

OneSpaWorld: Where to Put the Next Operating Push?

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A growth question across two channels

On July 29, 2026, OneSpaWorld Holdings Limited reported a record second quarter. Revenue rose 9% year over year to \$261.2 million, and Adjusted EBITDA rose 13% to \$34.4 million. The company had operated wellness centers on 208 cruise ships by quarter-end. At the same time, its destination-resort footprint had fallen to 25 centers from 51 a year earlier, with 13 of the remaining 25 in Asian operations it was exiting. [P1, lines 30-40; P2, lines 931-938]

These results present a strategy question, not a documented board vote: where should OneSpaWorld put its next discretionary commercial and operating effort? One path would deepen shipboard revenue through pre-booking, higher-value services, and AI-enabled yield tools. Another would develop new land-based resort partnerships and operations. The alternatives are not mutually exclusive. Staging work and setting evidence gates can accompany either path.

For this classroom exercise, assume you are preparing a strategy recommendation for senior leaders. Your task is to recommend a priority and define what evidence should govern the next step. The public record does not identify a fixed budget, a binding resource constraint, or a management decision between these channels.

A business built around partners and operating reach

OneSpaWorld provides spa, aesthetics, fitness, health, nutrition, and retail offerings aboard cruise ships and at destination resorts. Its operating system requires recruiting, training, and coordinating thousands of professionals, stocking products across global routes, and tailoring facilities and offerings to each partner. In 2025, the company reported operations on 206 ships and more than 9,500 voyages. [P6, Item 1, pp. 4-8]

Cruise-line agreements are typically fleet-wide and may include new ships added during a contract term. The company says its cruise-line relationships average more than 20 years. Its revenue-sharing model aligns revenues with partner performance, while cruise lines fund spa build-outs and maintenance; OneSpaWorld still carries staffing, recruitment, training, product, logistics, systems, and service-quality responsibilities. Agreements can be terminated or not renewed in specified circumstances, and service standards matter. [P6, Item 1 and Item 1A]

OneSpaWorld describes itself as holding more than 90% of the outsourced cruise-ship spa market and being about 17 times larger than its nearest maritime competitor. These are company-reported estimates, not independent market-share measurements. [P5, pp. 5-6]

On land, the company operates health and wellness centers under agreements with resort owners or operators. In March 2026 it announced a newly created Vice President of Business Development & Strategy role focused on selectively expanding resort operations and developing partnerships with resorts and hospitality brands. [P7, p. 1]

What drove the quarter?

OneSpaWorld's Q2 revenue bridge attributed \$14.5 million of the increase to a 4% rise in revenue days, \$4.8 million to center expansion on new ships, and \$2.7 million to a 1.2% increase in average guest spend. The same passage says \$4.7 million of the total increase was attributable to increased pre-booked services. The company does not explain how this separate amount relates to the three bridge factors. Do not add it as a fourth driver. [P1, lines 60-64; P2, lines 1052-1053]

Maritime revenue growth was partly offset by a \$1.3 million decline in destination-resort revenue, partly attributed to hotel closures. The Asia resort business in the process of being exited contributed \$0.9 million of Q2 2026 revenue, compared with \$1.5 million a year earlier. Product revenue declined \$0.5 million, which the company attributed to its UK and Italy reorganization. [P1, lines 32, 63-64]

The network and productivity figures offer more context, but they do not isolate channel profit. Average ship count increased to 202 from 191, and revenue days rose to 18,360 from 17,426. Average weekly revenue per ship increased to \$96,614 from \$92,936. Average resort count fell to 32 from 50; average weekly revenue per resort rose to \$17,433 from \$13,019 as the operating mix changed. The company notes that resort revenue per center varies by geography, and its U.S. and Caribbean centers typically produce more revenue per location than its Asia centers. [P2, lines 924-938]

Exhibit 1. Q2 2026 performance snapshot

Measure	Q2 2026	Q2 2025	Basis
Total revenue	\$261.246m	\$240.726m	GAAP; +\$20.520m, about 9%
Service revenue	\$214.411m	\$193.358m	GAAP
Product revenue	\$46.835m	\$47.368m	GAAP
Operating income	\$24.510m	\$22.127m	GAAP
Net income	\$23.215m	\$19.940m	GAAP
Adjusted EBITDA	\$34.4m	\$30.5m	Company-defined non-GAAP; +13%

Source: Q2 10-Q, Statements of Operations; Q2 release, lines 30-35 and 80-87. Financial statement values are in USD thousands in the filing and shown here in millions. Adjusted EBITDA is not a GAAP measure.

Exhibit 2. Company-attributed Q2 revenue factors

Company-described item	Amount / change
Revenue days	+4%; \$14.5m attributed
New-ship center expansion	\$4.8m attributed
Average guest spend	+1.2%; \$2.7m attributed
Increased guest pre-booked services	\$4.7m of the total revenue increase, separately stated
Reported total revenue change	+\$20.520m

Source: Q2 release, lines 60-64; Q2 10-Q, lines 1052-1053. The bridge amounts are management attributions, not causal estimates. The listed factors total \$22.0m before the separately stated pre-booking figure; their relationship and overlap are not explained. Reconcile only to reported total revenue.

Shipboard productivity or resort development?

OneSpaWorld's Q2 release said management was seeing "initial revenue gains" from AI-driven strategies introduced at substantially all health and wellness centers at sea, while emphasizing that the work was early. The release did not quantify those gains or report an experimental comparison, margin impact, or platform-specific cost. [P1, lines 19-25]

The July 2026 investor presentation identifies shipboard pre-booking, higher-value medi-spa services, and technology-enabled utilization as growth levers. It reports that pre-booked appointments yield about 30% more revenue than services booked onboard, but provides no matching method or counterfactual. That comparison may reflect which guests choose to book early; it is not a demonstrated incremental uplift from a program. [P5, pp. 13-15]

The land-based path has a different evidence profile. Resort operations were being reshaped, including the Asia exit, and the company had created a senior business-development role to pursue resort partnerships. Its presentation also identifies footprint expansion as a strategic lever. But the public information reviewed by the cutoff does not provide named resort bids, awards, win probabilities, launch costs, or project-level margins. The existing resort count and reported average revenue per resort cannot answer those questions because site mix and operating days changed.

Neither path has a public marginal-return calculation. OneSpaWorld reported June 30 cash and cash equivalents of \$40.360 million and restricted cash of \$1.198 million. Its release rounded combined cash and restricted cash to \$41.6 million and described \$91.6 million of total liquidity, including a fully undrawn \$50 million revolver. Long-term debt net of issuance costs was \$81.604 million. The company stated that current cash, available credit, and operating cash flow were sufficient for planned capital requirements and debt covenants. These are June 30 consolidated figures and management's assessment; they do not establish a capital shortage or an available project budget. [P1, lines 51-55, 127-142; P2, lines 134-158, 1147-1150]

The company raised full-year 2026 guidance to \$1.018-\$1.038 billion in revenue and \$130-\$140 million in Adjusted EBITDA. Management described the midpoint comparison as 10% growth against 2025 actuals excluding exited and reorganized operations. Q3 guidance was \$268-\$273 million in revenue and \$35-\$37 million in Adjusted EBITDA. These are management estimates, not achieved results or project-level targets. [P1, lines 146-152]

Exhibit 3. Network and productivity indicators

Q2 measure	2026	2025	Interpretation note
Average ship count	202	191	Period average
Period-end ship count	208	200	Quarter-end footprint
Revenue days	18,360	17,426	Days centers were open on revenue-generating cruises with passengers
Average weekly revenue per ship	\$96,614	\$92,936	Varies by ship size/category and itinerary
Revenue per shipboard staff-day	\$622	\$608	Operating KPI, not contribution margin
Average resort count	32	50	Period average
Period-end resort count	25	51	Thirteen 2026 centers were in Asia operations being exited
Average weekly revenue per resort	\$17,433	\$13,019	Affected by geographic mix and operating days

Source: Q2 10-Q, KPI definitions and table, lines 887-938; Q2 release, lines 36-40. Average and period-end counts describe different exposures. None of these measures is a channel-level profit figure.

Exhibit 4. June 30, 2026 liquidity and debt

Item	Amount	Scope
Cash and cash equivalents	\$40.360m	Consolidated balance sheet
Restricted cash	\$1.198m	Held in escrow related to a legal proceeding
Cash plus restricted cash	\$41.558m	Rounds to the release's \$41.6m "cash" figure
Revolver availability	\$50.000m	Fully undrawn at June 30; letters of credit reduce availability
Total liquidity	\$91.558m	Rounds to \$91.6m; includes revolver, not all cash
Term loan, net of issuance costs	\$81.604m	Consolidated debt measure, not net debt after cash

Source: Q2 10-Q, balance sheet and debt note, lines 134-158 and 556-561; cash reconciliation, lines 444-451; release lines 51-55. The point-in-time figures do not represent post-cutoff balances.

The recommendation

The question is how to prioritize the next discretionary commercial and operating effort, not whether to stop one channel. A shipboard recommendation could focus on conversion and service productivity across existing centers and scheduled newbuilds. A resort recommendation could focus on developing partnerships and evaluating launch opportunities as the company reshapes the Asia footprint. A staged sequence of tests and gates can accompany either recommendation.

Discussion questions

1. Which path should receive the next priority in leadership attention: shipboard yield/pre-booking/AI-enabled services, or land-based resort development? What evidence supports your choice, and what could reverse it?
2. How would you define scale-up gates for the chosen path using the data available? Which measures are missing before management could estimate incremental contribution?
3. What rival explanations could account for Q2 growth or the change in resort productivity? How should the company distinguish operating gains from ship mix, itineraries, exits, and reorganization effects?
4. What would a staged learning plan look like without treating it as a third investment use or assuming a fixed budget? Identify the operational, guest, partner, and financial measures required.

Source note

Information cutoff is August 31, 2026, 11:59 p.m. ET. The case uses the July 29 Q2 release and July 30 10-Q, the issuer's July-dated Q2 investor presentation available by cutoff, the FY2025 10-K, and the March 5 resort-strategy appointment announcement. The IR archive labels the Q2 release July 28, while the SEC filing and release body date it July 29; SEC acceptance is used for timing. The July 29 call occurred before cutoff, but this case does not rely on metrics available only through the later third-party transcript. Later events are excluded.

Primary-source ID key: P1 = Q2 8-K and release (July 29); P2 = Q2 10-Q (July 30); P5 = Q2 investor presentation (July 2026); P6 = FY2025 Form 10-K; P7 = March 5 resort-strategy appointment release. Page/line locators appear beside the claims above.