



5 Ways to Increase Your Average Transaction Value (ATV)

By Wendy Lewis

As plastic surgeons, it takes time to get comfortable with the idea of optimally monetizing what you do. Since most of the services Aesthetic Society members provide are not reimbursable, it has become imperative to pay close attention to your bottom line.

Increasing revenue is on the top of the priority list year over year for most practices. Of course, attracting new patients is important to aim for because patients drop off all the time for myriad reasons, often having nothing to do with your quality of care. Without new patients to replace the drop-off rate, there may not be enough patients coming through the door to increase revenue from treatments and products. However, maintaining your current patients and encouraging repeat treatments is equally vital.

One way to get your practice to be more profitable is to increase your Average Transaction Value (ATV). Retailers and spas have long mastered this strategy for increasing their business. Simply put, this means introducing tactics to increase the average ticket of each patient visit. Thus, rather than just tracking your overall sales increases by month, quarter or year, take a deeper dive into how much each patient is spending in your practice.

2020 marks the beginning of new decade in which every patient counts, and every treatment should count towards boosting your bottom line. So, introducing strategies to make more money with less patients can be an efficient and affordable way to keep your practice in a growth cycle. Your ATV is the average dollar amount that a customer spends with you within one single transaction or visit. Therefore, for a patient who has a facelift/bleph4 and pays \$12,000 yet comes in for suture removal and checkups for the next year, the ATV is still \$12,000 because those visits are included in the original fee. However, if that same patient also invests in professional



It costs five times more to attract a new customer, than it does to retain an existing one!

skincare, toxins, fillers or resurfacing treatments to maintain her results, that ATV can be measured on a per visit basis.

Your ATV is simply sales over a given period divided by the number of transactions over that same period. This will fluctuate of course over certain days and times of the year. For example, Friday may be your highest dollar day since patients may look forward to having the weekend to recover or deal with bruising and swelling.

This does not necessarily reflect how many patients you see, but rather how well you service each of them. If you are very busy or at capacity, your ATV may be lower because the staff does not have much extra time to spend with patients and upsell. However, a well-trained and motivated staff may have the ability to hit your target ATV on slow days when there are only a handful of patients on the schedule by upselling higher value add-ons. The goal is to aim for quality over

quantity; doing more on less patients and billing more for each one.

Let's do the math. As a starting point, consider these variables:

- Cost of acquisition of a new patient (i.e. the marketing \$ you are spending to bring in one new lead that converts into a paying patient).
- Average ATV per patient in your practice currently (i.e. what is the average \$ amount each patient spends per visit or treatment, depending on how you are calculating it).
- Calculate the total revenue that comes in on a typical day or week and divide it by the number of patients seen during this period.

Let's say that your current ATV is \$500, which might be a toxin treatment for the glabella and an eye cream. Armed with this data, you can set a new target and implement strategies to reach that goal. Clearly, this will depend on the whole practice. Your ATV is not just a reflection on how many patients you see in a given period, but also about how well your practice services them. If upselling is handled optimally, it can also be a way to give your patients better outcomes and improved customer service. For example, wouldn't

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you rather have resurfacing patients using a post procedure regimen that you select rather than going to Costco to pick up a vat of petroleum jelly?

Boosting your ATV is an ideal way of increasing the bottom line and assuring the long-term success of your practice. If you think of it this way, just introducing each new patient to your professional skincare or a peel series can increase your profits and passive income that your practice can generate while you're in Las Vegas for The Aesthetic Meeting 2020 or in Cabo for a long weekend break.

It gets harder every year to bring more patients in the door. I talk to many board-certified plastic surgeons with a dozen or more years of training and top credentials who are unable to charge a consultation fee anymore because patients either won't pay it or no one else in the market is charging for consultations. Therefore, if you're going to invest your time to see patients for free, and they are already in your practice, it seems only reasonable to make every effort to add more value to those patients coming in. This, in turn, will be more profitable than continually looking for more foot traffic. Furthermore, not every patient you attract from marketing who comes in for a "free consult" is going to spend a bundle in your practice, and no-shows for free consults are very frequent. It's always a gamble.

HERE ARE 5 STRATEGIES TO TRY TO INCREASE YOUR ATV

1. Bundling and add-on sales

Never assume that patients know everything you offer. How many times have you seen a patient come back for a surgical follow-up and you notice immediately that she has had her lips injected? It is entirely possible that she didn't know that you do fillers too and went somewhere else. If she had known, perhaps she would not have wandered. Think of it the way retailers do; do you want your clients to purchase just a jacket or a skirt, or do you want them to get the whole outfit in one go? The best way to increase ATV by add-on sales is to keep current patients aware of everything you do.

2. Design an incentive program for staff

Set up challenges for your sales teams to keep them motivated to sell more. They are the biggest part when it comes to increasing the average sale per person. When your staff

is dedicated to spending extra time with patients, keeping them motivated will have the residual effect of having happier patients. Find out if your aestheticians, nurses and other staff members feel comfortable approaching patients to have more treatments. They may also not know what the best add-ons may be and are reluctant to start the conversation. If you're not sure, training or retraining may be helpful periodically rather than once a year or just when new people join the practice. Familiarize yourself with your daily reports and analyze them to identify who is helping to raise the ATV and who may need some retaining. The ATV leaders can share their success strategies and help to train other staff members. Once everyone raises their ATV, your overall ATV will increase and the whole practice will benefit.

3. Motivate patients with a great experience

The longer each patient actually stays in your practice, the greater chance that he or she will read your marketing promotions, ask questions, see products that catch their eye, and will be motivated to spend more. Creating appealing customer experiences and surroundings where patients actually like to spend time is essential. For example, I was recently given an invitation described as a "Free facial at Natura Bisse at Bergdorf Goodman." Sounds nice, right? It was really a mini treatment at the counter intended to encourage me to purchase a regimen of luxury skincare products. Beauty retailers have used this tactic for decades. In fact, Estee Lauder is credited as the mother of the ubiquitous "Gift with Purchase" model and she built an empire on it.

4. Trigger impulse purchases

Visual merchandising is the strategy retailers use to build value for customers. For example, point of purchase displays stimulate impulse buys. You know those little items you find in every Nordstrom's by the register? You're standing in line waiting to pay, and at every step along the way there are baskets and displays of small additions that you may have forgotten you need, like lip gloss, breath mints, phone chargers, etc. These are placed strategically to encourage shoppers to throw a few in their cart while they wait. The same concept can be used in an aesthetic practice.

5. Loyalty programs, subscriptions, and memberships

Loyal patients tend to spend more in your practice because they have established a certain level of trust in you and your services because they were satisfied with the treatment they received. Sending personalized offers and special invitations to events and seminars can increase the chances that of a one-time client coming back and turning into a loyal customer who refers her friends and family.

Consider the payment methods you currently offer. Since cash is hardly used anymore, offering digital payment options is important to give your customers a more convenient and seamless experience. Apple is the penultimate example; you can pay for your technology from your mobile device without taking out your wallet or waiting in line.

DO YOU WANT FRIES WITH THAT?

Sound familiar? McDonald's built a business worth 31.5 trillion dollars² by incorporating this strategy.

In many cases, staff members just may not think about offering additional services or products at checkout because they are too busy or distracted. Consider identifying a handful of standard add-ons that can be offered to the widest range of patients and that will add value to their experience. For example, make an attempt to ask every patient if they're all set with sunscreen, or if they're ready to book their next injectable treatment before they leave, or try a mini-treatment of something new you are launching, or if they have 15 minutes to see the makeup artist or aesthetician for a consultation. These strategies encourage patients to spend more time in your practice and experience additional products and services.

Strive to have some sort of sales booster that your staff can utilize often, and make sure they know what it is and how best to deliver it. Having too many add-ons or "upsells" in retail speak can be confusing and may make patients feel that it's a hard sell.

SET TARGETS AND REWARD STAFF

Increase your ATV by setting a target for the whole team to aspire to as a group. Determine what your goals are for the week,

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month or quarter. For example, a 20% increase in facial injectables or a 10% rise in rhinoplasties, etc. Obviously, it will be easier to increase the lower priced procedures faster vs. major surgeries that are more costly and take more planning. Keep the staff apprised of how the practice is doing at regular intervals to foster a team spirit. Offer a bonus to the staff member who increases their ATV the most or sells the most of a specific treatment or product over a given timeframe. It does not have to be big but rather something they will appreciate, like a gift card. You may also reward the whole staff for doing well with a special lunch or spa day.

Everyone loves to be acknowledged for doing good work, and sometimes the

recognition is more important than money or perks. Never underestimate the value of "thank you" or "well done" comments to boost morale.

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