



zenoti

THE CRITICAL KPIs FOR SALON GROWTH

Which Performance Metrics
to Track and Why

The old business adage is true: If you can't measure it, you can't manage it. Without easy access to the right data, a business can't properly identify its strengths and impending problems. This is especially true for salons, which need an understanding of key business metrics to make decisions that fuel growth. If you lack data on your guests' behaviors and providers' performance, it's nearly impossible to maintain high levels of satisfaction and capitalize on revenue opportunities.



But which are the right metrics for salons to track? Which data reveals the greatest potential improvements?

Statistics that provide a critical snapshot of any business's progress are the KPIs – key performance indicators. Regardless of your salon's size, there are basic KPI measurements such as total collections and average ticket size. But real opportunities arise when you have finer insights into your operations.

Knowing the most meaningful KPIs for salon success, and being able to track progress regularly, is critical to getting and staying ahead – without frustrating, time-consuming guesswork.

Begin with the guest experience

Your business is built on the loyalty and habits of your guests, so it's vital to measure aspects of their experience. But go a step further than tracking just collections and number of guests per week. Consider guest actions and experiences that most frequently align with more booked visits or a higher average ticket. Do you know which trends or correlations to take advantage of? Are there crucial aspects of the guest experience you're not yet offering?

Of particular importance are areas in which technology can be applied to the guest experience to inspire action and, in turn, drive greater results. Today, people respond positively to a digital experience – and even expect it.

We know from our consumer research that salon and spa guests want the digital and mobile convenience that exists in just about every consumer interaction.

65 percent of guests say they're more likely to choose a salon that offers the **ability to book by mobile phone**. Nearly eight out of 10 guests would like to **receive text message appointment reminders**.

With a digital-first mindset, think of the entire guest experience when considering the right KPIs. Understand measurements related to booking an appointment, the visit, and post-visit interactions and communications.

Here are some ideas for KPIs that will identify strengths in your guest experience. Focus on these to move the performance needle.

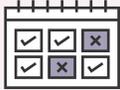


Appointment Booking KPIs



Percentage of guests who book via online channels

Most salon guests prefer the ability to book an appointment online. Online booking delivers convenience to your guests while saving time for your front desk. Plus, it satisfies customer demand even before the guest arrives at your salon.



Breakdown of no-shows / cancellations by type of booking

This KPI can reveal a potential correlation between likely no-shows and their method of booking. If you see a data trend, it can offer some predictability and inform how you encourage guests to schedule their appointments.



Same-day rebooking rate

To secure more upcoming appointments, urge today's guests to book their next visit right away. Timely rebooking can drive a busier schedule and is a key tactic in retaining guests.

Zenoti insight

The average same-day rebooking rate for salons using Zenoti jumped

108%

from 2019 to 2021.



KPIs Related to the Guest Visit

Average ticket size (ATS) for guests who book online vs. other methods



This metric can reveal areas of growth via service recommendations during the booking process. Again, technology here is key: Ideal opportunities occur during online booking, when the guest can explore options on their own and see suggestions for additional services.

Guest ATS based on method of check-in: mobile self-service vs. front desk



Are guests likely to purchase more based on how they check in? Consumers who use self-service check-in and check-out typically have higher ticket sizes (and tip more). It's all part of a consistent, continual digital experience that offers multiple touchpoints for guests to add services or retail products. Additionally, the self-service check-in process – shorter wait times, convenience – begins the visit with a positive experience.

Zenoti insight

Product sales at salons using Zenoti climbed steadily through 2021, up

76.4%
by year's end.



KPIs that Measure Post-Visit Activity



Percentage of guests who book as referrals

Steady referrals are a source of reliable new business acquisition – with the potential to turn new visitors into long-term customers. This KPI can reveal the need for a formal referral program or the need to market your current one.



Percentage of guests who provide feedback

This is one KPI that reflects your salon's level of guest engagement. A greater level of feedback can also indicate a greater volume of online reviews for your brand.



Activity and conversion rates for email and SMS marketing campaigns

With each email or text message you send, track the following: open rate, clickthrough rate, conversion. This can easily show which information and offers resonate most with your guests, and with which target audiences.



Comparative rates for email and SMS marketing campaigns

As you track the results of each message, you can determine your most successful marketing method. You can also drill down to identify which offers and invitations perform best for each type of delivery.

Zenoti insight

56%

of guests consider online reviews very or extremely important when choosing a salon.

The importance of membership KPIs

In 2021, recurring membership sales at salons using the Zenoti platform improved 43 percent over the previous year. As with any growing trend, tracking membership KPIs is critical to understanding this regular revenue driver:

- ✓ Number of current active members
- ✓ Total membership sales
- ✓ Percentage of all guests converted to members
- ✓ Percentage of new guests converted to members

Know your providers' performance

At the core of every guest's experience is the connection they have with their service provider, a relationship that is essential for customer loyalty and referrals. Higher-performing providers meet and exceed guest expectations – and they also understand how to drive revenue and secure return visits.

Charting a growth path requires the ability to quantify and track each of your provider's performance. With the right selection of KPIs, weighted based on your brand's specific goals, you can quickly identify your superstars, marginal performers, and laggards.



Think about these KPIs that focus on provider performance:

-  Total services revenue
-  Retail product sales
-  Revenue from service packages
-  Rebooking rate
-  Percentage of bookings requested by name
-  Attendance
-  Utilization

With this performance data at the ready, your salon is positioned to inspire greatness in everyone:

- ✔ Identify winning, repeatable practices from your top performers
- ✔ Share those practices and tactics with the rest of the team
- ✔ Give your marginal performers a couple new goals to achieve, and track them
- ✔ Provide coaching or mentoring to your laggards (with time, it will be clear who can make progress)

Of course, be sure to track results over time to see each provider's progress. This can be especially important for your marginal performers, who may have superstar potential with a few adjustments and improvements.

Summary

Taking time to identify and track the right KPIs is critical to managing a successful salon. You'll clearly see what works and which aspects of your business need improvement, but that's just the start. You can gain insights from your KPI data to inform strategies that grow your business and your brand. By tracking your KPIs over time, you can respond to trends, predict seasonality swings, and know which tactics are your go-to winners.

With the potential for dozens of data points, you don't want KPI access to be complex or unnecessarily time-consuming. A well-designed performance dashboard can make all the difference. A dashboard should offer a quick, convenient view of the results most relevant to your business, plus simple ways to see greater levels of detail.

Zenoti reports and analytics

As part of our complete technology platform, Zenoti makes it easy for any size salon to view and understand their KPIs. Businesses can measure success anytime with a snapshot of top-line data, provider performance, and guest experience KPIs. Data can be compared against any desired timeframe to track progress and trends: day over day, month over month, and year over year. Salons can also generate customized reports to focus on the metrics and goals most important to their business.





With the industry's leading technology platform,
Zenoti can help drive performance for your salon brand.

Find out how.
Talk to an expert today.

877-481-7634 | www.zenoti.com

Consumer research data from the Zenoti 2022 consumer survey
All other metrics from Zenoti network of beauty and wellness businesses