

# Spa target market and consumer base



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Of all the components of a marketing plan, perhaps the most overlooked but most critical element is the definition of the target market. According to Claravall (2000), it is a homogenous group of people or organizations that a company wishes to appeal to. There are two basic targets for a product or service: the user and the non-user segments. Thus, there are also two business and marketing decisions that the company must decide upon in light of the basic targets. The first is to cultivate the present market alone while the second is to go after non-users. The former can inspire consumer loyalty which is an important factor in the survival of any business.

There is a renewed vigour in the business of hair salon and spas. The combined features of providing hair, beauty and relaxation services are becoming very popular nowadays. Women, of all time periods have been going to salons to have their hair cut or their nails done. The increasing awareness of physical appearances along with the constant stress induced to the modern woman has carved a need for a place where all needs which will satisfy both physical and spiritual needs corresponding to hair/beauty and relaxation accordingly. Thus, that age old tradition has been incorporated in a rising new business of spas.

According to the Demographics of Hong Kong (2005), there are 2, 563, 355 women between 15-64 years old. These women will be the target market of the company. Essences Hair Salon and Spa will specifically cater to the women living in the residential complex as well as the shoppers and tourists who frequent the mall and other surrounding commercial establishments in the complex.

It would be the in-house hair salon and spa in the residential block which will make it a convenient stop for the women living nearby. Shoppers and tourists who get weary from their shopping and sightseeing activities will also be attracted to relax by having a massage or any other service offered by the company before they get on to their next activity. The benefit of being located in the midst of a residential and commercial combined complex would enable the company to develop a consumer base which as mentioned above, essential for survival and growth of any business.

Cultivating customer loyalty is about establishing a relationship between the company and its consumers (Chow & Holden, 1997). This is emphasized by Michael Lowenstein (1997) who considers that gaining consumer loyalty is a business's most advantageous strategic purpose because it has a constructive effect on company, culture, development and the bottom-line.

First time customers of Essences Hair Salon and Spa will see that the company values the consumer because the company is geared towards retaining customers through all aspects of the business, from management to service delivery to staff relations. Thus, these customers will then not hesitate to try the services of the company again wherein if they are again satisfied, they would readily recommend other people to avail of the Essences' services themselves. This chain reaction is the one of the goals that the company wants to develop by streamlining all aspects of business through the focus on treating the consumer right and special. The concentration on this theme would not just help in creating a consumer base but also respond to the thrust of the business which is to provide beauty and

relaxation services to the customer and this would not be possible if the focus is not on treating the consumer in a special manner.

Aside from being a strategic purpose, gaining consumer loyalty is also a key corporate challenge today especially in the increasingly competitive and crowded marketplace because of the eventual and inevitable profitability it will provide the company (Chow & Holden, 1997). Thus, Essences Hair Salon and Spa will develop the present consumer base of residents and occasional shoppers and tourists by devising strategies that will make them patronize the company. The existence of other similar service providers in the area and the inevitable emergence of more competitors make it imperative for the company to be able to cultivate this consumer base immediately.

### **Source of Competitive Advantage**

Competition is an important factor to consider before entering a business. Companies should have successful competitive strategies to be able attract, retain and grow customers. However, before the company can plan and execute these strategies, it should be able to pinpoint its sources of competitive advantage which can be differentiated through products, services, channels, people and image (Kotler & Armstrong, 2001).

Essences Hair Salon and Spa has a product advantage because it offers unique massages that are guaranteed for a full spa experience. It is also the sole carrier of Origins products and this will increase the sales and customer traffic in the area because the products are reputable.

The company will also promote its services differentiation because it will focus on providing superior service delivery through the different treatments

that the company offers. All the personnel will be trained and supervised closely to ensure that service is always good and prompt.

## **Configuration of Resources**

Essences' Hair Salon and Spa would employ a resource based perspective which deals with the firm's foundational resources important in diversification, a common trend in business environments today (Cavusgil & Knight, 2004). The company is a diversified business environment because it combines two separate businesses, the salon and the spa, into an all-in-one service. Thus, there is a need to adapt this perspective because it would provide a stable basis for the strategies that would be developed to be a competitive business.

Most starting firms endure a scarcity in its resources and this lessens the set of competitive options that the company can take. It is therefore critical to be able to identify the resources available to the company before embarking on the business itself.

According to David (2003), there are at least four types of resources which the company can use to achieve its objectives: financial, tangible, human and technological resources. The resource allocation process that Essences' Hair Salon and Spa would employ is one that will focus on its physical and human resources. The physical resources would be the company's equipment and its products while the human resources would be the staff. This would be one of the company's strategies because the company wants to personify personal service in every aspect of the organization.

Currently, the company has a HK\$250,000 as its financial resource. This is considered to be the most important element because it would dictate the scope of the business for the company. With this amount of money, Essences' Hair Salon and Spa would start small with only 3 hairdressing stations, 2 massage stations, 2 foot care and 2 treatment stations. This is small compared to other outfits which boast at least 5 hairdressing stations. The reason for this is that the finances would be allocated to secure the desired location in the combined residential and commercial complex which is in abundance in Hong Kong.

In addition to the tangible resources stated above, the company will also have strategic partnership with global company Origins which offers a wide range of personal care products. Origins is a company which encourages the thrust of Essences' Hair Salon and Spa which is to promote wellness in body, spirit and soul through feel good experiences and multi-sensory products (Origins, 2005). A strategic partnership would mean that the company would be the sole carrier of Origins products in the area.

The human resources comprise of the staff that the company will have. The company will employ 11 employees. There will be three hairstylists and 1 apprentice hairstylist which will be in reserve in case of emergencies but will generally assist all three hairstylists. These hairdressers all have certificates in hairstyling and with experience in other salons prior to coming to work in the company. There will also be 4 spa treatment personnel also with proper massage, reflexology and aromatherapy training as well as manicurist skills. The company will also employ 1 manicurist and 1 maintenance personnel who will make sure that the premises are always clean and that the stock in <https://assignbuster.com/spa-target-market-and-consumer-base/>

each room is complete. The owner will act as a receptionist until such a time that the company is able to handle hiring more people.

## **Market Research**

Marketing mix is one of two interrelated components of a strategy wherein the other component is the target market (Dinglasan, 2001). It is more popularly referred to as the 4Ps of marketing which is a set of controllable and interrelated variables. The 4Ps are composed of product, place, price and promotions which a company must assemble to satisfy a target group better than its competition. It is a strategy in itself because it chooses and implements the best possible course of action to be able to achieve the organization's long term objectives and eventually gain competitive advantage (Dinglasan, 2001).

## **Product**

Successful personal service companies achieved their positions because of the services they showcase. Essences' Hair Salon and Spa will feature different services under a common theme: "rejuvenating body, mind and soul through pleasurable experience". The services offered are categorized into Hair Care; Foot and Hand Care; Massage Therapies and Spa Treatments respectively. The company will use Origins products on its customers because they are recognized as having superior quality and environmental friendly.

### **Hair Care**

Essences will have standard salon services such as haircuts and colouring. The company will also offer the Aromascalp Therapy which will help

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moisturize and stimulate the scalp and provide deep oil conditioning for the hair. This will give the hair a healthy shine and lustre.

### Foot and Hand Care

There will be four treatments available in this category. Essences will offer a Rejuvenating Hand Care and Manicure which is a unique hand treatment which removes dry skin and application of aromatic Origins hand lotion.

There will also be an Asian Foot Therapy which is a one-hour exotic treatment with petal foot bath and massage combined to relax and rejuvenate both feet and mind. Another foot care treatment is the Peppermint Foot Reflex and Foot Scrub which is a combination of foot bath and scrub with massage using peppermint lotion. This provides a cool relief to the feet. The last is Refresh Me! which is a total nail care experience with manicure, pedicure and foot soak combined.

### Massage Therapies

The company will offer 6 kinds of massages to its consumers. The Swedish Massage is a popular kind of massage which uses medium pressure in relieving tension. The Shiatsu Massage is a Japanese healing massage which literally means that the thumb pressure is used to relieve tension and improve blood circulation. This massage is for people who are looking for the ultimate rejuvenating and stress-relieving massage. The Deep Tissue Massage is a refreshing massage which is for the person who wants more detailed attention to stress points. There is also an ancient form of therapy, the Volcanic Rock Massage which involves massaging the body with smooth, heated basalt river rocks and Swedish massage techniques. The fifth type of <https://assignbuster.com/spa-target-market-and-consumer-base/>



massage is the Traditional Thai Massage which is an old Oriental technique that applies a combination of stretching and pressure to different parts of the body while following an intrinsic flow and energy balance theory of health and healing. It increases flexibility and relieves tension. This is also a good maintenance massage. The last massage is the aromatherapy massage which will use pure essential oils of Origins combined with a unique massage which aims to increase circulation and relieve the body with tension through the senses of smell and touch. The oils are chosen to match the client's needs.

### Spa Treatments

There will be four spa treatments that will be available to the clients of Essences. The Sea Salt Body Scrub is a total body cleansing treatment which aims to refresh the skin and make it satin smooth. It includes gentle exfoliation and the use of the unique Vichy Shower. The next treatment is the European Seaweed Body Treatment which involves covering the body with fresh seaweed and then wrapping warm thermal blanket to relieve stress. There is also a Moor Mud Body Wrap Spa Treatment which aims to heal, soothe and refresh tired muscles and regenerate skins using warm and mineral rich Moor mud from Austria. The last treatment is the Honey Body Polish which involves exfoliating with Origins body cleanser and soaking in a hot tub. A luxurious Ginger Soufflé Whipped Body Cream will be then applied to the body.

## **Placement**

Essences Hair Salon and Spa has the advantage of being in a prime location which is in a new residential and commercial complex in the heart of the Central Business District. Parking is not a problem because the complex has a large parking space.

## **Pricing**

The company will focus on a non-price competition because one of the objectives is to increase the value of the company to customers through providing excellent service in contrast to other competitors as well as quality maintenance products in the form of Origins which will be available to Essences customers at a lower price. This would make a distinct mark on the consumers because they will be able to differentiate the company not because of price but because of service.

## **Promotion**

The company will focus on the residents in the complex by delivering postcard flyers and posters in the mail room. There will also be posters in the commercial complex featuring the various services that the company offers through tasteful pictures. There will also be scattered newspaper articles featuring the company.

## **Business Format and Structure**

The main business format of the company is sole proprietorship. However, the owner is open to investors who are interested in the company. The format is such because although hair salon and spas are considered an emerging business sector, Essences' Hair Salon and Spa is still just a start-up

company testing the waters of its viability in a combined residential and commercial complex in Hong Kong.

The company will start with a work force of 11 with the owner acting as receptionist until the business can afford to hire more personnel. The structure of the business will be as follows:

## **CEO/MANAGER**

### **Hairstylists**

### **Manicurists**

### **Maintenance**

### **Masseuses**

### **Apprentice Hairstylist**

The company intends to keep the company's structure flat to be able to keep a close relationship between management and staff. This means that the management will be able to keep close supervision on the operation of the company which is critical since the business is only starting. The apprentice hairstylist is under the hairstylists in the capacity of assistant. This doesn't mean that the flat company structure is not maintained because the apprentice also reports directly to the CEO/manager.

## **Management/Personnel Qualities and Experience**

According to Pat Corbett (n. d.), there are particular qualities that salon/spa managers should look for in prospective employees and they will be discussed in length in this part of the business plan. The first is that the individual likes dealing with other people. Since the company is a service

provider, specifically a personal service provider, the employees should like interacting with people on a regular basis. This means that the employees should be friendly and patient at all times because customers come in Essences Hair Salon and Spa with the desire to be treated in a special manner. This pampering requires dealing with customers in such a way that they will leave the premises with smiles on their faces.

The second quality is stability in home life. The company hopes to avoid the traditional hair/beauty salon set-up of gossiping. Instead, the company wants to cultivate an area for relaxation and quiet although the employees can talk to customers if there is a need to. In this light, stability in home life is needed because bringing personal problems to work would not be done especially in a business where other people's comforts are the main priority. An employee who does not quality in this area is not fit to provide personal services to other people.

The third quality is identification of passions. The employees of Essences Hair Salon and Spa would all be passionate about celebrating life whether it is through music, literature or even sports. The important thing is that the employees have interests that they cultivate actively. This is critical because being passionate about life would mean that the person is able to provide personal care to other people. It would also make it easier for the employee to be friendly to the customers of the business.

Another quality that the company looks for is the short-term and long-term goals of the person. It would be good to the business to be able to identify these because it would pinpoint who will likely stay in the company. This is

important for a personal services business because customers like to come back to the salon/spa because of a particular staff member who provided a service for them before. If there is a chance that the prospective employee is not likely to stay in the company for a fairly long amount of time, then it would be a disadvantageous move for the business to hire that particular person because of conflicting goals. An employee also does not fit to work in the company if he/she is a frequent mover because it means that the chance of staying long in the company is slim.

Associated to the previous quality is the need for the company to conduct a background check on the employee as well as check the character references provided by the individual before deciding to hire the person. This is important because reputation of staff members is critical in gaining consumers in this type of business. Consumers like to have the staff member that attends to them to have good reputations because it eases their mind and helps them to fully enjoy the services the company is giving to them. If they learn that a certain employee has an unpleasant incident in the past like a previous criminal offence, then they will likely hesitate to come back to do business. Even worse would be that they would not hesitate alone but that they would not come back to the salon/spa anymore.

The next quality that employees of Essences' Hair Salon and Spa should have is cleanliness. Since the company offers services to make the clients feel clean, refreshed and invigorated, employees are expected to be well-groomed themselves at all times. It would not be favourable to the business if the staff members do not display the aura of relaxation and cleanliness that the premises promote. Cleanliness doesn't limit itself to physical

appearances. It should also manifest itself in the personality of the employee, an example of which is use of language. Essences' employees should not use coarse language and other like behaviour.

The last quality which employees of Essences' Hair Salon and Spa have is dedication in serving others. The individual should have the inherent quality of wanting to help others. Patience is another quality that goes with it because in serving others, the person should be patient enough to wait on the customer. The employee should also be tolerant enough in case the customer changes his/her mind or in case it takes a long time to decide.