



wynne|BUSINESS

# Smart Retailing and Your Bottom Line

**Wynne Business**

**Lisa M. Starr**

# Why is retail important?



- Different income stream
- Allows clients to bring the spa home
- Another reason for clients to visit
- Potential for high sales per square foot
- Clients who purchase retail are 78% more likely to return to the spa

# What to sell?

- Service sales support retail sales
- Choose vendors with a similar vision/philosophy to the spa, or you'll confuse customers
- How many lines?
  - ☐ Good, better, best
  - ☐ Edit lines and assortments to your client

# What's the mix?



- Retail % of products = service % of sales
- Lifestyle products – books, music, yoga accessories
- Home category; candles, scents
- Travel retail
- Don't forget gifts and impulse items!

# Tell a great story! Your clients will listen...



- Begin with your therapeutic vision
- Your treatment vision drives your home care (retail) vision
- Retail is a medium for telling your brand story

# Begin the home care experience in the spa...



- Whenever possible, begin and end a treatment journey in your retail center (“choose a Wynne Elixirs essence for your pedicure”)



# Retail: an unnatural act for your service staff?



- Integrate problem-solving products into all treatments
- Offer an enticing array of accessories *and* consumables
- Show them how to get beyond “The Silent Treatment”



# Retail Commissions



- Range of gross margin products creates range of commission %'s
- Who gets retail commission?
- Who doesn't?
- It's all about the team
- Minimum qualifications



# Not all retail sales are the same

- The magic is in the margins
  - Branded products
  - Private Label products
  - Accessories and other merchandise



# It's all about the mix.



- **Q: Branded or private label?**
- **A: Yes!**
  - Name brands are co-branding with top spas...exclusivity *and* name recognition
  - Young “brand snobs” don’t embrace unknown lines without a great story. Great spas have great stories...
  - The “Bliss effect”: great private brand plus great name brands = loyalty + prestige

# Branded products pros



- Marketing budgets make brands potentially more familiar to consumers
- Samples and collaterals
- Training and education
- Co-op advertising

# Private label pros

- Much improved gross margins
- Control over distribution
- Opportunity to build your own brand recognition
- Credibility with consumers



# Anatomy of a retail sale:



## RETAIL SALE: “BEFORE”

<b>\$100</b>	<b>Branded Product Sale</b>
<b>(\$50)</b>	<b>50% Product Cost of Goods</b>
<b>(\$1)</b>	<b>Cost of shipping, stocking</b>
<b>(\$10)</b>	<b>10% Sales Commission</b>
<b><u>(\$1)</u></b>	<b>Commission Payroll burden</b>
<b>\$38</b>	<b>GROSS PROFIT (COGS 62%)</b>
<b>(\$40)</b>	<b>Spa Overhead Expense</b>
<b>(\$2)</b>	<b>PROFIT/LOSS</b>

## **RETAIL SALE: “AFTER”**

<b>\$100</b>	<b>High margin Product Sale</b>
<b>(\$32)</b>	<b>30-40% Product Cost of Goods</b>
<b>(\$ 1)</b>	<b>Cost of shipping, stocking</b>
<b>(\$15)</b>	<b>15% Sales Commission (a 50% raise!)</b>
<b><u>(\$1.50)</u></b>	<b>Commission Payroll burden</b>
<b>\$50.50</b>	<b>GROSS PROFIT (COGS 49%)</b>
<b>(\$40)</b>	<b>Spa Overhead Expense</b>
<b>\$10.50</b>	<b>PROFIT/LOSS</b>

# Home Care Sales Tools

- A must – the prescription slip
- Shelf-talkers
- Scripts
- Building home care into “packages”
- The close – “What would you like to take with you today?”

# Event and party retailing



- A terrific new channel
- Goodie bags, favors, hostess gifts
- Wedding registry!





# Online Retailing



- 24/7 shopping
- Broader reach to consumers
- More web linking opportunities
- Fulfillment
- Volusion.com, nexternal.com

# Retailing 101



- **20% of sku's responsible for 80% of profits; keep these in stock!**
- **Weed out non-performers**
- **Look and act like a store; evaluate and mimic retailers**
- **Adjust for seasonality**

# Know the Numbers

- **Inventory turns**
  - Avg inventory at retail/annual retail sales
- **Retail sales \$ per square foot**
  - Annual retail sales \$/retail square footage
- **Gross margins**
  - Retail price minus direct cost of sales
- **Retail to total sales ratios**
  - Retail \$/Total Sales \$

# Rate your Performance

- **Based on service mix and client base:**
  - ☐ **Skincare driven spa ratios**
  - ☐ **Salon/spa ratios**
  - ☐ **Medical ratios**
  - ☐ **Resort, fitness, hospital**

# How retail “magic” happens:



- Tell a captivating product story
- Tantalize with visual merchandising
- Integrate home care demos into every service
- Teach clients with educational sales tools
- Reward your team's sales effectiveness
- Define their **contribution** and hold them accountable for it
- Reward “regular refill” purchases
- **Have your team trained in sales skills!**

# Relevant web sites

- [Retailwire.com](http://Retailwire.com)
- [Wwd.com](http://Wwd.com)
- [Retail.about.com](http://Retail.about.com)
- [Retailing.org](http://Retailing.org)



# Smart Retailing



**THANK YOU FOR YOUR  
ATTENTION!**

**A copy of this presentation will be  
posted on [www.wynnebusiness.com](http://www.wynnebusiness.com)**

**Lisa M. Starr**

**[lstarr@wynnebusiness.com](mailto:lstarr@wynnebusiness.com)**