



Snapshot Survey Results Report

Retail

March 2014

INTERNATIONAL SPA ASSOCIATION®
experienceispa.com



Retail

ISPA Snapshot Survey | March 2014

Monthly Snapshot Surveys provide ISPA members with a valuable look into the state of the spa industry, spa industry trends and also help to identify the needs of spa professionals. Snapshot Surveys are conducted on the third Friday of each month, with full results provided only to respondents two weeks from the release date of the survey. Knowledge is a valuable tool and these quick surveys provide a wealth of information shared by ISPA's members. The March Snapshot Survey asked ISPA members to provide retail insights.

When asked what percentage of their company's total spa revenue is derived from retail sales, the largest group of respondents (31 percent) fell in the five - 9.9 percent range. When comparing day spas and resort/hotel spas and their total spa revenue derived from retail sales, 16 percent of day spas fell between five – 9.9 percent compared to 37 percent of resort/hotel spas. There was also a noticeable difference between these two groups within the 20 – 25 percent range with 20 percent of day spas falling in this range versus only five percent of resort/hotel spas.

Regarding how they promote retail sales among employees, a large majority (86 percent) of spa respondents said they provide an incentive to employees to use retail to upsell. Sixty-nine percent of ISPA spa members said they have used free product samples with a treatment/service as a retail sales incentive in 2014. Interestingly, 67 percent of day spas have used social media promotion involving a retail product as a 2014 retail sales initiative versus only 39 percent of resort/hotel spas. Almost all of the spa survey respondents (90 percent) offer vendor product trainings for their employees. When asked how many in-person sales technique training sessions they offer employees on average, 21 percent of spa respondents said two while another 21 percent said four.

ISPA resource partner members were asked how many new products they plan to introduce in 2014. The largest group (42 percent) is planning to introduce one to three new products this year followed by 30 percent that are planning to introduce four to eight. Seven percent of resource partner members plan to launch more than 20 new products this year. When asked how the number of 2014 new product launches compared to 2013, half of the respondents said the total number will increase this year.

The results analysis includes answers from all respondents who took the Snapshot Survey in an eight-day period from Friday, March 21, 2014 to Friday, March 28, 2014. During this time, 291 ISPA members responded to the survey. The categories "all spas" and "ISPA Spa Members" referred to within this report include data from all spa respondents (day, resort/hotel, medical and destination spas).

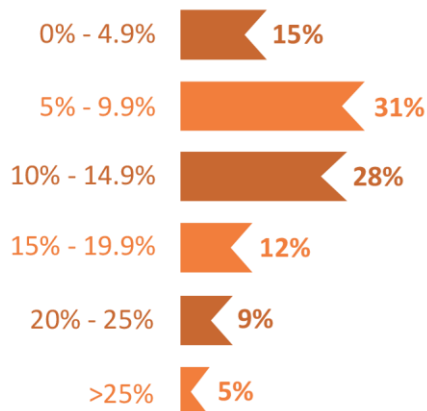
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ISPA SPA MEMBERS

What percentage of your company's total spa revenue is derived from retail sales?

Total Spa Revenue from Retail Sales

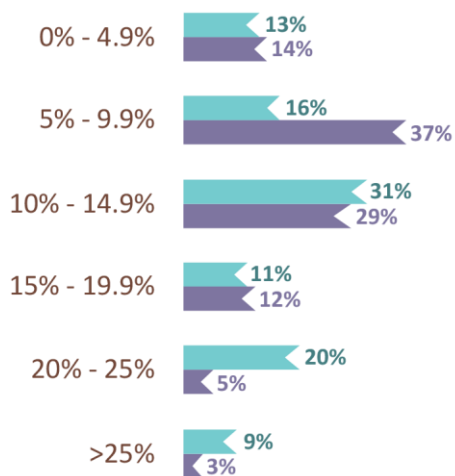
All Spas



Total Spa Revenue from Retail Sales

By Spa Type

Day Spas Resort/Hotel Spas



Which of the following practices, if any, does your spa use to promote retail sales among its employees?
Respondents were asked to select all that apply.

Promotes Retail Sales Among Employees

All Spas



Promote Retail Sales Among Employees

By Spa Type

Day Spas Resort/Hotel Spas



Respondents were asked to share any effective incentives their spa has implemented to encourage therapists to upsell clients through retail products. Please find a sample of the responses below.

- Ten percent of their services are retail.
- Ten percent sales commission.
- A prize for the winner. The prize is generally provided by one of our suppliers.
- Affects tier levels and booking order.
- Bringing on products specifically requested by massage therapists.
- Can earn higher commission on service sales if retail sales are high enough.
- Commission and free gifts.
- Commission for all retail sales.
- Creating an Rx sheet for service providers where they highlight the products they are recommending and give them to the spa host to close the sale made a difference for us. Also keeping the staff informed and excited about the products has been great for us (i.e. training, incentives or having them experience the service themselves so that they are able to share what they thought of the products used).
- Daily drawing for \$5 Starbucks coffee card. For every \$60 you sell, your name is put into a hat for the chance to win the coffee card.
- Double commission days and regular contests that reward top sales, highest retail penetration, highest average retail ticket, etc.
- Earn additional money by drawing for the top sales prize. This is based on a sliding scale of retail sold monthly. Each retail sale is equal to one entry into the drawing.
- Gift with purchase program, sampling program, retail commission and product incentive program.
- Giving staff free samples of products we are promoting. The holiday gift sets really helped as well. We held an internal contest during the holidays where our staff had to sell 25 gift sets to receive \$100.
- Incentive programs through our retail partners that reward them for selling a certain amount each month/quarter.
- It always comes down to regular product knowledge trainings and incentives by vendors.
- Lots of training through role playing. Also, offering verbiage until they become comfortable with the experience.
- Loyalty rewards programs partnered with vendors.
- Many vendors will offer incentives above our commission. For example, Zents offers a complimentary product to each associate who sells six products.
- Priority book therapists based on retail performance.
- Retail is 100 percent a part of our spa culture. I explain to my new staff, as well as during team meetings, that by selling products we believe in, we are simply sharing really good news! It is our duty to share important information about our products with our guests, since they are carrying their spa experience home with them. By doing so, guests can maintain the results they have achieved, in our spa, at home. I also encourage our therapists to have their retail 80 percent to service and offer commission in return. I find that my team becomes easily inspired when we focus on “why” we offer retail. It is truly to provide even better service for the client.

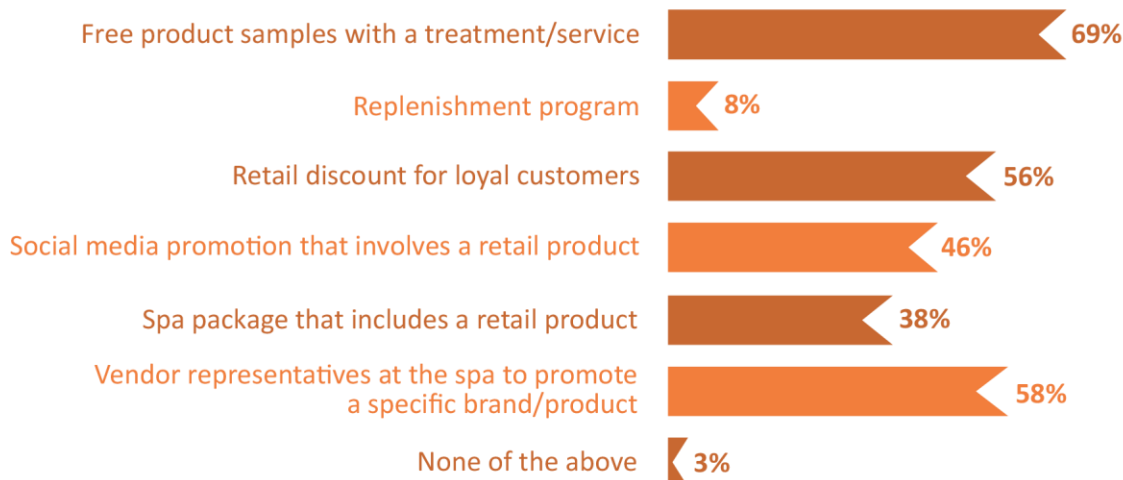
- Retail is based off of a service to sales ratio:
 - If an employee sells zero to 14 percent of their services performed, they receive 10 percent commission of retail.
 - If an employee sells 15-19 percent of their services performed, they receive 15 percent commission of retail.
 - If an employee sells 20 percent or more of their services performed, they receive 20 percent commission of retail.
- Spa experience at another spa.
- Special months where commission is higher.
- The staff can purchase products at cost. When they fall in love with the products, it is easier to recommend them to our guests. The staff also receives services and products as an incentive for best sellers.
- They have to exceed their sales goal in order to receive commission.
- They receive 10 percent commission on any retail sale.
- Through our pay scale, it depends on how much they sell per month. They receive five, eight, 10 or 12 percent commission. (2)
- Training is the most effective tool in making sure a retail product performs well.
- Using cards to recommend products according to the needs of the client's skin.
- Vendor contests.
- Vouchers and products from vendors, as well as spa treatment vouchers that can be used at other hotel spas in the city.
- We are currently planning to implement retail goals by May. We do contests all the time and give gift cards to the winner. This doesn't really work. We've often given our staff product incentives as well.
- We are in the process of launching a level system based on demand for time for the service providers. Several new initiatives will be implemented. Our retail has a lot more potential than what we are currently experiencing. To date, our sales contests have assisted us in increasing sales.
- We are limited when it comes to promoting discounts since we are a franchise and our vendor does not allow them.
- We created a menu that has direct retail product correlation. It's easy to sell that way.
- We encourage the front desk staff more than our service providers to upsell. This is an opportunity for this portion of the staff to receive additional benefits.
- We find that giving out Visa cards and gift cards to their favorite stores gets them pumped up and excited. We do monthly/quarterly incentives. They have to sell a minimum amount to qualify.
- We give out the reports and prizes to the two highest sellers each month. (2)
- We gave all of our employees a complimentary facial so that they could cross-promote. This has been extremely effective.
- We have a tiered commission that incentivizes the staff to sell more. Ultimately, we make more money.
- We have partnered with vendors who give their own incentives to employees who meet monthly goals.
- We have a team sales performance goal, so any success is a team success.
- We tier our commission; therefore, the more they sell, the higher percent they get. Also, we post top sellers and reward them each pay period. Additionally, we typically do sales competitions around the holidays.
- We use "average revenue per client," which includes services and retail sales as one of the three components that determine the therapist/esthetician commission rate.
- Weekly and monthly contests/incentives in addition to commission.

Which of the following, if any, retail sales initiatives has your spa used in 2014?

Respondents were asked to select all that apply.

Spa Retail Sales Initiatives Used in 2014

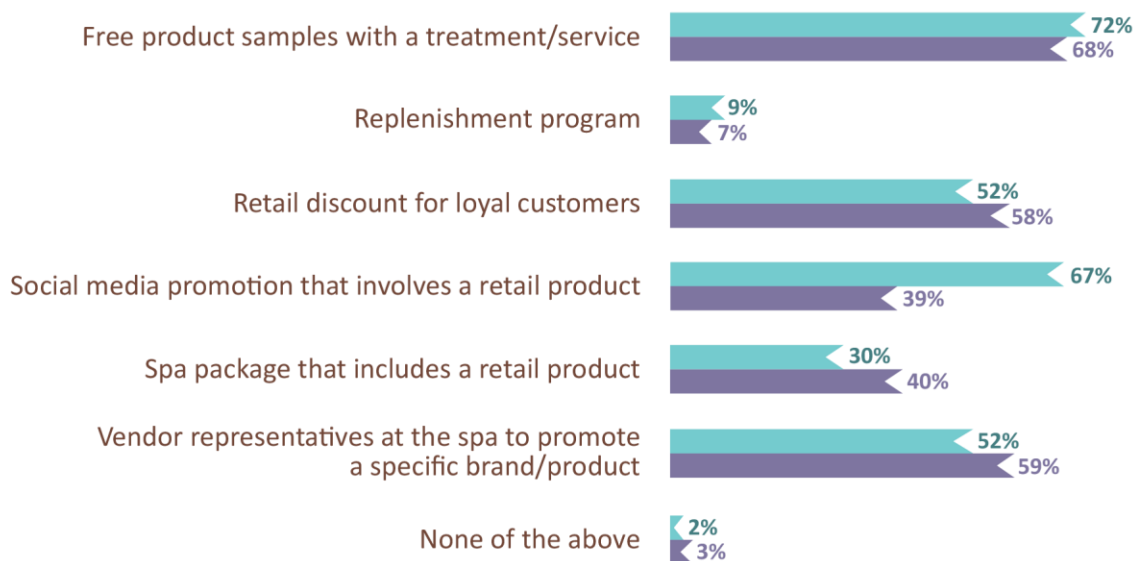
All Spas



Spa Retail Sales Initiatives Used in 2014

By Spa Type

■ Day Spas ■ Resort/Hotel Spas



Respondents were asked to share details about any hot spa products that have been flying off the shelves over the past 12 months. Please find a sample of the responses below.

- An ultra, firm and lift product.
- Any product with the proper expectations and system to support it.
- AromaMist Ultrasonic Essential Oil Diffuser.
- Aromatherapy Associates Renewing Rose Massage & Body Oil.
- BABOR Fluids. They complement any skin-care regimen and do not require the guest to buy into a full new line. There are options for all skin types and needs. They bring fast/immediate results and the price point is approachable.
- Clarisonic.
- Clarisonic Mia Sonic Skin Cleansing System. Hands down.
- Clear My Head. We just brought this product in and it's a really great pick-up item. Groups are also buying the jars with our logo on the cover.
- Comfort Zone Skin Regimen Juvenate-Pro Booster.
- Coobie bras and underwear and Eberjey pajamas and nightshirts.
- Customized beach totes.
- Dr. Schrammek Blemish Balm. A medically formulated colored cream that aids in post-peel treatments, as well as an anti-redness and an anti-inflammatory agent for everyday use. It provides excellent coverage without makeup and the added benefits of soothing, healing and nourishing.
- Elemis Instant Refreshing Gel and Elemis Aching Muscle Super Soak. (2)
- Eminence Organic Skin Care and doTERRA Essential Oils!
- Eminence Organic Skin Care Bamboo Firming Fluid. This provides a natural retinol alternative. Plant stem cells.
- Eminence Organic Skin Care line and butter LONDON Nail Line.
- EuroSpa Aromatics Shower Mist.
- Exclusive to BABOR products.
- Eye slices.
- Feeling Smitten.
- FarmHouse Fresh scrubs have done amazingly.
- Gift with purchase.
- Hair products.
- Himalayan Trading Post candles and Supracor Inc.
- Hydrodynamic moisture, essential-C, environmental shield, acne lines.
- HydroPeptide skin-care line, MOROCCANOIL hair care products, Honey Ginger Massage Oil by Pino, Chella Skin Care Anti-Fatigue Eye Mask Kit and Chella Skin Care Heated Eyelash Curler.
- HydroPeptide. The results are better than the last six product lines that I tried.
- In general, the new high-tech brand.
- Institut Esthederm Cyclo System Youth Cream Face & Neck Honey and Nutri System Intensely Nourishing and Revitalizing Mask.
- Institut Esthederm Cyclo System Youth Cream Face & Neck Honey. The honey is harvested from the bees we raise on property.
- Japanese Mint Oil. (2)

- Jessica James headbands.
- Bulgarian Rose Otto by Epicuren Discovery and Coconut Hand and Body Lotion by Desert Essence.
- Logoed products.
- MOROCCANOIL hair-care and body-care line.
- MOROCCANOIL products - its oils, shampoo and conditioner. Guests love anything from MOROCCANOIL!
- MOROCCANOIL products. (2)
- MOROCCANOIL Body Souffle.
- Natura Bisse International skin care.
- Neova DNA Damage Control Silc Sheer 2.0 SPF.
- None that I can think of. Whenever a new launch happens, it does sell. When the Aveda Corporation Dry Remedy Daily Moisturizing Oil first launched, we had a hard time stocking it. We were also having a hard time stocking beautifying oil for a while.
- Our Caudalie Beauty Elixir is our number one top seller. This powerful plant based anti-dull complexion mist smooths away fine lines, tightens pores and gives the complexion an instant boost of radiance. We use it at the end of every treatment.
- Our Eminence Organic Skin Care products do very well. Nothing in particular; however, we also just started selling FarmHouse Fresh. Their Agave Nectar Body Oil went very quickly.
- Our hottest product is the FarmHouse Fresh Sweet Cream Body Milk Lotion, since we've just started using it in several services.
- Our hottest seller at the moment is our signature Sweet Skin Tea. We focus on the inside and out! We recently brought in a micro-needling roller for home care as well. People love new and advanced products; however, they also want results.
- Our Murad Inc. Hydro-Dynamic Ultimate Moisturizer.
- Our signature line.
- Our skin-care serums. It is very important to us that our team uses the products themselves. We ask our vendors for a discount off of wholesale pricing to make products, such as serums, more affordable for the team. This has helped tremendously. They can order at this price quarterly and it is monitored.
- Rejuvenating Advanced Firming Complex by Amala, Inc.
- Rhonda Allison Derma Peel.
- SkinCeuticals Retexturing Activator and SkinCeuticals CE Ferulic.
- SkinCeuticals Simply Clean. We always have to re-order it. In general, SkinCeuticals is great for us. On the other hand, candles have been one of our best-selling items in the "home" category and Three Dots clothing always sells out immediately.
- Soap rocks and jewelry.
- Eminence Organic Skin Care Strawberry Rhubarb Dermafoliant.
- S'well water bottle.
- THALGO Hyaluronic Eye Patch Masks (travel size).
- The Elemis Pro-Collagen Cream products.
- The entire HydroPeptide line.
- The new Eminence Organic Skin Care facial products!
- Unitrex Aroma Mist Ultrasonic Essential Oil Diffuser.
- Vilebrequin swimsuits.
- Vitamin A and C for skin.
- Voluspa candles.

- We can't keep EuroSpa Aromatic's Shower Mist in stock! For such a simple idea, it sells like hot cakes!
- We have a scrub bar that gives guests the opportunity to make a small sample. This promotes the purchase of the body scrubs and the entire scent line of lotion, candles, scent sticks, body wash, etc.
- We sell a private label temple balm. It's the least expensive product we offer at this time. People love it. It's a souvenir that they can use in a practical way.
- Yes, it is called Dry Oil Body Moisturizer by Pevonia International, LLC. This is the best seller in the spa because of its aroma and efficiency when it comes to moisturizing skin.
- Yon-Ka Paris skin-care products.

Which of the following types of retail training does your spa offer to employees?

Respondents were asked to select all that apply.

Types of Retail Training Offered to Employees

All Spas



Types of Retail Training Offered to Employees

By Spa Type

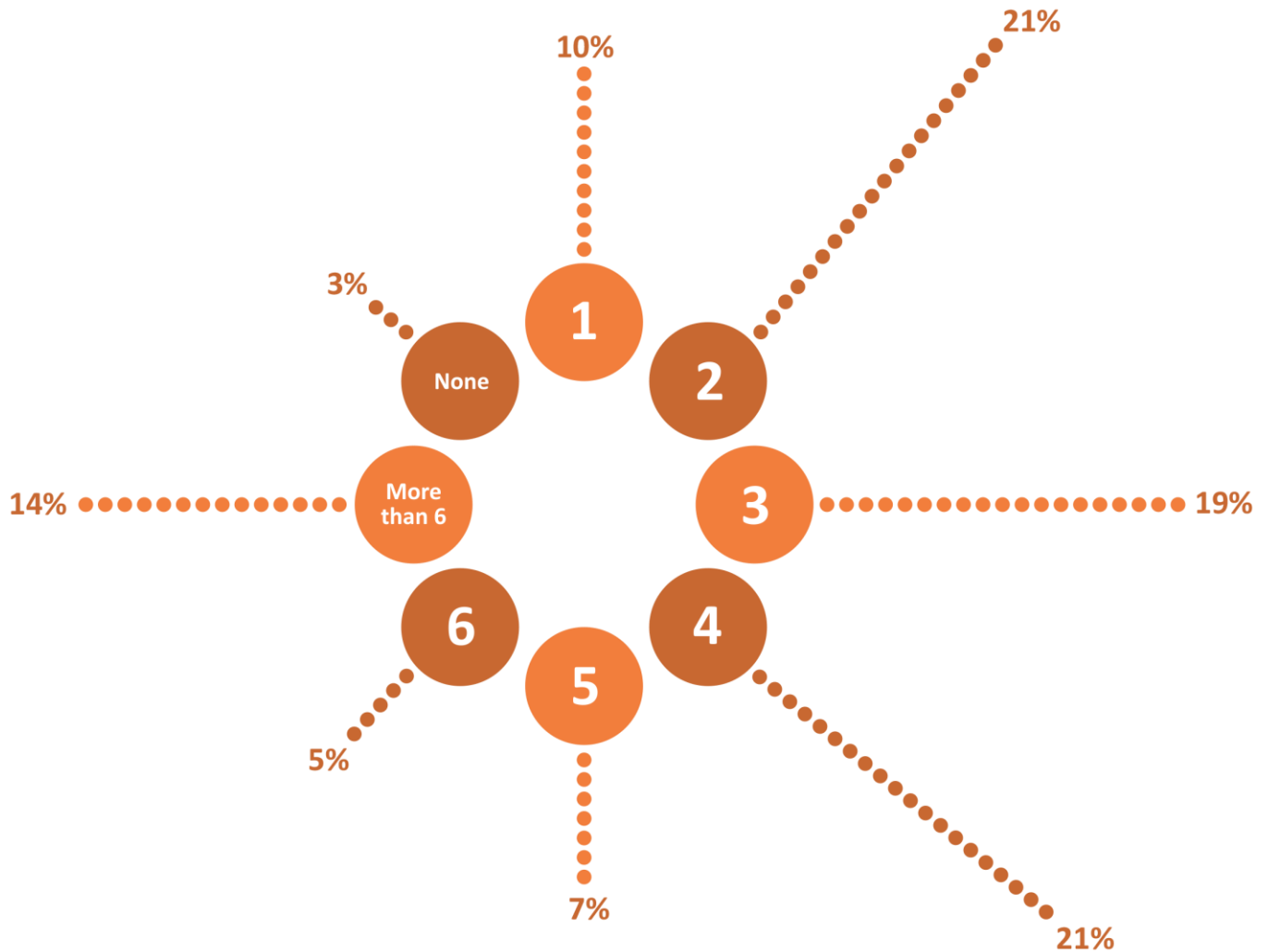
Day Spas Resort/Hotel Spas



On average, how many in-person sales technique training sessions did each employee at your company have access to within the past year?

In-person Sales Technique Training Sessions for Employees

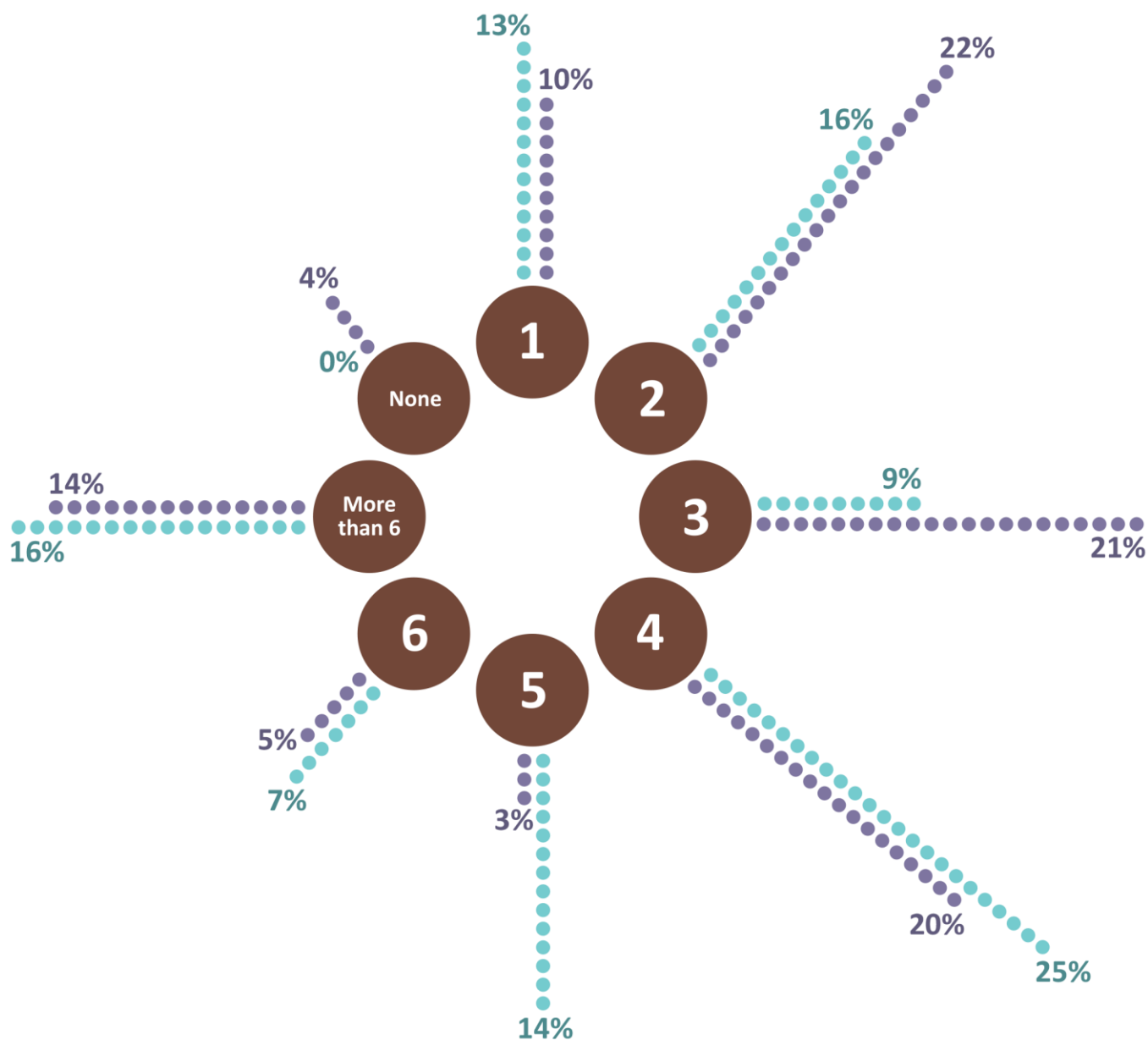
All Spas



In-person Sales Technique Training Sessions for Employees

By Spa Type

Day Spa Resort/Hotel Spas



Respondents were asked if they could only pick one sales tip to share with a new employee, what it would be. Please find a sample of the responses below.

- "Take your opinions out of the equation." The client wants to replicate how they feel during their spa visit at home. Aromatherapy triggers the sense of well-being. So, every time the guest uses that product at home, they remember how great they felt at the spa.
- Always suggest something because the guest doesn't always know to ask.
- We focus on "why." We want to provide the absolute best products in our industry to our guests in order to enhance their home life and give them the same results at home. Be your brand. I hire passionate people who are already into what we do at our spa.
- Ask the guest what results they are looking for during their treatment. From there, use your education to provide a recommendation for what they are looking for, versus what you feel they need.
- Be knowledgeable.
- Be passionate about your product, be knowledgeable about the product and recommend it with conviction.
- Be sincere when educating your client on what the best home care techniques are in order to help them look and feel great.
- Become comfortable with a product or product line you are passionate about and speak about it. It is easier to communicate with the guest and makes the guest feel as though it is something they want to try and take home.
- Become familiar with the retail products in the store. Focus on educating customers when they come in and are looking around the store. Ask them if there is something specific they are looking for and/or if they are interested in having you point out a few of your favorite products in the area in which they are looking.
- Believe in the worth of the product you are selling.
- Care about customer needs first and then make a sale.
- Clients view you as the expert. Be confident sharing which products you love and explain why the client will like them as well. People will respond to your enthusiasm.
- Focus on the overall financial health of the spa and salon daily by selling retail products.
- Do not sell, but give genuine recommendations.
- Don't hover over the client! Stay close by in case the client needs information about a product, but PLEASE don't stand behind the guest the entire time. Clients hate that.
- Don't be afraid to sell. Buying retail products is a way for a guest to take the spa experience home with them.
- Don't hesitate when recommending a product you personally think is too expensive. Don't project your financial situation onto someone else. Just because you may not be able to purchase something, doesn't mean someone else can't! Let your guest make that decision. You do not know their wallet. (3)
- Don't sell, educate. Employees despise selling and don't want to seem pushy. As a leader, I have never been partial to selling, but we all know it is a big part of our business. Our philosophy is education, and of course, because they use the products, it has increased our retail sales more than 200 percent.
- Don't think of the transaction as a "sale" but more of an opportunity to customize the treatment for the guest.
- Educate, don't "sell."
- Educate yourself and the rest is easy! Home-care results equal client retention. (4)
- Educate yourself on the efficacy of the products you are trying to sell.
- Never assume the sale (or lack thereof) based on appearances.

- Find out their problem and fix it.
- Find out what your guests' true concern is and let them know you have something to help. Knowledge of the product and how to approach the guests' concerns are a major part of a successful sale.
- First, listen to the guest's wants and needs before making any suggestions regarding products. They will then trust that you care about them and will listen to you when you explain how the featured products will address their skin-care needs.
- Focus on providing long-term benefit options and educate the client. Do not "sell."
- Focus on the benefits of the item you are introducing to the guest. Be proud of the results and you will be believable.
- Forget "selling" and focus on authentic recommendations for the guest and educate them on the benefits and features of each product.
- Get out from behind the counter and engage in conversation.
- Honesty and product knowledge.
- I tell them to work smarter, not harder! The revenue that can be generated from sales is easier than physical work.
- If you share your favorite item with a guest, the worst thing that will happen is the guest says no. That's not so bad. (2)
- If you're serious about retail, make your staff's overall earnings dependent upon retail sales.
- Integrate the product into the service while explaining its benefits. Then walk the client past your retail and show them the products. If it still hasn't sold itself, offer an introductory discount to "try it."
- It is our expectation and standard that you will be successful with retail. We will support you in doing so.
- It is our professional obligation to recommend these products as solutions to the concerns you have listed on the intake form.
- It is part of your job, so please find a way to embrace it!
- It's all about educating and connecting with your client, as well as making a difference in their life by offering them the tools of wellness. Don't just see dollar signs.
- It's homecare, not sales. If you would like to have it, then a client deserves to know about it and be given the opportunity to consider purchasing the product you present to them.
- It's much easier to promote products you enjoy and are excited about. Try products.
- Know your products inside and out and believe in them. You will be confident with your information. (4)
- Listen attentively to your client's needs then tailor the products according to that knowledge with a recommendation. (3)
- Look to always meet and exceed the client's goal by at least one.
- Make a personal connection with the client.
- Make sure retail is incorporated with EVERY spa service.
- Never assume the guest does not want to buy something.
- I call it the "McDonald's effect," as they always say for \$1 more we can super-size that for you. Well, for a certain amount more you can take the experience home with you. You must ask each guest, as sales are numbers.
- Pick a few products you are comfortable with and work on selling those whenever possible. Each week add a few more to your recommendation list and continue to grow it. Soon you'll have a full selection to recommend.
- Pick one product you are passionate about and talk to every client about it.

- Recommend products to a guest as if they were your friend and listen to their main concerns.
- Recommend products and treatments. Don't sell them. It's genuine when a team member truly knows how to use a product or can explain a treatment. We suggest new employees try samples of products and/or treatments within the first 90 days of employment.
- Recommend to clients. Don't push.
- Retail sales guarantee your guest will return. This can be found in nationwide statistics.
- Retail is more than just upselling. It is imperative the team members believe in the benefits of the products, so they can effectively (with conviction) recommend the products for home care.
- Self-confidence.
- Selling retail is part of their job. We call it home care, not retail.
- Share your knowledge and enthusiasm about your favorite products, as well as listen to their primary concerns. This way you can make a personalized recommendation to the guest that will bring those specific benefits and results.
- Study the different lines as much as possible. Use social media to learn as much as you can about your vendors.
- To view it as home care, not retail sales. What your client should be doing at home between their visits to the spa. We don't even call it retail.
- Try the products! If you haven't used or felt the products you won't know what you're selling or why you love it.
- Use a prescription pad of some sort to provide guests with recommendations.
- Use guest inquiries about services or products as an opportunity to upsell.
- What is the one product you believe you need on this visit? Simple questions. Do not be pushy.
- Work smarter, not harder! It is just as easy to generate revenue from sales as it is to physically give a massage and generate revenue!

Respondents were asked to describe how they evaluate their employees' skill level and performance when it comes to selling retail products. Please find a sample of responses provided below.

- Percent of clients who purchase a retail product.
- All staff must end every service by walking guests to the retail shelf at the end of their service. Staff must also educate the guests on products used during service.
- Annual review and follow-up discussion.
- Are they using their prescription pads? Are there products left on the counter for guests? Whenever they do that, their retail sales are high and they make more commission. Friendly rivalry works. Display their scores weekly because this ignites a competitive spirit among the team.
- Average retail ticket and retail penetration (percent of retail sales relative to service sales). (2)
- By numbers. We have a report for each aesthetician and concierge at the front desk.
- By retail percentage and retail units sold per client. (2)
- By setting individual and company goals.
- By the retail sales they generate as well as by guest feedback.
- By their numbers and commission sales reports. (2)
- Consistency, not just selling lots of products to one very wealthy guest.

- Depends on the modality or how many modalities, years of experience and comparison to the previous month/year to see a natural progression.
- Dollars sold per month and number of retail items sold per service visit.
- Each service provider is given a percentage of the total revenue goal that retail sales should hit. Progress toward goals are tracked and shared at staff meetings each month. In addition, trends by product are tracked, and additional training is implemented when opportunities are identified.
- Estheticians are monitored on retail. Treatment sales ratio with a minimum expectation of 30 percent.
- Evaluate feedback from clients and measure ratio of retail sales to service sales.
- Goals and numbers philosophy. This equals repeat clients.
- I like to break it down into two categories: numbers and behavior. You can always see how much an employee sells by knowing their numbers. There is an individual incentive, as well as a group goal they can reach, and the numbers are a black and white measurement. I also listen to their retail conversations and behavior; how they are approaching a sale or if they are comfortable with the guest's questions. You can always train based on lack of product knowledge, but it's hard to correct someone who is not a salesperson at heart.
- I review their percentage of retail sales to service. We like it to be at 80 percent to service or hire. I also have monthly PDMs to review sales with them.
- I stay one complete afternoon at the retail area with the girls and listen and see how they sell our product. Then I provide feedback and share their best practices with their peers during daily meetings.
- I try to stop by the retail area and listen to the therapists talk with clients. We base commission off of percentage of service sales compared to percentage of retail sales in order to make goals.
- I watch, listen and review their actual sales.
- It is all based on a pay scale in relation to volume per guest (VPG): \$20 or more = 12 percent, \$18 = 10 percent, \$16 = eight percent, \$15.99 and less = five percent.
- Just based on dollar amount sold.
- Just working with them on a weekly basis in regards to product knowledge, so they are comfortable selling.
- Listening to guest interaction and retail dollar performance.
- Looking at monthly reports and coaching them during trainings, as well as during their performance evaluation.
- Managers passively listen to employees as they talk with guests and offer recommendations (if necessary). After the guest has left, they provide feedback on ways to better promote and sell the product(s). We also regularly review the total amount of product sales with each employee and set new goals as their numbers increase.
- Our computer software tracks everything, as far as numbers go; however, I listen to how they talk to customers about the product they are trying to sell. Product knowledge is key! (2)
- Our employee dashboard summary collects data based on how many clients, requests, repeats, retail sales and upgrade menu items sold and gives us percentages for each. Prior to this software upgrade, we manually calculated everything in an Excel spreadsheet.
- Our staff is very engaged and genuinely likes our retail selection...that's so helpful in closing a sale. We use flexible goals (quarterly and yearly) to evaluate retail sales based on year over year numbers.
- Overall dollar amounts. I also judge by average dollar per sale numbers.
- Percentage and the number of clients sold to.
- Percentage of retail sales in relation to sales of services. (2)

- Percentage of retail sales to total sales.
- Percentage of service revenue to retail.
- Priority bookings based on retail performance.
- Product knowledge and customer relations.
- Pull up their numbers from a report. The goal is to sell \$10 for every hour they work at the front desk. The goal is a total of \$250 per day for estheticians split up, depending on how many estheticians are working that day and how many appointments we have.
- Results!
- Retail sales numbers per week based on how many hours they worked.
- Retail sales reports.
- Retail to service percentage and threshold within the level program.
- Retail to service ratio evaluation (daily, weekly and monthly). Discuss results with the team.
- Retail to treatment revenue as a group - massage, skincare and salon team and as an individual.
- Retention.
- Review weekly product sales and annual reviews.
- Role-playing with other team members who provide the services really helps the employees understand what should be discussed. (2)
- Skill level and performance go hand-in-hand. The higher the knowledge, the higher the sales.
- Solid skill with space for improvement.
- Some of them are very good at selling products, but others are not. They can be insecure when talking to customers.
- They all fill out a form every time they sell a product.
- They are rewarded with a percentage related to the services provided by the aestheticians, salon team and massage therapists. For the remainder of the staff, it's a percentage based on spa sales.
- Through sales per hour.
- Track sales by the services performed. Secret shop testing for product knowledge.
- Training and sales performance numbers.
- Unfortunately, we don't do much other than address concerns based on observation.
- Various metrics. Did you hit your numbers or not?
- Volume of sales and comfort level.
- Volume, sales to service and conversion rate performance.
- Varies depending on motivation. The ones who work the least and perform the least amount of services retail the most products.
- We are just starting to offer retail products. The spa has only been open for a year and we are starting with our front desk. Role-playing helps a lot in order to familiarize our staff with specific English wording since our staff is mainly Spanish speaking.
- We base our staff on the percentage of guests who leave with product (if they see 10 guests a day, three of them should leave with something).
- We do one-on-one meetings with the team and do mystery shops.
- We do product knowledge training every quarter and refresher training monthly. The staff is rewarded for selling retail at a ten percent commission and does very well at it!
- We expect higher numbers for our aesthetics team versus our massage therapists.
- We have quite a few new staff members, so we are working on getting them in the groove to get their numbers up.

- We look at retail sales, RPCT and percent of guests purchasing product. We also ask the coordinators who are checking out the guest what the therapists are saying to the guest as they bring them up to the front to check out.
- We measure results compared to the treatment revenue they generate. This creates a level playing field for all service providers.
- We measure them against their peers, which is one of nine factors that determine their place in the booking order.
- We monitor their sales practices and figures. We also discuss sales techniques at meetings.
- We rate them based on the number of treatments performed, number of clients treated (average per client), as well as how they have improved month to month.
- We set goals each month. Based on the previous month we set the goal a little higher. This has shown to be effective.
- We set individual sales goals and review them monthly and quarterly with each employee.
- We utilize the power of educating our clients, by describing the benefits of products we recommend to them over a generalized sales pitch.
- We've been able to grow our retail business by a full percent of service revenue this year due to education for the staff and refreshing the mix of product available to our guests. We have a few power sellers and some who are shy, but when we focus on monthly product education, we are able to see their growth in performance better.
- While raw money is important, client education during the sale is equally vital. Making the client understand the product and how to use it is key to them seeing results - and buying more!

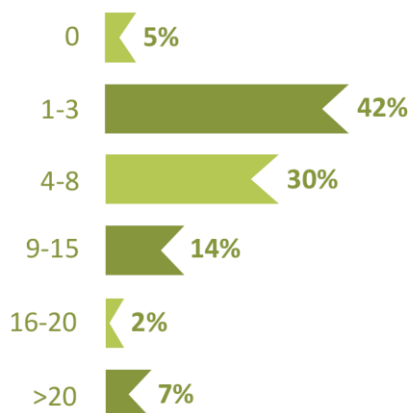
ISPA RESOURCE PARTNERS

This month's resource partner questions were only applicable to companies that offer retail products to spas. Their responses are outlined below.

How many total new products does your company plan to introduce in 2014?

Total New Products to Introduce in 2014

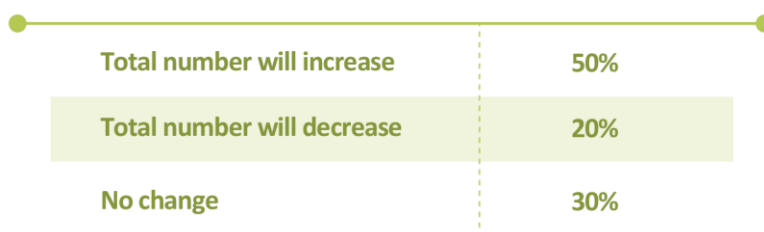
Resource Partners



How does your company's total number of new product launches for 2014 compare to 2013?

Total Number of New Product Launches 2014 vs. 2013

Resource Partners



Respondents were asked to describe what they consider to be the most valuable marketing or educational resource their company provides to its spa clients. Please find a sample of responses provided below.

- A mobile app and online videos that show different ways to wear our garment.
- A product workbook, a placard, a brochure and technical dossier.
- Comprehensive programs to support spa industry education and cultivate brand expertise. This occurs at two state-of-the-art training centers in both the East and West.

- Control over their own accounts. We are not picky about what they have to do to be a customer. They are the customer!
- Custom support from the regional manager. Business meetings, marketing, sales and education need assessment. Plus, implementation of initiative answering direct needs.
- Dedicated spa marketing plan and e-learning modules.
- Demonstrations and training.
- End-user advertising.
- Exposure to an audience of millions of consumers.
- Floor display and training.
- Healthy tea education.
- Monthly-featured product specials with flyers on display.
- Online retail education.
- On-site training and on-demand training videos.
- On-site training and regional classes.
- On-site training, webinars and free collateral (i.e. brochures, prescriptions, laminated cheat sheets for treatment rooms, scripts for coordinators and more).
- Our Blend Bar Mix Station is the most marketable tool for our spa accounts. We use it to market, demonstrate and showcase new techniques and product to their clients.
- Our business consultants who train the spa estheticians.
- Our products help spa clients become more educated about the health benefits of green tea and whole food nutrition.
- Patient education pamphlets.
- Point of purchase signage with interchangeable graphics that are updated monthly to feature new items in the collection.
- Point-of-sale shelf talkers and counter cards.
- Product orientations via phone, Skype or in-person.
- Samples for the consumer. Consumers are always hesitant to buy a product they have never used before without trying it first. Ninety percent of our products are available in sample sizes.
- Samples, collateral support materials and in-service training.
- Sampling programs.
- Since we are a book publisher, our catalog is the best resource. It describes the books and why they will appeal to spa-goers.
- Training and education.
- Training cards (also a marketing piece) and link to manuals.
- We have an amazing marketing plan that allows our spas to plan ahead six months. This allows their staff to receive free product when they reach certain sales goals.
- We offer advanced education in treatments, retail selling, longevity trends and wellness.
- We send a complete product manual, but unfortunately do not have protocols to complement the manual.
- Webinar education or on-site training. We don't just sell, but we sell on philosophy and principles of healing modalities. When the staff has depth of knowledge, they appear more professional.
- Webinars and advertising in journals.

Respondents were asked to share one retail tip or idea with their spa peers. Please find a sample of responses provided below.

- Be educated, be confident and believe in what you are recommending.
- Be educated on products!
- Carry the products that you use in treatments. Some retail buyers are so focused on gifts and apparel that they forget to create continuity between treatment and retail. You should also invest in training, so your team is knowledgeable about the products to recommend.
- Develop a strong sampling program to fill in the gaps. For example, if the guest purchases a cleanser and a daytime moisturizer, include samples so they have a full program to try with the products they've purchased.
- Differentiate.
- Displaying a book face-out will encourage your guests to browse and purchase our books. Wire easels are an easy, affordable way to do this.
- Find a brand that works with your spas and therapists! Therapists need to love the products they work with and be comfortable talking about the product (including the price). If they can't afford it themselves, they are not going to sell it 100 percent.
- Find a brand you can stand behind and show it!
- Have your vendor be involved in the merchandising and invest financially. Vendors do have retail and merchandising expertise. The best vendors out there can also help create an environment of a shop within a shop, which is imperative in spas. Spa brands have a less important notoriety or retail brands; therefore, it's important to create a professional and luxurious environment that would translate in exclusivity, more so than a lack of expertise.
- Help, don't sell.
- Introduce the retail product in the treatment room.
- K.I.S.S. - Keep It Simple Stupid.
- Keep your retail displays well stocked. When merchandise starts to sell, replenish it in a timely manner. Low inventory on displays tends to drive clients away.
- Luxury experiences increase sales.
- Prescription pads! You are the professional and your clients trust you. Your clients are more likely to buy a product from your facility if it is provided as a "prescription" (little pad of paper with the recommended products checked off).
- Pick a product of the month and stack it high on the checkout desk. Offer the product at a "special" price.
- Product should be on the counter in plain view whenever possible.
- Provide a selling tip for each retail product.
- Put someone in charge of it.
- Retail is an underutilized profit center providing value to guests.
- Shelf presentation.
- Teach your selling staff the power of observation. Pay attention!
- Tester vignette by the cash register and/or checkout counter.
- Think of retail products as a continuation of your guests' spa experience.
- To always have the therapist use your product in the back bar, even if it's a retail product. Hand creams can be finishing creams during facials or massage. Sell through education.
- Try product on every single client to drive retail sales.

- Try to never run out of retail product. When you don't have any product to sell, you lose sales. This sounds simple, but too many spas only order once a month and when that time comes around, stock has already run out. You want to order when you are down to three, not zero.
- Use the products in your spa services and for retail as well.
- Utilize social media to communicate with customers.
- You have to look at your retail area within the spa as if it were a standalone retail store. Hire retail people to help out with retail sales.
- Your brands need to tell a story. Giving full line or close to full line dedication will increase retail sales. Partner with brands that support your business and create programs to help you with sell through.

ISPA MEMBER CONSULTANTS

Spa consultant members were asked to share one piece of advice for each of the following retail topics. A sample of the responses is provided below.

Retail sales training/education for employees

- Be consistent when training. Schedule it on a regular basis, not just when introducing new products.
- It's vital to provide more than just the free training offered by the product company.
- Keep it simple and fun. Repeat, repeat and repeat.
- Learn traditional retail systems, such as: open to buys, evaluating stock-to-sell ratios, performance metrics for the industry (i.e. percent of retail to treatments) and average retail sales per square foot.
- Once employees are trained in the product knowledge, provide additional training to show the team how this product fits into the company culture and how it resonates with their core values. You will not only educate, but inspire your employees.
- Provide as much education as possible for better results in sales. Partner with your staff and provide them with incentives.
- Retail sales in the spa should be about educating not selling. I train teams to recommend home care to their clients. They are not completing the service if they do not offer home-care options to the guest. A guest or client is in your spa for a reason, and it is your responsibility to discover that reason. It is also your responsibility to offer a solution, which includes home care, so that the guest leaves feeling completely taken care of. Listen and look for cues, respond to the cues and create a customer for life.
- There is no other way to provide excellent service to guests. Without this, they cannot do their job to ensure that guests continue the experience at home.
- Utilize the knowledge of your retail partners to ensure all team members are properly trained and knowledgeable in retail product and sales.

Effective retail sales incentives

- Absolutely imperative.
- Cash.

- My most effective retail sales incentive for 2014 so far for the team has been: sell \$100 and be entered in a drawing to win an 80-minute massage and pedicure. For every \$100 sold you get one entry, sell \$500 and get five entries! Another great incentive for 2013 was reach a monthly sales goal and receive a complimentary dinner as a team. This is really positive because it gets the team to work together to reach the specified goal. In return, they go to dinner as a team.
- Provide regular contests to encourage your team to participate in retail sales.
- Retail sales incentives for staff, such as money for percentage of sales or games. These are vital for success.
- Reward your best "sellers" with services, time off and a thank-you or congratulatory note.
- Use both consumer promotions and staff incentives and rewards. It's best to offer a range of incentives since people are motivated by different things (especially money).
- When you know what drives a person, you are able to incentivize them. For example, people respond to financial incentives differently. When you understand why people do what they do, you can create an effective incentive program.

Promotional partnerships with vendors

- Absolutely! I have NEVER had a vendor decline putting promotions or incentives together; whether, it is just a gift pack or a full-on contest where the prize is a cruise.
- Actively participate with our vendors and ask for staff incentives, consumer promotions, volume discounting, participation in events and regular staff training to keep your team motivated.
- All of the vendors I work with are required to offer support with incentives, promotions, trainings and events. For example, one vendor is offering one free product for every \$150 sold in April. This is a good way to sell their product and a good way for the staff to stock up on their favorites in the brand, if they sell retail.
- Hold regular events at the spa and also periodically reward your best vendors with complimentary services.
- In my experience, they are helpful but not enough to reach sales goals.
- Too often, spas ask for something without really giving much back. Partnerships are vital to the functioning of a business. A partnership is not one-sided. When both a spa and vendor decide to work together, that is the first step, not the last. Both the spa and vendor are successful when both sides are committed to the partnership.
- Vendors are always willing to partner. You need to remember their participation will be directly related to your sales success.