

# [Accounts receivable management](https://assignbuster.com/accounts-receivable-management/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/), [Management](https://assignbuster.com/essay-subjects/business/management/)

The brand opened up a new facet of beauty care services that was associated more with market and state-of-the-art hospitals, where customers opted for these services under the supervision of doctors who had specialized in cosmetic surgeries/interventions. Would the differentiation between the first-time users of a beauty parlor and the loyal customers of a parlor offer insights that Kayak would find useful? Issues related to services management as well as customer value and customerloyaltywere relevant to Kayak's competitive strategies.

Although the customers of a beauty parlor could be demographically efferent from Kayak's customers, the commonality of the benefits related to the beauty services offered were the same. The challenge for Kayak was to use the insights from the customers in a related category of beauty parlor services in developing its category that did not face direct competition. etc Traditionally, beauty care products in India had been limited to herbs and homemade products. Only soaps, hair oil, shampoos, and talcum powder from the organized industry had been able to penetrate the Indian market.

However, with a teddy increase in the awareness of hygiene and personal grooming across urban and rural India, several beauty and personal care categories gained momentum. In India, marketing activities generally involved popular celebrities, and traditionally highlighted aspects such as elimination of body odor and dandruff, improved oralhealth, and the prevention of infection. This further boosted the demand for beauty and personal care products. No The Indian beauty care industry grew rapidly in a few years with the penetration of premium beauty care products and services.

The rising disposable income and the hanging lifestyles of Indians led to a boom in the beauty and personal care industries. The India skin care industry, for instance, was forecast to grow at 9% compounded annual growth rate (CARR) during 2009-2014. 1 Major fast-moving consumer goods brands such as Hindustan Milliner Limited (HULL) and Procter and Gamble (P&G) aggressively expanded their product portfolios, distribution networks, and marketing activities in this segment. With the proliferation of beauty and personal care categories and brands, customer awareness of the different types of products and brands increased.

The consumption of beauty products and services mimed to have experienced significant growth. 2 The emergence of brands such as Marco's Kayak Skin Clinic, Lake Beauty Salon, BLOC, Shania Hussein Herbals, Covariance's Limited, Green Trends, Keen, and Jawed Habit Hair & Beauty POOH) could be attributed to this trend. The boom was evident: HULL was opening up a new Lake salon almost every week, and GHB had grown from 37 parlors in Staying ahead of the game: How companies are adapting to the changing face of beauty, Euro monitor, November 2010, http://www. Remuneration. Mom/staying-ahead- of-the-game-how-companies-are-adapting-to-the-changing-face-of-beauty/report, accessed October 3, 2011. 2 Beauty business set to boom, http://economists. Initiatives. Com/news/news-by- industry/cons-products/fashion-/-cosmetics-/]leery/beauty-business-set-to-boom/ artilleries/8921457. SMS, accessed on July 1 2, 2011. S. Rammers Kumar, Anode Deja and Seed Hussein prepared this case for class discussion. This case is not intended to serve as an endorsement, source of primary data, or to show effective or inefficient handling of decision or business processes.

Copyright 2012 by the Indian Institute of Management Bangor. No part of the publication may be reproduced or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise (including internet) - without the permission of Indian Institute of Management Bangor. This document is authorized for use only by SANDY SANDWICH at MDI Management Development until November 2013. Copying or posting is an infringement of copyright.[email protected]Harvard. Deed or 617. 783. 7860. Exploring Category Benefits for Brand Building: Kayak and the Beauty Care Market Page 2 of 9 2006 to 225 by the end of 2010.

The boom in the Indian beauty market was also able to attract large multinationals, such as Jean-Claude Beguine with annual revenues of ever 150 million Euros, to set up parlors in India. 3 The predominantly unrecognized, locally run beauty parlor market was being replaced by branded chains such as Lake, which was changing the face of this industry in the country. These branded beauty parlors were the leaders in a new era of trained parlor personnel. They offered services based on global insights and professional products that incorporated the latest international technologies.

KAYAK SKIN CLINIC The approximately INNER 7, 000-core (1 core = 10 million) organized and unrecognized hair and beauty industry was growing at a CARR of 35%. The industry was estimated to reach a potential business of INNER 30, 000 core by 2015. Personal hygiene products (soaps and shower products), hair care and skin care products, color cosmetics, and fragrances were the key segments in the Indian beauty care industry (Exhibit 1). The skin care segment was relatively smaller than the personal care segment. The anti- aging cream segment alone, which was only 2% of the skin care market, had been growing at a rate of 90%.

The increasing number of educated and working women in the corporate world was a major driver for this rapid growth. What made this industry even more fascinating was that even with the high growth rate, the Indian market was largely untapped, compared to other developing markets. In comparison, a developing country such as China spent ten times more on skin care, six times more on cosmetics, and twice more on hair care on a per capita basis (Exhibit 1). It is also worth noting that India had the highest percentage of women in the age group of 25-44 years, which was the key segment for the beauty industry. These figures and facts indicate the huge unrealized potential of the Indian market. Given the vast attention of beauty care services in the country, customer perception about the value related to the delivery of services, customer loyalty, and brand perception were important from the perspective of any branded or unbranded offering in this category. In December 2002, after conducting extensive research, Marino identified an emerging need in the market that translated to an aspiration to look and feel good.

On furthering this understanding with the customers, a more focused need that was still untapped was identified: that of having flawless skin that looked good naturally. Thus, the first Kayak Skin Clinic was launched with the single-minded objective of delivering flawless skin solutions customized to Indian skin using the latesttechnology. In 2011, Kayak had opened 81 clinics spread across 26 cities in India, 18 highly successful clinics in the Middle East, and 2 clinics at Dacha in Bangladesh. In May 2010, Kayak acquired the aesthetics business of the Singapore-based Dermal Ark Asia Pacific Pete.

Ltd. (Dermal Ark). The company expanded its portfolio with the launch of more services such as lip enhancement as well as fairness and hair removal services. Kayak Skin Clinic had a number of services and solutions such as skin beauty, skin concerns, laser hair reduction, and anti-aging. Their product range included over 40 skin, hair, and body products for women and men. Kayak offered 360 degree skin care solutions that included advice on proper diet and exercise regimens. All the services offered at Kayak Skin Clinic were designed and supervised by a team of over 250 dermatologists.

The services were carried out by certified skin practitioners who had undergone more than 300 hours of training. The services were US FDA-approved and tested in-house, and conformed to the highest international quality standards. All the services were competitively priced, starting from INNER 1 , 250. Kayak had over 600, 000 satisfied customers. Kayak conducted frequent in-house training programs for its skin practitioners and dermatologists. Once in six months, Kayak held training-UCM-refresher courses for its staff to keep them up-to-date with the latest skin care techniques that were available internationally.

Its team of dermatologists also participated in the in-house Continuing MedicalEducation(CAME) program, where international doctors met to discuss various trends in the field of skin care. Beauty bet: JOB plans to set up shop in India, http://economists. Initiatives. Com/ beauty-bet-]CB-plans-to-set-up-shop-India/artilleries/1773980. SMS, accessed on July 122011. 4 Outlook personal care industry: An Indian perspective, Data Strategic Management Group, http://www. Test. Com/download/article/Personal\_Care\_Chemicals. UDF, accessed on September 12, 2011. Page 3 of 9PHILOSOPHYOF KAYAK 5 Kayak was divided into six service verticals, namely, Skin beauty, Skin concerns, Hair- free, Anti-aging, Bridal, and Kayak Men. Unlike other retailers, Kayak had not adopted the franchisee model. The company owned each of its clinics, because Kayak Skin Clinic believed in providing consistent services across the country. The philosophy at Kayak was governed by the single value of placing the customer first at all times. The word " Kayak" in Sanskrit meant " body. Kayak was all about personal confidence through expert skin care that seamlessly blended looking good with feeling good about one's inner and outer selves at all times. The emphasis, therefore, was on highly customized and personalized services that were best suited for the Indian skin. The services were provided in a state-of-the-art clinic with a Zen-like ambiance. The core values of Kayak Skin Clinic were: Customer First: Spirit of Partnership: Keeping the customer in focus and partnering to deliver skin care solutions.

Doing what was in the best interests of the customer; business interests would follow. Openness: Allowing diversity of opinion by listening to members without bias. Sharing information both good and bad, and having a sense of trust andrespectfor each other. Ownership: Having a " my Kayak" mind-set. What would I do if I were the owner of the business? Displaying seamless behavior across the organization when necessary, rather than drawing boundaries of unction's/grades in the interest of the organization. Exhibit 3 presents some of Kayak's print advertisements.

They give an idea of how Kayak tried to differentiate itself from regular beauty parlors by consistently emphasizing its technology, the expertise of its dermatologists and skin experts, and so on. Kayak Skin Clinic could be called a chain of cosmetic dermatology clinics. It was a pioneer and thought leader in the skin care services space in the country. It offered its clients tailor-made, result-oriented, safe, non-surgical skin solutions, with the latest and most suitable technology available in the world. These services were impolitely administered by dermatologists.

Any beauty or skin care brand/service could be considered as competition for Kayak. One of their biggest competitors would be individual doctors and dermatologists who offered one or two specialized services. It was in this context that Kayak needed to use the commonality of the category benefits to develop its brand, especially among loyal customers. KAYAK'S APPROACH TO OBTAIN INSIGHTS ABOUT THE CATEGORY BENEFITS In an emerging market such as India, personal and beauty care has attracted the attention of consumers in several ways. There have been several products and services in this sphere.

One recent addition to this category is the services of Kayak that is medically anchored. It is interesting to find that in several markets and product/service categories, consumers prefer a range of offerings or delivery mechanisms to obtain the benefits of the category. For example, for urban transport, there are two-wheelers and four-wheelers; for hair care, there are hair oils and creams; for knowing the time, there are both watches and mobile phones; and for skin care there are creams, lotions, soaps and gels, and cosmetic surgeries.

Beauty care has evolved in India from making use of homemade products to obtaining the revives of well-known brands. Although socioeconomic status and chirography's of consumer groups may influence the type of offering/delivery mechanism, the case is written from the viewpoint of the marketer who would like to learn about consumer loyalty through a substitute in the category. Kayak's services and beauty parlor services are meant for different types of consumer segments.

Kayak, being at a stage in the market where it does not face much of direct competition owing to the emerging nature of the category, the brand would like to know if there can be lessons earn from a service that is related to its services. For example, the hospitality aspects, ambiance, response of the service providers to the needs of the consumer (in this instance, consumers in the beauty care segment) and what differentiates a loyal consumer from a new consumer are dimensions that are common to both Kayak's services and beauty parlors: they may vary in their styles and approaches. KayakCulture, Kayak Philosophy, www. Clinician. Com, accessed on September 13, 2011. Note: Additional information about Kayak Skin Clinic was provided by Grammar Sahara and. Audit Chad of Kayak Skin Clinic. Page 4 of 9 What should a " self-concept"-centered service category in a market do to obtain inputs in a category that has evolved little? The case's survey was triggered by such a question and beauty parlor services were selected for the purpose. This point can be illustrated as follows.

Benefits of beauty care Self-concept of the customer Self-concept of the consumer Beauty-based services Dimensions of customer loyalty Beauty parlors Kayak's services (new offerings forming a subcategory) Differentiation between new and loyal consumers Dimensions of loyalty Insights Differentiation between new for Kayak ND loyal customers METHODOLOGY OF STUDY The objective of the study was to compare the value perception of first-time customers and loyal customers of beauty parlors in order to obtain category insights that Kayak could use.

We were interested in finding out how an emerging category (technology-based beauty care in the consumer market and not in the conventional medical market) in an emerging market without direct competition can obtain insights from a related category (beauty parlors) that offers the same core benefit of beauty care. This context (emerging category, related category with the same core infinite as the emerging category and the emerging market in the Indian context) was a unique one and the case focused on a learning that would be useful to Kayak in terms of understanding the behavior of " first-time" consumers and loyal consumers.

The value perception needs to be built around the customers' experiences of the service at the service provider's premises. The questionnaire had a scale related to several components of the service experience as shown in the three sections of Exhibit 2. Responses were collected from the residents of three Indian cities, namely, Bangor, Hydrated, and Delhi. The data collection was done in June and July 2011. Data from 50 first-time customers and 50 loyal customers of beauty services were collected.