

# Royal Spa, Inc.

*Business Plan*

*by*

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HRTM 7715/ Special Project

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### **Abstract**

This business plan focuses on the opening and launching of spa center by Royal Spa, Inc. in the island of Cyprus. Royal Spa wants to ensure that the customer's body, mind, and soul are pampered through facial, massages, and various therapies. The Spa will be established near the water to create a guest experience that compliments the natural surroundings full of Asian Fusion treatments. One of the Spa's services will be to offer Romance packages for couples including aromatherapy baths and relaxing in private under candlelit. It will also host bachelor and bridal beauty parties.

This business plan will illustrate the process of opening Royal Spa and introducing Cyprus to prospective investors and clients who are not familiar with the island. Through this project I will go through a series of analysis such as Cultural, Economic, Competitive, and Financial. I will also give a property description and create a Preliminary Marketing Plan for the Spa.

## 1. Executive Summary

*Originally, spas were places for rich people or people with significant health issues. Now people are visiting spas as a way of recharging their batteries. It is becoming more and more part of what locals and seasoned travelers are looking for during vacation times. Spa-goers are likely to treat their visits to the spa as short-lived emotional journeys that temporarily carry them out of stressful conditions into more tranquil, balanced and, perhaps, indulgent experiences. The more convenient and accessible the spa is, the better; especially if the spa experience is physically removed from outside distraction.”*

*“The “Royal Spa” where every guest will be treated as a king and queen and distraction will not be in our vocabulary. Guests will be able to enjoy the live piano music in the lobby along with bubbling refreshing champagne; compliments of the spa. Group guests will be entering the spa through a private entrance. This will avoid any distraction towards the rest of the guests.*

*These days’ spa treatments and social gatherings are highly compatible. The spa experience gets people more relaxed and therefore opens up their minds and their senses.*

*Rena Kilaniotou*

## **1.1 Introduction**

Royal Spa, Inc., a newly formed corporation, is in process of opening a day spa, called “Royal Spa”, in the Mediterranean Island of Cyprus. Once completed, Royal Spa, first of its kind, will be a luxurious day spa offered to locals and tourists. The property will include 14 single treatment rooms providing a variety of spa services, including massages, pedicure and manicure, as well as Jacuzzis, mud baths, hot tubs, and saunas. The property, located in the town of Limassol, will be situated on a hill with a panoramic view of the city and the Mediterranean Sea. The town of Limassol, with a population of approximately 183,000 is the largest city in Cyprus by geographical size. Limassol known of its beautiful beaches, has become one of the most important tourism centers in the Mediterranean region. Limassol is also renowned for its long ancient cultural tradition with a wide spectrum of activities including a great number of museums and archaeological sites. More than 400,000 tourists visited the town of Limassol last year and due to the fast growing tourism market that created a spur of hotel development in the last 10 years. Given this growth, Royal Spa, a first of its kind, expects to succeed in providing attractive investment returns as will be demonstrated in this business plan.

## **1.2 Transaction Overview**

Royal Spa is seeking to raise approximately \$2.1 million of including \$1.6 million of debt and approximately \$500 thousand of equity. Based on our 5-year plan (see Section 6.3 Equity Analysis in the Financial Analysis Section), the equity investment is projected to create a return in excess of approximately 87% of its investors.

Royal Spa has entered to a lease agreement with the current owner of the property, Houris Corp., to lease the 14,000 square feet facility on Ariadnis street, Mouttayaika, Limassol 4531.

The Sources and Uses of the transaction are following:

Sources	Amount	% Cap	EBITDA x	Uses	Amount
Loan	1,600,000.00	75%	1.68	Improvements / Construction:	850,000.00
Equity	523,857.94	25%	0.55	Furniture	394,190.00
				Equipment	126,808.00
				Supplies	255,000.00
				One year Rental	396,000.00
				Other Expenses	40,000.00
				Fees	3.0% 61,859.94
<b>Total:</b>	<b>2,123,857.94</b>		<b>2.23</b>	<b>Total:</b>	<b>2,123,857.94</b>

**Table 2.** Transaction Sources & Uses

### 1.3 Business Overview

The Royal Spa will be the only day spa in this highly growing area to offer one stop shopping, group treatments and variety of different treatments, as well as revolutionize on the recent trends for its men clientele.

#### *Menu of Treatments*

The menu of various treatments includes several facial treatments such as regenerating facial, stone facial, radiance facial, and mountain man facial. It is also include a lot of body scrubs such as flower body scrub, sweet lavender, tea tree, rose and salt, and sunny lime and ginger. It will also include body wraps such as warm aroma coconut oil, healing herbal mud, tea tree and clay, and sandalwood and rose. Royal Spa will also include a variety of body massages including dessert sand massage, pantai luar massage, hot stone massage, Thai massage, honey release, acupressure back massage, scalp massage, south sinai, vichy, sweet basil and kaffir lime compress massage, vitality hot herbal cushion, tangerine dreams aromatherapy, kings mountain massage, sports massage, love everlasting aromatherapy massage and much more. It will also offer several kinds of manicure and pedicure treatments.

### ***Description of property***

The property will consist of 7 double rooms that can be converted to 14 single rooms, Jacuzzi rooms, manicure and pedicure rooms, and group treatment rooms with 14 stations, saunas, mud baths, swimming pool, and the royal spa suite.

The customer will enter spa through the reception area where he/she will be treated to a herbal refreshments or champagne and have a sit in its cozy lounge. Then will be welcomed by its therapist and have a brief tour through the facility and a description of the different stages of his/her treatment. Guests will then be taken to their treatment room and have the chance to change and get ready for their treatments. At the end of their treatments will be able to enjoy a nice shower if they choose to do so and enjoy the swimming pool.

### ***Management/Ownership***

For the successful execution of the plan, Rena Kilaniotou as the owner and President of the company hired Leo Charalambous as a Vice President of Royal Spa with ten years experience in health spas. Also Royal Spa is in process of hiring more top management to run the day-to-day operations. For this position, the Royal Spa is seeking someone that is dynamic, forceful, and able to successfully execute the day-to-day operations and share the Royals Spa vision. Besides management, a team of professionals will be hired for all treatments. Requirements will be 5-6 years in the spa industry with proper certifications and licenses, professionalism, discretion and ability to work long hours.

### ***Promotion/Marketing***

At the beginning, Royal Spa will promote its business by advertising through different media such as magazines, TV, newspapers, company's website, word-of-mouth, trade shows, and magazines in flights toward Cyprus. As Royal Spa builds its' reputation of "Keeping its

customers happy and these customers tell other prospective customers”, the need for advertisement should diminish.

#### **1.4 Market Overview**

The town of Limassol is the ideal location for Royal Spa because its' located near the water and between 50 to 60 minutes away from the capital and all the other cities. Royal Spa chooses to position the spa in Limassol because it sees the urge for a 'one stop shop' there. It will be the only spa with such a facility in the area and that is the reason that competition is not involved.

Royal Spa is ahead of the new trends developing in the spa market in Limassol and in Cyprus in general. Some of those trends are the new fashion of men visiting spas for relaxation, wellness, and appearance. Women are more interested in their appearance everyday. A lot of people use spas as 'social spa-ing'. And according to ISPA (2007), tourists when booking vacations; one of their main concerns is spas.

Another advantage for Royal Spa is the entry of Cyprus into the EU. Countries that did not know much about Cyprus now are well informed about the country and are also regular visitors.

### 1.5 Financial Analysis Review

For the purpose of this project, a financial analysis was conducted including five years of cash flow projections. The cash flow projections assumptions, for both, the revenues and expenses were based on industry averages. If the plan is carried out, the investors are expected to earn approximately 87% return on their investment as demonstrated below:

<u>Assumptions</u>		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Annual Budget</b>							
<b>INCOME STATEMENT</b>							
<b>Revenue Assumptions</b>							
Average Price per visit		\$ 150.00	\$ 157.50	\$ 165.38	\$ 173.64	\$ 182.33	
Average Price Increase	5.0% (growth)						
Average Daily Visits		25	25	25	25	25	
Daily Revenue		3,750	3,938	4,134	4,341	4,558	
<b>Annual Revenues</b>		1,368,750	1,437,188	1,509,047	1,584,499	1,663,724	
<b>Cost of Revenue</b>	15.0% (% of Rev)	205,313	215,578	226,357	237,675	249,559	
<b>Operating Expenses:</b>							
Salaries	5.0% (growth)	100,000	105,000	110,250	115,763	121,551	
General	1.5% (% of Rev)	20,531	21,558	22,636	23,767	24,956	
Administrative	1.5% (% of Rev)	20,531	21,558	22,636	23,767	24,956	
Selling/Marketing	5.0% (% of Rev)	68,438	71,859	75,452	79,225	83,186	
Rent		-	33,000	33,000	33,000	33,000	
Total Operating Expenses		209,500	252,975	263,974	275,522	287,649	
<b>EBITDA</b>		953,938	968,634	1,018,716	1,071,302	1,126,517	
Depreciation	5.00% (% of Rev)	68,438	71,859	75,452	79,225	83,186	
<b>EBIT</b>		885,500	896,775	943,264	992,077	1,043,331	
Interest		144,000	139,096	133,750	127,923	121,571	
<b>EBIT</b>		741,500	757,679	809,514	864,154	921,760	
Taxes	35% (% of EBT)	259,525	265,188	283,330	302,454	322,616	
<b>Net Income</b>		481,975	492,492	526,184	561,700	599,144	
<b>EQUITY CASH FLOW</b>							
EBITDA		953,938	968,634	1,018,716	1,071,302	1,126,517	
Less Taxes		(259,525)	(265,188)	(283,330)	(302,454)	(322,616)	
Less Interest		(144,000)	(139,096)	(133,750)	(127,923)	(121,571)	
Less Working Capital	1.00% (% of Rev)	(13,688)	(14,372)	(15,090)	(15,845)	(16,637)	
Operating Cash		536,725	549,979	586,546	625,080	665,693	
Less Capex (Improvements)	5.00% (% of Rev)	(68,438)	(71,859)	(75,452)	(79,225)	(83,186)	
Free Cash Flow Before Loan Pmts		468,288	478,120	511,094	545,855	582,506	
Less Loan Principal Pmts		(54,494)	(59,399)	(64,745)	(70,572)	(76,923)	
<b>Equity Cash Flow</b>		(523,858)	413,793	418,721	446,349	475,284	505,583
Plus Terminal Value (using same initial EBITDA multiple)							2,508,091
Less Loan outstanding @ Exit							(1,273,868)
Total Equity Including TV	<b>IRR 77.26%</b>	<b>(523,858)</b>	<b>413,793</b>	<b>418,721</b>	<b>446,349</b>	<b>475,284</b>	<b>1,739,807</b>
	<b>87.06%</b>	<b>(523,858)</b>	<b>413,793</b>	<b>418,721</b>	<b>446,349</b>	<b>475,284</b>	<b>1,739,807</b>
<b>LOAN CALCULATIONS</b>							
Loan Outstanding		1,600,000	1,545,506	1,486,107	1,421,363	1,350,791	1,273,868
Principal Payment		54,494	59,399	64,745	70,572	76,923	
Interest Payment		144,000	139,096	133,750	127,923	121,571	
Total P+I		198,494	198,494	198,494	198,494	198,494	

## 2. Transaction Overview

The total cost for the opening of Royal Spa is estimated at \$2.1 million. The proceeds will be used for up-front one-year's rent of \$396 thousand, renovation of the building for \$850 thousand purchasing equipment and furniture for \$521 thousand and supplies for \$255 thousand.

A more detail breakdown is included in the table below:

Transaction Sources & Uses								
Sources	Amount	% Cap	Exp. Rate	WACC	Years	EBITDA x	Uses	Amount
Loan	1,600,000.00	75%	9%	6.7801%	15	1.68	Improvements/ Construction:	850,000.00
Equity	523,857.94	25%	25%	6.1663%		0.55	Furniture:	394,190.00
							Equipment:	126,808.00
							Supplies:	255,000.00
							One year Rental	396,000.00
							Other Expenses	40,000.00
							Fees	3.0% 61,859.94
<b>Total:</b>	<b>2,123,857.94</b>			<b>12.9465%</b>		<b>2.23</b>	<b>Total:</b>	<b>2,123,857.94</b>

The detailed breakdown of the up-front costs is as follows:

<b>Estimates</b>		
<b>Monthly Rental:</b>		<b>\$33,000.00</b>
<b>Improvements/Construction:</b>		
	Flooring:	\$150,000.00
	Room Division:	\$100,000.00
	Windows:	\$75,000.00
	Fish Tank:	\$250,000.00
	Kitchen:	\$30,000.00
	Plumbing:	\$20,000.00
	Bathrooms:	\$60,000.00
	Bridge:	\$50,000.00
	Lighting:	\$115,000.00
	<b>Total:</b>	<b>\$850,000.00</b>
<b>Furniture:</b>		
	Reception:	\$13,500.00
	Treatment Beds (28 x \$400 each)	\$11,200.00
	Supply Cabinets (18 x \$400)	\$6,004.00
	Stools (4 x \$199)	\$2,786.00
	Royal Suite Treatment Beds (2 x \$600)	\$1,200.00
	Full Gel Fire Place	\$1,500.00
	Recliners (2 x \$4000)	\$8,000.00
	Changing Rooms Furniture & Equipment	\$150,000.00
	Misch.	\$200,000.00
	<b>Total:</b>	<b>\$394,190.00</b>
<b>Equipment:</b>		
	Facial Instruments (22 x \$800)	\$17,600.00
	Steamers (22 x \$150)	\$3,300.00
	Sterilizers (22 x \$120)	\$2,640.00
	Air - conditioning:	\$40,000.00
	Sauna Rooms (2 x \$3000)	\$6,000.00
	(4 x \$2250)	\$9,000.00
	Mud Bath	\$5,500.00
	Hot Tub	\$6,500.00
	Jacuzzis (4 x \$3500)	\$14,000.00
	Jacuzzi Room Cabinets (4 x \$350)	\$1,400.00
	Pedicure Spa Chairs (7 x \$1500)	\$10,500.00
	Pedicure Sinks (3 x \$175)	\$525.00
	Manicure Massage Chairs (7 x \$450)	\$3,150.00
	Manicure Tables (7 X \$300)	\$2,100.00
	Manicure Stools (7 x \$199)	\$1,393.00
	Counter	\$1,200.00
	Nail Dryers (7 x \$50)	\$350.00
	Germicidal Cabinets (4x \$150)	\$600.00
	Hot Towel Cabbies (3 x \$350)	\$1,050.00
	<b>Total:</b>	<b>\$126,808.00</b>
<b>Supplies:</b>		
	Linens, Towels, Spa robes	\$30,000.00
	Inventory: Cream, Scrubs etc	\$150,000.00
	Decorations	\$75,000.00
	<b>Total:</b>	<b>\$255,000.00</b>
<b>Initial Advertising</b>		\$25,000.00
<b>Monthly Advertising</b>		\$5,000.00
<b>Cleaning &amp; Maintenance</b>		\$4,000.00 per month
<b>Initial Landscaping</b>		\$15,000.00
<b>Monthly Landscaping</b>		\$1,000.00 per month
<b>Utilities</b>		\$1,000.00 per month

A rental agreement between Royal Spa, Inc. and Houris Corp. is assumed that will be signed at the beginning of June, 2008 to June, 2013 for a monthly rent of \$33,000 and at the end of the 5<sup>th</sup> year, Royal Spa will have the option to buy the property. Renovations anticipated starting by June of this year and completion expected by December of 2008. Royal Spa expected to open its doors to the public by January of 2009.

### 3. Business Overview

#### 3.1 Property Description

The property is located in the area of Mouttayiaka in Limassol City, in the island of Cyprus.



**Map 3.1** Map of Cyprus

### 3.1.1 Location & Maps

Royal Spa formal address will be Ariadnis street, Mouttayiaka, Limassol 4531. It is situated in the lively Germasogeia area with easy road access from both the highway and Seaside Avenue (See Map 3.1.1a). Located in the heart of entertainment next to K-Cineplex, Wet n' Wild Water park, and near the space bowling Center. It is located two minutes from the waterfront, 15 minutes from the city center, 35 minutes from the capital – Nicosia, 50 minutes from Paphos and 35 - 40 minutes from Larnaca (See Map 3.1).

There is an easy access to the spa from each city and from most of the local hotels from which Royal Spa will be targeting customers. Although it is not located on the water due to new government regulations that does not allow any new construction on the beach, the property will be located in a bit higher level and with only few low level buildings located in front of it, it makes its view panoramic (See Map 3.1.1).



**Figure 3.1.1** Satellite view of property

The property contains three different buildings, one is about 7,000 Sq.ft. and the other two together is another 7,000 Sq.ft (see Map 3.1.1a). It also has a big piece of land around it that is being used as a parking lot or it could be used in the future for the building of a new facility or a small resort. Upfront is a small traffic circle with a water fountain in the middle and a covered entrance that the spa will use for the valet services. Two big Asian statues will be placed in the entrance to reflect the spa style.

The building is in perfect condition but renovations will be done due to previous use as a nightclub. Currently, the inside is a big open space with some elevations and a separate VIP room. It already has two different entrances that would be used for the arrivals of groups, taking them directly to the VIP area for the group treatments.



**Map 3.1.1a** Close view of the property

The two buildings are already connected with a nice indoor yard and the building in the back will be connected with a one-way glass bridge covered with an aquarium full of tropical fish for guest's relaxation when moving from one building to the other. Under no circumstances, will the guests have to get out of the building to access other areas of the spa.

Although the building is located one level lower from the highway, when you are inside you cannot hear anything because the whole building is surrounded with sound insulation due to its previous use. A small building about 350 Sq.Ft on the east side will be used as an office for management.

### **3.1.2 Room Description and Floor Plans**

Some construction will be done within the building to convert it into a spa setting. Right now it is a big open space that will divide into smaller treatment rooms. Equipment will be installed in each room including Jacuzzis, pools, and a main music system with self-control in each one of them. A central heating and cooling system will be installed with an option of self-control in each room. Completely new hardwood or marble floors will be put in each room (see table 3.1.2). New Asian style windows and doors will be set up to give the customer the feeling of entering a new culture without having to travel 5000 miles to reach Asia. A waterfall will be set up in the indoor yard to give a relaxing feeling to the guests. Lighting will be smooth and yellowish to bring a warm feeling to the guest, wall colors will be in pastel combinations instead of plain white and it will be decorated with Asian art. Furniture will have the Asian sensation and the whole building will be decorated with lucky bamboo plants and orchids. In the hallways no lighting will be installed except from scented candles that will be lined up on both sides of the hallways.

Each room will have its own unique environment. Equipment such as massage beds, facial equipment, and manicure and pedicure chairs will be purchased new and set up in each room. Linens, towels and guest robes will be ordered from a Japanese supplier.

### **Reception Area**

The reception area (see figure 3.1.2) will be a big open area with the reception desk on the right hand side and next to it a piano or a *Khawng Wong Yai* which is a Thai instrument with a unique sound that it will prepare and relax the guests before their treatments. On the left side of the reception area, it will be located a waiting room with couches and a fireplace along with a bar for refreshments for guests to enjoy prior to or after treatments.

### **Treatment Rooms**

The Spa will have a total of seven double rooms (see figure 3.1.2a) for couple's treatments that can be converted into 14 single rooms with folding doors. Each of these rooms will have a single treatment bed, set of cabinets that will store treatment products, towels etc.

### **Jacuzzi Rooms**

The spa will include four individual Jacuzzi rooms (see figure 3.1.2b) and one room with a big hot tub for group parties. Each of the four Jacuzzi rooms will be equipped with high tech

Jacuzzis featuring *PrO3 Sanitation Ozone System* which kills viruses, mold, mildew and fungi, underwater lighting, "RapidHead" Heater, fully adjustable *PowerPro jets* with max flow rate of 45 GPM per jet, individual TV and



AquaSound Stereo made for iPod Docking Station. The bigger room will include a big hot tub with capacity of about 6 to 7 people (see picture on the right). The tub will feature headrests that move up and down to accommodate different body heights, adjustable pillows, and colored lights glowing from the waterfalls and from new underwater lights adding to the peaceful feeling. The Jacuzzis will also have *AquaSound Stereo System*.

### **Manicure & Pedicure Room**

The Manicure and Pedicure room (see figure 3.1.2.c) will contain seven manicure and seven pedicure stations along with three washing sinks. The stations will be separated by curtains in order to use as private rooms for parties of two, four, and six or up to 14 guests. The pedicure spa chairs will include high tech roller massage system with 6 wheels, 10 functions providing auto massage therapy for upper body, *clean Jet Pipefree*, remote control recline, color therapy lights in tub, etc. Each manicure station will include a manicure table along with a stool for the manicurist and a relaxing chair for the customer. The room will also include *germicidal cabinets* and double hot towel cabbies.

### **Group Treatment Room**

The Group treatment room (see figure 3.1.2d) will be a big open space with 14 stations of massages that again will have the option of dividing into small sections for several group parties at once. This will be a simple room because of its nature, decorated with some Asian statues and plants along with candles for lighting to make it more welcoming and tranquil.

### **Royal Suite**

The Royal Massage Suite (see figure 3.1.2e) is designed for special couple events and it is richer in appearance. It will include two beds that can be used for massages and facials, two relaxing chairs with dual use for private manicure and pedicure treatments or just relaxing in

front of the gel fuel fireplace. The room will also include chandeliers and nice curtain draperies. Another element of this room is that it will have a private access to the Jacuzzi rooms and have its own bathtub for use after treatments.

### **Other Areas**

The spa will include two saunas for six to seven people and four saunas for four people. All rooms will include windows with one way glass for light and ventilation, halogen accent lights for mood and reading, keypad controlled temperature and timing, cup holders, high-quality AM/FM CD stereo with two-way speakers, towel rack, lumbar back support, foot massager and *oxygen ionizer*.

The spa will also include a room with a big *mud bath* that will accommodate six to eight people and four individual ones. Each room will have a private shower for the guest convenience coming out of the mud bath. These rooms will also be simple in design due to its nature.

Finally for the privacy of the guests, locker rooms will be separated for men and women. Women's locker rooms will include changing areas, private showers, and beauty stations with blow-driers, etc. Men's locker will also include changing areas and private showers.

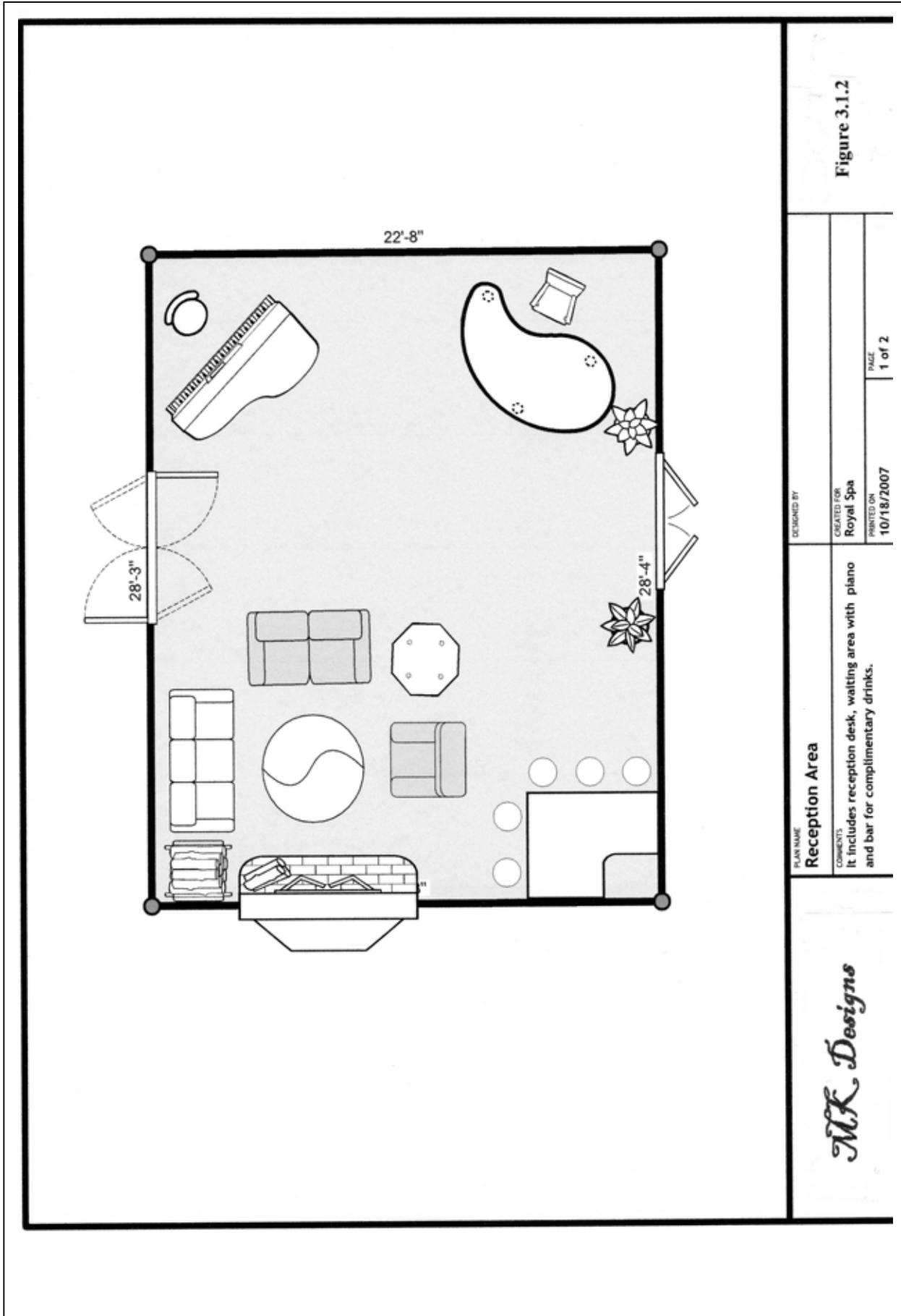
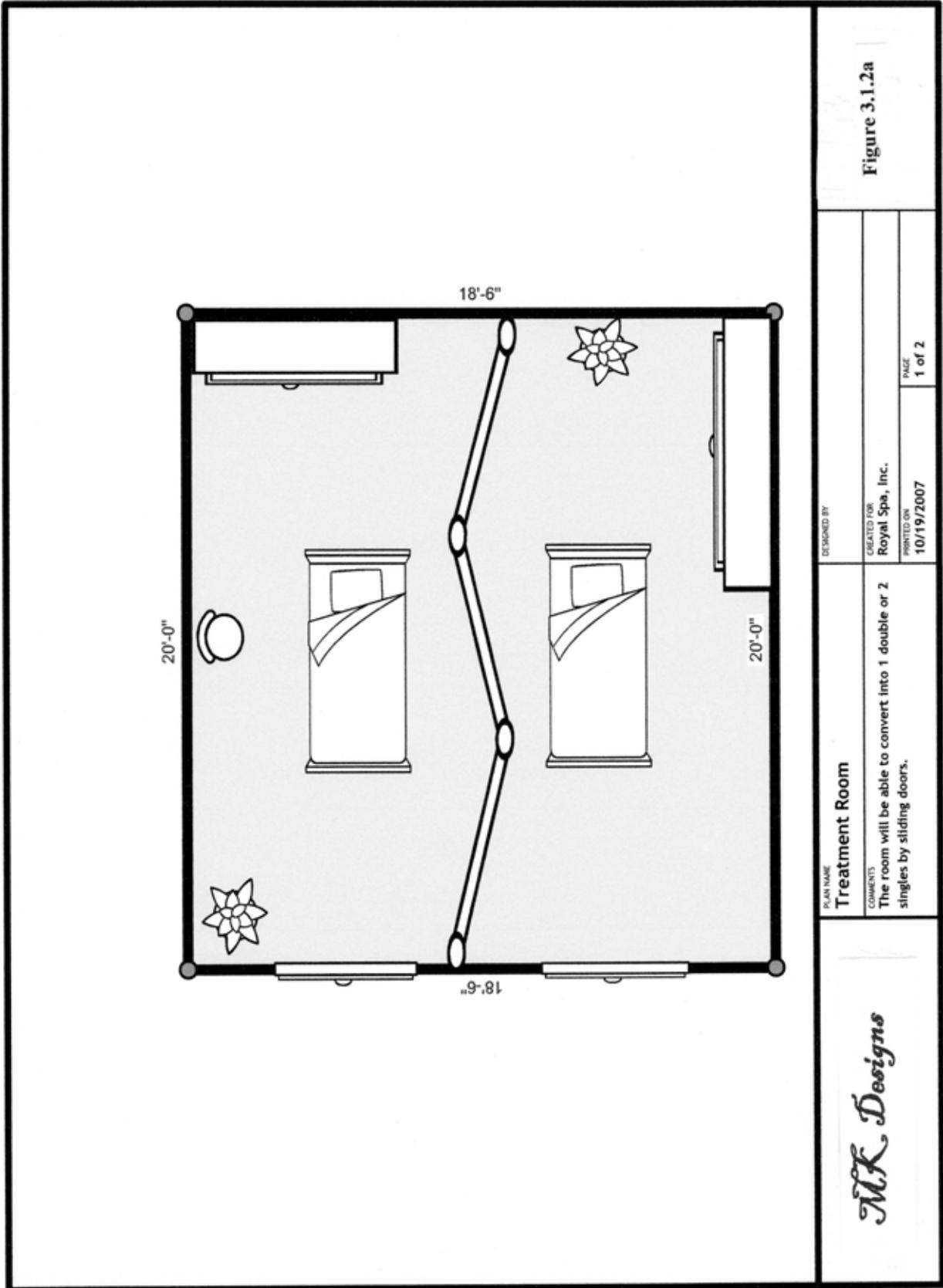


Figure 3.1.2

DESIGNED BY	
CREATED FOR	Royal Spa
PRINTED ON	10/18/2007
PAGE	1 of 2

PLAN NAME	Reception Area
COMMENTS	It includes reception desk, waiting area with plano and bar for complimentary drinks.

*MK Designs*



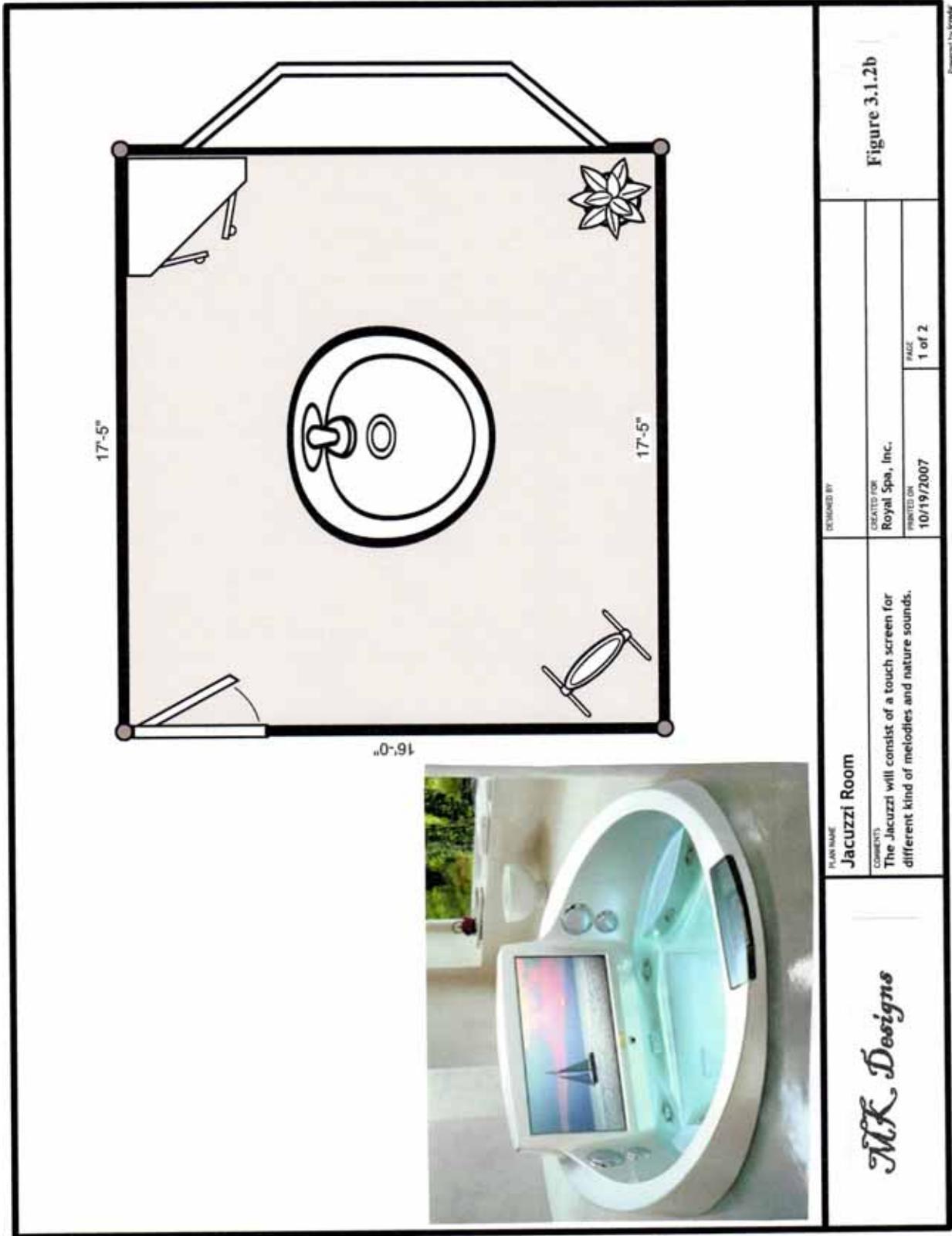


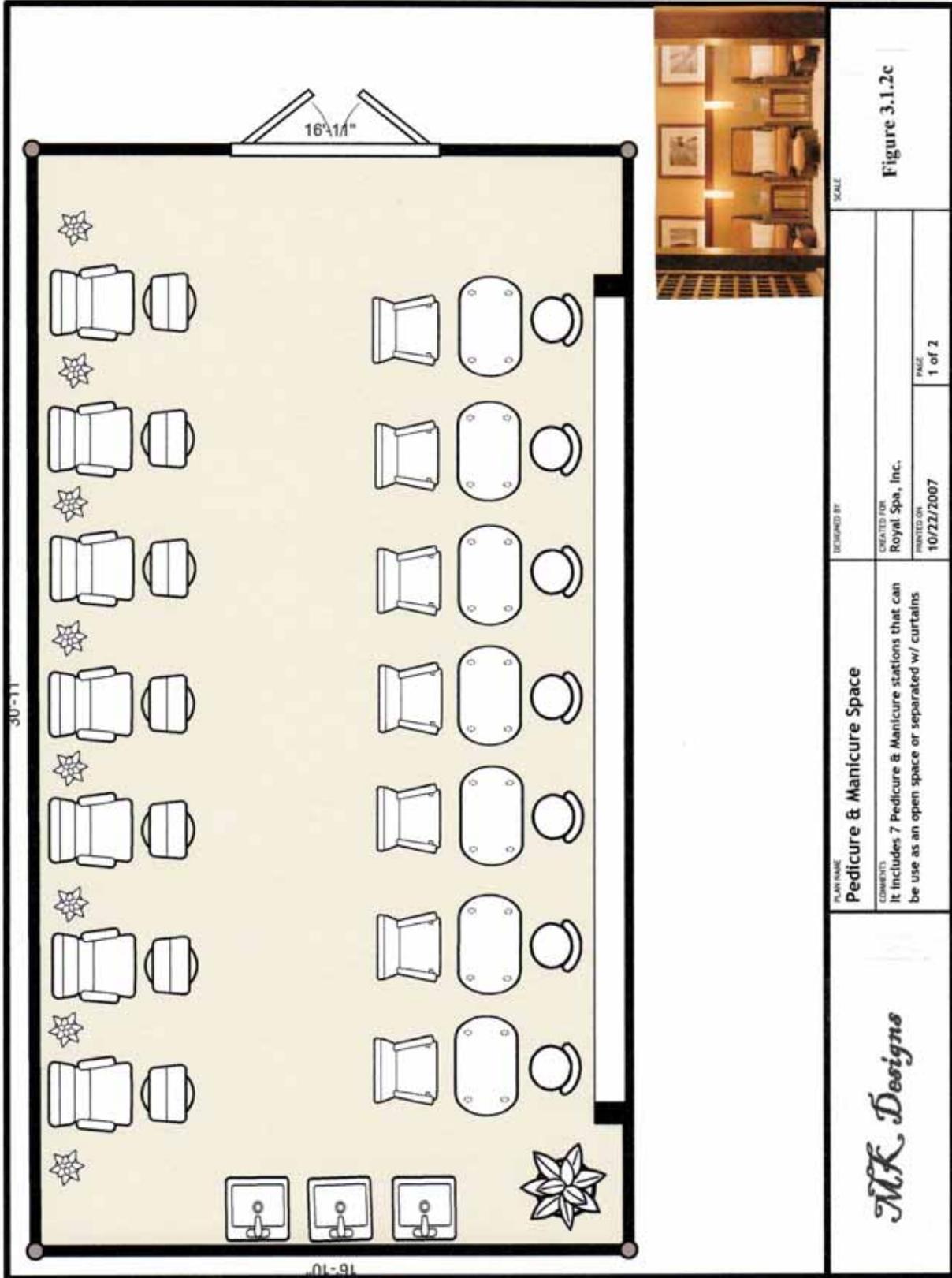
Figure 3.1.2b

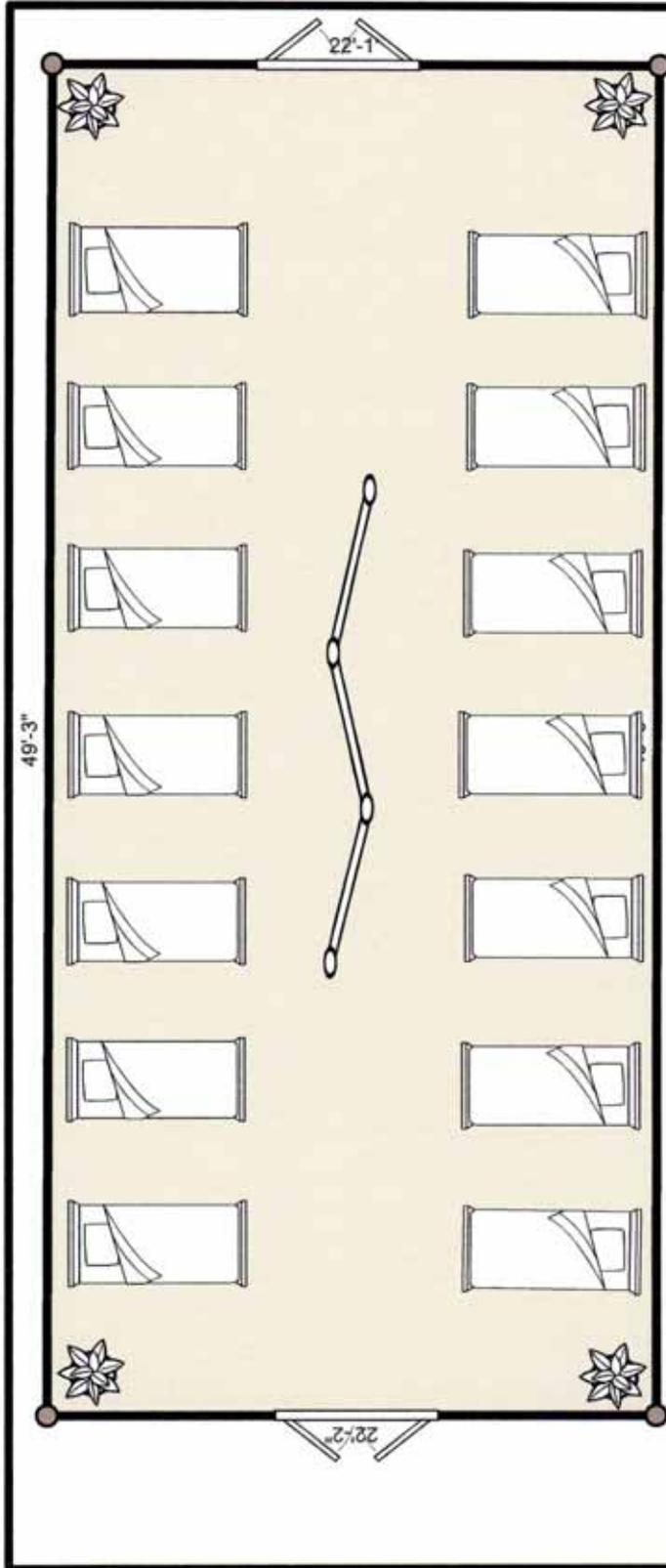
DESIGNED BY	
CREATED FOR	Royal Spa, Inc.
PRINTED ON	10/19/2007
PAGE	1 of 2

**PLAN NAME**  
Jacuzzi Room

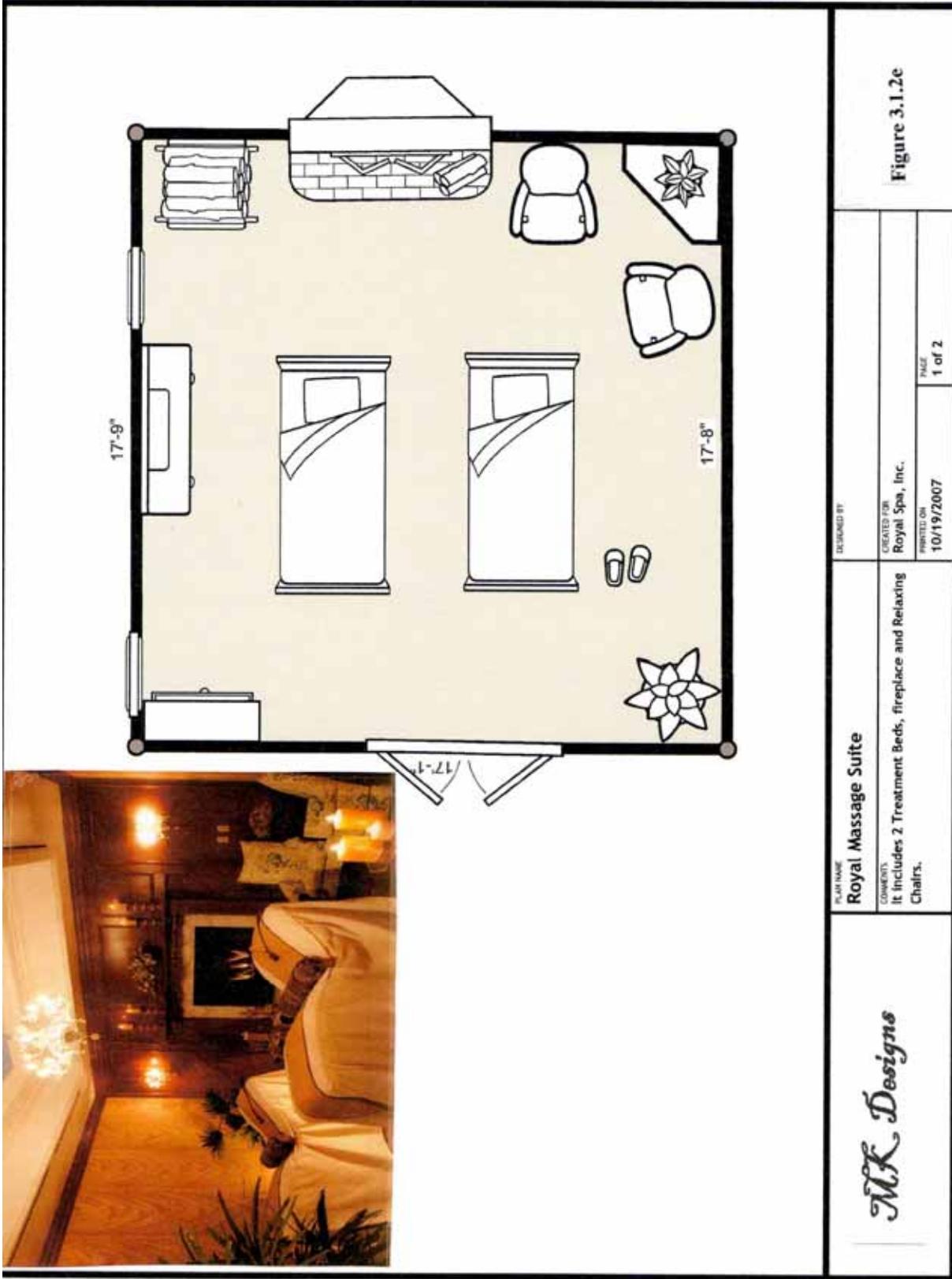
**COMMENTS**  
The Jacuzzi will consist of a touch screen for different kind of melodies and nature sounds.

*MK Designs*





	<b>PLAN NAME</b> Group Treatment Room	<b>REVISIONS BY</b> [Blank]	<b>SCALE</b> [Blank]
	<b>COMMENTS</b> It includes 14 treatment stations that can be use for 1 party or divided for 2+ parties at a time.	<b>CREATED FOR</b> Royal Spa, Inc.	<b>PRINTED ON</b> 10/22/2007
		<b>FIGURE 3.1.2d</b>	
		<b>PAGE</b> 1 of 2	



### **3.2 Business Description**

Royal Spa, Inc, will be offering spa services to locals and a certain group of tourists. This is going to be discussed in depth in the target market section. Royal Spa is in a “hot” industry with an excellent long-term outlook due to the fact that it will be the only property that will offer group services and one stop shopping. The competition is minimal to none in Cyprus and especially in Limassol. In the future, competitors might try to imitate the Royal Spa concept but by that time Royal Spa will already have created its loyal customers and have more experience in the field and that will not affect their business. The market is expected to grow 25-30% within the next two to three years due to recent research that is being done in the island of Cyprus (Michaelides, Sarka, & Tsiamanta, 2007).

Royal Spa mission statement is “Treat customer as ‘Royalty’ and create ‘Customers for Life’ by providing a world-class experience by generating a unique, personalized, memorable and rejuvenating environment for their clientele.” The company is a start-up corporation that wants the market and competitors to perceive their services as hip, pampering, comfortable and convenient.

#### **3.2.1 Treatments**

Treatments are the major service of Royal Spa and it will be described in detail in this section. Chinese fusion treatments are a growing trend and that is the reason why Royal Spa will base all its treatment in Chinese products and services. Royal Spa services will include facials, scrubs, wraps, massages, pedicure and manicures, and wax depilation to ensure its customers can pamper their body, mind, and soul throughout their stay.

A facial cleans, *exfoliates* and *nourishes* the skin to promote clear, well-hydrated skin. A facial is the second most popular spa service after massage. Royal Spa will have several kinds of

facials for men and women. **“Plantomer Facial”** which is an ultra-hydrating facial that deep-cleanses the skin with exfoliation and masks, then nurtures it with *propolis*. This lift-off mask with a rubbery consistency and a cooling sensation is an effective treatment that soothes, heals and strengthens. Deeply hydrating, it leaves the skin tight, refreshed and healthy with an exceptional glow.

**“Regenerating Facial”** is a totally luxurious, regenerating facial treatment specially created to help combat the signs of ageing and sun-damaged skin. The face, neck, and *décolleté* are cleansed and massaged with a gentle, deep-cleansing balm, rich in essential oils that have antioxidant and skin-firming properties. The rejuvenating benefits of this treatment visibly improve the appearance of the skin, helping to minimize lines and wrinkles and leaving the skin fresh, revitalized, and nourished. Oriental head massage techniques are incorporated to stimulate and lift the skin, relieving tightness and tension.

In **“Royal Spa stone facial”** warm stones are aligned on the seven *chakras* to promote inner harmony. A relaxing facial massage with warm stones promotes oxygen exchange in the skin. Cool stones are integrated into the facial treatment to firm and *detoxify* the face. A hydrating and firming face mask is applied while the beautician performs a soothing hand and foot massage with warm stones, leaving the guest refreshed and luminous.

**“Radiance Facial”** is rejuvenating and perfect for all skin conditions – particularly when environmental stress, business pressure or lack of sleep has left one with dull, sallow skin. Rich in natural regenerating antioxidants, the treatment softens, smoothes and visibly improves the radiance, appearance, and texture of the skin.

**“Deluxe hydration facial”** is ideal for dry, dehydrated, flaky skin requiring hydration and moisture. It is an excellent regenerating boost for normal to dry skin. Careful cleansing and

exfoliation helps improve the absorption of nourishing and moisturizing masks, specifically chosen for their deeply re-hydrating benefits. Skin achieves a smooth, soft, nourished, and supple result.

**“Complexion balance facial”** is ideal for oily, congested, problematic skin or for those suffering from hormonal imbalance. This deep-cleaning, oil-controlling facial helps to regulate oil secretions while refining open pores. Naturally decongesting and *anti-inflammatory* ingredients gently and effectively soothe, calm and re-balance the skin to encourage a clear complexion. **“Mountain Man Facial”** is design for the male clientele will relieve shaving irritation or skin aggravated by exposure to harsh, drying weather conditions. And finally the **“Aromatherapy Face Treatment”** specifically formulated for the male complexion, this treatment uses natural balms and oils to help purify, hydrate, and revitalize the skin. It is ideal for city dwellers, frequent air travelers and those with a stressful or hectic lifestyle.

Royal Spa will also offer body scrubs that prime the skin to release toxins as it stimulates circulation and restores vigor. It optimizes the absorption of important active ingredients in body masques and massage moisturizers that follow.

The spa will offer five different body scrubs. **“Gentle Flower Body Scrub”** is superb skin softening with dried flowers and essential oils of *rosemary, lavender, chamomile, calendula, daisy* and rose, rich sea salts and luxurious *macadamia nut oil*. **“Sweet Lavender Body Scrub”**. Lavender is known as the Angel of Healing and Purification. Dried organic lavender buds, honey and raw sugar nourish and moisturize the skin while encouraging the growth of new skin. With **“Tea Tree Body Scrub”** guests will glow in the essences of rosemary, lavender, and tea tree combined with avocado oil, apricot kernel powder, green tea and seaweed extract to revive and restore brightness to the skin.

**“Rose and Salt Body Scrub”** will include organic petals and essence of rose, *kukui nut* oil and Sea Salts to aid regeneration of skin cells and reveal the luster of healthy skin. And **“Sunny Lime and Ginger Body Scrub”** is giving a fresh, sassy, warm and bright feeling. Essential oils of tangy Lime and sparkling ginger refresh the body and awaken senses.

Nurturing, delightful and therapeutic oil and herbal body wraps at Royal Spa can help rejuvenate the body by alleviating pain and muscle fatigue while lifting the spirits. After the freshly prepared mixture is applied to the skin, the guests cocoon in a cozy down-filled blanket to gently warm the body to the optimal temperature for absorption and detoxification. As the guest rests, a scalp massage deepens the state of relaxation. The final step is a full body misting with warm floral water spray to energize the cells before an extended application of moisturizers silken the skin. Royal Spa wraps include the **“Warm Aroma Coconut Oil Body Wrap”** where after a warm aromatic coconut oil application of lavender, chamomile and rose or *sandalwood*, guests are enveloped in a cozy relaxing wrap as the healing oils work wonders for dry, sun-exposed skin and are very therapeutic for post-pregnancy or surgery. As customer rest, moist warm aromatic facial compresses ease his/her spirit, and divine scalp massage deepens relaxation. Next is the **“Healing Herbal Mud Body Wrap”** which is a soft and tremendously beneficial mixture due to its rich, nourishing, and re-mineralizing action. Rejuvenates tired muscles and dull skin and stimulates circulation and lymph drainage. **“Tea Tree and Clay Body Wrap”**. Tea Tree, *kaolin* and *clay* infuse radiance and velvety soft skin, this anti-oxidant rich blend improves elasticity of connective tissue, enlivens skin tone and boosts the immune system. This wrap also accelerates all healing processes. **“Lavender and Shea Butter Body Wrap”** - *Shea Butter* heals, protects and nourishes the skin. Premium-quality Shea butter contains an abundance of antioxidants, vitamins, and essential fatty acids giving you revitalized and healthy

looking skin. Greatly helps wrinkles, stretch marks, sun damaged skin, skin rashes, skin peeling and skin cracks, muscle aches and tension, blemishes, severely dry skin, rough elbows, and heels. A soothing lavender moisturizer is massaged into the skin after the body wrap. And the last wrap of Royal Spa is the “**Sandalwood and Rose Body Wrap**”. It is awaken the heart energy with the essence of pure rose. Organic powders of sandalwood and rose are mixed with a pure rose body lotion. Soothes, softens, and repairs mature, dry or sun-damaged skin.

Royal Spa’s massages will use gentle yet powerful, deeply relaxing techniques, and engage various energy systems of the body. Through aromatherapy body massage the active medicinal molecules of essential oils blend with a carrier oil to penetrate the bloodstream and soothe the central nervous system. The massage activates the body's nerve endings and stimulates metabolism which speeds up the healing process, relaxes muscles, enhances removal of metabolic wastes, improves circulation of blood and lymph, relieves mental and physical fatigue, and reduces pain, tension and anxiety as it brings more suppleness to the muscles and joints.

“*Dessert Sand Massage*” aims to ease tense muscles and improve blood circulation. The treatment, a combination of strokes and light *percussive movements*, uses a sand-filled pouch dipped in warm oil. “*Pantai Luar*” which is a sybaritic hot oil massage where one patted and massaged with a compress stuffed full of herbs.

“*Hot Stone Massage*” is a unique connection we experience with nature, offering a sense of profoundness. Stone massage involves the application of water-heated *basalt stones* of varying sizes to key points on the body, giving a deep massage and creating sensations of comfort and warmth. The direct heat relaxes muscles allowing manipulation of a greater intensity than with regular massage.

**“Thai Massage”** is an interactive manipulation of the body using passive stretching and gentle pressure along energy lines. This method of massage was formerly administered only on temple grounds by masters versed in healing. Pressure is applied along meridian lines to stimulate the movement of energy in the body. Designed to be both relaxing and stimulating, Thai massage improves flexibility, reduces tension, stimulates internal organs, and balances the body’s energy system.

**“Thai Herbal Massage”** uses manipulation by stretching and massaging pressure points with such Thai herbs as *lemon grass, ginger, curcuma, and tamarind*. Excellent to relieve muscle pain, improve blood circulation, and enrich the skin. On the other hand, **“Aromatherapy Massage”** is the use of essential oils to create a curative and rejuvenating effect. Going back to Far East, this simple therapy has been used for centuries to reduce stress and tension, refresh and invigorate the body, soothe emotions, and clear the mind. The essential oil is absorbed through the skin and into the body to affect physiological change.

For customers that are looking to sweeten up their massage **“Honey Release Massage”** uses a mixture of honey and pure, fresh orange juice to relieve muscle tension, increase blood circulation, and moisturize the skin.

Looking back 5,000 years, **“Acupressure Back Massage”** is part of traditional Chinese medicine and is often described as "acupuncture without the needles". Acupressure uses deep finger pressure applied at certain points located along an invisible system of energy channels within the body called the meridians. Because these points relate directly to the body's organs and glands, constrictions in the flow of energy at these points cause disease and discomfort. Acupressure stimulates these points to remove blockages, increase the energy flow, reduce stress, and promote health and harmony throughout the body. Royal Spa will also offer **“Scalp**

**Massage**". While conditioning the scalp and hair shafts with aromatic oils and conditioners, this deep acupressure point massage also releases stress and tension. It enhances relaxation and strengthens dry, sensitized and sun-damaged hair.

Another service is the "**South Sinai Massage**" which concentrates on the back area to relax tight muscles in the neck, shoulders, and back. A back massage increases blood flow to the skin and muscles. The "**Vichy Massage**" is a new kind of treatment that a relaxing massage performed under sprinklers of water heated to body temperature. This superlative massage boosts circulation, making it an eminently re-energizing massage experience.

Royal Spa will also offer "**Purify Aromatherapy Massage**" which boosts the immune system with the fresh and cleansing blend of red thyme, tea tree, lavender, and lemon. "**Sweet Basil and Kaffir Lime Compress Massage**" is a warm, herbal compress made of sweet basil and kaffir lime is pressed onto the body and then followed by a warm oil massage, melting away stresses and strains. Then "**Vitality Hot Herbal Cushions Massage**" which is an ancient massage technique from Thailand combines the use of herbal cushions, acupressure, gentle stretching and oil massage to enhance vitality, elevate immunity, reduce stress and create a free flow of internal energy.

"**Tangerine Dreams Aromatherapy Massage**" gives a hug with the essence of tangerine. Especially soothing for a pregnant mother, this essential oil is gentle and rejuvenating. Blended with soft lavender it stimulates the immune and lymphatic systems, supports tissue regeneration and reduces scarring and stretch marks. It also nurtures dry and aging skin. One more treatment for the new mothers is the "**Expecting Massage**" which is a pampering, nurturing massage for Mothers-to-be. During the massage, the body will be supported by

specially designed cushions to offer maximum comfort whilst the therapist helps soothe symptoms such as backache and swollen ankles, leaving them feeling simply blooming.

On the other hand, something for the male clientele is the “***Kings Mountain Aromatherapy Massage***” where aches and pains virtually melt away with this relaxing moisturizing lavender lotion infused with a muscle calming, stress reducing blend of essential oils of *birch, arnica, rosewood* and *petitgrain*. Muscle tension disappears with a deep tissue massage and the body is relaxed, renewed and you are back on top of the world. Also “***Sports Massage/Deep Tissue Massage***” is a sports massage is beneficial to clients who lead active lifestyles and place stress on their bodies with intense physical activities. This massage pays attention to sports related muscle groups and uses slow, deep movements to work on muscles and joints. The massage warms up the body prior to working out and can help release toxins and relax the muscles after a workout. A good sports massage can reduce scar tissue, decrease recovery time and greatly reduce stress.

For couple guests “**Love Everlasting Aromatherapy Massage**” will celebrate their love with the delicate essences of *neroli, sandalwood, ylang ylang*, and rose. Exotic, elegant and romantic aromas long symbolizing securing love, and an opening of Ones Heart. Also “**Rapture in Roses Aromatherapy Massage**” invoke appreciation and beauty within. The symbol of love, this elegant, romantic and enchanting fragrance awakens and brightens the heart inspiring the divine union of physical and spiritual love.

Packages will also be a part of Royal Spa treatments. It will offer certain preset packages but the guests will have the opportunity to choose their preferred massage and let us create a memory that will bring them back again. The first package called “**Thai Ritual**” and includes a wave massage based on Thai techniques and designed to restore the body’s balance. The

massage followed by a *Lulur* scrub, in which a paste of turmeric and floral essence is applied to exfoliate skin. The treatment ends with a cooling yogurt splash. The next package is the “***Ringha Relief***” and is designed for tired minds and bodies. A footbath is followed by a body massage that combines yoga, *Chinese Tui Na* and *Himalayan Gui Shi* hot stone therapies. This is followed by Indonesian Boreh spice warming wrap, which exfoliates skin and relieves muscle aches and pains. The treatment ends with a jasmine green tea bath. The next one is the “***Himalayan Bliss***” which includes a black sesame scrub and a massage using warmed river stones. The treatment ends with a rice wine bath, said to cleanse the body and improve the circulation. “***Oriental Harmony***” offers a footbath following with two therapists work in *unison*, first performing a smoothing skin scrub. This is followed by a synchronized massage to balance the mind, body, and spirit. The treatment ends with the head and feet being massaged simultaneously. Next is the “***Aromatic Caress***” that starts with a neck and shoulder massage. A silky facial peel and *lotus* mask follows. Feet are given an aromatic treatment, and the whole body a relaxing aroma massage.

“***Yin***” is a package design with women in mind and includes Thai shower, steam room, salt glow exfoliation, herbal wrap, 60-minute relaxation massage and a facial. On the other hand, “***Yang***” is created with men in mind and includes Thai shower, steam room, salt glow exfoliation, mineral mud wrap and 60-minute relaxation massage.

Royal Spa will also have “***Men's Revitalizing Journey***” package that starts with a series of guided stretches. A steam energizing scrub in a *Vichy rain shower*, and men’s head and face treatment restore the skin’s natural vitality. Traditional Thai therapies work to restore the free flow of energy throughout the entire body. Also “***Men's Energizing Journey***” package is an experience of indulgence, a journey designed to reveal the sensuous inner strength and outward

confidence. Exfoliation, massage, facial, and pedicure are performed to slough off exhaustion and dullness, and create new energy.

The “*Ancient Asian Rituals Journey*” of natural healing therapies influenced by ancient Asian rituals, will achieve healing and wellness by experiencing the unexpected and the intuitive. It includes Thai foot ritual, element steam and bath, *tanaka scrub* with vichy rain shower, warm coconut milk compress massage, traditional Thai massage, hand and foot ritual.

And the last 3 exclusive packages are design to be offered in the “Royal Massage Suite”. “*Precious*” which includes freshly prepared body scrub, hydrotherapy; sauna, Jacuzzi with fresh exotic flowers, cool salt water lap pool, one-hour side-by-side massage, mini facial, fresh fruited water, bottled sparkling water, fresh fruit chocolates and delicious herbal teas. The second package is the “*Cherish*” which includes freshly prepared botanical body scrub, *hydrotherapy*; sauna, jacuzzi with fresh exotic flowers, cool salt water lap pool, sole soothing foot treatment, one-hour side-by-side massage, mini facial, fresh fruited water, bottled sparkling water, fresh fruit chocolates, and delicious herbal teas.

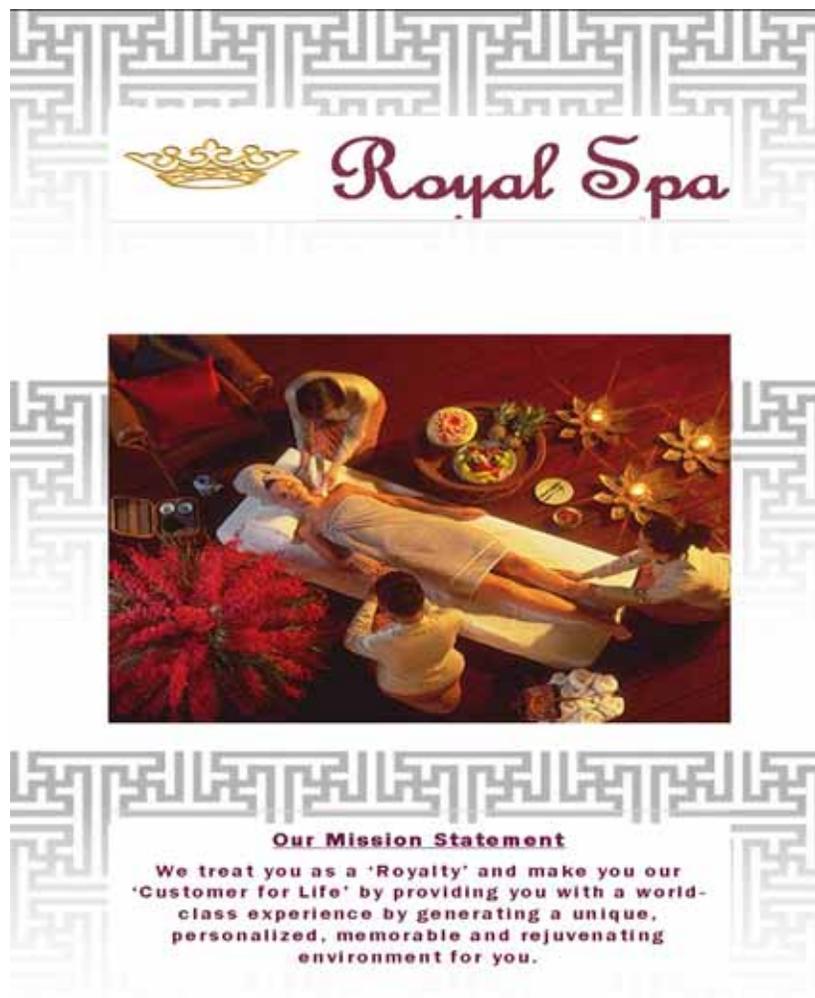
And the last one the “*Beloved*” which includes freshly prepared botanical body scrub, hydrotherapy; sauna/shower, jacuzzi with fresh exotic flowers, cool salt water lap pool, botanical body wrap including Scalp Massage, Relaxation and reflection time, one-hour side-by-side massage, one hour facial massages or one hour sole soothing foot care, fresh fruited water, bottled sparkling water, fresh fruit chocolates, delicious herbal teas, and a spa gift.

Another service that Royal Spa will offer is the *Manicure and Pedicure therapies* for both men and women. It will be the regular treatments including nail cut and filing, nails cleansing, foot and hand scrub, lotion massages, and color. It will also offer *paraffin treatments*.

Within the huge list of services, Royal Spa will also offer *Wax Depilation* for the whole body including face, legs, arms etc.

### 3.2.2 Price Menu

A price menu is designed for the purpose of this business plan (See below). The services along with prices are well studied and compared with competitors to present something new to the clients in logical prices. Most of the competitors do not offer certain treatments that Royal Spa will offer, so in this case the prices can not be compared. Hotel spa's prices did not reflect on the price setting because they are not going to be a direct competitor to Royal Spa. Hotel Spa customers are limited to tourist staying in the property and not local customers.





Group Prices

• 4 – 6 Guests receive

10 % OFF all Treatments and Packages

• 7 –14 Guests receive

20 % OFF all Treatments and Packages



Facials

**Plantomer Facial (50 Minutes)** \$ 65

(Ultra-hydrating facial that deep-cleanses the skin with exfoliation and masks, then nurtures it with Propolis)

**Regenerating Facial (90 Minutes)** \$ 95

(Face, neck, décolleté are cleansed and massaged with a gentle, deep-cleansing balm, rich in essential oils)

**Royal Spa Stone Facial (90 Minutes)** \$ 95

(Relaxing facial massage with warm stones, face mask and a soothing hand and foot massage with warm stones)

**Radiance Facial (60 Minutes)** \$ 85

(Rich in natural regenerating antioxidants, the treatment softens, smoothes and visibly improves the radiance, appearance and texture of the skin)

**Deluxe Hydration Facial (60 Minutes)** \$ 85

(Careful cleansing and exfoliation helps improve the absorption of nourishing and moisturizing masks, for deep re-hydrating)

**Complexion Balance Facial (60 Minutes)** \$ 85

(deep-cleaning, oil-controlling facial helps to regulate oil secretions while refining open pores)

Design for Men:

**Mountain Man Facial (55 Minutes)** \$ 85

(Relieve shaving irritation or skin aggravated by exposure to harsh, drying weather conditions)

**Aromatherapy Face Treatment (55 Minutes)** \$ 85

(This treatment uses natural balms and oils to help purify, hydrate and revitalize the skin)



**Scrubs**

**Gentle Flower Body Scrub (60 Minutes)** \$ 65

(superb skin softening with dried flowers and essential oils of rosemary, lavender, chamomile, calendula, daisy and rose, rich Sea Salts and luxurious macadamia nut oil)

**Sweet Body Lavender Scrub (60 Minutes)** \$ 65

(Dried organic lavender buds, honey and raw sugar nourish and moisturize the skin while encouraging the growth of new skin)

**Tea Tree Body Scrub (60 Minutes)** \$ 65

(Essences of Rosemary, Lavender and Tea Tree combined with avocado oil, apricot kernel powder, green tea and seaweed extract to revive and restore brightness to the skin)

**Rose and Salt Body Scrub (60 Minutes)** \$ 65

(Organic petals and essence of rose, kukui nut oil and Sea Salts to aid regeneration of skin cells and reveal the luster of healthy skin)

**Sunny Lime & Ginger Body Scrub (60 Minutes)** \$ 65

(Essential oils of tangy Lime and sparkling ginger refresh the body and awaken senses)

\*\*\* Body Scrubs offer to all clientele\*\*\*



**Wraps (60 Minutes)**

**Warm Aroma Coconut Oil Body Wrap** \$ 75

(warm aromatic coconut oil application of Lavender, Chamomile and Rose/Sandalwood, guests enveloped in a cozy relaxing wrap. Moist warm aromatic facial compresses and scalp massage)

**Healing Herbal Mud Body Wrap** \$ 75

(Rejuvenates tired muscles and dull skin and stimulates circulation and lymph drainage)

**Tea Tree and Clay Body Wrap** \$ 75

(Tea Tree, kaolin and clay infuse radiance and velvety soft skin)

**Lavender and Shea Butter Body Wrap** \$ 75

(A soothing lavender moisturizer is massaged into the skin after the body wrap)

**Sandalwood and Rose Body Wrap** \$ 75

(Organic powders of Sandalwood and Rose are mixed with a pure rose body lotion. Soothes, softens and repairs mature, dry or sun-damaged skin)

\*\*\* Body Scrubs offer to all clientele\*\*\*



Body Massage

**Dessert Sand Massage (50 Minutes)** \$ 85

(Combination of strokes and light percussive movements, uses a sand-filled pouch dipped in warm oil)

**Pantai Luar (50 Minutes)** \$ 110

(sybaritic hot oil massage where one patted and massaged with a compress stuffed full of herbs)

**Hot Stone Massage (50 Minutes)** \$ 95

(Application of water-heated basalt stones of varying sizes to key points on the body, giving a deep massage and creating sensations of comfort and warmth)

**Thai Massage (50 Minutes)** \$ 110

(Interactive manipulation of the body using passive stretching and gentle pressure along energy lines)

**Thai Herbal Massage (50 Minutes)** \$ 110

(Manipulation by stretching and massaging pressure points with such Thai herbs as lemon grass, ginger, curcuma and tamarind)

**Aromatherapy Massage (50 Minutes)** \$ 110

(Use of essential oils to create a curative and rejuvenating effect)

**Honey Release Massage (50 Minutes)** \$ 110

(Mixture of honey and pure, fresh orange juice to relieve muscle tension, increase blood circulation and moisturize the skin)

**Acupressure Back Massage** \$ 120

(uses deep finger pressure applied at certain points located along an invisible system of energy channels within the body called the meridians)



Body Massage

**South Sinai Massage (40 Minutes)** \$ 100

(Concentrates on the back area to relax tight muscles in the neck, shoulders and back)

**Vichy Massage (40 Minutes)** \$ 100

(A relaxing massage performed under sprinklers of water heated to body temperature)

**Purify Aromatherapy Massage (30 Minutes)** \$ 85

(Boost the immune system with fresh and cleansing blend of red thyme, tea tree, lavender and lemon)

**Sweet Basil & Kaffir Lime Compress Massage \$ 124**

(Warm, herbal compress made of sweet basil and kaffir lime is pressed onto the body and then followed by a warm oil massage, melting away stresses and strains) (90 Minutes)

**Vitality Hot Herbal Cushions Massage \$ 130**

(Use of herbal cushions, acupressure, gentle stretching and oil massage to enhance vitality, elevate immunity, reduce stress and create a free flow of internal energy) (90 Minutes)

Design For Men: (30 Minutes)

**Kings Mountain Aromatherapy Massage \$ 90**

(Aches and pains virtually melt away with this relaxing moisturizing lavender lotion)

**Sports/Deep Tissue Massage \$ 80**

(Pays attention to sports related muscle groups and uses slow, deep movements to work on muscles and joints)

\*\*\* All Body Massages are offer to all clientele\*\*\*



**Body Massage**

**Design For Pregnant Women: (60 Minutes)**

**Tangerine Dreams Aromatherapy Massage**  
 (Blended with soft lavender it stimulates the immune and lymphatic systems, supports tissue regeneration and reduces scarring and stretch marks)

**Expecting Massage**  
 (The body will be supported by specially designed cushions to offer maximum comfort whilst the therapist helps soothe symptoms such as backache and swollen ankles)

**Design For Couples: (60 minutes)**

**Love Everlasting Aromatherapy Massage**  
 (Celebrate their love with the delicate essences of Neroli, Sandalwood, Ylang Ylang and Rose. Exotic, elegant and romantic aromas long symbolizing securing love, and an opening of the One Heart)

**Rapture in Roses Aromatherapy Massage**  
 (The symbol of Love, this elegant, romantic and enchanting fragrance awakens and brightens the heart inspiring the divine union of physical and spiritual love)

\$ 130

\$ 130

\$ 130pp

\$ 130pp



**Spa Packages**

**Thai Ritual (90 Minutes)**

(Wave massage based on Thai techniques, Lulur scrub, cooling yoghurt splash)

\$ 150

**Ringha Relief (105 Minutes)**

(Footbath, body massage that combines yoga, Chinese Tui Na and Himalayan Gui Shi hot stone therapies, Indonesian Boreh spice warming wrap, jasmine green tea bath)

\$ 180

**Himalayan Bliss (90 Minutes)**

(black sesame scrub and a massage using warmed river stones)

\$ 160

**Oriental Harmony (2 Hours)**

(Footbath with two therapists work in unison, first performing a soothing skin scrub and synchronized massage The treatment ends with the head and feet being massaged simultaneously)

\$ 195

**Aromatic Caress (2 Hours 15 Minutes)**

(Neck and shoulder massage, facial peel and lotus mask, et aromatic treatment, and whole body a relaxing aroma massage)

\$ 205

**Ancient Asian Rituals Journey (4 Hours 30 Min)**

(Thai foot ritual, element steam and bath, tanaka scrub with vichy rain shower, warm coconut milk compress massage, traditional Thai massage, hand and foot ritual)

\$ 312

**Yin (Women - 3 Hours)**

(Thai Shower, Steam Room, Salt Glow Exfoliation, Herbal Wrap, 60-minute Relaxation Massage and a facial)

\$ 210

\*\*\*P packages offer to all Clientele\*\*\*





### Spa Packages

#### Men Packages:

##### **Yang (Men - 2 Hours)**

(Thai Shower, Steam Room, Salt Glow Exfoliation, Mineral Mud Wrap and 60-minute Relaxation Massage)

**\$ 215**

##### **Men's Revitalizing Journey (3 Hours 30 Min)**

(Steam energizing scrub in a Vichy rain shower, and a Men's Head and Face Treatment, Traditional Thai)

**\$ 265**

##### **Men's Energizing Journey (4 Hours 30 Min)**

(Exfoliation, massage, facial and pedicure are performed to slough off exhaustion)

**\$ 315**



### Royal Suite Packages:

##### **Precious (3 Hours)**

(Freshly prepared body scrub, hydrotherapy; sauna, jacuzzi with fresh exotic flowers, cool salt water lap pool, one-hour side-by-side massage, mini facial, fresh fruited water, bottled sparkling water, fresh fruit chocolates and delicious herbal teas)

**\$ 295pp**

##### **Cherish (4 Hours)**

(Freshly prepared botanical body scrub, hydrotherapy; sauna, jacuzzi with fresh exotic flowers, cool salt water lap pool, sole soothing foot treatment, one-hour side-by-side massage, mini facial, fresh fruited water, bottled sparkling water, fresh fruit chocolates and delicious herbal teas)

**\$ 395pp**

##### **Beloved (5 Hours)**

(Freshly prepared botanical body scrub, hydrotherapy; sauna/shower, jacuzzi with fresh exotic flowers, cool salt water lap pool, botanical body wrap including Scalp Massage, Relaxation and reflection time, one-hour side-by-side massage, one hour facial massages or one hour sole soothing foot care, fresh fruited water, bottled sparkling water, fresh fruit chocolates and delicious herbal teas and a spa gift)

**\$ 495pp**





**Hand & Foot Care**

Spa Manicure	\$ 40
Spa Manicure with Paraffin	\$ 45
French Manicure	\$ 42
Spa Pedicure	\$ 50
Spa Pedicure with Paraffin	\$ 55
<u>Men:</u>	
Spa Manicure	\$ 45
Spa Manicure with Paraffin	\$ 50
Spa Pedicure	\$ 55
Spa Pedicure with Paraffin	\$ 60



**Wax Depilation**

Brow Shaping	\$ 20
Lip	\$ 12
Chin	\$ 12
Cheek	\$ 12
Face	\$ 45
Underarm	\$ 15
Half Arm/Full Arm	\$ 20/30
Half Leg/Full Leg	\$ 25/50
Bikini	\$ 20
Brazilian	\$ 30
Back	\$ 25
Chest	\$ 25
Stomach	\$ 25

\*\*Wax Depilation services also available for our Men Clientele \*\*

## 4. Market Overview

Cyprus is a perfect setting for a Spa due to its location, weather, a large amount of tourists coming to the island every year and a lot of other reasons that will be discussed further down in the plan. Before discussing all of the above, this plan will give an overview of the country's history, geographical location, etc.

### 4.1 Cultural Analysis

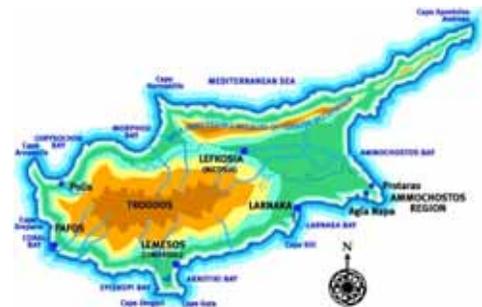
According to Cateora and Graham (2007), a cultural analysis is very important when establishing a business. This analysis is a stream of investigation which seeks to understand and map trends, influences, effects, and affects within cultures. To interpret a culture's behavior and attitudes, a marketer must have some idea of a country's history and geography.

#### 4.1.1 History of Cyprus

Cyprus has a long history well into the ancient world. Since the ancient times, Cyprus was sought after for many reasons, but mainly for its' strategic geographical position in the Mediterranean.

Part of the Greek empire, the Persians, the Roman Empire, the Ottoman Empire, Turkey, and lastly a British colony Cyprus finally declared independence in 1960, following years of resistance to British rule. Tension between the Greek Cypriot majority and Turkish Cypriot minority came to a head in December 1963, when violence broke out in the capital of Nicosia.

Despite the deployment of UN peacekeepers in 1964, sporadic intercommunal violence continued forcing most Turkish Cypriots into enclaves throughout the island. In 1974, a Greek



Government-sponsored attempt to seize control of Cyprus was met by military intervention from Turkey, which soon controlled more than a third of the island. In 1983, the Turkish-held area declared itself the "Turkish Republic of Northern Cyprus," but it is recognized only by Turkey. The latest two-year round of UN-brokered talks - between the leaders of the Greek Cypriot and Turkish Cypriot communities to reach an agreement to reunite the divided island - ended when the Greek Cypriots rejected the UN settlement plan in an April 2004 referendum.

The entire island entered the European Union (EU) on May 1<sup>st</sup>, 2004, although the EU acquit - the body of common rights and obligations - applies only to the areas under direct Republic of Cyprus control, and is suspended in the areas administered by Turkish Cypriots. At present, every Cypriot carrying a Cyprus passport has the status of a European citizen; however, EU laws do not apply to north Cyprus. Nicosia continues to oppose EU efforts to establish direct trade and economic links to north Cyprus as a way of encouraging the Turkish Cypriot community to continue to support reunification ([www.cia.gov](http://www.cia.gov)).

#### **4.1.2 Geographical Setting**

It is strategically situated in the far eastern end of the Mediterranean, at the crossroads of the three large continents of Europe, Africa, and Asia, and in close proximity to the busy trade routes linking Europe with the Middle East, Russia, Central Asia and the Far East.

Cyprus is the third largest island in the Mediterranean. It is 9,251 square kilometers (3,572 square miles) encompass citrus and olive groves, pine forested mountains, and some of Europe's cleanest beaches. Also the easternmost island in the Mediterranean Sea, Cyprus is approximately 105 kilometers (60 miles) west of Syria, 75 kilometers (47 miles) south of Turkey and 380 kilometers (200 miles) north of Egypt. The nearest Greek point is the Greek island of Rhodes which is 380 kilometers (200 miles) to the west. The island has a mild, typically

Mediterranean climate, with abundant sunshine even in winter and little rainfall

([www.infoplease.com](http://www.infoplease.com)).

#### **4.1.3 Social institutions**

Family is traditionally the most important institution in Cypriot society. Greek Cypriots traditionally identified themselves first as members of families, then according to their places of origin, and lastly as citizens of a nation. The typical traditional Greek Cypriot households consist of a father, a mother, and their unmarried children. At marriage, the parents used to give their children a portion of land, if available, along with money and household items. Urbanization and modernization have altered Greek Cypriot attitudes toward marriage.

The great increase in the number of women in the work force also has liberated them from strict parental control. Greek Cypriot parents do all in their power to equip their children for the future. In present-day, this involves providing the best possible education for children, and securing a house for daughters. Cypriot women enjoy the same rights of social welfare as men in such matters as social security payments, unemployment compensation, vacation time, and other common social provisions. In addition, after 1985 women benefit from special protective legislation that provided them with marriage grants and with maternity grants that paid them 75 percent of their insurable earnings (Solsten, 1993).

The overall educational level of Cyprus is high. Eighty-five percent of this generation has either a master or doctorate degree.

#### **4.1.4 Trends**

In today's ever-competitive hospitality market, the addition of a spa can be a significant magnet to attract and retain a loyal guest and consumer base. An attractive, well-designed spa

which offers a truly relaxing, tranquil and guest-friendly experience can have a positive impact in a business and competitive advantage.

During the past several years, the spa business has become increasingly competitive, and although spa development in the hospitality industry is a hot topic now, it is crucial to be prudent before launching into the whole process.

In the absence of careful planning and attention to existing and emerging trends, savvy guests and local spa patrons will not view a spa as delineative or on the cutting edge. In the end, what is delivered should be “an experience” and, as such, trends will play a critical role in consumer perception and in how the spa will perform from an operational and financial perspective.

In knowing the customer, the plan will concentrate on three different kinds of trends: a) local patron’s trends, b) tourism trends, and c) industry trends.

In all countries, the primary reason a person is visiting a spa is to relax and reduce stress. The gender gap seems to be narrowing; more men than ever are visiting spas today. According to a survey of ISPA (International Spa Association), 31 percent were men. Men have discovered that spa-grooming treatments can have a positive impact on their business and personal life. The new generation of Cypriot male is looking into their physical appearance more than ever before.



Although women were into fitness and beauty and physical appearances before; they are now looking for one-stop shopping including wellness, relaxation, and beauty. They are looking more into healthy aging treatments and products that deliver results. They also want personal

care programs that can be used at home. Spas are the new trend in Cyprus and there are only a few that offer one-stop shopping (Pils, 2006).

More spas will have to become social scenes, with group-friendly programs like group mud experiences, party packages and singles' nights. Now Spas need to offer more of a social experience than in the past. Groups going to spas (families, girlfriends, business associates, bridal parties, etc.) are a trend which will continue to influence space allocation and design elements in order to accommodate several people at a time for treatments and/or lounging. "Social spa-ing" will emerge as an exciting new term, describing the emphasis on opportunities to connect, converse, and play in the spa environment (Pils, 2006).

Another factor came in the picture of a spa in the last couple of years. Consumers are now factoring in a spa's green commitment when they choose a spa, and they are looking for a spa that does more than just recycle and offer organic food. Both spas and spa consumers are getting serious about terms like "natural," "organic," "holistic," "green," "eco-friendly," and "sustainable."

During the European Tourism Forum 2006 in Limassol, Cyprus, a workshop on "New Trends and New Markets" discussed the main current trends in the European tourism sector. Some of those trends were spas becoming a primary consideration in making travel plans.

Wellness also is a growing niche in the hospitality sector. More available leisure time for consumers but at the same time increasing time pressure moves leisure time and relaxation, wellbeing, and health more and more into the centre of the tourism demand. For example wellness has become already a core product of the European tourism sector (Pils, 2006).

Another basic point that was presented at the European Tourism Forum was the fact that the percentage of people over 60 in Europe is growing. This results in an increasing demand for

security, convenience, quality, ease of access and “luxury”. Health, SPA and ‘keep fit’ tourism is among the segments likely to benefit from this trend. This target group increasingly spends longer periods in tourist destinations considered to provide pleasant living conditions, in particular in the south and off-season. The spa and fitness/ wellness fields converge in this relatively new trend. The integration of medical and wellness components with spa services defines this space (Pils, 2006).

Is not only older people that seek spas but also couples are seeking “spa honeymoons” and romantic spa vacations. It is a way for couples to spend quality time with their partners and relax, rejuvenate and get rid of the stress to be ready to go back to everyday life and deal with work problems etc.

Moving on to the industry trends, the luxury end of the market is becoming even more luxurious with private spiritual and wellness counseling, exotic massage oils, three-hour massages, underwater spas, and private spa rooms (Pils, 2006).

Detox at the spa is the newest trend in the industry whereas the culture continues to identify more "toxins" - such as dietary no-no's, stress, and environmental pollution - look for more people to turn to spas for a range of detox solutions, including relaxation, all-organic diets, sweating (exercise, steams and saunas), and the purging of emotional baggage through one-on-one or group therapy work.

Lastly the Chinese fusion treatments are a growing trend that look for more combined modalities that are even more beneficial than the sum of their parts, such as Thai massage (a fusion of yoga stretches and massage), Watsu (water and shiatsu) and yogalates (yoga and Pilates). Nowadays more traditional



Thai Massage

Chinese medicine (TCM), Yin and Yang balance, and astrological spa treatments are sought out by the spa-goers.

#### **4.1.5 Business Customs and Practices**

There are some local characteristics of business etiquette in Cyprus. In Cypriot business there is a tradition of courtesy and hospitality and the same behavior is expected from foreigners. Appointments are necessary and should be made in advance. Cypriots prefer face-to-face meetings rather than doing business by telephone or in writing, which are regarded as too impersonal. Business cards are exchanged on the first meeting and punctuality is important. Business dress should be smart for both men and women. A brief but firm handshake is the accepted custom at the start and end of a meeting. If you have to leave in the middle of the meeting, leave with a handshake. All business people have a good command of English. It is imperative to show deference and respect to those in positions of authority and when dealing with people at the same level, communication can be more informal. Avoid confrontation because Cypriots do not like publicly admitting they are incorrect. Under no circumstances should you ever let someone think that you do not trust them, since trust and personal relationships form the cornerstone of business. Try to avoid business meetings in the months of July and August or around the times of national holidays. You have to wait to be invited before using someone's first name and remain standing until invited to sit down. Decisions are not reached at meetings. Meetings are for discussion and to exchange ideas.

After a meeting and if you are a foreigner you can get an invitation to a home. Chocolates or flowers show a friendly gesture toward the host. At small social gatherings, your hosts will introduce you to the other guests.

#### **4.1.6 Living Conditions**

Cypriots follow the Mediterranean diet but you can find any kind of cuisine restaurants throughout the island. Fitness is really important in their everyday life. One can find any kind of sport including sea sports, golf, cycling, sailing/yachting, swimming, hiking/nature trails and water sports. Cyprus is a paradise for the sport enthusiast. Tourists cannot miss all of these when visiting Cyprus. Although the official language is Cypriot or Greek; English is spoken almost everywhere along with French and Russian.

The prevalent type of building is the single detached house. The single detached houses total at 42.5% of the total, the semi detached or duplex amounted to 16,3%, row houses 9,8%, back yard houses 3,2%, apartment blocks 20,5% and dwellings in partly residential buildings reached 7.5% (See Figure 4.1.6). The percentage of people renting is only 13.8% where 86.2% owns (Ministry of Finance, 2006).

#### **4.2 Economic Conditions in Cyprus**

Economic Conditions will help Royal Spa to understand the communication systems of Cyprus, their monetary system, and the labor force. Economic analysis also presents statistics about population and distribution of population within a country and income information for later analysis.

##### **4.2.1 Cyprus entering EU**

The process of harmonization with the EU in the run-up to accession has transformed the economy of the government-controlled area, making it more open, liberal, and competitive. Among the many reforms which have already taken place are the following: liberalization of trade and interest rates, abolition of investment restrictions for EU residents and liberalization of the general investment regime for all non-EU investors, abolition of price controls, introduction

of private financing for the construction and operation of infrastructure projects, and liberalization of utilities ([www.investincyprus.gov.cy](http://www.investincyprus.gov.cy)).

The gradual liberalization of foreign direct investment regulations has made Cyprus progressively a more attractive destination for foreign investors in recent years.

A low level of taxation is one of Cyprus's major advantages. At 10%, Cyprus's corporate tax rate is currently the lowest among EU's 27 countries. Cyprus's other tax advantages include: a) one of the lowest top statutory personal income tax rates at 30%, b) extensive double tax treaties network with over 40 countries, enabling lower withholding tax rates on dividend or other income received from the subsidiaries abroad, c) no withholding tax on dividend income received from subsidiary companies abroad under certain conditions, and no withholding tax on dividends received from EU subsidiaries, etc. ([www.investincyprus.gov.cy](http://www.investincyprus.gov.cy)).

Cyprus entrance in EU did not only help as far as taxation and investment, but also as far as the tourism sector. The tourism industry in Cyprus appears to be welcoming this major event, with the market leaders recognizing the importance of rapidly improving the product's overall quality. For the premier spa operators in Cyprus, EU membership presents opportunities to capture skilled, qualified therapists from existing five star operations to strengthen their existing high-quality employment base.

Cyprus became more known after 2004 because of the promotion of EU. Tourists that did not use to holiday in Cyprus, or knew where Cyprus was now are regular visitors. This is not limited in European tourism but also in US tourism and tourists from other continents such as Asian etc. This is the era that Cyprus will glow.

#### **4.2.2 Population**

The population according to the Statistical Services of The Republic of Cyprus was estimated to be 788,457 by the end of 2006 compared to 770,301 thousand in the previous year, recording an increase of 2.5% ([www.mof.gov.cy](http://www.mof.gov.cy)).

In 2006, birth rate was 12.6% compared to 12.4% in 2005. On the other hand the rate of deaths reached 5,420 in 2005 compared to 5,225 in 2004. The expectation of life at birth is estimated at 77 years for males and 81.7 for females. In 2005 the number of marriages increased to 12,966 from 10,931 in 2004. In 2005, the number of divorces decreased to 1,514 from 1,614 in 2004([www.mof.gov.cy](http://www.mof.gov.cy)).

According to U.S Census Bureau's International Data Base overall the population of women is higher in Cyprus. Although for the ages of 1-54 male population is higher and women are more in the ages of 55 and up (See Table 4.2.2).

#### **4.2.3 Economic Statistic and Activity**

The national GDP (Gross Domestic Product) at 2007 estimate was \$18.1 billion, ranked 110<sup>th</sup> in the list by the International Monetary Fund and the per capita at 2007 was \$26,386 ranked 28th in the same list ([www.imf.org](http://www.imf.org)).

Table 4.2.3 shows the Statistical Services of The Republic of Cyprus is reporting a steady GDP increase at constant 1995 prices. Economic affairs in Cyprus are dominated by the division of the country due to the Turkish occupation of the north part of the island.

The Cypriot economy is prosperous and has diversified in recent years. Cyprus has been sought as a basis for several offshore businesses, due to its highly developed infrastructure. Economic policy of the Cyprus government has focused on meeting the criteria for admission to the European Union.

Recently, oil has been discovered in the sea South of Cyprus (between Cyprus and Egypt) and talks are under way with Egypt to reach an agreement as to the exploitation of these resources. The level of the oil field in terms of production (barrels per day) that the two countries will be able to produce is still a matter of speculation.

The main economic sectors are tertiary (services) at 75.7% contribution to GDP (2002), secondary (mainly manufacturing and construction) at 19.7% contribution to GDP (2002) and primary (mainly agriculture) at 4.6% contribution to GDP in 2002 ([www.cyprus.gov.cy](http://www.cyprus.gov.cy)).

#### **4.2.4 Communication Systems**

Telecommunications are excellent in Cyprus. Cyprus has invested heavily in this sector and has a modern national network, including extensive fiber optic cable and satellite systems.

Cyta, the state-owned telecommunications company manages most telecommunications and Internet connections on the island. However, following the recent liberalization of the sector, a few private telecommunication companies have emerged. Telephones - main lines in use for Greek Cypriot area: 427,400 (2004) and for Turkish Cypriot area: 86,228 (2004). Telephones - mobile cellular for the Greek Cypriot area: 640,500 (2004) and for the Turkish Cypriot area is 143,178 (2004). Companies that offer mobile cellular services are CytaMobile/Vodafone and Areeba Cyprus. The telephone system is excellent in both the Greek Cypriot and Turkish Cypriot areas ([www.infoplease.com](http://www.infoplease.com)).

#### **4.2.5 Working Conditions**

It should be noted that most companies in Cyprus work in the services sector and are classified as small on the basis of the EU definition.

Registering a company in Cyprus requires the submission of an application to the Registrar of Companies, in order that the name of the company can be examined and approved,

and payment of a fee of \$5 (£2 CYP Pounds) or, if rapid service is required, of \$17 (£7). After the name has been approved, the statutory documents have to be submitted by a lawyer practicing in Cyprus. The registration fee depends on the capital of the company.

For creating a company in which you will be self-employed or moving your existing company to Cyprus, one should seek the guidance of a lawyer and an accountant in order to avoid mistakes and unnecessary trouble.

For someone that is looking to pursue a regulated profession in Cyprus, he/she must submit an application for that purpose to the competent body, together with the requisite certificates and items of proof to the National Reference Body for Professional Qualifications at the Department of Labor.

Financial assistance, subject to criteria, is provided to young people and women for innovative activity through the national benefits framework, chiefly by the Ministry of Commerce, Industry and Tourism.

The social security system in Cyprus differs a little bit from the one in USA. The employer, the employee, and the State all contribute to social insurance. The social insurance requirement applies to all persons working in Cyprus. When you start work in Cyprus you will begin to pay contributions to the Social Insurance Fund. Participation in social insurance gives the possibility of benefit cover for contingencies such as unemployment, sickness, maternity, occupational disease, disability, and death etc. It also facilitates pensions for the self-employed, the old-age pension and the survivor's pension ([www.mlsi.gov.cy](http://www.mlsi.gov.cy)).

Contributions and benefits are proportionate and calculated as a percentage of the insured person's income from employment. A main feature is the provision for the regular revaluation of

insurable earnings and the adjustment of benefits in line with movements in salaries, wages and the consumer prices index ([www.mlsi.gov.cy](http://www.mlsi.gov.cy)).

The Social Insurance Scheme provides compulsory cover for every person who is gainfully occupied in Cyprus. Insured persons are placed in three categories: employed persons, self-employed persons, and voluntary contributors.

The contribution in the case of an employed person is calculated on the basis of the wage or salary up to a certain ceiling, which in 2006 was \$ 1158.68 (£479) per week or \$5,029 (£2 076) per month. The contribution is shared between the employer, the employed person and the State at the rates, respectively, of 6.3%, 6.3% and 4%.

The contribution in the case of a self-employed person is calculated on the basis of income levels which are fixed according to occupation and the place of the employment. Self-employed persons are not entitled to unemployment benefit and employment injury benefits ([www.mlsi.gov.cy](http://www.mlsi.gov.cy)).

#### **4.2.6 Media**

The Cyprus Broadcasting Corporation (CyBC) (Greek PIK) is the main broadcaster in the Greek Cypriot area, although there are also privately owned radio and TV stations. A TV channel from Greek state broadcaster ERT is also available. The British Forces Broadcasting Service also operates radio and TV stations, although the TV signal is now confined to the Sovereign Base Areas or encrypted for copyright reasons. In the Turkish Cypriot area, Bayrak Radio Televizyon is the local broadcaster, with radio and TV from Turkish state broadcaster TRT also available. The Republic of Cyprus regards Bayrak Radyo Televizyon as an illegal pirate broadcaster.

The first subscription channels in Cyprus were LTV and Alpha, offered by Multichoice since the mid-90s. Today, there are 3 major companies competing for the market; Nova Cyprus with approximately 35 themed channels via satellite, MiVision, offering approximately 30 channels via digital cable, and LTV and Alpha, and finally AthenaSAT, offering approximately 15 channels via satellite. PrimeTel also offers LTV and Alpha along with 30 other TV and radio stations. Every household in Cyprus can be reached by each and every one of the media that exists in the country (<http://news.bbc.co.uk>).

#### **4.2.7 Exchange Rates**

Exchange rate policy in Cyprus has been historically geared towards maintaining macroeconomic stability through the linkage of the Cyprus pound with a currency anchor, be it a single currency or a basket of currencies. Given, among other factors, the smallness and openness of the economy, this was considered to be an appropriate exchange rate policy framework for Cyprus. As suggested by the island's overall economic performance, the policy of using the exchange rate as a means of containing inflation has served the economy well, not only in terms of maintaining low inflation, but also in terms of contributing to the country's development process through the solidification of a stable and supportive macroeconomic environment ([www.centralbank.gov](http://www.centralbank.gov)).

The exchange rate between the CY pound and the US dollar has been in an upward trend since 2001, but stayed above the exchange of CY£1 for US\$ 2.3359 since 2003 (See Figure 4.2.7) ([gocurrency.com](http://gocurrency.com)).

On January 1<sup>st</sup>, 2008, the Euro (EUR) became legal tender in Cyprus, replacing the Cyprus pound (CYP) at the irrevocably fixed exchange rate of €1 = CYP 0.5855 or \$1.42.

#### 4.2.8 Tourism Revenue

Beach, sun and sea attract holidaymakers to Cyprus, as do the pine-clad mountains, ancient towns and villages, Byzantine churches with beautiful mosaics and the local food and wines. Today, the country's tourism industry is facing up to the challenge of repositioning itself as a destination, with an emphasis on lower volume, higher-value tourism markets. In this new strategy, there is a clear, distinct role for the development of wellbeing tourism and spa facilities.

Tourism has been the leading growth sector of the economy of Cyprus since the 1980s. It is one of the most dynamic sectors of the Cypriot economy and, besides being an important source of foreign investment; it also has beneficial effects on the domestic economy. Cyprus has a significant number of tourists who are 'repeat visitors'.

On the basis of the results of the Passenger Survey by the Statistical Service of the Republic of Cyprus, revenue from tourism reached £22,6mn (\$54,669M.) in February 2007 compared to £23,1mn (\$55,880M) in the corresponding month of the previous year, recording a decrease of 2.2%. During January and February 2007 revenue from tourism was £42.2mn (\$102,080M) compared to £44,3mn (107,160M) in the corresponding period of 2006, recording a decrease of 4.6%.

However, domestic tourism, especially the short-break leisure market, has become recognized as a major opportunity, following a 1995 survey which revealed that 46 per cent of Cypriots take long holidays, while 61 per cent holiday exclusively in Cyprus. Efforts to grow this market have intensified and the spa/wellbeing product is especially suited to the top end of the domestic market.

In the face of increasing international competition, the realization that tourism is at a mature stage of its lifecycle and the well-documented changes in tourism demand – more

independent, discerning visitors demanding higher standards, better quality and more activities – Cyprus has had to make hard decisions about the future of its tourism industry. In 2000, the CTO published a 10-year ‘Strategic Plan for Tourism’. Its principle theme is the need for quality and added value to transform Cyprus into ‘a quality tourist destination that will satisfy the visitor with various interests and quests and ensure the continuing quality of life for the locals’.

More information regarding arrival of tourism and revenues are presented in Figure 4.2.8 ([www.mof.gov.cy](http://www.mof.gov.cy)).

### **4.3 Competitive Market Analysis**

Competitive analysis will describe the business strategy and how will relate to the competition. The purpose of the competitive analysis in this business plan is to determine the strengths and weaknesses of Royal Spa’s competitors within the Cyprus’s market, strategies that will provide Royal Spa with a distinct advantage, the barriers that can be developed in order to prevent competition from entering the market, and any weaknesses that can be exploited within the service development cycle. The first step in this competitive analysis is to look into the Cyprus’s Market and identify potential customers and then identify the current and potential competition.

#### **4.3.1 Market Overview**

*Royal Spa* is scheduled to open in the city of Limassol. Limassol is the largest tourist city and has one of the largest business centers in Cyprus. Royal Spa’s most important group of potential customers is locals and tourists that seek to spend quiet time and relax in a tranquil environment bursting with aromatic senses and relaxing sounds.

Places such as *Royal Spa* are not very popular in the setting of Cyprus yet but are an upcoming trend that is developing fast. Smaller types of day spas are in Limassol and all over

Cyprus but they do not offer complete services. Based on a research conducted by Cyprus Tourism Organization (C.T.O) spas offering full services are non existent in the Cyprus Market, but is one thing that not only the tourists but also the locals ask for in the last couple of years (C.T.O, 2007).

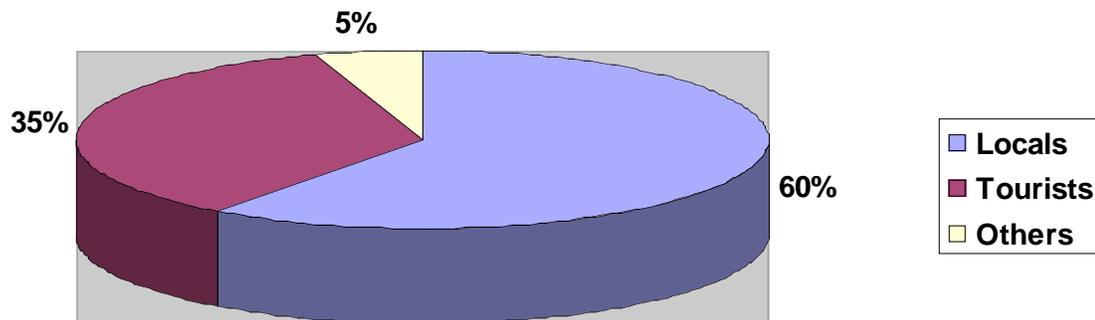
Some of the advantages for opening a day spa in Limassol and generally in Cyprus is the nice weather, sun and nice beaches, local culture and rich historical heritage, high service quality in luxury hotels, a lot of educated people in the industry etc.

#### **4.3.2 Market Segmentation**

The larger amount of clientele will be locals of mostly 25 years of age and up including men and women. As previously noted, it is a new trend for men to visit a spa after a day of stressful work or just to pamper themselves with a nice relaxing massage or sauna etc. A big portion of the spa profit will come from group treatments for parties such as bachelor or bachelorette parties, birthday parties; work parties for large corporations which is also a big trend instead of luncheon, companies prefer spas for a more relaxing mind and body. Female clientele will be the standard crowd of Royal Spa for any kind of treatment either a massage, facial, wax depilation or foot and hand care.

The next group will be tourists. In Limassol some of the hotels do not offer spa services. In cooperation with them, hotels will have the chance to offer their customers Spa services by Royal Spa with special discounts, coupons etc. Some of the hotels in mind are Holiday Inn, Ajax Hotel, Castle Hotel, Poseidonia Hotel, Kanika, Golden Arches, Navarria Hotel, Marathon Beach Hotel and Avenida Beach Hotel. Royal Spa will also cooperate with travel agents and airlines to bring in groups with the advantage of lower pricing.

### Market Analysis (Pie)



#### 4.3.3 Target Market Segment Strategy

As indicated by the previous illustration, Royal Spa must focus on the local clientele but never forget tourist customers that will also bring about 35% of the spa's profit.

#### 4.3.4 Distributing a Service

*Royal Spa* will promote its service through radio and TV commercials, magazine ads, billboards, Spa website and also pop up or advertising through other travel and leisure websites, in cooperation with other hotels and large corporations and also the most effective and old fashion way, word-of-mouth.

#### 4.3.5 Pricing Strategy

After conducting research on other spas' prices, *Royal Spa* prices will be about the same or a bit higher than its competitors, even though there are not real competitors for Royal Spa due to the fact that no other day spa in Limassol or Cyprus has such a huge location and such a variety of services like Royal Spa. It will keep moderate prices to be able to attract all kinds of clientele.

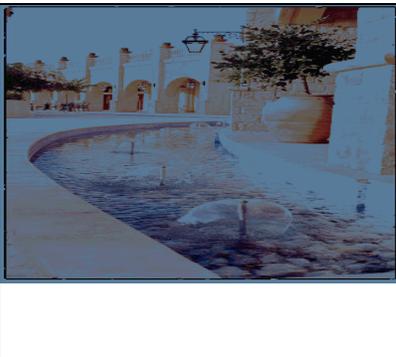
The average price of a massage treatment will be \$150 and the average price for a package excluding the Royal Suite package will be \$ 200.

#### **4.3.6 Competitors**

In the Cyprus market there is only one chain spa “City Spa” which is mostly a cosmetic spa conducting liposuctions, cellulite treatments, weight loss, etc. Hotel Spas such as “Le Spa” in Le Meridien Hotel is not a threat to Royal Spa due to the fact that Le Spa is a private club and it can only be use by its members. Other spas such as those in Londa Hotel, Four Seasons, Anassa, Mediterranean and Amathus Hotel etc. are not a threat because of the limited number of treatments that they offer. Most importantly, locals never go to a hotel for a spa treatment. When considering other little day spas that exist in Limassol, other than offering a variety of treatments they do not have the capacity to treat more than two or three customers at a time. On the other hand, *Royal Spa* will be able to treat more than 50 customers at any given time in different rooms of the property. Overall, *Royal Spa* has little to no competition at the present time and for the next two to three years. The future cannot be predicted by anyone so future competition may exist, but nobody can predict to what extent. The key element in the client level is the trust in the professional reputation and reliability of the service.

All of the spas mentioned above use the same way of advertising through magazines, flyers, TV commercials, billboards and word of mouth and lately some of them with the use of the World Wide Web and through [www.cyprusspa.com](http://www.cyprusspa.com).

**Cyprus Spas:**

<b>Spa</b>		<b>Sample Treatments &amp; Prices</b>	<b># of treatment rooms</b>
<b>CitySpa</b> Nicosia, Cyprus <a href="http://www.cityspa.com.cy">www.cityspa.com.cy</a>		<ul style="list-style-type: none"> <li>- Hot Stone Massage (75 min) \$118</li> <li>- Aromatherapy Wrap (45 min) \$102</li> <li>- Thermal Mud (45 min) \$102</li> <li>- Body Wrap (20 min) \$67</li> </ul>	16
<b>Le Spa</b> (Le Meridien Hotel) Limassol, Cyprus <a href="http://www.lemeridien.com">www.lemeridien.com</a>		<ul style="list-style-type: none"> <li>- Hot Stone Massage (55 min) \$250</li> <li>- Reflexology (55 min) \$ 240</li> <li>- Sports Massage (30 min) \$ 165</li> </ul>	28
<b>Opium Health Club</b> (The Elysium Beach Resort) Paphos, Cyprus <a href="http://www.elysium.com.cy">www.elysium.com.cy</a>		<ul style="list-style-type: none"> <li>- Hot Stone Massage (100 min) \$228</li> <li>- Reflexology (55 min) \$148</li> <li>- Body Wrap (20 min) \$94</li> </ul>	11
<b>Anagenisis Spa</b> (Thalassa Hotel) Paphos, Cyprus <a href="http://www.thalassa.com.cy">www.thalassa.com.cy</a>		<ul style="list-style-type: none"> <li>- Ritual Stone therapy (90 min) \$ 196</li> <li>- Aromatherapy Wrap (60 min) \$ 165</li> <li>- Reflexology (60 min) \$ 143</li> <li>- Refining Body Wrap (60 min) \$154</li> </ul>	18

<p><b>Thalassa Spa</b> (Anassa Hotel) Akamas, Cuprus <a href="http://www.Thanoshotels.com">www.Thanoshotels.com</a></p>		<ul style="list-style-type: none"> <li>- Aroma Massage (60 min) \$ 148</li> <li>- Reflexology (60 min) \$ 162</li> <li>- Algae Body Wrap (60 min) \$162</li> <li>- Sports Massage (30 min) \$ 107</li> </ul>	<p>8</p>
<p><b>The Retreat Spa</b> (Intercontinental Aphrodite Hills Resort) Paphos, Cyprus <a href="http://www.aphroditehills.com">www.aphroditehills.com</a></p>		<ul style="list-style-type: none"> <li>- Aromatic Mud Wrap (55 min) \$ 173</li> <li>- Aromatherapy Wrap (70 min) \$ 212</li> <li>- Sports Massage (55 min) \$ 173</li> <li>- Hot Stone Massage (75 min) \$236</li> </ul>	<p>24</p>
<p><b>The Spa</b> (Londa Hotel) Limassol, Cyprus <a href="http://www.londahotel.com">www.londahotel.com</a></p>		<ul style="list-style-type: none"> <li>- Sports Massage (30 min) \$ 135</li> <li>- Reflexology (45 min) \$ 121</li> <li>- Hot Stone Massage (90 min) \$179</li> <li>- Deep Cleansing Facial(70 min) \$174</li> </ul>	<p>10</p>
<p><b>Columbia Spa</b> (Columbia Hotel &amp; Resort) Pissouri, Cyprus <a href="http://www.columbia-hotels.com">www.columbia-hotels.com</a></p>		<ul style="list-style-type: none"> <li>- Sport Massage (55 min) \$159</li> <li>- Aromatherapy (70 min) \$ 187</li> <li>- Reflexology Massage (40 min) \$ 124</li> <li>- Primal-Radiance Contouring Facial (60 min) \$ 170</li> </ul>	<p>5</p>
<p><b>Amathus Spa &amp; Wellness Center</b> (Amathus Beach Hotel) Limassol, Cyprus <a href="http://www.amathus-hotels.com">www.amathus-hotels.com</a></p>		<ul style="list-style-type: none"> <li>- Mud Therapy (50 min) \$ 88</li> <li>- Reflexology (45 min) \$ 86</li> <li>- Aromatherapy (45 min) \$ 101</li> <li>- Deep Cleansing Facial \$106</li> </ul>	<p>6</p>

## **5. Preliminary Marketing Plan**

Preliminary Marketing Plan gives a detail report on actions necessary to achieve a specific marketing objective(s). In this case it will be for promotion of Royal Spa in Cypriot Market. Solid marketing strategy is the foundation of a well-written marketing plan. While a marketing plan contains a list of actions, a marketing plan without a sound strategic foundation is of little use.

### **5.1 Marketing Plan**

The Marketing Plan will define all of the components of the marketing strategy for Royal Spa. It will address the details of Royal Spa's objectives, service adaptation, and promotional mix such as sales, advertising, and public relations campaigns. The plan will also integrate traditional (offline) programs with new media (online) strategies.

#### **5.1.1 Marketing Objectives**

Royal Spa objectives are to provide a strong foundation for the growth of the spa and wellness industry in Cyprus, to promote brand awareness and strengthen the profile of Cyprus's spa and wellness industry locally, nationally and internationally, to offer a profitable service, and to educate the public of the many health benefits derived from spa treatments and therapies. Royal Spa will also keep in mind that new services have to be created every couple of months in order to keep customers coming back and expansion in new cities will be considered in the near future.

Profit expectations should be high due to the fact that no other spa in Cyprus offers treatments for groups, has no other competition, and also the advantage of easy adaptation of Cypriots to new products and services.

### 5.1.2 Promotional Mix

It is not enough for a business to have good service sold at attractive prices. To generate sales and profits the benefits of services have to be communicated to customers. One can achieve it by personal selling, advertising, sales promotions, and publicity otherwise known as “PR”. In the case of Royal Spa and any other day spa you can use personal selling as an advantage.

In *Advertising* the two basic aspects of it are the message (what you want your communication to say) and the medium (how you get your message across). The advantages are building awareness, it is effective to reach a wide audience and repetition of main brand and product position helps build customer trust. The disadvantages are that it is impersonal and it cannot answer all customers’ questions and it is not good at getting customers to make a final decision. According to a report titled *Global Entertainment and Media Outlook: 2006-2010* issued by global accounting firm PricewaterhouseCoopers, worldwide advertising spending was \$385 billion. The accounting firm's report projected worldwide advertisement spending to exceed half-a-trillion dollars by 2010 ([www.pwc.com](http://www.pwc.com)). Royal Spa will be spending about \$30,000 on measured media per year, a seemingly small ad budget for a new company but it should be considered that is a huge amount for Cyprus Market. Royal Spa will be devoted to nontraditional media like the internet, events, promotions and word-of-mouth marketing along with more conventional tactics like television and radio commercials, print ads and billboards.

Royal Spa executives believe that they should never spend a lot of money on advertising. They believe that if you offer the service, then the customer will do the promotion for you. To begin though, Royal Spa needs to advertise in order to provide the target audience with information (creating awareness); it also needs to persuade customers to use their service (by promoting service and company) and of course to reinforce Royal Spa’s existence by

consistently repeating key messages. Research shows that people need to see an advertisement at least seven times before the advertisement starts to mean anything to them ([www.cim.co.uk](http://www.cim.co.uk)). It can, therefore, be quite costly. Typical advertising media include Yellow Pages, local newspapers and magazines, radio, TV, magazines within flights arriving to Cyprus (for tourists) and websites. It will be difficult to assess how much business is achieved through 'paid-for' advertising unless Royal Spa includes some form of monitoring scheme (such as a discount voucher) within the advertisement.

For the purpose of this project, I had created three magazines covers (see below) that I had sent to some magazines and they are working to see which ones will be effective enough to use for the first ad in their magazines. (For larger images, see pgs 77 - 79)



(a)



(b)



(c)

The next step will be *Public Relations*. Publicity is something that 'happens' to a company and the result may be good or bad. Public relations (or PR) involve a sustained attempt to develop a company's reputation as a business by using the media to help create the image they desire. It is a way of keeping the business in their customer's eyes.

News or press releases will be distributed to the media to announce, for example, new service launches, a change in opening times or company successes. Articles will be distributed to

trade journals or local newspapers, and sponsorship or charitable donations can help to position the business more prominently in the market place than the competitors. Attendance at seminars or trade shows will also help to promote the image of the business to a chosen target audience.

Royal Spa will also create an appealing image by involving itself in campaigns and charity events helping the community. This will win the respect of their customers and makes them aware that Royal Spa is not only interested to make money but it also contributes to the community. This way will be advertising indirectly through press releases and word-of-mouth. It will not advertise their service, but rather their name and image. It will give them publicity. Publicity is transmitted through a mass medium, such as newspaper or radio, at no charge. As we know, organizations use publicity to strengthen the company's image. What this does for the company is to create news stories. Royal Spa, by getting the media to report on their accomplishments, will help them to maintain positive public visibility.

Next step is *Sales Promotion* which is best described as a specific, usually short-term, promotion that is 'over and above' what you would normally provide to the customer (e.g. buy one, get one free). At the beginning, Royal Spa will give promotional prices, the prices will be low everyday, and it does not matter if it is Saturday or Sunday. Also, a good idea for the first one or two months would be to introduce the "Buddies Treatments" where they can purchase one therapy and their buddy will either get a free pass equal or less the amount or pay half the price. From time to time, Royal Spa will also offer package prices where a customer can buy several treatments at once at a cheaper price and use them anytime within a year. Sales promotions are a good way of attracting new customers. However, on their own they are unlikely to build customer loyalty or change their longer term buying habits.

Another good way is *Direct Marketing* which is an increasingly popular technique as it enables a company to target specific customer groups very accurately. It is a flexible way to deliver a message and, because each letter can be personalized, the chances of a response are greatly improved. The overall success of a campaign can also be directly measured in terms of the number of responses received.

Royal Spa can collect information on customers and use this to build up their own 'in-house' database. Although this can be time-consuming, the information gathered will be accurate and relevant to the spa, and can be relatively easily kept up to date. Alternatively, Royal Spa can buy a mailing list of potential customers that is tailored to their precise specification.

And the last method of attracting customers is the *Personal Selling* which is the most effective form of promotion because it allows the company's approach to be tailored to the needs of an individual customer. Getting a sale is ultimately extremely important, but the process involves a lot more than this. It is about having a constructive dialogue with customers to listen to their needs, promote service and company benefits on an individual basis, answer any questions, resolve any problems and get their feedback before sealing a sale.

Royal Spa will offer a free consultation session, face-to-face where a health consultant can build a relationship with the customer - understanding their needs and feeding back this knowledge to the business to improve services, customer service standards, competitor knowledge etc.

### **5.1.3 Marketing Mix**

When blending the mix elements, marketers must consider their target market. They must understand the wants and needs of the market then use these mix elements in formulating appropriate marketing strategies and plans what will satisfy these wants. The mix must also meet

or exceed the objectives of the organization. The most common variables used in formulating a marketing mix are price, promotion, product and place.

I already discussed the product and the place which is the creation of Royal Spa in Limassol, Cyprus. The price is one of the most important factors. Although Royal Spa can charge the same prices with other spas, at the same time it can charge higher and it will still be the leader in that industry. Again the reason is that if a customer has the option to have a one stop shop for a little bit more on the price than pay less and have to go from place to place, there is no doubt that they will choose to pay more. Royal Spa needs to determine prices and to look into their competitor's prices and also expenses such as wages, equipment, maintenance fees, and marketing expenses, depreciation of equipment, insurances costs etc. All these factors are really important in order for Royal Spa to determine treatment prices.

### 6. Financial Analysis/Projections

This financial analysis will prove the assessment of the *solvency, liquidity, stability* and *profitability* of Royal Spa for the next few years. The following table shows the initial expense breakdown for improvements, furniture, equipment, supplies along with ongoing expenses.

<b>Estimates</b>		
<b>Monthly Rental:</b>		<b>\$33,000.00</b>
<b>Improvements/Construction:</b>		
	Flooring:	\$150,000.00
	Room Division:	\$100,000.00
	Windows:	\$75,000.00
	Fish Tank:	\$250,000.00
	Kitchen:	\$30,000.00
	Plumbing:	\$20,000.00
	Bathrooms:	\$60,000.00
	Bridge:	\$50,000.00
	Lighting:	\$115,000.00
	<b>Total:</b>	<b>\$850,000.00</b>
<b>Furniture:</b>		
	Reception:	\$13,500.00
	Treatment Beds (28 x \$400 each)	\$11,200.00
	Supply Cabinets (18 x \$400)	\$6,004.00
	Stools (4 x \$199)	\$2,786.00
	Royal Suite Treatment Beds (2 x \$600)	\$1,200.00
	Full Gel Fire Place	\$1,500.00
	Recliners (2 x \$4000)	\$8,000.00
	Changing Rooms Furniture & Equipment	\$150,000.00
	Misch.	\$200,000.00
	<b>Total:</b>	<b>\$394,190.00</b>
<b>Equipment:</b>		
	Facial Instruments (22 x \$800)	\$17,600.00
	Steamers (22 x \$150)	\$3,300.00
	Sterilizers (22 x \$120)	\$2,640.00
	Air - conditioning:	\$40,000.00
	Sauna Rooms (2 x \$3000)	\$6,000.00
	(4 x \$2250)	\$9,000.00
	Mud Bath	\$5,500.00
	Hot Tub	\$6,500.00
	Jacuzzis (4 x \$3500)	\$14,000.00
	Jacuzzi Room Cabinets (4 x \$350)	\$1,400.00
	Pedicure Spa Chairs (7 x \$1500)	\$10,500.00
	Pedicure Sinks (3 x \$175)	\$525.00
	Manicure Massage Chairs (7 x \$450)	\$3,150.00
	Manicure Tables (7 X \$300)	\$2,100.00
	Manicure Stools (7 x \$199)	\$1,393.00
	Counter	\$1,200.00
	Nail Dryers (7 x \$50)	\$350.00
	Germicidal Cabinets (4x \$150)	\$600.00
	Hot Towel Cabbies (3 x \$350)	\$1,050.00
	<b>Total:</b>	<b>\$126,808.00</b>
<b>Supplies:</b>		
	Linens, Towels, Spa robes	\$30,000.00
	Inventory: Cream, Scrubs etc	\$150,000.00
	Decorations	\$75,000.00
	<b>Total:</b>	<b>\$255,000.00</b>
<b>Initial Advertising</b>		\$25,000.00
<b>Monthly Advertising</b>		\$5,000.00
<b>Cleaning &amp; Maintenance</b>		\$4,000.00 per month
<b>Initial Landscaping</b>		\$15,000.00
<b>Monthly Landscaping</b>		\$1,000.00 per month
<b>Utilities</b>		\$1,000.00 per month

Table 6. Estimate Expenses

### 6.1 Transaction Sources, and Uses

The table below shows sources from where Royal Spa will need to raise money in order to start operations. And it also gives a breakdown of the uses and a specific amount for each one of them.

Transaction Sources & Uses								
Sources	Amount	% Cap	Exp. Rate	WACC	Years	EBITDA x	Uses	Amount
Loan	1,600,000.00	75%	9%	6.7801%	15	1.68	Improvements/ Construction:	850,000.00
Equity	523,857.94	25%	25%	6.1663%		0.55	Furniture:	394,190.00
							Equipment:	126,808.00
							Supplies:	255,000.00
							One year Rental	396,000.00
							Other Expenses	40,000.00
							Fees	3.0% 61,859.94
<b>Total:</b>	<b>2,123,857.94</b>			<b>12.9465%</b>		<b>2.23</b>	<b>Total:</b>	<b>2,123,857.94</b>

**Table 2.** Transaction Sources & Uses

## 6.2 Projections/Planning

The following table measures the value of the company based on the company's future cash flow along with an *Exit year* and a *Terminal Value* of \$2.5 million.

Assumptions		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Annual Budget</b>							
<b>INCOME STATEMENT</b>							
<b>Revenue Assumptions</b>							
Average Price per visit		\$ 150.00	\$ 157.50	\$ 165.38	\$ 173.64	\$ 182.33	
Average Price Increase	5.0% (growth)						
Average Daily Visits		25	25	25	25	25	
Daily Revenue		3,750	3,938	4,134	4,341	4,558	
<b>Annual Revenues</b>		1,368,750	1,437,188	1,509,047	1,584,499	1,663,724	
<b>Cost of Revenue</b>	15.0% (% of Rev)	205,313	215,578	226,357	237,675	249,559	
<b>Operating Expenses:</b>							
Salaries	5.0% (growth)	100,000	105,000	110,250	115,763	121,551	
General	1.5% (% of Rev)	20,531	21,558	22,636	23,767	24,956	
Administrative	1.5% (% of Rev)	20,531	21,558	22,636	23,767	24,956	
Selling/Marketing	5.0% (% of Rev)	68,438	71,859	75,452	79,225	83,186	
Rent		-	33,000	33,000	33,000	33,000	
Total Operating Expenses		209,500	252,975	263,974	275,522	287,649	
<b>EBITDA</b>		953,938	968,634	1,018,716	1,071,302	1,126,517	
Depreciation	5.00% (% of Rev)	68,438	71,859	75,452	79,225	83,186	
EBIT		885,500	896,775	943,264	992,077	1,043,331	
Interest		144,000	139,096	133,750	127,923	121,571	
EBIT		741,500	757,679	809,514	864,154	921,760	
Taxes	35% (% of EBT)	259,525	265,188	283,330	302,454	322,616	
Net Income		481,975	492,492	526,184	561,700	599,144	
<b>EQUITY CASH FLOW</b>							
EBITDA		953,938	968,634	1,018,716	1,071,302	1,126,517	
Less Taxes		(259,525)	(265,188)	(283,330)	(302,454)	(322,616)	
Less Interest		(144,000)	(139,096)	(133,750)	(127,923)	(121,571)	
Less Working Capital	1.00% (% of Rev)	(13,688)	(14,372)	(15,090)	(15,845)	(16,637)	
Operating Cash		536,725	549,979	586,546	625,080	665,693	
Less Capex (Improvements)	5.00% (% of Rev)	(68,438)	(71,859)	(75,452)	(79,225)	(83,186)	
Free Cash Flow Before Loan Pmts		468,288	478,120	511,094	545,855	582,506	
Less Loan Principal Pmts		(54,494)	(59,399)	(64,745)	(70,572)	(76,923)	
<b>Equity Cash Flow</b>		(523,858)	413,793	418,721	446,349	475,284	505,583
Plus Terminal Value (using same initial EBITDA multiple)							2,508,091
Less Loan outstanding @ Exit							(1,273,868)
Total Equity Including TV	<b>IRR 77.26%</b>	(523,858)	413,793	418,721	446,349	475,284	1,739,807
<b>LOAN CALCULATIONS</b>							
Loan Outstanding		1,600,000	1,545,506	1,486,107	1,421,363	1,350,791	1,273,868
Principal Payment			54,494	59,399	64,745	70,572	76,923
Interest Payment			144,000	139,096	133,750	127,923	121,571
Total P+I			198,494	198,494	198,494	198,494	198,494

**Table 6.2** Assumptions & Projections

### 6.3 Equity Analysis

Due to my calculations the projected Return-On-Investment for Royal Spa should be \$2,508,091 assuming the 5th year of operations as the exit year.

<b>EQUITY CASH FLOW</b>		<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
EBITDA		953,938	968,634	1,018,716	1,071,302	1,126,517	
Less Taxes		(259,525)	(265,188)	(283,330)	(302,454)	(322,616)	
Less Interest		(144,000)	(139,096)	(133,750)	(127,923)	(121,571)	
Less Working Capital	1.00% (% of Rev)	(13,688)	(14,372)	(15,090)	(15,845)	(16,637)	
Operating Cash		536,725	549,979	586,546	625,080	665,693	
Less Capex (Improvements)	5.00% (% of Rev)	(68,438)	(71,859)	(75,452)	(79,225)	(83,186)	
Free Cash Flow Before Loan Pmts		468,288	478,120	511,094	545,855	582,506	
Less Loan Principal Pmts		(54,494)	(59,399)	(64,745)	(70,572)	(76,923)	
<b>Equity Cash Flow</b>	<b>IRR</b>						
Plus Terminal Value (using same initial EBITDA multiple)	77.26%	(523,858)	413,793	418,721	446,349	475,284	505,583
Less Loan outstanding @ Exit							(1,273,868)
<b>Total Equity Including TV</b>	<b>87.06%</b>	<b>(523,858)</b>	<b>413,793</b>	<b>418,721</b>	<b>446,349</b>	<b>475,284</b>	<b>1,739,807</b>
<b>LOAN CALCULATIONS</b>							
Loan Outstanding		1,600,000	1,545,506	1,486,107	1,421,363	1,350,791	1,273,868
Principal Payment			54,494	59,399	64,745	70,572	76,923
Interest Payment			144,000	139,096	133,750	127,923	121,571
Totl P+I			198,494	198,494	198,494	198,494	198,494

**Table 6.3** Equity Cash Flow

## 7. Conclusion

This paper sought to provide an overview of Cyprus culture, economy, and competitive market along with a Marketing plan for Royal Spa's interest towards opening its business in Limassol, Cyprus. I came up with some major findings. Drawing on both primary and secondary data, and further elaborating on all aspects of Royal Spa's internal and external operations through interviews, and research, the plan analyzed the acceptance of Royal Spa in Cyprus.

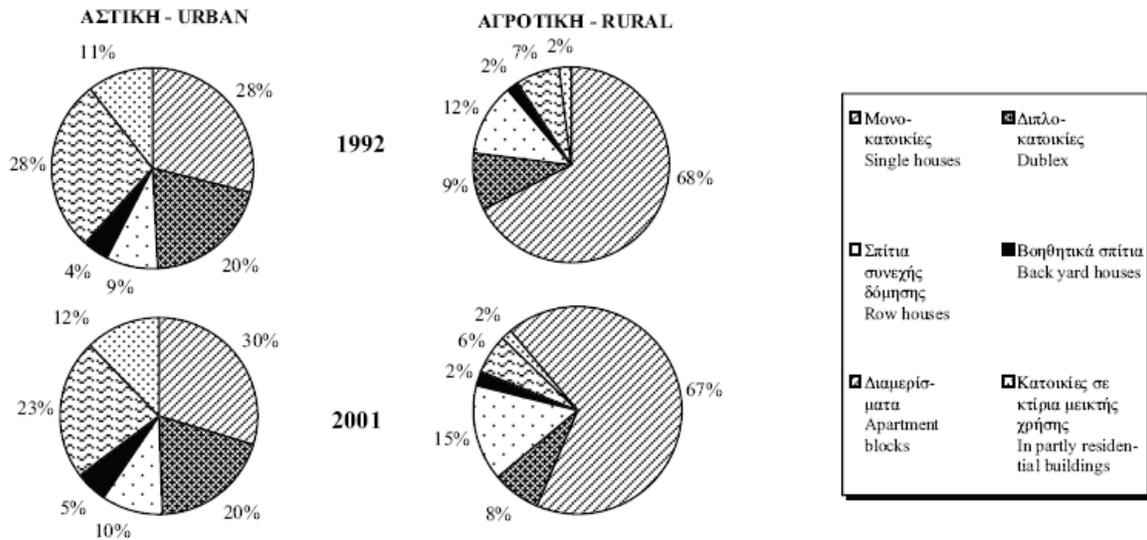
It is remarkable that all sources favor Royal Spa and this prospective service. A new spa in Limassol will be an evolutionary idea. Competition is not really a competition in this case due to the fact that no other spa offers what Royal Spa will offer. Another advantage for Royal Spa is the fact that Cypriot citizens are always willing to try new services and especially if it is something that did not experience before.

Prices are based on different factors such as maintenance fees, marketing fees, wages, and in comparison with other spas in Limassol and in Cyprus in general.

Royal Spa should not worry about government regulation because the government wants to attract more entrepreneurs that is why the procedures and regulations are becoming simpler.

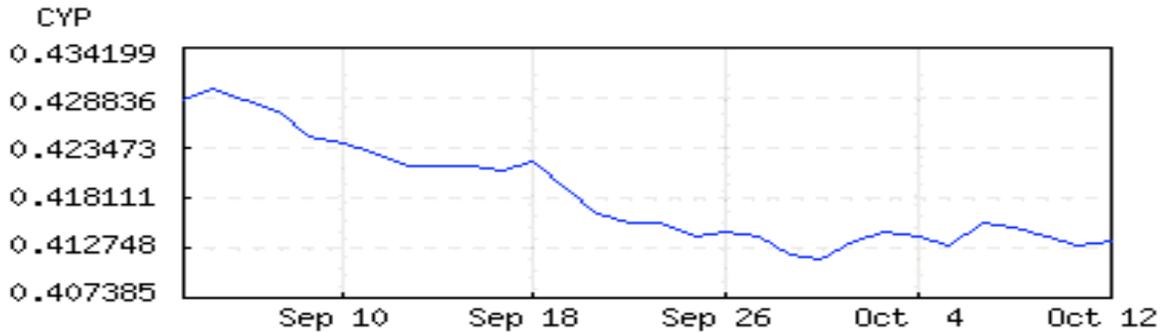
The final finding of this project is that after the introduction of service in Cyprus, Royal Spa should have a Return-on-Investment in less than 5 years for about \$2.5 million.

**Figure 4.1.6** Conventional Dwellings by Type of Building and Urban/Rural Area as at 1992 and 2001 Census



Statistical Services Office of the Republic of Cyprus: Census of Population (2001)

**Figure 4.2.7** Exchange Rates from CYP to USD



Source: Gocurrency.com

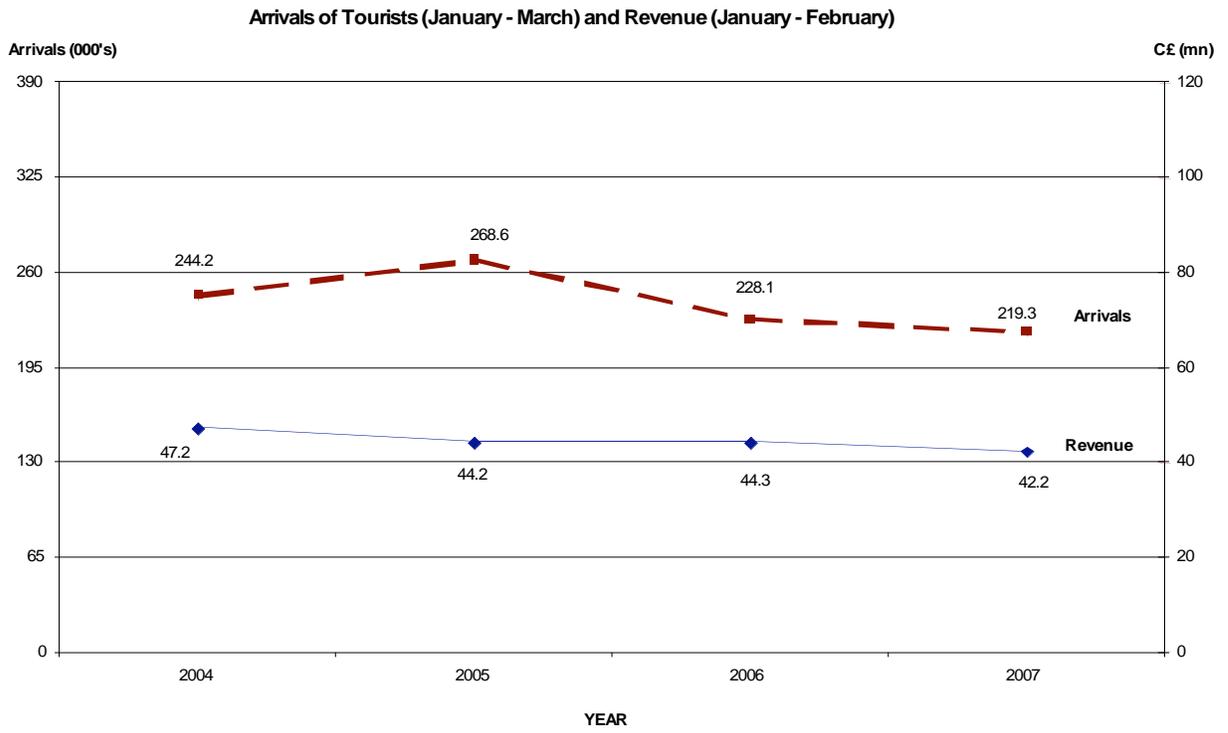
Friday, October 12, 2007

1 Cyprus Pound(s) = 2.41896 US Dollar(s)

1 USD = 0.4134 CYP

1 CYP = 2.41896 USD

Figure 4.2.8



Source: Statistical Service of the Republic of Cyprus