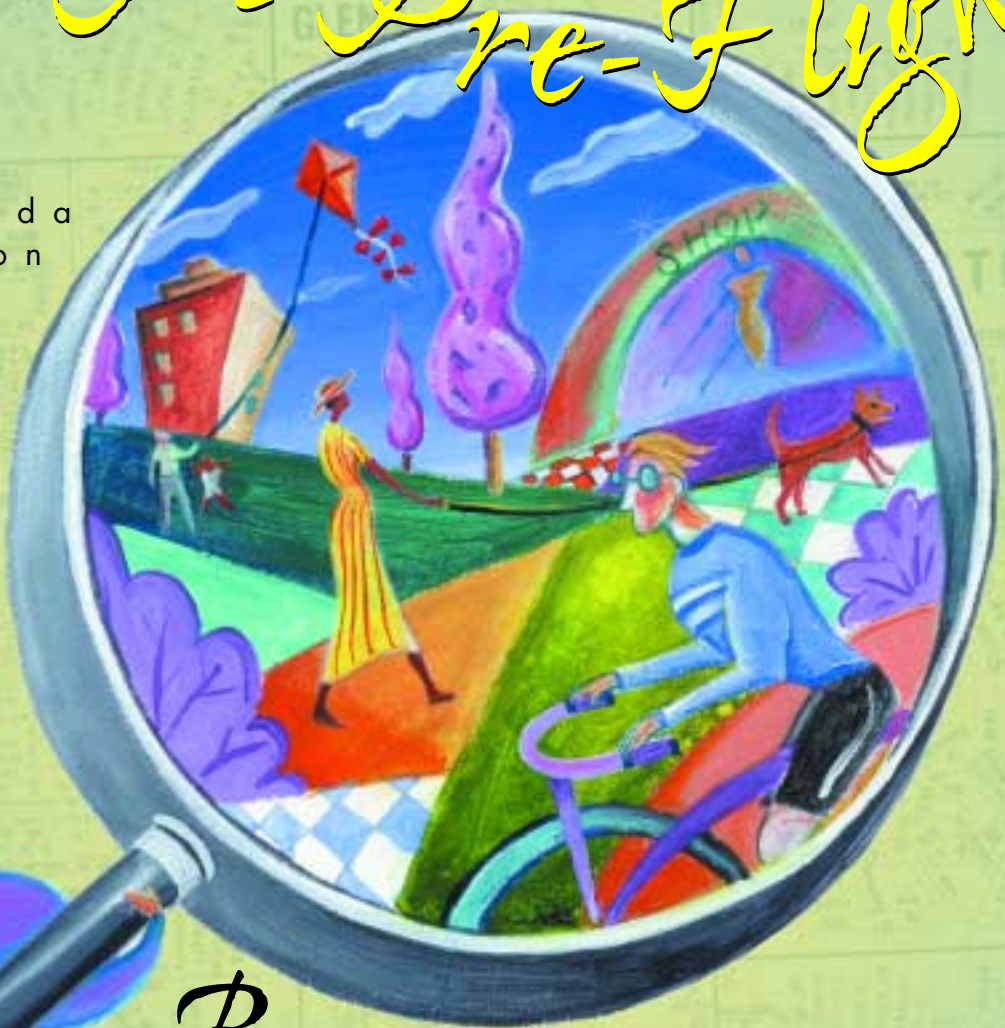


# Day Spa Pre-Flight

By Melinda Minton

*Do some research before you fly into action.*



**B**efore a pilot takes off in an airplane, he checks to see that all systems are operational. Before opening a day spa, you'll need to take a deep breath, get control of your excitement and do a comprehensive pre-flight check. The decisions you make in the early stages of developing your business will likely determine both whether your dream comes to fruition and how successful it will be. While many factors go into developing a successful business, the most distinguishing aspect of a day spa plan is your target population.

Illustration by Eris Klein



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Begin by checking the demographics of the area you're considering:

- What kinds of businesses exist in the area?
- How strong is the local economy?
- Is the population generally sophisticated and well educated?
- Does a significant portion of the population have disposable income that can be used for luxuries?
- What's the median income level?
- Is the area experiencing a growth spurt or is it stagnant?

Most of this information can be acquired by calling your area Chamber of Commerce. Additionally, most cities have an economic development department administered under the mayor's office or the city council; this source can also provide useful information. Finally, you can call larger employers in the area and ask for copies of the free informational packets they send to prospective employees.

Next, go to your area library to research the city's history. What was the last 10 to 20 years like for businesses and the general population? Your reference librarian can help you locate resources containing information of this type. Tell her you're trying to determine the past and future direction of growth for the area. You'll want to look for patterns in population growth, employment levels and, more specifically, for examples of businesses that opened their doors to success or failure. Business mistakes and triumphs are clues to the makeup of the area. For example, the downtown area might be waning, with growth booming in the suburbs. There might be plans to revitalize an area of the city in a year or two, making rents low only for now and a long-term lease in that section a bargain. The information you gather about

the general characteristics of the area may seem trivial in the short term, but they'll serve you well in the next phases of business development.

After analyzing the accumulated data, you can more accurately determine your specific target market—the type of clients you want to attract. Are they ladies who lunch or are they corporate employees? Do you want to attract men? Will you be offering hair services as well as spa services? As you determine the sort of person who will ultimately be your average client, try to consider how this group will equate to your bottom line. There has to be a significant number in the group whose current needs aren't being adequately met, and they must have an income sufficient to pay for services.

**COMPETITION IS KEY**

Next, survey the competition. If there are already day spas in your area, are they successful and profitable? Have there been day spas that have closed their doors, and if so, why? Among the successful spas, what are their strengths and weaknesses? Visit the spas that you most admire and candidly critique the quality of the services offered. What sort of ambiance do they project? Get a feel for the things that you'd do that would be dramatically different from the day spas now in the area. It's a death sentence to simply copy the day spa that you most admire. Clients tire of the same old fare. You'll need to create an exciting, unfilled niche that will be popular with your target market. Ultimately, you must ask, "Is there room for another day spa of the type I'm prepared to offer in this market?"

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*“Is there room for another day spa of the type I’m prepared to offer in this market?”*



Palm Beach, Florida, specializes in designing salon and spa environments. He warns, “Get educated. This is a very competitive industry. Know what you’re doing before you open, or hire people who know the industry. Find out what types of services day spas offer, what concepts are working and what types of facilities are most likely to appeal to your target group. Have services done at a number of good spas to assess the level of service you want to provide. Join industry organizations and read trade magazines.”

## LOCATION

Obviously, you’ll want to locate your day spa in the heart of your target population. The business owners’ mantra—location, location, location—springs from proven experience. Where you choose to put your day spa has a lot to do with its potential for success, the type of client you’ll attract and how much you’ll need to spend on advertising to keep the spa busy. A strip mall with a grocery store anchor, for instance, will provide a lot of traffic, but it may not draw the upscale crowd you’re seeking. An exclusive boutique mall will offer an upscale clientele but it may not provide sufficient traffic and will command a decidedly higher rent per square foot.

Choosing to position your spa as a partnership or as part of another business can be a winning proposition, allowing you to tap into a pre-existing client base. Many day spas have paired successfully with hotels, health clubs, juice bars and a variety of retail establishments. You can really get creative once you know the group you want to target and the area you’re dealing with. Be aware, however, that you’re also assuming the reputation

and culture of the business that you’re marrying, as well as the trends for that particular industry, so be careful and choosy. You don’t want to tie up with a fad boutique that will soon be yesterday’s news. If you opt to meld businesses, get to know the other business as well.

Once you’ve identified one or more likely locations, become a loiterer. Sit at a cafe or on a street bench and watch the foot and automobile traffic. How much traffic is there? Does the area attract browsers or purchasers? Is there an insurgence of business folks at lunch time? Do most shoppers have their children in tow? Is parking adequate?

Put your investigative hat on and visit the neighboring merchants. Most nearby business owners and managers will be more than happy to give candid advice. You’ll probably even get a colorful story or two about their experiences opening up a business. Primarily, you want to know if they’re successful and if their target market is compatible with the population that you’re trying to reach. Finally, ask probing questions of the other merchants:

- How is parking in the area?
- What’s the landlord like?
- When are the busiest times of the day and of the year?
- Are there any problems in the neighborhood?
- Are there safety issues you should consider?
- Is the neighborhood growing or on the wane?
- What types of businesses have been moving into the area?
- Are there any zoning changes under consideration?

Before you sign a lease, get every piece of information you possibly can.



*You want to know if they're successful and if their target market is compatible with the population that you're trying to reach.*

What types of signs are allowed on the buildings? Are they attention-getting, elegant, easily seen from the street and at night? Your signage is one of your most important marketing tools. For many passersby, it may be a deciding factor in whether they give your business a try. "Your sign must be distinctive and noticeable," says Larry Oskin of Marketing Solutions in Fairfax, Virginia. The image of your day spa is everything in this "image" business. Your future location must have a beautiful exterior and be accompanied by businesses that complement your look.

Depending on your overall plan and budget, you can select a variety of structures. Perhaps you would like to own the property that houses your day spa. Choices available include renovating a house or purchasing a strip mall and renting out the other bays to appropriate businesses. Oftentimes you can opt to purchase a single location within a building or mall structure. Purchasing a commercial site is similar to purchasing a home. It will typically appreciate, but do your homework. Is the area viable now and will it remain so in the future? If the day spa business fails, will you be able to easily lease or sell the site? You'll also want to be aware of closing and commission costs, property taxes and other hidden expenses. A commercial real estate broker will be able to coach you through this process.

Leasing is also a popular choice. Again, the site must be exquisite. Accordingly, you will want to have a lengthy discussion with your future landlord about the "build out" or "tenant finish" of the site. If the location was formerly a salon or spa, you may just want the landlord to paint and re-tile the floor.

If the location is newly built, the landlord may finish the interior to your specifications, within reason. If the site previously held an unrelated business, you'll have the challenge of assessing its potential for your vision of a day spa. You'll want to investigate the amount and location of plumbing, what's under the carpet, whether the walls will adequately control noise. Most importantly, you'll have to determine whether the cost fits in with your business plan.

Hiring a consultant or consultants to help with early market research may seem like an unwarranted cost, but these professionals can save you time, money and frustration in the years to come. Ken Cassidy of Cassidy's Salon Management Consultants in Long Beach, California, says, "Common mistakes new business owners make include not establishing that there's a market, not putting enough planning into the initial stages of development and not securing sufficient capital to keep the business afloat through the first year." The expertise of a consultant who has designed and opened scores of day spas is invaluable.

Once you're certain there's a market, have a location in mind and industry experts on hand to help you pull it all together, invest in a business plan. A solid business plan will not only help you start your business but will also serve as a compass for years to come, keeping your business moving in the right direction. ♣

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