



RETAILING TODAY



THE RUB CLUB

Massage Envy opens up spa experience to the masses

By Donna Mitchell

Ironically enough, scheduling a massage could well raise one's stress level, what with the expense and the long lead times for appointments and all. But Massage Envy, an expanding chain of massage therapy clinics, is moving quickly to change all of that.

Price, convenience and trustworthiness are the keys to providing a stress-free massage experience, says John Leonesio, Massage Envy's CEO, and a 33-year fitness club operations veteran. "The concept is that a member could be in the parking lot calling in on their cell phone and still get an appointment," said Leonesio. "The first Massage Envy clinic that we built had eight rooms. It was open seven days, and therapists were available all the time."

Leonesio says he hopes this more relaxed approach will dispel the notions many have about massage establishments: prostitution dens at one extreme, hopelessly expensive spas at the other.

The chain, which operates 79 U.S. units and favors open-air centers, earns its revenue through monthly membership fees ranging from \$49 to \$59, depending on the local market's real estate and development costs, says Leonesio. The fee includes the month's first massage, with each additional session costing \$39, well below the typical \$60-and-above hourly fees charged at some spas, Leonesio says.

The idea grew out of Leonesio's experiences working for Akron, Ohio-based fitness club chain Q. The chain provided massage therapy to treat patrons' soreness from workouts and injuries. Massage was just one of several ancillary services at Q (others included tanning and personal training), but demand for it grew four times faster than for any of the others, alerting Leonesio to the potential.

Leonesio and fellow Q massage therapist Sean Haycock, an early partner in Massage Envy, discovered that the therapeutic massage industry was fragmented, with no dominant operators. No longer a partner, today Haycock is a Massage Envy franchisee.

Massage Envy is out to fill the void. The first clinic opened in Phoenix in March 2002. The founders hoped the facility would administer 400 massages that first month, says Leonesio. Instead, it performed 1,400. Now the company operates in 15 states across the country, and Leonesio says the chain could grow to 1,200 clinics nationwide. As of January the company had 45,000 members and was administering some 80,000 massages a month. On average, Massage Envy's clinics post about \$1 million a year in sales each, which works out to about \$330 per square foot, says Leonesio.

Women between 30 and 60 constitute two-thirds of Massage

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Envy's clients, which make the clinics suitable neighbors for such female-oriented retailers as Chico's, JoAnn Stores and Michaels. Health clubs, Pilates and dance studios, and similar membership-driven businesses also complement Massage Envy, says Ilaria Giansanti, Massage Envy's director of real estate.

The company opened its first two clinics on its own, then licensed out the

opening rights for the next two. Today all the Massage Envy clinics, including the two original ones, are franchises. The company is relying for expansion on that network of franchise operators, who buy the rights to build and operate clinics in their respective regions. The company provides support for leasing the clinics.

Massage Envy clinics typically contain eight massage rooms. As with personal trainers at gyms, customers are generally assigned to a particular therapist. These therapists are employees who work full or part time at the clinics, but who also have liberty to maintain a clientele outside of Massage Envy.

At press time Massage Envy had 10 additional regional franchise opportunities, each of which can support up to 40 clinics, for sale across the U.S.



Massage Envy units average \$1 million in sales and about \$330 in sales per square foot yearly.

At a glance...

Massage Envy
Scottsdale, Ariz.

No. of stores: 79

Preferred locations: Open-air centers

Leasing contact: John Leonesio, CEO,
(602) 889-1090

From a landlord's perspective, Massage Envy is attractive because the clinics' size — between 3,000 and 3,500 square feet — makes the chain an easy fit in a center, while the concept is unique and refreshing, says Jenny Hess, senior manager of Regency Centers' premier customer initiative program. "We have been looking for new and exciting uses to put in spaces [of] that size," said Hess. "We were kind of excited about it."

Massage Envy clinics go well with convenience-oriented tenants, such as supermarkets, dry cleaners and quick-serve restaurants, Hess says, and they do not conflict with exclusivity clauses. Further, she says, they have a clean, respectable and upscale image. "We think they are unique enough to continue to explore what [leasing opportunities] could be here," she said.

But not every landlord will benefit from these advantages. Giansanti says

the company prefers grocery-anchored neighborhood properties and lifestyle and power centers. "We don't do regional malls, because you take away part of the convenience factor," said Giansanti. "People who would receive a massage don't want to walk through a mall's parking garage afterward."

Goodness knows that could stress them out all over again. ■