Do you know the lifetime value of your clients? What does it mean to the long-term survival of your business?

I recently had an interesting encounter with my mother-in-law, with whom I generally have a good relationship (after she forgave me for “snatching” her daughter nearly 30-odd years ago).

She faithfully visits her hairdresser every week for the usual treatment and blow wave. I know this because she has been recounting a recent incident to her daughter every time they meet.

She’s angry.

“The Power of Customer Loyalty:

Now, the cause of her anger may seem trivial, but when you consider that she has patronised the same hairdresser for over 30 years, it becomes easier to understand her frustration.

10% off your next visit.

My mother-in-law received some vouchers in the mail from her hairdresser, offering a discount for her next visit.

It seems these vouchers were part of a generic promotion sent out to the entire customer database of the salon.

However, on her most recent visit, my mother-in-law, perhaps a little absent-minded, decided to present these vouchers and request a discount on her just-completed treatment and blow wave.

Her answer was, “Sorry, but that voucher has expired.”

When the daughter of the salon owner examined the vouchers, she regretfully informed my mother-in-law that they had expired and, therefore the discount no longer applied (it was a

week overdue).

You can probably imagine the reaction—it was far from pleasant. As a result, the relationship between my mother-in-law and the hairdresser ended despite a few phone calls between the two parties.

Trivial? Probably.

Curious about the situation, I began asking my mother-in-law some questions. What I discovered was rather interesting.

For over 30 years, she had been visiting the hairdresser once a week, paying an average price of $45 per visit.

Accounting for a few occasional weeks missed, I calculated that she had spent around $2160 at this particular salon a year.

Times that by 30 years (48 weeks a year for 30 years multiplied by $45 equals $64,800.

The lifetime value of this client amounted to a whopping $64,800.

The hairdresser lost a lifetime client over a mere $4.50 (the voucher offered a 10% discount on the visit).

It certainly makes you think.

Fighting over $4.50 may sound trivial, but sometimes that’s all it takes to sever a long-standing relationship.

One could argue that both parties overreacted and that the situation could have been resolved.

However, these seemingly insignificant incidents can trip many of us up.

So, do you know the lifetime value of your clients?

It’s worth finding out.

Remember, every client represents potential long-term revenue and contributes to your business’s overall success and survival.

Keep selling wisely.

Mike (Lifetime Value) Brunel

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