

WHERE'S THE money?

IT'S IN YOUR RETAIL

LEGENDARY BANK ROBBER Willie Sutton was asked this probing question after a notorious career: "Why did you rob banks?" His reply was short and to the point: "Because that's where the money is." Why should you pay attention to retail sales in your spa? Because, that is where the money is.

In the professional spa business, between 30 to 40 percent of your gross revenue should be derived from retail sales. Retail sales offer one of the few, if not only way, to make money without using your own or your staff's hands. A careful investment of \$15,000 in inventory should return a gross profit of \$90,000 per year assuming a 100 percent markup (buying for \$100 and selling for \$200) and turning stock every 60 days. If you can manage a 30-day turnover, the profit raises to \$180,000 per each \$15,000 invested. The higher the retail sales and the faster inventory turns, the greater the return on your investment.

Developing a retail sales strategy and translating it into a realistic course of action takes planning and discipline, and you must demand service and performance from your suppliers. You must work at getting your staff to understand the critical nature of building retail sales to their own and the business' welfare. Read on to learn how to increase retail sales and what you should look for and demand from your suppliers. ➤

by Rob Trow



Create at-home regimens to accompany professional treatments. Link retail products to services.

The nitty gritty

Carol Phillips, one of our industry's leading retail experts, believes that a blanket retail-to-service ratio is too simplistic given the increasing complexity of the spa environment. She advocates that retail sales as a percentage of service income should be as follows: spa facials, 50 percent of the service charge; body treatments, 20 percent; medispa facials, micro treatments and peels, 75 percent; medispa laser procedures, 15 to 20 percent; medical injectables, 10 percent; nail and hair (if applicable) 10 percent to 25 percent. While no ratio or formula is perfect in and of itself, these ratios provide a useful yardstick in assessing how well you are doing and a means to assess how individual staff members are contributing to your bottom line.

Space allocation is another consideration. In order to achieve appropriate retail income, you need to provide adequate space for the display and marketing of products. As a minimum, you should allocate 15 percent to 20 percent of your spa for this purpose.

You should change displays seasonally; make the area look fresh, stock products four to six deep at the minimum. Determine your top 10 or 15 selling SKUs and plan to have a three-month supply on hand except for short shelf-life products. No one wants to buy the last product on the shelf. Brand your retail space with your name and those of your top vendors. Do not be shy. Are promotional and collateral materials placed throughout your spa? Are there points-of-sale displays that are inviting?

Signage should also provide useful product information. Caution: Keep information simple. Do not have postings of community events in your retail area. You do not want your clients distracted but focused on what you are offering.

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Make it a priority

One cardinal rule: To be a successful spa owner or a well-compensated skin care professional, retail selling cannot be something you casually think about. It must be a priority, always at the forefront of your thoughts and actions. You are not doing a disservice to your clients if you sell them products. To the contrary, you are offering them a way to enhance and sustain the results you provided through your professional treatments.

You must have a system that allows you to track inventory, sales by staff members, and items. Adequate inventory is important; you cannot sell what you do not have. The corollary is also true. If you have a product longer than six months, get rid of it. Mark it down; offer it as an incentive gift. Your goal should be to move stock every 30 to 60 days.

Materials

The more information you can gather, the better—so long as the collecting and analyzing of information does not take too much time away from your main job. Use your client/guest information base as a marketing tool. The professional product lines you deal with should have direct-marketing materials available for you to send to your clients. Ask for them. Expect them. Remember, it helps them grow their company as much as it helps you.



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Products

One of the most overlooked aspects of developing a strong retail sales initiative is product selection. If what you offer your clients is available in a myriad of retail, department or beauty supply stores, online, in catalogs, via infomercials, at discount houses, why should they buy it from you? You and your team are taking the time to educate and explain the benefits of a particular product; you want that to be a destination product that they have to return to you to purchase. It is also not advisable to have products that are also available next door.

If your product line vendors have been featured in magazines, clip the features out and put them on display in a beautiful frame. This will help reinforce the spa's branding decision in the buyers' minds.

Education

The most effective way to increase sales is by education: for you, your staff and your clients/guests. Make sure everyone is provided with ongoing product training. All front line staff must be trained as thoroughly as possible. Look to your vendors for help with this on a regular basis.

Have the staff take turns pitching to each other on why a specific product adds value and enhances the professional treatments offered

at the spa. Pick a product or line and provide weekly updates and information on it to your staff. Ask one of them to prepare an "advocacy" statement on the uses and advantages of a particular product or line. Make sure all staff, skin care professionals, front desk staff, nail techs, and masseuses take their turn learning and presenting to your team. This role play need not take longer than five minutes per day. Get everyone involved.

Create at-home regimens to accompany professional treatments. Link retail products to services. Reach out to your lead suppliers for help.

Remember, your sales representative must act as sales consultants to assist you in "selling through" products. If they are not doing the job you expect, pick up the phone and call the owner of the company or CEO—let them know what your needs are. You will be surprised how much attention you get. If you do not get the assistance you need, move on to another vendor.

Teach your staff how to be active listeners. All too often, staff will start off with statements as opposed to asking clients and guests what they would like to accomplish or address about their skin. Instead, have staff offer a detailed skin care consultation for a fee. This allows staff to provide pertinent information clients can use. Then, use the fee as full credit toward a retail item or service. In turn, the client will be more receptive, and many times, if clients are charged for advice, they tend to pay more attention.

Your recommendations

Another term for listening and asking questions is commonly referred to as *permission-based selling*. Ask your clients if you can recommend products to them. Or, after a service, place the products you used that are available in retail sizes in a basket. Let your client know that you have provided, for their consideration, the products used in the service for them to continue to use at home. If you place three or four products in the basket and bring it to the front desk, the client will most likely purchase several of them. Make sure each product comes with instructions on its use and benefits.

Make sure your staff writes down a "prescription" covering the products that are being recommended, the order of application and what each will accomplish. Ask your skin care vendors to supply these forms to you at no cost.

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Ask your principal supplier to speak on a topic of interest during an open-house or ladies' night.

The team

Hire for success. Ask all job candidates how they would recommend retail/home care products. Be very clear on what your expectations are for them in terms of retail sales. Make sure your current staff understands your expectations as well. I would expect a full-time skin care professional to have a goal of selling \$1,000 per week in products.

Rewards programs

Create a frequent guest program. For each dollar spent in the spa, clients receive a point. For retail products or special featured items you may want to double the points. Make the rewards "non-cash" as individuals do not remember a percentage discount as much as they remember a free product or service.

There is an old adage in the theme song for the television show "Cheers"—people like to go to a place where everybody knows their name. Once you have a client, he/she is yours to lose. It is less expensive to retain a client than attract a new one. Offer seasonal treatments in series and include free products to accompany, support and enhance the professional services (add the price of the product into the package).

Your files

Keep a record of what products someone has purchased so you can ask them if they are achieving the expected benefits. If not, offer to swap out the product for another at no charge. This should not cost you anything as a quality supplier should replace returned product with no questions asked, as they have the same goal as you do—to have a satisfied, loyal clientele.

A seasonal newsletter will also assist in growing your business and retail sales. Ask your suppliers to draft articles for you to provide to your clients. Your clients will find newsletters interesting and informative and are more creditable than ads or hard-sell come ons.



Open house

Ask your principal suppliers, either individually or in groups to sponsor an annual or biannual open house, ladies' night, or men-only event, where they provide a speaker, raffle prize, and special retail promotions to boost your business. The speaker should address a topic of interest and not push a particular brand.

As a final thought, increasing customer service; being a good listener; committing to staff education and training; and selecting limited-availability, destination products will always result in increased retail sales. ■

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