

# E-Class #19: Success Story - How Crystal Day Spa Tripled Their Leads with Half the Effort.

## Summary of Success

<b>Client</b>	Crystal Day Spa
<b>Business</b>	Full Service Day Spa + Salon
<b>Issue</b>	Profits had levelled, then dropped over the course of several months with no apparent reason.
<b>Approach</b>	Using the E-Classes in five-step program, Julie: <ul style="list-style-type: none"><li>• started tracking her leads</li><li>• researched + identified her target market</li><li>• completed her market research.</li></ul>
<b>Diagnosis</b>	Julie realised that her target market had changed in the past six months due to new developments in the area as well as changes in her salon. Her lead generation strategies had been targeting the wrong people and needed to be updated.
<b>Method</b>	A new lead generation strategy that focused on first announcing the "grand opening" of Crystal Day Spa to its new target market, and then setting up lead generation systems that would target the right prospects, and practically run themselves.
<b>Lead Generation Strategies</b>	<ul style="list-style-type: none"><li>• Advertising</li><li>• Grand Opening</li><li>• Direct Mail</li><li>• Premium Offer</li></ul>
<b>Results!</b>	<ol style="list-style-type: none"><li>1. Tripled qualified leads in two months</li><li>2. Saved £2,000 in advertising costs over two months</li><li>3. Spent 50% less time on marketing strategies</li></ol>

## Revenue at Crystal Day Spa had recently started plummeting, and owner Julie James had no idea why.

Crystal Day Spa is a medium-sized, full service salon and spa that is well established in the community. The business had been in operation for nearly ten years, and had expanded to offer full spa service two years ago.

A year ago, Julie took over the business from her mother and had made some small changes, but generally kept marketing and operations the same.

"Since I took over the business from my mom, I had hired some younger stylists and estheticians, and brought in some new hair and skin products. I thought featuring a higher-quality product line would improve the image of the spa."

Julie had continued using the same marketing strategies as her mother, but updated the design of the ads and direct mail pieces so they had a more modern look and feel.

"Lately, we had seen a decline in revenues, and didn't know why. Our existing customers were happy, and we saw them on a regular basis. There seemed to be a healthy flow of new business coming in, and I knew our products and services were top notch, so we couldn't piece together where the dip was coming from."

### Julie needed to diagnose the issues in her business by setting up new tracking systems.

Julie decided to track her leads and conversions over the course of three weeks in hopes of gaining an understanding of where her new business was coming from, and why revenues were dropping.

"I started asking my receptionist and salon staff to ask customers where they heard about us, or what brought them in. Each staff member kept a tally, and handed it in to me at the end of the day," Julie said.

Here is the summary she sent me of what she discovered:

Julie's Tracking Results*			
	Week One	Week Two	Week Three
<b>Leads (total)</b>	<b>60</b>	<b>47</b>	<b>43</b>
<i>Advertising</i>	13	8	7
<i>Walk-Ins</i>	15	13	10
<i>Discount Coupons</i>	16	14	12

<i>Direct Mail</i>	11	8	6
<i>Radio</i>	5	4	6
<b>Conversion Rate</b>	<b>14%</b>	<b>8%</b>	<b>8%</b>
<b>Revenue</b>	<b>£840</b>	<b>£376</b>	<b>£344</b>

*\*Revenue generated from existing or returning clients has been omitted for the sake of this case study.*

Julie told me she was shocked by what she found. **Based on her tracking sheet, she realised her advertising was generating a very low number of leads, and that there was a dramatic decline in new business.** This was costing her a ton of money, since print and radio advertising was the most expensive form of marketing she was currently doing, in addition to direct mail campaigns.

Naturally, her next questions were:

- Why isn't my advertising bringing in new customers?
- Why are my lead generation strategies becoming less and less effective?
- Where is all the new business going?

"I had no idea if it was because of the ad's design, or the information I was including on it. My mom and I had been using the same ads for ages, and I didn't know where to start making changes! Luckily, your E-Class on target market research arrived a few days later, and I decided to start from square one," she wrote.

## **Crystal Day Spa needed to identify their current target market, and conduct new, ongoing market research.**

Julie discovered during her market research that the demographics of the local area had changed in the last two years due to a few new developments and an influx of high-income professionals. The area had undergone 'gentrification' some of the older buildings had been taken down, and the people that Julie's mother had targeted were no longer living there. The majority of the people in the area were young and had money to spend.

"I realised that we had been marketing to a huge range of people, and offering discounts to entice them to try us out. The new residents in the area were looking for a high-end salon that had the latest product lines and could cater to their needs; they weren't concerned about deep discounts, and in fact it put some of them off us."

<b>Julie's Market Research</b>	
<b>Old Target Market</b>	<b>Actual Target Market</b>

<ul style="list-style-type: none"> <li>• Women aged 15 - 70</li> <li>• Anyone who could afford to have their hair done once in a while.</li> <li>• Women who enjoyed pampering themselves at the spa</li> </ul> <p><i>Assumed target market was the same as when Julie's mother started the business ten years ago.</i></p>	<ul style="list-style-type: none"> <li>• Women aged 20 - 40 years</li> <li>• Household income above £90,000</li> <li>• Made regular spa appointments, not only for hair, but waxing, facial or massage treatments</li> <li>• Concerned about health, beauty and personal care</li> <li>• Aware of current trends</li> </ul> <p><i>Actual target market was dramatically different from the assumed target market due to demographic shifts in the community.</i></p>
---	--

**After Julie identified her new target audience, she created a new lead generation strategy to reach them.**

First, Julie said, she stopped what wasn't working. She decided to **stop discounting as a lead generation strategy** since this would cost her money and potentially bring in leads that were not in the target income bracket. She also cut radio advertising, since her target market didn't listen to much radio.

"I still needed to advertise, so I took a strategic look at where I was placing ads and the lists I was using for my direct mail campaigns. I ended up spending the same amount on advertising, but chose a local lifestyle magazine instead of the community newspaper. I also updated and narrowed my direct mail list and managed to save over £2,000 in production and postage costs this year already."

Here is what the rest of Julie's new marketing strategy looked like:

1. Rewrote headlines and marketing messages to reach her new market.

Julie had updated the design of her advertising, but she hadn't updated her messaging. With a better understanding of her target audience, she crafted new headlines and marketing messages that would tap into emotional triggers.

Old Headline	New Headline
<p><b>Crystal Day Spa is here to serve all of your hair and beauty needs.</b></p> <p><i>Treats spa and salon services as maintenance, and doesn't hit any emotional triggers.</i></p>	<p><b>Experience our luxury Day Spa and finally discover the SECRET to effortless beauty and a low-stress lifestyle.</b></p> <p><i>Appeals to those who want to visit the spa as a luxury experience.</i></p>

## 2. Stopped discounting and rewarded big spenders with premium offers.

While Julie stopped discounting, she still needed to create an offer for her existing and potential clients. Since she was targeting high-income earners, she decided to focus on premium offers and reward big spenders.

Her new offer (see below) is specific to the Grand Opening, and gives the prospect a logical reason for a promotion, as well as a sense of urgency.

Old Offer	New (Premium) Offer
<p><b>Salon and spa services don't have to be expensive! Book two weeks in advance and receive a 30% discount.</b></p> <p><i>Appeals to lower income earners and seniors, and appears as though the salon is in need of business.</i></p>	<p><b>Schedule regular visits and make pampering yourself easy. During our grand opening, purchase six salon or spa services in advance, and you'll receive the seventh and eighth on us.</b></p> <p><i>Appeals to higher-income clients who can afford to pay for six services at once, and rewards bigger spenders.</i></p>

## 3. Held a Grand Opening event to create awareness of the spa in the new market.

Julie and her mother had never announced or celebrated the 'changing of the guard' at the spa, and decided to use the handover from mother to daughter as a reason to host a Grand Opening event.

"We announced our Grand Opening in the local lifestyle publication, and sent a direct mail invitation to the new apartment towers in the area. We also sent out a press release, and a reporter came to experience the spa and write a review.

"The event took place over the course of a week, and we had little take-away gifts for new customers that featured product line samples. We wanted to treat new customers like they were special, and encourage them to come back."

## **Julie still can't believe how simple it was to put her business back on the right growth path.**

In the two months following her grand opening, Julie was able to triple her leads and increase her conversion rate by 5%, while spending £2,000 less on direct mail.

The changes she made to her marketing strategy were relatively small, but they allowed her to reach the people who were actually interested in and most likely to buy her services. This spike in qualified leads naturally boosted her conversion rate by 5%, without any effort at all.

Now, with smart advertising and direct mail strategies in place, Julie spends half as much time marketing the spa as she used to. She monitors the results generated from her ads to ensure they continue to deliver strong results.

With a proactive system in place to evaluate return on investment, Julie is in a better position to protect her business and her profits if her market shifts in the future. She will be aware sooner when strategies become less effective, and will be better equipped to make changes that will steer the spa back on track.

<b>Julie's Results</b>		
	<b>Before (average)</b>	<b>After</b>
<b>Leads (total by week)</b>	50	150
<i>Advertising</i>	10	37
<i>Walk-Ins</i>	32 (incl. coupons)	13
<i>Grand Opening</i>	-	50
<i>Premium Offer</i>	-	22
<b>Conversion Rate</b>	10%	15%
<b>Revenue</b> ( <i>new business only - based on £100 average sale value</i> )	£500	£2,250

**All it takes are the right tools and resources and a little determination to generate incredible wealth for you and your business.**

Once Julie identified why her current marketing wasn't working, she was able to quickly rework her strategy and get her business on a growth path.

The best part is that all she needed was a few of these E-Classes, no expensive consulting or agency fees. Just like you, Julie had the power to take charge of her wealth creation and start making more money with less effort.

Remember what Julie learned - knowledge of your target market is crucial to the success of your marketing efforts. Check in with your tracking systems, and make sure you're measuring your return on investment for every campaign you run. Otherwise, you could be leaving money on the table, or just throwing it out the window.

Later this week we're going to get back to the program with a step-by-step guide to writing sales letters that get responded to.

Thanks for tuning in!

*John Olivant*