

# Designing Your Retail Power

by Sam Margulies



In our industry, we understand for many years that our business is all about creating a multi sensorial experience for the clients. And everything has been done in this direction to create environments where customers can forget all about their daily stress and problems. There is only one area where we have not yet understood that it is also about a multi sensorial experience: The retail sales! Why is it so difficult for a vast majority of spas to generate sizable retail sales? The answer is simple: Everything in the spa is about an experience, but the retail products. Could that explain why so many clients leave the spa without buying products, and within 24 hours go to department stores or drug stores to buy low grade, un-efficient and expensive skin care products? So, what should we do to include our "skin care retail service" within the multi sensorial experience of the spa, and dramatically stimulate the retail sales without the clientele feeling pressured?



First, let us understand the spa's structural revenue profile. In a spa, income is generated by two different types of revenue centers: The treatments and the retail sales. If the treatments are the core of the business, the retail sales are creating a better margin for the spa. In other words, the cost of a treatment for the spa is much higher in percentage than the cost of a product to sell retail. All consultants agree that to have a balanced income, the retail sales must generate a minimum of 30 percent of the global revenues. And more is better.



In order to achieve this balance, let's begin with defining what design is really to spas: The design, in its core, is not about colors, materials, beauty, accessories, waterfalls, et cetera.... It is about



creating a structure and an environment which will support the business in all its aspects, including retail sales, while providing an unforgettable experience to the clients. So design is an essential tool in generating business and revenues.

If you ask most spa owners why they are in this field, they will tell you that their goal is to help people, to make clients feel good, to improve their clients skin condition, to improve their clients lives, et cetera.... The truth is that the first reason they are in this field must be to make money! If they do not make money, they will not be able to improve their client's life very long, because they will be bankrupt within a few months.

The most important element in selling a product is not its real value, but its "perceived value." It means that the commercial value of a product is not based on its cost to manufacture and market, but on how it will be perceived by the consumer. The way it is perceived by the consumer is created by the product itself, its packaging, the methods used to market it and by the way it is presented in the retail structures. Unless it is a private label or a private line, spas do not have control over the product (but they have the choice), they do not have their say about the packaging

or over its marketing, but they do control presentation and promotion inside their space; this is where design has a crucial role to play.

"Merchandising" is the modern science of how to present retail products. Basic principles of merchandising can be explained both vertically and horizontally: In a big discount store, there are shelves from the floor to seven feet high. Vertically, the cheapest products are located from the floor to about 30" high; the most expensive items are placed gradually from 30" high to eye level, above eye level the value gradually goes down. Horizontally, the more units of the same products on the shelf, the cheaper they are. So when you see a product on the bottom shelf with 40 units, the perceived value is at the lowest. On the opposite side of the perceived value scale, in a small luxury boutique, the lowest shelf is above 30" high, and the highest is just above eye level. The number of units per product will rarely surpass three to four. And when there is just one unit of a product placed at eye level, it increases its perceived value by presenting it as "exclusive."



When it comes to retail skin care products in spas, there are three principles to respect and use:

1. **The Essence:** It is based on what I call the triple V: Visibility, Voice-ability and Verify-ability. Visibility means, the spa must show the products so they are clearly visible to the clients. Voice-ability means that the spa staff must be trained to talk and explain the products to the clients, and Verify-ability means that when the client get a treatment in the spa and uses the retail products at home, she can verify that what was told to her by the staff about the products is true.
2. **The Supports:** They are of course the products themselves with their packaging, together with the colors, scents, feelings and effects, and they are the branding and marketing related to the product line name with the logos, posters, brochures, as well as all the marketing materials provided by the manufacturer.
3. **The Spaces:** In a spa, there are different spaces like the reception, the treatment rooms, the retail space, the relaxation area, the locker rooms, et cetera.... Each space has a specific level of "market-ability." The retail area has a higher pro-active "sales" potential than the relaxation room, while the locker rooms might have a lower



one than the treatment rooms. And what about the corridors? You need to define the level of "market-ability" of each space to support sales without infringing on the relaxing spa experience of the clients.

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The last but not the least element in the merchandising strategy in a spa is based on the "5 Senses" of the clients. In terms of retail sales, the senses are divided in two categories: The direct ones,



and the indirect ones. Those that are directly involved in the sales of skin care products are sight, smell and touch. You can see, smell and touch the products, but when it comes to taste and hearing, you do not hear or taste a skin care product. However, you can associate a sound you heard and a taste you got while in the spa, together with the products used on your face or body.

Now that we have established all the elements involved in the retail sales of skin care products in the spa, we have to pick and choose what elements to use for each space in a balanced manner. It is like a chef in a five star restaurant. The recipe calls for salt, pepper, herbs and spices, but too much of just one of them will radically change the taste of the meal and the client will be disappointed and will not come back to the restaurant.



Here is an example from the spa retail space: The products will be presented on shelves from 30" high to above eye level. If the desired perceived value of the products is medium to high end, we will not put 20 units of each

because it would lower the perceived value, but we will not put just one or two because it would make it feel inaccessible. Five to six units of each product with some space in between the different products will establish the desired perceived value of the products, independently and as a whole line. Every member of the staff will be trained to discuss, explain and promote each and every product, and marketing supports including testers, posters, brochures, et cetera, will be placed strategically in the boutique (as well as throughout the spa according to the level of "marketability" of each space). You may also decide to diffuse scents of the products, and have exclusive music in the background.

When it comes to the relaxation area, we want to make sure that the client will not feel under "sales pressure" when she is relaxing, so be less aggressive in your strategy: exclusive music in the background, no direct marketing support, but colors and forms related to the packaging of the products, scents and maybe some tea or other calming beverages. Unconsciously, these sounds, colors, forms and tastes will later relate to the use of the products in the treatment rooms and will support the retail



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sales. For those of you who have all kinds of magazines like *Elle*, *People*, *Vogue* or *InStyle*, in your relaxation room, I bet you never thought twice about it... Well, think again: You invite your clients inside a space that you pay for, and you expose them to advertising for... SKIN CARE PRODUCTS! And not the products and lines available in your spa. Please, get those Trojan horses out of your spa!

A very important element to keep in mind is that the retail sales are at the core generated by what happens in the treatment rooms. So make sure you train your staff in a non aggressive, educational style sales technique inside the treatment room while the client is on the treatment bed.



In conclusion, if you do your homework and establish a well balanced merchandising strategy, remember, none of your work will have any value, if you do not train every member of your staff to all your strategies, marketing and policies. So enjoy the journey into spa business, and do not forget that without making money,

you will not be able to help your clients for very long... and here too, more is better!



*Sam Margulies began his professional education with an apprentice program in upholstery and draperies. After completing his education in interior design and architectural design in France, he traveled for several years in Europe and in the Middle East where he studied different design styles and methods. While working for several years for a French design firm, he continued his education at night with two year programs in law, marketing and management. In 1988, Margulies moved to Montreal, Canada. After working for two different design firms, he relocated to Burlington, Vt., in 1993, where he opened his own firm: Atmosphere Spa Design. In the early 1990s, Margulies began to study the Chinese art of Feng-Shui that plays an important role in his approach to design and architectural conception. He has been a guest speaker in a variety of venues, and had a bi-monthly interactive column on design topics in the Burlington Free Press. Margulies is regularly invited as a keynote speaker at the I-SPA conferences in the U.S. and Asia, ESI shows in Canada and the U.S., Medical Spa Summit conferences, HBA, IECSC, Face & Body and Spa & Resort Expos. Margulies has had articles published regularly in trade magazines such as: Spa Management Journal, SKIN, INC., Medical Spa Magazine, Spa Canada, Spa Quebec and Style Speak. atmospheredesign@hotmail.com*

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