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Innovation in the Beauty Industry: Entrepreneurial Models and Strategies for the Future of Luxury Beauty Centers

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Introduction

The luxury beauty industry is undergoing a profound transformation, driven by shifting consumer expectations, technological disruption, and rising demand for personalization, transparency, and innovation. As high-end clientele become increasingly sophisticated, traditional service models are proving inadequate to meet their evolving needs. Within this context, the creation of a next-generation luxury beauty center—one that integrates cutting-edge technologies, hyper-personalized experiences, and a phygital service model—emerges as a promising entrepreneurial opportunity.

This thesis aims to explore and assess the feasibility of opening a luxury beauty center specifically designed to address current market gaps. The research project is structured around two core objectives: (1) to analyze the economic, strategic, and experiential elements required to successfully launch and position such a center in a competitive landscape; and (2) to propose an innovative business model that combines high-performance treatments, artificial intelligence-based personalization, and a strong community focus.

The first chapter outlines the evolution of the beauty and wellness industry, with a specific focus on the luxury segment and its most recent trends, including digitalization, sustainability, and wellness integration. The second chapter provides a strategic analysis of different business models in the high-end beauty sector and presents the key elements that differentiate a luxury beauty center from a traditional one, including pricing strategies, customer experience design, and branding. The third chapter introduces the market gap identified through qualitative interviews and literature review, leading to the formulation of a new concept and business model. This final part includes a cost analysis, break-even simulation, go-to-market strategy, and potential paths for future development and scaling.

Ultimately, this thesis presents a comprehensive framework for evaluating the viability of launching a luxury beauty center aligned with contemporary consumer values—offering not only aesthetic excellence but also emotional connection, technological sophistication, and long-term brand loyalty. The project is intended as both an academic contribution and a strategic roadmap for aspiring entrepreneurs and investors in the beauty and wellness space.

1. The Luxury Beauty Industry and the New Frontiers of Innovation

1.1 Overview of the Beauty Industry and the Luxury Segment

The beauty industry is a rapidly growing sector that continuously evolves through technological advancements, consumer-driven trends, and innovative business models. Within this broad market, the luxury beauty segment distinguishes itself by offering exclusive, high-quality experiences tailored to affluent consumers who seek personalization, innovation, and premium service. According to McKinsey & BoF (2023), the luxury beauty segment is projected to double in value by 2028, driven by a demand for ultra-personalized services and scientific innovation. Additionally, Weaver et al. (2024) note that consumer behavior is increasingly oriented toward fewer but higher-value purchases, a shift that favors the growth of premium and luxury offerings.

The increasing relevance of sustainability, digital innovation, and global market expansion has led to the emergence of specialized business strategies and service models that redefine what luxury means in the context of beauty. This evolution also reflects a broader transformation in consumer expectations: high-net-worth individuals are no longer satisfied with conventional treatments but demand immersive, high-tech, and ethically conscious experiences (Charllo, 2022; Shin, 2024). This section provides an in-depth analysis of the beauty market, the latest industry innovations, and the evolving preferences of high-net-worth individuals seeking bespoke beauty experiences.

1.1.1   The Beauty Market

In recent years, the beauty market has experienced significant growth, becoming one of the most dynamic and resilient sectors of the global economy. The industry's value reached $446 billion in 2023, marking a 10% increase compared to the previous year (Weaver et al., 2024). While this growth rate may appear remarkable, a deeper analysis reveals that much of the revenue increase has been driven by rising prices rather than an actual increase in sales volume (ibid.). This phenomenon can be attributed to various factors, including inflation and the growing consumer preference for investing in premium products at the expense of more frequent purchases. Nevertheless, the beauty industry has demonstrated a remarkable ability to adapt to changing economic conditions, reaffirming its resilience even in times of global uncertainty.

The beauty industry is characterized by constant evolution, driven by technological innovation, changing consumer preferences, and the expansion of product categories. Projections indicate that the sector will continue to expand at an annual rate of 6%, reaching an estimated value of $590 billion by 2028 (ibid.). This growth trend is supported by the expansion of emerging markets, the strengthening of high-end segments, and the integration of technology into the production and distribution of cosmetic products. The Asia-Pacific region remains the most promising growth area, with India standing out due to a significant increase in demand for beauty products in both the luxury and mass-market segments (McKinsey & BoF, 2023). Similarly, the Middle East and Latin America are exceeding expectations, driven by young populations and a growing focus on personal care.

Another key factor contributing to the sector's growth is the increasing personalization of products and shopping experiences. The adoption of artificial intelligence and big data is transforming how consumers select and purchase beauty products (Charllo, 2022). Companies are investing in advanced technologies to offer increasingly tailored experiences, including AI-powered skin diagnostic tools and augmented reality solutions that allow customers to virtually test products

before purchase (ibid.). This approach not only enhances the customer experience but also enables brands to collect valuable data to refine their marketing strategies and product development.

At the same time, the luxury beauty segment is experiencing significant expansion, with accelerating demand for exclusive and high-performance products. Currently valued at approximately $20 billion, the luxury beauty market is expected to grow to $40 billion within the next five years, with an annual growth rate between 15% and 20% (McKinsey & BoF, 2023). The so-called "premiumization" trend is pushing consumers toward more sophisticated formulations, high-end packaging, and an exclusive shopping experience, both online and in-store. Brands such as *La Mer*, *Guerlain*, and *Clé de Peau Beauté* are strengthening their position in the ultra-luxury segment, while new players are emerging with innovative business models that combine personalized services with highly technological products.

Sustainability is another key factor reshaping the beauty industry. Growing environmental awareness is driving consumers to prefer eco-friendly products, natural formulations, and sustainable packaging (Shin, 2024). Brands are responding to this demand with initiatives aimed at reducing the environmental impact of production and distribution by adopting biodegradable materials, eliminating microplastics, and implementing low-carbon production processes (ibid.). The so-called "clean beauty" movement has now become a consolidated segment, with consumers increasingly attentive to ingredient transparency and corporate social responsibility. This shift is also prompting major industry players to rethink their strategies, investing in research and development to ensure increasingly higher sustainability standards.

The main market leaders continue to be large conglomerates such as *L'Oréal, Estée Lauder, Unilever,* and *Procter & Gamble*, which dominate the sector thanks to a diversified brand portfolio and a strong global presence (McKinsey & BoF, 2023). However, the competitive landscape is changing rapidly, with the emergence of independent brands and startups redefining the concept of beauty through a more personalized and digital approach. E-commerce platforms and social media have facilitated market entry for new players, allowing them to reach a global audience quickly without relying on traditional distribution channels (Weaver et al., 2024). This has led to increasing market fragmentation, providing consumers with an ever-expanding range of products and brands to choose from.

Another emerging trend is the integration of beauty and wellness, with an increasing number of brands expanding their offerings to include products and services related to broader personal care. The concept of "beauty wellness" is gaining popularity, focusing on functional ingredients, nutraceuticals, and holistic treatments that go beyond aesthetics to promote a comprehensive approach to health and well-being (Jayarathne, 2024). This trend is also reflected in the growing demand for hybrid cosmetics that combine makeup with skincare benefits and the rise of collaborations between beauty brands and healthcare companies (ibid.).

Within this evolving landscape, beauty centers — and in particular, beauty salons — play a pivotal role as key drivers of service-based value creation. The global beauty salon market was valued at USD 155.60 billion in 2022 and is projected to grow at a compound annual growth rate (CAGR) of 8.0% through 2030. Following the challenges of the COVID-19 pandemic, the sector is undergoing a phase of renewal driven by a demand for more specialized services, high-end beauty treatments, and holistic customer experiences. (Grand View Research, 2022)

The most in-demand services remain haircuts and hair coloring, which alone account for over 80% of revenue in U.S. salons (Jovanovic, 2023), but there's also increasing traction for skin and wellness treatments such as facials, massages, and nail care. Beauty salons are adapting to

consumer behavior by adopting hybrid models that combine service delivery with product retailing, a trend reinforced by examples like *Sorbet* in South Africa and *MiniLuxe* in North America.

Furthermore, digital transformation is reshaping the beauty salon experience. The growing preference for online booking, real-time appointment management, and virtual consultations is increasing operational efficiency while elevating the client journey. Nearly 40% of salon clients prefer online appointment systems, suggesting that salons integrating tech-forward solutions will see stronger revenue performance and customer retention.

From a demographic perspective, there's a notable expansion of the customer base: while women remain the primary end-users, there is a consistent increase in male clientele, driven by cultural shifts and the influence of male influencers normalizing beauty and grooming routines. (Grand View Research, 2022)

In regional terms, the Asia-Pacific market leads in growth potential, with India in particular registering higher male salon attendance post-COVID and a willingness to invest in premium services. The shift toward sustainable, organic treatments is also contributing to this surge, aligning with global clean beauty trends.

In conclusion, beauty centers represent a strategic interface between innovation, customer experience, and evolving beauty standards. Their ability to blend high-touch services with high-tech integration, offer premium personalized treatments, and engage a wider and more diverse clientele places them at the heart of the next wave of beauty industry transformation.

1.1.2   Innovations in the Beauty Industry

Emerging technologies have profoundly transformed the beauty industry, reshaping how treatments are designed, personalized, and delivered. The integration of artificial intelligence, biotechnology, and advanced devices has elevated the customer experience, allowing for more precise and effective solutions. From AI-driven skin diagnostics to cutting-edge skin-tightening technologies and data-driven skincare, the industry is undergoing a rapid evolution. However, while these advancements bring undeniable benefits, they also present challenges related to data privacy, ethical considerations, and sustainability.

Artificial intelligence is playing a pivotal role in this transformation, particularly in redefining consumer interaction with brands and the way skincare treatments are recommended. AI-powered skin analysis tools use machine learning to process vast dermatological datasets, identifying hydration levels, pigmentation issues, fine lines, and acne with remarkable accuracy (Haykal, 2024). Systems such as *L'Oréal's Skin Genius* and *Shiseido's Optune* apply facial recognition and deep learning to generate tailored skincare recommendations, eliminating the traditional trial-and-error approach in selecting products Virtual consultations have also been revolutionized by AI, with platforms like *Sephora's Virtual Artist* and *Perfect Corp's YouCam Makeup* merging artificial intelligence with augmented reality to allow customers to digitally test makeup and skincare products before purchasing. These digital tools offer targeted solutions, making expert consultations more accessible while reducing the necessity for in-person visits. As the demand for personalized beauty services grows, AI-driven recommendation engines analyze a combination of personal preferences, purchasing history, and environmental factors such as climate and pollution to refine skincare routines, ultimately strengthening brand loyalty through hyper-personalized solutions (Charllo, 2022).

Beyond enhancing consumer interactions, AI is also transforming cosmetic product formulation. Traditionally, skincare products followed a standardized approach, but predictive analytics now allow for the development of highly customized solutions. By analyzing dermatological research, consumer feedback, and scientific studies, AI-powered systems predict how specific ingredients interact with different skin types, making it possible to create personalized formulations with greater precision (Millwala, 2025). Pioneering brands such as Proven Skincare and Atolla have introduced AI-driven skincare systems that adjust formulations in real-time based on users' skin conditions (Yuan, 2019; Aouf, 2019). This advancement not only enhances effectiveness but also promotes sustainability by reducing waste and optimizing ingredient combinations to maximize results while minimizing excess production (Swain, 2024).

AI's predictive capabilities extend even further, allowing for the forecasting of skin aging and evolving skin conditions based on genetic, lifestyle, and environmental data. By using advanced machine learning models, AI can assess an individual's habits, predispositions, and external factors to anticipate potential skin concerns before they become visible. Companies such as *Neutrogena* and *Olay* have already developed predictive tools that provide proactive skincare solutions, shifting the industry from reactive to preventive care (Jiminez et al., 2023). This evolution marks a fundamental change in how skincare is approached, prioritizing early intervention based on scientific evidence rather than waiting for problems to emerge.

In addition to artificial intelligence, advancements in equipment have revolutionized aesthetic treatments, significantly improving their precision and effectiveness. Laser technology, in particular, has transformed skincare, offering highly targeted solutions for hair removal, pigmentation correction, and skin rejuvenation. Fractional lasers stimulate collagen production to reduce wrinkles and scars, while IPL (Intense Pulsed Light) has proven particularly effective in treating hyperpigmentation and vascular lesions (Ross, 2006). More recently, picosecond lasers have improved the process of tattoo and pigmentation removal by reducing treatment time and minimizing discomfort for patients (Hohman & Ramsey, 2025). These advancements have made laser technology a cornerstone of modern aesthetic treatments, providing professional-grade results without the need for invasive surgical procedures.

Alongside laser innovations, ultrasound and radiofrequency treatments have become essential tools for non-invasive skin tightening and anti-aging. High-Intensity Focused Ultrasound (HIFU) stimulates collagen production deep within the skin, offering a progressive lifting effect without the need for incisions or anesthesia (Lio et al., 2022; Oh et al., 2023). Similarly, radiofrequency treatments use electromagnetic waves to generate heat in the dermis, stimulating collagen remodeling and improving elasticity. Devices such as Thermage and Morpheus8 have gained recognition for their ability to sculpt facial and body contours with results comparable to advanced medical-aesthetic procedures.

Other innovations, such as cryotherapy, have gained popularity for their ability to enhance blood circulation and improve skin tone through controlled exposure to low temperatures. Widely used in high-end beauty centers, cryotherapy treatments help reduce inflammation, swelling, and signs of fatigue, giving the skin a firmer and more radiant appearance (Prohaska, 2023). LED therapy, another groundbreaking technology, has emerged as a versatile solution for a wide range of skin concerns. This technology leverages different wavelengths of light to stimulate collagen production, reduce signs of aging, and effectively treat acne by eliminating inflammation-causing bacteria (Hernández-Bule et al., 2024).

In recent years, smart beauty devices have also gained traction, allowing consumers to integrate advanced skincare treatments into their daily routines at home. Devices such as *Foreo UFO 2* and

L'Oréal Perso incorporate artificial intelligence to analyze skin conditions and automatically adjust treatment settings. These devices blend multiple technologies, including LED therapy, microcurrents, and thermal treatments, to maximize skincare effectiveness. Additionally, at-home microdermabrasion tools and personal-use radiofrequency devices are extending the benefits of professional treatments between visits to aesthetic centers, offering greater flexibility to consumers. The integration of AI and IoT into these devices is making skincare increasingly personalized, with real-time recommendations based on evolving skin conditions.

As skincare technology evolves, big data and biotechnology are also playing a crucial role in making treatments more personalized and evidence-based. The growing scientific understanding of skin biology has led to the adoption of genetic testing, microbiome research, and wearable technology to monitor skin health in real time. The skin microbiome, a complex ecosystem of bacteria and microorganisms, is now recognized as a fundamental factor in maintaining healthy skin. Research has shown that imbalances in the microbiome can contribute to issues such as acne, eczema, and premature aging (Chen & Tsao, 2013). Companies such as *Gallinée* and *Mother Dirt* have developed microbiome-friendly skincare solutions that leverage probiotics and prebiotics to restore balance and strengthen the skin's natural defenses (Habeebuddin, 2022).

DNA-based skincare is another growing trend, using genetic testing to analyze predispositions to skin aging, pigmentation disorders, and collagen degradation (Stringent Datalytics, 2024). Brands such as *SkinDNA* and *GeneU* offer genetic analysis kits that provide consumers with detailed skin profiles, allowing for the creation of highly targeted skincare regimens based on biological markers (Sissons, 2016). Wearable technology is also gaining prominence, with devices like *L'Oréal's My Skin Track UV* and *Neutrogena's Skin360* using real-time data to adjust skincare recommendations based on environmental conditions and skin hydration levels. This data-driven approach allows for continuous monitoring of skin health and offers consumers greater insight into how their skincare routine affects long-term results.

Beyond personalized skincare, blockchain technology is emerging as a solution to ensure transparency in the beauty industry. Consumers are increasingly concerned about sustainability and ethical sourcing, prompting brands such as *Estée Lauder* and *Lush* to implement blockchain systems that trace ingredients from raw materials to final products (Estée Lauder Companies, 2020). By providing real-time, verifiable data, blockchain reduces greenwashing risks and reinforces consumer trust in ethical business practices.

As the industry continues to embrace AI, biotechnology, and digital solutions, balancing technological innovation with ethical considerations will be crucial. While these advancements promise more effective and personalized treatments, concerns surrounding data privacy, inclusivity, and sustainability must be addressed. AI-driven skin analysis tools collect vast amounts of personal data, making cybersecurity a critical issue (Martorell et al., 2022). Similarly, sustainability efforts must go beyond marketing claims, requiring independent certifications like *Ecocert* to verify eco-friendly practices (Lehnis, 2024). Virtual and augmented reality applications are transforming beauty consultations and retail experiences, yet they also risk reinforcing unrealistic beauty standards, impacting self-esteem (Kaur & Subburayan, 2024).

The beauty industry stands at a crossroads where science, technology, and ethics intersect. While AI, biotechnology, and digital beauty solutions promise unprecedented advancements, ensuring consumer trust and responsible innovation will be essential in shaping a future where beauty is both personalized and ethically sound.

1.1.3 High-End Customer Demand: Who Is the Target and What Do They Look for in a Luxury Beauty Center

In any entrepreneurial venture, identifying and understanding the target audience is a fundamental step toward business success (Kotler & Keller, 2016). In the luxury beauty industry, where personalization and exclusivity are key differentiators, defining the ideal customer profile is even more critical (Kapferer & Bastien, 2012). A well-defined target audience enables businesses to design services, marketing strategies, and customer experiences that align with client expectations, fostering long-term brand loyalty (Schmitt, 1999).

Luxury beauty consumers are characterized by their demand for premium experiences, cutting-edge technology, and highly personalized services (Grewal, Roggeveen, & Nordfält, 2017). They are typically individuals with significant disposable income, a strong emphasis on self-care, and a preference for exclusivity (Alevizou, 2022). These consumers seek more than just beauty treatments; they expect an immersive experience that blends innovation, top-tier service, and brand prestige (Kapferer & Bastien, 2012).

Based on a careful review of academic research concerning both the luxury sector and the beauty industry, it is possible to outline a combined demographic and psychographic profile of the typical luxury beauty consumer. By synthesizing insights from these two fields, a comprehensive understanding emerges of the key characteristics that define the target audience for high-end beauty brands (Kadance International; Chevalier & Mazzalovo, 2012).

Demographics of Luxury Beauty Consumers
- **Age**: The core consumer segment falls predominantly within the 30–55 age range, although a growing number of younger affluent Millennials and Gen Z individuals are entering the market.
- **Income Level**: This group includes high-net-worth individuals (HNWIs) as well as affluent middle-class consumers with considerable discretionary spending power.
- **Geographic Location**: These consumers are primarily located in metropolitan cities, luxury retail districts, and exclusive resort destinations.
- **Occupation**: Common professional backgrounds include entrepreneurs, senior executives, celebrities, socialites, and high-income professionals.

Psychographics of Luxury Beauty Consumers
- **Lifestyle**: They lead wellness-oriented, fashion-conscious lives, demonstrating strong brand loyalty and a preference for exclusivity and sophistication.
- **Values**: They highly value authenticity, sustainability, and superior craftsmanship.
- **Buying Behavior**: Their purchasing preferences include personalized services, seamless digital experiences, and private, VIP-level treatment.

Key Factors Influencing Their Choices

1. **Personalization and Exclusivity** High-end beauty clients prioritize bespoke services tailored to their specific needs. AI-driven skincare diagnostics, custom treatments, and personalized wellness programs are highly attractive to this audience (Ifekanandu et al., 2023). Luxury consumers expect concierge-level service, with brands remembering their preferences and offering them exclusive access to premium products and treatments.

2. **Premium Service and Expertise** Consumers in the luxury beauty segment expect top-tier expertise and exceptional customer service. Skilled professionals, exclusive

product lines, and state-of-the-art technologies are crucial in meeting their standards (D'Arpizio et al., 2021). This includes highly trained beauty specialists, dermatologists, and cosmetologists offering unique services that are unavailable in mass-market salons.

3. **Brand Prestige and Experience** The overall brand experience plays a vital role in attracting and retaining high-end customers. Aesthetic ambiance, sensory engagement, and storytelling are essential components that enhance the luxury appeal (Kapferer & Bastien, 2012). Considering the crucial role of brand experience and multisensory environments within the broader luxury beauty industry, this also applies to beauty centers, which, although representing only a segment of the industry, must likewise offer an immersive and refined atmosphere. From the moment an appointment is booked to the delivery of a personalized aftercare routine, beauty centers should ensure a seamless, emotionally engaging journey that reinforces the brand's prestige and exclusivity.

4. **Sustainability and Ethical Considerations** Modern luxury beauty consumers are increasingly conscious of ethical sourcing, sustainability, and transparency in beauty treatments and products. Brands that incorporate eco-friendly and socially responsible practices gain a competitive edge (Alevizou, 2022). Organic, cruelty-free, and carbon-neutral products, as well as responsible business practices, are becoming non-negotiable elements for high-end clientele.

5. **Digital Integration and Convenience** While luxury clients seek exclusivity, they also value digital convenience. Seamless booking systems, personalized AI beauty consultations, and virtual try-on experiences are becoming essential touchpoints in the high-end beauty journey (Ifekanandu et al., 2023). The integration of high-tech beauty gadgets and AI-powered treatments enhances the experience, providing a futuristic and sophisticated service.

6. **Experiential and Community-Driven Engagement** Today's affluent consumers look beyond mere transactions; they seek memorable experiences. VIP events, beauty masterclasses, and members-only access to exclusive treatments create an emotional connection between the brand and the customer (Schmitt, 1999). High-end beauty brands must cultivate an elite community where clients feel a sense of belonging and prestige.

In conclusion, understanding the motivations and expectations of high-end beauty consumers is essential for designing a successful luxury beauty center. By prioritizing personalization, expertise, brand experience, sustainability, and digital integration, businesses can attract and retain a clientele that values exclusivity and innovation. Future research should explore emerging trends in digital beauty experiences and the evolving role of AI in customer personalization.

1.2 The Evolution of Beauty Centers: From Tradition to Innovation

The beauty industry has undergone an extraordinary evolution, transforming from a set of traditional practices rooted in ancient civilizations into a highly innovative and technologically advanced sector. From the cosmetic rituals of Ancient Egypt and Asia, based on natural ingredients and holistic philosophies (Manniche, 1999; Kyo & Kyoko, 2015), to the emergence of the first beauty centers during the Renaissance and the Industrial Revolution of the 19th century (Peiss, 1998; Jones, 2010), skincare and aesthetics have always reflected the cultural and social changes of different eras. In the 20th century, the industry evolved rapidly due to the influence of media,

urbanization, and the growing demand for personalized services (Westmore, 2012; Foyez, 2024). The advent of digitalization and advanced technologies has further redefined the concept of beauty, pushing beauty centers to integrate innovations such as artificial intelligence, treatment personalization, and sustainability (Humphrey et al., 2021; Ozuem, 2014; Broyd, 2023). This section explores the evolutionary path of the beauty industry, analyzing how traditions have laid the foundation for modern innovation and how beauty centers have adapted to the changing needs of an increasingly demanding and conscious audience.

1.2.1   The Origins of Beauty Centers: A Historical Perspective

Since ancient times, beauty rituals have been an essential part of daily life, closely intertwined with cultural, religious, and social norms. In Ancient Egypt, body care was associated with health and divinity, leading to the development of sophisticated cosmetic formulas based on natural ingredients such as honey, milk, and essential oils (Manniche, 1999). The importance attributed to aesthetics is evident in archaeological findings, which reveal the widespread use of kohl by both men and women, not only to enhance the eyes but also for its antibacterial properties and its ability to protect against the sun's glare (Fletcher, 2017). Similarly, in Ancient Greece and Rome, public baths were not only places of hygiene and relaxation but also served as early beauty centers, offering massages, exfoliating treatments, and elaborate hairstyling, transforming beauty into a collective and social experience (Toner, 2013).

In Asia, body care evolved in close connection with holistic health and inner balance. In China and Japan, the use of rice powder to lighten the skin, camellia oil to nourish the hair, and herbal remedies for treating skin conditions reflected a beauty philosophy centered on harmony (Kyo & Kyoko, 2015). Treatments such as facial acupuncture and jade roller massages, derived from Traditional Chinese Medicine, are still widely appreciated in modern skincare. In India, Ayurveda followed a similar approach, utilizing ingredients like turmeric, neem, and sandalwood to promote skin health. Ancient texts such as the *Charaka Samhita* and *Sushruta Samhita* provided detailed guidelines on how to maintain youthful skin and healthy hair through diet, meditation, and the use of medicinal plants (Dash, 1994; Jaiswal & Williams, 2016).

With the arrival of the Renaissance, beauty became an increasingly specialized sector, with European courts employing aestheticians and perfumers to create exclusive skincare and cosmetic formulas. During this period, aristocratic women used lead-based powders to achieve a pale complexion, a symbol of nobility, while tanned skin was associated with the working class (Meraki & Co. 2020). However, these cosmetics were often toxic, causing mercury poisoning and other health issues (Jiang & Tao, 2024). At the same time, elaborate hairstyles, voluminous wigs, and scented pomades became symbols of status, while cosmetic recipes included luxurious ingredients such as crushed pearls and gold powders, reflecting the wealth of their users.

The 19th century industrialization marked a turning point for the beauty industry. Large-scale production made cosmetics more accessible and varied, fostering the rise of pioneering brands such as Helena Rubinstein and Elizabeth Arden, who introduced a more structured and scientific approach to skincare (Peiss, 1998). The expansion of department stores provided new distribution channels, enabling beauty products to reach a broader audience, while advances in dermatology began to distinguish medical skin treatments from cosmetics, laying the foundations for modern aesthetic medicine (Jones, 2010).

1.2.2   The Era of Luxury and Specialization: The Post-War Expansion of Beauty Centers

In the 20th century, beauty became increasingly accessible due to rapid urbanization and the expansion of consumer culture. Beauty centers evolved from small artisanal salons into more structured institutions, catering to a diverse clientele. During the 1920s and 1930s, the cosmetics industry was deeply influenced by Hollywood cinema, which helped establish new beauty standards. Brands like Max Factor developed makeup specifically for the big screen, which soon became popular among the general public as well (Westmore, 2012).

Following World War II, the economic boom of the 1950s allowed beauty centers to expand and diversify their offerings. The growing professionalization of the sector led to the opening of aesthetic schools and the regulation of cosmetology training, raising the level of expertise among practitioners (BeautySchools.com). At the same time, the rise of television advertising transformed the marketing strategies of the cosmetics industry, bringing beauty brands directly into consumers' homes and shaping their purchasing preferences (Boyd, Duke University).

During the 1960s and 1970s, feminist movements had a significant impact on beauty standards, challenging the ideals imposed by the industry and promoting greater diversity in the representation of beauty (Foyez, 2024). As a result, beauty centers began adapting to these new social sensibilities, expanding their offerings to include more personalized treatments that focused on overall well-being rather than just aesthetic enhancement.

The rise of luxury and specialization defined the beauty sector during the 1980s and 1990s. High-end beauty centers began offering exclusive and personalized experiences (Chevalier & Mazzalovo, 2012), often incorporating treatments inspired by beauty traditions from different cultures (Jha, 2015). Simultaneously, the growing emphasis on well-being led to the emergence of medical spas—facilities that combined traditional beauty services with dermatological and medical-aesthetic treatments, further bridging the gap between the beauty and healthcare industries (Haman, 2024).

1.2.3   The Digital Revolution and the New Concept of Personalized Beauty

The beginning of the 21st century marked a pivotal shift in the beauty industry, driven by the impact of digitalization and evolving consumer expectations. Until the 1990s, beauty centers primarily focused on skincare and aesthetic enhancement. However, the new millennium brought about a profound transformation, redefining the very concept of beauty. The increasing emphasis on self-care shifted the focus from traditional aesthetic treatments to more integrated experiences, where beauty is considered part of a broader well-being that includes both mental and physical health (Broyd, 2023). As a result, beauty centers began expanding their offerings to include complementary services such as aromatherapy, nutritional consultations, and mindfulness programs, catering to the growing demand for a more holistic approach to personal care.

One of the most significant changes has been the increasing focus on personalized treatments. The beauty industry has progressively moved away from the one-size-fits-all approach, adopting more targeted strategies to meet individual client needs. Skin analysis and the assessment of each person's physiological characteristics have become common practices in high-end beauty centers, allowing for the creation of specific treatment protocols based on skin type, age, and lifestyle (Humphrey et al., 2021). The demand for tailor-made treatments has pushed the industry to develop increasingly sophisticated methodologies, where the combination of skin diagnostics, personalized assessments, and custom-formulated products represents a key value for discerning consumers.

At the same time, the concept of sustainable beauty has gained growing importance, leading to shifts in consumer behavior and business practices within beauty centers. Increasing awareness of the environmental impact of the cosmetics industry has driven many professionals to adopt green

solutions, such as certified organic ingredients, the elimination of harmful chemicals, and waste reduction through eco-friendly packaging and zero-waste initiatives. Luxury beauty centers, in particular, have capitalized on this trend to differentiate themselves in the market, positioning themselves as leaders in eco-conscious beauty and attracting clientele increasingly focused on sustainability and ethical product sourcing (Jones, 2010).

Another fundamental aspect of digital transformation has been the role of social media, which has redefined the relationship between brands, beauty professionals, and consumers (Ozuem, 2014). Platforms like Instagram, YouTube, and TikTok have enabled the widespread dissemination of new beauty trends and aesthetic techniques, profoundly influencing the perception of beauty and driving constant demand for innovative treatments (Upagna, 2024). Beauty centers have responded to this evolution not only by refining their marketing strategies but also by adapting their services to cater to an increasingly informed customers seeking personalized solutions (McKinsey, 2022).

The accessibility of beauty services has been further enhanced by the adoption of digital platforms for online booking and virtual consultations, making aesthetic treatments more easily available to a broader and more diverse audience. This transition has opened new opportunities for beauty centers, allowing them to expand their customer base and offer more seamless and integrated experiences between the physical and digital worlds (O'Brien, 2024). Additionally, the growing use of online reviews and skincare communities has made the industry more transparent and competitive, encouraging professionals to continuously improve the quality of their services (Ustymenko, 2023).

In summary, the evolution of the beauty industry in the 21st century has led beauty centers to undergo profound transformations, evolving from mere treatment providers into experiential hubs where personalization, sustainability, and digitalization play a crucial role. With increasing attention to holistic well-being, service innovation, and customer interaction through new technologies, beauty centers are adapting to a constantly evolving landscape in which tradition and modernity coexist to meet the needs of an increasingly conscious and sophisticated audience.

1.3 Case Studies of Innovative Luxury Beauty Centers

Understanding the success of existing luxury beauty centers is crucial to identifying the strategies and innovations that set them apart. These paragraphs examines key international case studies, exploring their positioning strategies, competitive advantages, and the valuable lessons they provide for building a successful luxury beauty business.

1.3.1 Analysis of Successful International Cases

Luxury beauty centers worldwide have redefined the traditional approach to skincare and wellness, integrating innovation, exclusivity, and personalized experiences to cater to a discerning clientele. The luxury beauty industry is no longer solely about providing services; it has transformed into an experiential domain where science, heritage, and exclusivity blend to create unparalleled customer experiences.

One of the most renowned examples is *Biologique Recherche*, a Paris-based brand that has established itself as a leader in high-end skincare. The foundation of its success lies in a rigorous methodology that blends scientific research with a highly personalized approach to beauty. Each treatment is designed based on an in-depth skin analysis, ensuring that clients receive tailor-made solutions rather than generic services. This commitment to hyper-personalization has solidified *Biologique Recherche's* reputation among affluent customers who prioritize efficacy, expertise, and

exclusivity in their skincare routines. The brand's ability to balance medical-grade skincare with a luxurious spa experience allows it to cater to a clientele that demands both results and indulgence.

Another exemplary case is *Guerlain Spa*, which has successfully merged its heritage of French luxury with modern spa experiences. With locations in prestigious destinations such as Paris, New York, and Dubai, *Guerlain Spa* attracts an elite clientele seeking more than just traditional beauty treatments. The brand has positioned itself as an embodiment of refinement and sophistication, incorporating signature treatments that pay homage to its long-standing expertise in skincare and fragrance. By leveraging its history and infusing it with contemporary wellness trends, *Guerlain Spa* has created a unique offering that combines tradition with innovation. The spa experience is further enhanced by the use of exclusive products and bespoke rituals that immerse clients in a multisensory journey of relaxation and rejuvenation. Additionally, *Guerlain* has collaborated with prestigious hotels such as *The Ritz Paris*, reinforcing its positioning within the luxury wellness market and ensuring that its services align with the expectations of the ultra-high-net-worth clientele.

A further example of an innovative luxury beauty center is *The Peninsula Spa*, which has redefined the wellness experience by blending Eastern and Western beauty philosophies. With locations in major cosmopolitan cities like Hong Kong, Tokyo, and New York, *The Peninsula Spa* caters to high-net-worth individuals seeking a holistic approach to beauty and self-care. What sets this spa apart is its emphasis on serenity, privacy, and exclusivity, creating a sanctuary where clients can escape from the demands of everyday life. The integration of ancient healing techniques with cutting-edge beauty technology has enabled *The Peninsula Spa* to remain at the forefront of luxury wellness. The brand seamlessly combines traditional practices such as reflexology and Ayurvedic treatments with state-of-the-art innovations like cryotherapy and LED facials. Through its commitment to personalized treatments, highly trained therapists, and a meticulously designed ambiance, the brand has cultivated a loyal customer base that values both tradition and modern innovation in their beauty experiences.

These successful international cases underscore the relevance of delivering an experience that goes beyond conventional beauty services, reflecting the evolving expectations of high-end clientele. They emphasize the importance of heritage, personalization, exclusivity, and the seamless integration of technology in creating high-end experiences that resonate with affluent consumers. Moreover, these beauty centers showcase the significance of location strategy, often setting up in ultra-luxurious environments that complement their premium branding. By analyzing their strategies, it becomes evident that the luxury beauty industry thrives on a combination of scientific expertise, brand legacy, and a deep understanding of customer expectations. This knowledge serves as a valuable foundation for developing an innovative beauty business that meets the evolving demands of the high-end market. Future beauty entrepreneurs must recognize that catering to the luxury segment is not only about providing superior services but also about crafting immersive, tailor-made experiences that align with the aspirations and desires of affluent consumers.

1.3.2   Positioning Strategies and Competitive Advantage

In the luxury beauty industry, positioning strategies play a fundamental role in defining a brand's identity, establishing a competitive edge, and ensuring long-term success. The highly competitive nature of the sector demands that beauty centers not only offer high-quality services but also craft unique brand narratives, integrate cutting-edge technologies, and develop strategic partnerships to sustain exclusivity and customer loyalty. This section explores the key positioning strategies employed by luxury beauty centers and the competitive advantages they create.

1. **Brand identity and storytelling**. Luxury beauty centers rely heavily on brand identity to differentiate themselves from competitors. Successful positioning begins with the development of a strong brand narrative that conveys exclusivity, sophistication, and innovation (Kapferer & Bastien, 2012). Brands like *Guerlain Spa* and *Biologique Recherche* have cultivated an image of timeless elegance, blending their rich heritage with modern wellness trends. The ability to align luxury with scientific expertise or traditional craftsmanship enhances the perceived value of the brand, reinforcing its premium status among high-end consumers (Kapferer, 2017).

A key element of differentiation is the emphasis on storytelling. Luxury beauty brands often associate their treatments and products with heritage, innovation, and artistry. For example, *Guerlain*'s positioning is deeply rooted in its legacy of perfume mastery, which extends to its spa treatments that emphasize sensory experiences and bespoke formulations (D'Arpizio et al., 2021). Similarly, *The Peninsula Spa* integrates cultural wellness philosophies, blending Eastern and Western beauty traditions to offer unique, holistic treatment experiences (Grewal, Roggeveen, & Nordfält, 2017). By leveraging these unique brand identities, luxury beauty centers can cultivate an emotional connection with customers, ensuring lasting loyalty and preference over competitors.

2. **Hyper-personalization and technological innovation**. One of the most effective positioning strategies in the luxury beauty industry is the integration of hyper-personalization and data-driven customization. Today's high-end consumers expect personalized services tailored to their individual skincare needs, preferences, and lifestyles (Loureiro & Sarmento, 2019). Advanced AI-powered diagnostics, genetic skincare analysis, and real-time treatment adaptation are becoming standard offerings in the luxury beauty space.

Biologique Recherche, for instance, utilizes in-depth skin analysis techniques to create fully customized treatment plans, ensuring that each client receives a tailored experience designed to optimize their skincare routine. This hyper-customization not only enhances customer satisfaction but also fosters brand loyalty by making clients feel uniquely valued (Ifekanandu, 2023). Additionally, some beauty centers incorporate membership models that grant exclusive access to personalized treatments, concierge skincare services, and customized product formulations, further solidifying customer retention (Muhammad et al., 2021).

The integration of cutting-edge technology in beauty treatments has become a defining element of modern luxury beauty positioning. High-tech innovations such as AI-powered skincare diagnostics, virtual skin analysis, and augmented reality (AR) consultations have significantly enhanced the luxury customer experience (McKinsey & Company, 2023). By incorporating smart beauty tools, personalized digital consultations, and high-performance skincare devices, beauty centers elevate the standard of service and establish themselves as pioneers in the industry.

3. **Location and strategic partnerships**. The physical location of luxury beauty centers is another crucial factor influencing brand positioning. Many high-end spas and beauty institutes are strategically placed within five-star hotels, exclusive resorts, or luxury shopping districts to reinforce their premium image and attract affluent clientele. By situating themselves in prestigious environments, brands can enhance their perceived value and seamlessly integrate with other luxury lifestyle offerings.

Partnerships with elite hospitality brands, high-end fashion houses, and exclusive wellness retreats also contribute to a strong positioning strategy. Collaborations between beauty centers and luxury hotels, such as *The Ritz Paris & Guerlain Spa*, create a seamless connection between luxury travel, self-care, and prestige experiences (Grand View Research, 2022). These alliances not only expand the customer base but also reinforce the exclusivity and credibility of the beauty brand.

4. **Experiential marketing**. Beyond offering premium treatments, luxury beauty centers aim to create immersive, multi-sensory experiences that engage customers on an emotional level. Experiential luxury includes exclusive VIP events, private skincare masterclasses, and bespoke spa rituals designed to elevate the overall brand experience (Schmitt, 1999). High-end spas like *The Peninsula Spa* and *Guerlain Spa* excel in crafting immersive atmospheres, utilizing scent branding, ambient music, and personalized rituals to create unforgettable customer journeys.

The concept of experiential marketing in the beauty industry has also led to the rise of interactive flagship stores and pop-up beauty lounges where customers can engage with the brand through curated, hands-on experiences. For example, *FaceGym* offers "workouts" for facial muscles in an open studio concept that blends retail and treatment, while brands like *Charlotte Tilbury* and *Chanel* have launched immersive beauty pop-ups allowing consumers to experience products in themed, artistic environments. These activations not only deepen brand loyalty but also create social media-worthy moments that attract attention and enhance brand desirability (Dhillon, 2022).

5. **Sustainability and ethical practices**. As consumer preferences shift toward sustainable luxury, beauty centers that emphasize ethical practices gain a competitive advantage. Many high-end brands are committing to cruelty-free formulations, organic ingredients, and environmentally responsible production processes. Luxury beauty centers like *Bamford Wellness Spa* have built their entire brand ethos around sustainability, integrating green architecture, eco-conscious treatments, and wellness practices that align with environmental responsibility (Kale, 2016).

Incorporating sustainable practices also extends to supply chain transparency, with brands increasingly using blockchain technology to verify ingredient sourcing and ethical labor practices. This level of transparency not only appeals to ethically conscious consumers but also reinforces trust and credibility in luxury beauty brands (L'Oréal Sustainability Report, 2023).

In conclusion, positioning strategies in the luxury beauty industry go beyond traditional marketing techniques; they encompass brand storytelling, hyper-personalization, location strategy, technological innovation, and sustainability. By leveraging these elements effectively, luxury beauty centers can establish a strong market presence, differentiate themselves from competitors, and cultivate a loyal high-net-worth customer base. Future success in the industry will likely depend on brands' ability to innovate while maintaining the exclusivity and high-quality service that define the luxury beauty experience.

2. Entrepreneurial Strategies and Business Models for a Luxury Beauty Center

In a highly competitive and experience-driven industry such as luxury beauty, business model selection and innovation are no longer peripheral choices—they are the foundation of strategic differentiation and long-term success. A well-structured business model not only defines how a company creates, delivers, and captures value (Baden-Fuller et al., 2010), but also reflects the entrepreneurial vision, the customer base it aims to serve, and the brand identity it seeks to affirm in the market. In this context, the business model becomes a strategic lever to address the increasing expectations of high-end clients and to respond flexibly to changes in the beauty industry's technological, social, and aesthetic paradigms.

This chapter examines the design and strategic role of business models in the luxury beauty sector by exploring and comparing four key archetypes: **Luxury Spas**, **Medical Aesthetic Centers**, **Exclusive Clubs**, and **Luxury Franchising**. Each model will be assessed in terms of

value proposition, service design, revenue generation, cost structure, and scalability. Through this comparative analysis, the chapter highlights how these models meet the rising demand for innovation, personalization, and emotional connection in beauty services.

In addition to model structure, attention will be paid to what differentiates a luxury beauty center from a traditional one, particularly regarding service personalization, use of advanced technologies, and the integration of multisensory wellness experiences. These distinguishing features reinforce the perception of exclusivity and justify the premium pricing that defines the luxury segment.

Lastly, the chapter delves into pricing strategies, illustrating how premium rates in luxury are not merely cost-based, but are constructed through perceived value, symbolic meaning, and brand storytelling (Kapferer & Bastien, 2009; Chevalier & Mazzalovo, 2012). Concepts such as prestige pricing, bundling, membership models, and psychological pricing are explored to provide a comprehensive view of how pricing becomes a lever of desirability and customer loyalty in the luxury beauty industry.

By combining theoretical insights and practical frameworks, this chapter provides aspiring entrepreneurs and industry professionals with a solid foundation for designing innovative, resilient, and value-centered business models tailored to the expectations of a sophisticated clientele.

2.1 Choosing the Business Model for a Luxury Beauty Center

In the luxury beauty sector, selecting the most appropriate business model is a critical decision that directly influences the brand's strategic positioning, scalability, and long-term success (Donna, 2018). The business model is not merely an operational configuration but rather a strategic architecture that defines how value is created, delivered, and captured across stakeholders (Baden-Fuller et al., 2010). Its design and implementation reflect the entrepreneur's vision, available resources, target clientele, and competitive positioning in a highly dynamic and experience-driven industry such as luxury beauty.

According to Osterwalder and Pigneur (2010), every business model canvas can be broken down into nine core components—ranging from value proposition and customer segments to cost structure and revenue streams—allowing for a comprehensive understanding of how an organization creates and sustains value. In the context of premium beauty centers, where customer expectations are shaped by personalization, innovation, and symbolic consumption, these components must be aligned to reflect the values of exclusivity, performance, and emotional engagement (Kapferer & Bastien, 2009).

2.1.1 Comparison of Different Business Models (Luxury Spas, Medical Centers, Exclusive Clubs, Franchising)

The choice of business model represents a crucial decision for the strategic positioning (Donna, 2018) of a luxury beauty center. The concept of the business model has established itself as a fundamental analytical and design tool for understanding the logic behind how a company operates. A business model can be described through nine essential building blocks, including customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partners, and cost structure (Osterwalder & Pigneur, 2010).

Similarly, the business model can be defined as "the logic of the firm, the way it operates and how it creates value for its stakeholders" (Baden-Fuller et al., 2010), highlighting its centrality not only at the operational level but also in relation to business strategy and competitive positioning. From

this perspective, business models do not merely describe the functioning of the company, but represent fundamental tools for strategic innovation (Osterwalder & Pigneur, 2010), especially in dynamic and complex sectors such as luxury beauty.

In the context of high-end beauty centers, I have identified four main business model archetypes: Luxury Spa, Medical Center, Exclusive Club, and Franchising. Each of these presents distinctive characteristics in terms of value proposition, cost structure, customer experience, and scalability potential (Teece, 2010).

Luxury Spa.

Luxury spas represent one of the most established and recognizable models within the high-end beauty sector (Bodeker & Cohen, 2010). Their distinctive value lies in the ability to offer immersive, multisensory experiences that engage the customer not only aesthetically but also emotionally and sensorially. Elements such as refined architectural design, the use of exclusive fragrances, personalized treatment rituals, and high-quality service contribute to building a memorable and difficult-to-replicate experience (Pine & Gilmore, 1999). These experiences often take place in exceptional locations, such as five-star hotels, historic residences, and luxury resorts, as seen with *Guerlain Spa* or *The Peninsula Spa*.

True luxury manifests in the ability to create "unique, unrepeatable experiences" (Kapferer & Bastien, 2012), and high-end spas fully embody this concept, offering services that go far beyond simple beauty treatments. *Guerlain Spa*, for example, integrates its olfactory heritage into the creation of bespoke facial treatments, while *Chenot Palace* proposes a hybrid model that blends holistic wellness and cutting-edge medical-aesthetic technologies (Jha, 2015).

From a strategic perspective, luxury spas operate as value-driven models, focused on creating value through the uniqueness of the experience rather than operational efficiency or cost reduction (Baidya et al., 2023). However, this approach entails a series of significant challenges, starting with the large initial investments required to acquire or set up exclusive locations, as well as the selection and training of highly qualified staff capable of delivering impeccable service aligned with brand positioning.

Moreover, to ensure consistent communication of value and preserve the perception of exclusivity, careful management of storytelling and brand identity is necessary. Profit margins in this segment can be high, but they are closely linked to the brand's ability to differentiate and to the effectiveness of brand narrative (D'Arpizio et al., 2021). Collaborations with iconic brands in the hospitality and beauty sectors represent an additional competitive strength, enabling this model to retain a sophisticated and high-spending clientele.

Medical Aesthetic Centers (Medical Spa).

Medical aesthetic centers (medical spas or medspas) represent a rapidly growing business model within the high-end beauty sector, driven by increasing demand for non-invasive, technologically advanced, and scientifically supported aesthetic treatments. These centers combine the clinical approach of aesthetic medicine with the experiential dimension of wellness centers, creating environments that offer safety, comfort, and innovation simultaneously.

Services offered are wide-ranging and include technologies such as laser, radiofrequency, microneedling, as well as filler and botox injections, and personalized anti-aging programs often based on diagnostics. According to *Global Market Insight* (2023), the global aesthetic medicine market reached approximately $19.2 billion in 2023 and is projected to grow at an annual rate of 12% from 2024 to 2032, supported by several factors: demographic aging, increased attention to preventive appearance care, interest in natural and rapid results, and technological advancements that reduce recovery times and discomfort.

The main competitive advantage of this model lies in the perception of greater efficacy and safety derived from the presence of qualified medical personnel. Demand is driven by clients seeking non-surgical yet effective solutions, with high expectations in terms of performance, innovation, and fast results (The Insight Partners). Added to this is the element of trust, which in the medical field is strongly associated with professional reputation, credentialing, and transparency of the treatment path (Meyer, 2020).

In terms of value creation, the Medical Center Model leverages factors such as scientific reliability, the overall quality of the experience, and the competence of the staff -
elements that not only enhance perceived value but also help justify the higher cost of treatments. Success in this field is determined not only by the technical quality of the service but also by the ability to offer empathetic and personalized customer service that accompanies the client throughout the entire treatment journey, from initial diagnosis to follow-up (Brennon et al., 2025).

Compared to the Luxury Spa Model, the Medical Center Model differs not only in its focus —
more oriented toward functionality, clinical performance, and safety (Bodeker & Cohen, 2010) —
but also in its underlying business structure. While luxury spas typically rely on a revenue model ba
sed on high-margin experiential services
(e.g., massages, relaxation treatments, wellness rituals), often supported by add-
on product sales, medical aesthetic centers generate revenue through clinically validated, high-
value treatments such as injectables, hardware-based procedures
(e.g., laser, radiofrequency), and diagnostic-
based programs. These services often require medical supervision and have higher pricing justified by their perceived efficacy and regulatory standards (*idem*).

From a value chain perspective, luxury spas emphasize multisensory experience and ambience, with key investments in interior design, wellness staff, and brand atmosphere (Kapferer & Bastien, 2012). By contrast, medical centers invest significantly in advanced technologies, medical personnel (e.g., licensed doctors and nurses), clinical certifications, and diagnostic tools (The Insight Partner, 2024). The value chain is
thus more medicalized, and the service delivery process is structured around medical protocols and patient documentation, which introduces additional complexity but also raises the perceived reliability and uniqueness of the offer (*idem*).

Exclusive Clubs (Membership-Based).
A rapidly growing model in the luxury landscape is that of exclusive beauty clubs, based on annual or monthly memberships that grant members access to reserved treatments, private events, and personalized services (*Beyond Beauty Club*, *Exclusive Beauty Club*). This approach is based on building an elite community and establishing a long-term relationship with the customer. Experiential marketing applied to luxury revolves around the ability to create "memorable emotional connections" between brand and customer (Schmitt, 1999): exclusive clubs perfectly match this logic.

Such a configuration generates lock-in effects (Zott & Amit, 2010), strengthening loyalty and increasing perceived value through limited and privileged access.

Membership programs can significantly increase retention and average customer value, but require careful definition of the customer experience, a pricing strategy consistent with positioning, and high-perceived-value content (Simonetti, 2025). The risk is that, without actual exclusivity and a strong brand identity, the model may be perceived as elitist without offering real differentiating

value.

Compared to other models, the Exclusive Club can ensure more stable and predictable revenue streams, reducing seasonality and stimulating the customer's sense of belonging (Stauss et al., 2001). However, it requires strong brand development and a flawless customer experience to maintain the high level of exclusivity.

Luxury Franchising.
Lastly, franchising applied to the world of luxury beauty represents an interesting opportunity to scale a successful format while maintaining high-quality standards, reducing entrepreneurial risk for the franchisor, and facilitating international brand expansion. Unlike traditional franchising, high-end franchising requires very strict protocols, continuous staff training (Chevalier & Mazzalovo, 2012), and extremely refined visual communication (Provenzano, 2017). Brands like *Biologique Recherche* and *FaceGym* are examples, having developed a carefully selected network of partners who strictly respect the brand identity (Chevalier & Mazzalovo, 2012).

The advantages of this model include the ability to enter new markets with limited risk while benefiting from economies of scale and brand awareness. However, it is essential to ensure alignment between franchisor and franchisee to avoid compromising service quality and brand reputation (Cheatham, 2024). As highlighted by the RCOV model (Resources, Competences, Organization, Value Proposition) (Lecocq et al., 2010), value in this case derives from the ability to replicate an effective organization while maintaining high standards.

In conclusion, each business model presents strengths and weaknesses, and the choice will depend on variables such as the available initial investment, the level of entrepreneurial skills, knowledge of the target market, and growth objectives. In some cases, it may be effective to adopt a hybrid approach, integrating elements from multiple models to dynamically and flexibly respond to the evolving needs of a sophisticated audience.

2.1.2   What Services Differentiate a Luxury Beauty Center from the Traditional Market

In the beauty sector, service differentiation represents a crucial factor for the competitive positioning of a luxury center compared to a traditional one. While both offer aesthetic treatments, it is the nature of the experience, the level of personalization, and the approach to client care that determine the true distance between the two models.

First of all, luxury beauty centers offer a range of highly specialized and personalized services, often developed based on advanced diagnostic tools such as computerized skin analysis, genetic testing, and personalized lifestyle assessments (Humphrey et al., 2021). These tools enable the creation of customized protocols that go far beyond the standardized treatments typical of traditional centers.

A second distinctive element lies in the integration of cutting-edge technologies, such as fractional radiofrequency, HIFU (High-Intensity Focused Ultrasound), cryotherapy, LED therapy, and smart devices connected to artificial intelligence systems (Chakraborty et al., 2024). These technologies allow for more effective, less invasive, and measurable results, in line with the expectations of a high-spending clientele (Dominguez, 2025).

In addition, there is the importance of the sensory and environmental experience. Luxury centers invest in interior design, the use of premium materials (Barbieri, 2022), music therapy (Hou et al.,

2019), aromatherapy (Robin, 2015), and personalized rituals that transform each treatment into an immersive moment (O'Rourke et al., 2024). The goal is not only to improve the client's outer appearance, but also to create an emotional connection with the brand through a memorable experience.

From a service offering standpoint, luxury centers often include complementary wellness services, such as nutritional consultations, detox programs, mindfulness, holistic treatments, and collaborations with aesthetic doctors or naturopaths, promoting an integrated approach to beauty. These services respond to the growing demand for a beauty experience that also enhances inner well-being (Cosmoprof, 2023).

Another key distinction lies in the level of customer service: luxury centers offer personalized reception, multilingual assistance, aesthetic concierge, digital tracking of results, and post-treatment follow-up—elements that are absent or less developed in traditional centers (Ifekanandu et al., 2023).

Lastly, a luxury beauty center is also characterized by a strong focus on sustainability and ethics: the use of certified organic ingredients, eco-friendly packaging, cruelty-free practices, and supply chain transparency are today crucial aspects for high-end clients, who are increasingly attentive to the brand's social and environmental values (*L'Oréal Sustainability Report*, 2023).

In summary, the difference between a luxury beauty center and a traditional one is not limited to price range or location, but is rooted in a comprehensive vision of the aesthetic experience as a personalized, sensory, technological, and values-based journey. It is this coherent and integrated set of elements that allows luxury centers to position themselves solidly in the highest segment of the market, attracting and retaining a demanding and selective clientele.

2.1.3 Pricing Strategies: How to Set Premium Rates

In the high-end beauty sector, pricing strategy goes beyond cost coverage and margin generation—it becomes a positioning tool and a symbolic indicator of perceived value, as social proof in this domain derives from beauty, scarcity, and spending (Seth, 2013). Unlike mass markets, where pricing tends to reflect competitive efficiency-based logic, in the luxury sector, price is an integral part of brand identity and actively contributes to constructing exclusivity (Kapferer & Bastien, 2009).

In luxury, price does not need to be justified by purely rational function; rather, it must suggest a sense of superiority, rarity, and excellence (Chevalier & Mazzalovo, 2012). This concept is known as *value-based pricing*, where the customer's subjective perception plays a central role (Stobierski, 2022). Within this framework, price is more a statement of intent than a mere economic indicator.

Among the main pricing strategies adopted by luxury beauty centers, we can identify the following:

1. **Prestige Pricing**: the application of high tariffs to reinforce the perception of exclusivity and prestige (Jedidi & Heil, 2019). This approach is particularly effective when supported by a coherent brand identity and a distinctive customer experience (Growth & McDaniel, 1993).
2. **High-Value Bundle Pricing**: packaging of highly personalized treatments (e.g., skincare + diagnostics + nutritional coaching) that increase perceived value and strengthen client loyalty (Henry et al., 2023). In this case, pricing should reflect the uniqueness of the integrated service rather than the sum of its individual components.

3. **Membership and Limited Access**: models based on monthly/annual fees that guarantee personalized treatments, priority access, VIP events, or reserved services (Growave, 2024). These formats not only ensure recurring revenue but also contribute to building a selected community.
4. **Psychological Pricing**: the strategic use of psychological thresholds (e.g., €490 instead of €500) or symbolic numbers associated with the brand (Kumar S. & Pandey M., 2017). Although less commonly used in luxury, this technique can be effective when consistent with the brand's language (Kotler & Keller, 2016).

The effectiveness of pricing strategy is closely tied to its coherence with branding, experience design, and service storytelling.

In conclusion, setting premium rates for a luxury beauty center requires a holistic approach that considers not only costs and expected margin, but especially the ability to communicate superior value. It is through this coherent construction of perception that price transforms from a barrier into a lever of desirability (Akarsu et al., 2024).

2.2 Customer Experience and Branding Strategy

In the luxury beauty industry, **customer experience** and **branding strategy** are inseparable pillars that define a company's positioning, identity, and long-term success (Kotler, 2020). Unlike traditional approaches centered on product features or service delivery, luxury brands operate within an ecosystem where emotional connection, perceived exclusivity, and immersive engagement are paramount (Kapferer & Bastien, 2009; Chevalier & Mazzalovo, 2012).

Customer experience is no longer a functional component—it has become a strategic differentiator and a symbolic expression of brand value. As Schmitt (1999) underlines, experiences that stimulate the senses and create emotional meaning are essential for fostering consumer loyalty in premium markets. In this context, everything from **interior design** to **personalized service protocols** must be orchestrated to generate a coherent and memorable brand narrative (Grimsgaard, 2023; Onem & Hasirci, 2020).

Simultaneously, the **branding strategy** of a luxury beauty center must go beyond visual identity. It must create a compelling and aspirational universe through curated storytelling, social proof, and targeted communication (Janiszewska & Insch, 2012). High-end clientele expect to identify with the brand's values, and desire recognition as unique individuals within a community of exclusivity (Lojacono, 2024). This calls for advanced personalization, authentic influencer partnerships, refined digital presence, and loyalty-building programs rooted in relationship marketing (Baptista, 2022; Ianenko, 2020).

In sum, customer experience and branding are not separate functions but **interconnected levers** that, when consistently aligned, can transform a luxury beauty center into a reference point of excellence, desirability, and emotional engagement.

2.2.1 Creating an Exclusive Experience: From Interior Design to Service Personalization

As evidenced by the characteristics that distinguish a traditional beauty center from a luxury one, the experience and the sense of exclusivity play a central role. In fact, the customer experience is the core of the offering in the luxury sector, going far beyond the simple provision of a product or service. It takes the form of an immersive and multisensory journey, where every detail is designed

to evoke emotions, activate symbolic meanings, and strengthen the relationship with the brand.

In the luxury world, interior design does not serve a purely aesthetic function but acts as a true strategic tool for brand communication. The physical environment is an integral part of brand identity and helps convey values of refinement, care, craftsmanship, and intimacy (Grimsgaard, 2023). The use of natural and precious materials, calming color palettes, soft lighting, personalized decorative elements, and spatial layouts that promote privacy all contribute to creating an immersive environment consistent with the values of exclusivity and well-being (Kapferer & Bastien, 2009). The experience begins the moment the customer crosses the threshold of the center, and it is precisely the attention to the physical environment that shapes the first impressions and stimulates expectations of quality.

In luxury beauty centers, interior design takes on an even more prominent role as it must help create an oasis of wellness and beauty, where the client feels welcomed, valued, and protected. Waiting areas become sensory lounges, treatment rooms are personalized and relaxing spaces, and entry paths are designed to guide the customer through an experiential journey. Design, therefore, is not merely a matter of style, but a silent storytelling that speaks of luxury, innovation, and attention to detail (Onem & Hasirci, 2020).

Alongside design, service personalization represents the other key element of the exclusive experience. In luxury, the client does not want to be treated as a consumer, but as a unique individual (Lojacono, 2024). The centrality of the person—their habits, desires, and aspirations—is what distinguishes a luxury experience from a traditional one (Chevalier & Mazzalovo, 2012). This attention to detail not only increases perceived value but also strengthens the emotional bond between client and brand.

Personalization in luxury takes shape through a series of advanced practices: detailed anamnesis, collection of biometric data, use of artificial intelligence for skin analysis, creation of tailor-made skincare journeys, selection of personalized fragrances, or treatments calibrated to the client's lifestyle and climate.

In luxury beauty centers, this attention to detail is evident from the very first contact: bookings managed by dedicated concierges, multilingual reception, treatments preceded by personalized preparatory rituals, monitoring protocols for results, and proactive follow-up. Each phase is designed to generate well-being, trust, and a sense of belonging. The welcoming and behavior of the staff are also integral parts of the exclusive experience: courtesy, discretion, the ability to anticipate needs, and to build authentic relationships are all elements that turn an ordinary service into a memorable moment (Chevalier & Mazzalovo, 2012).

In summary, the creation of an exclusive experience depends on the synergy between space, service, and relationship. Only through a careful and coherent orchestration of these elements can a luxury beauty center truly differentiate itself and build a lasting relationship with a highly demanding clientele.

2.2.2 Marketing Strategies to Attract High-End Clients (Social Media, Influencer Marketing, Membership Programs)

In the luxury market, attracting and retaining a high-end clientele requires highly targeted marketing strategies capable of conveying brand values and creating an emotional connection with the audience (Janiszewska & Insch, 2012). Unlike mass marketing, high-end marketing focuses on building a strong identity, authentic storytelling, and experiential engagement (Gerasimenko, 2021).

In this context, the role of marketing is to build a brand identity so solid and recognizable that the brand becomes an undisputed point of reference for that specific type of service, affirming its leadership within its reference sector (Ianenko, 2020).

One of the most effective tools is the strategic use of social media. However, the digital presence of a luxury brand must be curated in every detail, with refined visual content, consistent storytelling, and personalized interactions. Platforms such as Instagram and TikTok, when managed effectively, not only strengthen brand positioning but also create exclusive communities, reinforcing the sense of belonging and privileged access (Kapferer & Bastien, 2012; Mosca & Civera, 2017).

In parallel, influencer marketing represents a fundamental lever. Collaborating with niche influencers, experts in the beauty or wellness sector, allows the brand to communicate authenticity and perceived value—especially when collaborations are based on experiential rather than purely promotional content. The influencer's credibility and alignment with the brand's values are key elements in building trust and desirability (Baptista, 2022).

Finally, a successful strategy is to generate shareable experiences that lend themselves to being told on social media, fueling the brand's image. The center's aesthetics, visual language, and attention to detail must be designed to stimulate content creation by the clients themselves (user-generated content), transforming them into true spontaneous ambassadors of the brand (Tuten & Solomon, 2016).

In conclusion, to attract a high-end clientele, the marketing of a luxury beauty center must be built on clear values, exclusive storytelling, authentic relationships, and flawless visual communication. Only in this way can the brand be transformed into a symbol of status and desire.

2.2.3   Customer Retention: How to Build Loyalty Among Luxury Clients

In the context of luxury beauty, customer retention cannot rely on generic strategies but must be based on personalized relationships, perceived value, and a sense of belonging. High-end clients are not merely consumers—they are stakeholders of the brand: they want to feel unique, recognized, and part of an exclusive ecosystem (Chevalier & Mazzalovo, 2012).

A key element in building customer loyalty is the continuous personalization of the service. Offering tailor-made treatments is not enough: it is necessary to monitor preferences and results over time, and to update protocols according to the evolution of clients' needs. The use of advanced CRM systems, profiling technologies, and predictive analytics allows brands to deliver experiences increasingly aligned with the individual identity of the customer (Kumar, 2024).

A second pillar of loyalty lies in building an authentic emotional relationship. This is achieved through excellent customer service, the presence of highly qualified and attentive staff, and constant yet discreet communication. In this context, even small gestures of care—such as a personalized birthday message or a complimentary treatment after a certain number of visits—can strengthen the bond between client and brand (Sobel, 2020).

Exclusive memberships represent another strategic tool. Creating programs that offer unique benefits (early access to new treatments, private events, personalized products) not only helps retain the client but also increases their lifetime value. The feeling of belonging to a select group is especially appreciated among luxury customers, who seek distinctive experiences even in their relationship with the brand (Wang et al., 2024).

Loyalty is also built through active listening and feedback. Involving clients in decision-making processes, collecting their opinions, and adapting the offering based on their suggestions is a powerful way to reinforce trust and demonstrate genuine attention. This participatory approach aligns with the concept of value co-creation, which is particularly relevant in highly personalized settings (Prahalad & Ramaswamy, 2004).

Finally, branding consistency is a fundamental overarching element: every interaction, whether online or offline, must reaffirm the brand's value proposition. A strong and consistent identity over time facilitates recognition, memorability, and—most importantly—loyalty (Kotler, 2020).

2.3 Economic and Financial Aspects of a Luxury Beauty Center

To explore the economic and financial aspects of luxury beauty centers, five qualitative interviews were conducted with female entrepreneurs operating in the Italian high-end beauty sector. All participants are founders and managers of their own beauty centers, and all names used in this section are pseudonyms to protect their anonymity. The interviews were carried out between February and March 2025 using a semi-structured format, with questions focused on startup costs, cost structure, funding strategies, and business model choices.

The interviewees operate in different cities across Italy—mainly in urban and semi-urban contexts—and their centers vary in terms of size, target clientele, and service offering. While some own a single boutique center located in a high-traffic residential area, others have expanded to manage more than one location or collaborate with professionals in shared wellness spaces. Their approaches to launching and managing their businesses also differ: some started as sole proprietors using personal or family funds, others created partnerships, established limited liability companies, or accessed public grants and subsidized loans.

Although all five women share a common focus on offering high-end, personalized experiences, the diversity in their strategies provides valuable insight into how different business models and financial decisions shape the structure and sustainability of a luxury beauty center. Specifically, the insights emerged from the individual interviews have been organized into four key cost categories—location, equipment, staff, and marketing—based on the recurring themes identified across the cases. A cross-case analysis was then conducted to compare how different entrepreneurial profiles and financing methods influenced budget allocation and long-term sustainability.

2.3.1 Cost Analysis: Location, Equipment, Staff, Marketing

Cost analysis represents a crucial step in the planning and strategic management of a luxury beauty center. The interviews conducted revealed that the main cost items fall into four fundamental categories: location, equipment, staff, and marketing. Depending on the chosen legal form, available funding sources, and the entrepreneurial vision, each businesswoman made different decisions regarding the allocation of the initial budget and the management of operational expenses.

Location.
All the entrepreneurs confirmed that the choice of location significantly impacts both initial and recurring costs. Those who opted for premises in central or prestigious areas – such as Giulia and Valentina – faced monthly rental costs ranging from €1,200 to

€2,200, which, in the case of beauty centers with moderate to high initial investments like theirs, accounted for approximately 15–25% of fixed monthly expenses. In some cases (e.g., Chiara), purchasing the property or benefiting from rent-free arrangements thanks to family support allowed them to eliminate this recurring cost and redirect more resources toward interior design and customization of the space. Renovation costs ranged from €40,000 to €75,000, based on the cases analysed, primarily for centers between 80 and 120 square meters. These figures could reach even higher peaks when a multisensory environment was implemented, often designed in collaboration with wellness and interior design professionals. Estimated renovation costs therefore varied between approximately €500 and €700 per square meter, depending on the level of customization and materials used.

The strategic positioning of the location was considered a competitive asset: centers situated in upscale residential neighborhoods or near fashion boutiques, medical studios, and concept stores enhanced the premium brand identity. Some entrepreneurs also negotiated long-term contracts to ensure stability and better economic conditions over the medium-to-long term.

Equipment.
Investment in machinery and technology is an essential component for positioning within the luxury segment, where innovation plays a key role in the perception of effectiveness and value. On average, the entrepreneurs invested between €38,000 and €60,000 in devices such as HIFU, LED therapy, fractional radiofrequency, cryotherapy, oxygen therapy, and AI-powered digital skin analysis systems; investments in equipment are often made through leasing or rental agreements, as the average cost of each device is around $20,000 (Zemits Spain), with significantly higher prices for more advanced technologies such as cryotherapy chambers. The interviewed entrepreneur s stated that they prefer rental solutions with insurance coverage, which allow them to easily upgrade to newer models without incurring substantial upfront costs.

The purchasing method varied based on initial financial availability: those who accessed bank loans or public incentives (e.g., Valentina and Giulia) chose to purchase equipment outright, while in other cases (e.g., Martina) leasing was preferred to spread costs over time. Some centers complemented high-tech devices with more traditional aesthetic equipment aligned with the luxury experience (heated treatment beds, chromotherapy lighting, customized ergonomic furnishings).

Staff.
Staff costs emerged as the most significant monthly expense item among the entrepreneurs intervie wed, representing between 40% and 48% of fixed costs in centers with three to six employees. Staffing levels ranged from three to six people, including qualified estheticians, receptionists, and freelance specialists. In particular, hiring professionals with advanced training or experience in high-end treatments was considered a priority by all interviewees.

Ongoing training is viewed as a strategic investment: the most structured centers plan quarterly training courses, update sessions on new techniques and international trends, and partnerships with aesthetic academies or cosmetic brands. The team is not only an operational resource but also a central component of brand experience and customer loyalty.

Marketing.
Marketing strategies are highly personalized and meticulously crafted. Among the entrepreneurs int erviewed, the annual promotion budget ranged from €6,000 to €12,000. This wide variation is primarily due to differences in the type of influencers involved and t he organization of *invitation-only private and experiential events*, which significantly raise promotional costs. For example, Fran

cesca and Giulia integrated exclusive in-person experiences into their marketing plans—
such as private events in collaboration with concept stores or wellness brands—
resulting in higher expenditures.

Additionally, while all centers invested in professional social media management, especially on Inst
agram, the approach to influencer marketing varied: Martina and Chiara chose to collaborate with lo
cal micro-
influencers to maintain a contained budget, whereas Giulia and Valentina, benefiting from broader f
inancial resources, were able to alternate between micro-influencers and mid-
tier influencers with higher follower counts.

Not all five entrepreneurs implemented every activity listed. The most common strategies included:

- professional management of social media (especially Instagram);
- collaborations with influencers (with varying reach and costs);
- geo-targeted campaigns and content marketing;
- branded photography and visual storytelling.

Overall, the analysis confirms that starting a luxury beauty center requires a substantial yet highly ta
rgeted initial investment. It is not merely about covering operational costs, but about constructing a
coherent system in which every element—
from the location to team selection, from equipment to marketing—
contributes to the creation of experiential value, competitive differentiation, and long-
term customer retention.

2.3.1 Funding Sources for sole proprietorship, partnership and private limited company

The ways in which the entrepreneurs financed the opening of their luxury beauty centers were
heterogeneous and closely linked to the legal form adopted, the initial availability of capital, and the
level of risk each was willing to assume. The interviews revealed five specific cases, each
representing a useful model for understanding the main funding options available in the Italian
context.

Sole proprietorship with family funds (e.g., Chiara)
Chiara launched her beauty center as a sole proprietorship, entirely funded by resources provided by
her family. This choice allowed her to avoid bank debt and to start without fixed costs related to
loans or leasing. The absence of external constraints facilitated the initial management phase but
also entailed full economic and personal responsibility. The family capital covered both the
purchase of the premises and investments in renovations and equipment. Although not accessible to
everyone, this option represents a solid model in terms of managerial freedom and long-term
economic sustainability, provided it is accompanied by strong entrepreneurial motivation.

Partnership between co-founders (e.g., Francesca)
Francesca chose to open a beauty center in partnership with two other co-founders, equally dividing
the initial capital (€150,000 in total). This form of general partnership enabled them to share not
only the investments but also the operational and decision-making responsibilities. Each partner's
personal resources were equally allocated to renovation, technology purchases, and marketing. The
partnership model fostered constant dialogue and expanded the available managerial skillset but
requires strong value alignment and a clear contractual structure (e.g., shareholder agreements,

customized bylaws). This is a beneficial option for those looking to reduce individual exposure and leverage operational synergies.

Private Limited Company (SRL) (e.g., Martina)
Martina started her center as a single-member limited liability company (SRL), investing personal capital and accessing public incentives. The SRL structure ensured greater asset protection and access to credit lines and funding programs dedicated to structured enterprises. She obtained regional non-repayable grants and tax benefits related to the purchase of Industry 4.0 technologies. Although this option involves more complex bureaucracy and accounting, the advantages in terms of credibility and scalability are significant. This model is especially suitable for entrepreneurs aiming to build a solid and potentially scalable business over time.

Subsidized financing for young entrepreneurs (e.g., Giulia)
Giulia opened her center thanks to the national program "ON – Oltre Nuove Imprese a Tasso Zero", aimed at young entrepreneurs. The financing obtained, consisting of both a non-repayable portion and an interest-free loan, covered the main initial costs, including equipment and branding. This form of support was essential to launch with high standards without needing personal capital or external investors. However, it required detailed project planning, a solid business plan, and considerable waiting times. Public funding now represents one of the most important resources for those starting a business with limited personal funds, though it comes with strict reporting and management requirements.

Personal bank loan (e.g., Valentina)
Valentina opted to finance her center through a personal bank loan, secured by a detailed business plan and the support of a financial advisor. Total independence in management was counterbalanced by significant debt exposure. The loan covered premises, renovation, machinery, and the initial launch. This option requires solid creditworthiness and careful financial planning, as the monthly payments have a direct impact on the business's budget sustainability.

The analysis of funding sources shows that there is no one-size-fits-all solution, but rather a range of possibilities to be evaluated according to the entrepreneurial profile, business vision, and available resources. From personal finance to public incentives, from capital companies to bank loans, each path offers advantages and challenges that must be carefully weighed during the business plan development phase.

3. Project for an Innovative Luxury Beauty Center

3.1 Market Gap and Unmet Needs

3.1.1 Challenges in the luxury beauty industry: lack of hyper-personalization, transparency, digital integration and staff's emotional intelligence.

The luxury beauty sector is currently facing profound transformations, driven by a radical evolution in consumer expectations and increasing competition fueled by more agile (Kearney, 2025) and digitally advanced players (Sanza-Lopez et al., 2024). In this context, four main challenges are slowing down innovation in the industry: an insufficient level of hyper-personalization, a lack of transparency in both processes and products offered (Sia Partners, 2023), a limited integration of digital technologies into the customer service experience (Brun & Karaosman, 2022), and a widespread deficiency in emotional intelligence among in-store personnel.

These dimensions emerged through both a review of current literature and a series of **15 in-depth qualitative interviews**conducted with a selected group of individuals aged between 24 and 47. The participants—mainly women from urban areas with upper-middle income levels and regular users of premium or luxury beauty services—were chosen to reflect the target clientele of high-end beauty centers. The interviews explored user expectations, unmet needs, and perceived gaps in their experiences. The findings consistently highlighted four recurring themes: the demand for more personalized services, the need for greater transparency, the desire for seamless digital experiences, and the importance of emotionally competent staff.

Hyper-personalization is perceived as a fundamental expectation, with consumers increasingly seeking tailor-made experiences that reflect their unique needs, preferences, and physical characteristics. Despite the availability of enabling technologies such as artificial intelligence and machine learning, many luxury brands continue to lag behind in implementing advanced, data-driven personalization strategies (McKinsey & Company, 2022). In fact, only 15% of brands in the luxury segment have integrated advanced personalization systems into their digital touchpoints (Ibidem). This gap is particularly significant considering that 71% of consumers expect personalized content from the companies they interact with (Firework, 2025). Barriers to implementation are often linked to a weak data culture, fragmented customer information systems, and resistance to innovation within creative and operational processes (Sia Partners, 2025).

Transparency also emerged as a critical area of dissatisfaction, especially regarding the formulation and sourcing of cosmetic products. Increasingly, consumers—particularly Gen Z and Millennials—are attentive to the origin of ingredients, the sustainability of supply chains, and brand ethics (Kantar, 2022). The "Clean Beauty" movement has shifted consumer attention toward authenticity and corporate responsibility (Fashion Institute of Technology, 2018). However, many luxury beauty brands continue to communicate in vague or opaque ways, often using hard-to-interpret labels and unverified claims while providing limited access to traceable information. This results in a trust gap that undermines brand credibility and opens competitive space for digital-native companies that differentiate through radical transparency (Kavakli, 2021; Koch, 2024).

Another structural challenge identified is the limited integration of digital technologies across the customer journey. While the pandemic accelerated the adoption of contactless tools and digital booking systems (Moneta & Sinclair, 2020; KPMG, 2023), many companies still struggle to provide a seamless omnichannel experience (PWC, 2018). Mobile applications are often poorly designed, customer-service systems remain partially analog, and data platforms lack the sophistication to continuously collect and process user information (Digital GEMs, 2024; Sousa, 2024). High-potential technologies such as augmented reality for virtual try-ons and AI-powered chatbots for consultation remain underutilized relative to their capabilities (McKinsey & Company, 2025).

Finally, a fourth and less-explored yet frequently mentioned issue during the interviews is the **limited emotional intelligence of staff**. Multiple participants described experiences where they felt misunderstood, rushed, or unable to express preferences comfortably. This relational gap is particularly problematic in a service context that markets itself as exclusive and client-centered. Emotional competence—such as empathy, active listening, and adaptability—is viewed as a crucial element of the luxury experience. Its absence can significantly undermine customer satisfaction and loyalty. Addressing this issue could involve dedicated training in soft skills and customer empathy, along with incentive systems that recognize and reward emotionally intelligent behavior.

These four areas—hyper-personalization, transparency, digitalization, and emotional intelligence—represent key unmet needs in the current luxury beauty landscape. Failing to address them risks not

only diminishing the customer experience but also limiting the industry's ability to innovate and remain competitive in an increasingly demanding and discerning market (Brand, 2025).

3.1.2 Changing consumer expectations: increasing demand for tech-enhanced, customized experiences.

In recent years, luxury beauty centers have been facing a significant shift in consumer expectations. Customers are no longer satisfied with standardized treatments; instead, they demand highly personalized experiences supported by advanced technologies (Vogue Business, 2024). In fact, 71% of consumers expect personalized interactions with brands, and companies that excel in this area report revenue growth over 40% higher than their competitors (McKinsey & Company, 2021).

The integration of advanced technologies such as artificial intelligence (AI) and augmented reality (AR) is transforming the customer experience in luxury beauty centers. Luxury beauty brands are adopting tools like Virtual Try-On (Matellio, 2025) and AI-powered chatbots (Beauty by Holition, 2024) to deliver personalized consultations, enhancing customer engagement and increasing trust in the purchasing process.

Customer expectations in the realm of technology no longer revolve solely around tools like artificial intelligence (AI) or augmented reality (AR). In an era where clients are increasingly digitally aware and well-informed (Villena, 2020), the selection of machinery and technologies used within beauty centers has become a key factor in shaping the perceived value of the service. Today's consumers have easy access to detailed information regarding technologies available to address specific needs or aesthetic concerns, and they tend to verify this information independently (Shanker, 2024) through social media, online reviews, and expert articles (Johnson & Ghuman, 2020). As a result, persuasive and generic marketing strategies are no longer sufficient: users no longer accept claims such as "this treatment is perfect for you" without first verifying their accuracy (Everyone Social, 2024). To effectively respond to these new dynamics, personalization must also extend to technology selection, offering solutions that are truly tailored to the specific needs of each individual client and backed by transparent data and information (Perfect Corp, 2023).

Moreover, the beauty technology market is experiencing rapid growth. It is projected that the global beauty tech market will reach USD 47.03 billion by 2030, with a compound annual growth rate (CAGR) of 16% from 2025 to 2030 (Grand View Research, 2023). This trend reflects a rising demand for personalized technological solutions within the luxury beauty sector.

The convergence of these trends highlights the importance for luxury beauty centers to adopt advanced technologies in order to meet the expectations of modern consumers. The implementation of personalized, tech-driven solutions not only enhances the customer experience, as previously discussed, but also represents a significant competitive advantage in an increasingly demanding market.

3.1.3 Identification of an opportunity: the need for a data-driven, community-focused beauty center.

The analysis of the critical issues affecting the current offering in the luxury beauty center sector—namely the insufficient level of personalization, lack of transparency, delays in adopting digital solutions and limited emotional intelligence of staff —reveals a market space that remains largely untapped. Within this context, a strategic opportunity emerges: the creation of a next-generation beauty center based on a data-driven model and focused on building a loyal community.

A data-driven approach makes it possible to overcome current inefficiencies related to fragmented information and the lack of continuity in customer journeys. The systematic collection and analysis of data—from aesthetic preferences and medical history to post-treatment feedback—enable the design of personalized experiences, the optimization of treatment protocols, and the progressive enhancement of interactions between customer and brand (Davenport, 2006). This approach is especially relevant in the beauty sector, where the perceived value of a service is strongly influenced by its ability to meet specific and evolving needs (Kotler et al., 2021).

At the same time, building an active and engaged community represents a key element for creating lasting value. In a context where consumers seek authenticity, belonging, and participation, brands that succeed in fostering spaces for sharing and dialogue gain a significant competitive advantage (Muniz & O'Guinn, 2001). Traditional beauty centers, often focused solely on economic transactions, struggle to generate a sense of shared identity. In contrast, a center that encourages continuous interaction (both online and offline), exclusive events, educational moments, and co-designed activities with clients can become a point of reference for a loyal and engaged audience—aligned with the logic of "customer-centric ecosystems" (Prahalad & Ramaswamy, 2004).

Integrating a data-driven foundation with a community dimension also enables the activation of virtuous cycles of learning and innovation. Data generated by the community—opinions, emerging preferences, cultural insights—can feed the service development process in real time, allowing for ongoing adaptation to market changes and ensuring a dynamic competitive edge (Brown, Chui & Manyika, 2011).

In summary, the identified opportunity lies in designing a beauty center capable of combining predictive analytics with collective intelligence, offering not only high-end treatments but also identity-driven experiences, co-creation, and relational value. This positioning not only addresses existing gaps but also aligns closely with the decision-making drivers of new generations of consumers: relevance, transparency, innovation, and a sense of belonging (Prasanna & Priyanka, 2024).

3.2 Concept and Business Model

3.2.1 Value proposition: hyper-personalized services through AI and machine learning, combined with high-performance treatments.

The beauty center proposed in this thesis builds its value proposition on the integration of two complementary pillars: on one hand, the hyper-personalization of services through the use of artificial intelligence (AI) and machine learning (ML); on the other, the offering of high-performance treatments capable of delivering visible, long-lasting results that align with the expectations of an informed and demanding clientele.

Hyper-personalization is not merely a trend, but a true revolution in the way the aesthetic experience is conceived. Thanks to AI and ML technologies, it is now possible to collect, analyze, and interpret vast amounts of individual data—from skin biometric characteristics and treatment history to behavioral patterns—in order to provide fully customized protocols that can be adapted in real time. The adoption of AI in marketing and personalized services not only enhances the effectiveness of treatments, but also fosters deeper, more valuable relationships with clients, reinforcing loyalty and the sense of exclusivity (Gentsch, 2018). In the aesthetic domain, platforms such as *Revieve* and *Perfect Corp*. already enable facial analysis and automated recommendations for products and treatments, reducing the information asymmetry between professionals and clients and boosting customer engagement.

The application of artificial intelligence in beauty journeys also enables the industry to overcome the limitations of traditional standardized models. Technology is not intended to replace human interaction, but rather to enhance it—delivering tailored experiences through augmented empathy and predictive analysis (Kotler et al., 2021). This approach is especially effective in contexts where the perceived value depends on the service's ability to adapt to each individual's uniqueness, as is the case in the high-end beauty sector.

Alongside the technological dimension, the center also aims to offer high-performance treatments developed according to rigorous scientific and dermatological standards. Excellence in results is ensured not only by the quality of ingredients, but also by the use of advanced instrumental technologies—such as next-generation radiofrequency and hyperbaric oxygen therapy—which are supported by scientific literature (Krueger & Sadick, 2013; Ortega et al., 2021). These types of treatments occupy a space between soft aesthetic medicine (as evidenced by the fact that their application requires qualified medical personnel) and wellness, with the goal of providing effective, non-invasive solutions suitable even for the preventive needs of a younger clientele focused on natural glow and long-term maintenance.

Moreover, the synergy between collected data and treatment technologies allows for the overall optimization of the aesthetic journey. Machine learning makes it possible to learn from feedback and outcomes, refining results over time to offer increasingly precise and personalized iterations (Obermeyer & Emanuel, 2016). AI-based predictive models in the health and wellness space represent a new frontier of effectiveness, enabling progressive personalization grounded in concrete evidence.

Ultimately, the value proposition of the proposed beauty center is built on a dual foundation: on one side, enhancing the experiential dimension through artificial intelligence, capable of generating a personalized, predictive, and continuous relationship; on the other, delivering top-tier treatments supported by technological innovation and scientific validation. This positioning enables the center to precisely address the needs of a clientele seeking not only luxury, but also performance, authenticity, and an intelligent connection with the brand.

What further distinguishes the proposed beauty center is the integration of a **phygital experience** that seamlessly combines the physical and digital dimensions of the aesthetic journey. Clients can access personalized consultations, diagnostic tools, and follow-up services online—before and after the in-person treatment—ensuring a continuous, data-enhanced relationship with the brand. This hybrid model not only increases accessibility and convenience but also strengthens the center's ability to deliver **ultra-personalized care** that evolves over time. By bridging digital innovation with physical excellence, the center creates a unique, adaptive service model that is difficult to replicate and perfectly aligned with the expectations of modern, tech-savvy consumers seeking flexibility without compromising on quality or performance.

3.2.2 Business model structure

The business model of the proposed luxury beauty center is structured around three core pillars: diversified revenue streams, a premium pricing strategy aligned with high-end positioning, and an integrated value chain that combines proprietary products with selected partnerships involving high-quality external brands.

Revenue Streams: Premium Treatments, Memberships, and Exclusive Product Sales

The first pillar of the business model relies on a multi-stream revenue structure, which includes:

- **Premium Treatments**: Advanced, personalized aesthetic services characterized by cutting-edge technologies and scientifically validated protocols that ensure visible and lasting results.
- **Membership Programs**: Monthly or annual subscription plans that offer exclusive benefits such as priority access, dedicated discounts, and additional services—encouraging client loyalty while securing a source of recurring revenue. Recurring revenue models, such as memberships, provide financial stability and predictability, allowing businesses to better plan investments and manage expenses (Spa Executive, 2025).
- **Exclusive Product Sales**: Commercialization of proprietary cosmetic lines and a curated selection of high-end external brands, offering customers products that reflect the center's values of excellence and innovation. In addition to standard services, considering supplementary revenue streams—such as the sale of beauty products, exclusive subscription packages, or specialized training workshops—can significantly expand profit opportunities (DojoBusiness, 2024).

This diversification of revenue not only maximizes customer value but also contributes to the financial sustainability of the center, mitigating risks associated with seasonality and demand fluctuations.

Pricing Strategy: Premium Positioning Aligned with the Luxury Segment

The pricing strategy adopted follows a premium approach, consistent with the luxury positioning of the beauty center. High pricing is not merely a reflection of incurred costs, but rather a signal of superior quality, exclusivity, and prestige—key elements in shaping perceived value among consumers in the luxury segment (Kapferer & Bastien, 2012). Prestige pricing is a strategic marketing approach focused on building a strong brand identity, where higher prices align with the prestigious branding of the product or service (Simon-Kucher & Partners, 2024).

This pricing strategy reinforces brand image, attracts a clientele willing to pay a premium for services and products that embody quality, exclusivity, and a superior experience, and contributes to maintaining high profit margins—essential for the long-term sustainability of the business (Chevalier & Mezzalovo, 2012).

Value Chain: Integration of Proprietary Products and Selected Partnerships

The third pillar of the business model concerns the value chain, which combines the production and distribution of proprietary cosmetic products with strategic partnerships with high-quality external brands. This combination allows the beauty center to maintain direct control over the quality and innovation of its products—ensuring alignment with brand identity—while enriching the offering with complementary products that meet diverse customer needs.

The decision on which products to develop in-house and which to source through partnerships is based on a dual criterion: on one hand, the desire to innovate in areas where differentiation through proprietary formulas and exclusive active ingredients is most strategic (e.g., high-performance facial treatments or personalized serums); on the other, the efficiency and brand alignment offered by integrating established premium products in non-core categories (e.g., accessories, sunscreens, or specific skincare routines). This approach helps focus internal R&D resources where they can generate the most added value, while leveraging external excellence where the cost and complexity of in-house production would outweigh the benefits.

Producing proprietary products entails significant commitments in terms of formulation, regulatory compliance, quality assurance, and distribution. As such, it requires strategic planning, partnerships with certified laboratories, and possible outsourcing for manufacturing and logistics phases—without compromising the center's standards of excellence and control over the product.

For example, companies such as KOSÉ Corporation have developed a portfolio of high-quality brands by integrating cutting-edge technologies and offering their products through exclusive distribution channels, such as specialty stores and luxury department stores (KOSÉ Corporation, 2025). This example is not intended as a direct collaboration strategy, but rather as a reference model for how to combine technological innovation, premium positioning, and product portfolio diversification within a coherent value chain.

Furthermore, collaborating with selected external brands enables the expansion of the product range, offering diversified solutions that reflect market trends and consumer preferences without compromising the brand's exclusivity or coherence.

In summary, integrating proprietary products with carefully selected partnerships within the value chain enables the beauty center to deliver a complete, personalized experience that aligns with the expectations of a demanding clientele—reinforcing the business's competitive positioning and capacity for innovation.

3.2.3   Cost Analysis and Break even point

A detailed cost analysis is a crucial step in evaluating the economic sustainability of the beauty center and estimating the break-even point—i.e., the moment when revenues fully cover operating costs. Understanding the cost structure within a business model is essential for designing resilient and scalable strategies (Osterwalder & Pigneur, 2010).

This analysis intends to provide a preliminary estimation of the key operating costs related to the launch and first year of activity of the entrepreneurial initiative. It does not include taxation or fiscal burdens, which will be addressed in a subsequent financial feasibility study, alongside depreciation, amortization, and other administrative variables.

Cost Structure

The costs of the luxury beauty center have been divided into fixed and variable costs, based on industry benchmarks and launch simulations in commercially attractive urban settings.

Estimated Annual Fixed Costs: €300,000

- **Premium location rent (central area in a major European city):**
  €8,000/month → **€96,000/year**
  (Average based on commercial property rental prices in central Rome, according to Idealista.it)
- **Staff (2 senior beauticians, 1 junior beautician, 1 full-time receptionist):**
  €11,000/month → **€132,000/year**
  *(Average calculated using job postings for beauticians in Rome on Indeed, taking into account various experience levels and seniority. The figure refers to net compensation; full employer cost will vary depending on the applicable tax and social contribution **regime** and will be detailed in future financial projections)*

- **Software licenses and IT maintenance (CRM, AI skin analysis, online booking):**
  €1,000/month → **€12,000/year**
  (Estimated based on pricing of leading salon software platforms—CRM, AI-based skin analysis tools, online booking systems—from providers like Zenoti, Perfect Corp, Treatwell, and IT maintenance services from platforms like Fiverr)
- **Marketing and communication (branding, social media, PR):**
  €3,000/month → **€36,000/year**
  (Estimated based on average costs for social media managers, communication agencies, and advertising campaigns analyzed through Meta Ads Library of leading luxury beauty salons)
- **Maintenance and insurance for aesthetic equipment and systems:**
  €2,000/month → **€24,000/year**
  (Estimated based on service contracts from major aesthetic equipment manufacturers and equipment insurance policies offered by companies such as AXA and Generali)

Additional one-time and start-up expenses—such as structural renovations and interior setup of the center, acquisition of treatment devices (e.g., radiofrequency or oxygen machines), sanitary authorizations, legal and notary services for company registration, and professional liability insurance—are not included in the annual fixed costs and will be addressed in a separate investment budget plan.

Total fixed costs: €300,000/year

Variable costs (per single treatment):

- **Cosmetic products and consumables (e.g., masks, serums, gloves): €20**
  Average estimated based on professional price lists from cosmetic product suppliers for beauty centers, such as Bioline Jatò, Dibi Milano, and Dermalogica, considering the average unit cost of consumables used per treatment. Packaging, storage logistics, and delivery fees are not included in this initial estimate and will be refined in the next phase.
- **Transaction fees and third-party platforms (e.g., external bookings, digital payments): €10**
  Average estimated based on the commission rates applied by online booking platforms such as Treatwell and Fresha, and by major digital payment providers like Stripe and SumUp, considering an average transaction fee between 5% and 10%.
- **Utilities related to treatment delivery (water, electricity, sanitation): €10**
  Average estimated based on the typical consumption of water, electricity, and sanitation materials per treatment, calculated from industry benchmarks and sample utility bills for small to medium-sized beauty businesses, as reported during interviews with beauty center owners.

Total variable costs per treatment: €40

Break-even Point

The break-even point (BEP) can be calculated using the classic formula:

$$BEP\ (in\ units) = \frac{Total\ Fixed\ Costs}{Average\ Price\ -\ Variable\ Cost\ per\ Treatment}$$

Assumptions used for the calculation:

- **Annual fixed costs:** €300,000
  As detailed above.
- **Average price per treatment:** €150
  In line with the luxury positioning of the project and based on information gathered through interviews with high-end beauty centers and the analysis of public pricing lists from similar establishments.
- **Variable cost per treatment:** €40
  Unit contribution margin = €150 – €40 = €110

$$BEP = \frac{300.000}{110} \approx 2.728 \text{ treatments per year} \Rightarrow \text{approximately 227 treatments per month}$$

Achieving this monthly target is considered realistic, assuming an average of 10–12 treatments per day, spread over 6 working days per week, and supported by an efficient booking system and strong customer retention policies.

It is important to note that this break-even point should be considered a **minimum threshold**. The calculation is based on net figures and excludes certain significant cost components—such as employer social contributions, depreciation, taxes, and start-up amortizations—which will be included in future financial modeling. Therefore, consistently performing **above** the baseline of 10–12 treatments per day, or activating **additional revenue streams** (e.g., the sale of high-margin cosmetic products), will be essential to ensure full coverage of all operating and strategic costs. This conservative approach enhances the reliability and resilience of the business model over time.

Strategic Levers to Accelerate Break-even Point

To accelerate the achievement of the break-even point, the following measures are planned:

- **Introduction of recurring monthly memberships**, ensuring stable and predictable revenue streams
- **Sale of high-margin cosmetic products**, either proprietary or carefully selected external brands
- **Use of predictive algorithms to optimize scheduling** and reduce treatment room downtime
- **Personalized up-selling and cross-selling strategies**, supported by artificial intelligence systems (Kotler & Keller, 2021)

Moreover, the **adoption of digital tools for operational management and performance monitoring** enables timely intervention on inefficiencies and the optimization of profit margins (Chaffey & Ellis-Chadwick, 2019).

3.3 Go-to-Market Strategy

This section outlines the go-to-market strategy, which refers to the set of actions planned for the commercial launch of the beauty center. It is assumed that all preparatory activities—such as securing the physical location, recruiting and training staff, finalizing partnerships and service protocols, and completing branding and operational setup—have already been completed. The objective here is to define how the center will be introduced to the market and positioned effectively from day one.

3.3.1 Launch Event and Roadmap

The official market entry will be marked by a high-impact opening event held at the center's location, designed to generate brand awareness, establish authority, and attract early adopters from the target audience. The event will include exclusive preview treatments, press and influencer invitations, live demonstrations of diagnostic technologies, and refined hospitality aligned with the luxury positioning.

In support of this launch, the following go-to-market roadmap is proposed:

- **Month 0 (Pre-opening):** finalize interior design, complete staff training, test digital platforms (website, CRM, AI diagnostic tools), soft launch of social media channels with teaser content.
- **Month 1 (Launch):** grand opening event, activation of full digital campaigns, influencer marketing, and online booking system. Begin onboarding of initial clientele through invitation-only offers.
- **Month 2–3:** monitor customer feedback, adjust service flows, intensify experiential storytelling and UGC campaigns, and activate loyalty features (CRM follow-ups, content automation).
- **Month 4–6:** organize the first community-driven events (physical and virtual), expand product range (based on early demand), and evaluate KPIs for retention, satisfaction, and revenue growth.
- **Month 6+:** begin exploring scale-up opportunities, potential service extension, or second location planning if KPIs and market response are in line with projections.

This structured and phased approach ensures a sustainable, high-quality entry into the market, aligning each step with the brand's luxury positioning and long-term business objectives.

3.3.2   Marketing and positioning: luxury branding, experiential storytelling, and digital engagement strategies.

The strategic positioning of the luxury beauty center will be built on three key pillars: branding aligned with high-end values, experiential storytelling that emotionally engages the client, and tailored digital engagement strategies.

Luxury Branding

Entering the high-end beauty market requires the development of a visual and value-based identity that conveys exclusivity, quality, and refinement. The brand will be shaped around concepts such as personalization, transformative wellness, and technological innovation—elements that enhance the perception of luxury (Kapferer & Bastien, 2012).
Visual coherence will be ensured through a minimalist logo, a sophisticated color palette (e.g., neutral tones with gold accents), elegant packaging, and an interior design aligned with high-end aesthetics (Chevalier & Mazzalovo, 2012).

Communication will follow a deliberately selective, **pull-based** approach—designed to attract a discerning audience that identifies with the brand's values. Luxury is not promoted through volume, but through authority, symbolic consistency, and perceived quality (Beverland, 2006).

Experiential Storytelling

In the luxury context, the experience itself holds central value. The center will propose a sensorial and transformative narrative: each treatment will be presented as a beauty and wellness "ritual" that merges advanced technology with individualized care.

Through visual content, client interviews, behind-the-scenes videos, and short digital documentaries, the brand will communicate not just **what** it offers, but most importantly **why**—evoking deep emotional engagement (Pine & Gilmore, 2013).
The storytelling will focus on values such as empowerment, elegance, and deep well-being, creating an empathetic and aspirational connection with the community.

Digital Engagement Strategies

The center will adopt an omnichannel strategy, integrating digital tools to engage **clients** before, during, and after their in-person experience. Social media campaigns will be developed on Instagram and TikTok, focusing on aspirational yet authentic communication. These campaigns will leverage user-generated content (UGC)**,** select collaborations with micro-influencers**, and** educational content on skincare and innovation (Chaffey & Ellis-Chadwick, 2019).

The brand's **website** will serve not only as a showcase but as an experiential hub, featuring a personalized booking system, a dedicated area for loyal customers, and a magazine section with in-depth content curated by experts.

Lastly, the adoption of an **advanced CRM system** will enable the creation of personalized communication paths: post-treatment follow-ups, invitations to private events, and exclusive offers based on service history. This data-driven relationship management is now a key differentiator in experiential marketing and luxury branding (Kotler et al., 2021).

3.3.3 Service delivery: integration of digital tools and hybrid experiences (physical and online consultations, community-driven events).

In the current context of the high-end beauty industry, the service delivery model represents a strategic element of differentiation, especially considering that most beauty centers offer exclusively in-person services. The proposed model integrates advanced digital tools and hybrid formats that combine the physical in-salon experience with virtual interactions, offering a smooth, personalized, and engaging customer journey.

Integration of digital tools

The center will adopt a technological ecosystem to support every phase of the customer journey. Starting from smart booking via app or website—with dynamic options based on real-time availability and user preferences—to the centralized management of the customer profile through an advanced CRM system, capable of tracking completed treatments, recurring needs, product preferences, and feedback.

AI-based skin analysis tools will also be integrated, enabling personalized diagnostics before the treatment, even remotely. These systems, increasingly common in international medi-spa contexts, help enhance the precision of consultation (McKinsey & Company, 2024) and reinforce the perception of exclusivity (Wang, Sung & Phau, 2024).

Moreover, after each treatment, the client will receive personalized digital content—such as maintenance routines, product recommendations, and automated reminders—directly via email or app, strengthening the relationship even beyond the physical center (Kotler et al., 2021).

Hybrid experiences: online consultations and community

The service will be designed to offer hybrid experiences, combining the value of in-person interaction with the convenience of digital engagement. For example, an initial aesthetic consultation may take place via video call, followed by a targeted in-person appointment—reducing waiting times and increasing perceived satisfaction (Hindelang et al., 2024).

Another distinctive element will be the creation of community-driven events, both physical and digital: exclusive open days, themed workshops, expert-led masterclasses, and Q&A sessions on Instagram or Zoom. These occasions not only strengthen the sense of belonging but also turn clients into genuine brand ambassadors, encouraging qualified word-of-mouth (Pine & Gilmore, 1999).

The combination of physical and digital elements—also known as the phygital approach (Sharma, 2023)—has become a strategic imperative in the luxury sector, as it allows the experience to extend beyond the moment of treatment, creating a continuous and dynamic relationship between client and brand (Kapferer & Bastien, 2012).

3.4 Future Evolution and Strategic Development

3.4.1 Iterative business model refinement: adapting based on data-driven insights and market feedback.

In the competitive and constantly evolving landscape of the high-end beauty industry (McKinsey & Company, 2024), the adaptability of the business model may be essential to ensuring long-term sustainability and relevance. The proposed beauty center will adopt an iterative approach based on cycles of validation and continuous improvement, driven by concrete data and customer feedback.

Data-driven approach to model optimization

The center's entire ecosystem will be designed to generate and collect relevant data: customer preferences, booking rates, treatment performance, post-service feedback, retention rates, and additional product sales. This information will be processed through analytical dashboards and business intelligence tools integrated into the CRM, enabling quick and targeted decision-making (Prior et al., 2024).

For example, data analysis may highlight which treatments have the highest repurchase rates, which time slots experience the most demand, or which customer segments respond best to specific promotions. This will allow not only for the optimization of operational capacity, but also for increasingly precise personalization of the service offering.

Continuous adaptation based on feedback

Customer feedback will be systematically collected through post-treatment surveys, online reviews, and active listening across digital channels. This process will enable the center to promptly identify shifting desires and expectations within the target audience, adapting services, environment, and communication strategies accordingly.

Since a customer-oriented business model is inherently dynamic (Kotler et al., 2021), integrating feedback into the decision-making cycle is a key factor in delivering consistent, relevant, and memorable experiences. In addition, the ability to rapidly test new offers on specific customer segments—such as through soft launches or pilot events—will make it possible to validate ideas before scaling them more broadly (Forbes, 2022).

The Lean model applied to the beauty sector

The center will also adopt the principles of Lean Startup Thinking (Ries, 2011), widely used in digital innovation, to reduce the risk of investing in unwanted services. The "build–measure–learn" approach will be applied, for instance, to the design of new treatments, the selection of cosmetic brand partners, or the definition of membership packages, using rapid prototyping and real customer behavior analysis.

This iterative mindset aims to ensure the center's ongoing evolution, maintaining high competitiveness and alignment with ongoing market transformations.

3.4.2 Ongoing innovation: potential introduction of blockchain for transparency and product traceability.

Continuous innovation represents a fundamental pillar for maintaining competitiveness in the sector (Chursin, Vlasov & Makarov, 2017). In this context, the adoption of emerging technologies such as blockchain can significantly enhance transparency, product traceability, and customer trust (Zoldi & Levine, 2025).

The growing consumer awareness regarding the origin of cosmetic products, supply chain sustainability, and the authenticity of treatments is pushing luxury brands to rethink their transparency models (Haus Von Eden). Integrating blockchain allows for the immutable recording of each step in the supply chain, offering verifiable access to data such as:
• origin of ingredients;
• methods of production and distribution;
• environmental certifications and quality testing.
(Comuzzi, Grefen & Meroni, 2023)
For the proposed beauty center, this technology could be used to:
• provide clients with a QR code to view the lifecycle of the product used;
• ensure that proprietary or partner formulations are authentic, certified, and not counterfeit;
• increase transparency for clients concerned with ethics and sustainability, reinforcing the brand's positioning.

Benefits in terms of trust and branding

94% of consumers are more likely to remain loyal to a brand that transparently communicates the origin of its products, while 73% are willing to pay more for a product that provides transparent information on all attributes (Wojcik, 2018). This is particularly relevant in the cosmetics sector, where the perception of quality and safety is directly linked to brand reputation (Almagro, Tutor & Cose, 2024).

Moreover, using blockchain as a tool for technological storytelling (Maxwell, 2017) can differentiate the center from competitors by conveying a cutting-edge and highly responsible positioning.

3.4.3 Future possible expansion strategies: testing and scaling hybrid experiences, modular franchising opportunities.

With a view to sustainable and scalable growth, the luxury beauty center can develop expansion strategies based on the exploration of hybrid formats and modular franchising models capable of adapting to different urban contexts and customer targets.

The phygital model adopted by the center—which integrates digital consultations, online communities, and in-person treatments—lends itself well to an iterative validation approach in local markets before being replicated on a larger scale. The "customer discovery" phase allows for the testing of audience segments and offerings prior to systemic expansion (Blank, 2013).

For example, the center could:
• launch temporary pop-ups or corners within concept stores and partner luxury spas to test interest in new cities (Rosenbaum, Lear-Edwards & Ramirez, 2020);
• experiment with compact hybrid formats, with minimal physical presence and a strong digital component (e.g., teleconsultations, customized products, at-home kits);
• evaluate the launch of fully digital memberships, including exclusive content, private online sessions, and privileged access to live events and promotions.
These strategies enable gradual expansion, reducing upfront costs and collecting valuable data before making more structured investments (Ries, 2011).

Opportunities for modular franchising

In the medium to long term, the center could adopt a modular franchising model—flexible and adaptable to the specificities of each location. Unlike traditional franchising, modular franchising allows for the replication of only certain core business elements—such as the consultation methodology, personalization software, or proprietary cosmetic line—while leaving operational freedom in other areas (Teixera & Chan, 2022).

A well-designed franchising system allows for brand consistency and quality standards to be maintained, while still providing room for local adaptation. Franchise partners will have access to a centralized platform for bookings, treatment traceability, marketing support, and ongoing training, ensuring a shared identity and controlled growth (Alon, 2006).

This model is particularly well suited to the luxury sector, where perceived value depends not only on consistency of experience and attention to detail (Chevalier & Mezzalovo, 2012), but also on the ability to respond in a personalized way to the expectations of the local clientele (Kapferer & Bastien, 2012).

Conclusion

Following an in-depth exploration of the luxury beauty industry, this thesis has highlighted both the sector's growing potential and its critical limitations. Through the integration of market data, case studies, and qualitative interviews with target consumers, it became increasingly clear that today's high-end clients are not fully satisfied with the current offerings available in luxury beauty centers. Chapter 3, in particular, revealed four key market gaps—insufficient hyper-personalization, lack of transparency, limited digital integration, and poor emotional intelligence in service delivery—that significantly hinder customer satisfaction and long-term loyalty.

These insights formed the foundation for the development of a new-generation luxury beauty center concept that responds directly to these unmet needs. The findings indicate a clear demand for a data-driven, tech-enhanced, and emotionally attuned beauty experience—one that goes beyond traditional aesthetics to deliver personalized value, relational depth, and continuous innovation. The proposed business model, detailed in the third chapter, positions the beauty center as a hybrid, community-focused space where advanced AI and high-performance treatments converge with an immersive, emotionally intelligent service journey.

Ultimately, this thesis confirms the strategic relevance and market readiness for a beauty center designed not only around luxury, but around personalization, transparency, and digital excellence. By aligning business innovation with emerging consumer expectations, the project demonstrates strong potential for differentiation and long-term success in the evolving landscape of high-end beauty.

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