

The Pricing Playbook: Understanding The Intersection Between Your Salon Brand and Your Pricing Strategy



@passionsquared



Class Outline

- ✓ Pricing and your brand
- ✓ Pricing, brand value, market position
- ✓ Services and your brand
- ✓ Products and your brand
- ✓ AI and your brand services
- ✓ Resources

What are some of your biggest struggles when it comes to pricing?

Why I created this Class for you



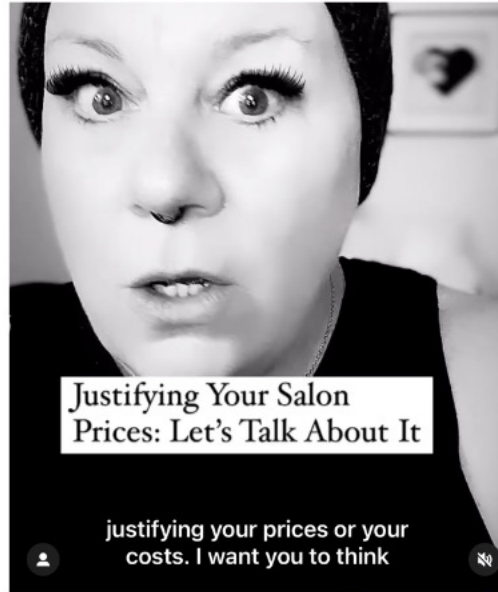
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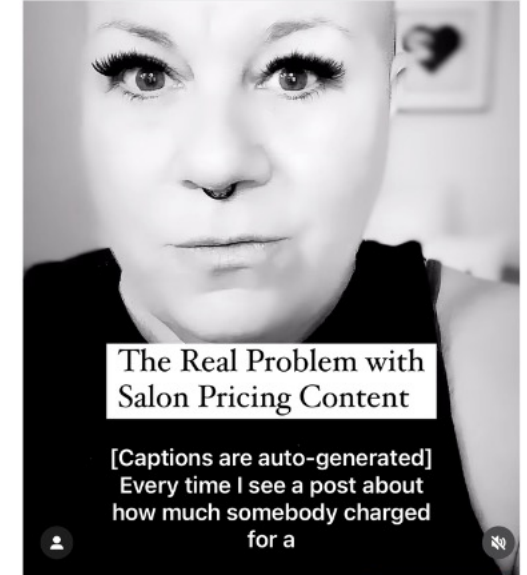


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passionsquared One of the main reasons the same issues and discourse come up around salon pricing is that nobody is... more

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danamariehairstylist Are you having any mini's or podcasts ?

danamariehairstylist ❤️❤️❤️❤️



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passionsquared Your salon pricing, and pricing in general is driven by brand story, business model, market position... more

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The Solutions You Will Find Here

- Clarity of pricing fundamentals helps eliminate confusion
- Clarity of pricing fundamentals helps eliminate comparison
- Clarity of pricing fundamentals helps eliminate the decades long disfunction in our industry around pricing as it relates to brand
- Clarity of pricing fundamentals helps you make more aligned decisions for YOUR salon brand
- Clarity of pricing fundamentals gives you more confidence and courage



Pricing is both an art and a science.

It should be aligned with your brand story, business model, the experience you want to deliver, the cost of delivering that experience, and how much value your brand people see in the experience you deliver.



Why



It's All Connected

Brand Outcomes & Objectives

Your desired outcomes and business objectives, goals, etc.

Brand Experience

This is a big part of your brand promise. Everything that happens when engaging with your brand, online and in the salon

Brand Marketing

→ Pricing, menus, content, promotions, programs, referrals, building relationships, awareness, etc.



Brand Business Model

The type of business you choose; employment or lease-based salon, independent stylist, digital, etc.

Brand Identity

Look, feel, voice, vibe, logos, colors, fonts, textures, sounds, smells, feels.

Brand Culture and Communications

Business Agreements, Handbooks, Leadership, Client, Team, Tenant Care

Brand Story Framework

1

Brand purpose
Brand promise
Brand people
Brand services & products
Brand business model

2

Brand story
Brand vision
Brand values
Brand voice

3

Brand identity



4

Marketing
Pricing
Culture
Content
Programs
Operations and systems
Education
Communications
Client, team, tenant care



But first, a little marketing history

The 4 P's of Marketing

Product- what is being sold (services or products)

Promotion- how is the service or product marketed

Price- what is the price strategy and profit expectations of the service or product

Place- where is the service or product being sold

But first, a little marketing history

The History of the Four Ps of Marketing

The four Ps were popularized by [Neil Borden, an advertising professor at Harvard University](#), in the 1950s, as part of the overall marketing mix. The four Ps of marketing are still widely used today by marketers and companies to advertise their goods and services.

The 4 P's Example

Product

Haircuts and Colors
Home care

P

P

Price

\$50 haircuts
\$100 colors
\$25 home care avg.
8% net profit

Promotion

Education
Referral program
Social and digital

P

P

Place

In-salon
Virtual experiences
Affiliate links

But first, a little marketing history

Philip Kotler's Pricing Strategies

		Price		
		HIGH	MEDIUM	LOW
Quality	HIGH	Premium	High value	Superb value
	MEDIUM	Over charging	Average	Good value
	LOW	Rip-off	False economy	Economy

Image credit: getlucidity

But first, a little marketing history

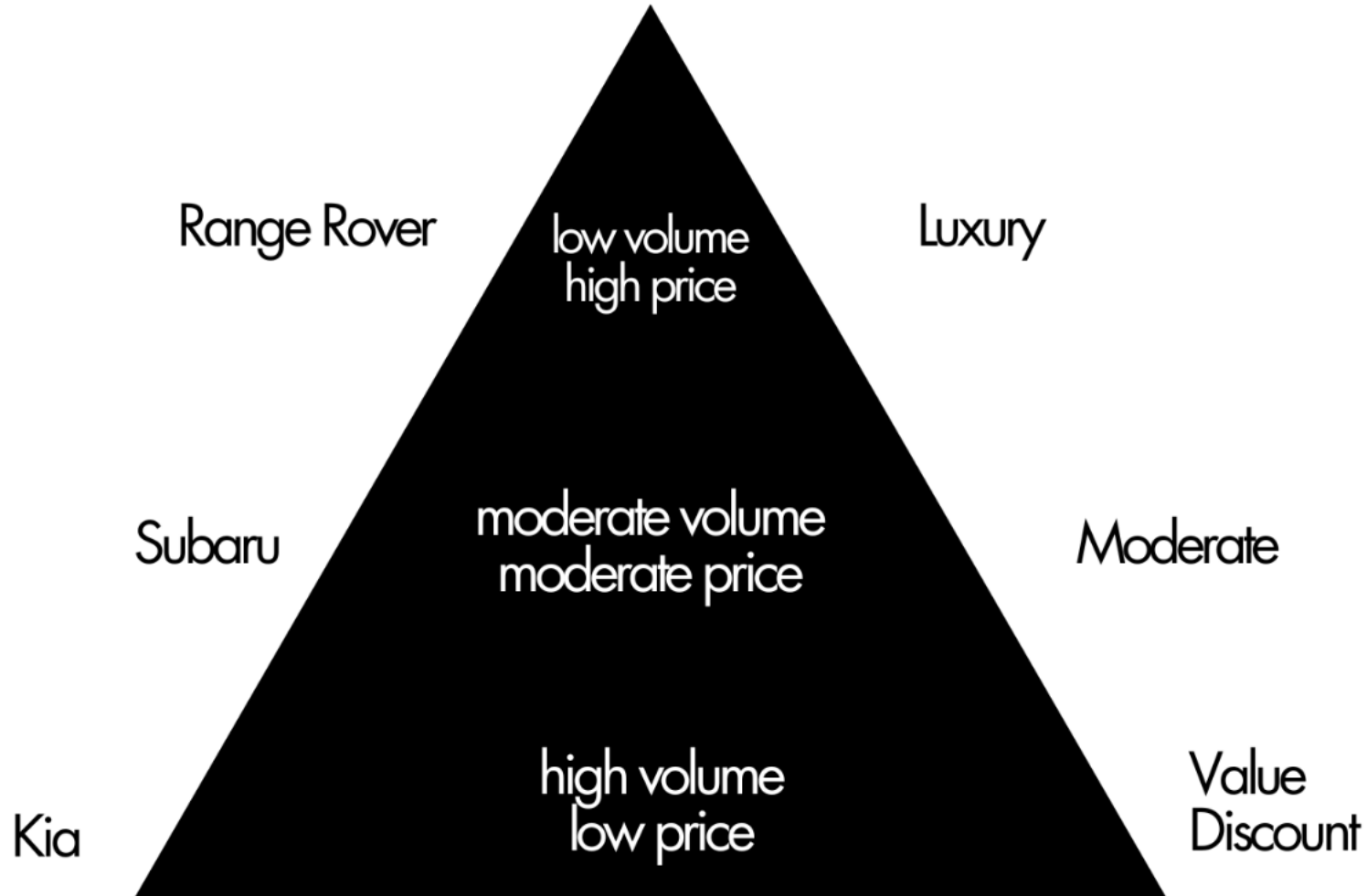
Market Segmentation and Position



image credit: Medium.com



The Price Pyramid



A few terms

Market positioning

Positioning refers to the place you want your brand or product to have within a particular target market. More specifically, the process of market positioning and brand positioning involves how you market your brand or product to consumers to achieve that position.



A few terms

Price positioning

Determining the best price point for your products or services based on various factors such as customer demand, market positioning, and competition

Price strategy

A pricing strategy is a model or method used to establish the best price for a product or service. It helps you choose prices to maximize profits while considering consumer and market demand.



Consistency builds trust.

Consistency, clarity, transparency, and alignment of your pricing, service, and product offerings help build trust and relationships with the clients you wish to serve and help you make aligned decisions.



Pricing Fundamentals

- Pricing is an art and a science
- Pricing models and formulas are not unique to any one industry
- Pricing is meant to be aligned with your brand story and business model
- Pricing is connected to your desired outcomes and objectives
- Pricing is part of your marketing
- Pricing is both a strategy and a tactic
- There are service pricing models and product pricing models

Supply and Demand

Supply

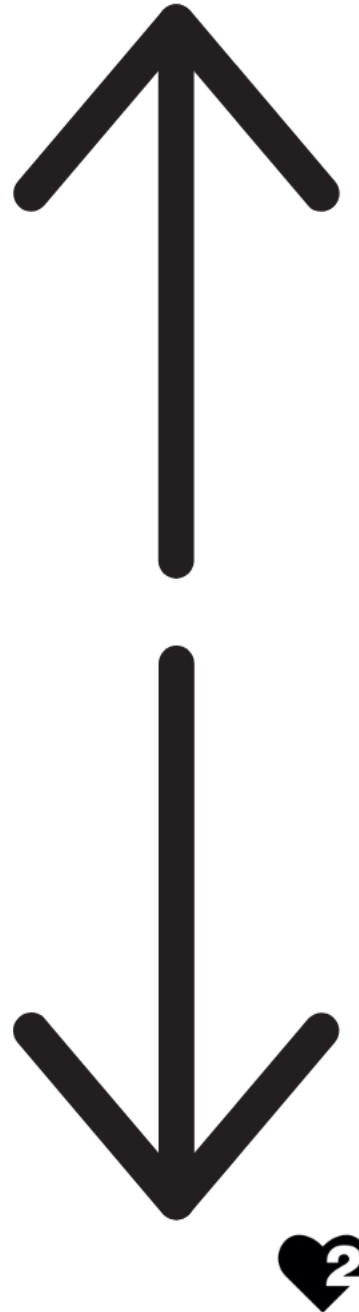
The number of appointments, inventory, and space available.

Demand

The number of people who want appointments, inventory, or spaces.

Low Supply and High Demand = Higher Service or Lease Price

High Supply and Low Demand = Lower Service or Lease Price



What



Different people value different things at different times for different reasons.



Pricing and Brand Value

\$2.00



\$5.00



One person just wants a cup of coffee

One person wants an experience and feeling they place a high value on

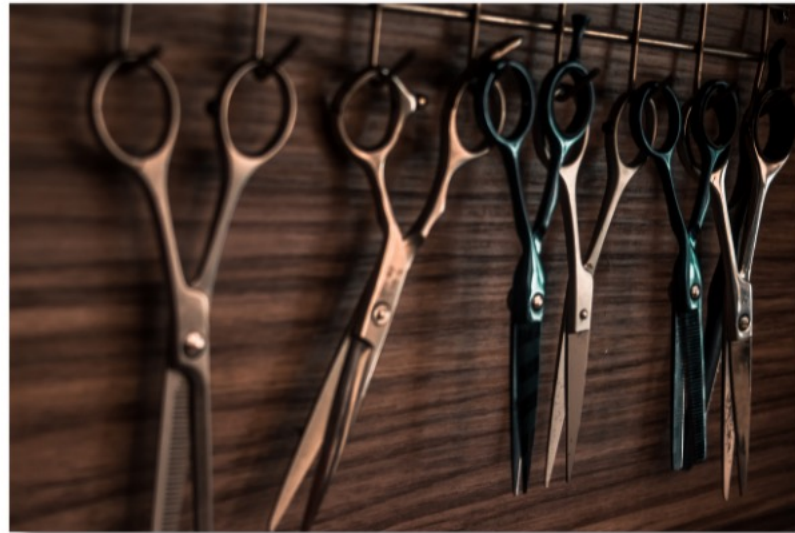


Pricing: Haircut

\$25



\$100



One person just wants a haircut

One person wants an experience and feeling they place a high value on



Your Salon Brand Positioning, Your Business Model, and Your Pricing



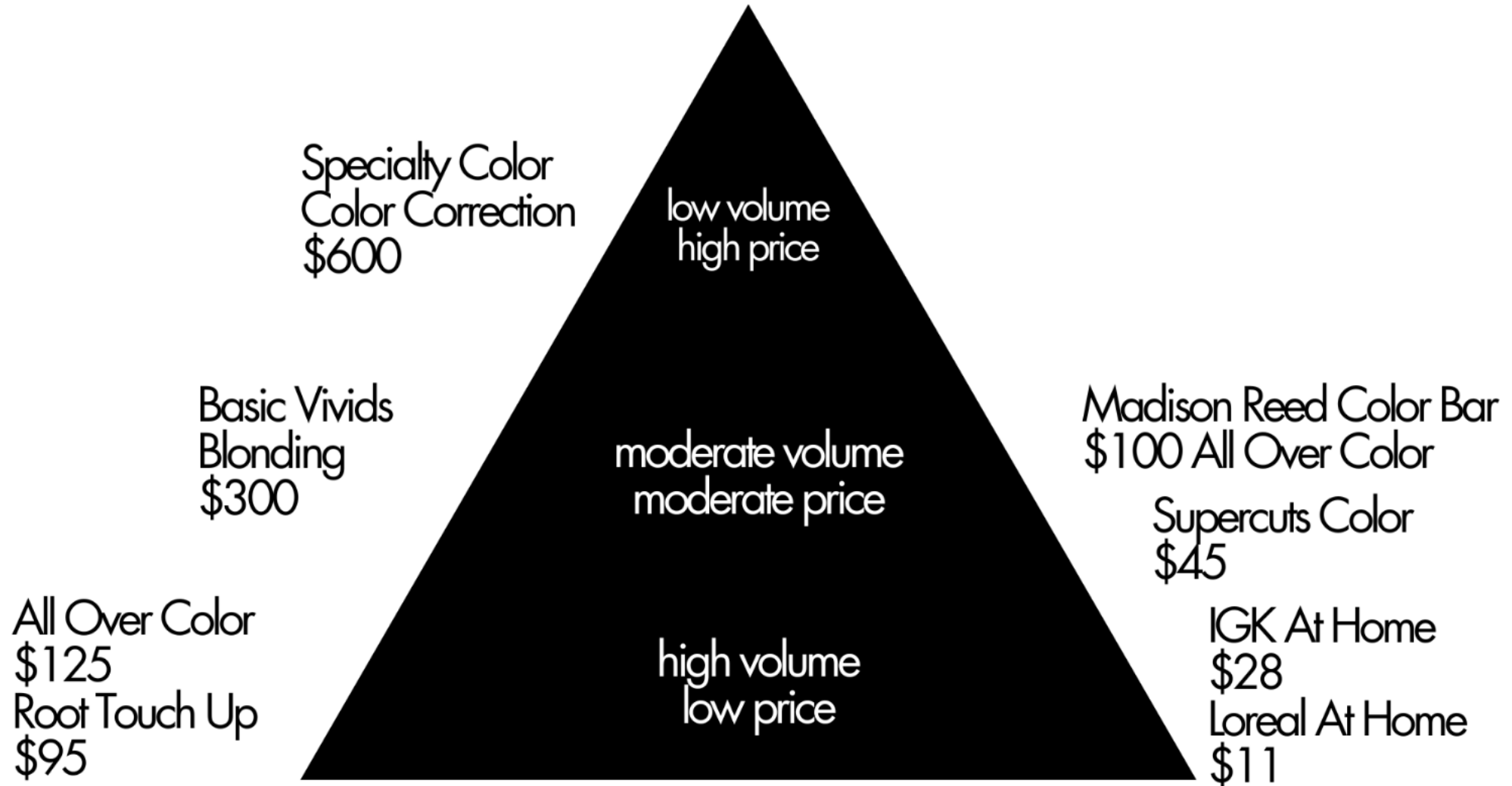
Your Salon Brand Positioning, Your Business Model, and Your Pricing



Your Salon Brand Positioning, Your Business Model, and Your Pricing



Hair Color Services Compared To At Home Brands



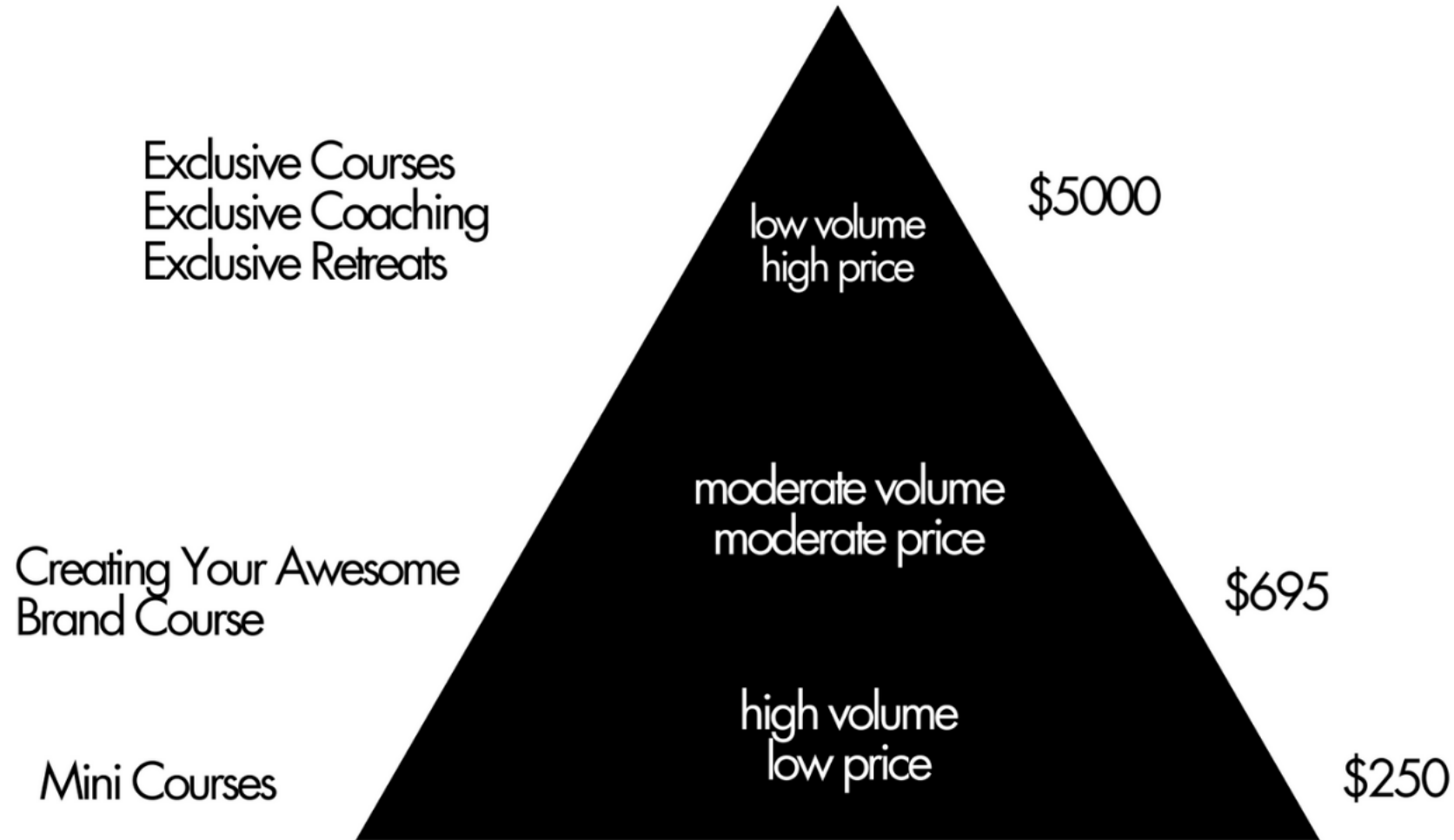
Salon Haircare Brands Compared To Non Professional Brands



Your Salon Brand Positioning, Your Business Model, and Your Pricing



Your Salon Course Positioning, Your Business Model, and Your Pricing



A Note About Discounting

1. Unless you are a discount brand, I would be careful about discounting your services
2. Discounting is a slippery slope, and can devalue your brand
3. Consider creating and adding more value to your experience through programs and products instead of discounting. Some examples are FREE home care system with Haircut and Color Experience, Complimentary Treatment Upgrade with Service, \$25 product or service credit with referrals, Gift Card promotions, etc.



How



Salon Brand Story, Business Model & Pricing

Creating Your Awesome Brand

a complete course for
beauty professionals



light salon + head spa Brand Story and Business Model

Business Model: Employment Based

Brand Position: Luxury

Desired Outcome: Create a sacred space for clients who value modern, luxury, health-focused experiences and for hairdressers who value high-touch client care and growing both their insides and outsides.

Business Objective: Create a profitable, sustainable long-term business with the opportunity to expand into employee partnerships for future locations.

Profit Expectations: 20% net after the first year



light salon + head spa Brand Story Outline

Brand Purpose

Feeling unseen, and unheard, not vibing with previous salon experiences, not feeling like my previous salons were staying on top of trends, not feeling aligned with the values of the brand, and clients seeking a more holistic and healthy approach to all things beauty.

Brand Promise

Create a space and experience of belonging, empowerment with an edge, and feeling good from the inside out. You will feel seen, heard, understood, beautiful and confident.

Brand People

Modern, trendy, fitness & healthy food-minded, meditation/inner work focused, passionate about the planet, value premium experiences

Brand Services and Products

Eco-friendly and modern color, cut and styling services, scalp therapy and head spa treatments, holistic home care for color-treated hair



light salon + head spa brand



Specialty Color \$500
Color \$300
Haircuts \$150
Head Spa Treatment \$150
Blow Dry \$75

Brand Story, Business Model, Objectives, Outcomes, Profit

Business Model: _____

Brand Position: _____

Desired Outcome: _____

Business Objective: _____

Profit Expectations: _____

Your Salon Brand



Salon Pricing and Profitability Fundamentals

Pricing and Profitability Fundamentals

Cost of labor

This is the actual cost of the labor for the experience, plus all costs associated employment costs.

Cost of supplies

This is the actual cost of all the supplies you use to complete a service

Overhead

This is the general overhead you pay per service such as rent, utilities, marketing, banking, etc.

Total cost of service

This is the total cost of the service including labor, supplies + overhead

Desired profit

This is the net profit you desire from the service. Note that the average employment based salon generates 0-5% net profit

Minimum service price

This is the minimum service price based on all costs and desired profit

$$\text{Total Cost of Service} + \text{Desired Profit} = \text{Minimum Service Price}$$



Pricing and Profitability Fundamentals 1 hour Haircut Example

Cost of labor	<u>\$50</u>
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Cost of supplies	<u>\$5</u>
------------------	------------

Overhead	<u>\$5</u>
----------	------------

Total Cost of service	<u>\$60</u>
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Desired profit	<u>\$50</u>
----------------	-------------

Minimum service price	<u>\$110</u>
-----------------------	--------------

light salon + head spa Haircut Pricing and Profitability

Cost of labor	<u>\$70</u>
Cost of supplies	<u>\$10</u>
Overhead	<u>\$10</u>
Total Cost of service	<u>\$90</u>
Desired profit	<u>\$60</u>
Minimum service price	<u>\$150</u>

Your Salon Service Pricing and Profitability

Cost of labor _____

Cost of supplies _____

Overhead _____

Total Cost of service _____

Desired profit _____

Minimum service price _____

Pricing Considerations

- Every service you provide will never be equally profitable because there will always be variables.
- Focus on the total profit of your business as well as individual service profit
- Salon profitability includes service profit, home care sales profit, and other profit meaning gift cards, education events, etc.

The Massage Analogy

Massage: \$100

Service Time: 1 hour

Supplies:

Small body	1 oz. oil, 2 towels
------------	---------------------

Medium body	2 oz. oil, 3 towels
-------------	---------------------

Large body	3 oz. oil, 4 towels
------------	---------------------



You would never charge more for larger bodies and less for smaller bodies just because you used different amounts of supplies.

A Note About “Hourly Pricing” And The Salon Business

In recent years there has been a rise in an “hourly pricing” narrative in the salon industry.

As you’ve learned, labor and product costs are always included in determining service pricing.

The problem with the “hourly pricing” narrative is that it attempts to be a simple solution yet it ends up being complicated and not client-friendly.

1. Not every salon service has equal timing
2. Not every hairdresser has the same pace for the same service
3. It conflicts with clients' perceived value of hourly pay
4. It focuses on pricing strategy which is meant for the business, not for the client

A Note About “Hourly Pricing” And The Salon Business

1. Not every salon service has equal timing or uses equal products

Blow Dry 30 minutes., Haircut 1 hour, Root Retouch 1.5 hours, Head Spa Treatment - 1 hour

2. Not every hairdresser has the same pace for the same service

Highlights 1 hour, Highlights 2 hours, Highlights 3 hours

3. It conflicts with clients' perceived value of hourly pay

Teachers are making \$45 an hour and my hairdresser is “making” \$150 an hour?

4. It focuses on pricing strategy which is meant for the business, not for the client

How you calculate pricing is a mix of your brand, business model, costs, and desired profit

That is not your client's business, all they care about is the experience and the price for that experience



Creating Your Salon Brand Services



Your services are the solutions to the problems you are solving

Your services are meant to be aligned with your brand story

Your services can evolve as your client's needs, the market and your brand evolve

Keep it simple. Keep it aligned.



light salon + head spa Brand Story Outline

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Eco-friendly and modern color, cut and styling services, scalp therapy and head spa treatments, holistic home care for color-treated hair



light salon + head spa Services



HAIRCUT EXPERIENCE

Your experience includes a relaxing 10-minute head, neck, scalp, and shoulder massage, blow-dry, refreshing adult beverage of your choice, and a home care kit sampler.

Time: 1 hour

Investment: \$150

COLOR EXPERIENCE 1.0

Color 1.0 is for simple color processes and techniques and for the color beginner and people who desire low-maintenance.

Your experience includes a pre-appointment consultation done in person or via video chat, a relaxing 10-minute head, neck, and shoulder massage, blow-dry, refreshing adult beverage of your choice, and a customized color insurance kit.

Time: 2 hours

Investment: \$300

COLOR EXPERIENCE 2.0

Color 2.0 is for the more advanced color experience, including blonding, vivid color, unicorns, and for our rainbow people. Your experience includes a pre-appointment consultation done in person or via video chat, a relaxing 10-minute head, neck, and shoulder massage, style, refreshing adult beverage of your choice and customized color insurance kit

Time: 3+ hours

Investment: \$500+

HEAD SPA EXPERIENCE

This experience is the ultimate self-care for the health of your scalp and hair. Your experience includes a consultation to assess your scalp, an exfoliating and detoxifying scalp and hair mask treatment, head, shoulder and neck massage, detox tea, and a home care sampler kit.

Time: 1 hour

Investment: \$150

LIGHT DRY

The light dry experience is for when you just need some extra love and care. This experience includes a relaxing shampoo, head, shoulder, and neck massage, beverage and blowdry.

Time: 30 minutes

Investment: \$75

Building trust with you through healthy communication and transparency is important to us at light salon + head spa. This is why we include a consultation with every experience. Thank you for choosing us.

A Still Too Common Salon Menu



The hair place

PRICE LIST

Haircut \$75
Blowdry \$50
Blowdry with curling iron \$60
Blowdry with two irons \$70
Demi color \$60
Permanent color \$70
Double process \$80
Highlight \$100
5 foils \$60
Balayage \$150
Ombre \$150
babylights \$100
Vivid color \$90
Mens cut \$20
Mens color \$30
Kids color \$25
Women over 50 color \$30
Extra tube of color \$10
Olaplex treatment if your hair melts \$10
Extra water \$5
Annoyance fee \$20

Choosing Your Salon Brand Products



Your products are the solutions to the problems you are solving

Your products are meant to be aligned with your brand story

Your products can evolve as your client's needs, the market and your brand evolve

Keep it simple. Keep it aligned.



light salon + head spa Products

Hair Color- Oligo and Davines

Head Spa and Scalp Treatments- Oway

Care and Styling- Oway, Davines, Dyson or Zuvi

Home Care- Oway, Davines, Zuvi Halo Hair dryer

Other- Silk pillowcases, hair accessories, candles, oils, books



A Note About Salon Products and Profitability

With the rise of the professional salon product industry came a rise in salon profitability which didn't really happen until the 80's

The reason for offering professional salon products is for the convenience and happiness of your clients. The result is added profitability and client happiness.

Carrying too much inventory ties up much-needed cash, and carrying no inventory says we don't care what happens after clients leave the salon.



A Note About Salon Products and Profitability

The Simple Math

You purchase a bottle of shampoo to offer clients for home care

\$10

You sell that bottle of shampoo to your client

\$20

Your gross (before extra expenses) profit

\$10



Purchase Price: \$10

Selling Price: \$20



You Have: \$20

AI and Your Salon Services

AI and Your Salon Services

>  Hello. I am working on which services I should offer in my new salon that are in alignment with my brand story outline below. Can you please recommend 5 luxury salon services I can offer that are of high value to my clients? Thank you.



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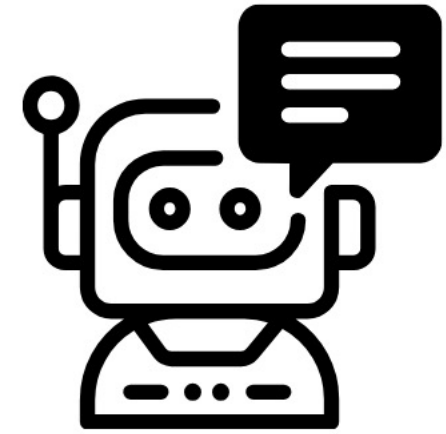
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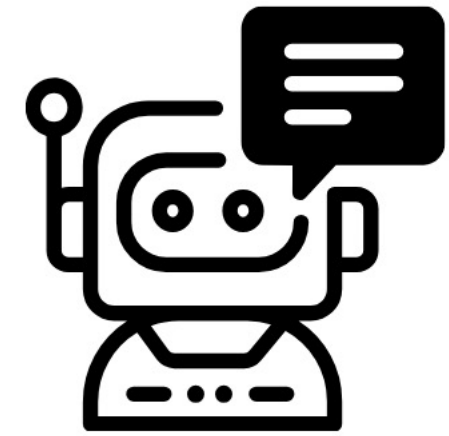
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AI and Your Salon Services



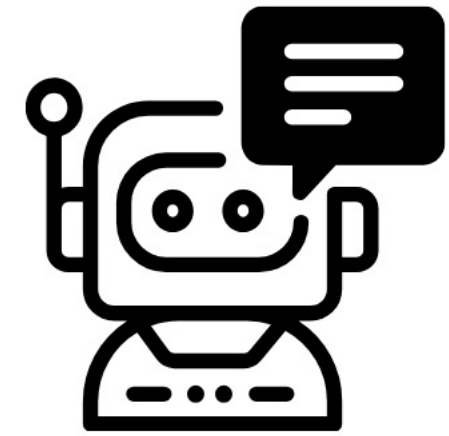
Based on your brand story and the desire to offer luxury salon services that align with your brand's values and promise, here are five high-value services you can consider offering in your new salon:



1. **Customized Holistic Hair and Scalp Rituals:** Offer personalized treatments that combine scalp therapy, head spa treatments, and holistic approaches to hair care. These rituals can include scalp massages, aromatherapy, and nourishing hair masks tailored to each client's unique needs. Emphasize the holistic and healthy aspect of these treatments, promoting overall well-being.
2. **Exclusive Trendsetter Styling Sessions:** Provide high-end styling sessions that focus on the latest trends in hair and fashion. Your modern and trend-focused clientele will appreciate having access to cutting-edge styling techniques and looks. These sessions can include runway-inspired haircuts, avant-garde styling, and creative color applications.
3. **Premium Eco-friendly Hair Coloring:** Capitalize on your eco-friendly brand ethos by offering premium, sustainable hair coloring services. Use eco-conscious, ammonia-free dyes and highlight your commitment to environmentally friendly practices. Create bespoke, on-trend color palettes that align with your clients' desires for both style and sustainability.
4. **Mindfulness and Wellness Packages:** Cater to the meditation and inner work-focused aspect of your brand by offering mindfulness and wellness packages. These packages can include services like guided meditation sessions during hair treatments, aromatherapy experiences, or even yoga or wellness workshops in collaboration with local instructors. Promote the idea of beauty from the inside out.
5. **VIP Beauty Retreats:** Elevate the salon experience by offering exclusive VIP beauty retreats. These all-inclusive packages can include a day of pampering, personalized hair and beauty treatments, healthy gourmet meals, and access to fitness facilities. It aligns with your clients' fitness and healthy food-minded values while providing a premium, holistic beauty experience.

Regenerate

AI and Your Salon Products



NI

Hello. I am working on which professional salon products and other items I should offer in my new salon that are in alignment with my brand story outline below. Can you please recommend 5 luxury salon products and other items I can offer that are of high value to my clients? Thank you. 

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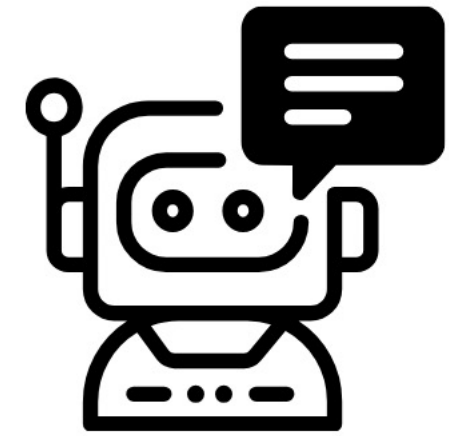
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AI and Your Salon Products



Based on your brand story and the emphasis on luxury, holistic, and eco-friendly experiences, here are five luxury salon products and items you can offer in your new salon:

1. **Organic and Eco-friendly Haircare Products:** Offer a range of high-end, organic, and eco-friendly haircare products such as shampoos, conditioners, and styling products. Look for brands that align with your values of sustainability and holistic beauty.
2. **Holistic Scalp Treatments:** Invest in premium scalp treatment products that promote overall hair and scalp health. These could include scalp serums, masks, and massage oils that provide a relaxing and rejuvenating experience for your clients.
3. **Luxury Hair Tools:** Provide top-of-the-line hair styling tools like professional-grade hairdryers, straighteners, and curling irons. High-quality tools not only enhance the salon experience but also help clients maintain their look at home.
4. **Aromatherapy and Meditation Stations:** Create a dedicated space within your salon for aromatherapy and meditation. Offer essential oils, diffusers, and guided meditation sessions to enhance the holistic and inner work-focused aspect of your brand.
5. **Exclusive Membership Packages:** Consider offering exclusive membership packages that provide clients with ongoing benefits such as discounts on services and products, priority booking, and access to special events or workshops related to holistic beauty and wellness.

By offering these luxury salon products and items, you can enhance the overall salon experience for your clients, align with your brand's values, and cater to the modern, eco-conscious, and wellness-focused clientele you are targeting.

Q+A

Resources

Creating Your Awesome Brand Course

A School Salon Owners Group

ChatGPT chat.openai.com

Beauty Business Guide for Pricing, Service & Salon Economics Education
[@beautybusinessguide](#)



Creating Your Awesome Brand Course



Creating Your Awesome Brand A Complete Course for Beauty Professionals

This is the stuff they didn't teach you in beauty school but should have so consider this your beauty brand business school. It all begins with the clarity of your salon brand story, the foundation you build relationships,...

♥ mykajabi.com

A Gift of Gratitude for You

CODE: SALONBUSINESSLOVE



Thank you.

If you have more questions, please reach out to awesome@passionsquared.net



The Pricing Playbook: Understanding The Intersection Between Your Salon Brand and Your Pricing Strategy



@passionsquared

