



# **The Salon & Beauty Parlor's Guide to Customer Loyalty Programs**

If you're running your own hair salon or beauty parlor, ideally you'd like to have a solid base of existing customers who know and trust your business and come to you every time they need a makeover or want to treat themselves to a bit of pampering.

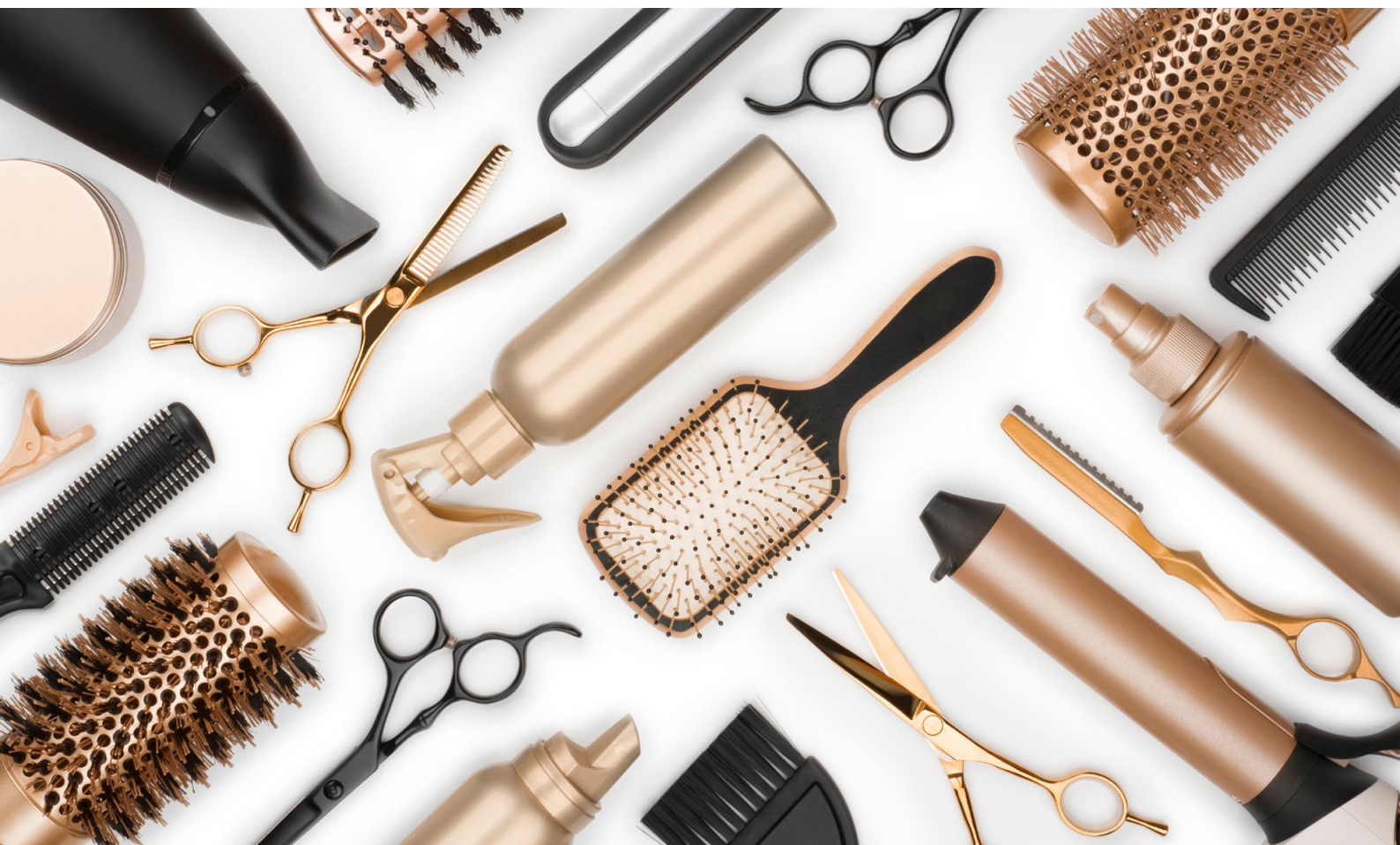
Well, you're in the right place because the well-structured salon loyalty program can help you achieve this.

By offering your customers an incentive to come back to your hairdresser or beauty salon time and time again, you can enjoy a high level of customer retention and increase customer loyalty for your business.

So, with that in mind, let's dive in ...

### **The topics we'll cover in this guide are:**

- Why rewards programs are important for salons
- Tips for creating a successful loyalty program offer
- Different ways to structure your salon's loyalty program
- How to transition from paper punch cards to a digital loyalty app





## So, what is a customer loyalty program **in today's world?**

Customer loyalty programs aim to encourage customers to continue to shop at or use the services of businesses, and rewards them when they do. Any business that relies on repeat customers benefits from a loyalty program.

Originally, the standard rewards program was the paper punch-card, where every time you made a purchase, you would get a hole punched in your card and upon 9 stamps, you would receive some kind of discount or free product or service.

While this 'Buy X, Get Y Free' kind of method is still incredibly effective, the way it operates has changed rapidly with the rise of the digital era, and the paper punch-card system has now almost become defunct.

This is mainly due to two reasons ...

# 1. Paper punch can't capture **valuable data**

Businesses now have an incredible opportunity to use the data collected from their digital rewards program to better understand their customers and market more effectively to them. Paper punch cards can't capture and store valuable information.

In addition to rewarding customers and increasing customer retention, digital rewards programs can now help businesses understand things like a particular customer's visitation frequency and information on their demographics such as postcodes, ages & birthdays.

Having access to this information is an incredible opportunity for businesses be smarter with their marketing efforts.

# 2. **Consumer preferences** and demands have changed

A quick look around will make you realise just how attached to our mobile devices we are and, let's be honest, most of us depend on them for nearly every aspect of our lives. Heck, we can even pay with our phones these days!

So, should your customers still be expected to carry around paper punch-cards, when they can do almost everything else digitally?

... **No, they shouldn't!**



A top-down view of spa products and orchids. A white bowl of sea salt is on the left, a white dish of cream is at the bottom, and two white orchids with yellow centers are on the right. Green palm fronds are scattered around the products.

Why are  
loyalty programs  
important for  
**salons and  
beauty parlors?**

## Your existing regular clients **return more often**

Obviously, your existing loyal customers already keep returning to you because you're good at what you do – well done! Now it's only fair that you reward them for their business.

With a loyalty program, you provide customers with an incentive to come in even more frequently because they want to earn the awesome rewards you are offering.

You can also create urgency with your rewards program by putting expiry dates on rewards, in an attempt to get customers to come back sooner to claim them.

## They **increase revenue**

Not only are your customers coming back more frequently, but they're actually spending more. According to the Harvard Business Review, **repeat customers spend 67% more than new customers.**

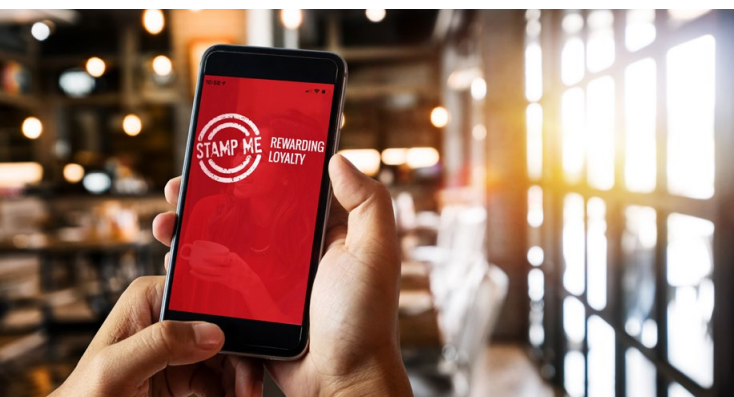


# They give your salon **a point of difference**

People generally don't sign up to loyalty programs at two different hair salons ... you have one salon, and that's where you go when you need a cut. Every customer who signs up to your loyalty program is a person who isn't signing up to your competitors' programs.

Also, let's revisit the "free manicure/pedicure with your next facial" offer mentioned above; perhaps you have a customer who visits your salon for their waxing and tanning needs, but goes to a nail salon somewhere else for their manicures and pedicures.

Offering them a free manicure/pedicure with their next appointment might be enough to convert them, so they come to you for all their skin, nail and beauty needs. That customer now uses several of your services, instead of just one.



# They increase referrals (and attract new customers)

This one's quite simple: happy customers are walking, talking advertisements for your business.

Any loyal customer who is consistently satisfied with their visits and happy with the rewards they enjoy from your loyalty program is likely to promote your business to their friends, family and co-workers.

Considering that [92 percent of consumers trust peer reviews over traditional advertising](#), word of mouth referrals and positive online reviews are essential.

# They are a **great communication tool**

When a customer signs up to your loyalty program, they are voluntarily providing you with their details, and they expect to hear from you.

Communication between a business and their loyal customers isn't considered spam, so don't be afraid to regularly (within reason) communicate with your customers. In fact, doing so is vital for keeping customers continuously engaged with your rewards program.

## **Here are some reasons you might want to communicate with your customers:**

- To inform them of special deals and offers
- Remind them of their rewards progress ("Only 2 stamps to go until a free eyebrow wax!")
- Announce a new product or service
- Invite them to special events your salon is hosting or involved in
- Wish them a Happy Birthday (you can set up a Birthday Club with our loyalty app)
- Reach out to them if you haven't seen them in a while ("We miss you! Come in to enjoy a free treatment with your next haircut! Offer expires in two weeks.")
- To boost slow days/periods (more info on this below)
- Perhaps just a friendly message to stay at the forefront of their mind – why not just wish them a good day?





Some digital loyalty platforms, like Stamp Me, will provide you with the ability to communicate directly with your customers through Push Notifications and SMS.

The benefit of communicating through Push Notifications and SMS is that you can deliver **the right message, to the right customer, at the right time**. Plus, you don't need to worry about having to create promotional materials such as graphics for emails, signs, posters, etc.



Stamp Me

We miss you! Come in for a Mani/Pedi this week and enjoy complimentary Shellac! 🍷

# They can help **boost slow periods**

One of the great things about a digital loyalty program is that it can help you boost quiet days and slow periods.

Let's say one of your quietest times is on a Tuesday afternoon. Instead of running a permanent promotion, you could send out a Push Notification message to your loyalty club members a few days before having something like this ...



**Stamp Me**

Free on Tuesday afternoon? Come in between 12pm-6pm on Tuesday to enjoy 25% off any service! See you then! 🙌



By offering special deals and discounts during these low-revenue periods, you will encourage customers to come in and take advantage of the rewards.

Of course, you will need to communicate this temporary offer to your staff so they are aware of what's going on.

# They help you **understand your clients**

As a salon / beauty parlor owner or manager, you probably already recognise the importance of building a rapport with your customers.

No doubt you're on a first-name basis with some regulars, you know all of their juicy gossip, and ask how their grandmother's birthday was last weekend.

While this excellent customer service is incredibly important for running a successful business and may be the reason your clients continue to come back, being on a first name basis with the customer doesn't help you capture and document:

- The customer's email address, phone number and date of birth (if provided)
- The exact times and dates of their transactions
- How frequently they visit your business

Capturing this information, and knowing what to do with it, will vastly improve your marketing efforts and have a dramatically positive impact on your business.



# Setting up a **Salon Loyalty Program**

Different ways to structure your loyalty program





Okay, so you're aware of the benefits to be gained from implementing a customer loyalty program – now it's time to figure out how to set one up. The first step is deciding which system will work best for you and your customers.

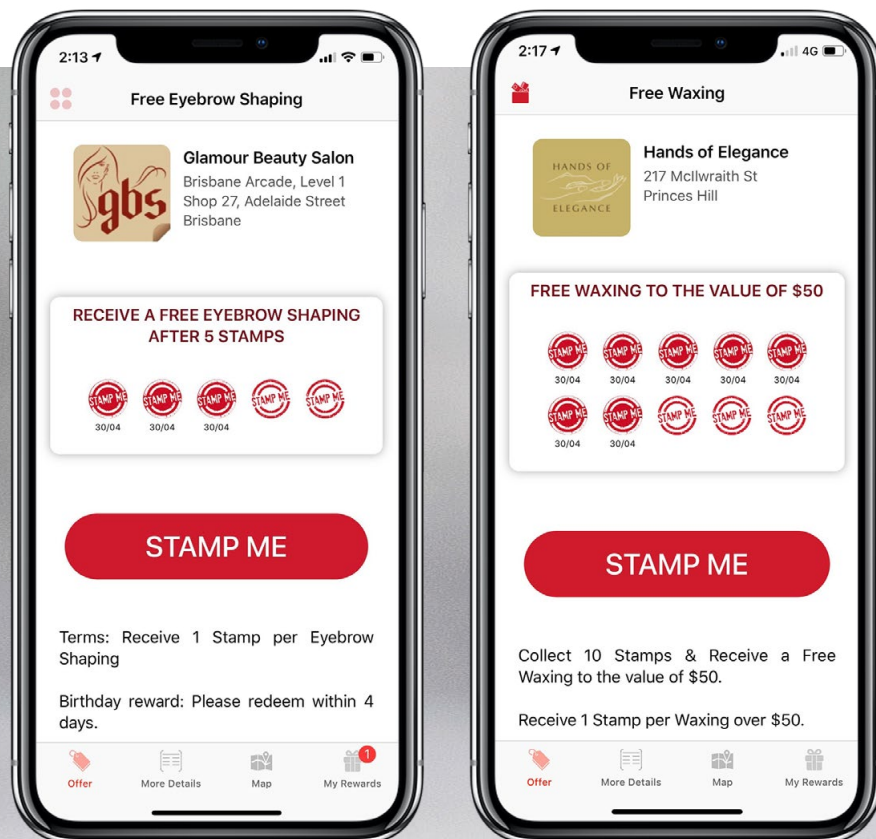
Most loyalty programs use one of the following systems to reward their customers:

# Products/service-based system

This method is generally utilised as the “Buy X and Get Your Xth Free”-type model. This system rewards the customer based on how often they purchase a product or service, rather than how much money they spend.

It's spectacularly simple for both the customer and the business owner. The customer simply collects a stamp for each product or service that they purchase. The reward is obvious and easily achievable.

Below are some examples of Stamp offers. Both beauty businesses offer full range services from eyebrow tinting to Brazilian waxing etc. however they have chosen to set up a stamps offer to focus on a particular service.



**Note:** You can set up as many offers as you like if you are on the Stamp Me Pro or Elite plan. For example, you may want to have several stamp offers for your various services:

**Offer 1:** Collect 6 Stamps for each eyebrow wax and receive the next free!

**Offer 2:** Collect a Stamp for each haircut. After 5 stamps, receive your next haircut free!

**Offer 3:** Collect 8 Stamps and receive a free tanning session!

Many salons already use the 'Stamp system' with paper punch cards, so switching to a digital version is incredibly easy! But more info on this later.

# Spend-based system

A spend-based system usually works off the premise that once a customer signs up to your loyalty program, they accumulate points based on **how much they spend**. We call this a points offer.

On the Stamp Me loyalty app, customers will typically earn 1 point per \$1 spent.

Once they reach a certain amount of points, they earn a reward. This system works well with full range services.

**Body & Mind Therapy** has adopted the points system with multiple (interim) rewards along the customer's rewards journey.

**700 points** - £5 off your treatment

**1000 points** - £10 off a "New to You" 1 hour treatment

**1250 points** - Upgrade from a 60 minute to a 90 minute Swedish Massage

**1500 points** - Free 1 hour Wellbeing Package (choose a combination of 2 treatments from our Wellbeing menu)


Of course, you don't have to offer interim rewards. A simple offer is just as effective.

*Collect 500 points and receive a \$50 voucher.*



If you have any questions about which offer type you should use for your digital rewards program, just ask us! **Our team are here and happy to help you** get your offer set up successfully.

Ask us!



# What Makes a **Successful Loyalty Program?**

Regardless of which system you choose (stamps or points), here are 5 tips to consider when designing a rewards program for your salon ...







1

## Simplicity is key

The best rewards programs are simple and transparent for the customer to understand. “Do X, Get Y”.

In fact, the 2019 Loyalty Report found that **56% of customers will choose one program over the other if it is easier to use.**

A good program clearly states what behaviour X is and what the reward is in return.

For example:  
“Get 5 Haircuts & Get the 6th Free”  
“Spend \$300 & Get a \$30 voucher”

Both of these offers are incredibly simple and easy to understand, and in turn, they are incredibly effective.

# 2

## Make your rewards attractive, relevant and attainable

If the customer is going to enroll in a loyalty program, it is only fair that your business provides a reward of value in return. It is an unwritten agreement.

It's also important that you don't make the reward too hard to obtain.

### Consider the following example:

"Get 15 Haircuts & Get One Free"

Do you think this is a good offer?  
Is it fair to your loyal customers?

Let's say the average customer gets their haircut once a month. This means they will have to wait 15 months to receive a reward. Therefore, the answer is no.

The reward is simply not valuable enough to justify the customer committing to 15 haircuts just to receive one free. It does not provide enough incentive for the customer to want to achieve it. They may go to one of your competitors who has a better offer.

A better offer would be, "Get 6 Haircuts & Get the 7th Free". This is much more obtainable.

See how this offer is more balanced between the commitment the customer needs to make vs. the value of the reward?

**The most effective programs are those that are designed to mutually benefit the business and the customer.**





# 3

## Start customers off with a win

The best way to entice customers to sign up to your loyalty program is to offer them a reward right away.

At Stamp Me, we've found that **businesses which offer a sign-up reward enjoy 3 times more enrollments than programs which don't.**

**Give your customers an immediate incentive to join your rewards program.**

For example, "Free Express-Manicure with any purchase when you join our Loyalty Program" is highly likely to boost your loyalty program registrations.

If you're worried you will be taking a loss by giving away something for free ... don't be!

Think about the long-term value of the customer. By enticing them to join your rewards program at the cost of a small discount, you open a huge opportunity to turn the customer from a one-time visitor into a loyal customer, in which case the initial investment of giving away some free nail art is minuscule.

**Here are some examples of sign-up rewards of loyalty programs in the hair & beauty industry:**

**Hairdresser:** Free treatment with first haircut & wash! **Massage:** Complimentary 15-minute neck & shoulder massage. **Nail parlor:** 20% off your first manicure or pedicure. **Beauty treatments:** Free mini-facial. **Waxing & Laser:** Free eyebrow wax!

# 4

## Keep customers engaged

Unfortunately, it's not quite as simple as implementing a rewards program into your business and watching your profits rise. As with anything, you only get out what you put in.

In order for a customer loyalty program to work for your salon and achieve your desired results, it's extremely important to keep customers engaged.

So once customers have joined, don't assume the work is over. You need to continually keep them involved with your loyalty program so you are always at the forefront of their mind when it comes to their hair & beauty needs.

### How to keep customers engaged with your loyalty program:

- Offer Birthday Rewards
- Giveaway random rewards such as raffle tickets, competitions, lucky draws and Scratch & Win cards
- Communicating through Push Notifications, email and SMS

All of these features are available with the Stamp Me loyalty app.



Stamp Me

Happy Birthday! 🎁 Here's a special treat for you ...

# 5

## Educate and motivate staff

Your employees are your biggest advocates, and they are critical to the success of your loyalty program.

If staff aren't actively promoting and encouraging your rewards program, your customers probably won't use it, or even know about it.

Bond Brand Loyalty's 2016 Loyalty Report found that customers who felt a loyalty program's representatives (i.e. your staff) made them feel special and recognised were nearly **3 times more satisfied with the loyalty program** than customers who weren't made to feel this way.

Teach your staff the ins and outs of the loyalty program and make sure they understand the benefits so that when they speak to your customers about it, they aren't reading from a script but genuinely advocating it.



So, how to  
transition from  
paper punch  
cards to a **digital  
loyalty app?**

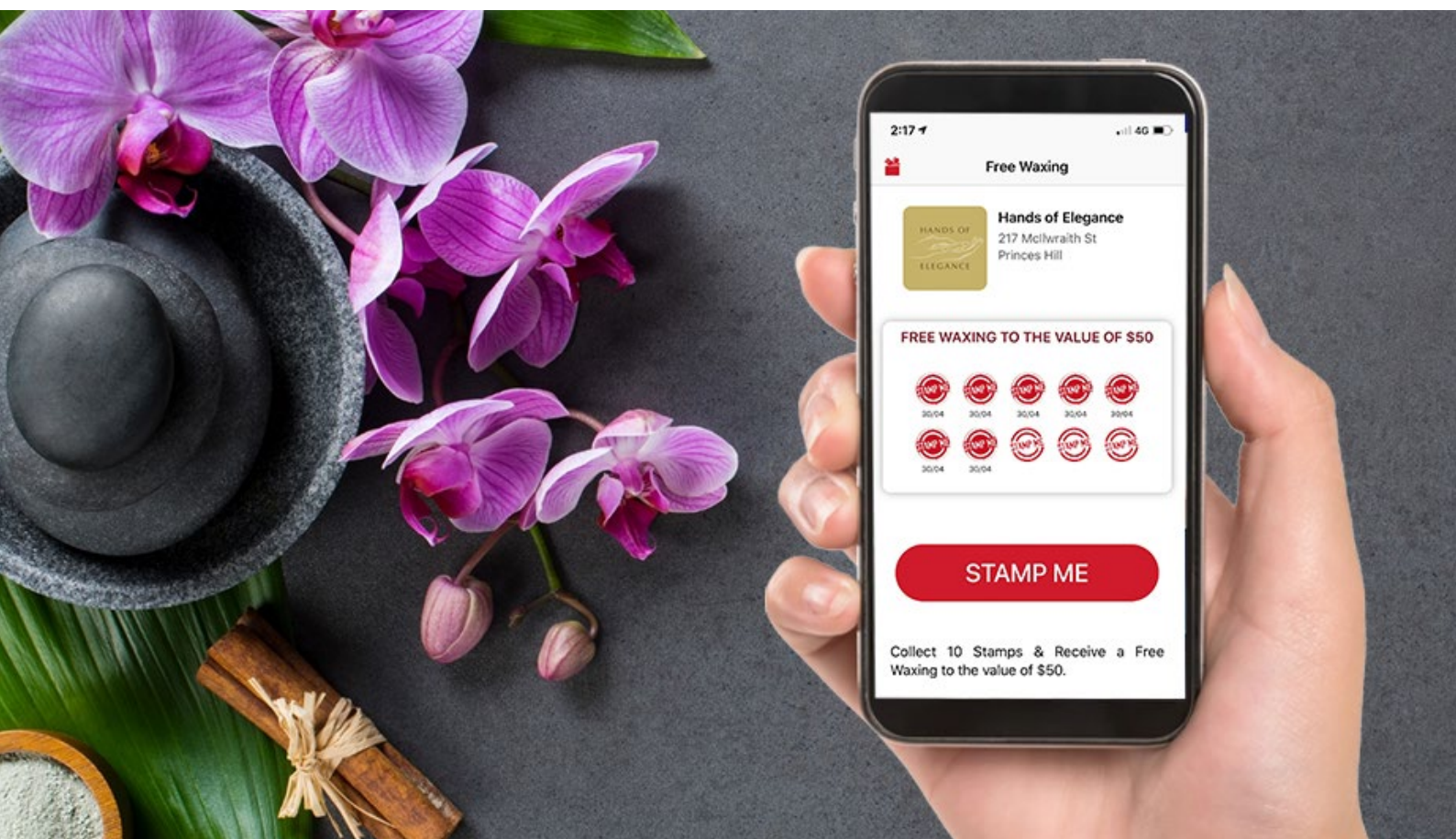


## So, how to make the switch from paper punch cards to a digital loyalty solution?

If your salon or beauty parlor has an existing customer loyalty program operating with a paper punch card, you might think the transition from paper to digital will be difficult.

Well, the good news is, it doesn't have to be!

Here are the answers to some commonly asked questions about switching from paper to digital.



# *What if customers don't want to switch from paper to digital?*

We are living in a digital world and rely on technology for most aspects of our lives. So don't worry, if it makes their lives easier (which it will) your customers are likely to be all for it. In fact, most will wonder why you hadn't introduced a digital program sooner!

However, there may be a small portion of your customers (particularly slightly older retirees) that may be a bit apprehensive about making the switch.

That's one of the many reasons why offering a signup reward is a great idea – to make on-boarding easier and more exciting for the customer.

However, there may be a few who are really not tech-savvy, or don't own a smartphone, so you may want to keep a few paper punch cards around so you can continue to cater to these select few customers.



# How do I implement a digital rewards program? Do I need to download any software or integrate the system with my POS?

Some loyalty platform providers may require you to have a tablet or integrate with your POS system, but not ours!

At Stamp Me, our goal is to make it as easy as possible for our merchants to implement a digital rewards program.

Our most popular validation method is our Stamp Mate device, which runs entirely independently of any other system. The device works with Bluetooth and NFC technology, so as long as the customer's phone has these capabilities (which most do), they will be able to collect stamps.



There is no complicated installations or software required. The device is linked to your Stamp Me account, and it's ready to go as soon as you receive it!

Merchants usually just keep the Stamp Mate device next to the register. We also have a variety of alternative validation methods which can be used instead of (or in addition to) the Stamp Mate device.

# How do I transfer the customer's existing stamps from the paper punch card to the app?

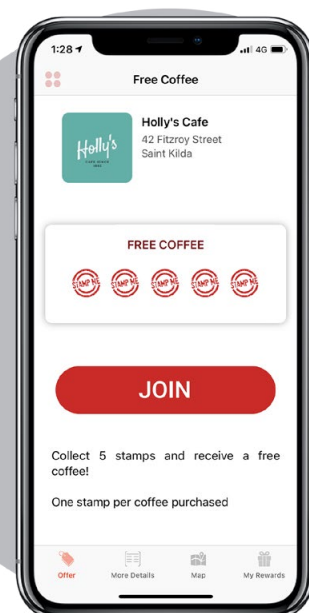
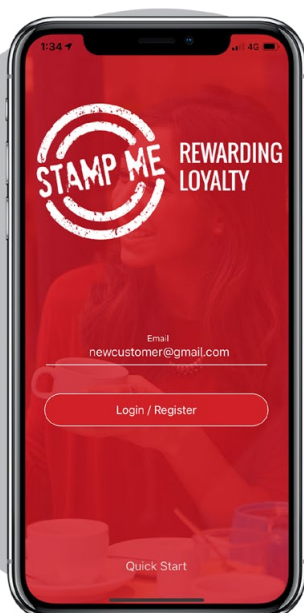
If you're using the Stamp Me app to run your digital loyalty program, it's incredibly easy to transfer the customer's existing stamps to the app.

All you need to do is manually apply the stamps through the Stamp Me Dashboard.

**Here is what we recommend you do:**

## Step 1

Instruct the customer to download the Stamp Me app, register their details and join your offer (Be sure to mention your signup reward to give them an incentive to do so!)

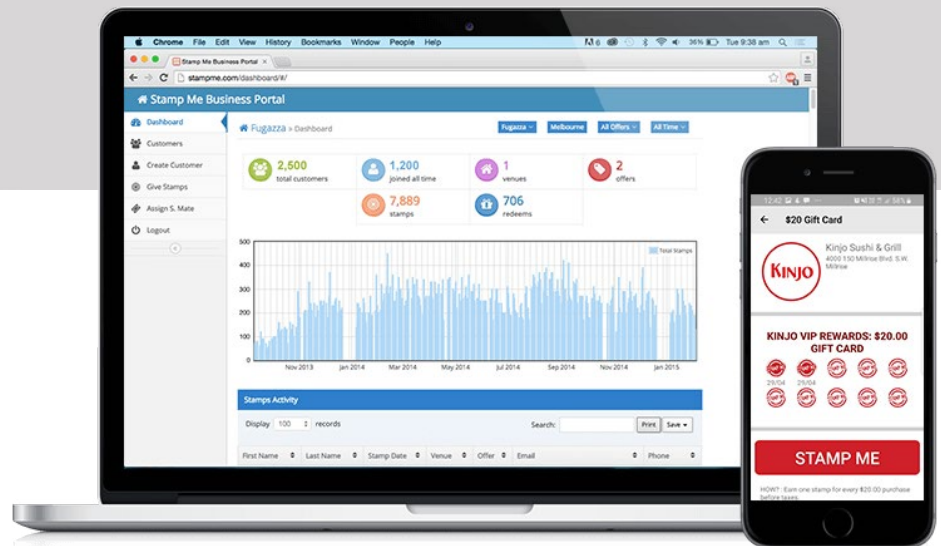


# Step 2

Assure the customer that their stamps will be transferred and you will manually apply them to their Stamp Me account. Ask them to write their name & email address on the back of the punch card (the one they use to register on the app) and collect the punch card from them.



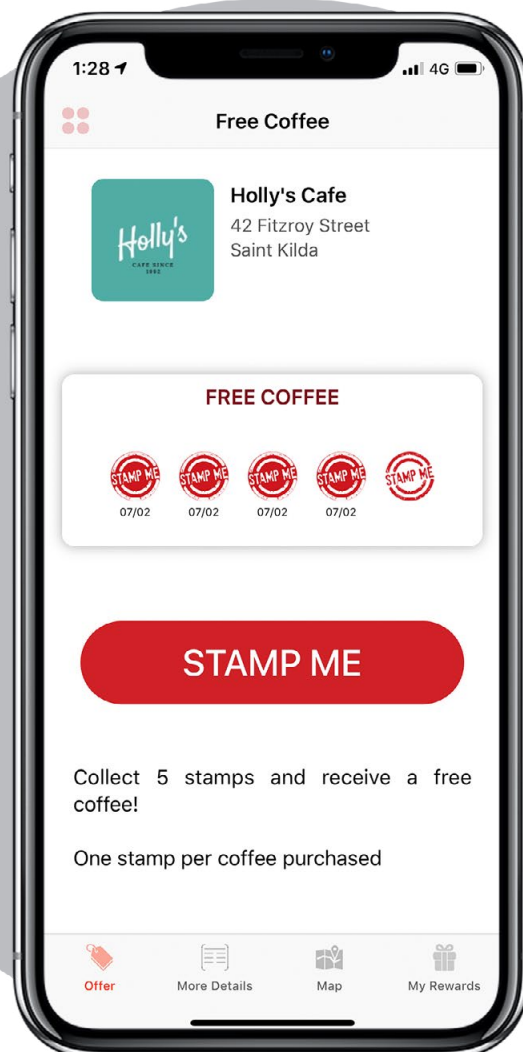
# Step 3



Log in to the Stamp Me Dashboard, search the customer's email address, and apply their existing stamps (perhaps this can be done at the end of each day for all cards collected).

# Step 4

The next time the customer visits, they will see their existing stamps applied to their digital stamp card, and can continue as they were working their way towards the reward!



... everyone wins!

Ready to grow  
your business with  
a **digital loyalty**  
**program?**

You can trial our  
**Customer Loyalty app**  
**free** for 30 days!

▶ **Start free trial!**

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