



The Science of RETAIL DESIGN

BY SAM MARGULIES

In a spa, two revenue centres generate income: treatments and retail sales. Even though treatments are the core of business of most spas, healthy retail sales create a better margin for the spa (because the profit ratio of selling a product is much higher than for a treatment). All consultants agree that to have a balanced income, a spa's retail sales must generate at least 30 per cent of the overall revenue. And the more the better.

Most spa owners will tell you that they are in this industry to help people, to make clients feel good, to improve their clients' skin conditions, to enhance their clients' lives. But the truth is that the primary reason they are in this field must be to make money—because if they don't make money, they won't be able to improve their clients' lives for very long. Therefore, productive retail is essential to just about any spa operation.

The most important element in selling any product is not its real value, but its perceived value. This means that the commercial value of a product is not based on its cost to manufacture and market, but on the value placed on it by the consumer. The way it is perceived by the consumer is created by the product itself, its packaging, the way it is marketed, and by the way it is presented in the retail structure. Unless it is a private label, spas don't have control over the product content, packaging and marketing (besides the choice of which products to stock), but they do control presentation and promotion inside their space, and this is where design has a crucial role to play.

Let's take a moment to define what design is to spas. The design in its core is not about colours, materials, beauty, accessories, waterfalls, etc... It is about creating a structure and an environment that will support the business in all its aspects, including retail sales. So design is an essential tool in generating business and revenue.

THE PSYCHOLOGY OF SELLING

'Merchandising' is the modern word for how to present retail products. Basic principles of merchandising can be explained both vertically and horizontally: In a big discount store, like Target,



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Consumers have been conditioned to know that a product on the bottom shelf with 40 units is the least expensive, whereas when less products placed at eye level have far higher perceived value. Spas need to balance exclusivity with accessibility, as demonstrated at The Spa at Four Seasons at the Four Seasons, Austin, Texas (ABOVE) and Spa Helani at the Westin Ka'anapali Ocean Resort Villas in Hawaii (BELOW).



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The exclusive nature of Qin, The Spa at Four Seasons Hotel Shanghai, is reflected in the intentional minimalism of its retail display.

there are shelves from the floor to seven feet high. Vertically, the cheapest products are located from the floor to about half a metre high, the most expensive items are placed gradually from half a metre high to eye level, and above eye level the products gradually go down in price. Horizontally, the more units of the same products are on the shelf, the cheaper they are. So consumers have been conditioned to know that a product on the bottom shelf with 40 units is the least expensive. On the opposite side of the perceived value scale, in a small luxury boutique, like a Cartier, the lowest shelf is above half a metre and the highest is just above eye level. The number of units per product will rarely surpass three to four. Consumers understand this to mean that these items are high-quality or luxury. When there is just one unit of a product placed at eye level, the exclusivity further raises its perceived value.

When it comes to retailing products in spas, there are three principles to respect and use: essence, support and space.

THE ESSENCE

This concept is based on what I call the triple V: Visibility, Voice-ability and Verify-ability. Visibility means that the spa must ensure that products are easily accessible. Voice-ability means that the spa staff must be trained to comfortably explain the products to the clients. Verify-ability means that when the client receives a treatment in the spa and then uses the retail products at home, she can verify that what was told to her by the staff about the products is true.

THE SUPPORT

The main support for retail is of course the products themselves. The colours, scents, feelings and effects of the formulas combine with the individual product packaging, the line's branding and the marketing collateral provided by the manufacturer.

THE SPACE

Every spa has a variety of spaces that may provide retail possibilities not limited to the reception or boutique. Each space (treatment rooms, relaxation lounge, locker rooms, etc.) has a specific level of 'marketability'. The retail area likely has a higher sales potential than the relaxation room, but the locker area and treatment rooms may present opportunities for retail display and tester products. And what about the corridors? By assessing the level of marketability of each space you can creatively support sales without infringing on the relaxing spa experience.

The last but certainly not least element in the merchandising strategy of a spa is based on the five senses of the clients. In terms of retail sales, the senses are divided into two categories: direct and indirect. Those that are directly involved in sales are the sight, the smell and the touch because you can see, smell and feel the products. When it comes to taste and hearing, you don't hear or taste a skincare product or most gift items, but you can associate the product with a description from the therapist or sales assistant and a taste you experienced while in the spa (such as a post-treatment refreshment).

DESIGNING FOR PROMOTION

Now that we've established all the elements involved in retailing products in the spa, we have to tailor those elements to each space in a balanced manner in the same way a Michelin chef uses salt, pepper, herbs and spices in perfect combination. A well-conceived use of space will support the highest surface utilisation rate, optimising both the retail potential and the client experience.

Let's first address the retail space. Products will be presented on shelves. To promote the perceived value of the quality of spa products the shelves should be positioned from half a metre high to just above eye level. If the desired perceived value of certain products

is medium to high end, five to six units of each product with some space between the different product types will establish value for each product independently and for the whole line. In the spa, 20 units of each would undermine the perceived value while just one or two would make it feel inaccessible.

To support the product presentation, marketing point-of-sale including testers, posters, brochures, etc, should be placed strategically throughout the boutique, without causing it to look messy or cluttered. Diffusing the scent of the brand can reinforce the buying experience, as can playing the same music in the boutique as in treatment rooms.



To promote the perceived value of the spa products, shelves should be from half a metre high to just above eye level.

Finally, to deliver on all aspects of the retail experience, each staff member needs to be able to explain and promote every product.

When it comes to the relaxation area, it's important to respect the client's need for respite from stimulus. However, the more subtle elements of music, scents and refreshments used in the space can be made available for purchase later. There should be no direct marketing supports, but by using colours and forms in the room that relate to the packaging of the products, these design elements will later relate to the use of the products in the treatment rooms and support the retail sales.

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

Do your homework and establish a well-balanced merchandising strategy, but the fact is that none of your work will be worth a thing if you do not train every member of your staff in all your strategies, marketing and policies. And don't forget that without making money, you won't be able to help your clients for very long...Here too, more is better! 🍀

Sam Margulies is a French architectural and interior designer located in Montreal, Canada. His firm, Atmosphere Spa Design, specialises in the conception and design of spas, medical spas and resorts in the US, Canada, Europe, the Middle East, Asia and the Pacific Rim, with a portfolio of more than 120 projects around the world. He is regularly invited as a lecturer and keynote speaker in a variety of professional shows and conferences, and his articles are published in a variety of professional magazines around the world. ATMOSPHERESPADESIGN.COM



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