portfolio. I reached out to employees and to my personal network working in companies which respect the above mentioned criteria and end up with brands known for their different and successful approach to a Spa experience. Consequently, I have selected Dior, Susanne Kaufmann, Carita, Decl or, Lanc me and Yves Saint Laurent.

3.2 Data Collection

To conduct my research, I collected data from both primary and secondary sources. To gather primary data I conducted 10 semi-constructed interviews with employees from the studied companies. I have chosen interviewees based on the job relevance to the studied topic, my own network and employees willingness to share their knowledge with me. I had the chance to exchange with Claire Roman the International Marketing Development Manager for Dior Spa who shared her vision of the needed professional products and innovations. Charlotte Ollagnier who has a diploma in esthetic is in charge of the development of the treatments and the training of the Spa teams also shared her knowledge with me. For Carita, I interviewed 3

employees in charge of different scopes: Katia Dufon-Schaffhauser the director of the Maison de Beauté Carita in Paris, Marie Hausserman who was the International Marketing Development Coordinator in the last six months and Himsky Abdilah who was working as a Carita Product Manager for the French market. Himsky was in charge of the opening of the Maison de Beauté Carita which is a huge momentum for the brand. Severine Collas the International Education Manager of Decléor is an expert of Decléor Spa philosophy and accepted to share her knowledge about the vision and purpose of the aromatherapy brand. For Lancôme, I was privileged to discuss with the Lancôme Retail & Education Director of the Premium Categories Karolina Abdel Bary, she is also the one who made me try a Lancôme Spa treatment. Clémence Mayoux responsible of the Marketing Development of the Absolu franchise accepted to exchange with me as well. Sabine Sinno, International Communication Manager for Lancôme gave me insight of the big impact of Spa communication. Finally, for YSL Beauty I discussed with Fanny Serbont who is in charge of the YSL Beauty Le Bon Marché point of sales. She is also trained to do the treatments of the brand during the temporary cabin in the department store. Unfortunately, due to the lack of answers I didn't get the chance to interview someone working at Susanne Kaufmann, my last studied company.

Moreover, I also collected primary data through direct and participant observations. Indeed, since I work at L'Oréal I gathered participant observations in two of the group brands: Lancôme and YSL. For direct observation I visited the Spas and cabins that the studied companies have in Paris: the 3 Dior Spas in Parisian hotels, La Maison de Beauté Carita, Lancôme flagship and cabins as well as YSL cabin in Le Bon Marché. I was very lucky to be able to try Spa treatments for the purpose of this master thesis. I tried the YSL Or Rouge ritual in Le Bon Marché and the L'Absolu L'Extrait Spa Treatment in the Training room of L'Oréal Headquarters.

To have sufficient data for my research I have also investigate secondary sources. For data diversification purpose I have gathered several media types. Among the secondary data I have collected I included companies' websites, reports, podcasts, videos, newspaper articles but also Spa treatments menus. I have found these sources with specific keywords related to the Spa industry. To retain enough data and screen out information that wasn't pertinent to my study, these secondary sources were assessed and compared with primary data. The Appendix 1 summarized the collected data.

Finally, to deeply understand the Spa ecosystem, I have collected industry data. This enabled me to complete the data that was focused on the studied cases and better linked the ideas together.

3.3 Data Analysis

To analyze the collected data, I used an open coding approach. This method required choosing, classifying, and labeling direct statements (first-order codes) that we could put together into more theoretical perceptions (second-order) which we could later condense into more general theoretical concepts (aggregated dimensions) (Patvardhan, Gioia, & Hamilton, 2015).

By reading through interview transcripts, I was able to find segments of meaning - words, phrases and paragraphs that indicated a core idea or concept—and then I could start labelling them with a first-order code. I tried to keep labels as close to the informants’ own language as feasible. As I processed the data, I compared thought units with previously recognized codes and either classified fresh data under those codes or, if it was analytically distinct, I created a new code. This process enabled me to identify twenty one first-order codes.

Axial coding, which involves synthesizing and grouping first-order codes into higher-order themes, was used in the second-order analyses (Strauss & Corbin, 2008) I combined the twenty one first- order codes into seven level-specific second-order second order themes, also named categories.

The coding process can be visualized in a coding tree like in the example below. The full coding tree can be found in Appendix 3.

Quotations	First order codes	Second order themes	Aggregated Dimensions
<i>“We offer body and face treatments for a global care, from body to mind”</i>	Facial & Body Offering	Treatments offering	Design of the luxury Spa
<i>“The emotional benefits are the new physical benefits and it goes without saying that we use a holistic approach to</i>	Holistic Approach		

<i>reinforce them: semi-precious stones or choreographies of sensory awakenings for example”</i>			
<i>“People think of the Spa as a closed place, but on the contrary, we have treatments adapted to men, pregnant women or even after plastic surgery.”</i>	Inclusivity		

Table 1: Coding Tree Example

4. Empirical Setting

To answer my research question, I have studied six cases of cosmetics brands that all have a Spa offer. Since I’m working at L’Oréal next to my studies, I choose four brands of the group: Lancôme, Yves Saint Laurent, Carita and Decléor to have a better access to insights. The two other chosen brands: Dior and Susanne Kaufmann are best practices brands in the Spa luxury sector.

4.1 Lancôme

Lancôme is a French brand and was created by Armand PetitJean in 1935. Part of the L’Oréal Group and the L’Oréal Luxe Division since 1967, the purpose of the brand is to improve the life of all women by making them look and feel more beautiful. The French spirit is central in the value offered by the brand with the key objective of creating a happier and more sustainable approach to beauty. Lancôme operates worldwide with 3-axis: skincare, fragrance and make-up, with skincare being the biggest category. (L’Oréal Group - Lancôme, s.d.)

The skincare business at Lancôme is divided into two sub-categories: the premium one named Lancôme Absolue and the classic one including the franchises Génifique, Hydra Zen, Nutrix, Rénergie, Clarifique and Confort. Both sub-categories have an important approach to Spa. The most luxury spaces only carry Absolue and the so-called “classic” Lancôme retail spaces offer all the ranges. In France, Lancôme has an Institute at its Flagship on the Champs Elysée and provide treatments in cabins on point of sales. In Asia, business is focused on Absolue with the use of temporary luxurious pop-up Spas and cabins on point of sales.

Lancôme is the best-selling brand of the L'Oréal Luxe Division. Skincare business is booming with consequently more investment made on the category including on the Spa experience offered. In March 2023, the brand introduced a new digital tool in its Flagship named HydraFacial to diversify its treatments highlighting the willingness to animate this segment. Moreover, packages with many treatments sessions functions like subscriptions for customers to come back more frequently.

4.2 Yves Saint Laurent

Yves Saint Laurent was founded in 1961 by the eponymous French couturier and is nowadays divided in two business units. The fashion part is owned by Kering, one of the leading groups in the luxury industry (Kering, 2023). The beauty entity is directed by L'Oréal Group in the L'Oréal Luxe Division since 2008. Yves Saint Laurent Beauty is a 3-axis brand developing products in make-up, fragrance, and skincare. The brand is the most rebellious Parisian couture house. Young, scandalous, and liberated ideas are ingrained in the DNA of YSL Beauty. The YSL lady is bold and contemporary, making her own rules and never settling. (L'Oréal Luxe, 2023)

YSL is trying to grow its Skincare business by crafting skincare essentials for all lifestyles. Combining the latest science with strong botanicals from Morocco, key country in the couturier's lifetime, the brand has two main lines: Pure Shots and Or Rouge. Or Rouge is the line that will interest us the most, since it's the one focusing on mature skins, highlighting a global skin renewal with ultimate dramatic experience. The promised Spa experience includes Facial Treatments using this skincare range. (YSL Beauty, 2023)

Skincare is still the smallest part of the brand business. Nevertheless, skincare is a high potential axis by being the best performing one in the L'Oréal Group with 40,1% of the annual sales (L'Oréal Annual Report 2022 - Financial Performance, s.d.).

4.3 Carita

Carita was created in 1958 by two French sisters Mary and Rosie Carita and has over 75 years behind it as the symbol of ultra-premium skincare appealing to an international elite and embodying the essence of professional beauty. The company was hold by the Shiseido Group before being acquired and revamped by L'Oréal Group since 2014 (L'Oréal, 2014).

“Carita is an address” so is the brand introduced on its website (Carita - La Maison de Beauté, s.d.). This underlines the central place of its Spa location: the Maison de Beauté. After two years of innovative renovations, Carita reopened the doors of its renowned Faubourg Saint-Honoré location in 2022 to achieve the most magnificent holistic experience. The Maison de Beauté was thought to offer the most upscale professional beauty experience. It’s a full reinvention for the brand, a new chapter for its global development. (L’Oréal Luxe, 2022)

The most premium skincare range of the brand, Or Rejuvenic, was created inspired by the Maison de Beauté. Designed with arc-shaped flacons showing the brand architectural distinctive code, evocating modernity and sensorial journey it creates echo with the importance of the Spa (Carita - La Maison de Beauté, s.d.).

4.4 Decléor

Decléor was founded by two aromatherapists in 1974, sold to the Shiseido Group and acquired in 2014 by the L’Oréal Group in their Dermatological Beauty Division. Decléor is one of the leading companies in essential oil skincare, supported by science and driven by expert touch, for the highest level of natural efficacy on the skin and the mind (L’Oréal, 2014).

The brand is specialized in aromatherapy rituals practiced in institutes and Spas with the purpose of using powerful ingredients to improve customers wellbeing. The philosophy encourages consumers to find the oil that suits them and will become essential for their inner and outer balance. The brand has over 45 years of legacy in professional treatments and essential oils approach and has always been surrounded by experts in this domain (L’Oreal Group - Decléor, s.d.).

The brand has put effort in developing a Face Workout which is now the Brand Treatment Signature. An exclusive organic, hand massage suitable for an at-home version and in institute one. By highlighting their 100% hands-on professional treatments the brand is trying to strengthen its position in the wellness landscape (L’Oreal Group - Decléor, s.d.).

4.5 Dior

Dior is a French company owned by the LVMH luxury group and structured in two entities: Dior Couture focusing on clothes and accessories, jewelry, home, and baby line and Parfums Christian Dior leading the skincare, make-up, fragrance and Spa businesses. Couturier Monsieur Christian Dior introduced the concept of total beauty by launching the first in-house fragrance, Miss Dior, at the same time as its first runway collection in 1947. The LVMH Perfumes & Cosmetics business group reached 7.7 Billions€ Revenue in 2022 representing 10% of total revenue of LVMH group. (LVMH Group - Financials Indicators, s.d.)

The Dior Spa ethos is infused by the values of the house and considers each visitor holistically, with an emphasis on the physical, emotional, and psychological aspects of beauty. Transforming the skin in an immediate and lasting way to provide guests with a moment of well-being, using an exclusive combination of expert formulas, manual techniques, and cutting-edge technologies is key. Dior Spa Cheval Blanc Paris is the ultimate expression of Dior Skincare beauty expertise and philosophy. This opening from 2021 contributes to attracting new customers and showing the exceptional experience the brand has to offer (Dior, 2021).

The brand Spa business is recently booming with new openings from France with Eden Roc Hôtel in April 2023 to Scotland with Royal Scotsman in March 2023 showing the rising popularity of this new business unit. Moreover, a product range of professional formulas exclusively designed for Dior Spa Cheval Blanc Paris treatments is now sold on the website and in this wellness space. 3 of these professional products are available to buy. This is a result of the emerging popularity and trust in the Spa expertise practices (Dior, s.d.).

4.6 Susanne Kaufmann

Susanne Kaufmann is an Austrian cosmetic company that was founded in 2003. Susanne Kaufmann born and raised by two hotel directors developed a range of skincare products to use in the Spa of her parents' businesses. After exponential demand of customers to buy the Spa range products she decided to start her own eponymous company. Early pioneer of the natural beauty landscape she expresses her vision of holistic skincare through products backed up by natural actives and locally sourced in the Alpine regions to power efficacious formulas. (About Us - Susanne Kaufmann, s.d.)

The Spa axis is key for the wellness-focus brand philosophy. Worldwide network of Spas, from Portugal to Taiwan, shares spaces combining the best of traditional practices with modern bio techniques to disconnect and restore optimal skin health. The company is constantly working on improving the unique experience and tailored treatments they offer to enhance their customers' wellbeing (Spa Philosophy - Susanne Kaufmann, s.d.).

The brand has been rewarded by prestigious prizes for its high effective products. Among them, we can list prizes from prestigious press groups Marie-Claire Beauty Awards, Elle Green Beauty Stars, GQ Grooming Awards and specific prizes to the Spa industry (Awards - Susanne Kaufmann, s.d.). Since the brand is privately held, it unfortunately doesn't show any business figures testifying to its success.

5. Findings

As mentioned in the previous chapters, I will now analyze the primary and secondary results of my thesis by answering the following research question: How can luxury companies create experiential value through Spa offer?

The Finding section was logically divided into three parts, the three steps for a luxury company to win at creating experiential value through a Spa offer. This chronological process was identified and summarized into a 3-steps frame according to my results. Indeed, companies should in a first step: design the luxury Spa, with the definition of the Spa model, the mapping of the customer journey and the treatments offering creation. Then, in a second step: activate the luxury Spa, build its 360° marketing approach through leveraging its communication and setting up its animation plan. And lastly, in the third step, which is a continuous process, elevate the luxury Spa. To stay relevant to the society's changes, Spas should constantly improve their innovation level and deepen their sustainability aspects.

5.1 First Step: Designing the Luxury Spa

The first step of the process is the design of the luxury Spa. The next two steps follow from this one, which makes it even more important: it lays the foundations for the Spa offering. It is the beginning of the total value creation around a Spa business and starts with the definition

of the Spa model, then the mapping of its customer journey and lastly in this section, the treatments offering creation.

5.1.1 Defining the Spa model

The very first step before opening a luxury Spa is to know which type of Spa structure the brand is going to be associated to. Throughout my research I have observed several infrastructure possibilities: a Spa in a luxury hotel (i.e Suzanne Kaufmann in Hotel Post Bezau), a pop-up Spa only available for a restricted amount of time (i.e Dior Spa Cheval Blanc Paris Cruise 2022), standalone Spa (i.e Maison de Beauté Carita), cabins on the floor of a Department Store (i.e Lancôme Cabin in Galeries Lafayette Paris), cabin part as a department store (i.e Yves Saint Laurent Beauty in L'Institut du Bon Marché Paris), surprise Spa (i.e Dior Spa in Royal Scotman Belmond Train), Spa procedure as part as independent institute (i.e Décleor in Nocibé). Each Spa model has its own advantages and disadvantages and has to be chosen according to the financial resources and objectives of the opening.

Based on the Spa model several complementary offers can be proposed. If the Spa is in a luxury hotel the cosmetic brand and the hotel brand can associate themselves to extend the experience in the Spa to the hotel room. Indeed, it happened that the brand developed amenities branded by the luxury Spa, it's the case for Dior Spa in Eden Roc Hotel and Susanne Kaufmann Hotel Spa Post Bezau.

Moreover, a Spa luxury brand can partner with other services suppliers to complement the experience. Hairdresser, Waxing, Restaurant or Sport studio will extend the luxury Spa moment. *“If you want you can stay for the full day at the Maison de Beauté, experiencing a total beauty makeover from head to toe” (Interview Carita Maison de Beauté Paris Director).*

When defining the Spa Model the luxury brand also think of the Spa staff they want to hire. Every aspect from the recruitment to their evolution in the point of service will be examined. Depending on the brands I studied more or less effort was put into their training. Carita for example, the Maison de Beauté Director works in the hotel industry for more than 20 years and knew exactly the type of team she wants to build. After finding the right candidates they had a sort of bootcamp all together to get to know each other and learn the brand protocols.

Lastly, the revenue model of the Spa is also an important factor to anticipate the profitability of the location. Through the interviews I have spotted different ways of generating cash flows. The most common one is the Standard Revenue – revenue of normal appointments booking during free slots and the revenue from the retail sides of the Spa. Then we have the Promotional Revenue - revenue generated through key seasonal moments, special events like exclusive offers during the Paris Fashion Week or during extended openings hours. Thirdly we consider the Recurring Revenue – revenue based on subscriptions and memberships.

5.1.2 Mapping the Customer Journey

Now that the structural parts of the business are set the experience itself can be discussed. What is the differentiating approach the Spa is going to propose to its customers? To do so, brands create a journey based on their customers target group perception of Spa value, from the moment when the client pass the door of the location to the moment when he goes out. To go further, brands also start creating the journey before the entrance of the customer, when he is booking its appointment online for example, to the moment when he will post a review on the website after his visit. In a nutshell, every detail is thought out to maximize the customer's experience. This is a very strategic part to create experiential value and create unforgettable memories for the customer.

Before the treatment we can think about the appointment booking process, how he will arrive at the location, how he will be welcomed, and how the discussion with the different Spa therapists will go.

During its visit and even during the treatment, the customer will be confronted with a lot of stimuli: *“A good Spa experience usually engages your 5 senses” (Interview International Product Manager Dior Spa)*. Here are some examples of practices to stimulate these senses. The sight – paying attention to the room decoration; The touch – getting a massage or any interaction with the hands of the Spa therapist; The hearing – listening to the chosen Spa playlist ; The smell – smelling the fragrance sprayed in the treatment rooms ; The taste – enjoying a cup of tea after your massage to relax. In addition to that the customer will read the treatment menu to choose which treatment he wishes to receive, will notice if they are any exclusive products to the location and will pay attention to every interaction, he will have with the Spa employees. All the details count.

After its venue the brand will try to do everything to make the customer come back. Among the practice's loyalty programs, personalized call-back, messages between the beautician and the client stand out. Nevertheless, the learnings customers learned from the Spa therapists and can incorporate new lifestyles into their routines such as improved food diets or face massages at home for instance. Decl or for example develops its own Face Workout to amplify the benefits of a massage at home. Tutorial videos are available on all their social network to practice.

5.1.3 Creating the Treatments Offering

When the direction of the customer journey is set up brands will go deeper into what they want to propose to customers in this structured path.

The Spa will firstly have to choose which body part it will have in their treatments: face only, body only, both, targeted treatments (i.e feet or neck). This decision depends also on the products they have, for example a brand that only has Face Skincare will not use its own products for Body parts. They will not propose Body Massages or if they offer them they will use another brand to do so. Sometimes, they can even develop products that will be branded and used for these specific Spa rituals but not sold. This is the case with Les Solutions Professionals Dior, developed for Spa practices, 3 in the 13 products are available to buy.

When building up the treatment menu it must be decided if treatment menu is available in all the Spa locations, named a catalog menu, or if the menu offers specific treatments according to the locations. These signature treatments per location can be multiple or only one. YSL for example chooses to have one signature treatment at Le Bon March  Institut for their temporary cabin.

Seasonality of the treatments is also important. The menu can be evolutive depending on the season or on special events. As mentioned in the precedent part during Fashion Week for example brands tend to adapt their menu and propose exclusive offers. By decreasing the duration of availability, the desirability raises and attract more customers.

More and more the Spas try to differentiate themselves from the competition with very specific treatments. Some striking inclusive territories are the followed ones: pregnancy-friendly protocols (during the pregnancy and postpartum), targeted treatments (protocols adapted to regulate the menstrual cycle of the woman) or men specific rituals.

Spa treatment menu increasingly integrate holistic approaches to deliver emotional benefits more than focusing on physical perks only. Well-being is growingly about mind & body alignment, mood boosting treatments or polysensorial practices. To achieve these new customers' expectations brands are deepening their creativity. From using semi-precious stones at Dior Spa Cheval Blanc Paris, to asking to set an intention for the massage at Suzanne Kaufmann, and to inhale a lavender essential oil at the start of the YSL massages, every brand brings its own holistic touch. Some of them try to push the practices further by introducing astrological signs and chakras opening speeches during Spa conferences or events.

The products and the quantity of them used in the treatments should be listed to determine a price for the protocol. On top of that the brand will add a margin that covers to pay the employee, the location, all the supplier etc. with a profit margin. Nevertheless, Pricing is not a one-time decision and will be reevaluate and adjusted based on competition and profitability.

5.2 Second Step: Activating the luxury Spa

After having laid the foundations of the Spa offer in the first step of the Spa experiential value creation the second step is focus on the activation of the luxury Spa. The activation part will make sure the consumer interacts as much as possible with the Spa offer. The goal is to create a connection that will last and a frequent engagement between the offer and the customer. This begins with the management of the Spa communication and goes in hand with the animation of the luxury Spa.

5.2.1 Leveraging the luxury Spa Communication

Each Spa is different and has its own story. The challenge is to share this story in the most clear and striking way possible. This is also named the Spa Manifesto. For what is the Spa standing for, what's its DNA, why it was created, by who, to answer which society needs: these

are questions that can be answered in the Spa Manifesto. This text is a main communication theme that will be adapted to the different communication assets. For instance, you can find it on paper in the beginning of the treatment menu available in the Spa, or online on the Spa website. *“Your Spa manifesto will be the first thing your customers will notice when opening the Spa menu, the brand should be directly recognizable, treatments offering clear and the layout and details sharing information about your value proposition. The customer must enjoy entering in your Spa universe” (Interview International Group Manager – Lancôme Absolue).*

To communicate in a proficient way the targeted customer base should be identified. The Gen-Z is currently the generation that is most targeted by cosmetic brands for their growing purchasing power and trend setter influence to only cite two reasons. But some of the studied brands decide in full awareness that they don't want to target them. Carita is one of these brands and the phenomenon is describes is the following quotation: *“Carita is the brand for the elite, the billionaires and doesn't want to become too accessible, too mass market. Products are developed for mature skin and using them on young skins will not be adapted” (Interview Carita Maison de Beauté Paris Director).*

After filtering and classifying their customer base brands can create personas. This enables them to better answer the needs and expectations of their customers. The brand will try to create a community, with members who will value the service, who will come back, be loyal and if possible, become brands ambassadors.

To increase the Spa visibility the brand often doesn't take Spa egeries: *“We usually prefer to activate through influencers, key opinion leaders since Spa is a very sensorial journey, very personal, customers find these ambassadors more trustful than the brand itself” (Interview Carita Marketing Manager Premium Skincare - French Market)*

They can be invited to several content creation opportunities: inauguration weeks of a new location, seasonal events, review of Spa specific products or experience. Usually, these influencers are already good clients of the brand, for example being a promoter of their catalog Skincare lines or Make-up products. They appreciate the brand products which will increase the desirability of them to express their love for the brand.

5.2.2 Building the Spa animation plan

A Spa Communication plan is built like a Marketing plan. The Plan requires to classify projects through timelines and will give a clear view of the evolution of the business unit for the next weeks, months, semesters, or years. The organization purpose of the Plan will enable the product managers to animate the Spa and make it alive throughout the seasons.

Spa should create events that resonates with their brand DNA. They can spot specific occurrences and animate their Spa services at this time. We can differentiate events that happened in the Spa location and events organized by the Spa but delocalized. Carita for instance was inviting celebrities to get ready and receive facial massages to prepare them before the famous Cannes film festival. They rented rooms in the Hotel Martinez Hotel to create a small Carita pop-up and let the stars test their prestigious face routines. Events can also be the result of collaborations with other non-cosmetic brands as mentioned as followed: *“Carita opened its Parisian Maison de Beauté to the brand Lanvin for a temporary exhibition. Both brands were built at the same time and coexist with works that resonate between each other’s. Cheaper and easier than organizing an event, it has brought us traffic in the store and elevate the luxury image of the space” (Interview Carita Maison de Beauté Paris Director).*

By animations it can be the invitation of specialists to do a conference, share their knowledge and create excitement. Among them we can mention Yoga Teachers, Astrologists Nutritionists or Wellness Experts. Their activity is linked and occasionally complement the services offered by the brand.

Brands also have the possibility to build pop-up Spas that will only exist for a certain amount of time. Dior is the studied brand that masters this animation. In less than one year Dior launched the Spa Cheval Blanc Cruise on a boat and the Scotland with Royal Scotsman on a train. The ambition to go further is reflected in the following quote: *“It’s only the beginning, people love to go to temporary places, test exclusive treatments that you can only experience for a certain amount of time in very aesthetic places. They want to be constantly surprised with impressive concepts in places they would never have imagined.” (Interview Dior International Spa Development Manager)*

To animate the Spa, brands also have the option of dropping limited Spa editions. A good example comes from Dior Spa Eden Roc. A fragrance named after the location was created and is now part of their catalog Fragrance Collection Privé Christian Dior.

5.3 Third Step: Elevating the luxury Spa

The challenge for the Spa is to stay relevant for the customer to attract clients not only at the opening but all the time. To do so, the Spa should constantly elevate itself, be in tune with societal trends, having cutting-edge technology and integrating industry trends. To explain these aspects this chapter is divided into two sub-sections, starting with the innovation part and then how the Spa can deepen its sustainability aspects. I've chosen to set up these two parts since innovation englobes various progress types that the Spa can integrate and the sustainability is one of the key challenge of the beauty industry globally.

5.3.1 Increasing the innovation levels

Although the degree of innovation in Spas can already be high, brands must constantly improve the service they offer. This improvement is achieved through the advancement of disruptive products, machines and processes. The improvement in the benefits derived from these three entities should also be notable. Particularly the improvement of the mental benefits, left aside in front of the physical benefits which are commonly more sought after.

Innovation can be achieved through disruptive Machines. This means improving the tools used pre, during and post treatments. This innovation thirst is reflected in the words of the interviewees: *“At Lancôme we have the Beauty Tech department which is 100% focus on developing the beauty of tomorrow including the latest innovations to back-up our products (Interview Lancôme International Group Manager Lancôme Absolue)”*

“YSL is disruptive by nature and usually qualify as a brand that dares, takes risks to innovate and inspire. One of our latest machines on the market is the scent-sation. A neuro-connected headset to provide personalized fragrance advice to consider your personality and brings out the best emotions out of you. Usually, we use it at the end of a treatment to complete your experience” (Interview YSL Manager at Le Bon Marché).

“At Dior, we strive for excellence in all categories. The latest futuristic machine is our Dior Skin Light, a LED mask that uses red light to stimulate skin cells. An essential anti-aging ally

presented in preview at the Cheval Blanc spa before its online sale availability (Interview International Product Manager Dior Spa).

More than machines used in the treatments the treatments it selves are constantly reworked and push to the innovation boundaries. Some of the trends were mentioned as followed: *“Increased personalization treatments like a made to order menu. Also, the integration of color therapy and how looking at some colors improve your moods and immunity, same for aromatherapy and the smell of certain oils that will do you good. I have noticed that recently that detox body treatments increased with special bets on lymph drainage, Renata Franca methods or cupping therapy.” (Interview Decl or International Education Manager)*

Products also need to be disruptive. This includes products with texture that are going to be applied but also the infrastructure products to frame the procedures. A particular attention at Dior is put on the equipment: *“Our semi-precious stones are developed with an expert in lithotherapy, our quartz beds sourced at the worldwide leader of Spa equipment or scent diffuser perform in the Spas all day long. When a specific product tool isn’t available on the market we work with supplier and customize it to make our idea happen, it’s more expensive than a finished good but the innovative idea of our product comes to life” (Interview Dior Spa International Development Manager).*

All the interviewees also mention that having disruptive products is the basis of innovation. This is easier since these products can also be sold in the catalog ranges of these brands and then would have benefits for more investment support.

Finally, locations are also challenged. The Spa environment including the setup, architecture and design are primordial to succeed. *“Who is going to have the most instagammable location? In the hottest hotel of the season, for a pop-up in the trendy vacation destination, with the latest architects? These are questions that we ask ourselves in Marketing and need to consider outperforming (Interview Lanc me International Communication Coordinator).*

Spas that were already luxurious must increase this premiumness, create excitement and surprise with their new installations. Not having a location is also an option: *“Decl or developed a specific business with home treatments by Spa beauticians from one of T-MALL*

subcontracting groups. These estheticians are trained and can go and buy a Decléor kit and do the treatments at home following the brand's luxury protocols” (Interview Decléor International Education Manager).

5.3.2 Deepening the sustainability aspects of the luxury Spa

Like other industries, luxury Spas have several sustainability issues. One of the interviewees successfully spotted some of them: *“Energy consumption, Water Usage, Waste Management and Sustainable Design are main challenges faced by Spas to reduce their environmental impact.” (Interview Carita Maison de Beauté Director).*

Indeed, Spas often need a lot of energy to heat, cool, light, and run their equipment. This is the same for the water usage due to a lot of showers, saunas, and other water amenities. Resources can be better managed by putting in place energy- and water-saving techniques like improved flow fixtures, filtration systems, and material recycling when possible. The waste produced by the Spa is also significant: from packaging waste, chemical waste from cleaning goods to organic waste from treatments they can all consider having biodegradable materials or a performant recycling loop to cut down their environmental footprint. These factors should be considered when building the Spa, in the sustainable design and choice of building materials of the location. Integrating sustainable practices into every aspect of the Spa's operations and supply chain could set the example for how luxury and responsible environmental practices can coexist by placing a high priority on sustainability.

Using more natural ingredients in the Spa can help building a more sustainable and eco-friendly approach to treatments. Susanne Kaufmann is the expert brand of green formulas and sustainable sourcing. The brand embraced locally sourced ingredients, in the Bavarian and Austrian regions supporting regional productions and decreasing the carbon footprint associated with transportation. Dior also pays attention to sustainable practices integration and uses upcycling roses from its fragrance production to develop scrubs. It allows to reuse waste and make new products while remaining luxurious and beautifully presented in the Spas.

On a more holistic perspective we can also consider the fact of offering ourselves a treatment, a service, as more sustainable than buying a product. The customer does not leave

with something material. He can do it by buying a product after his treatment, but it is not automatic. This mindset was expressed in the two following quotations:

“When you enter the location doors you will get a unique combination of professional expertise, customized treatments, high-quality products, advanced techniques, and a focus on your overall well-being. It’s an immaterial investment but with long-term material benefits.”
(Interview Carita Marketing Manager Premium Skincare French Market)

“Going to a Spa provides a more immersive approach to beauty than buying a skincare product. You buy intangible things that can copy the benefits of a skincare product. But the joy, relaxation, disconnection, and emotional well-being of the experience go beyond physical results” *(Interview Lancôme Retail & Education Director – Premium Categories)*

Luxury Spas also challenge sustainability aspects of social resources. Indeed, in today’s world everyone is constantly connected, and less present in the moment, concentrated with others than in a tech-free world. *“Going to a Spa allow customers to take a break from permanent technology use. Individuals are meeting with real people, communities are created, people are more present in the moment and cultivate mindfulness.”* *(Interview Lancôme Retail & Education Director)*

Spa visits may also present a chance for social interaction. The social contacts at the Spa, whether done so with friends, a significant other, or the Spa personnel, help to create a sense of belonging and support. Spas enabled customers to disconnect, feel better and go out readier to build things and be present for others.



Table 2: Luxury Spa Experiential Value creation frame proposal

6. Discussion

The purpose of this study was to investigate how luxury companies create experiential value through Spa offer. Goal is to give concrete advice to Spa-enthusiastic and especially managers with a work position related to Spa management. The above findings of interviewees with employees at five companies and the many secondary sources about the six companies go in the same direction as the Literature Review.

The gathered Literature Review doesn't get into the field of how concretely the Spa experiential value is created. In the Literature the focus was more on how Spas are positioned in the wellness, luxury eco-system by defining them and describing their purpose. Nevertheless, Both parts of my research are aligned that the experiential value created by luxury brands is an essential part of achieving success. As mentioned by Kapferer & Bastien (2009) the customer understanding part is key and include the understanding of their perceptions of authenticity, experiential value, and contentment. Based on these expectations a full mapping of the customer journey is made to level up all the interaction between the customer and the Spa entity. The Findings part set the frame of how the experiential value is created. This specific knowledge Is theoretical as well but hasn't been underline before. Managers can follow a very clear three steps process by firstly designing the luxury Spa, then activating it and lastly constantly working on its elevation. The second part, the specificities of Spa activation is a huge part of the experience and wasn't mentioned in the literature review.

On the Innovation topic the literature review agrees that Spa are the epitomes of luxury (Lin, 2018) and need a constant high level of innovation as mentioned in the findings. The literature review mentions how the innovation is part of the experiential value created (Hsi-Jui & Rong-Da, 2009) when the Findings give concretes perspectives on which aspects brands need to be innovative. Indeed, the Findings set the dimensions of innovations by splitting the innovation through machines, treatments, products, and locations. The Literature recognizes that Spas are a sustainable way of consuming luxury (Cervellon & Shammas, 2013) but doesn't go in the details of how the Spas sustainable practices can be leverage. The literature lacks explanation about the holistic advantage of the Spa retreat, a detox for customers of their face-paced environment.

Previous studies don't go as deep as this thesis and no study has explained how to open a Spa from A to Z. These few studies are not enough to enable managers to open and manage Spa

businesses. Precedent studies were focused on experiential value in general or on the wellness industry without categorizing the different sub-categories of wellness. Moreover, I had the chance to gather lots of primary sources combining three different primary data: interview, direct observation and participant observation all located in Paris, close to the headquarters of many Spa luxury brands with contacts in leaders of this industry willing to share their knowledge. Paris is also a city where I had the chance to visit Spa locations and be able to test some of the Spa treatments offered by the brands.

The results of this study are specific and significant and can be applied in real world scenarios. These will benefit employees who have a connection with Spas in their job: Spa Manager, Marketing Manager or Wellness Experts for instance. In addition to that, the results can serve brands that think of Spa openings as well as Spa repositioning.

7. Conclusion

To conclude, this qualitative study enabled me to answer my research question on how luxury companies can create experiential value through Spa offer. Consistently, I analyzed six cosmetics companies that have created a differentiative Spa approach. I compared how their approaches are consonant with the existing literature.

I deduced that to create experiential value through a Spa offer, it was necessary to establish a clear and consistent framework to take into account all possible aspects that could impact the customer experience. To understand what experiential value is, how it differs depending on the target customer and how it is closely linked to the service offered by a luxury Spa. It was shown that companies need to design a Spa by defining the model used, mapping the customer journey, and creating the treatment offer. Then, implement the Spa in its context to offer a complete experience by activating its 360° offer. This is done by an effective communicating throughout its animation plan. Finally, expectations are such that the Spa must be constantly elevated to the point of innovation and anchored in its time by intensifying its progress towards sustainability.

These findings may be of interest to any individual, given that improving well-being is a commonly shared objective. Spas play a big role in the global wellness industry and help us understand its dynamic by understanding the market trends, consumer behavior and emerging

opportunities. Spas are now a big part of the worldwide tourism economy and investing in the Spa experience can exponentially increase the revenue of the Spa holders. Having studied luxury Spas has brought knowledge on the benefits of more physical and emotional benefits, stress reduction, relaxation or even rejuvenation. Usually, Spas use treatments rooted by cultural heritage and traditional practices. Studying them promote their transmission and highlight the importance of conserving regional craftsmanship. New medications, technology, and evidence-based practices may be created because of luxury Spa studies in the larger healthcare sector. Lastly, Spas have the duty of increasingly integrating sustainability practices and can inspire the society by their positive dynamic of minimizing their ecological footprint.

Despite the new knowledge proposed, this research also has its own limitations. Even if the primary collected was very useful for the research, the amount could be bigger. My research doesn't include an interview with a Susanne Kaufmann employee due to the lack of response. The luxury Spa universe is very secret, closed, and difficult to access. The online access to the primary data is restricted and also limited by the time constraint. Employees interviewees, even if they all had an important position, might not represent opinions of the other employees of their company. In addition to that the research was made in France with interview of employees that have an international scope, but field visits were all made in Paris. As a student, the budget to lead this study was also restricted which did not allow me to test treatments from all the studied brands.

As a respond to my limitations, future research could have been done with more budget, sponsored by a company, to have the possibility to test more Spa treatments and map their offer to better analyze them. The studied companies could have been explored in a different geographical context, for example with a focus in Asia, where Skincare and Spa is a huge thing. Finally, the thesis was conducted with qualitative data, quantitative methodology could investigate future research.

8. References

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9. Appendices

Appendix 1: Primary and secondary data collected

Dior – Primary Data					
Type of Data	Name	Organization	Position	Date	Length
Interview	Claire Roman	Dior	International Product Manager - Dior Spa	07/04	1h
Interview	Charlotte Ollagnier	Dior	International Development Manager - Dior Spa	12/04	40 min
Direct Observation: Spa Visit	/	Dior Spa Cheval Blanc, Paris	/	05/03	15 min
Direct Observation: Spa Visit	/	Dior Spa Plaza Athenée, Paris	/	05/03	15 min
Direct Observation: Spa Visit	/	Dior Spa Cabin Le Bon Marché, Paris	/	11/03	15 min

Table 3: Primary data collected on Dior

Dior – Secondary Data					
Type of Data	Source origin	Title of the document	Name of author	Position in Organization	Date of publication
Website	Internal	Dior Spas	Dior	Dior	2023
Website	Internal	Dior High Tech Expertise	Dior	Dior	2023
Website	Internal	Les Solutions Professionnelles Dior	Dior	Dior	2023
Video	Internal	Enjoy a Bespoke Treatment at Dior Spa Portofino	Dior	Dior	08/2022
Video	Internal	Dior Spa Cheval Blanc	Dior	Dior	03/2022
Video	Internal	Dior Spa Cheval Blanc, the Creators - Claire Liebbe and Charlotte Ollagnier	Dior	Dior	03/2022
Video	Internal	Dior Spa Cheval Blanc, the Creators - François Demachy	Dior	Dior	03/2022
Video	Internal	Dior Spa Cheval Blanc, the Creators - Peter Philips	Dior	Dior	03/2022

Video	Internal	Dior Spa Cheval Blanc, the Creators - Jennifer Steinkamp	Dior	Dior	03/2022
Newspaper Article	External	Dior's exclusive Spa combines luxury with wellness	Sofia Sayers	Journalist Dao Insights	07/2022
Spa Menu	Internal	Dior Spa Cheval Blanc Brochure	Dior	Dior	2021
Spa Menu	Internal	Dior Spa Hotel du Cap Eden Roc Brochure	Dior	Dior	2023
Newspaper Article	External	Dior Steps Up Bid for China's Untapped Wellness Sector	Wenzhuo Wu	Journalist Jing Daily	07/2022
Newspaper Article	External	Rejuvenation has a new address as the new Dior spa is set to open at the legendary Hôtel du Cap-Eden-Roc in Antibes	Neha Tandon Sharma	Journalist Luxury launches	04/2023
Newspaper Article	External	DIOR POWERED BY HYDRAFACIAL The new exclusive protocol for Dior Spas	Christine schott Ledes	Journalist Vogue	03/2022
Newspaper Article	External	Dior is Taking you on a Cruise through Paris, inspired by the Spas of the 19th century	Noni Grace Reginato	Journalist Vogue	06/2022

Table 4: Secondary data collected on Dior

Susanne Kaufmann – Primary Data					
Type of Data	Name	Organization	Position	Date	Length
Direct Observation: Point of Sales Visit	/	Susanne Kaufmann Corner at Oh My Cream		20/04	15 min

Table 5: Primary data collected on Susanne Kaufmann

Susanne Kaufmann – Secondary Data					
Type of Data	Source origin	Title of the document	Name of author	Position in Organization	Date of publication
Website	Internal	About	Susanne Kaufmann	Susanne Kaufmann	2023
Website	Internal		Susanne Kaufmann	Susanne Kaufmann	2023
Website	Internal		Susanne Kaufmann	Susanne Kaufmann	2023

Spa Menu	Internal	Spa Menu Hotel Post Bezau	Susanne Kaufmann	Susanne Kaufmann	2023
Spa Menu	Internal	Spa Menu The Surf Club Miami	Susanne Kaufmann	Susanne Kaufmann	2023
Spa Menu	Internal	Spa Menu Hôtel Primard	Susanne Kaufmann	Susanne Kaufmann	2023
Podcast	External	Susanne Kaufmann I Founder of Susanne Kaufmann	Gemma Watts	Podcast Co-Founder Glow Journal Podcast	06/2021
Podcast	External	#42 Slow Skincare - Susanne Kaufmann	Anna Wieser	Podcast Co-Founder Crafting Transformation Podcast	03/2023
Podcast	External	Susanne Kaufmann - The Natural Skincare Pioneer and Expert Establishing Alpine Botanicals in Modern Beauty ft. Susanne Kaufmann	Akash Mehta	Podcast Co-Founder Founded Beauty Podcast	12/2022
Newspaper Article	External	Susanne Kaufmann defines a new generation of Skincare that preserves the planet	Angela Lei	Journalist Forbes	02/2023
Newspaper Article	External	Wellness Pioneer Susanne Kaufmann Launches Spa Treatments At The Four Seasons	Katie Chang	Journalist Forbes	10/2022

		Hotel At The Surf Club			
Newspaper Article	External	Susanne Kaufmann's Austrian Mountain Spa Is Clean-Living Heaven	Sophie Bew	Journaist AnOther	06/2019
Presentation	Internal	Susanne Kaufmann Milestones	Susanne Kaufmann	Susanne Kaufmann	N/A

Table 6: Secondary data collected on Susanne Kaufmann

Carita – Primary Data					
Type of Data	Name	Organization	Position	Date	Length
Interview	Katia Dufon Schaffhauser	Carita	Carita Maison de Beauté Paris Director	20/04	1h
Interview	Marie Hausserman	Carita	Ex International Marketing Development Coordinator	07/04	40 min
Interview	Himsky Abdillah	Carita	Ex Marketing Manager Premium Skincare – French Market	31/04	45 min
Direct Observation: Spa Visit	/	Maison de Beauté Carita, Paris	/	20/04	30 min

Table 7: Primary data collected on Carita

Carita – Secondary Data					
Type of Data	Source origin	Title of the document	Name of author	Position in Organization	Date of publication
Website	Internal	Our Cabins Treatments	Carita	Carita	2023

Website	Internal	Our Maison de Beauté	Carita	Carita	2023
Website	Internal	About Carita	Carita	Carita	2023
Spa Menu	Internal	Spa Maison de Beauté Carita	Carita	Carita	2023
Newspaper Article	External	PFW Briefing: Lanvin digs into archives for partnership with beauty brand Carita	Zofia Zwieglinska	Journalist Glossy	03/2023
Newspaper Article	External	L'Oréal-owned Carita marches into China's luxe beauty salon market	N/A	Journalist Dao Insights	07/2022

Table 8: Secondary data collected on Carita

Decléor – Primary Data					
Type of Data	Name	Organization	Position	Date	Length
Interview	Severine Collas	Decléor	International Education Manager	28/03	1h

Table 9: Primary data collected on Decléor

Decléor – Secondary Data					
Type of Data	Source origin	Title of the document	Name of author	Position in Organization	Date of publication
Website	Internal	Discover the Treatments You Need	Decléor	Decléor	2023
Website	Internal	Experience High Performance Wellness - Decléor Face Workout Institute	Decléor	Decléor	2023

Video	Internal	Experience High Performance Wellness - Decleor Face Workout Institute	Decléor	Decléor	09/2022
Video	Internal	Discover Decleor - Essential Oils Skincare	Decléor	Decléor	10/2022
Video	Internal	t-Home Face Workout moves by Decleor - The power of hands activated by Essential Oils Skincare	Decléor	Decléor	06/2021
Spa Menu	External	Nocibé Decléor Treatments	Nocibé	Nocibé	2023
Spa Menu	External	Une Heure Pour Soi Decléor Treatments	Une Heure Pour Soi	Une Heure Pour Soi	2023

Table 10: Secondary data collected on Decléor

Lancôme – Primary Data					
Type of Data	Name	Organization	Position	Date	Length
Interview	Karolina Abdel Bary	Lancôme	Lancôme Retail & Education Director – Premium Categories	12/03	30 min
Interview	Clémence Mayoux	Lancôme	International Group Manager – Lancôme Absolue	06/04	45 min
Interview	Sabine Sinno	Lancôme	International Communication Coordinator	26/03	45 min

Direct Observation: Spa Visit	/	Spa Cabin on the Lancôme Floor at Galeries Lafayette Paris	/	26/03	15 min
Direct Observation: Spa Visit	/	Lancôme Flagship Champs Elysée Paris	/	08/03	15 min
Participant Observation: Experience of L'Absolue L'Extrait Spa Treatment	Treatment realized by Karolina Abdel Bary	Lancôme	/	23/03	1 h
Spa Menu	Internal	L'Institut de Beauté Lancôme Les Champs Elysée	Lancôme	Lancôme	2023

Table 11: Primary data collected on Lancôme

Lancôme – Secondary Data					
Type of Data	Source origin	Title of the document	Name of author	Position in Organization	Date of publication
Website	Internal	52 Champs Elysée Presentation	Lancôme	Lancôme	2023
Website	Internal	Exclusive Services	Lancôme	Lancôme	2023
Video	Internal	Annie Black (Lancôme) : Lancôme accélère sur la Beauty Tech	Annie Black	Scientific Director Lancôme International	06/2022
Newspaper Article	External	Can L'Oréal Conquer Beauty's Next 'Blue Ocean'?	Charlotte Cai	Journalist Jing Daily	07/2022
Newspaper Article	External	Lancôme and Sofitel create Lunar New Year	Martin Moodie	Journalist The Moodie David Report	03/2022

		happiness in Hainan			
Spa Menu	Internal	L’Institut de Beauté Lancôme Les Champs Elysée	Lancôme	Lancôme	2023

Table 12: Secondary data collected on Lancôme

Yves Saint Laurent – Primary Data					
Type of Data	Name	Organization	Position	Date	Length
Interview	Fanny Serbont	Yves Saint Laurent	Yves Saint Laurent Manager at Le Bon Marché	11/03	1h
Direct Observation: Spa Visit	/	Yves Saint Laurent Spa Cabin on the Institut Floor of Le Bon Marché Paris	/	11/03	15 min
Participant Observation: Experience of the YSL Or Rouge Treatment	Treatment realized by Fanny Serbont	Dior Spa Cheval Blanc, Paris	Yves Saint Laurent Manager at Le Bon Marché	11/03	45 min

Table 13: Primary data collected on Yves Saint Laurent

Yves Saint Laurent – Secondary Data					
Type of Data	Source origin	Title of the document	Name of author	Position in Organization	Date of publication
Website	Internal	Skincare Manifesto	YSL Beauty	YSL Beauty	2023
Video	Internal	YSL Or Rouge Series New Nourishing Oil How to use	YSL Beauty	YSL Beauty	10/2020
Video	Internal	YSL Pure Shots anti-	YSL Beauty	YSL Beauty	06/2022

		fatigue duo how to video			
Spa Menu	External	Yves Saint Laurent – L’Institut	Le Bon Marché	Le Bon Marché	2023

Table 14: Secondary data collected on Yves Saint Laurent

Industry Data - Secondary Data				
Type of Data	Title of the document	Name of author	Position in Organization	Date of publication
Podcast	Creating Luxurious Spa & Wellness Experiences - with Sammy Gharieni	Kim Marshall	Interview of Sammy Gharieni, CEO of Gharieni, Global Wellness Conversation Podcast	11/2019
Podcast	More Than Just Fun: Wellness, Sustainability & Content In the Hospitality Industry - Neil Jacobs from Six Senses Hotels Resorts Spas	Kim Marshall	Interview of the CEO of Six Senses Hotel Resort Spas, Neil Jacobs Global Wellness Conversation Podcast	11/2019
Podcast	Why Retail Matters in Spa	Daniela Woerner	Spa Marketing Made it Easy Podcast	01/2023
Podcast	3 Types of Revenue Every Spa Needs	Daniela Woerner	Spa Marketing Made it Easy Podcast	03/2022
Podcast	ASMR Practice of Guided Meditation for Facial	N/A	The "Hey Friend" Podcast	06/2022
Video	Guerlain The Art of Wellness	Guerlain	Guerlain	01/2022

Report	Global Wellness Trends Report: The Future of Wellness 2023	Many authors	Global Wellness Summit	12/2022
Report	Feeling Good: The Future of The \$1.5 trillion wellness market	N/A	McKinsey Report	04/2021
Newspaper article	L'Occitane launches new spa abroad the world traveller ferry	Louise Prance Miles	Global Cosmetic News	11/2022
Newspaper article	Air France and Clarins launch spa in JFK lounge	Georgina Cadwell	Global Cosmetic News	11/2022
Newspaper article	5 Spa and Wellness Resort Memberships You'll want to check out this year	Isabelle Buneo	NewBeauty	01/2023
Newspaper Article	Review of Balmain Spa Opening	Marie Baldt	Vogue	03/2023

Table 15: Secondary data collected on the Industry

Appendix 2: Coding Table

Quotations	Codes
<i>"We offer body and face treatments for a global care, from body to mind"</i>	Facial & Body Offering
<i>"The emotional benefits are the new physical benefits, and it goes without saying that we use a holistic approach to</i>	Holistic Approach

<i>reinforce them: semi-precious stones or choreographies of sensory awakenings for example”</i>	
<i>“People think of the spa as a closed place, but on the contrary, we have treatments adapted to men, pregnant women or even after plastic surgery.”</i>	Inclusivity
<i>“Our spa is an interactive omnichannel space, you will find QR codes on our menus, connected mirrors, or electronic artworks.”</i>	Omnichannel Experience
<i>“When the client enters La Maison de Beauté, he can spend the whole day there, after his treatment he can have his hair done, make-up applied, drink a coffee, get advice in the store, attend a conference on nutrition...”</i>	Complementary Offer
<i>“The types of treatments are curated based on our science and also based on your needs when booking an appointment, you get yourself diagnosed under youth finder to check your skin needs.”</i> <i>“I will accompany the customer and make his skin diagnosis, discuss with the person their problems, their concerns, their expectations, their preoccupations and then we will accompany him in the treatment cabin”</i>	Personalization
<i>“Our Spa structure allows us to have our own spaces, totally independent from the place that welcomes us and obviously branded with our name”</i>	Independent Spa Structure
<i>“Originally all products were designed to be used in a Spa with the potential to sell them to clients. It makes sense to sell them to the client after her treatment.”</i>	Cross-Axis Retail
<i>“Having a Spa manifesto is essential for the brand's positioning. What is the Dior skincare philosophy? It must be clear, directly recognizable without having to put a logo on it.”</i>	Spa Manifesto
<i>“Egeries are common for luxury skincare brand, yet on spas they are less visible. Only the big brands can pay for an egerie”</i>	Spa Egeries

<p><i>“There is also a lot of work with celebrities, magazines, a lot of PR that created buzz to create a community that supports the spa, this community that will allow us to measure the conversion KPIs”</i></p> <p><i>“The customer journey does not end when the customer leaves the house. That's how we activate VIP customers in CRM.”</i></p>	Spa Community
<p><i>"It's important to offer something exclusive, during fashion week for example, or exclusive depending on the location."</i></p>	Evolutive Spa Menu
<p><i>"With Lanvin it's a relationship that started 70 years ago, so it makes sense, it's an opportunity to collaborate around an event in our spa. »</i></p>	Collaborations
<p><i>“Limited editions are great! Imagine having loved the scent sprayed in your room during the treatment, you buy it, it is unique to the place, and you continue the experience at home”</i></p>	Limited Edition
<p><i>“Organic care is no longer enough, our teams are constantly on the lookout for the latest machines, fashionable, at the cutting edge of technology to offer high-tech care diversifying”</i></p>	Disruptive Machines
<p><i>“We often add new treatments based on innovations or new brand DNA that our BAs and esthetician learn.”</i></p>	Disruptive Treatments
<p><i>“I think the future is the integration of science and innovation of our products to the max”</i></p>	Disruptive Products
<p><i>“It is necessary to create the surprise, where we do not expect a Spa but we would love to find one?”</i></p>	Disruptive Location
<p><i>“Goal is to be able to combine sustainability and innovation to manage and perform in a sustainable innovative way”</i></p>	Sustainable Resources Management
<p><i>“We have always taken care to have the most natural products possible, the same goes for the formulas used in our spas.”</i></p>	Natural Ingredients

<i>“When we can, we try to upcycle our ingredients used in other business units of our brand, ingredients still effective with a nice story”</i>	
<i>“It's a treat, we buy an experience, beyond buying we show what we do, an unforgettable experience that we can share. We prefer a moment of luxury than collecting creams.”</i>	Sustainable Experience

Table 16: Coding Table

Appendix 3: Coding tree

First order codes	Second order themes	Aggregated Dimensions	
Facial & Body Offering	Treatments offering	Design of the luxury Spa	
Holistic Approach			
Inclusivity			
Omnichannel Experience	Customer Journey		
Complementary Offer			
Personnalization			
Independent Spa Structure	Spa Model		
Cross-Axis Retail			
Spa Manifesto	Spa Communication		Activation of the luxury Spa
Spa Egeries			
Spa Community			
Evolutionary Spa Menu	Spa Animation		
Collaborations			
Limited Edition			
Disruptive Machines	Innovation	Elevation of the luxury Spa	
Disruptive Treatments			
Disruptive Products			
Disruptive Location			
Sustainable Resources Management	Sustainability in the Spa		
Natural Ingredients			
Sustainable Experience			

Table 17: Coding Tree

Appendix 4: Summary of results among codes within studied cases

First order codes	Dior	Susanne Kaufman	Carita	Decléor	Lancôme	Yves Saint Laurent	Second Order Themes
Facial & Body Offering	x	x	x	x	x		Treatments Offering
Holistic Approach	x	x	x	x		x	
Inclusivity	x	x			x		
Omnichannel Experience	x		x		x		Customer Journey
Complementary Offer	x	x	x		x		
Personnalization	x	x		x	x		
Independent Spa Structure	x						Spa Model
Cross-Axis Retail	x				x	x	
Spa Manifesto	x	x	x		x		Spa Communication
Spa Egeries	x						
Spa Community	x		x		x		
Evolutionary Spa Menu	x	x					Spa Animation
Collaborations	x		x				
Limited Edition	x						
Disruptive Machines	x				x		Innovation
Disruptive Treatments	x	x	x	x	x	x	
Disruptive Products	x	x					

Disruptive Location	x	x					
Sustainable Resources Management		x					Sustainability in the Spa
Natural Ingredients	x	x		x			
Sustainable Experience	x	x	x	x	x	x	

Table 18: Summary of results among codes within studied cases