

BRAND RETAIL

Build Success



With Private Label

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Private labeling certainly has changed in the past few years. Pam Busiek, president of CBI Laboratories, says, "The demand for products and formulas from the United States has increased dramatically" with better choices available for ingredients, products, packaging and customer support. This is important because consumers increasingly want specially formulated products created just for them. A "one-size-fits-all" mentality, or a mass-branded approach to marketing products, has been banished to the wayside.

With consumers seeking store and national brands, the spa industry needs to expand its product assortment and merchandising approach to tap into new profit centers. Your Name Professional Brands vice president of marketing Victoria Colangelo notes, "The benefit to spa owners is that they have started to think more like retailers. They are seeing a real business opportunity and looking seriously at their product choices."

Industry experts predict the development of more innovative ways of promoting and merchandising at the spa level. New tools, such as display cases and easy-to-understand signage, will grow business. Private label allows for a hands-on approach, enabling spa owners to choose the products and quantities carried, as well as the marketing approach employed. Although these new innovations present fresh opportunities for spas, owners need

to answer some important questions before jumping into private label.

Making your mark

Building your business brand goes far beyond a logo, mission statement and service

menu. Branding also extends to the product lines you choose to retail to your clientele, and private label can add to this success. Retail sales offer the highest profit

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Successful branding of a private label product line requires the same attention expended on any retail endeavor. Products should be chosen to coincide with your business philosophy, target your clients' needs and establish support from your team.

Private label products enable a spa owner to brand the items professionally with individual logos and artwork. Manufacturers often conduct in-house printing operations that can silk-screen and pad print small runs, offering the customer a very polished, upscale look that can compete effectively with the major lines and with the benefit of a tremendous markup. The manufacturer also controls the turnaround time throughout the process, and the outcome results in faster product turnover and increased customer revenue.

Talk profitability

A successful spa can expect a pretax profit between 7-10% on services after expenses and cost

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of goods. However, retail products provide a much higher profit margin—typically 26–35% after related expenses—and private label lines can offer a 300–600% markup. Take advantage of this benefit by having services drive retail sales. Consequently, it makes sense to evaluate the dollars devoted to the greatest income potential—branding your own private label line.

Client retention also increases with a successfully branded product line. With each recommended retail product, the chance of client retention increases by 30%. For two retail products, the opportunity soars to 60%.

Is it right for you?

Private label isn't for everyone, and—like every business decision—it shouldn't be made lightly. Spa owners need to take a close look at their current business, future goals and available resources for expansion. When evaluating your spa, keep in mind retail identity, branding, and education and incentives by answering the following questions.

Retail identity. When choosing a private label company, consider how the products should work with your existing business offerings.

- What is your spa message and identity?
- Does the private label line you want to carry convey this?
- How does your mission statement align with your private label retail product selections, and why?
- What lasting impression do you want your clients to take away from your retail offerings?

Branding. The products a spa carries say a lot about its business. When deciding on a product line, think about your facility's brand image, as well as the following questions.

- What do you want your products to say about your spa?
- Are the standards and ethics of your chosen private label company aligned with yours?
- Do the private label products feature visibly appealing packaging? Do they display well?

Education and incentives. Make sure that your team members are enthusiastic and knowledgeable about the new product line in order to guarantee sales. Ask yourself the following questions.

- How will I educate my team on this retail line?
- Is there ongoing education scheduled and provided?
- Do I have short- and long-term incentives planned to produce sales?



Selling your team

Once you have pinpointed your specific spa needs and found a manufacturer that works for you, gain your team members' buy-in on the products you are considering. One of the biggest challenges spa owners face is motivating their team to sell retail, whether the products are a brand name or a private label line. Most estheticians are not comfortable assuming a sales role with their clients, often believing that it compromises the art of the esthetic craft. "Create excitement around the line by including team members from the start of development. Have them test the products you are considering, ask for their evaluations and give them the tools they need to create customer awareness," says Rebecca James Godberry, president of YG Laboratories.

Educating your team on the new product line is essential for achieving effective retail sales. Although product education classes are available, hands-on application is most effective in order to guarantee knowledge retention. Plan a yearlong service promotion calendar with your distributor that includes in-house training and education on how to use the products.

Role-playing also is an effective tool that arms your team with specific dialogue to use when interacting with clients. Repetition will make them more comfortable with the sales role, as well as prepare them to field any client objections. Also, don't allow team members to become discouraged when a client turns down a recommendation, because they may change their mind on their next visit.

Educating the client

Ensure that your team members are educating clients about what products are used during each service. Instead of selling the client, emphasize product recommendations with each offering. Detail the features and benefits of the items used during a treatment, and explain how they contribute to the overall effects. Afterward, recommend products that will maintain results. Remember, if clients are

not receiving recommendations from your team, they are purchasing products somewhere else.

Team members involved in the consultation process can use their expertise to further enhance their clients' lives, while satisfying the spa's retail bottom line. Learn how best to provide recommendations by reviewing the following steps.

Client consultation.

Product recommendations should be based on individual client needs determined through a consultation. Each discussion should review the client's personal information, likes and dislikes. During this time, the esthetician should notate any recommendations for the client.

One-minute recap. At the end of the service, walk the client to the front desk, and provide a one-minute recap covering the what, when, why and how of the product. Also discuss the advantages of size versus price and concentration. Encourage the client to read the label and hold the product.

Close the sale. When closing a sale, emphasize that you are providing a product recommendation. Give the client the opportunity to choose by saying, "These are the products I suggest. Which of these would you like to purchase today?" Regardless of whether the individual leaves with a product, make sure to present them with a recommendation list and samples. Package the items in an attractive bag, and hand it to the client after stepping out from behind the reception desk.

Inspire incentives

In order for your retail sales to succeed, create a rewards program for your team. Games and contests directly related to individual sales can generate enthusiasm. Award prizes that are won after achieving a set goal, such as a certain percentage of the spa's retail revenue for a week, or surpassing a particular amount for an individual sale. Short-term incentives that span a day, week or month, at most, are the most effective. Longer incentives tend to lose momentum.

Reap the benefits

After looking at long-term business goals, you may discover that a private label product line can assist you in attaining your retail objectives. Reach out to your team, and ask them for feedback, solutions and ideas to help create a productive and profitable retail culture. With careful planning and training, a private label line can work for you not only by selling itself, but by marketing a complete spa brand. ■

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