

## Small Experienced-Based Business, The Splatter Studio, Leverages KaizenPrice to Help Paint the Perfect Pricing Picture to Drive Profitability

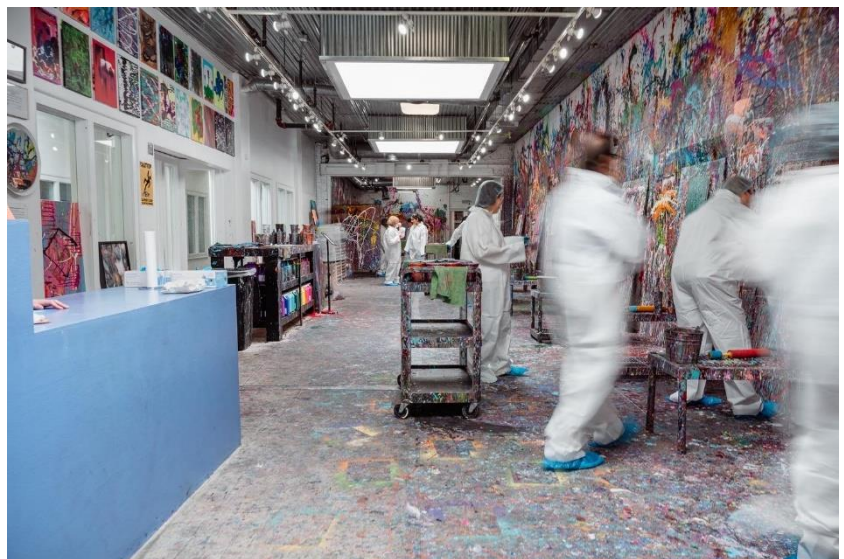
### Business Scenario & Challenge

According to a study conducted by Expedia and the Center for Generational Kinetics, 74 percent of Americans now prioritize experiences over products or things. An experience occurs “when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event”—think axe-throwing facilities, escape rooms, and sip-and-paint studios. While millennials are leading the charge in this transition, older generations are starting to embrace this trend as well, especially after spending significant time at home during the past several years.

The Splatter Studio is one such experienced-based retailer. The two-year-old small business offers two creative spaces in Metro Atlanta where anyone can explore their inner artist. Upon entering the space, guests find the walls and floors of the studio splattered with a stunning rainbow of paint, existing in sharp contrast to the blank canvases that await them. It’s a very immersive experience where guests come to fling, throw, and splatter paint, allowing them to really dive into their creative sides. Each studio provides all the different tools, paint, and protective gear needed to create a splash while also staying dry. Guests, in turn, leave with their own painting to take home and remember the experience by.

In addition to sixty to ninety minute Splatter sessions, Splatter Studio also offers party packages for larger groups, which are popular for team-building activities, birthday parties, and family reunions. A session can be a very cross-generational experience.

“We are a relatively new and extremely unique business, very much the first action-painting experience focused specifically on splattering, pouring, flinging, and throwing paint in free form,” said Jenna Rees, Chief Brand Officer at The Splatter Studio. “It’s not an instructed



class. What we offer differs from the traditional transactional-based retail experience. You're not walking out with goods, per se, but you're walking out with an experience.”

As such, getting the pricing right was very important from the onset. Splatter Studio needed to develop a perfect price point for its different customer segments, as well as a profit margin that would be successful to grow the business in order to eventually franchise it.

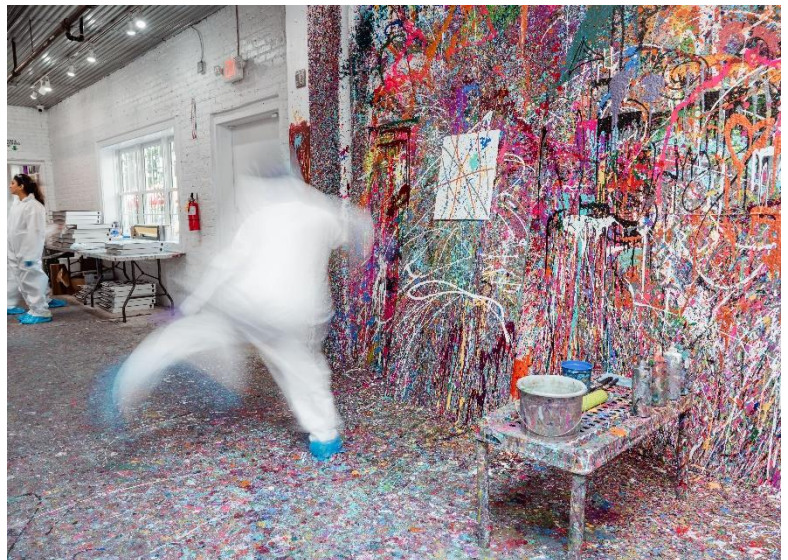
The company started working with Kaizen Analytix right from the beginning to track data on its bookings and reservations, as well as identify any trends and make pricing suggestions.

“Obviously, we had looked at our cost of goods and labor to initially determine what pricing seemed appropriate,” said Rees. “But Kaizen was there early on to help us gauge that initial pricing for our sessions, as well as develop pricing for our private parties and other packages that we offer. It was really about getting ahead of the curve because we knew with an experience-based business, dynamic pricing was something we’d be interested in implementing in the future.”

### **Solution: KaizenPrice**

To drive its pricing strategy, Splatter Studio leveraged KaizenPrice, a smart-pricing recommendation tool. With the solution, Splatter Studio has been able to track data associated with the price points that were established in the beginning, allowing Founder Howard Krinsky to see whether or not his initial pricing strategy was working.

According to Krinsky, “As a retailer, you're always afraid to make a move on price. With Kaizen, we had experts backed by actual data that allowed us to maximize our revenue potential. Being able to look at numbers in visual charts and have little cues that indicate growth potential helped us more easily and quickly digest the pricing data.”



“It’s been refreshing to work with Kaizen because there’s a sense that the entire team genuinely cares about our business,” said Krinsky. “They ask all the right questions and

are willing to look at things from a different point of view. We have a much better understanding of how pricing works for us. Additionally, we're learning so much about our business that goes beyond ordering paint and canvas."

One concern Splatter Studio initially had was the ability to integrate with its Point-of-Sale (POS) systems. It had used Square for add-ons, such as in-studio purchases. But now, the company is using FareHarbor for its bookings along with the associated POS system for online and over-the-phone reservations.

"We don't really have to worry about giving Kaizen the data at all," said Rees. "Team members are able to go in there and pull the data they need to provide accurate numbers on our Kaizen dashboard. It's really convenient and easy for us."

## Results

Overall, Kaizen's data has really helped Splatter Studio make small price changes along the way in areas that offered growth opportunities. Key benefits Splatter Studio has realized since the implementation of KaizenPrice include:

- More appropriate price points for Saturday, Friday and Sunday sessions versus those on the weekdays.
- A long-term promotional campaign for weekday time slots, offering a discount on those days before 3 p.m. This allowed the retailer to tap into a different audience and demographic of people that could now possibly afford that price point. The campaign resulted in a growth in that market.
- Decision to close the studios on Tuesdays. The studios were already closed on Mondays, but by also eliminating Tuesday openings, the company was able to cut labor costs and make the demand higher for the Wednesday and Thursday spots—while preserving more budget for other marketing and operational needs.
- Improved focus and pricing for parties and big groups, which is becoming an increasingly larger market segment.
- Successful test offering of a more expensive 8 p.m., adults-only, extended time slot at one of the studio locations. These first sessions were immediate sell-outs.

One thing the team at The Splatter Studio is excited about with the KaizenPrice data is the ability to plan for and more easily implement dynamic pricing in the future.

"Being an experience-based business, we're very aware of the changes in retail, the changes in what people are seeking," said Rees. "I think people are getting more accustomed to dynamic pricing. We're seeing it, obviously, with the airlines, concerts, and ride-share companies. I feel good about us getting ahead of the curve and being prepared for that shift when the time is right for Splatter Studio."

Of course, inflation is also top of mind for the coming year. Prices are rising on supplies, such as wood, canvas, paint, and even containers and tools that are used in the studios. As those costs continue to rise, Splatter Studio is going to eventually have to adjust its pricing.

Kaizen's tools will allow Splatter Studio to see those trends before they're happening, so certain pricing can be adjusted to negate some of the inflation costs—without simply raising prices across the board.

According to Krinsky, “Our plan is to grow and scale our business over time, doing it the right way. As new studios in different markets come online, we expect Kaizen to be there to help us figure out the dynamics with each studio in order to maximize our efforts.”



The Kaizen Atlanta team attends an event at The Splatter Studio in 2022

Questions? Feel free to reach out to [engage@kaizenanalytix.com](mailto:engage@kaizenanalytix.com) or learn more at <https://www.kaizenanalytix.com/KaizenPrice!>