



Skin Care Dispensing Solutions

TIPS FOR CREATING A RETAIL VERTICAL
TO ENHANCE YOUR SERVICES

By Wendy Lewis, Contributing Editor & Advisor

Successful cosmetic practices and medspas offer patients the education they need to keep their skin healthy and youthful, and provide preventive as well as corrective care. Think of skin care as an adjunct to your existing practice and a convenient service for your patients that enhances the treatments and procedures you already offer. They enjoy the convenience of one-stop shopping and having a professional skin care expert or physician explain

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the use of a comprehensive program customized for their individual skin type and concerns. Skin care buyers are becoming more sophisticated and knowledgeable about the physiology of the skin, and demand exceptional performance from their personal care products in all categories. The

Internet has created a new generation of on-line skin care buyers who are using the internet to pre-shop as well as to purchase and replenish. Distribution channels are also highly diversified; cosmeceuticals can be purchased from mass-market and direct marketing retailers, prestige retailers, specialty stores, spas, salons, gyms, and clinics, as well as via a growing crop of on-line portals.

To maintain your professional ethics you should ensure that patients feel they are getting reputable products that are safe and effective, and that offer value for the price point. Doctors who dispense in their office should make the best interests of their patients their highest priority.

MARKETING & MERCHANDISING

Although the factors of space, staffing, storage, and product selection can seem overwhelming, adding skin care to your practice or upgrading your skin care vertical is a lot easier and less expensive than you might think. The start-up costs are relatively low in comparison to adding a piece of capital equipment.

If you are just starting out, stick with established brands that offer a turn-key program that includes on-site staff training, patient literature, signage, testers, samples, and ongoing support. Recognizable brand names give patients a sense of comfort and confidence with the products you are recommending and enhance your credibility. Many niche brands have become popular among beauty consumers based on media attention and a celebrity following.

You will need a glass cabinet or display case to maintain

part of your order or for a small additional charge, place samples in designated locations for patients to take home and try. Consider giving out a sample of a new product as a gift with any purchase to allow patients an opportunity to become familiar with the products you offer.

It is helpful to make personalized collateral materials available to your patients in the form of cards, books, booklets, and brochures, that explain your skin care philosophy. Producing an order form with your entire product assortment can increase

website or through an order form, you will need to calculate reasonable shipping and handling fees to be included. Many medspas are starting to add a SHOP tab to their Facebook pages as well.

PRODUCT SELECTION

First identify your customers' needs in the market and link those needs directly with product attributes. Look for product lines that address the specific concerns of your patient population. Acne, anti-aging, and hyperpigmentation are the most common. For example, an older patient population may be most concerned with lines, wrinkles, sagging, and blotches. Younger patients will most likely be more interested in acne therapies and pigment lighteners.

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an attractively merchandised product assortment in patient areas. This selection should be changed frequently as

new products are added, to keep patient interest.

Testers are also helpful so patients can experience the feel of a formula on their skin, smell its fragrance, and appreciate its cosmetic elegance. These should be kept clean and neat, and displayed in a manner that makes it easy for staff to monitor. If your vendors offer samples, either as

sales and make replenishment easier for patients. Select products for therapeutic value, individualize your skin care

regimen for each patient to achieve optimal results, and give patients detailed printed instructions so they know how to follow the regimen you prescribe. Product education is not only helpful for the patient, but it makes it easier for your staff to sell skin care.

Adding a shopping cart feature to your practice website will increase your potential for generating sales. This is a simple feature that can be added to an existing

website or designed as a link to a microsite. If you are planning to ship products sold via your

CHOOSING THE RIGHT PRODUCT MIX

- Patient population
- Demographics
- Psychographics
- Skin Concerns
- Other services offered
- Price Point
- Patient Requests

Although it is common today for physicians to offer multiple ranges, overstocking overlapping or similar products can become confusing and burdensome for your staff. If too many products are offered to patients, they may become overwhelmed. Start a patient on

one or two products from a particular range and expand these as they become acquainted with the line and its benefits. You also do not need to invest in an entire range all at once. Most vendors will allow you to cherry pick the specific products you like that work best for your practice. Begin by bringing in hero products or bestselling SKUs. Once your staff and patients become comfortable with the range, you can add more SKUs as you grow.

Keep it simple by starting with the basic categories of products: cleansers, moisturizers, exfoliants, sunscreens, and anti-aging. To break down these categories further, you may want to have a gentle all-purpose cleanser, a creamy formula for dry skin, and a purifying or gel type cleanser for oily skin. Pads are another big seller in medical offices, as they are a convenient and user friendly addition to any skin care regimen. Moisturizers should similarly reflect the most common choices including a lotion, cream, and one containing an SPF for daily use. The anti-aging category may include alpha hydroxy acids, antioxidants, peptides, and retinoids.

Begin with the basics of general skin care and sun protection for a full range of skin types. Every patient you see will need a sunscreen and a moisturizer. You can always add specialty treatment products later such as acne preparations and pigment lighteners. The best indicator of what products are missing from your current selection is what patients are asking for. Product selection

KEY CATEGORIES

BASIC SKIN CARE

- CLEANSERS
- MOISTURIZERS - Face, Eye, Neck
- EXFOLIANTS
- SUNSCREENS
- ANTI-AGING

ADVANCED TREATMENTS

- ANTI-ACNE
- PIGMENT LIGHTENING
- ANTI-REDNESS
- SCAR THERAPIES

ADDITIONAL

- BODY CARE
- HAND & NAIL
- COLOR MAKEUP
- HOME DEVICES

should be integrated with your service offerings.

Once you have built up your skin care business, you can also consider adding hand and nail care, and body products. Makeup presents new challenges in that you will need to carry a variety of shades for foundation and concealer. Certain color cosmetic ranges may also be a worthwhile addition, but only if you have a dedicated person on staff (aesthetician or makeup artist) to manage them. Unlike foundation and concealers, trends in color cosmetics tend to change by the season, akin to fashions, and will need to be constantly updated. Mineral cosmetics have become a mainstay in medspas and clinics based on their growing acceptance among consumers and widespread usage post procedure.

Another option for the experienced dispensing physician is to work with a contract manufacturer to customize a product assortment for your practice. By no means are dispensing your own line and carrying other brands mutually exclusive. Rather, it has become commonplace to integrate both selling philosophies into many practices. Private label skin care allows you to personalize a product range just for your practice at an affordable cost. Each product will have a customized label with your practice name, your name, or the name of the range, along with your logo or other identifying graphics.

The profit margins can be substantial, ranging from 100% to as much as 800% markup in some cases. Every lab will have a minimum requirement per SKU for an initial order, and many physicians start with a limited number of key SKUs. Although the idea of developing your own unique formulas may seem tempting, the start-up costs are substantial and range from upwards of \$30,000 per individual formula. To investigate this option, you can consult with a contract manufacturer who can



handle the entire project for you or hire an independent cosmetic chemist. Protecting your own formula may require a full scale patent search to rule out any potential patent infringements in the market.

PRODUCT MANAGEMENT

To dispense products in your practice, you must obtain a business license and sales tax number complying with the laws of your state. If you are doing business as a corporation, you already have a tax ID number. Consult with your accountant or

billing program on how to calculate taxes on products sold. State and city sales tax, if applicable, can be filed on a quarterly or annual basis. For more information, visit www.taxadmin.org/fta/rate/sales.html. Another important issue to keep in mind is that in six states, prescription products may not be dispensed by physicians: New York, New Jersey, Massachusetts, Montana, Texas, and Utah <http://www.pointofcaredispensing.net/dispensing-faq/>. As you expand your skin care practice, you will need to allocate

avoid running out of products. No outdated, damaged, unwanted, or unsalable inventory should be kept. Check with vendors in advance about their return policy for products that are not selling or have passed a reasonable expiration date.

TEAM APPROACH

Everyone who will be responsible for selling and marketing your skin care business should be on board with product selection from the outset. They should become knowledgeable about all of the products you offer, the benefits of each, key ingredients, and how the products work. They should be able to answer questions about usage, possible irritants, fragrance, and the pH of each product.

The more involved and familiar they are with the products, the more interested they will be in talking with patients about them. If your goal is to develop a thriving retail vertical or skin care center in your cosmetic practice, adding a dedicated medical aesthetician is essential. You may start by bringing on an aesthetician on a part-time basis, or identifying a medical assistant or nurse who may be interested in learning to do treatments or discussing skin care. Staff should be incentivized based on product and/or treatment sales to encourage activity.

In order to grow your dispensing business, you have to take it seriously and devote the required time, money, and effort to set it up in a professional manner from the outset. Start small, make sure your staff feels

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space for secure product storage. Products left out in treatment rooms, rest rooms, and patient areas are in danger of being lifted. Storage should be enclosed to protect products from dust, dirt and light, as well as somewhat climate-controlled to preserve the product's consistency and to limit spoilage. It is wise to allow only a few key staff members access to the supply to avoid any chance of pilferage. There are numerous programs available for inventory control, including dedicated tabletop checkout systems that will keep track of exactly what has been sold and what is in stock. More products today have a bar code incorporated into the packaging or box which simplifies this task. Consistent inventory management will also help you

comfortable with your product selection, and add or trade up for additional brands and products as you grow. Developing a skin care center can be a great benefit to your practice or medspa and a boost to patient satisfaction. You have to believe in your dispensing program and integrate discussion of your products at the appropriate time during a patient visit. It should not only be about what you can sell to a patient, but how they can benefit from what you are selling. **fit**

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About
the
Author

Wendy Lewis is the President of Wendy Lewis & Co., Ltd. global aesthetics consultancy established in 1997, and an internationally renowned expert in social media strategy and practice marketing. She is the author of 10 books on aesthetics and beauty and Founder and Editor in Chief of www.beautyinthebag.com.

Contact her: 1.877.WLBEAUTY or email her: wl@wlbeauty.com.

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Wendy Lewis & Co Ltd
Global Aesthetics Consultancy

201 East 79th Street | New York, NY 10075 | USA

T. 212.861.6148 Toll Free within the USA 1.877.wlbeauty F. 212.861.5784

LinkedIn - Wendy Lewis | Facebook - Wendy Lewis NYC, Cosmeticmed Rx
Twitter @wlcony, @cosmeticmed, @cosmeticmedrx