

# UNRAVELLING THE VALUE OF LOYALTY PROGRAMMES TO ENTICE CUSTOMERS AND KEEP THEM COMING BACK

**Wendy Lewis** takes a deep dive into strategies for engaging clients and building long-term relationships

**T**HE LOOMING THREAT OF RECESSION, supply chain disruptions, higher fuel costs and rising interest rates may present challenges for keeping clients coming back to your aesthetic clinic on a regular basis. So, how are you planning to protect the future of your aesthetics business?

One age-old strategy that tends to pop up when the heat is on is to slash your prices. Try to resist the temptation!

First, this move sends the wrong message to your clients and competitors. It can make you seem desperate for sales. Sure, it may be easy to lower your prices during a slow period, but that can make it much harder to raise your rates to a more reasonable level in the near future. Moreover, too-frequent discounting can have a long-term effect on your position in the marketplace and put a dent in your bottom line. Discounting attracts a different kind of client, so proceed with caution.

Instead of reducing fees or scaling back on service and perks, think about how you can maximise the value you offer to clients. Get past the transactional aspect of your relationship with them and consider ways you can enhance the experience your clinic provides. Start by focusing on

patients' needs and wants.

For example, what are they looking for that you may not be delivering? Do you need to offer evening or Saturday appointments? Are they keen to take advantage of package pricing for the most popular repetitive treatments? Are you offering incentives that keep patients coming back to your clinic and make them think twice about straying?

As former First Lady Michelle Obama said, 'When they go low, we go high.'

## Enhance the experience you offer

Ask yourself, 'Where is there room for improvement?' You probably already have the answers from your patients. It's important to evaluate your reviews carefully and take client feedback seriously. If you want more intel, try sending a survey to a specific segment of current clients to learn more about their thoughts and experiences. This can be accomplished via email or text messaging. These tools can be very enlightening, and they are likely to tell their friends and family anything they are willing to tell you. To get the most honest responses, make the survey



anonymous or name optional.

Think of it as a 'How are we doing?' exercise. It demonstrates that you care about what they think and are trying to engage with them on a deeper emotional level to keep them loyal to your practice or medspa.

## Building lasting trust

In my view, establishing customer loyalty from the first time a patient or client connects with your brand is a critical success factor. This includes any query by any means of communication, such as a standard phone call, email, text, chat, or a comment on one of your social channels.

Building trust will help clients to feel secure and safe in the knowledge that you are an expert in what you do, with an absolute right to be doing it. If they like and respect you as well as your team, are content with the treatments and results you deliver, and their experience resonates with their hearts and minds, the relationship will be strengthened over time.

Maintaining trust with current patients and clients is equally critical. Aim for consistency with messaging, services, wait times (or lack thereof), ease of appointment scheduling, billing, and more. Each visit to your clinic or medspa should meet their expectations and be consistent with their expectations. Aesthetic patients, in my experience, do not like surprises unless they are the good kind (which are always welcome).

## Key benefits of a loyalty programme

Consumers are flocking to loyalty programmes more than ever before across all companies they do business with. This strategy is one of the most effective ways to leverage client relationships to entice them to return for repetitive treatments.

According to Shopify, over 90% of companies have some type of customer loyalty programme. 'Loyalty programmes have proven themselves as one of the most effective tactics for increasing revenue and inspiring customer loyalty. As many as 84% of consumers say they're more apt to stick with a brand that offers a loyalty programme, and 66% of consumers say the ability to earn rewards changes their spending behaviour.'<sup>1</sup>

Loyalty and membership programmes are well known to improve customer retention rates by keeping them engaged with your practice. Offering customers 'points' and 'perks' for their loyalty can help to acquire and retain customers cost-effectively.

According to Theda C. Kontis, MD, FACS, a facial plastic surgeon in Pikesville, MD, and President of the American Academy of Facial Plastic and Reconstructive Surgery (AAFPRS), 'In our practice, we offer a special benefit programme to our injectable patients. For example, when they buy 5, they will get the 6th one free. This presents a huge saving to patients; they can get a neurotoxin or dermal filler and save from \$450 to \$800 USD.'

In a very competitive market, we have seen patients return to our office for treatments rather than jumping around and price shopping. However, with the advent of new fillers and toxins that are lasting longer, it takes

patients a long time to get a free one, so the benefit has less impact,' she says.

## Look to major retailers for ideas

Familiarise yourself with how airlines and hotel chains operate their loyalty programmes—you're likely a member of a few of these yourself! Take a closer look at what restaurants, nail salons, and hair emporiums in your local market are doing to get a sense of what your patients and clients may be accustomed to from other popular service-based businesses.

Once a client has made contact with or visited your clinic, it's vital to maintain that relationship and strengthen it at every opportunity. The power of reciprocity can be incredibly useful, whereby a positive action is met with a positive response. Remember, this is not a gift without ties but a gesture that can be followed up with a request.

For example, this thank-you 'gift' could come in the form of loyalty incentives, discount codes, or educational content such as aftercare advice, how-to guides and tutorials. In turn, the client may wish (or you could ask them) to return to the clinic again (perhaps for additional services), refer friends and family, provide positive feedback, or share your business on social media.

## The anatomy of a loyalty programme

Delivering the ultimate experience for every customer touch point—before, during, and after product purchase or treatment—is a smart strategy for this competitive aesthetic market. To bolster loyalty, reward post-purchase clients and patients with something extra in terms of convenience, sampling, access to new product trials, or anything else patients have expressed a desire for. There are several ways to structure a loyalty programme.

## Point-based loyalty programmes

These are the most common type of rewards programmes. They allow clients to accumulate reward points that can be redeemed for cash back, perks, extra treatments, or products. Points can be earned from purchases, as well as by sharing their experience on social channels, leaving reviews, birthdays, inviting friends to participate in special events, and more.

As an aesthetic provider, you may already be familiar with point-based loyalty programmes, as many companies offer some variation of this concept. In the US, AbbVie's Allé programme is a notable example, and its strengths lie in its wide portfolio of brands that fall under the rewards umbrella. These include Botox Cosmetic®, Juvéderm® products, Kybella®, CoolSculpting®, Natrelle® breast implants, SkinMedica®, and Latisse®, as well as non-invasive skin treatments and surgical procedures.

Earn points on Allé Brands, as well as a variety of other in-office products and treatments like microdermabrasion, laser hair removal, and more. When you're ready to use your points, just let your provider know you're an Allé >



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▷ Member, and they'll redeem them from your Allè Wallet. Every 100 points earns you \$10 in savings toward a future Allè product or treatment.<sup>2</sup>

### Tiered loyalty programmes

Tiered programmes offer clients different benefits depending on their rank, and the metrics used to determine rank can include the amount of money spent, the number of purchases, and engagement. These customer rewards programmes give clients a goal. The higher their tier, the more exclusive and better rewards they'll receive. Clients simply sign up for the programme and start getting rewards right away. The more they spend with a brand, the more perks they get.

The swim and beachwear brand Cupshe offers a brilliant example. Their 'Sunchasers' club has four tiers, 'Shore', 'Sand', 'Sea', and 'Sun', which members move up as they spend more. To keep shoppers notified of their current position, the bikini brand shows shoppers their current tier, points balance, and how close they are to moving up as soon as they log in. Members in all tiers get baseline perks.

With Cupshe's tiered loyalty programme:

- Engaged members now spend 38% more than average shoppers
- Loyalty programme fans spend 26% more than one-time shoppers
- Long-term customers have a 43% higher repeat purchase rate compared to newly acquired customers.

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### Experiential rewards

You can also offer experiential rewards, such as early or VIP access to new services or clinical trials, and unique offers that are only available to members of your loyalty programme. Sephora's Beauty Insider loyalty programme wraps tiers, points and experiential rewards all in one. Tiers and points are based on spending (with higher tiers earning up to four times the points per dollar spent), and members enjoy additional perks such as birthday gifts, exclusive invitations to store events, private beauty chats with industry experts and more. Members can use points as cash, redeem them for merchandise, and donate the cash value of their points to charity.

Cupshe has integrated these rewards into its tiered loyalty programme as well. Members in higher tiers unlock more elite perks, such as premier shipping, invites to member events, and priority customer service. For newer brand fans, seeing there are attractive rewards on the horizon motivates them to return and spend<sup>3</sup>.

### Paid loyalty programmes

Paid loyalty, or fee-based loyalty programmes, give clients immediate and ongoing benefits for a participation fee, which can be recurring or a one-time offer.

According to McKinsey, many companies are capitalising on emerging loyalty models as a way of satisfying and retaining their increasingly connected and experience-driven consumers.

They noted three elements of a successful paid loyalty programme<sup>4</sup>.

- Benefits clearly outweigh fees to encourage sign-ups
- Members stick around for more experiential advantages such as personalised experiences and member-only perks
- Keep engagement levels high through a continuous cycle of interaction that elevates the programme's value to clients.

The most obvious example of a successful paid loyalty programme is Amazon Prime which offers the widest range of products across almost every category.

### Memberships

Like paid loyalty programmes, memberships create natural customer touchpoints through semi-annual offers, gifts with purchases, and sampling. You can also leverage exclusive content, first access to new products, favourable pricing, and innovative treatment and product bundles that are ownable to your best clients. Your raison d'être should be to introduce patients and clients to services and products they have not tried yet, rather than offering specials on what they already buy.

Consider the iconic American Express Membership Rewards programme:

2X Membership Rewards Points: Membership Rewards-enrolled Card Members get at least 1 Membership Rewards® point for every eligible dollar spent on their Membership Rewards programme-enrolled American Express® Card. Those same Card



## 4 LOYALTY PROGRAMME MODELS

- **Points-based loyalty programmes:** Offer points for signing up, posting a review, inviting 3 friends to follow your Instagram, product or treatment purchases, or buying a gift card.
- **Tiered loyalty programmes:** Designate tiers for clients based on the amount they spend on treatments or products or treatments. For each tier reached, they get special offers,
- **Paid loyalty programmes:** Members pay a monthly or annual fee in return for special perks and benefits.
- **Value-based loyalty programmes:** Award users with points for every amount spent. When they reach a specified amount, they are awarded with a complimentary gift or perk.

Members will also get at least 1 additional point for each dollar of eligible travel purchases made on amextravel.com with their Membership Rewards programme-enrolled American Express Card...'

American Express has proven that, in some cases, a paid loyalty programme can be well received if the benefits offered are worth the price of admission. When offering this type of programme, it's likely that patients will 'do the math' to ensure the spend is worth it. This is why it is so important to include exclusive discounts that span the scope of your practice. These can include gift certificates that are valid for the patient's birthday month (with a minimum spend) or free samples with every skincare purchase.

### Elements of a successful loyalty programme

It's essential to surprise patients so they do not get complacent. You want to keep them on their toes rather than having them wait for a special offer before they try and buy. Using the same benefits all the time, such as the proverbial 20% off on your private-label skincare brand, is so overused that the effect has diminished.

Whichever route you choose, loyalty programmes help aesthetic establishments create deep, long-lasting relationships with their clients—and significantly increase the likelihood that they will be long-term patients.

Mark Hamilton, a facial plastic surgeon in Greenwood, Indiana and Chair of the AAFPRS Public Information Committee, has had success with a model where the patient paid a monthly fee. 'This would give them a basic aesthetic treatment every month as well as discounts on other treatments. We referred to them as our 'VIP' patients. Patients who were committed to skincare were very satisfied with the plan because they benefited from regularly scheduled appointments to maintain their skin,' he explained. 'In addition, all treatments were offered at a discount due to their monthly fee, as were any add-on procedures and skincare products. These VIP patients would also get special prizes or gifts at events and around major holidays. They appreciated the special attention and

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discounted services as well as the regular treatments to keep their skin looking its best.'

'For a start-up practice or one that is trying to expand their business, subscription plans can be incredibly popular when priced competitively. They create a steady and recurring patient base that can often become very loyal to the practice,' he adds.

### Beware of hidden caveats

Keep in mind that offering discounts or extra service perks for treatments and products your patients are already purchasing will be less effective than striving to introduce them to something that is complementary but they haven't experienced yet.

For example, an obvious example is a neurotoxin patient who has yet to try a facial filler in your hands. That would be a natural pairing and serves the purpose of letting the patient experience a different treatment that, in fact, complements the treatment they are already coming to your clinic for. Similarly, you may have a patient who is having a fat-reducing treatment series for her postpartum baby belly. You may entice her to try a complimentary mini session on an adjacent area (such as flanks or inner thighs). An alternative would be to offer a muscle-toning treatment to complement her fat-reducing series. This serves the dual purpose of educating the patient on how to achieve an enhanced result to what she has always bought into, plus giving her a taste of something that she has not tried yet.

Ideally, steering your patients to experience new treatments and products that you offer may serve to expand their relationship with your brand and increase long-term loyalty and referrals.

### Taking the plunge

Considering the ever-changing aesthetic market today, competition is increasing, which necessitates thinking outside of the box. If every medspa, chain of laser outlets, gym, salon and other health and beauty businesses in your local market are offering some form of loyalty or membership model, it is probably time to consider jumping on board.

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