

# Are your Clients Sticky?

By Neil Osborne



Well? Are your clients sticky? Do they happily hang around ... for years?

If your answer was 'No'... then you're slowly killing your salon business. If it was 'Yes'... then you'd know that a well looked-after salon client spends around \$25,000 over their time with you but sticky clients - 'lifetime clients' - expect to have an experience with you, not an exchange.

Here's your first nugget of truth to remember:

"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel."  
Maya Angelou

Sound like a tall order to deliver? Not really. While it may take a little extra thought, care and consideration, it's a great way to ensure your clients stick around. And generally speaking, their sticking around means you'll have a healthy salon business - one that won't die empty, from a lack of client retention.

## WHAT ARE STICKY CLIENTS?

They're the ones who rebook, return and happily buy retail based on your recommendation. They also freely unleash their crowd-spruiking power by telling their friends about your brilliance ... provided of course, that it's worthy of their trust.

"Once you create a loyal customer base, it's tough for a competitor to take that away."  
Joe Mansueto

Another golden nugget for you:

"The well-satisfied customer will bring the repeat sale that counts."  
James Cash (JC) Penney

A successful salon business understands the long term - lifetime - value of their clients. They know what they deliver, what business they're in and they understand that they DO work in customer service ... not just beauty or hair.

They set about attracting and building a loyal, recurring clientele and give them real reasons to happily part with their hard-earned cash. Those businesses focus on the ability of clients to add longevity (to them) and they give value (in return). Simplistically, they put consistent effort into the how, what and why of their service.

## STICKY CLIENTS CRAVE AN EXPERIENCE

There are two polar-opposite business models currently used in the hair industry:

1. Price focus (an exchange)
2. Service based (an experience)

Each has a place in the market, but the defining difference - as far as a salon is concerned - is profit.

Similarly, clients have followed the salons' lead and are split between:

## B. Engagement mavens (trusted experts)

What's the business impact of each of these variations? Discount chasing clients are high turnover, low loyalty and short-term. They continually shop around based on price. While in stark contrast, engaged, sticky clients demand service, quality treatments, regular and consistent advice that makes them feel valued.

Both of these client types have an enormous impact on a salon's bottom line and longevity. Why? Because when a salon's not growing, it's dying. A salon's client retention rate is a key indicator of success, and if you're not paying attention to it ... I recommend you do. Which type of clientele and business model does your business support? Are you delivering what these clients want or is it, perhaps, time for a change?

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"Profit in business comes from repeat customers, customers that boast about your project or service, and that bring friends with them."  
W. Edwards Deming

In most cases, profitable salons offer an experience - not an exchange.

## ARE STICKY CLIENTS WORTH IT?

How do I know that a lifetime salon client spends \$25,000 with you over their life? With a simple calculation. However before we get there, let's look at how long you can expect a well looked-after client to remain with you.



A recent Bank of Queensland national survey strove to understand the average length of various service provider-client relationships. Surveying various common professional services, it was found that Australians spend differing lengths of time with service providers:

Length of Time	Professional Service
16 years	Bank
11 years	Doctor, Lawyer
9 years	Accountant, Dentist
8 years	Vet, Mobile Phone Carrier
7 years	Dry Cleaner, Hairdresser
6 years	Mechanic
5 years	Beautician, Electrician, Plumber
3 years	Personal Trainer
2 years	Babysitter

So now let's calculate your sticky clients' worth. By combining the above five year benchmark with key salon KPI's, the possible value of a lifetime client can be calculated as:

1. The average spend of a client per visit is \$98.00 \*\*
2. Average visits per year is 7.3 times \*\*
3. The client will therefore spend \$715.40 per year
4. The value of a single sticky client, over a 7-year lifetime is \$5,007.80

How many times does that single, loyal client refer other likeminded clients? I'd consider a well looked after and satisfied client would refer at least one likeminded client per year to your business.

That impacts dramatically on your lifetime value of the original client:

1. Referred client No.1 + original = \$715.40 x 2 = \$1430 (Year 1)

2. Referred client No.1&2 + original = \$715.40 x 3 = \$2146 (Year 2)
3. Referred client No 1,2&3 + original = \$715.40 x 4 = \$2861 (Year 3)
4. Referred client No. 1,2,3&4 + original = \$715.40 x 5 = \$3577 (Year 4)
5. Referred client No. 1,2,3,4&5 + original = \$715.40 x 6 = \$4292 (Year 5)
6. Referred client No. 1,2,3,4,5&6 + original = \$715.40 x 7 = \$5007 (Year 6)
7. Referred client No. 1,2,3,4,5,6&7 + original = \$715.40 x 8 = \$5723 (Year 7)

**TOTAL Value over 7 years = \$25,036\***  
Reference: \* Shortcuts market intelligence

## A STICKY SPRUIKER IS EVEN BETTER

In short, conservatively speaking (with just one successful referral per year), the value of a sticky client could be at least \$25,000 to your salon, depending on their purchase levels and crowd spruiking power. Who wouldn't want that?!

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The real key to accessing that client value is in knowing where, when and how to put your focus and in providing an experience. Sticky clients are loyal and profitable. Our industry needs to cultivate an attitude that attracts more of those clients - like bees to a honey pot.

Neil Osborne has devoted more than 30 years to making a difference to businesses in the Salon Industry. As a sales performance consultant, trainer and business mentor he helps businesses launch, grow and change their sales results.  
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