

Olive Branch Skin Care, Inc.

Marketing Information for Salon Owners



Adding sunless tanning to an existing operation is a fairly simple process. The basic requirements are a properly sized and equipped room, an electrical outlet, and a sink to clean up the equipment. These specifications are covered in detail in this booklet. The overall cost to add spray tanning is low and the potential income is relatively high depending on the application method selected.

Contents

- Market Focus - 3
- Equipment/Setup Costs - 3
- Estimated Charge/Cost Per Session - 3 & 4
- Revenue Potential - 4
- Conclusion - 5 & 6
- Notes For Your Use - 7

Market Focus

Capitalization of the fad phase of the industry is a realistic market focus for the short term. Short term marketing should yield generous profits in the near term but should be monitored closely to reduce the loss potential as the market reaches critical mass and begins to deteriorate. At that time, marketing efforts should be directed toward the primary target audience of over 30 female, skin cancer patients, and fair skin individuals. The event tanning audience should provide moderate revenue when properly addressed with targeted marketing for weddings, parties, vacations, etc. Event tanning should yield relatively low but steady revenue.

Equipment/Setup Costs

Overall system cost for either an airbrush or HVLP system should be around \$500.00 depending on the amount of setup and training assistance built in to the overall system price. The cost of room setup would depend on the ability of the operator to do the work or be required to contract the labor to an outside firm. Overall, an existing room can be converted into a spray tanning room for under \$500.00 when the salon owner performs the work. Solution cost will vary depending on the amount of solution purchased. Olive Branch Skin Care's *Splash of Sun* product wholesale's for \$125.00 per gallon not including shipping charges.

We don't recommend purchasing the automated machine applied booths due to the high cost (\$30,000 - \$50,000) and the presumed fad nature of the initial surge in business. Plus the limits of the one size fits all approach creates additional problems with booth operations.

Estimated Charge/Cost per Session

What to charge per tanning session is dictated by

what the market will bear in the area of the operation. A salon in a small town may charge \$10 - \$15 per session while a salon in Beverly Hills will charge \$50 - \$75 for the same. The charge per session is also based on the overall service of the salon. A salon that provides a spotless and sanitary environment along with robes for the clients, free snacks and drinks while they wait, and other amenities, can adjust their prices higher to compensate for the pleasant environment while another salon will offer cut-rate prices for a less than perfect environment. There are some salons that spray their clients in a shower in the salon bathroom. That's not for everybody, but to some clients, a low price is worth the inconvenience.

Package deals are always a good idea. Most sunless tanning clients are familiar with tanning bed operations that offer multi-visit deals. It is always best, especially for new clients to sell a multi-visit package in order to get them back in to answer any questions they may have concerning their tan. Many salons lose repeat business due to selling a single tanning session and the customer having a problem that could have been easily resolved with a second visit.

Revenue Potential

Long term revenue is difficult to predict in this business due to the infancy of the industry. While the overall industry is seeing record sales and growth, the general belief is that a large portion of the growth is due to the fad nature of sunless tanning. Currently, thousands of people are heading to sunless tanning salons just to "see what it's all about" rather than an actual need. This trend is expected to continue for the next couple of years and then the industry will begin to realize the long term potential of the sunless tanning craze.

For estimating purposes, one gallon will deliver approximately 60 full body sprays. At a cost of \$125 per gallon, the cost per spray would be \$2.08. Assume a \$15 charge per spray. 60 sprays X \$15 per spray = \$900 net per gallon. The average time to spray a client utilizing the HVLP application method is 5 minutes. Allowing 10 minutes per client, an average salon could easily spray a minimum of 6 clients per hour. 6 X \$15 = \$90 net per hour. Assuming the salon booked an average of 5 hours per day, 5 X \$90 = \$450 net per day. The salon cost for the solution for 30 sprays would be 30 X \$2.08 = \$62.40. Based on a \$450 net per 30 sprays less the \$62.40 solution cost for 30 sprays, the shop could easily realize a net profit of \$387.60 per day based on the low end of the per spray charge. Using the above calculations the following table can be constructed.

Charge	Sprays/Gallon	Cost	Sprays/Day	Daily Profit
\$10.00	60	\$2.08	30	\$237.60
\$15.00	60	\$2.08	30	\$387.60
\$20.00	60	\$2.08	30	\$537.60
\$25.00	60	\$2.08	30	\$687.60
\$30.00	60	\$2.08	30	\$837.60

Conclusion

Overall, the sunless tanning industry is on the rise. Those who get in while it's on the way up will benefit. Those that wait to get in will be disappointed. Cash in on the fad status for the next couple of years while working towards a strategy to retain the market share of the potential regular customers. Don't hesitate to ask questions. Purchase a system that you feel comfortable with. If at all possible, buy your equipment locally from someone who can help you understand its operation. If you order hardware over the internet and you have a problem,

you might not be able to get adequate support. Most systems will apply the solution effectively. The main difference is the time it takes. The solution is the most important purchase you will make.

Olive Branch Skin Care, Inc. is a skin care products manufacturer. That is all we do. We don't sell things we don't make. We've been manufacturing skin care products for many years and will continue to do so for many years to come. Sunless tanning products are just one of the many skin care products that we make. When the sunless tanning industry begins to level out, many companies that have recently jumped into the market will be gone.

Splash of Sun Sunless Tanning solution is hands down the best solution in America. It's the only spray-able olive oil based tanning lotion anywhere. It won't streak, splotch, or turn your clients orange. Is it just like a real tan from the sun? No, but it is the best sunless tanning product ever made. If you have any questions, feel free to call us toll free at 1-877-44-OLIVE (1-877-446-5483). We'll give you straight answers about equipment and setup and we'll be glad to explain why your clients will love the tan and the full body moisturizing they get from Splash of Sun.



Notes



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