

# Professional

JAN•FEB 2021 THE BIBLE OF THE BEAUTY INDUSTRY

# BEAUTY

## TOP EDUCATORS The New Approach

## AUSTRALIAN BEAUTY Must-have heroes for 2021



lycon SKIN

RADIANCE LIME CAVIAR AHA MASK

All Skin Types • Dull, Uneven & Blemished Skin

Luminescent Lime Caviar Extract, Fruit Enzyme, Lactic Acid, Hyaluronic Acid, Layer of Caviar de Cèrros Australians, Fruit AHA Acids, Lactique Acide, Hydroxyacide

e 50ml - 1.69 fl oz (US)

lycon SKIN

SUPERFRUITS 3 MINUTE DETOX MASK

Normal To Oily • Combination & Problem Skin

Australian Kakariki, Purifying Clay, Zinc Oxide, Citric Acid, Botanicals, Australian Argan Purifying Oxidant of Zinc, Acacia Extract

e 250ml - 8.45 fl oz (US)

lycon SKIN

REPLENISH FACE MASSAGE OIL

Normal, Dry & Mature Skin

Macadamia Oil, Vitamin E, Jojoba, Olive, Bergamot

Mulle de Macadamia, Vitamine E, Jojoba, Acaie, Bergamote

e 200ml - 6.76 fl oz (US)

lycon SKIN

CONTOURING BODY MASSAGE OIL

All Skin Types

Coffee Seed Extract, Ylang Ylang, Juniper, Geranium, Extrait de Grains de Café, Ylang Ylang, Geraniol, Geranium

e 500ml - 16.9 fl oz (US)

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MICELLAR FACIAL CLEANSING GEL

All Skin Types

Water Technology, Anti-oxidation, Vitamin Extract, Australian Kakariki Purifying Botanicals, Anti-pollution, Skin-Friendly, Fruit, Australian

e 200ml - 6.76 fl oz (US)

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REVITALISING HYALURONIC + B5 BOOSTER SERUM

All Skin Types

Hyaluronic Acid, Provitamin B5, Fruit Extract

Acide Hyaluronique, Provitamine B5, Extrait de Fruit

e 30ml - 1.0 fl oz (US)

lycon SKIN

# THE MOST POWERFUL BEAUTY SALES TOOL FOR 2021

Australian beauty salons are rated highly for technical skills but considered weak when it comes to selling retail products. Is selling retail products really important to a salon business and if so, why do so few do it well? **Graham Hendrickson** reveals the most powerful way to boost revenue this year.



THE BEST PLACE to start is with the question - 'Would you like fries with that?' Confused? Ok, let me explain.

'Would you like fries with that?' is a sales technique credited to McDonald's Restaurants. It emerged at a time when their customers were purchasing burgers but little else. Wanting to increase the turnover and profitability of their restaurants, research suggested it could be achieved simply by increasing the number of items purchased by existing customers. The same research indicated this solution would cost less and require less effort than what was needed to attract more customers. So, staff were instructed to ask those who only ordered a burger - 'Would you like fries with that?' and overnight the sales of fries, soft drinks and sundaes went through the roof.

Since then, this sales technique has been adopted by retailers across the world. So, if you were to purchase a pair of polished leather shoes from a store, you can expect to be asked if you would like shoe polish or spare laces with your purchase. Even online retailers have adopted this principle by using auto pop-ups to suggest related merchandise to what customers are purchasing before they checkout.

Insight into consumer buying behaviour can help explain why this technique is so successful:

- The main purchase decision generates the most objections. Once this decision is made, additional related items are much easier to sell.
- Consumers forget to purchase related items or may not be aware of them unless prompted.

Now, we all know salons don't sell burgers or fries. But replace the burger with a treatment or service and fries could be a cosmeceutical treatment cream; products that help maintain or continue to improve skin condition between salon visits.

To answer the question of importance, you only need to look at the money Australian consumers spend on beauty products. According to research published by Mordor Intelligence Pty Ltd in November 2016 - the Australian cosmetics market was worth \$4.98 billion in 2015 and is projected to grow to \$ 7.76 billion by the start of this year.

Now, that is a lot of products that promote, maintain, or improve skin condition. So, if consumers are not buying these products from a salon, they must be shopping elsewhere - and that's from supermarkets, department stores, pharmacies and on-line.

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# DERMAenergy

When it comes to the benefits of selling retail products, there's a lot more than just additional sales:

1. Retail Products provide the opportunity to generate incremental sales and profit for the business and represents one of the few ways a salon can increase the \$ return per/client or \$ return per/hour.
2. Selling retail products allows a salon to extend the salon experience to the clients' home.
3. Retail products create an additional reason for clients to visit/return and provide the means for promotions and reward clients.
4. The display of retail products can make a powerful visual impression. This makes a salon more visible, enhances its appeal and can attract passing traffic and new clients (walk-ins).

Are consumers more likely to purchase their beauty products from a salon than from the traditional places where they buy? Putting aside the fact that the time between salon visits is typically 4 to 8 weeks which corresponds to quantity/usage rate of most retail products - the answer is yes.

In our work as a management consulting firm, we've found that salons have a unique advantage over other outlets. That advantage is 'trust' and it's something consumers rate ahead of any other factor when it comes to purchase decisions.

When asked why they continue to return to the same salon rather than venture somewhere else, the number one response was trust. Allowing another person into your personal space and to touch you requires considerable trust and it's this trust that sustains the relationship between client and practitioner. Clients believe the advice they receive and follow the recommendation made by their beauty therapist and do so because they trust them.

Now, that we've established the benefits to be gained and the advantages salons have over other outlets, we can turn our attention to what needs to change for this to happen.

Professional beauty products will not sell themselves no matter how beneficial they are or how attractive the packaging.

Even though they're perfectly positioned to be the 'go to' option for beauty products, the reality is that salons in general have failed to capitalise on the advantage.

To sell them successfully requires skill, knowledge, and confidence. Good retailers have this along with high standards of product merchandising and a disciplined approach to inventory management.

But unfortunately, the professional training that beauty therapists receive in order to qualify doesn't include much in the way of retail management. As a result, it's not high on their agenda or something they're passionate about. Most salon owners fail to give it much attention, are uncomfortable with selling and leave retail products to sell themselves.

Under such circumstances, you don't need to be a scholar or a management consulting firm to recognise that in order to gain the commitment of a salon owner to retail your brand you need to provide them with the opportunity to generate retail sales with the least amount of effort and least investment in stock.

Yet, from my experience you will be hard pressed to find a supplier who's figured this out. To have any hope of capitalising on the relationship between salons and their clients, the manufacturers and distributors of retail products must consider a salons trading context. These are the contributing factors that apply to how a typical salon operates and they include:

- The traditional pathway to salon ownership is through success as a therapist. Therefore, success depends on technical expertise and skill rather than experience in retail management.
- Just like the entrepreneurs in any other industry, salon owners have put everything on the line to start their own business. Every spare moment is spent 'doing' business with little or no time left to consider 'how' they do business.
- Most feel uncomfortable with selling – concerned that clients will feel pressured to purchase.
- To sell effectively, salons need product knowledge training, coaching in effective selling techniques and educating in inventory management.
- It's fair to assume that consumers want the best products to suit their individual needs at an affordable price.

### When choosing a retail brand for a salon, the first thing you should do is ask for the brand strategy.

That's because the brand strategy will:

- Provide evidence that there is a plan in place to achieve growth
- Indicate how invested the distributor or supplier is in achieving success
- Provide some measure for the level of support you can expect for stocking the brand.

If it's a long-term relationship you want, then you need to be confident of the sales turnover you can expect to generate, starting with the first 12 months. As brand strategy experts, we can say with confidence that any brand worth its salt will require its sales force to submit sales targets for each account. So, it's therefore in your best interest to know this figure. It's most likely that this figure will be based on wholesale purchases and not retail sales, but it's easy to calculate one from the other. It's also important to remember the first 12 months target will include the opening order and you will need to set your budget based on the estimated sell-through per month.

Retail products don't sell themselves, so when considering your expected sales turnover, you need to examine the brand strategy to ensure you have the necessary tools to achieve it. You should check for the following:

- New Product Launches
- Product Promotions
- Marketing Campaigns
- Print and Digital Advertising
- Co-operative Advertising

If it's not covered in the brand strategy, then ask specifically for the distribution strategy. The last thing you need is to put a whole lot of effort into a brand only to find it's now being sold by your competitors. When reviewing the distribution strategy, pay attention to the following:

- The account criteria
- Who makes the final decision?
- Current places where the brand is sold? (distribution network and types of retailers)
- What geographical rules apply to stockists?
- Is there a minimum turnover requirement?
- Order shipping costs (order value for free delivery)
- You should also enquire about the order supply rate and check if there's anything to suggest a possible difficult in getting stock of best sellers.

I also recommend that you find out how Sales Representative are remunerated (commission Vs base salary). This can have a significant effect on how they behave and the level of support you can expect as a stockist. If their income is based purely on commission or sales turnover, then you should be alert for aggressive sales tactics and ensure all returns and credits are processed promptly and keep a close eye on the age of your inventory.

### How to choose the right brand for your salon

The process of choosing a brand when there are many on offer can be overwhelming. To help with your decision making it's best to identify the top 10 critical factors you want from a brand and rate each candidate out of 10 for each of the criteria you've set. Here are some of the issues you might wish to consider.

- Point of sale and display material supplied along with the opening order.
- How and when will product training, sales education be provided.
- Advice and tools relating to inventory management and ordering procedures.
- In the case where a new brand is to replace an existing one, you can always request the new brand to help to clear the discontinued stock of the old. It's not uncommon for new brands to purchase what remains of the competitors' stock or provide a mark down subsidy to help clear it to fast track the opening order.
- Price position and level of exclusivity.
- Return of aged stock/ mark-down subsidy of slow sellers.

### The five golden rules

Regardless of the selection process you follow or the criteria you apply in making your decision – Here are the five points to consider.

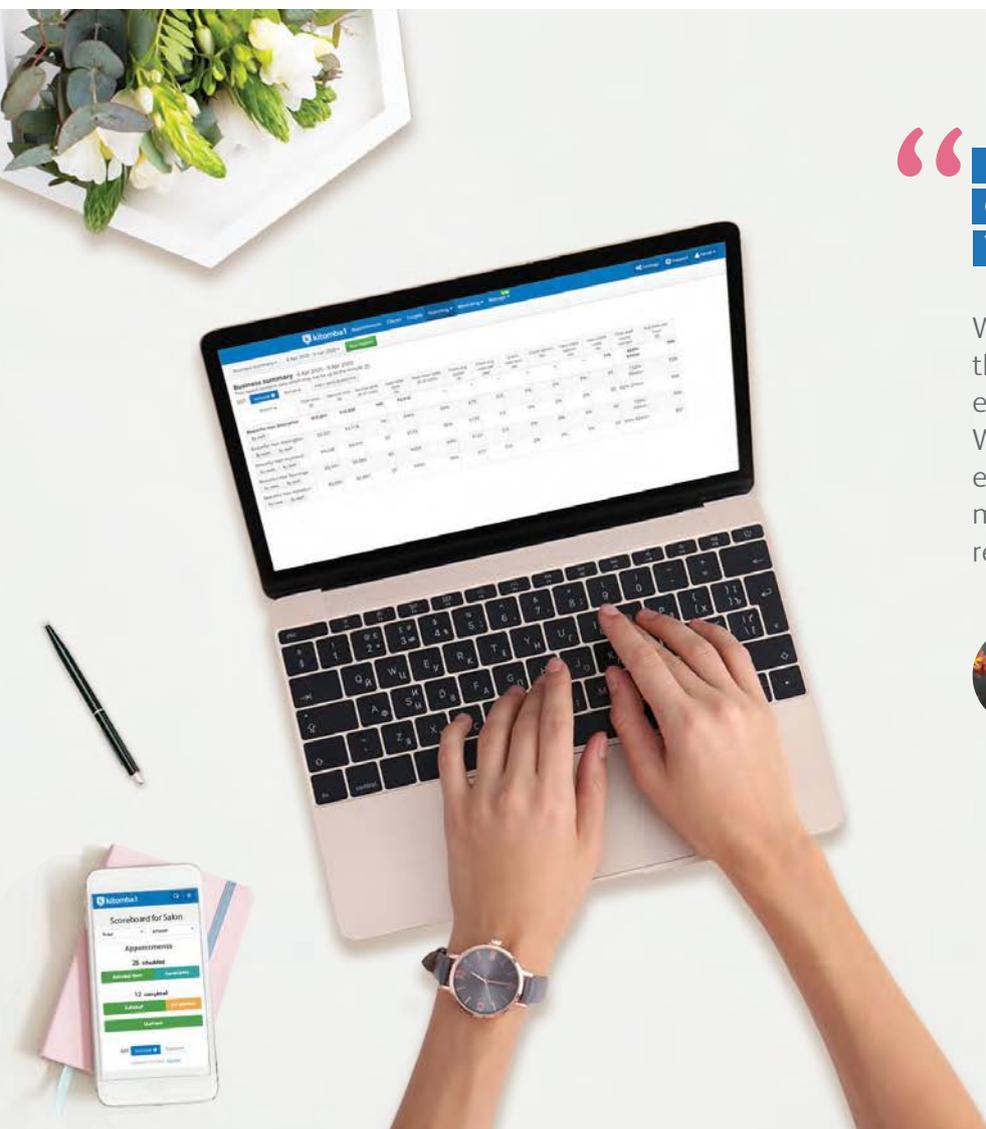
1. Choose your brands carefully and think about long-term benefit.
2. Make an informed decision and that can include getting some independent advice.
3. Don't be afraid to ask questions.
4. Appoint a member of the team as the champion to oversee this part of your business and rewards them for it.
5. Have an exit strategy if it fails.

By now you should have a good understanding of the sales principle – 'Will you have fries with that?' and the value it represents to beauty salons to help boost your profits in 2021. ■



Graham Henrickson has a degree in Organisational Psychology and a 35+ year track-record of success in executive management. He spent 13 years at Myer including buying and marketing for Prestige Cosmetics & Fragrances then General Manager for Clarins Paris for 3 years. He

founded idResults 12 years ago on the principle that expert help and advice should be affordable for a business of any size. Check out [www.idresults.co](http://www.idresults.co)



“ **KITOMBA DELIVERS REPORTS ON ALL THE KEY INFORMATION YOU NEED TO KNOW.** ”

We believe KPIs are important because they represent behaviours, outcomes and experiences that happen in the salon. What Kitomba does brilliantly is it turns experiences into numbers that you can measure and monitor, and it makes it really easy to do that. ”



**Lynden Mason**  
Director, Vivo Hair & Skin Clinics

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