

From the desk of Dave Holtgrewe, Four Seasons Salon Consultant

### **WHAT IS YOUR REVENUE PER CUSTOMER?**

In the early days of the tanning business, which was not so long ago, tanning salons were popping up everywhere. A six to seven bed salon was considered a mega salon. We were offering mostly 24 lamp beds and were chiseling out a new industry. We were herding people through our salons at an unbelievable rate and making money. Our friends and family thought we had lost our mind when we opened that tanning parlor. Most of us had no idea what we were doing; we did not know anything about revenue per customer, never heard of a super bed, and didn't really know for sure if it would last. We just jumped in and made it happen.

As the industry progressed, a few innovative companies, many individuals and salon owners came up with great ideas that began to change and restructure the industry dramatically. We now see 20 to 30, even 40 bed salons popping up. Chain salons are now a part of the industry, as well as video, laundry and health clubs. It's a great add-on service for them. I know of several video store chain owners that have downsized the video to focus on tanning and now call the video their add-on service. We are no long *Tanning Parlors*, and some out there are even calling their salons *Tanning Centers*. Super beds began showing up and a few salons added one, maybe two. It instantly added to their bottom line. The innovators continued to innovate and salon owners were finally learning how to run truly professional tanning salons.

### **THE THINGS THAT GOT US WHERE WE ARE TODAY WILL NOT TAKE US ANY FURTHER**

This statement was made to me many years ago when I was in the wholesale / retail food industry. The gentleman who said this was a true innovator. He owned a little country supermarket in rural West Tennessee where, although he was not the biggest, he truly was the best. He had a lot of competition, but one thing that he had done and taught me about is that you change your marketing strategies often, be open minded, never generalize people and communicate with the customer.

He was what I would call a spontaneous have-fun-with-the-customer marketer. He would run wacky specials that would bring the people in and his employees would do the rest. They knew what the customer wanted. *Service, yes service*. Customers were there to buy groceries, but they also went there because Bill had the friendliest employees that were always having fun with the customers. His store seemed to have more impulse buying racks than the largest department store in town. It was a unique store and I enjoyed going there to just see what they had going on and what they were planning next. He believed in positively outrageous service.

What I learned most from Bill was that *The customer counts* is very important axiom. You have to focus on getting them in. A question he used often was *What does each customer spend per visit?* Dollars per customer, or as I call it, Revenue per customer. Bill kept the store fully stocked, clean and had key employees working the sales floor - not stocking shelves - just making conversation and mingling with the customers. They would ask the customers about different recipes and then share cooking ideas that another customer told them. They would talk about what was planned for supper that night. They made suggestions about what they liked while introducing new products and the items on special that week. This is conversational suggestive selling, and it works. I am

sure he retired a rich man - rich with friends and, oh yes, money, too. We all need to learn from Bill and his staff. Their service came from the heart.

### **AVOID ASKING A QUESTIONS THAT CAN BE ANSWERED WITH A NO WHEN SELLING**

How many times do you get a *no* when you ask someone if they need lotions today? Most will always say *no*. What if you asked them *How is your tan coming along?* or *What are you using to take care of your skin while tanning?* They cannot answer *no* to this. They will respond to you in a way that you can lead them into a lotion or moisturizer purchase or an opportunity to invite them into a super bed to darken their tan.

Maybe we use the McDonald's cliché *How would you like to "Super Size" that tan?* Conversation leads to money in the cash drawer.

*Hi....do you want to go in the regular bed again for fifteen?* This greeting does not generate revenue because they bought a package just a few days ago, and you received revenue that day. Now is the time to get more out of that customer. Conversations about how their tan is doing and how tan they want to be will nearly always lead to an opportunity for additional revenue. The customer will feel more at ease with you as you lead them into a purchase, instead of pouncing on them with an *I need to sell you something* approach. Find out what the customer wants. If it's a tan, then they came to the right place - sign them up. If they want to get darker, then it's *Yes ma'am, we have a great selection of high quality lotions. This is the one most people are buying and they are getting very dark. It's only fifty dollars and with the purchase you get a bonus.* If they have lotion then it's *Yes ma'am, we have a super bed that will get you what you want.* The opportunity is always there if you ask questions and solve problems.

### **WHAT IS YOUR RATIO OF ENTRY LEVEL BEDS TO SUPER BEDS? DO YOU HAVE ENOUGH? DO YOU HAVE ANY AT ALL?**

Jerry Deveney of Sun Ergoline had an article in the Sun Business magazine that explained that by adding super beds we can go gourmet. This article had a dramatic impact on the bottom line for salon owners that read the article and went gourmet with their tanning salons.

To add to what Jerry has done and referring to the statement *The things that got us where we are won't take us any further*, it is now time to take his idea to the next level. I asked a few of these salon owners about their super beds and frequency of usage and have come to realize that we do not have enough super beds in our salons. Typically, what has happened is that salons have done a great job upgrading customers to these beds, but now are turning away more upgraders than tanners. This is a great problem to have, but salons must act fast. At this point, it seems that we are now forcing our tanners that want to upgrade to tan in our entry level beds. I know a salon owner who acted quickly to this problem, added more super beds, and is now offering four levels of super beds. He now has a total of twenty eight beds with a 50/50 ratio of entry level to super beds. He tells me "Now I operate exactly opposite of what I used to. People are waiting on the entry level beds instead of the upgrades. At this point I may need to add more super beds. We have re-trained our customers that the entry-level bed is only used for a base tan. We send them back to the entry level beds every now and then to build melanin, but they move right back to the big beds because they love the color that they get and never reach a tanning plateau anymore. It becomes an easy upgrade and I

rarely have a customer complaint. My regular upgraders love it because they rarely ever wait very long on their favorite super bed."

Three things have happened here. He has satisfied his upgrade customer and he has suggestively forced his die-hard entry-level bed user to try the super bed because he re-trained them on how get the best tan. Most importantly, he has been taking in a lot more money while pushing his revenue per customer up to figures he never thought possible.

Just like my friend Bill at the supermarket. Force those impulse sales by having so many upgrade items they think they are supposed to buy more. Customers that have not tried the super beds see a lot of people using them and all of a sudden they are asking you questions, instead of you asking them every time. Remember, a crowd draws a crowd.

### **ARE YOUR SHELVES STOCKED AND YOUR EMPLOYEES TRAINED?**

Another key element to success is your retail sales. Stock up on lotions, moisturizers, and specialty items for the busy season. You might not want to stop there. My teacher, Bill, took it a step further by loading up on impulse items that added a lot of revenue. My suggestion is - be innovative. Of course, I cannot suggest things that will sell well in your salon and promise it will work. What I can promise is that if you are creative and get suggestions from your employees, you will find something that *will* sell that has no relation to tanning.

I knew of a salon in Mississippi that sold dog food. I laughed and said "What an impulse item." She said, "Everyone has a dog. A lot of people stop at my salon on their way home from work. They see the dog food, they ask why are you selling dog food?" Her reply was "My husband works at the dog food factory in the next town. We buy all the broken and torn bags. We tape 'em up and sell the heck out of them. We're cheaper than Wal-Mart. It adds to the bottom line." I really got a kick out of talking to that lady. She has a great salon and I would classify her as a special innovator that thinks way out of the box. Now don't run out and buy some dog food to sell, but learn from this lady. She had an idea, and she made it work.

First, get your employees trained on how you want them to communicate with your customers. Then train them on lotions. Pick out several lines, not necessarily every product in those lines, go over them inside and out, and do presentations to your customers on the benefits of the particular ones you feature. A key thing to remember is to always sell down the price curve. Offer free upgrades with purchase on lotions instead of discounts.

If a session in the super bed is valued at \$12, you can offer one or two bonus sessions for purchasing a \$50 bottle. In the customer's eyes, they are being rewarded for the purchase, hence the value of the purchase is raised. From your standpoint, you're not giving away \$12, you're giving away the actual cost of that session, which in most cases is a dollar or less. You will create perceived value. This really works. If you discount 20% on that \$50 bottle, you just gave away ten real dollars. Do not give away real dollars. Give away sessions. This is just another way to add to your revenue per customer.

### **THE IMPACT OF RAISING YOUR REVENUE PER CUSTOMER**

This example is based on a monthly total customer count:

**4000 customers per month X \$4.00 = \$16,000.00**  
**4000 customers per month X \$5.00 = \$20,000.00**  
**4000 customers per month X \$6.00 = \$24,000.00**  
**4000 customers per month X \$7.00 = \$28,000.00**  
**4000 customers per month X \$8.00 = \$32,000.00**

Pay commissions and / or spiffs to your employees and set up incentives for your manager. Give all employees the opportunity to increase their income, and they will increase yours.

Set store goals and reward your entire staff for hitting these goals.

With great incentives in place, your employees won't look at the customer the same way anymore. The customer is not just someone who wants to tan. They are a BONUS OPPORTUNITY. Your employee will treat your customers better than they ever have before. Your employee will want to develop a rapport with the customers so that they can sell them something or upgrade them every time they enter your salon.

### **THE RIGHT THINGS HAVE TO BE IN PLACE**

1. Plenty of sales training including communication skills.
2. Plenty of upgrade or super beds.
3. Fully stocked shelves of lotions and accessories
4. If you do not have a designated bed cleaner, get one.
5. You do not need a receptionist, hire hungry sales people.
6. Let employees rotate shifts for selling. Put someone out on the sales floor to talk with your customers during your peak periods.

A sales person on the floor is a very important person. They have the time to get the revenue per customer up. They ask questions and solve problems. People want to get tan and that person should be your expert. Your sales people can pay the bed cleaners' salary for that day with the first lotion sale. But, let's not assume that we cannot afford to hire a bed cleaner. With this marketing and sales concept, we cannot afford *not* to hire a bed cleaner. Your employee running the sales counter and computer will also sell lotions, packages and be a big part of the upgrade bed selling. But they must focus mainly on putting people in the beds. They will have their turn on the sales floor in the next shift rotation.

Have fun!

For more marketing ideas and sales techniques send your questions to Dave Holtgrewe, Salon Marketing Consultant, Four Seasons [daveh@fstanning.com](mailto:daveh@fstanning.com)