

# Are you rewarding your Frequent Buyers?

**Now is the time to turn your marketing toward present customers and make sure you are rewarding them for doing business with you. The best new customer is your present customer and the cost of marketing to them is minimal compared to the cost of acquiring a new customer.**

*How can a frequent buyer program help you?*

- Encourages loyalty
- Create ways to offer services and retail promotions without discounts
- Allow you to create new customer promotions without upsetting regular customers
- You can direct the frequent buyer points or program toward areas you want to build
- Your staff does not feel like they are discounting services to present customers
- Your staff promotes these programs because it is something extra for the customers
- Frequent buyer programs can increase retention and number of visits

Here at The MIKAL Corporation we recognized the need for a frequent buyer or points program almost 6 years ago. Since then we developed and refined the Points Program to make it more usable and more marketable to the salon and spa customers.

The points program allows the salon or spa to create a marketing system that virtually runs itself. The system can be directed to reward service purchases, service and retail purchases, or retail only purchases. This allows you to direct the points program at and reward sales in a specific area of the salon or spa you are trying to build.

The points program is set up to generate points for sales. The points can be one point per dollar in sales or 100 points per dollar in sales. You decide what makes the greatest impact with your customer base. Some salons and spas set up 10 points for each dollar in sales. The customer can then redeem the points for specific services or retail products.

Most of the points programs convert to a 5% to 10% credit on the items that can be redeemed for points.

The MIKAL system will print the points accumulated for this sale and total points available on the customers' sales receipt. This is a great reason to start giving a receipt for every transaction.

### **Some marketing rules for the points program:**

- Do not expect the staff to describe the points program to customers. You need to market the points program with a sign in the waiting area, on the stations, with direct mail to customers, and information on your service menu and at the front desk.
- Do not allow points to be redeemed for popular services that customers are buying. If you are a full service salon do not allow points to be redeemed for haircuts and hair color. If you are a spa don't allow points to be redeemed for facials or pedicures. Pick services or retail items that you want to move and set them up as items that can be redeemed.
- Have a BIG item that customers who accumulate a ton of points can have. One spa has a special deal for 10,000 points (that's right ten thousand points) that a customer can redeem a morning make over with a limo pickup, flower bouquet, champagne brunch, salt glow massage, make up touch up, and styling service - all done on a weekday morning by 10:00 a.m.! For a customer to get this package they have to have spent \$1000.00 on services this year (points are cleared each year) and each service dollar is worth 10 points. The limo and flowers are bartered with local merchants and the salt glow and style costs the spa in payroll \$40.00. The service is done on weekday mornings only (slow times for the salt glow and the limo company) and the customer goes off to work or whatever feeling and looking great!
- You may want to allow points to be partially redeemed for service or retail items, or you may not. Decide up front if the customer needs all the points or can make a partial payment.
- Have the rules and items that can be redeemed printed out and make sure the front desk is scripted on how to describe the program. Role play with the front desk on different questions the customers will ask. Come up with off the wall questions and role play them (your customers will ask some strange questions). If you only allow redemption for certain services at certain times and days make sure that is spelled out in writing. If you can redeem points for retail items be sure to identify the items or lines that are available for points redemption.

**The more time and effort you put into the program up front the easier it will be to administer and the better the staff and customers will like the frequent buyer/points program.**

**Here are some examples of how salons and spas use the points program and the results of the program:**

A salon has a points program that redeems points for retail purchases. For every dollar spent on retail the customer gets 10 points. 1000 points earns an 8-oz bottle of selected retail (usually sprays and fixatives). 4000 points earns a 32-oz (ltr) bottle of selected retail (they feature different products each month).

A spa uses the points program to reward service and retail purchases. They will redeem points for an extra visit on a series. If a customer buys a series of 8 facials for the price of 7 and spends \$400 in retail the points accumulated can be used for the 9<sup>th</sup> facial.

A spa uses retail purchases for points toward a menu of add-on services that the spa is concentrating on building. These services include paraffin treatments and body wraps - both are not very labor intensive.

Notice that in each example the program is simple to describe and easy to administer. Be sure to make the program simple and direct. If it takes more than one minute to describe your frequent buyer program work on simplifying it. Also be sure that the program you set up is automatically administered by the MIKAL SMS software so you don't have to do any paperwork!

**Call us for more ideas on how the points program can help you maintain your customer base and grow your sales!**

**The MIKAL Corporation  
513-528-5100  
mikal@mikal.com  
www.mikal.com**

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