

zenoti



## **5 Reasons Why You Should Move to a Membership Model**

## Did you know?

**95%** of [Ulta Beauty](#) sales are from members of their loyalty program.

## That's right – 95%.

Why does that matter? Memberships and loyalty programs generate recurring revenue and offer more revenue opportunities by turning one-off clients into loyal guests... and they are growing in popularity.

Membership sales improved as much as **55%** last year for Zenoti customers!

With a paid membership model, members pay a monthly or annual fee which creates recurring revenue and stability for your beauty and wellness business. This allows you to make strategic decisions that help you grow, while building brand loyalty and creating an elevated guest experience.

## We're covering:

### 01 The Membership Landscape

### 02 The Benefits of Memberships

### 03 Five Key Reasons to Implement a Membership Model



## The Membership Landscape

Both subscriptions and memberships boomed during the pandemic, with more people committing to their favorite brands and convenient product and service options. Now, more beauty subscription services are popping up every day - even Amazon offers the option to subscribe and save on beauty products alongside beauty subscription boxes.

The "subscription economy" is predicted to grow to **\$1.5 trillion by 2025**.\*



*\*UBS financial services firm*

On average, consumers spend **\$273** per month on subscription services.

Industry experts predict this increase is part of the generational shift away from the traditional transactional economy to a more relationship-driven one. The beauty and wellness industry has always been high-touch and relationship-driven, so it's perfectly positioned to capitalize upon this shift and create lasting relationships with guests.



### Picture this!

It's Friday night, and your ideal customer has just gotten home from work. They changed out of the clothes their stylist at Stitch Fix selected for their corporate boss image, slipped into their Fabletics, made their HelloFresh meal, and just sat down to watch their favorite Amazon Prime Original. They hop on their phone to tip the Uber driver who picked them up at the office, and they think, "I should book a hair appointment". Your guests value a membership program. They used at least five above!





## The Benefits of Memberships

A membership program helps you to make more money with less effort.

It can cost **6 - 7 X** more to get a new guest than to retain one.

With a membership model, you home in on your ideal guests and create a deeper relationship that translates to brand loyalty and increased lifetime sales. You also cut down on marketing costs, generate recurring revenue, and decrease guest churn. And the best part is, once you've set it up, you can forget all about it!

Plus, guests love the convenience, touchless experience, and fast service that come with memberships. When you make people feel that their time matters (because it does), you show them how important they are to you.

Let's take [Skin Laundry](#) as an example.

### SKIN LAUNDRY

**The inspiration:** Yen Reis saw a need for a membership plan that would empower busy guests to drop in for quick and regular treatments throughout the month.

**What they know:** guest convenience is #1

#### The membership plan offers:



Multiple tiers based on laser needs



A clear outline of who each tier is designed for



An exclusive, members only offer



Simple sign up in just a few clicks



A welcome gift





# Top 5 Reasons to Move to a Membership Model

## 1 Revenue Growth

Memberships are a great way to grow revenue for your business. Here are some examples:

### Data & insights

Ongoing member relationships provide a deep understanding of their behaviors and preferences and how they interact with your products and services. You can then use that data to make smart business decisions about future products, features, and marketing endeavors that drive revenue growth.



### Look at:



Peak and low times for bookings



Highest and lowest performing products, services, or rewards (what are people using and what are they leaving behind)



Duration of time in your membership program (start date(s) are key data for promotions and targeted offers)



Membership demographics and target consumers (who are signing up, and where can you find like-minded folks who would also enjoy the perks of your program)

This data can help you determine which products, services, and offers to serve your members and what to offer those you are inviting into the program. If your highest membership sales are in January, launch a campaign in December to invite even more sign-ups. Or if you find that the most used perk of your program is first-in-line access to new product launches, highlight that perk first, as what sets you apart from the rest. Your members will tell you what you need to know to drive more revenue, you just need to capture the right data to spot the trends.



### Pro Tip

As a business you want to position the right number of membership options. Think of your guests like Goldilocks, too many options are overwhelming, too few are not enough. It has to be just right. Keep it simple and cohesive and don't give them a reason to say no! Instead, make it easy to say yes.



With a software partner like Zenoti to house your membership data, you gain [deeper insights](#) into how customers interact with products and services.

## More upselling opportunities

Having a membership model also creates more touchpoints for product education and communicating that you are knowledge experts in complementary and superior products and services. This brings the value of education to your guests while increasing revenue through upselling and cross-selling products.

Take the admin work out of the equation with auto reminders, auto pay, and automatic data collection, tracking, and reporting.

Companies with auto-pay plans see a [23%](#) increase in members.



## 2 Brand Loyalty

Ultimately, a membership program strengthens relationships between your brand, providers, and guests. This keeps guests loyal even when they are tempted by new locations opening nearby. Great, right?

**A membership model contributes to brand loyalty through:**



### Opportunities to advise members on new services

Through a membership program, you can offer exclusive promotions that encourage members to try out treatments and services that they wouldn't usually. Your providers also have more chance to provide guidance on what may be beneficial for a member's specific needs and goals. This helps promote other departments they may not have considered and strengthens their loyalty to your brand as a place they can visit for every need.



### Increased visits

Your regular guests might only visit your salon or spa 4 or 5 times per year, but membership programs encourage them to book more often. This can be to gain points, special rewards, a discount on purchasing multiple sessions upfront, or simply because it's part of the deal. Suppose your top-tier membership program includes free bang trims or unlimited blowouts. How many times would those members be visiting you? The more they think of you, come to see you and have a positive experience, the more loyal they become because you're a part of their (almost) every day.



### Member insights

Consider how much data you can gather from your own personal membership and order history. That data can be used to serve you unique deals, offers, and ads targeted directly to you and your buying preferences. You can do the same with your membership program! It can provide you with a wealth of data and insights you can use to make business decisions that go far beyond a single transaction and keep guests loyal visit after visit, year after year.



#### Pro Tip

Strengthen loyalty by ensuring front desk staff can recognize members no matter which center they visit with [cloud-based software](#) that centralizes all your guest profiles in one accessible place and enables them to redeem benefits at every location!

## Build loyalty with flexible membership pricing, like Hand & Stone...

### What they know:

Flexible memberships create a welcoming and inclusive membership program.



**Get Inspired:** [Hand & Stone Massage and Facial Spa offers](#) flexibility with:

1. No fee membership, free to sign up
2. Ability to cancel anytime
3. Benefits that can be used across all Canadian locations



### 3 Guest Experience

Membership programs provide more opportunities and insights you can use to create an amazing experience for your members. From exclusive shopping nights to early access to the latest service or treatment, there are countless perks you can offer to make members feel special.

**Key ways to deliver a standout guest experience with memberships include:**



#### **Receptionless environment**

Members can conveniently check in/out and pay for products and services on their mobile devices. Plus, you can automatically apply membership credits to their account. All of which helps them to skip the front desk and breeze in and out on every visit.



#### **Keep them engaged**

A mobile app also empowers members to easily see their benefits, check their balances, view upcoming offers, and receive notifications about member-exclusive events and product drops.



#### **Display memberships online**

Memberships can be a lot for receptionists to talk about during the limited time they have with guests (not to mention if there's a line of others waiting!). Take the pressure off them and give wannabe members a place where they can go and learn all about your program by sharing all the information on tiers, benefits, pricing, and more directly on your website or Webstore. A QR code at the counter can also offer an easy entry to the conversation and give guests the opportunity to explore the program at their leisure. You can also include a link to the program on your invoices and email appointment reminders. Any time you can share the benefits of your program, do it! Your guests want to know.



#### **Share annual benefits**

Much like how face-framing highlights can draw attention to the best features of your face, sharing everything your guest will get over the year can accentuate the value of the program. But be mindful of sticker shock, you want your guests to see the value of the program, not the cost. Do that by offering a subscription or monthly membership fee to make the program more accessible to all your guests. Monthly programs have the benefit of helping members feel the value of big-ticket services at a more affordable monthly price.



US-based, [Profile by Sanford](#) understands the power of a recurring membership model...

**What they know:**

A recurring monthly membership fee (vs. an annual fee) decreases barriers to entry into your program.

profile

**Get Inspired:**

Profile by Sanford understands what their guests want in a membership program.

1. Annual and recurring monthly memberships
2. Offers and benefits in a 2-week trial program



**Pro Tip**

The right software makes managing memberships a breeze by automatically displaying member pricing, rewards, and credits online and on invoices. Consider your favorite store or points program. You get excited when you see the rewards on-screen at checkout or on your invoice. Us too! And so do your guests. It makes the program feel real and further solidifies the benefits.

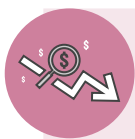
## 4 Predictable Revenue

To sustain and grow your business, you need to know how much revenue you have coming in on a recurring basis. The good news? Memberships can help with this...



### Greater appointment utilization

Operating on a membership model gives you a great awareness of how many members are likely to be visiting each week and what treatments and services they will be visiting for. By knowing your members' visit cadence, you can ensure your staff utilization is on point by only scheduling the staff you need. This helps keep your chairs full and maintain revenue.



## Less risk

Having [a solid revenue foundation](#) from monthly members, allows you to invest in your business without taking undue risks. Regular and upfront revenue can help with budgeting for regular and expansion costs and can help you gain access to funding if you need it. With companies like Amazon and Spotify seeing [an increase in Prime and Premium memberships](#), we can see how beneficial that can be to your bottom line. Upfront revenue generation is like self-care for business owners.

### What they know:

Memberships provide predictable revenue.

URBANFLOAT  
renew | refresh | revive

**Get Inspired:** Check out [Urban Float's Self-Care Club](#) for a healthy dose of "self-care-spiration".



## 5 Better Market Position

So how exactly does a membership model strengthen the market position of your brand? Let us tell you.



## Higher valuation

Beyond relationships and loyal customers spending time and dollars at your salon or spa, businesses with recurring revenue are typically [valued higher](#). This is because subscription or membership model businesses are often assessed based on annual recurring revenue (ARR) which provides a very clear projection of the year's revenue.

So, if you have an established base of 500 members who have been with you for two years, it's pretty fair to say that's going to be a very reliable source of income for your business for the year. This is promising for your growth and can be used as one way to [determine the health of your business](#). It can be particularly beneficial if you want to get a business loan, seek investor funding, or plan to sell the business.



## Key Takeaways

As one of the [top trends for 2022](#), memberships are in a boom phase as guests want to build a long-lasting relationship (vs. a transactional one) with your brand. Get started by providing flexible membership programs that align with your business goals. It's not about offering discounts that can attract people to your program, but that won't build your relationship. This is a long-term approach with benefits that will pay off.

We created this whitepaper because we have seen the benefits of a membership model for our customers, and we want the same for you.

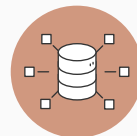
### With Zenoti you can:



Elevate your online presence



Customize your membership programs



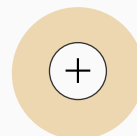
Register members and house all their data



Communicate with your members



Automate payments, reminders, and invoices



And more!

Ready to get started?

[Chat with us today](#)

**Set your membership program up for success with these resources:**

[Managing Your Membership Program](#)

[Promote memberships online](#)

[Zenoti memberships](#)

[Top six beauty and wellness trends for 2022](#)



Trusted by the best

