

WE WANT TO HEAR FROM YOU:

IS THERE A DEVELOPMENTAL, EQUIPMENT, FINANCIAL, OPERATIONAL, OR OTHER SPA QUESTION THAT TROUBLES YOU?

Email questions to q&a@americanspamag.com. Your question and the answer may appear in an upcoming "Problem Solvers" column.

Capitalizing on Cosmetics

Anderson & Associates offers a step-by-step plan for determining if adding cosmetics is good for business.

Q. Dear Problem Solvers: I own a day spa that does a lot of facials. As a result, I'm thinking of adding a cosmetics counter and a demo area to increase makeup sales. Do you have any tips for building out the cosmetics part of the business? And how do I know if it makes good economic sense?—*Makeup Makeover in Louisville, KY*

A. Dear Makeup Makeover: Your vision of building out the cosmetics part of the business appears to be sound, given that you do a lot of facials. Retail sales can be a significant contribution to your bottom line, provided that the markup is high and there is much less labor involved in selling goods versus selling services. There are, however, a few steps you might want to take in determining the feasibility of this endeavor.

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First, I would evaluate your space utilization and availability. All spas have a finite amount of space. It is imperative that you determine if this is the highest and best use of your space. Short of converting an unused portion of your spa, you will need to evaluate the difference in revenue (per square foot) for the existing use versus the proposed retail. You may also need to create support areas for retail, which may include storage areas with temperature and humidity controls. These costs must be factored into your decision.

Concurrently, I would quantify what you consider to be “a lot” of facials. Do a detailed analysis of what type of facials are performed and figure out the average percentage of services to retail sales. This will give you a starting point to determine your baseline demand. From there, you can evaluate ways to modify your menu to support a higher cosmetic sell-through and conversely look at how certain cosmetics lines can enhance your service revenue.

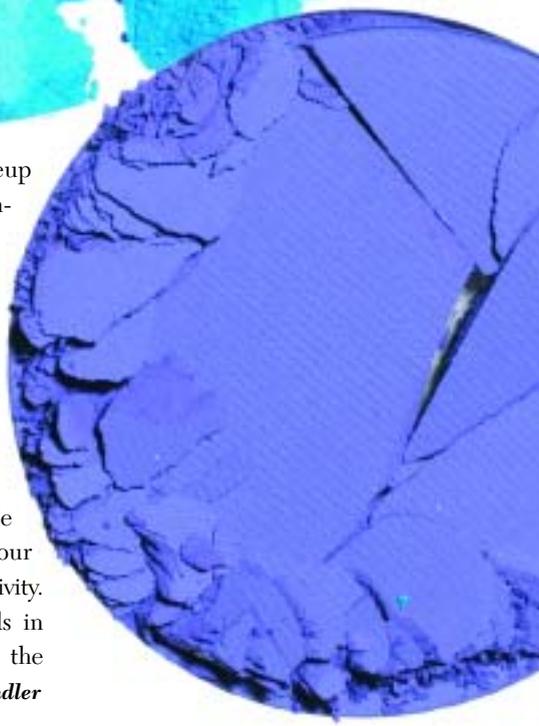
Second, you may elect to do a straw poll of your existing clientele to see how they would respond to this type of service. While this portion of the analysis will not be conclusive, anecdotally it will assist you in making your decisions.

Third, you should look at cosmetics lines that support the market you are serving and the market or

markets you might like to serve. The makeup needs, price points, and expectations of high-fashion professional 40-somethings are very different from those of their younger sisters just starting to climb the corporate ladder. Ensure that the focus of your spa is enhanced by the selections you make in this arena. Getting in touch with a number of lines is probably the best way to determine your makeup needs.

If this task seems daunting, rely on professional consultants to assist in the process. While you may have most of the data already at your fingertips, you are, by definition, lacking objectivity. A fresh set of eyes may pay great dividends in helping you create many more fresh eyes in the future.—**Peter C. Anderson and Michele A. Chandler**

Peter C. Anderson is a principal at Anderson and Associates, a spa consulting firm based in Santa Monica, CA. He is also on the board of advisors for the Medical Spa Program at the University of California-Irvine. Michele A. Chandler heads up the Toronto office of Anderson and Associates. She brings 20 years of financial, operational, and water-treatment managerial experience to the firm. You can e-mail Anderson at peter@anderspa.com and Chandler at michele@anderspa.com.



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