

HOW MUCH CAN ADD-ONS AND UPSELLS INCREASE SPA & HOTEL REVENUE?



Upselling can be a subtle yet powerful tool to enhance the guest experience while significantly boosting your spa and hotel's revenue. Minor adjustments in sales tactics can lead to substantial financial gains.

For example, Suzanne Holbrook, Senior Director of Spa Operations for Marriott and Ritz Carlton, told Spa Executive in a 2021 interview about a program she implemented more than a decade prior that generated outstanding results. She said:

"I launched a company-wide program about 11 years ago called Spa Plus, where the front desk or therapist would be financially incentivized for offering an upgrade within treatment time, like stones, face masks, CBD, scalp treatments etc, for an additional cost. We developed a comprehensive training platform including manuals and videos to ensure the teams were fully educated and prepared." The result? By 2019, revenue had increased by \$8 million with an 80% profit.

Ms. Holbrook is known for being something of a genius with revenue generation, but you too can easily increase profits with these same tactics. By how much? Let's do some math.

How much can upselling and cross-selling increase revenue?

We're going to look at potential incremental revenue generated by offering

\$15 add-ons

to

\$150 services

to half of a spa's clientele.

We've segmented this into weekday and weekend revenues for a spa that operates year round except for major holidays. For this, we estimated **12 holidays**, though this will vary between locations.

From Monday to Wednesday, let's assume the spa administers **40** treatments daily at **\$150**. After adjusting for holiday closures, there are approximately **150** of these days annually.

By selling **\$15**

upsells to 50% of customers,

the additional revenue amounts to approximately **\$45,257**

From Thursday to Sunday, let's assume the spa sells a higher volume of treatments, approximately **200** per day. After adjusting for the holiday closures, there are about **200** of these days.

Using the same upsell strategy during these days results in an increased revenue of approximately

\$301,714
annual



In total, the spa stands to increase its annual income by approximately

\$346,971.

This is a significant number, highlighting the benefits of consistently applying an upsell strategy.

In a more expensive spa, selling

\$250
services



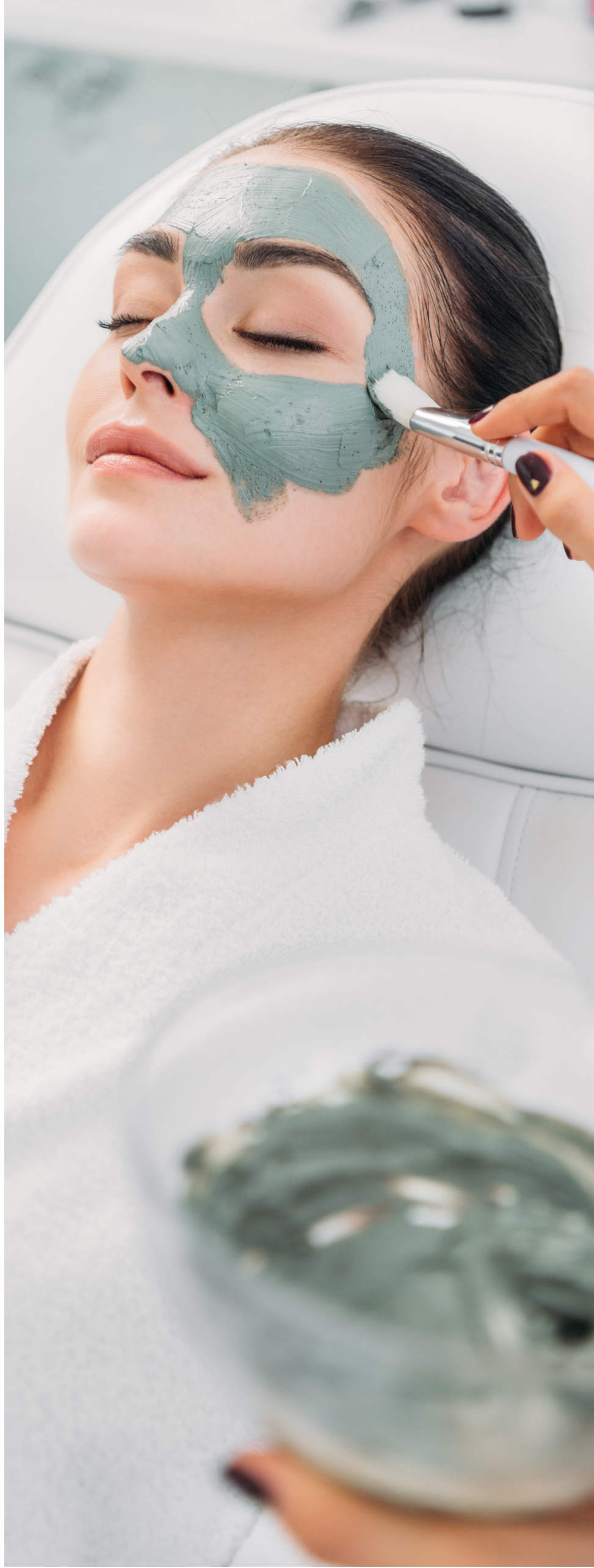
and add-ons
for an average
\$25

this number jumps to an annual increase of,

\$578,286

or well over half a million dollars.

This analysis clearly demonstrates the financial benefits of adopting targeted upsell strategies. By leveraging your existing customer base and enhancing their experience with additional offerings, businesses can significantly boost revenue without the need for extensive capital investments.



Strategies for Upselling: Some strategies for increasing your chances of successful upsells

Train & incentivize your staff.

As demonstrated in Holbrook's example, your team's buy-in is essential. Train them in sales tactics and make sure everyone is on board. Offer a financial incentive for upselling, and performance manage by setting targets and doing regular analysis. Offer extra training and support to team members that struggle with sales.

Upsell & cross sell through your online booking platform.

Ensure your booking software supports add-ons. These options should be presented during the booking process *when the client is already committed to making an appointment*, ideally after they've selected the date and time but before final confirmation.

Provide clear and enticing descriptions of add-on services. Use high-quality images or short videos to showcase the add-ons. Price your add-ons attractively and consider offering bundled packages. For example, a massage could have an add-on option for hot stones or aromatherapy at a discounted rate when booked together - though the combined total is, of course, an increase. This can increase the perceived value and encourage clients to opt for more services.

Use customer history or preferences to personalize the experience. If your booking system allows, customize the add-on offerings based on the customer's past bookings or indicated preferences.

Make sure the interface is user friendly and that customers can easily modify their bookings to add or change add-ons. The process should be intuitive, requiring as few clicks as possible, and should not disrupt the overall flow of the booking process.

Implement these strategies to effectively promote add-ons and increase overall sales.

Book4Time can help increase the value of your add-ons and upsells. Ask us how!



Schedule a Demo Today!

 www.book4time.com

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