



MARKETING SOLUTIONS

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Service Pricing Strategies

How To Raise Prices & Market Services!

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Salons, day spas and skin care clinics are increasingly building a reputation for their premium services. You must become both a trend watcher and a trend leader in your community. Don't be afraid to raise your prices. Prices should increase! Developing and marketing a strong pricing strategy involves several of the most challenging decisions that new salon, spa and medical clinic owners face today. Here's a simple three-step guide to help you implement a successful pricing strategy for your salon, spa, day spa, or medical practice.

1. Be The Price Leader: If you want to be considered the elite salon, spa or clinic in your area, then you need to set a pricing strategy accordingly. Image is everything and clients will judge your brand and your services by their first impressions and perceptions. The right price is key to creating the perception that you want. Never try to beat the competition with a value or low price strategy, because you will catch yourself in a never-ending price war that will widdle away your profit margin. In the long run, you, your staff and your competition will lose from a price war and the quality of your services will suffer.

Since you offer above average skincare, spa and wellness services, charge above average prices. Don't be afraid to set your prices to be among the highest in town. There are many advantages to being a high quality / high price leader. If you are the local price leader you will attract the best clientele in your area. Your staff will have a strong sense of pride in your organization if they feel they are part of a team that offers the best salon and day spa services in the area, which will lead to more loyal and harder working employees. A high price strategy is also key for recruiting because the best qualified massage therapists, estheticians, and medical professionals, while other salon and spa specialists will also compete for the prestige of working for your company, especially since they know they will earn a higher income at your organization. Whether you pay by salary or commission, your staff will have a better opportunity with higher priced services and a coordinated high quality retail program.

To gain a competitive edge you can create a 2 or 3 tier pricing strategy, which is a standard means of business in European salons and spas. For example, give your best massage therapists a first-class title like "Massage Therapy Director" and have their prices set the highest. Give your next tier of massage therapists a title such as "Massage Therapy Specialist" and your newest therapists a title like "Massage Therapy Associate," with respective decreasing price tiers. Make sure your entire staff is trained to personally educate each client about the pricing tiers and to communicate their pricing differences among each other so that a client is not upset thinking they will receive a different price than they do in reality. You can link the optional pricing tier system to quality of work, advanced education, repeat clients and years of service.

2. Raise Prices Annually: You need to keep up with the economy's annual raises in inflation, while also continually striving to increase your profits. We suggest that you raise the prices of all of your services no less than 5% annually or 10% every second year. This strategy makes most salon, spa and clinic owners nervous because they fear losing clientele.

Don't fret! Your clients receive pay raises every year and your hard working employees deserve to be rewarded. The only way to maintain your esteemed status without decreasing your profit margins is to raise your prices annually. Additionally, the greater your profit margins, the more money you can reinvest in your company and employees with advanced education, updated décor packages and the latest equipment to remain an industry leader in your community. As long as your customer service and quality are the cream of the crop, your clients will be loyal to your enterprise.

3. Market Your Price Increases: You may also want to offer some new client specials and seasonal promotions with a discount, gift with purchase or a purchase with purchase plan. It is really fine and we encourage you to promote your services at FULL PRICE; even after you raise your prices! Make sure you take the time to educate your staff and your clients on all of the specific benefits and features of their specialty services.

We recommend creating a high quality salon, spa or clinic menu with your prices preprinted. It is important that there is absolutely no confusion between the staff or the client regarding what is expected for a certain service. The service menu

should be extremely attractive, created by a graphic designer with professional photographs of your services and should educate the consumer about each service you offer. Often a first time client is reticent to try a service or a regular client is timid to attempt a new service, simply because of a fear of the unknown. They don't know what the benefits of the treatment are and they don't know the price. Surprises are an absolute no, no. You want your clients to know what to expect. Then give them what they anticipate with superior customer service. A masterpiece service menu will make new experiences much easier for both your staff and clients, which will help lead to more new sales and higher customer satisfaction.

Create a Marketing Calendar so that you can effectively and efficiently roll out a strong price increase each year. Your pricing strategy should take into account the best selling services, holidays and best versus slow seasons. Make a goal to promote each of your services at least once or twice per year. Most promotions should be monthly or bi-monthly because average client traffic flows are approximately one visit per 6 to 8 weeks. Also, manufacturer and distributor 'deals' are created on a bi-monthly basis, which can be a strong asset for you as you plan your annual marketing and pricing strategies described earlier. Take the time to market those specialty services that no one else in town offers. Be careful to also take the time to market your lesser-known and less popular services. For example, hair removal services should be promoted seasonally – if not throughout the year just as you should market your gift certificate program twelve months each year. If no one knows about a service, they won't purchase it. This is especially true because many of the spa and medical services are performed behind closed doors, which is why highly visual advertising and marketing is so vital to your success.

Divide your Marketing Calendar into different sections for hair, skin, nails, hair removal, massage, spa, retail and gift certificates. Then sub-divide it into marketing, advertising, PR and promotions. It's okay to keep your prices at full price while rotating which services you promote. Use local newspaper and regional magazine ads, direct mail campaigns, email communications, websites and point of purchase materials on a consistent basis to educate your clients and patients about each service and its benefits. Your goal should be to continually bring in new clientele with well-timed, targeted marketing campaigns for each service you provide. Don't stop just by getting the client in the door. Give them superior customer service and they will be your most important clients, frequent repeat clients who are happy to pay for the select services they love.

Now, go do it. Create a marketing plan and implement your new pricing strategy. Set monthly and annual goals for operational tasks to accomplish as well as projected sales and profit increases. Raise your prices to be the leader in your area. Create organizational pride and client loyalty. Educate your staff and clients and market your services at full price. You will be pleasantly surprised that people are more than willing to open their pocket books when you prove that your brand is the best salon and day spa in town.

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