



## **How the Spa can Increase Customer Engagement**

As the hospitality industry evolves in a dramatically changed landscape, the goals are ultimate customer engagement and relationships across all channels. This starts with a quest for creating emotional allure and going straight for the heartstrings; creating a lifelong consumer is the ultimate prize. Spas, more than any other hotel service or amenity, provide the personal, intimate and comforting experience sought by today's consumers and provide an entry into Relationship Marketing that hotels and resorts need to stay competitive.

A clear convergence is taking place between global trends in tourism and the components of wellness. In this context the spa becomes a focal point of interest. Proactively managing Spa, Fitness and Retail KPI's (Key Performance Indicators) remain of paramount importance in savvy management of business strategy. However, Spas have emerged from the recession as the new powerhouse engine for the development of creating life-long customers and taking hospitality "customer engagement" to an unprecedented level.

Customer engagement recognizes the long term value of customer loyalty with the key principle of retention by satisfying requirements through a mutually beneficial relationship. The practice of customer engagement is facilitated by tracking and analyzing of each customer's preferences, activities, tastes, likes, dislikes, and complaints (or effective conflict resolution). Spas have long tracked customer preferences by creating a database of when and how repeat customers buy their services and products, the options they choose, lifestyle concerns and special occasions. This becomes a powerful position from which to develop one-to-one marketing offers and product benefits.

This personalized relationship approach transcends the simple purchase-exchange process. Client contact becomes more meaningful and richer through the provision of a holistic, personalized purchase and experience, and the relationship becomes stronger.

Even a 5 percent improvement in customer retention can cause a significant increase in profitability, and depending on the industry, that net present value can increase between 25 and 85 percent. Once a relationship has been established with a customer, several factors converge to boost customer retention:

- The cost of acquisition occurs only at the beginning of a relationship, so the longer the relationship, the lower the cost.

- Account maintenance costs decline as a percentage of total costs (or as a percentage of revenue).
- Long-term customers tend to be less inclined to switch, and also tend to be less price sensitive. This can result in stable unit sales volume and increases in dollar-sales volume.
- Long-term customers may initiate free word of mouth promotions and referrals.
- Long-term customers are more likely to purchase ancillary products and high margin supplemental products.
- Customers that stay with you tend to be satisfied with the relationship and are less likely to switch to competitors, making it difficult for competitors to enter the market or gain market share.
- Regular customers tend to be less expensive to service because they are familiar with the process, require less "education", and are consistent in their order placement.
- Increased customer retention and loyalty makes the employees' jobs easier and more satisfying. In turn, happy employees feed back into better customer satisfaction in a virtuous circle.

The most effective hospitality brands are customer-centric with a uniquely crafted core proposition that delves into the psyche of their "best" customer profile. If the customer believes that they share interests with the hotel and spa brand there is deeper and more personalized engagement, which ultimately achieves more traction.

Themes that resonate with customers explore lifestyle/cultural issues that are of importance to the guest and exhibit unique facets such as seasonality, luxury, art, eco-awareness, fashion, wellness, etc. Regardless, the essential components must emotionally engage and embrace "l'art de vivre", the refined art of living.

With the growth of the internet and mobile platforms, customer engagement and relationship marketing have continued to evolve and move forward as technology opens more collaborative and social communication channels. However, effective engagement goes well beyond virtual relationships, it also involves using technology to organize, synchronize business processes and ultimately measures customer satisfaction and retention.

The spa experience is personalized to embrace the guest, define and address their specific needs, while providing expert recommendations regarding additional services, products, meals, special events or habits that can improve their health and well-being. The hour plus time spent one-on-one with a spa professional makes for a personal experience unmatched anywhere else within a hotel.

The guest feels cared for, and typically leaves with a customized prescription card that allows them to continue to achieve their wellness and lifestyle goals.

This provides the opportunity to become a trusted advisor to the guest with personalized recommendations during stay as well as in-between visits.

Luxury protocols from legendary brands require personalized service, impeccable manners, and quiet perfection. Thank you letters, well-maintained and detailed client files, follow up on absent clients, these all are time-proven methods that foster loyalty, and continue engaging the emotional journey of the guest. The spa can be the heart and brains of your consumer connection.

The spa also provides unique ways in which to identify and target distinct customer segments. This allows for customized strategies that boost the entire experience as memorable, results oriented. A customized strategy drives loyal consumer engagement.

Customer engagement as a core strategy requires finding the right metrics; however measurement without action is meaningless. Focus should be on repeated interactions that strengthen the emotional, psychological or physical investment a customer has in a brand.

Elizabeth Arden Red Door has long been a market leader in understanding the value of lifetime customers and utilizing dashboards to measure success. Todd Walter, CEO of EARD recently shared the following insight: "Elizabeth Arden Red Door Spas noted that only 5% (the core guests) of total customers generated more than 50% of the profits. Not all customers, and approaches to customers, impact your business or organization equally.

For every guest that comes through your business or organization's door, literally and figuratively, you are then increasing the financial opportunity to convert those guests into lifelong, recurring customers and repeat business.

You can also cross-sell underperforming products and services deploying dashboard insights, increase customer visit frequency, reactivate guests who haven't been customers in some time, convert first-time guests into customers, and enable visitors to refer friends. *Recurring services generate repeat business, if you know the what, when, and how of customers and combinations of services.* Actionable insights into your actual marketing strategy and performance are essential."

Gallup studies reveal that customers who are fully engaged represent an average 23% premium in terms of share of wallet, profitability, revenue, and relationship growth than the average customer. Actively disengaged customers represent a 13% discount in those same measures.

The Spa also provides an excellent way for the hotel to connect with the local community, which will drive profitability and grass-roots word-of-mouth marketing. The hotel and spa should be an active participant in the community focusing on themes and interests that are in alignment with the brand. Local

“non-hotel guest” business can drive RevPAR through increased revenue in Food & Beverage, spa, retail and recreation. An effective yield management program can direct members and non-hotel guests into non-peak times. Spa Members can also provide additional revenue with very little additional expense, providing year round traffic to offset seasonal demands.

Within every hospitality organization and especially spas, the staff is critical to the overall experience. To achieve the ultimate understanding of and delivery to your consumer, a “cross functional team” should be responsible for a whole process, from beginning to end, rather than having the work go from one functional department to another to avoid a 'silo' approach. A job rotation program can help departments better understand processes for internal and external customer interactions that require continuous improvement. When an implementation is effective, people, processes, and technology work in synergy to increase profitability, and reduce operational costs.

Today's hospitality consumer is more sophisticated and thoughtful. This requires highly effective and personalized communication to stay connected in a relevant way that is customized to engage particular areas of interests. Create an ongoing conversation with guests through interesting e-newsletters featuring healthy tips and experts, special events, activities, and targeted specials. Effectively employ social media, WOM (word of mouth), direct mail, lecture series and other relevant tools.

Elevate your customer engagement quotient with an actionable plan:

1. Clearly defined value propositions which are wellness and lifestyle focused; the refined art of living
2. Marketing that addresses unique characteristics shared by customer and hotel/spa brand, consistently applied across interaction channels
3. Establishing unique, dynamic programs for distinct market segments
4. Communication and social media strategy to develop your personality, themes, sense of shared community and customer engagement
5. Establish a consistent customer satisfaction survey process
6. Consider out of the box techniques to gain personalized information
7. Staff development & rotation, which facilitates gaining customized information to best meet guest and business needs
8. Create a metrics dashboard that measures and analyzes your efforts, be prepared to recalibrate based on results

“No doubt we are all aware of the increasing importance of engaging our customers, new business models, and some of the radical changes on the horizon for our industry. It is no longer enough to get our customer's attention; we need to engage them by facilitating emotional connections with our brands. Fortunately, because our industry literally “touches” people, we are in the best position to take engagement to an entirely new level,” commented Susie Ellis, President of Spa Finder, while addressing the “Engage the Change” theme for the 2011 Global Spa Summit.

With Customer Engagement as a core strategy, creating an environment and processes that foster relationships that reflect a deep sense of valued experience is vital to win guests' life-long loyalty. Together, the spa and the hotel brand should be forging deeper and stronger connections on a personalized and emotional level.

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