Reclaiming Lost Clients

The true cost of lost clients

The financial impact of losing a client from your salon can be staggering; much higher than you might anticipate. Losing clients is equivalent to losing a great deal of profit, and you don’t want that to happen in your business.

Here’s what a lost client could be costing your salon:
- **Client visits** every 6 weeks (8.667 times per year)
- **Client spends** $55 per visit
- **Retail purchases** - $150 per year (2 or 3 products)
- **Gift Certificate purchase** - $100 per year
- **Client Lifetime** – 5 years in your salon

The lifetime value of this client is $3633.

Now think about the additional clients she could have referred to your salon. Let’s be ultra conservative and say that she only introduces 2 additional clients to your salon over the 5 year period (this figure would be much higher if you were running an ACTIVE REFERRAL program).

The lifetime value of each of these clients is also $3633. For the 2 clients this becomes $7266.

Add that to the value of your original client and you are now looking at a 5 year potential income value of $10900 (at the very minimum).

These calculations show quite clearly, why every client in your salon is so valuable.

Make every effort to reclaim a lost client as soon as she departs from her regular schedule.

Why your clients leave

Clients leave your salon for a wide variety of reasons. A very small percentage are out of your control, but by far the largest percentage of lost clients leave for reasons that you can and should have power over.
Here's the breakdown:

- **1% die (you can't do much about this one!).**
- **3% move away (or this).**
- **5% develop relationships with other salon owners.**
- **9% leave for cheaper prices elsewhere.**
- **14% leave because they are dissatisfied with your service/product (or think they will be).**
- **68% leave because of rude or discourteous service.**

Sometimes, there's not much you can do to prevent clients from straying. You can't be held to blame if they die, move, their cousin opens up a salon or they lose all their money in the stock market. However, these things only make up a very modest 18% of the clients who never return. That's a pretty small number, don't you agree?

So what about the other 82% of clients who leave because they are dissatisfied with your product or service, or because they feel that someone has been uncaring or rude toward them? All that hard work and money spent getting those clients is wasted if 82% of clients leave and never return. That's what I call a catastrophe – mainly because most of it’s avoidable to a large degree.

Sometimes clients will even leave because they only think they are going to be dissatisfied with a future service. This is truly unfair... but it happens nevertheless!

This kind of scenario can occur when clients are faced with having to build rapport with, and gain faith in, a new team member after their regular team member is no longer available to them. You will undoubtedly have seen this happen already when a team member, who has built a loyal clientele, decides to leave your employ, and either goes to work for a competitor in close vicinity, or opens up their own business.

This is not an unusual occurrence, and it's one that every salon will experience many times over during its lifetime. You can lose quite a valuable portion of your clientele when they depart with their favorite team member, and this can be quite financially damaging for your business.

With human nature being what it is, clients do become attached to an individual team member. This is not necessarily because they are your best team member, or because
they deliver the most outstanding customer service, but simply because of the relationship they have forged with them over time.

Jumping up and down and threatening your ex employee with legal action is a waste of your energy, as the only person that this stresses out is you. The fact of the matter is that clients will usually stay with the person that they know and trust.

Salons don’t own their clients (though most wish they did), and if they want to retain clients that may leave with a team member, it’s up to them to have proactive strategies in place to minimize the impact on their business when this happens.

So what can you do to help keep your clients coming back?

Your client:

✓ On her first visit to your salon:
  o Capture all her contact information. This is essential to continue to market to her and to be able to contact her if she becomes a lost client.
  o Provide a quick salon tour so she is familiar with her surroundings. Point out the various treatments rooms and give a brief explanation of the various services that are available to her. By creating a sense of familiarity, she will feel more relaxed, comfortable and welcome and is therefore more likely to want to return.

✓ Greet your client by name every time she arrives in your salon. We all love to receive a personal welcome so ensure your receptionist and all other team members that she meets, greets her warmly.

✓ Have all team members acknowledge her with a smile as she is waiting in reception. A smile costs nothing but returns a great deal. It says to the client “you are welcome here”.

✓ Introduce your client to as many team members as possible after she has entered the salon. Have each team member say hello and welcome her. She is not the sole responsibility of the team member who is looking after her on that day, but rather the responsibility of all team members.

✓ Offer refreshment during or before her service. Chances are you client has rushed to your salon from elsewhere and would really welcome a tea, coffee or even a chilled glass of water.
Your salon and team

✓ Ensure a pleasant smell to create a welcoming ambiance. The sense of smell is very important. It conveys a message to your clients. Using essential oil or diffusers in the reception area and throughout your salon will help to overcome some unpleasant odours that are inevitable in salons. Hint: use the same aroma throughout the salon rather than different smells in each area.

✓ Ensure your salon lives up to the client’s expectations. It must be scrupulously clean and appear professional in every way. There is no second chance to create a great first impression. If your salon looks tired, dirty or just disorganised, this is what your client will believe your treatments will be like also.

✓ Have uniforms that look clean and professional for all team members. Name badges are also a big plus as this allows the client to get to know the names of team members more quickly and this makes them feel more comfortable within the salon

✓ Make certain all team members are well groomed, don’t smell of cigarette and are good representatives for your salon.

Your marketing

✓ Make certain each client receives a salon welcome pack within 7 days of her first visit. Include a gift voucher, along with her welcome letter, to tempt her back for a second visit.

✓ Enrol your client into your loyalty program on her first visit and ensure she knows what she will receive and when as a reward for returning to your salon.

✓ Always re-book your client before she leaves your salon.

✓ Stay in touch with your client via a quality salon newsletter where you provide useful information, salon updates and special promotional information.

✓ Get your client involved in your client referral program. She is less likely to leave if she has recommended you to her friends and associates.
✓ Sell retail product to your clients. Research shows that if she has purchased retail from you (and can’t get it online or easily elsewhere), she is more likely to remain with your salon.

Your service

✓ Ensure that you provide a great consultation process at every visit where the client is able to explain exactly what she wants from you. Clients that feel heard will automatically feel more comfortable. Ask quality questions to ensure that you fully understand what the client expects to get from her service.

✓ Train your team members in how to communicate effectively with their clients. Listening is an art and needs to be taught to most people. If the team member is spending over 30% of the consult time doing the talking, then she needs to learn how to ask better questions so that the client can express her problems and expectations fully.

✓ Deliver outstanding services by highly trained and professional team members at every visit. If your team members do not how to properly deliver any treatments your salon offers, ensure they undertake immediate training and don’t let them provide these services until they are fully competent.

✓ Never abandon your clients during a treatment. Use an answering machine if necessary but make your client your number 1 priority at all times.

✓ Train every team member to provide consistent service for every client at every visit. Not only will this ensure that you meet the client’s expectations every time, but it helps to retain your clients when individuals leave your team.

To implement most of these strategies costs you next to nothing, but can have a very big impact on the retention of your clients.
Client Reactivation Program

**Goal:** To actively reclaim and re-activate lost clients who have not returned to the salon in over 3 months or longer.

**You will need:**
- Client Retrieval Letter
- Salon Gift Voucher (value to be determined by the average spend of the client)
- Quality revitalising tea bag

**What you need to do:**
- Generate a Client Retrieval Letter and personalise it by inserting your information, your client’s information and your special offer.
- Send it out with a Salon Gift Voucher (determine the $ value by the value of the client) and teabag as soon as a salon client goes outside of her normal schedule.
- Don’t wait until your clients have been missing for months. If you do, you are risking them creating a bond with another salon and therapist/stylist and it will be much more difficult to reclaim them.

**Special Note:**
- The $ value that you offer your clients should reflect the value of your client. For instance if the lost client spent $150 at every visit, you would offer her more than if her regular spend was only $25. I would suggest that the value of your vouchers range from $10 as a minimum amount to $50 (or more if necessary)
- This special offer should not be transferable to another person as the intent of the letter is to retrieve a specific client.
- Record and monitor all letters and clients who return to your salon to measure the success of your program.
Sample
Client Retrieval Letter:

Client Name
Client Address

Date

Hi (Clients first name),

How about taking a five minute break, putting your feet up and enjoying a refreshing cuppa on us?

We have lots of new and exciting services and products we need to tell you about!

(Tell the clients about any new products and their benefits they you may have recently introduced. Also, tell the clients about new treatment services recently introduced)

Why not come in and experience the outstanding results of these exceptional new treatments for yourself? To help you do just that, we would love to offer you a salon Gift Voucher valued at $ (insert an appropriate value here for the value of the client) which can be used against any selected full price treatment when you visit us next.

Perhaps you’d like to bring along a friend as well and make a day of it? If you decide to do just that, we would like to extend a special offer to both of you to enjoy a complimentary (include a small but valued service e.g. lash tint, 20 min back massage etc)

And, to make absolutely sure that you get the best value possible from your treatments, we are offering you a fabulous discount of 20% off any products that you choose to purchase on the day.

As you can see, this is a fantastic offer, so don’t miss out. Phone (Salon Name) today on (Salon Phone Number) to book your appointment and experience the very latest in anti aging skincare, services and product.

You’ll just love it!

We are looking forward to seeing you soon at (Salon name)
Your Salon Gift Voucher:

Insert Salon Logo Here

This voucher entitles (insert Clients name) to

$\text{(value)}$ off your total treatment cost on your next visit

\textit{plus}

20\% discount off any product purchases made on the day

\textit{plus}

Complimentary (insert service) for introducing a friend on the day

(insert salon name)

\textbf{We look forward to seeing you soon!}

\textit{Expiry date: (30 days from date sent)}

\textit{Discounts apply only to full priced services and products. Not transferrable}