



If you've been following the economic news for the last year, you probably know that retailers, especially department stores, have been facing tough times. Consumers find they can now purchase things like beauty products from all kinds of sources—boutique stores like Sephora, discount drugstore chains like Rite Aid and online sources like Beauty.com. This increased competition is forcing all retailers to rethink some basic concepts and work harder to meet their sales forecasts. How does this translate into good news for the spa industry? One thing consumers want is anything that saves *time*. As a service provider, you can make your

clients' lives easier by allowing them to get the exact products they need—prescribed by professionals—while they're taking care of essentials such as haircuts, waxing and facials. And just by offering clients the convenience and value they want, you stand a better chance of improving the retail profit margin of your spa business.



# Rational Retailing

By Lisa M. Starr



Courtesy, Belladonna

Spa technicians routinely sell services; extending these same skills to retail should come naturally.

One of the challenges to spa retailing is that it must involve everyone on staff. As an owner or manager, you need to teach all staff members to retail. For years therapists have proclaimed that they're "healers, not salespeople." But that's not really true. To be successful therapists, they must be able to sell their services to prospective clients. Selling products is just an extension of selling their talents as estheticians, nail technicians or stylists. Salon and spa professionals build long-term relationships with clients who regard them as experts in their field and rely on them for advice in their specialty, whether it's skin care, massage, nail care or hair-styling. Doesn't it make sense that spa professionals ought to feel as comfortable recommending homecare products as they do recommending a movie or a great vacation spot?

Ah, but that's the problem, says Kim Dudek, owner and esthetician at

Belladonna Day Spa in New Orleans. "A lot of estheticians and therapists don't consider themselves 'professionals.' Our clients look to us to help them solve various challenges with their skin, hair or nails, and sometimes technicians don't feel it's their place to do that," she says. "I try to give them the training and confidence they need to acknowledge themselves as professionals. They see people every day with the same issues and they do know what to recommend. And clients want their opinions. We train staff members to match conditions with products and to feel confident when doing so."

Dudek and other day spa owners with successful businesses approach the retail challenge with a variety of resources. Here are five keys to improved product sales they shared with us:

### 1. Retail sales compensation.

So what motivates employees to sell products? One basic motivation is financial reward. Paying your staff members, and paying them well, to retail products is a good way to begin. In Dallas, Renee Rouleau of Renee Rouleau Skin Care says of the industry's standard 10% retail commission: "Why bother?" Rouleau has always emphasized the importance of retailing and pays her staff commissions of up to 30% for their retail sales. Because Renee Rouleau Skin Care sells only private-label products with a much greater profit margin, she can afford to do this. To further emphasize the importance of retail, she pays her staff a service commission of 30% as well. The message this sends therapists and technicians is that retailing products is equally as important as performing services. And a savvy

esthetician can quickly see that she can make the same money in 10 minutes on the retail floor that she makes for a 55-minute facial. The result is that, after seven years in business, Renee Rouleau Skin Care generates more than a million dollars a year from four treatment rooms, and 50% or more of that revenue comes from retail sales.

One issue that spas frequently grapple with is whether to pay front desk personnel a retail commission. In most cases, this creates a competitive atmosphere that's best avoided. Technicians feel—and rightly so—

that they're the trained professionals and are much better equipped to make product recommendations. However, if you have a desk staff that regularly closes sales for estheticians, you might consider pooling the retail sales on a monthly basis and paying a small percentage to the desk staff, prorated by hours worked. This reinforces the team concept but doesn't put customer service staff in direct competition with technicians for the sale.

**2. Setting expectations.**

The second major influence that encourages staff members to sell prod-

“We train staff members to match conditions with products and to feel confident when doing so.”



Courtesy Salon Bianca

Retailing expectations should be made clear to staff members and followed up with generous commissions.

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ucts is making that expectation clear from the beginning of the employment relationship. Starting with the initial interview, both Dudek and Rouleau discuss retailing and the role of the technician with potential employees.

At Renee Rouleau Skin Care part of an esthetician's job requirement is generating 30% of her revenue volume from retailing, and staff members sign an agreement to that effect when they're hired. They then go through a six-week training program, covering services and protocols along with product knowledge and sales skills. Rouleau performs the training and has a very specific selling protocol that's followed with each client. And it certainly helps that Rouleau is an active esthetician, setting and keeping standards in the spa on a regular basis. There are no underperformers on her close-knit team.

Belladonna Day Spa compensates staff on a four-level commission structure, with increases based on productivity and retail sales volume, among other factors. It has a strong training program, and sales are evaluated every quarter. If an individual's sales performance fails to meet the expected standard, the employee's commission level could be affected.

Dudek admits to managing this carefully, always emphasizing relationships first.

She recommends constant training for the staff, both in product knowledge and, equally important, in sales and communication strategies. Dudek reports that one of the biggest mistakes spa technicians make is in assuming the client can't afford something. “The customer's pocketbook is not yours,” she tells her staff members. “Present the options and

let the client make the purchasing decision.”

### **3. Selling environment.**

The owners of both Belladonna and Renee Rouleau Skin Care attribute much of their success to both their physical location and the product presentation in their spas. Belladonna is located on a busy street in the hip shopping district of New Orleans, with large street-side picture windows. The 12,000-square-foot spa features approximately 3,500 square feet of retail space, and many clients come in just to shop, not realizing that Belladonna is also a spa! Dudek wisely hired a part-time employee who functions as a buyer and visual merchandiser. The spa does a lot of thematic, lifestyle-oriented merchandising.

Along with the expected professional skincare products (six branded lines and one private label) and cosmetics, it also offers a wide variety of spa-related items. Among these are a selection of tweezers, stationery items, the same tabletop dishes and glassware that are used to serve spa meals, and product sections for men and children. Belladonna also offers sleepwear and loungewear for women, as well as yoga wear and yoga equipment. Its current revenue level is approximately \$2 million annually, with about half of that coming from retail.

Renee Rouleau also has storefront space, and feels that it adds a great deal of credibility to the business. “Anything that enhances personal relationships improves your ability to sell to someone. The client now has someone she can trust, someone who works with her skin and knows her skin, and this puts us at a great advantage versus a department store cosmetics counter. People trust you and

when you make recommendations, they listen,” she says.

In creating a selling environment, spa owners can take a page from some of the larger retailers of cosmetics and skincare, such as Sephora and others that offer an open sell environment that encourages customers to browse, sample and play with products. The interactive displays keep customers in the retail area longer and increase the chances that they’ll buy something.

#### 4. Sales tools.

One popular sales tool is the shelf-talker, those little placards that sit next to or under a product that provide important information to consumers. We may think the difference between a mask and an exfoliation product is obvious, but consumers are often perplexed by the terms we use and by the sheer number of choices available in today’s skincare lines. Shelf-talkers provide information on

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### Unique Selling Strategy

For the ultimate in cutting-edge selling environments, check out Spa E in Miami Beach. Owner Brenda LaGrange, an 18-year spa veteran with three spas in her portfolio, was having a glass of wine with friend Lydia Sarfati of Repêchage when they came up with a new concept. LaGrange wanted to open another spa in the Miami area but was bored with the “lots of little rooms” concept and wanted something different and fun.

Spa E features an open treatment environment: Four esthetic chairs with custom-carved cabinetry are set around a central fountain. A waxing area is segregated for privacy, and nail services are also kept at a distance from the hub that is the essence of Spa E. That’s different, but the real innovation is the “service with product” menu. Starting at a retail purchase of \$25, customers can choose from a list of complimentary services and the list grows as purchases increase. For example, a Four-Layer Facial costs \$95 on the service menu, but if you purchase \$125 in retail products, you can receive the facial for free!



Although the concept is less than a year old, it seems to be catching on: Grange reports that while at this point the revenue is split pretty evenly between retail and service purchases, she adds that nearly 80% of clients who purchase products to get a ser-

vice end up spending more than the required amount.

The Spa E compensation program is also somewhat unusual; technicians are paid an hourly wage plus a percentage of the floor revenue, based on the hours worked. LaGrange reports: “They like working in this team environment where they all feel like equals.”

Rouleau has a very specific selling protocol that's followed with each client.

exactly what skin types will benefit from the products and what results the consumer can expect. Many manufacturers offer shelf-talkers for their products, and you can also make your own with basic computer software and card stock. Shelf-talkers are especially helpful for consumers who might be too shy to inquire about personal care products they're unfamiliar with.

Another device many spas find integral to product sales is the "prescription pad" or "recommended home care" sheet. Size and shape don't really matter; what's important is that your estheticians give clients some written recommendations based on their professional analysis of the skin and their consultation with the client. Clients don't always buy on the spot; some like to spend the day "feeling" the products on their skin before making a decision. Others may need some time to think about the purchase. But giving clients a list of professionally recommended products can immediately increase retail sales by as much as 20%, according to Carol Phillips of Salon Props, Manassas, Virginia.

Certainly, in a professional skin- and bodycare environment, you need to offer at retail anything that a client may experience while receiving a service at your spa, including products offered in your shower facilities. Some spa owners even sell the robes clients wear, complete with the spa's logo, and CDs of the music played during services. All of these are integral to extending the spa experience, by letting clients take part of the ambiance home with them.

Some spas hire retail coordinators, often makeup artists, who are constantly available to show products or to answer any questions. This means clients need never go unattended, and

in most cases having employees dedicated to retail sales increases sales revenue. Many spas that employ this concept pay a split-ticket commission to both the technician and the closer of the sale.

## 5. Internet option.

While many spas now have a Web site, most are not yet sophisticated enough to offer electronic shopping capabilities. There's plenty of room for growth in this area and many benefits. Using your existing database, you can send out e-mail promotions for both products and services. And offering Web-based shopping is a convenience many of your regulars will appreciate. It's a way to extend sales beyond the limitations of operating hours and the geographic location of your spa and to reach out to clients who have moved away or are spread across a wide region.

Rouleau has been very successful with her Internet retail business. She estimates that 20% to 25% of her retail sales are currently from this method. She feels her spa's success in this area is due to its personal approach. The spa offers a personal prescription area on the Web site, which breaks down skin types into nine different categories rather than the usual three or four. This lets clients learn a lot about their skincare needs without having to come to the spa. Estheticians compose specific responses to e-mails from customers and try to make them as much like in-spa skincare consultations as possible. They also send follow-up e-mails, which have generated a very positive response from the online clientele.

Rouleau says she doesn't put any effort into search engine registration, but she does use a publicist and regu-



Courtesy Renee Rouleau



“People trust you and when you make recommendations, they listen.”

Renee Rouleau estimates that 20% to 25% of her spa's retail sales come through the Internet.

larly sends new products to “influencers” in her area.

In today's environment, and with the proliferation of spas, it's important to use every opportunity to bring a client back to your spa. Says Rouleau, “When clients take home one of our cleansers, they think of us every time they wash their face; it's a daily reminder and constant marketing

strategy. And also, in difficult economic times, many clients who can't afford to get services will still come here to purchase their products.” This is one of the most powerful things accomplished by retailing; Phillips reports that having a client purchase a retail product at your spa increases their retention rate by 78%! You don't need a better reason to focus on increasing retail sales than that. “When selling becomes your culture, everyone does it!” concludes Rouleau. ♦

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