



Hair-brained or great-hair business? ☆

Assessing alternative markets and product-service designs for successful startups by small-retail entrepreneurs



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ABSTRACT

Deborah Lunt had wanted to see a business building with her name on it since she was thirteen years old. She now wanted to build upon the reputation that she had earned through her twenty years in the hair-care industry. She decided to move from the upscale streets of Boston to the suburbs where she felt she could provide a more relaxed and personalized ambience. Deborah excels in hair cutting, color, styling, and her perceptiveness of what her clients want. She built her entire clientele through word-of-mouth and even after she relocated to the Boston suburbs, her clients continued to travel long distances to obtain her services. As Deborah sat in her office one day sipping mineral water between her appointments, she wondered how she could grow her client base. She started day dreaming and was suddenly brought back to the present with the “ding dong” at the door, and one of her clients and friend, a marketing professor at a nearby university, walked in for her monthly appointment. As Deborah cut and styled her client’s hair, she shared her thoughts and dreams with her. The professor knew that Deborah was ambitious and hardworking, and that if she had a clear marketing plan, she could succeed in growing her business. The professor also knew that, although Deborah had left her job at an upscale hair salon in a high-end retailing location in the city (the most expensive street for shopping in Boston) to startup her own business, Deborah had done so without a written plan and only a vague vision for the future. The professor suggested to Deborah that she needed to put some effort into developing a viable written marketing plan.

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1. Introduction

Jean Pierre & Co. was one of two dozen high-end hair styling shops on the famous Newbury Street in Boston, Massachusetts. The firm was a place frequented by celebrities in politics and the performing arts. Deborah Lunt was a long-standing hairdresser at Jean Pierre who had started working there seven years ago and created relationships with many clients who she knew came into Jean Pierre only because of her services.

It was a bright and sunny day in Boston and everyone was in high spirits when Deborah spoke to her boss of seven years about her dreams. “I want my name on a door like this someday.” Her boss just nodded as he greeted the celebrity who just walked in and went to

the sink for the typical five minute hair washing in preparation to receive a cut, color, and style from the owner.

As she moved back to her work station, Deborah said to her co-worker, “Wouldn’t it be nice to have a shop where people get fifteen minute head massages and shampoos instead of instant ones like these where people are hurried in and out? I know that I would like it, and I believe there are many others who feel the same way.” One of her Boston customers, the Food Editor for the city newspaper, *The Boston Globe*, overheard her and said “I would drive a distance for that.”

1.1. Newbury Street

The famous Newbury Street in the Back Bay area of Boston, MA, began under water. Until the mid-1800s, the two mile long stretch of what was to be Newbury Street was part of Boston Harbor. Beginning in 1857, the Harbor was slowly filled in to become the Back Bay section of the city (Neighborhood Association of the Back Bay, 2011; Quinn, 2011).

Virtually all of the buildings on Newbury Street were built around 1860 and the neighborhood utilized European design elements,

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including wide boulevards, grid patterns, and parkways (Howley, 2000). Originally a residential neighborhood, Newbury Street was prestigious and exclusive from the start. One hundred and fifty years later, Newbury Street, known as the “Rodeo Drive of the East,” was Boston’s representative of fashion and style, on par with the most exclusive districts of San Francisco, Los Angeles, and New York. The street became home to an eclectic mix of independent shops, high-end fashion, and dining establishments. For members in the city’s salon and hair styling industry, there was no better location. Newbury Street spanned eight blocks with three or four salons on every block. As one stylist and salon owner declared, “You go off Newbury Street and you’re a second-class citizen” (Rakowsky, 1998).

1.2. Deborah Lunt’s evolution

Deborah Lunt began styling hair at age 13. Despite her lack of formal training, her luck and effort landed her in a posh and reputable hair salon on Newbury Street. As part of her informal training, Deborah closely observed some of the best hair stylists in the business. She did everything she could to learn the business and improve her skills, paying particular attention to the details that she liked and also the ones that she did not like, such as noise, commotion, and nail services. She noted details that she wanted for her shop which would attract desired clientele, such as classical music, slippers at the door, and real china cups for coffee and tea. These elements created an atmosphere of calmness and pampering with attention and importance provided to each individual customer. She wanted a sense of quietude and leisure. She wanted to take time to sit with her customers to find out what they wanted and how she could best satisfy their needs.

As luck would have it, not long after the aforementioned conversation with her boss, Deborah’s apartment caught fire, leaving her homeless. Deborah had to relocate to her parents’ house on the North Shore of Boston. She continued to do hair out of the basement of her parents’ home in Danvers but never forgot her dream of having her name on her own salon someday.

For two years, she continued to work out of her parents’ home. Then, Debra met the man who became her husband. They married and moved down the street, as she was getting attached to the North Shore area of Boston.

1.3. Upscale towns on the North Shore

Debra became pregnant shortly thereafter and it became important to her and her husband to be in a nice neighborhood where their children could ride bikes and go to good public schools. However, Deborah still wanted her own hair studio. “How can I bring the luxury of Newbury Street to the North Shore? And where should I locate?” she wondered. Deborah considered Marblehead, Rockport, Beverly, Manchester, and Lynnfield (all communities in the North Shore area of Greater Boston). Most of these towns have reputations of being more affluent than other North Shore towns.

The number of beauty salons in the towns Deborah was considering was not as numerous as the salons on Newbury Street. Deborah collected the following information for all the towns she was considering:

Area name	Number of beauty salons
Beverly, MA	20
Lynnfield, MA	6
Manchester, MA	2
Marblehead, MA	10
Rockport, MA	3

Marblehead, located 17 miles north of Boston, has an ever apparent historical past that is picturesque and distinctive. Marblehead

is home to the most majestic and beautiful harbor on the Eastern seaboard, and is an art and cultural center. This seaside town has shops, galleries, restaurants, lodging, boutiques, nautical gift shops, and upscale services. Marblehead prides itself for having crooked lanes, irregular houses, and individualism (Department of Housing and Community Development, 2006; Marblehead Chamber of Commerce, 2011; Town of Marblehead, MA, 2011).

Rockport is at the tip of Cape Ann, surrounded by the Atlantic Ocean on three sides, and is about 40 miles from Boston. Rockport has lovely beaches, paths, woods and glades, shopping, and dining. Tourism is Rockport’s main industry (Department of Housing and Community Development, 2011c; Rockport Chamber of Commerce, 2011).

Beverly, also a beautiful seaside community on Massachusetts’s North Shore, has parks, beaches, coastline, and vast open space. Beverly is home to first-class and private school systems as well as five commuter rail stations. The City of Beverly is one of the oldest communities in the state (City of Beverly Massachusetts, 2011; Department of Housing and Community Development, 2011a).

Manchester-by-the-Sea is the first Cape Ann community coming from the South and is about 20 miles north of Boston. It is a highly regarded picturesque residential community with harbors, beaches, quaint shops, fine dining, and historic buildings. Manchester evokes the feeling of small-town with New England charm (Town of Manchester-by-the-Sea, 2011).

Lastly, Lynnfield, a traditional New England residential community, prides itself in its school system, recreational facilities, and diversity of religious denominations and ethnic backgrounds, while retaining a small town feeling. A short commute from Boston, the community is committed to a high quality-of-life for both young and old residents (Department of Housing and Community Development, 2011b; Lynnfield, MA, 2011). See further information about these towns in Figure 1.

1.4. What was really important?

Deborah also began planning her salon and started thinking about how to design it. Deborah wanted the furnishings of and services provided by her salon to signify a “quality” environment. She thought of various services she had experienced as a customer where she felt nurtured and important. For example, Deborah appreciated when she dined at a restaurant and asked a waitperson where the restroom was, the server escorted her to the restroom. She visited high end salons as a customer to see what she liked and did not like. Deborah noticed that hair salons that allowed “walk-ins” and provided nail service were loud and congested. People were talking on top of each other and there was constant movement. This was not an atmosphere conducive to relaxation. On the other hand, she particularly liked receiving individual attention, someone’s total focus, and not feeling like she was being fit in. Deborah found fresh flowers to be a nice touch. She appreciated quiet environments, where people were not hurried or scattered, and where customers received friendly greetings as they entered the establishment. She wanted to incorporate some of those things that she particularly liked and bring in many more ideas of her own.

1.5. Now what?

Deborah had seen a plethora of successful and failed hair salons. Deborah knew she had to prove her skills and talent as a hairstylist and that word-of-mouth would be her biggest promotional tool in the beginning. She knew that the amount of income a salon owner made depended not only on the prices charged at the salon and the total amount of the overhead (i.e., rent, electricity, water, supplies), but also on and the number of people working there.

Deborah had been praised by her past employers for having a great personality, being very attentive to customers, and possessing a strong

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