

# FORGET CUSTOMER SATISFACTION



Customer experience strategy expert **DARRELL HARDIDGE** explains why you need to strive for more than just 'satisfactory'.

Have you ever seen a salon advertisement read something like "100% satisfaction guarantee", or "our satisfaction ratings are the highest"? Whenever I see these statements my first thought is 'as opposed to what, 80%?' Customer satisfaction is no longer the way to ensure you have loyalty. It's one of the key factors as to why so many spas are caught in a price trap and offer discounts.

Delivering customer satisfaction is basically giving people what they paid for and any experience is mostly a head connection; things like efficiency, having suitable products/stock, minimal fuss, and a good price. There is a real problem with a mindset and attitude of complacency around service. Think about how often you (and therefore your clients) are wowed by experiences. If you consider all of your own personal transactions, you'll discover it's only about 15% that go way beyond your expectations and provide an excellent experience. This is where the golden opportunity of optimising their loyalty is hidden.

## THE POWERFUL DISTINCTION OF CUSTOMER APPRECIATION

Think of the people in your life that you care about, the ones that you love, the ones that are significant in life's experiences, the ones you truly appreciate. Whenever you do, there is a strong heart connection to them. Business can also be the same, if you think about those you are truly loyal to, you will find that it's not because you got what you paid for, it's because you got a lot more. It's usually because of the relationship you have with them and how they make you feel when you connect.

Customer Appreciation is a very powerful and profitable currency. It's without doubt one of the biggest weapons a salon can have against its competitors. The challenge is how to define customer appreciation in the culture of your business and especially the front-line teams.

It's effectively impossible to have extremely high customer loyalty with an average team culture. Most companies do not place a high enough importance

on the relationship between team culture and customer experience, in fact it's rarely measured or implemented as team training. Having customer appreciation as the objective instead of merely delivering customer satisfaction will have a massive impact on your bottom line.

## THE 4 STEPS TO REVENUE

In a competitive market there are four specific categories that define and create revenue. These four areas are critical to master and manage if you want to build powerful ambassadors to your business and maximise margins. If you are only delivering the basics of customer satisfaction, your primary focus will be about price. However, if you deliver very high levels of customer appreciation then the experience is the currency and it's about value.

**1. Lead Generation:** Your marketing strategies are designed to bring potential customers into contact with your salon and ideally attract the ideal prospect. In the last 3-5 years there has been an explosion in the methods of how to market your business, and it's expensive if you don't measure and manage it wisely. The most effective lead generation strategy has always been and still is powerful referrals from loyal customers

as they know what they want and they want to deal with you.

**2. Conversion Rate:** The fastest way to increase revenue is to increase conversion rates with prospective and existing customers. If you sell to 2 out of every 10 and increase conversion rate to 3 out of every 10 it's a 50% increase. Powerful referrals deliver the most effective and profitable conversion rates as they are the best possible prospect.

**3. The number of transactions:** Successful salons have a very high focus on having repeat customers as they know they are more profitable for multiple reasons. Especially as ambassadors value experience over price and reward you with the maximum wallet share. Just think of who you are loyal to and how you choose them first every time. If you don't have loyalty then you have to be price competitive to get customers back and this costs margin. Satisfaction is based on price whereas appreciation is based on experience and value.

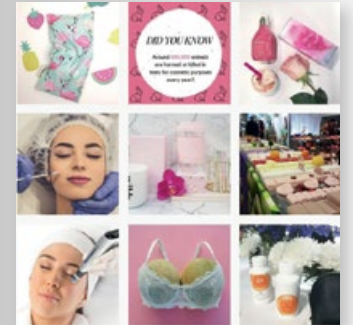
**4. Average sale value:** Customer Satisfaction has your clients purchase the basics of what they need from you. Customer Appreciation has earned you the right to have them purchase what they also want. Appreciative customers

can spend considerably more (often double) than satisfied customers. If your salon has a high focus on delivering appreciation from service excellence you will be rewarded with higher sale values. This area is often overlooked as the speed to transact overrides the opportunity gained from delivering service excellence.

Customer satisfaction is a price driven economy, a very fragile and unforgiving market place to operate in. Many salons are stuck in the price trap and don't even realise it. Customer appreciation is a value driven economy, a very secure and predictable space from customers who genuinely want you to succeed as they want you to be there for them in the future. True Customer Appreciation creates an "unshakable emotional connection" to your business that ensures you have the most powerful advocates who will go out of their way to support you.

*Darrell Hardidge is a customer experience strategy expert and CEO of customer research company, Saguity, which works with large and small businesses on developing customer appreciation. Darrell is also the author of The Client revolution and The 10 Commandments of Client Appreciation.*  
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