

## **ORGANIZATIONAL PERFORMANCE AND COMPETITIVENESS OF SPA AND WELLNESS CENTERS**

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### **ABSTRACT**

*Spa and wellness centers have become a culturally relevant force, influencing not only how consumers manage their health, stress and stress, but also how consumers are socializing, traveling or working. As interest in physical well being has increased, this type of therapy has become popular among clients and has been recommended by many medical specialists. As the treatment and leisure centers became attractive to a growing number of customers, facilities of this kind were considered a necessity. As a result of the development of this field, as well as of various uses, namely treatment of affections, beauty, spiritual balancing, entertainment etc., medical centers, wellness centers and spas have become an integral part of the health care industry. Starting from the importance of the domanin, the present article analyzes, from a theoretical perspective, the organizational performance and competitiveness of spa and wellness centers. Furthermore, the paper presents the evolution of the competitiveness of the global spa and wellness industry between 2007 and 2015, and also the economic impact of the wellness tourism industry.*

**KEYWORDS:** *organizational performance, competitiveness, treatment centers, leisure centers, services*

**JEL CLASSIFICATION:** *M21, M31, O14*

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### **1. INTRODUCTION**

Treatment and leisure centers have existed for centuries and have attracted customers who have sought to maintain or improve their health in various ways. Certain resources or features of the natural environment, such as mineral waters, beaches or numerous sacred sites, have often been the key factor that have attracted customers to these centers. Thus, if these treatment and leisure centers originally developed in a natural way around resources, without the need for rigorous planning or the establishment of special strategies, in the last few years, due to increased competition, these centers, like any other economic activity, can no longer remain passive awaiting only a natural adaptation, but must strategically plan their actions and identify their competitive advantages in order to be able to stay on the market and improve their organizational performance.

Trends come and go and, without proper planning, what today is considered novelty, tomorrow can turn into something outmoded. Thus, managers of such centers need to prepare for the future, and the first recommendation in this regard would be to educate their clients. Most clients are not yet clear about what constitutes a treatment and leisure center and are not perceived on this market, and therefore highlighting the relevance and importance of these experiences is considered a very important step.

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## 2. LITERATURE REVIEW

Researchers interested in this field emphasize the various values given by visiting wellness centers, from medicine (Bennett et al., 2004), to customer welfare (Monteson and Singer, 2004; Zender and Olshansky, 2009), from nutrition to sports programs (Church and Robertson, 1999; Kotler and Armstrong, 2010) and treatment. People begin to evaluate these visits as an opportunity to improve health, relieve pain and stress, and educate on well-being. The balance between body, mind and soul becomes the main objective of all visitors to these centers.

According to the World Health Organization, the concept of health is a state of well-being both physically, mentally and socially, not just the absence of illness or infirmity. The notion of wellness can be extended to include not only the physical, mental and social dimension, but also sexual, emotional, cultural, spiritual, educational, professional, financial, environmental, ethical and existential. As a holistic approach, the wellness concept assumes that if any of these dimensions is deficient, then complete welfare can not be achieved (Cohen & Bodeker, 2008).

Muller and Kaufmann (2000) suggest that wellness refers to a state of health that involves the harmony of body, mind and spirit. This is achieved through responsibility, physical activity, beauty care, healthy eating, diet, relaxation, meditation, education and social contact as fundamental elements. The idea of considering these prevention services was reviewed by Church and Robertson (1999), emphasizing that these programs help reduce workplace risk, improve overall health by increasing exercise, eating healthier foods, and reduced stress. Bennett et al. (2004) define these centers through customer programs designed to improve physics and psyche. The spiritual side is emphasized before the physical.

According to Kandampully et al. (2013) if we refer to service intangibility, managers of spa centers can try to increase the level of tangibility by displaying pictures or brochures by explaining the benefits of customer service by using brand names or celebrities to promote and create trust in services.

Spa centers can try to standardize through intensive employee training, thus reducing variability. Another possibility involves replacing the human factor with machinery or equipment, so the contact between staff and the customer is diminished the same as the variation in service quality. Regarding perishability, a technique that can be used by spa managers to avoid losses associated with this feature of services is to charge customers for canceled reservations.

Balancing demand with the ability to provide services by spa organizations can be achieved through several variants such as differentiated pricing, for example, discounts between certain times, or the use of a reservation system. Reservations reduce the risk of customers not being served or waiting for long because spa centers can prepare in advance to meet demand. However, reservation systems involve some additional costs because customers can delay or abandon the programming without announcing in time, generating losses for the service company. If they are late, overworking schedules and generating chain reactions throughout the day.

Smith & Puczko (2010) considered that the challenges of managers in this area depend on the type of spa. Thus, the managers of these centers face challenges related to seasonality, high staff costs if they opt for well trained staff, high administrative costs, limited capacity in most cases, marketing spending, and increased competition.

According to Lakhe & Mohanty (1995), service companies should not only seek to ensure quality, but also measure and improve it from the perspective of both customers and suppliers. Thus, it is necessary to change the traditional perception that it is sufficient to provide qualified services in a careful manner. Thus, if in the field of spa centers, the acceptable quality services included direct treatment services, those related to administration and purchase that affect the cost of services and those related to the way the service is provided, accommodation, food, safety and attitudes of staff, today organizations in this area of activity have to take into account several aspects: provision of adequate services and facilities, provision of appropriate reservation facilities, availability of other

services: accommodation, food, transportation, parking, telephony etc., provision of treatment and leisure services at an affordable price, lack of errors etc.

The competitiveness of a treatment and leisure center can be appreciated by comparing with similar centers in terms of customer numbers, spending, market share or total revenue (Ritchie & Crouch, 2002; Sheldon & Park, 2008). According to Ritchie and Crouch (2000), "competitiveness is illusory without sustainability," and Hassan (2000) argues that "transforming comparative advantages into a competitive market position" is the key to long-term success. We note that the definitions outlined emphasize the ability of the organization to develop and manage its strengths, are long-term oriented and involve effective collaboration between stakeholders. A more complex definition is provided by Ritchie and Crouch (2002), according to whom competitiveness is given by the ability of a center to increase customer spending, attract more and more customers by providing memorable experiences that have a high level of satisfaction and to proceed in a profitable way, while ensuring the well-being of future generations.

### **3. RESEARCH METHODOLOGY**

The scope of this research was to illustrate the main findings regarding the organizational performance and competitiveness in the field of spa and wellness centers. More concretely, we performed an investigation of the relevant scientific studies in the field, followed by a quantitative measurement of the economic performance of spa and wellness industry at a regional level. In order to better assess the importance of this field in the global economy, we have carried out an empirical research based on the centralization and synthesis of data collected from the Global Economy SPA & Wellness Monitor, indicating the evolution of the indicators specific to the spa and wellness industry. Also, for an in-depth approach to this sector of activity, there was conducted an analysis of the main indicators characterizing each subdomain of the spa and wellness industry, dividing the regions into Asia-Pacific, Europe, North America, Latin America, Middle East-North Africa and Sub-Saharan Africa. As a result, in the end of the article we were able to identify a set of the possible advantages and disadvantages that may be encountered by hotel, resort or destination units that opt for the establishment and development of a wellness center.

### **4. ORGANIZATIONAL PERFORMANCE**

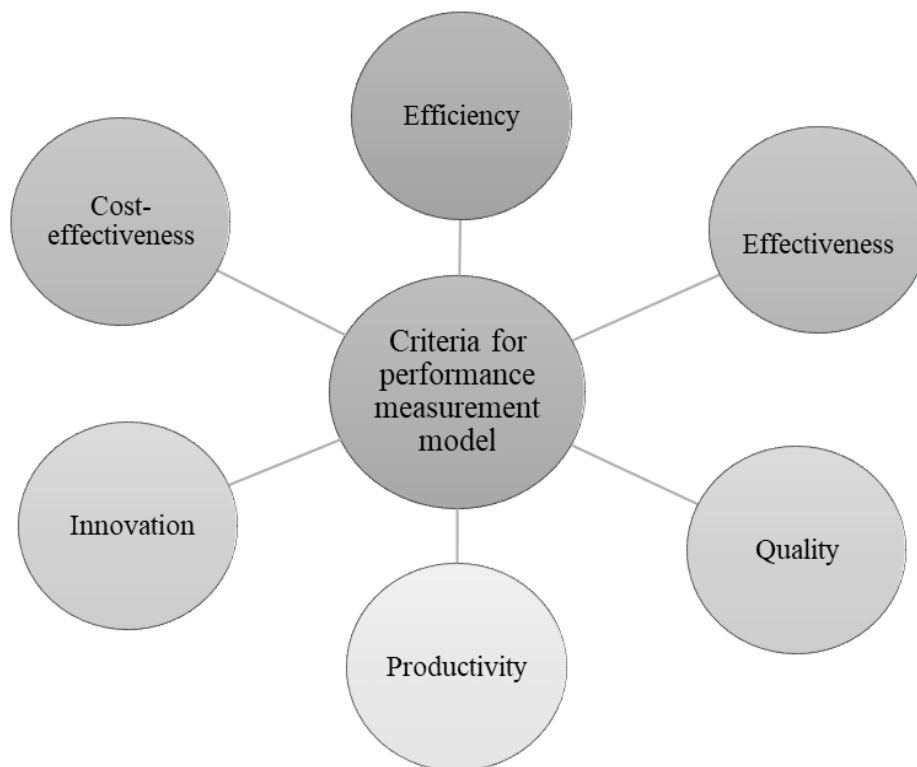
Organizational performance is one of the main concerns in the field of management, being an important indication of the success of an organization. This variable needs to be analyzed from the perspective of sustainable development, the management of the company needs to be geared towards continuous improvement and performance must be measured by all relevant indicators.

Researchers in the field have developed a wide range of approaches and definitions of organizational performance, and appropriate models for its assessment. Thus, while Walker & Ruekert (1987) refers to the main dimensions of an organization's performance, effectiveness, efficiency, and adaptability, Lusch and Laczniak (1989) define performance as the total economic result of the organization's activities. Ho (2008) asserts that this can be assessed by the efficiency and effectiveness of achieving the objectives. According to Martz (2013), the overall trend among researchers is to evaluate organizational performance using a single variable, such as profit or productivity. This approach focuses on results and looks at the organization as a rational system that allows objectives to be achieved. In other approaches, however, the focus is on several variables, by extending the criteria to include flexibility and tension within the organization. Performance in this conceptualization focuses on how well an organization can achieve its goals, given some resource constraints and without putting excessive pressure on its members.

Measuring performance leads to improved accountability and increased competitiveness and profitability, but it is necessary to take account the context in order to identify the most appropriate measurement methods (Girneata et al, 2015). Performance measurement, traditionally, is seen as a

means of quantifying the efficiency and effectiveness of actions (Neely, 1997). According to Job and Sanghamitra (2010), the classical performance measurement model supports the need to develop a system of 6 criteria: efficiency, effectiveness, quality, productivity, innovation and cost-effectiveness (Figure 1).

- *Creativity*. To ensure the ability to create something original, the following factors need to be taken into account: organizational culture, leadership style, resources and skills involved, and organization structure.
- *Innovation*. Adopting new and useful ideas for the organization is an important element in gaining a competitive advantage, which will improve organizational performance.
- *Productivity*. In service companies, this is considered to be a function of quantity, quality, timeliness, resources and personal ability.
- *Efficiency* is the extent to which a resource is used for the intended purpose and can be described as the ratio between the resources expected to be consumed and the resources actually consumed.
- *Effectiveness* means doing the right things at the right times and at the right level of quality. This is calculated as the ratio between actual production and expected production.
- *Competitiveness* is seen as the ability of the organization to implement the strategies needed to compete.



**Figure 1. Criteria for the classical performance measurement model**

*Source:* Developed by the author based on the information from Job & Sanghamitra (2010)

**In our opinion**, organizational performance measurement is a basic requirement for success and is both a way of assessing past performance and a method of collecting relevant and accurate information that is necessary for future decision-making processes.

## **5. MEASURING THE PERFORMANCE OF ORGANIZATIONS IN THE FIELD OF SPA AND WELLNESS CENTERS**

With the exception of centers belonging to major hotel chains, this industry, although at an advanced stage of development and growing, has no sets of global standards. In 2003, the Association of Day Spa was the first to produce a benchmarking report for the day spa industry. The purpose of that research was to look beyond the financial aspects and promote a successful development of such centers, offering competitive and quality services to customers. Since 2004, when the International Spa Association launched the first edition of the Uniform Financial Reporting System for Spa Centers, this sector had a financial performance measurement system.

According to Cohen & Bodeker (2008), key performance indicators of a spa center are: revenues, expenditures, customers, human resources. According to Jay Kandampully (2006), key elements in organizations in the field of treatment and leisure centers to achieve high performance are: increasing the number of services available in the offer, customer orientation, efficiency by renouncing certain activities, creative use of technology, external guidance and internal coordination.

We consider these elements to be very important because: traditional offers with a focus only on the treatment side are often not enough to meet the client's needs, as various additional services have to be included in the offer to meet both primary and secondary customers needs. Also, services can not be stored for later consumption, they are produced and consumed simultaneously, and control over the whole process is a bit more difficult. Businesses that focus on the customer should consider the effects of high demand on the quality and value of the services they offer. Companies that want to attract higher demand but lack sufficient capacity can suffer serious consequences if service quality is diminished. Therefore, the managers of these centers must efficiently and simultaneously manage the supply, capacity and quality of services. In search of methods to influence capacity according to customer needs and without compromising the quality of service, an effective strategy is to establish partnerships that allow this. Such external partner firms can complement their own internal capacity. According to Hamel (2002), these partnerships are a valuable network whereby a company's resources can be supplemented or amplified. They provide flexibility to the organization and allow it to expand its existing offer beyond basic skills. Next, technology helps the entire organization focus on the customer and encourages each employee to become innovative. By increasing the efficiency of employees and the system in general, in the end the customer satisfaction will also increase. By developing capacities that are valuable and difficult to imitate, treatment and leisure centers can create a sustainable competitive advantage that leads to superior profitability. Market and customer understanding can be considered the most valuable features of organizations in this area, and therefore collecting customer and competitor information is essential. According to Kimes (2008), management of treatment and leisure centers refers to allocating the right space for the right customer at the right price and at the right time, so that the revenue earned is maximum. In this situation, the right word involves achieving the highest possible revenue while providing the maximum value or utility for the client. The issue of maximum utility is especially important for this area due to direct contact with the customer during service delivery. In practice, revenue management means pricing according to the expected demand level so that price sensitive customers can benefit from priced services that they are willing to pay but outside peak hours and those who are not sensitive to price and want to benefit from a service provided at peak hour can also do so. Income management application is most effective for operations that have a relatively fixed capacity, predictable demand, perishable stocks, a proper cost structure, and variable demand over time, attributes that can generally be found in treatment and leisure centers.

Measuring the revenue resulting from an available treatment time has major implications for how a center is operated and evaluated. Many managers are currently measuring the performance of such a center based on the number of clients served, the average value spent by a customer, the use of therapists or treatment rooms, the income per square meter, the income on treatment, or in the case



of hotels and resorts, by the spa income per occupied room. Although these ways of measuring are valuable for various purposes, they do not explicitly reflect performance, but the revenue method resulting from an available treatment time combines information on spending and use of treatment rooms for the average client, providing a measurement on the flow of revenue through the system and indicating how efficiently a treatment and leisure center uses its capacity. Since it involves taking into account the capacity utilization and the average spending per treatment available, this method shows more clearly the performance of a center than the common methods previously mentioned. The level of revenue generated is also shown, and the compromise between average spending and capacity utilization is also surprised.

A successful management strategy is based on the efficient control of customer demand and the correct management of time and price. When properly used, these levers can be used to increase the revenue generated by one hour of treatment. Operators within treatment and leisure centers have a predictable length of customer visits. To increase revenue per treatment hour, managers of these centers need to exercise more time control by redefining the duration, reducing the arrival time uncertainty, the duration of treatment, or reducing the time between treatments.

Although within such centers, we also talk about selling a period of time, most customers think it is actually an experience. Thus, managers must ensure that their guests have the desired experience and the time of treatment can be controlled. Managers should have the ability to adapt and make use of the new capabilities available (Girneata, 2014). Most resorts make reservations to reduce this uncertainty, but it may happen that some customers will not honor these bookings or come late. A possible approach in these situations is to empower the customer by requesting deposits, guaranteeing the credit card reservation or reminding him / her of the reservation made. A phone call to customers who have booked on busy hours with a low-priced offer, with additional procedures included or free treatment to change to a lesser hour could increase customer's goodwill and profit. Instead, a client left to wait without a warning could worsen the situation. So if the client has to wait, managers have to compensate for this inconvenience.

Even if efforts are made in this regard, the situation can be complicated by the fact that some clients, although knowing they have a certain amount of time allocated, emphasize the experience and not the clock. Therapists and managers need to work to provide a complete experience in an agreed and specified time. The main approach in this situation is to optimize treatment processes and ensure that treatment can be administered within the scheduled time. Although specialists can diversify how they administer treatment, they should be trained in time management to maintain consistency. Therapists should develop some subtle signals that allow the client to realize that the treatment is over. For example, ambient music is set to run only during the treatment or the therapist can use a bell to announce the end of the treatment. Therapists can also provide their clients with a beverage indicating the end of treatment and leading them to the next room.

Reducing time between treatments leads to increased capacity and revenue. If implemented properly, this tactic will not offend a client who is ready to go and should thank the customers who are waiting. This can be achieved by developing an efficient communication system between the therapists and the staff responsible for cleaning and preparing the rooms. In this respect, managers need to analyze and streamline cleaning processes for treatment rooms and minimize their preparation time.

Typically, price management is associated with rebates, but this is only one possibility. When price is used as a tool for attracting customers, managers need to develop different ways to offer differentiated prices to meet demand levels over time. The managers of these centers must keep in mind that some customers may feel they are charged differently for the same service if they do not perceive the correct reason for the price difference (Deac et al, 2016a). Setting a full price in peak times and then offering discounts in less crowded periods is a more accurate technique than leveraging a surcharge when there is a strong demand. Thus, managers need to develop a variety of logical techniques that make sense to customers and do not offend their sense of fairness because they will penalize an organization that has acted incorrectly (Deac et al, 2016b). The purpose of

these techniques is to move demand from crowded periods into less busy times and reward trustworthy customers who come regularly. Different reasons can be developed for giving both tangible and intangible differentiated prices, such as location, size or type of the room, the type of therapist and various other special priced facilities for different groups or affiliations, or for the duration of treatment. Granting large-scale discounts can be dangerous because price is one of the means customers use to determine the perceived value of a service. In the absence of reasons for these reductions, customers may consider the new price as the actual price. A technique used to compensate for this difficulty is to offer a superior range of services at the usual price. This approach improves the demand for less busy periods but does not change the customer's perception of the usual price.

Customers and groups that generate much of their revenue can be rewarded with certain benefits or preferential prices. Some centers offer discounts to local customers or to company employees. Regular customers are offered the desired treatment hours and the centers can offer discounts to customers making reservations in advance, leaving a certain guarantee.

## 6. ANALISYS OF THE COMPETITIVENESS OF SPA AND WELLNESS INDRUSTRY

To highlight the importance of this field in the global economy, an empirical research has been carried out regarding the evolution of the indicators specific to the spa and wellness industry. Thus, based on the information identified in the Global Economy SPA & Wellness Monitor (2014, 2017), the evolution of global spa industry for the period 2007-2015 was synthesized in Table 1. It is important to mention that the Global Economy SPA & Wellness Monitor report published January 2017 contains 2015-level information, and the one published in 2014 contains statistical data for 2013. As can be seen, the global spa industry has experienced steady growth in all categories that were analyzed. The spa facility operations have almost doubled between 2007 and 2015: these have increased from \$46.81 billion in 2007, to \$77.57 billion in 2015. Another important growth was in the case of spa capital investments, of over \$6 billion.

**Table 1. Evolution of Global Spa Industry: 2007 - 2015**

(US\$ billions)	2007	2013	2015
Spa Facility Operations	\$46.81	\$74.06	\$77.57
Spa Capital Investments	\$12.99	\$18.75	\$19.82
Spa Education	\$0.31	\$0.82	\$0.85
Spa Media, Associations, & Events	\$0.13	\$0.22	\$0.25
Spa Consulting	\$0.07	\$0.11	\$0.12
<b>Total Spa Industry</b>	<b>\$60.31</b>	<b>\$93.95</b>	<b>\$98.62</b>

*Source:* Data compiled by author from *Global SPA & Wellness Economy Monitor (2014, 2017)*

Furthermore, the economic impact of the wellness tourism industry was assessed for the period 2013-2015 (Table 2). The information is centralized from the same above-mentioned reports, representing the latest figures published worldwide. Thus, the expenditures of the wellness tourism industry had a direct impact of \$494.1 billion in 2013 and \$563.2 billion in 2015. At these values, which therefore represent direct costs, there is added an indirect impact of expenditures worth \$1.5 trillion in 2013 and \$1.6 trillion in 2015.

An important aspect worth exploring in depth is the number of jobs that are part of the wellness tourism industry and the evolution of employment over the years. As in all the elements related to this industry, there is also a significant increase in the number of jobs found in the wellness tourism. If in 2013 the number of jobs from wellness tourism (direct impact) was 14.5 million, in 2015 has seen an increase of over 23%, reaching the value of 17.9 million jobs. The same significant increase

was recorded in the case of wellness tourism indirect and induced impact employment. The number of employees has increased from 32.8 million in 2013 to 40.8 million in 2015.

**Table 2. Economic Impact of the Wellness Tourism Industry: 2013 - 2015**

	2013		2015	
	Wellness Tourism Direct Impact	Wellness Tourism Indirect & Induced Impact	Wellness Tourism Direct Impact	Wellness Tourism Indirect & Induced Impact
Expenditures	\$494.1 billion	\$1.5 trillion	\$563.2 billion	\$1.6 trillion
Employment	14.5 million jobs	32.8 million jobs	17.9 million jobs	40.8 million jobs

Source: Data compiled by author from *Global SPA & Wellness Economy Monitor (2014, 2017)*

For an in-depth approach to this sector of activity, a regional analysis of the main indicators characterizing each subdomain of the spa and wellness industry was used (Table 3).

The Asia-Pacific region has the largest number of spas globally. It also recorded the largest increase in spa revenue from \$18.8 billion in 2013, to \$21.4 billion in 2015. The Asian spa industry has grown steadily, driven by hotel and resort developments in popular destinations developments of businesses and chains meeting middle-income consumer needs. This situation is particularly common in secondary and third-world cities in emerging markets such as China and India.

**Table 3. Regional Highlights of the Spa and Wellness Industry: 2013 – 2015**

			Asia-Pacific	Europe	North America	Latin America	Middle East-North Africa	Sub-Saharan Africa
<b>Spa Industry</b>	Number of Spas	2015	38,819	37,420	28,306	10,269	4,465	2,317
		2013	32,451	32,190	26,510	9,007	3,889	1,544
	Spa Revenues	2015	\$21.4 billion	\$27.5 billion	\$20.6 billion	\$4.9 billion	\$2.1 billion	\$1.1 billion
		2013	\$18.8 billion	\$29.8 billion	\$18.3 billion	\$4.7 billion	\$1.7 billion	\$0.8 billion
	Spa Employment	2015	722,588	745,584	424,174	164,909	63,982	28,911
		2013	614,202	678,920	397,381	141,025	57,308	20,822
<b>Wellness Tourism</b>	Number of Wellness Trips	2015	193.9 million	249.9 million	186.5 million	46.8 million	8.5 million	5.4 million
		2013	151.9 million	216.2 million	171.7 million	35.5 million	7.0 million	4.2 million
	Wellness Tourism Expenditure	2015	\$111.2 billion	\$193.4 billion	\$215.7 billion	\$30.4 billion	\$8.3 billion	\$4.2 billion
		2013	\$84.1 billion	\$178.1 billion	\$195.5 billion	\$25.9 billion	\$7.3 billion	\$3.2 billion
<b>Thermal/ Mineral Springs</b>	Number of Thermal/ Mineral Springs Estab.	2015	20,146	5,612	237	1,148	324	<b>39</b>
		2013	20,298	5,035	203	961	315	<b>35</b>
	Thermal/ Mineral Springs Estab. Revenues	2015	\$29.2 billion	\$19.7 billion	\$0.6 billion	\$1.2 billion	\$0.2 billion	\$0.06 billion
		2013	\$26.7 billion	\$21.7 billion	\$0.5 billion	\$0.9 billion	\$0.2 billion	\$0.05 billion
	Thermal/ Mineral Springs Employment	2015	901,509	416,705	8,455	43,533	15,023	868

Source: Data compiled by author from *Global SPA & Wellness Economy Monitor (2014, 2017)*



Wellness tourism is gaining ground in Asia, fueled by growing interest in a variety of health offers, ranging from local healing traditions to thermal water baths, and immersion spa experiences to traditional spa packages. The destination of spas continues to grow, fueling an increasing number of health care travelers, many of whom are directors looking to lower stress levels, and to improve their general health.

The growing number of spas in Europe reflects a trend that underlie an expanded client base, existing more companies identified as spas and hotels that add spa or wellness services. Even if the day spa market stalled in a few countries that encountered weak economic conditions, an increasing number of middle-income consumers look for wellness, and businesses that can meet their requirements at different prices. The spa industry in North America is experiencing sustained growth, helped by a steady economic recovery and an increase of consumer interest related to wellness lifestyle. National franchises have popularized spa treatments at an average price and have increased their affordability for people from suburban neighborhoods. Spa and hotel resorts are increasingly open to the public, and some offer a community atmosphere.

The steady increase in the spa market in Latin America and the Caribbean reflects economic conditions and travel trends in the region. Mexico, which is the region's largest market, there is a raising interest from consumers regarding health and wellness. On the other hand, the Caribbean spa market influenced by tourism, being dominated by a wide range of spa and hotel resorts.

The robust growth of tourism and favorable economic conditions have influenced investment in urban spa, as well as in Mexico and the Caribbean resorts.

## 7. CONCLUSIONS

The major changes that have taken place in the marketplace and within organizations in the area of treatment and leisure centers imply that previously valid principles are no longer able to provide a suitable conceptual framework for this new environment. Those factors that ensured the success of a business in the past are no longer relevant today, and managers have realized that traditional management approaches are inadequate in a field that is increasingly competitive. One of the distinctive features of the 21st century is that products and services provided by organizations in the field of treatment and leisure centers have become an integral part of modern lifestyle, especially in developed countries. Meeting the diverse needs of clients in a social setting, where there is the possibility of interacting with other people and doing relaxation and recreation activities has become an important feature of treatment centers. Therefore, it is imperative that organizations in this field pay particular attention to the needs, expectations and values of their clients, especially in terms of lifestyle and social interaction.

The issue of an organization's performance must be analyzed from the point of view of clarifying the concepts involved and the measurement criteria designed to outline it. It is known that performance measurement leads to improved accountability and increased competitiveness and profitability.

In order to adopt the most effective strategies, we consider it appropriate to know the various advantages and disadvantages that the establishment or development of a treatment and recreation center presents so that they can be either optimally exploited or minimized or even eliminated as the case may be. Sheldon & Park (2008) list the possible advantages and disadvantages that may be encountered by hotel, resort or destination units that opt for the establishment and development of a wellness center. According to them, the advantages are:

- Encouraging entrepreneurship and the fact that it may involve the specialization or updating of jobs and areas that were previously not considered as attractive. When offering these centers involves a unique mix of natural resources and local cultures, it can represent new opportunities for the host community, making the entire industry in the area more sustainable. This requires

assessment and development of basic skills and resources that are "not easy to imitate" (Pechlaner and Fischer 2006).

- These centers can be developed and can become more sustainable by engaging the knowledge of the local community, people, and various practices in designing wellness products and services. Thus, these experiences will strengthen the host community.
- Economic benefits. Usually, clients in these centers are part of wider social circles with high financial possibilities that allow them to spend more. This is especially true for those who are looking for rejuvenation and relaxation procedures.
- The development of this sector can be an impetus for diversifying and improving the quality of products and services of a hotel, a resort or destinations in general, especially in those situations where renovation or upgrading of the infrastructure would be necessary.
- The development of these centers can be an effective strategy to stimulate the return of customers, to increase off-season attractiveness or to develop new markets.

Possible disadvantages that may occur:

- These centers may not successfully integrate with existing units and need to develop other types of facilities to attract customers.
- Investing in space, technology and those needed to develop new standards and certifications can be quite costly. Without these investments it would be difficult to have a control over the quality of services, a management of the customer experience and reputation of the firm.
- Financial problems could arise when the products and services of a treatment and leisure center are not based on local resources and can not be provided continuously and easily. Thus, there may be no competitive advantage or if it is minimal.

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