TIRED OF FLAKY CUSTOMERS? STRATEGIES FOR REDUCING CANCELLATIONS AND RECAPTURING REVENUE

"Before Book4Time, our clients couldn't book online. This meant they called and we didn't make them reserve with their credit card. And because sending reminders was incredibly time-consuming, we often didn't do it. The end result was that we frequently had no-shows. With Book4Time, our clients reserve online and the system automatically sends them appointment reminders. It's a better experience for the guests and less work for us. As a result, we've reduced our cancellations by 90%."

- Pedro Castillo, Spa Director, Eden Roc Cap Cana

Cancellations are a big headache spa and wellness. They cost you revenue and mess up your schedule, and you can't avoid them. Let's be honest, people are flaky. We all make plans and break plans, but some are a lot worse than others. Some people make appointments and cancel at the last minute or simply don't show up, giving no thought to what it's costing the people they're inconveniencing. It's maddening.

Before we get into what you can do to recapture some of that lost revenue, one thing to consider is that, sometimes, the reason people don't consider the inconvenience to the business is simply because they haven't been made aware of it. You might think it should be obvious that when someone cancels at the last minute they cost you the price of that appointment plus the hours you're paying your staff to not provide that service. But these things don't occur to everyone, and sometimes you might be able to mitigate future problems simply by talking about them. Gently and politely communicating to a valued customer after a no-show that they have caused you inconvenience might be enough to stop them from doing it again in future. This is something to consider.

That being said, when it comes to strategies for reducing cancellations and recapturing revenue, the solution differs from business to business, and even from situation to situation. Some strategies for reducing cancellations and recapturing revenue include the following:

HAVE A CANCELLATION POLICY

You must have a policy in place – for example: cancellations made within 24 hours are subject to a charge equal to 50% of the booked service. This doesn't mean you will always follow that policy 100% to the letter; there are many situations in which you might waver from it, but you should set parameters. Having a policy allows you to maintain your right to enforce it or to be flexible under certain circumstances, for instance, to show empathy and say "I understand that your child got sick, and we will not charge for that missed appointment. I hope they feel better soon."

COMMUNICATE THAT POLICY TO GUESTS & SEND REMINDERS

You can't enforce a policy if guests are unaware of it. Post the information on your online booking website and make it clearly visible. When someone books an appointment, send a confirmation email that also contains the information about the policy. Follow up with reminders, which Book4Time spa software will automate for you. If someone is booking by phone or in person, verbally communicate the policy and ask for an email address so you can send a confirmation and follow up with reminders, which will also contain a reminder of the cancellation policy.

CAPTURE CREDIT CARDS AT TIME OF BOOKING

You should always capture a credit card at time of booking. That does not mean you are necessarily going to charge it but you should maintain the option. Just knowing that you have the credit card information and a policy in place will make many people think twice before no-showing or canceling at the last minute. Credit card guarantees are becoming so commonplace that it is expected much of the time. Your online booking site should make this mandatory as part of the booking process.

USE YOUR DATA TO MAKE DECISIONS

So, you've captured the credit card guarantee, but should you actually charge that fee when they cancel at the last minute?

Maybe. It depends on the customer. Someone who does this repeatedly may be more trouble than they are worth and should be charged. But you also might lose more than the cost of that appointment if you enforce the policy without discretion, turning off someone who would have spent more money in future and driving them to go elsewhere. Your customer relationship management (CRM) feature can track the lifetime value of a customer and tell you how much they spend at your spa and whether they frequently no show, so you can make an informed decision.

ANALYZE YOUR DATA

Use your own data captured by your spa software to track revenue lost through cancellations. With Book4Time's Turn Away Tracking, Business Intelligence, and analytics dashboard, for example, you can track high-traffic times and times with high cancellation rates, equate those cancellations to a dollar value, and look at trends. Then, if you know people are more likely to cancel a Sunday morning 10 a.m. appointment, or want to avoid cancellations during peak times, you might automatically take a 50% deposit for those specific reservations.

At the end of the day you're in the business of guest experience and we have to balance that with not losing revenue trying to keep everyone happy. This means being aware of the line where charging guests for no-shows negatively impacts building your customer base. These strategies, and Book4Time spa software, will help.