



Branding in a Bottle

Discover the benefits of private labeling and how it can increase guest loyalty.

WANT TO STAND OUT FROM THE COMPETITION and cement your brand identity in the minds of your clients? Then consider offering a private label line of products. Today, many spas, big and small, are reaping the rewards of retailing branded lines sporting their names. Fortunately, offering your own product line has never been easier.

Why It's Worth Considering

One of the best reasons to private label is to further enhance your brand. "Creating a line of private label amenities makes your brand more recognizable and differentiates your property from the competition," says Lisa Korodaj, marketing director of Ready Care Industries, a private label manufacturer. According to Lana Tennant, national sales manager

of private label manufacturer YG Labs, it can also help you add credibility and professionalism to your brand name as well as inspire client loyalty. "Seeing your spa's name on a product every morning and every evening is like taping your spa's business card to the mirror in your client's bathroom," says Tennant. "You can't get better advertising than having your business name on a product that delivers results."

According to YG Labs president Rebecca James Gadberry, profit is another important factor to consider. "While branded lines usually offer between forty to fifty percent profit margins, putting your spa's name on products brings in a minimum of sixty percent profit and can often reach eighty percent or more depending on the product," says

continued on page 28



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continued from page 26

Gadberry, noting that profit margins are higher, in part, because you’re not paying a percentage to a salesperson or distributor. “Of course, to make sure the line is successful, you need to pay for all the things that promote it: labeling or silk-screening, marketing support, protocol development, staff education, and trial sizes.” Many private label companies, including YG Labs, offer this support at a discount, making it extremely cost effective. “On average, it would come out to be about five percent per product,” says Gadberry. “Usually, it’s much less.”

What You Need to Know

It’s important to do your homework before embarking on the private label road. “Know your spa and its mission,” says Gadberry. “Who are your clients? What skincare products do they value? Where do they purchase their skincare products, and how much do they invest in themselves? It’s also important to know what they don’t value

because you don’t want to offer anything that won’t be well-received.” She also recommends taking a good look at your services and determining where any holes might exist.

How to Choose a Vendor

In researching private label vendors, find out how long the company has been in business. According to Tennant, you want to make sure you can offer clients the line for years to come. She also suggests asking about the company’s product performance. “Do they use dose-dependent performance ingredients at effective levels?” asks Tennant. “Do they protect these ingredients from changing once the product is made? Do they make drug claims that put you at odds with the Federal Drug Administration (FDA)? Do they stay abreast of new ingredient and product technologies? Are their products stable, or do they become rancid, or grow bacteria, fungus, mold, or yeast after several months?” You’ll also want to ask about the company’s policy on replacing spoiled or damaged products. “Choose a vendor that offers fast turnaround times and low minimums,” says Korodaj. “This will eliminate the need to worry about product storage and spoilage.” Does the manufacturer offer insurance, even when your name is on the bottle? These are all relevant questions to ask, but they’re just the tip of the iceberg.

According to Korodaj, you should also ask about the average markup/margin on the product as well as any minimum order required. In terms of packaging, ask whether products will be silk-screened or if Mylar labels will be applied. “Silk-screened graphics, unlike Mylar labels, won’t peel or fade and look new for years,” says Korodaj. Some private label companies charge more for artwork. You’ll want to ask in advance if this is the case. Also, be sure to ask if the manufacturer offers the product in a variety of sizes. Education is another important factor. Find out what the company provides in terms of product knowledge and treatment classes. And finally, be sure to ask for references.

How to Create Your Line

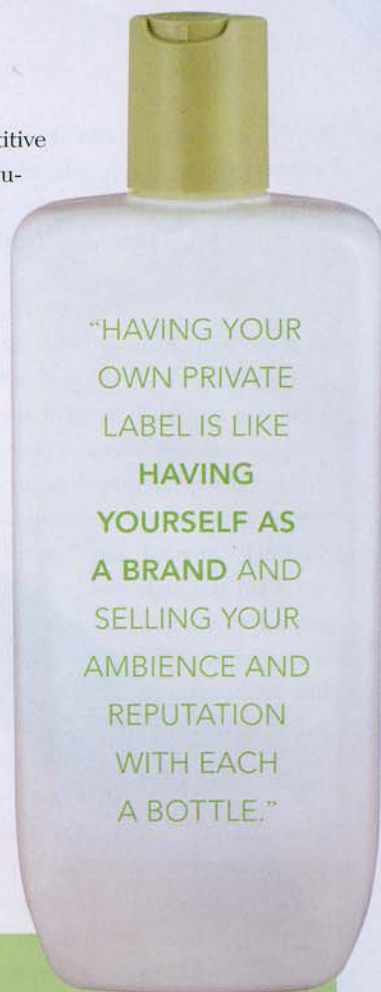
Although choosing a vendor is important, so too is the decision about what to private label. “We actually advise starting off with fewer products than what you want to wind up with in a year or

continued on page 30

continued from page 28

so,” says Gadberry. “By starting with a line that is limited to addressing the three main skin types—dry, normal, and oily—and perhaps making sure you have products that also address the needs of sensitive skin, most spas will be able to introduce between eighteen and twenty-four products.” Specialty products are also an option, particularly for spas specializing in specific skincare issues, such as acne or anti-aging. They’re also ideal if you’re not interested in offering a complete line of products, as they can help fill holes in your current brands. “Examining your service mix, your clientele demographics and needs, and other lines you offer is vital when selecting your original product group,” says Gadberry, who doesn’t recommend offering only a private label brand. “This can alienate clients because they think you’re trying to force your product on them.” She suggests selecting compatible brands and identifying areas where your name-brand lines may be lacking.

Private labeling can give your spa a competitive edge. “It is so tough to compete in the oversaturated product and spa market today,” says Debbie Carter, skincare supervisor at **The Spa at Camelback Inn** (Scottsdale, AZ). “Having your own private label is like having yourself as a brand and selling your ambience and reputation with each bottle. It creates a personal, warm connection that can last for years.” According to her, a private label line can inspire client loyalty by requiring that clients return to your spa time and time again for product refills as opposed to purchasing products in department stores and other competing outlets. “The special scent in the bottle always reminds them of the good memories of being pampered,” says Carter. “I’ve had so many people over the years tell me, ‘All I have to do is smell that Camelback lotion, and I’m back at the spa all over again.’ I don’t think we could purchase better public relations than that.”—**Heather Mikesell**



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