

Rebecca Carp

Developing marketing

Case: Hair salon Lumo

Developing marketing

Case: Hair salon Lumo

Rebecca Carp
Thesis
Spring 2017
Degree Programme in International
Business
Oulu University of Applied Sciences

ABSTRACT

Oulu University of Applied Sciences
Degree Programme in International Business

Author(s): Rebecca Carp

Title of Bachelor's thesis: Developing Marketing, Case: hair salon Lumo

Supervisor(s): Sari Alatalo

Term and year of completion: Autumn 2017

Number of pages: 33 + 1

Services marketing is a complex combination of different marketing strategies. Marketing something intangible can be challenging because of that nature. Digital era has brought many possibilities to marketing even for small businesses with less resources such as tight marketing budget. It is a fast-changing world but the current trends in marketing are being researched in this thesis to find ideas for the commissioner. The objective of this thesis is to find development ideas for the commissioning business' marketing situation. There are two sides whose views are in the center of the study; the current customers and the competitors in the same market area.

The commissioner of this thesis is hair salon Lumo and its owner Mrs. Sanna Carp. The empirical part consists of two data collection methods; shadow benchmarking and a questionnaire aimed for the current customers. The questionnaire's point is to bring out the factors that current customers enjoy and prefer when it comes to Lumo as a service provider. Those answers are kept in mind when finding the best marketing development ideas for the commissioner. Benchmarking was also chosen as a method since it brings essential information that can be directly taken advantage of.

The research is quantitative and uses desktop study, survey, literature sources and digital sources as its tools. Highly valuable sources of information are the personal experiences as a customer of the salon and a personal relationship with the owner. The main findings were that there are few key factors that are missing from the commissioner's marketing strategies. Another important notion was that the commissioner has a potential advantage that the competition is not able to reach: excellent level of customer service. Both methods used in this research give important information that are used when giving development ideas for current marketing situation.

Keywords: hairdressing, service marketing, benchmarking,

CONTENTS

1	INTRODUCTION.....	5
1.1	Case company.....	5
1.2	Research questions and objectives.....	6
1.3	Key terms.....	6
1.4	Data collection.....	7
2	SERVICES MARKETING.....	8
2.1	Customer relationships.....	8
2.2	Customer interactions.....	10
2.3	Social media as a marketing tool.....	10
3	BENCHMARKING.....	12
3.1	Benchmarking process.....	12
3.2	Types of benchmarking.....	13
4	COMPETITION.....	15
4.1	Marketing environment.....	15
4.2	Competitors.....	16
5	RESEARCH METHODS.....	18
5.1	Benchmarking competitors.....	18
5.2	Customer survey.....	19
6	RESULTS.....	20
7	CONCLUSIONS.....	26
8	DISCUSSION.....	29
	REFERENCES.....	31
	APPENDIX.....	34

1 INTRODUCTION

Small businesses usually don't have resources to use on numerous of marketing campaigns. There's usually tight budget and limited amount of time to spend on creating marketing strategies. Digitalization has brought various of cheap marketing methods for smaller businesses to use. In today's world, social media is present no matter what field the business operates. Despite the possibilities that social media brings it should be examined to get the best results. This thesis attempts to find marketing means by exploring how companies in this field make the marketing selections and search possible hacks that could be applied to the commissioner's marketing tactics. With the help of an interview with the owner and questionnaire to the current customers the study's objective is to find most suitable marketing tools for the commissioner to use. This study is commissioned by hair salon Lumo and its owner Mrs. Sanna Carp.

1.1 Case company

The commissioner for this thesis is hair salon Lumo and its owner Sanna. The salon operates in the heart of Jyväskylä, Finland. Owner Sanna has been running the business for nearly five years. The current owner bought the business from the previous owner. With that she got the existing customer base and some of her own customers who followed her to the new business. The hair salon offers typical hair salon services such as haircuts, hair dyes and hairdos. There are also some extra services like eyelash and eyebrow dyes. Like other hair salons and barber shops Lumo also sells quality hair products like shampoos and conditioners. The product line Lumo is using now is American brand Joico. The owner keeps herself up to date by attending to different hair trainings and always wants to find the best products to use.

The business space is located almost in the very center of Jyväskylä. The salon is open from Monday to Friday from 10 am to 6 pm or according to contract. From the outside the salon looks professional. The salon has two customer seats and one employee. In total there are two hairdressers, employee and the owner, who provide the services. Occasionally there are students who work there. The salon is open from Monday to Friday from 10 am to 6 pm or according to

Lumo used to sell some lifestyle products like clothes, accessories and cosmetics. That side of the business is now diminished and there are only few products left on the shelves. Sanna wants to focus mainly on the hairstyling side of the business and bring in more customers.

1.2 Research questions and objectives

When discussing the possible thesis topic with Sanna she pointed out that she wants concrete tools she could use in her marketing. The objective is to study her market area and find the suitable tools that she can use to attract new customers. In this research, the current marketing situation is examined and the biggest competitors are benchmarked.

After a short conversation with the owner there are three research questions:

1. What are customers' needs and wants in this type of service?
2. How do competitors market their services?
3. What tools does the commissioner have for marketing?

1.3 Key terms

The key terms in this thesis are service marketing, competitor analysis and benchmarking. Today's economy is more and more characterized as a service economy. That is mostly due to the increasing importance and share of the service sector in the economies of most developed and developing countries.

Service is the action of doing something for someone. These can be divided into two types: core services such as haircuts and supplementary service that support the core service; like warranty for a product (Management Study Guide 2017. Cited 7.4.2017). It is implicated that people are not interested in the actual product but the service that the product offers (Viio, P. 2012. Cited 7.4.2017). Services are intangible, thus marketing can be challenging. Products look something,

they can be felt and used. Service is intangible, therefore in marketing an idea or image is sold to the consumer.

Competitor analysis is all about identifying your competitors and researching their strengths and weaknesses that are somehow relative to your own business. It is a critical part of a business' marketing plan process. With analyzing competitors, it is easier to determine what makes the specific business' product or service unique. With that information, it is much easier to use that quality in your marketing.

Benchmarking is a research method focusing on something that has already been done – it is all about learning from others. It is also about being humble enough to admit that some other business is better at something else and wise enough to learn from them and match them (Niva & Tuominen 2005, 5) The information gained from benchmarking can be used to gain competitive advantage. There are several types of benchmarking but basically it can be divided into three categories – internal, competitive and strategic. In this process, the best choice is the competitive benchmarking process. It is used when company wants to identify its position in the market and industry. (Stroud 2017. Cited 26.4.2017)

All these key terms will be explained more in the further chapters.

1.4 Data collection

In this thesis, the objective is to find ideas and most suitable tools for the commissioner to use in their marketing. There two sectors that are important which should be taken into consideration; the competitors strategies and customers opinions. Both sides should affect what marketing strategies are used. Due to the nature of services finding the best tools can be seen challenging. However, I believe by studying all aspects it's possible to find satisfying results.

Chosen method for the study is qualitative in nature, using desktop study and literary sources as well as digital sources to support it. Personal experiences are highly valuable piece of information.

2 SERVICES MARKETING

People consume services as part of everyday life. Marketing something the consumer cannot see, touch or own can be challenging. Services marketing is a broad mix of different marketing strategies. It focuses on marketing something intangible, not a physical product. Services include anything from personal services like hairdressers, to experiences like concerts, renting vehicles or buying a trip to abroad.

All service providers use service marketing strategies. There are two categories a service provider can be divided; business-to-consumer (B2C) that offer services to individuals or business-to-business (B2B) sector that provides service to other businesses. The commissioner of this thesis belongs to business-to-consumer, B2C, sector. Services marketing is most often used to business' that sells services to individuals (Marketing-Schools.org.Cited 12.7.2017). Businesses create marketing campaigns to appeal to a certain demographic or target customer group.

In this technology based world service marketing strategies are more and more in a digital form. Consumers are going online more than offline. People are connected to the online communities more than ever. In marketing, I believe it's essential to go where the people are and be up to date what is on the trend at the time. Visibility has been a big aspect in marketing regardless of the year. Marketing before and after a digital transformation revolves around how customers see the business. Other huge trend in all marketing has been personalizing. Companies from big to small are personalizing their products and services. Especially in service sector customers want to feel special and taken as individuals. That drives the marketing strategies also in this study.

2.1 Customer relationships

In service marketing building relationship is a vital cornerstone. Marketing mix and the Four P's sees the seller as an active part and the consumer passive. Personalized relationship between buyer and seller is not supposed to exist. (Grönroos, 1994) Especially in the hair industry long term relationships are vital. Customers prefer same hairdresser, since they know what they are getting from him/her. Dependable hairdresser makes the customer's decision making much easier.

Building and maintaining that relationship is the key in this service field. Establishing that relationship can be divided into two parts: attracting the customer and build the relationship so that it will last and economical goals can be achieved (Grönroos, 1994).

The concept of relationship marketing is closely related to service marketing and especially in the hairdressing industry. Relationship marketing is strategy that emphasizes customer retention, satisfaction, and customer's lifetime value. An integral part of that is the "promise concept". A firm that only gives promises may attract customers and may build relationships. If the firm does not keep those promises there is no possibility for the relationship to enhance. Fulfilling given promises are as important as achieving customer satisfaction, detaining customer base and long-term economic benefits. The core belied on the other partner's trustworthiness comes from expertise and reliability.

Other key part in relationship marketing is trust. In the Grönroos' article it is said that trust is willingness to rely on an exchange partner in whom customer has confidence. There is significant value in building a long-term relationship with customers and maintaining that relationship by marketing to existing customers. Increasing profitability with relationship marketing is related to several factors. First, loyal customers become less and less price-oriented and they prefer the value than price of the service. Secondly a loyal and satisfied customer will much more easily recommend the business in question to a friend. This type of "word of mouth" –marketing is essential for a business that has small budget for marketing. Customers comments are the most honest ones and especially in the age of social media the word of mouth can be very affective.

2.2 Customer interactions

Service encounters can be identified as a key component of service marketers. Every time a customer comes to contact with any aspect of service provider they evaluate the service quality. Each encounter represents an important moment of truth for the customer (Baron, Harris & Hilton 2009, 69)

There is a great significance in service encounters. They are customer's perceptions of the service and its quality. Encounters where either they are good or bad create lasting memories that influence expectations in the future. There are possibilities to manage these encounters. Especially in this case where there are only two women providing the service it's easy but also very important to manage these encounters. The more there are these encounters the more there are the possibilities for a customer to like or judge the service. Today where people share so much of their opinions and many people have access to them a person's opinion of product or service can become valuable. I personally see people asking for recommendations of various things on social media on a daily basis. That is why it is important to manage these encounters, because bad encounters can affect your business.

Despite of the mix of complexities of customer interactions there are ways to manage them. Employees can be trained to act and react in an appropriate way; physical surroundings can be designed to create a certain atmosphere and even customer-to-customer interactions can be encouraged or discouraged. (Baron, Harris, & Hilton, 2009, 72)

2.3 Social media as a marketing tool

Jayson DeMers says in a Forbes.com article that social media marketing is to some a temporary but powerful fad that must be taken advantage of while it's still in the spotlight. Social media can be a huge benefit to increase sales but many entrepreneurs do not know what are the best tools to use.

Social media has really changed the marketing game for business. With the birth of social platforms, custom targeting of prospective customers is easier than ever before. There are still many opportunities and benefits why to use it as part of marketing. One of the great benefits of social

media is that it can help to increase your brand recognition. Social media networks are channels to show your business' voice and content. A potential customer might stumble on your channel and get excited just by that.

“Every post you make on a social media platform is an opportunity for customers to convert. When you build a following, you'll simultaneously have access to new customers, recent customers, and old customers, and you'll be able to interact with all of them.” (DeMers, J. 2014. Cited 10.8.2017)

One of the biggest things why social marketing is so popular is that it decreases marketing costs. Social media marketing is fast, wide-spread and cheap. That is why especially every small business and entrepreneur should study on it and take as much advantage from it as possible. By putting just one hour a day to develop and syndicate a strategy. Social media can also add a piece to customer experience. Social media, at its core, is a communication channel. Every customer interaction you have on social media is an opportunity to publicly demonstrate your customer service level and enrich your relationship with your customers.

There are numerous of social media channels. Choosing the best ones of them can be challenging. To have successful social media strategies it needs to be known how different platforms work. Facebook is one the biggest social platforms with over 1.5 billion users. It has the widest blend of demographics and it is a great opportunity to connect with potential customers. Salon Lumo also has a Facebook page. There are several tools that can be used in Facebook marketing. One suggestion is to add an application called AgoraPulse. It is a tool which ties different social media channels into one. With the help of the tool posts can be scheduled and competitors can be monitored. An application that helps to plan social media posts would be a great addition to Lumo's marketing.

Other popular social media channel that businesses use for marketing is Instagram. The photo sharing channel is a great way to show what your business is all about. Facebook owns the platform so it is easy to connect these two channels. Lumo has an Instagram page as well but in my concern, they are not using it enough. According to Read (2016) most of Instagram users are female and who live in urban areas. That is a demographic Lumo also wants to attract. According to Read's blog post (2016) if companies want to have successful Instagram marketing they need to have a clear vision and style. Content needs to be posted frequently and the goal is to create a family with the followers.

3 BENCHMARKING

The most important element in this thesis is to find ideas for the commissioner that she can use to improve her marketing. In a situation like this where there is great amount of competitors benchmarking seemed the most reasonable method to use since it can be used in a flexible way. Benchmarking always includes comparison and interest towards how others operate, everything else being open and flexible (Karjalainen 2002, 1).

The type of method chosen for this study is most related to a shadow benchmarking. Shadow benchmarking is a type where competitors are not aware they're being researched. Shadowing entails no actual partner so the process is not dependent on co-operation and the information can be gathered from any way possible. (Troy University 2017. Cited 7.5.2017)

Benchmarking is research method that can be defined as an ongoing process of studying and measuring the work processes of a competitor(s). The core aspect is the interest to know how others conduct their work. Benchmarking process usually focuses on the best operator in the same business sector. It allows the organization to adopt best practice to achieve increase in their own performance. (Management Library 2017. Cited 7.5.2017)

3.1 Benchmarking process

Benchmarking process can proceed in five phases. First phase in the process is the planning phase where the objective is to prepare a plan for benchmarking. It is essential to identify what needs to be benchmarked. Benchmarking method is usually used to solve a certain problem or justify some solution that has been considered. In this case, what is being benchmarked are the biggest competitors in the commissioner's market area and how they are doing their marketing. Other part of the planning phase is to decide how the data will be collected. In this case, the data will be collected by shadow benchmarking technique where the competitors do not know they are being researched.

Second phase in the process is the researching phase. In this case, the data that will be collected is secondary data that refers to publications, websites and company's social media sites and different online communities. (Tutorialspoint. 2017. Cited 29.5.2017). Shadow benchmarking that was chosen to this thesis, is all about gathering existing information about the competitor.

Once all the data has been collected comes the third, analyzing phase. Does the collected data give enough information and answers? Implementation phase is the fourth phase where "This is the stage in the benchmarking process where it becomes mandatory to *walk the talk*" (Tutorialspoint 2017.Cited 29.5.2017) This generally means that extensive changes need to be made, so that the gap between the ideal and the actual is narrowed and eliminated wherever possible.

The final fifth phase of the process is monitoring phase. As in other projects evaluating and overseeing the results is important to gain the best affect. Following up the results gives answers on what went right and what can be improved in the future.

3.2 Types of benchmarking

Benchmarking is quite flexible meaning different types can be mixed together to find the best results in purpose of the study. No one of the following types is the best way. One type can be more appropriate for an organization than another depending on its environment, products, services, resources and other factors. There are four primary types of benchmarking:

Internal

Internal type compares different business processes within the business. Internal benchmarking is a comparison of a business process to a similar process inside the organization to acquire the best internal business practices. In the private sector for example a retail food store chain selects its most profitable store as a benchmark for the other locations. (Geigle Safety Group, Inc. 2016.Cited 4.8.2017)

Competitive

Competitive benchmarking is a direct competitor-to-competitor comparison of a product, service, or other aspect. This form of benchmarking provides an opportunity to know yourself and your

competition better. For example, in the private sector, two or more car companies might benchmark for mutual benefit against common international competitor. (Geigle Safety Group, Inc. 2016.Cited 4.8.2017)

Functional

Functional benchmarking is a comparison to similar or identical practices within the same industry. It is an external way to benchmark the best performers in the same industry. Companies from the same industry can share information if it's not the matter of competition. For example, the huge trend of Olaplex treatments can be seen as a popular practice in the industry right now. (Geigle Safety Group, Inc. 2016.Cited 4.8.2017)

Generic

Generic benchmarking concentrates on similar process. Generic means without a brand, hence companies from completely different industries can be benchmarked. It requires a good understanding of the processes so it can be done effectively. (Geigle Safety Group, Inc. 2016. Cited 4.8.2017)

The benchmarking method that is been used in this thesis falls somewhere in between of competitive benchmarking as well as functional benchmarking. The more precise type used in this was shadow benchmarking as mentioned earlier in this thesis. Benchmarking with no partners, meaning targets or competitors not knowing they are being researched, is called shadow benchmarking (McGonagle & Vella 1999, 56). This type was suitable for the project since there was limited amount of time to use. There was no time to spend on contacting competitors, thus shadow benchmarking was suitable method.

4 COMPETITION

To be successful in your business area you must be aware what your competitors are doing. There are several ways to look at your competitors. In this case, the competitors are chosen from the same marketing environment.

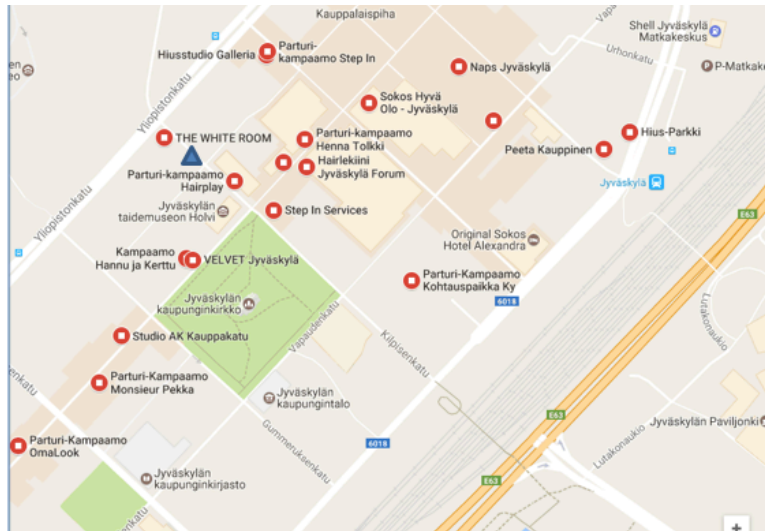
4.1 Marketing environment

It is important for any business owner to define their market area carefully. There are two basic markets a business can sell to – consumer and other business. Lumo's services focuses completely on the consumer side. The more narrowly business owner can define its market the better. The main thing is to be focused, not being all over the map.

The case company is in the heart of Jyväskylä. The city has almost 140,000 inhabitants and it is the 7th largest city in Finland (Visit Jyväskylä 2017. Cited 6.3.2017). The market area is saturated in the hairdressing industry, so the competition is very high. It can be very challenging for a small business to differentiate itself from competitors. There are over twenty hairdressers just in the central area of the city. When searching for hairdresser from Google Maps –platform multiple hairdressing places can be found. But not Lumo. That is one of the first things that should be changed in Lumo's marketing situation.

The market in the hairdressing industry is very saturated in Jyväskylä. The competition is very high especially in the area that Lumo is located in. Just in one square kilometer there are almost twenty hair salons sand barbers.

Figure 2: Competition on the area Lumo operates in



The blue triangle in the picture 2 shows where Lumo is located in. The fact that Lumo cannot be found in Google Maps is a great misstep. Consumers that are looking for a place to get their hair done first check online and especially Google and Google Maps. The key of business's existence and success is that the business meets with customers' needs (Bergström & Leppänen 2015, 93)

4.2 Competitors

When looking for main competitors it is useful to ask few questions from yourself.

For example, the bench marker can ask the following questions:

1. *Who are your competitors?*
2. *What products or services do they sell?*
3. *What is each competitors market share?*
4. *What are each competitor's strengths and weaknesses?*
5. *What type of media they use to market their products or services?*
6. *What opportunities they make available for you?*

In this case, the main competitors of the commissioner and in this market area are the ones that are located near the commissioner, use same product line and have somewhat same customer

group. After a quick search from the most search tool, Google, the results look like the following. There are five salons significantly close to Lumo, in less than a half square kilometer area. Just around the corner in the next street, there are at least three hair salons. The hairdressing market in the town is completely saturated. That is why the competition of getting customers can be extremely challenging. One major thing that lack is the absence of Lumo in Google Maps. When potential customer starts searching for a service provider they use Google or another search site to track down all the potential service provider close to them.

It's difficult to find the main competitors since there are so many other hair salons close by. One thing in common with the competitors is that they tend to have several customer chairs so that they can serve many customers at the same time. That creates an opportunity for Lumo to market their salon as a place where they can feel special and relax without a constant noise and rush around them. According to Aamulehti.com article a significantly good hairdresser gives customer a good look but also gives an opportunity to escape the hectic life and give a piece of indulgence. As a customer of the salon myself that is something Lumo can provide since the hairdressers are talented and the business space is professional but stylish.

5 RESEARCH METHODS

The main objective of the thesis is to search ways for the commissioner to improve current marketing situation and attract new customers to the salon. To find the most suitable tools for the commissioner and to find what the customers are looking for in services both sides need to be heard, owner and customers. There were two research methods used in this thesis. One is the benchmarking and the other is customer survey. Reason why two methods were chosen was that both aspects should affect marketing decisions.

5.1 Benchmarking competitors

In this thesis, few operators in the same market area were shadow benchmarked. This type was chosen since it was the most suitable for the research. There was not enough time to contact competitors in the market area. Benchmarking can help identify what are the gaps or inefficiencies and provide insight for can be improved in business (Caturano and Company 2017. Cited 2.9.2017). Benchmarking focuses on learning from others and getting ideas from other operators.

After searching people's opinions about local hair salons few names came across on different forums, blogs and social media sites. Based on these opinions these competitor's social media sites were researched. These popular salons had somehow quite same look according to their logos and looks overall. All the searched places had multiple customer chairs and employees at their salons which indicates that those places have a good number of customers. Otherwise there would be no point on keeping multiple customer chairs and employees. Those places all tend to have a modern look which attract modern day customers. The commissioner can be described modern as well which means that it does not fall behind on that area.

The social media pages from the searched competitors were updated regularly and more often than the commissioner does. That is really something that should be adapted from the competitors. Keeping social media pages up to date always shows that business is doing well and that it is easier to contact. Pages that are not updated regularly can give that feeling of doubt to customer.

5.2 Customer survey

The questionnaire consisted of five questions about the respondents' preferences on Lumo's services. The questionnaire took place on the spot, in the salon in July 2017. The questionnaire was at the salon for two weeks, with total ten working days. The total number of answers received was 27. The goal was to get answers between 20 – 30. The total population could not be accurately predicted but the evaluated goal was achieved with 27 answers. The customers filled in a paper with five (5) questions. There are several advantages and disadvantages in using questionnaire as data collection tool. In this research, the questionnaire was a suitable method to gather data because it is economical and an easy to execute. It also put less pressure on the respondents and it ensures anonymity to respondents. Instinctively there was also a disadvantage in conducting a questionnaire and that is limited amount of responses which only gives a narrow view of the subject.

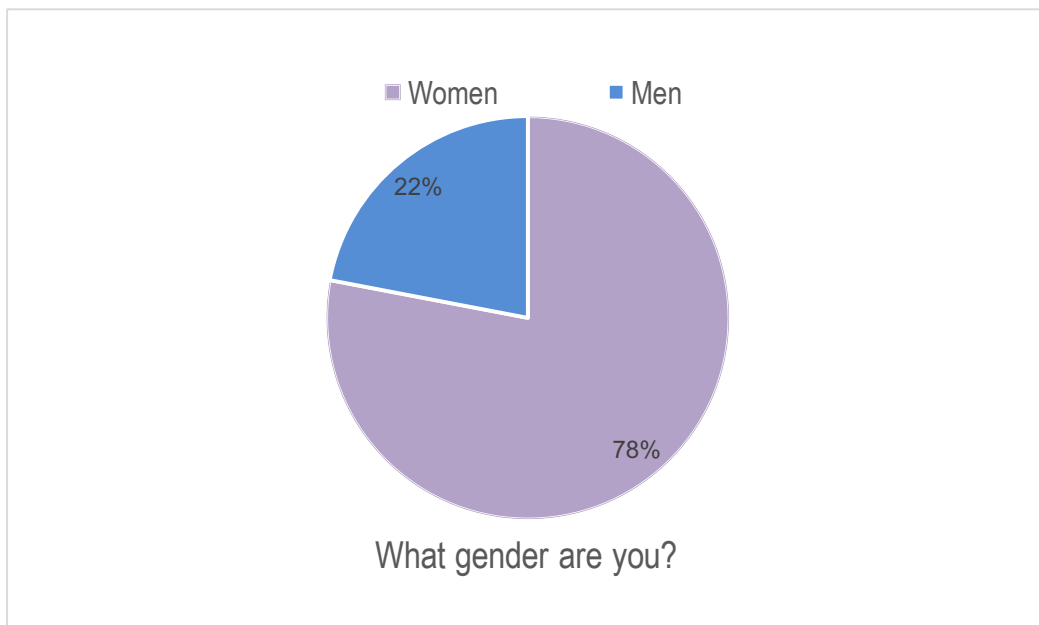
The questionnaire consisted of mix of open and closed questions. Mix of these two types gave the best results and the population was small enough to take every answer into consideration. Answers to open questions can bring new perspectives to light and offer valid development ideas (Heikkilä 2014, 48).

6 RESULTS

In this chapter, the results of the questionnaire are presented. The total amount answers of the questionnaire were 27. The population was relatively small and it gives the chance to take every answer into consideration.

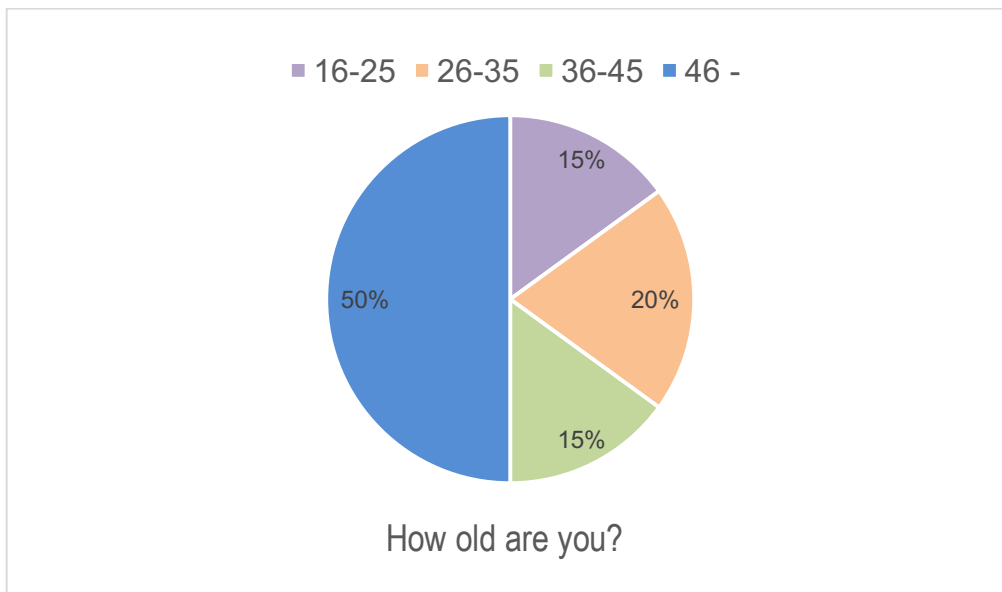
Question one was about the respondents' gender. There were two options to choose from; man, or woman. The reason this question was chosen was that men and women tend to have very opposite preferences on what they value in this type of service. As expected more respondents were women. The rates for question one can be seen in figure 3. Women tend to spend more money on beauty related products and services such as hairdressing services. Women are generally considered to be more interested in appearance-related products and services and are more pressured to focus on their looks. Empirical studies have found out that compared to men women are more concerned about their looks and they show more interest towards beauty care and clothing. (Sarpila, 2013)

Figure 3: Question one in the questionnaire



Question number two in the survey was about the respondents age. There were four age boxes to choose from. The rates of the second question can be seen in figure 4. This question was significant since by finding out what age most of the current customers are it can be defined what target group needs to be marketed in the future.

Figure 4: Question two in the questionnaire

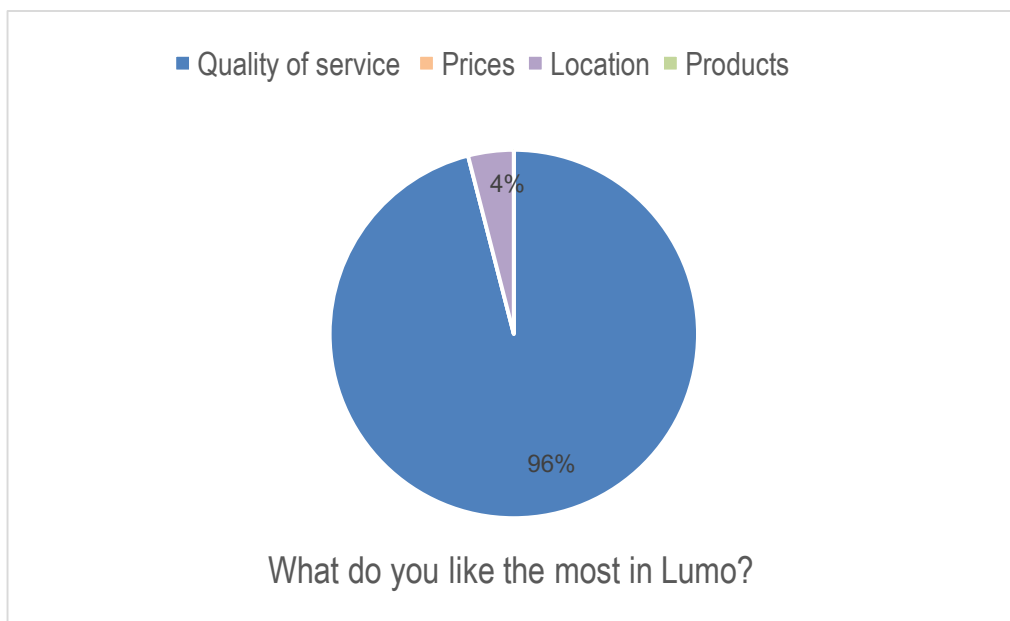


In addition to gender age can be considered significant in relation to appearance-related consumption. People from different age boxes tend to have different preferences when it comes to services. The majority of customers are females aged between 35 to 46 and over. One of the reasons why women aged over 35 years like the place is the atmosphere in the salon. The salon has a professional, minimalized décor and since there are only two customer chairs there is never a sense of rush. Women in this age group appreciate the quality of service according to the questionnaire results. As a customer, myself I know that the salon is a place where every customer can sit and relax. Every customer is treated individually.

Question number three in the questionnaire was about what the current customers prefer in Lumo's services. In this question, there were four options to choose from; products, quality of the service, reachability and location and prices. Question four was chosen to the survey since by finding out what the current customers value it would be easier to decide what to highlight in marketing. The rates for question four can be seen in figure 5 below. The rates show that the hairdressers are

doing a good job. Current customers seem to be happy with the service quality. That is something that should be marketed more to the potential new customers. They have good and honest feedback from current customers that they can use as backup in their marketing.

Figure 5: Question three in the questionnaire



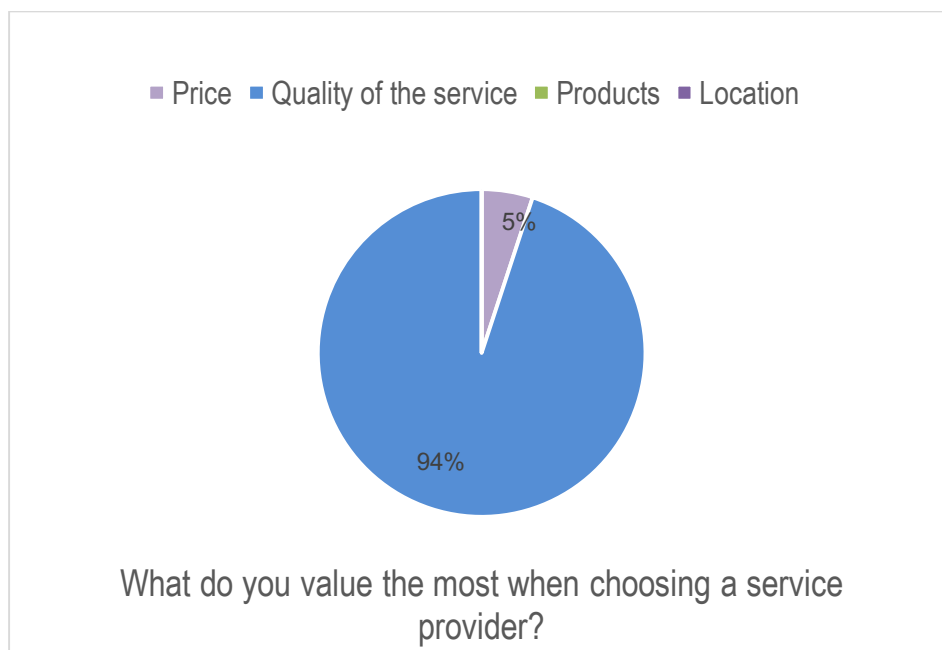
Question three was left open for respondents to add something that was not possible to choose from the set options. Restricting could have prevented the respondent to give an honest opinion since there are many more options that customers can like about the service that was not mentioned in the options. Three respondents used the extra question to express their opinions. Two of them chose the quality of the service and then added that expertise and all the other options were preferred as well. One respondent did not choose any of the set four options but mentioned in the extra question that the appointment was the first one and the place was recommended. In the question three respondents were to choose only one option but three or the respondents did not follow this instruction but nevertheless those were taken into consideration when going through the results.

Only two of the four possible options were chosen by the respondents in question three. The second option that respondents chose was the location of the salon. The salon is located in the center of Jyväskylä so it is fairly easy to come to. Customers can use the salon when taking care of their

other business in the city center. Business' in the city of Jyväskylä are very centered to city's center. Because the salon is also in the center communication to there is easy.

Question four was about respondents' preferences when valuing a service provider overall. This question was chosen since it was interesting to see if the respondents' answers were matching to the previous question, question number three. The focus was to find out if the overall factors that respondents' want from a service provider are the same what they are getting from the commissioner right now. The rates of question four can be seen in figure 6 below.

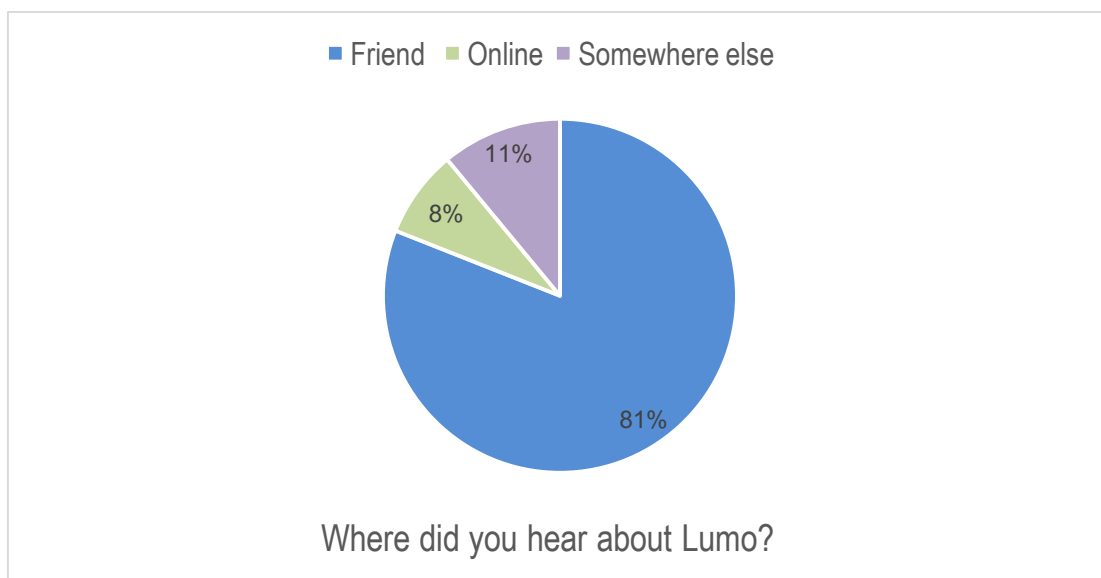
Figure 6: Question four in the questionnaire



In question four, almost every participant chose the quality of service as the number one thing they value when searching for service provider. The answers from question four show that people do want real value for their money they are spending. That is why it is really important to put effort to the customer service. In services the service a customer is getting is the easiest to remember. When consuming a service the customer can not touch, see or take the service home. They can only remember it and see the result. That is why the number one thing is to be great at customer service. As seen from the results that is a sector the commissioner is most great at. That is a thing they need to focus on their marketing actions. The owner herself has also pointed out that the customer service and the work they are providing is something they focus on and that something similar cannot be found in any other salon in the town of Jyväskylä.

Question five asked where did the respondents hear about the commissioner. There were three options to choose from: a friend, online or somewhere else. Question five was left open since there are many medias where the customers could have find out about the commissioner. Almost every respondent had heard about Lumo from a friend. Only one answered the second option, which was online. Only few respondents chose the third option, somewhere else, and added some other channel or media. The rates of question five can be seen from figure 7. Positive experiences and word of mouth has been a great benefit for Lumo according to this survey. Lumo has a good reputation in the eyes of current customers. Lumo should focus on effective social media marketing to gain attract wider number of customers.

Figure 7: Question five in the questionnaire



In this question, almost every respondent answered that they have heard about Lumo from a friend. Almost every current and new customer come from recommendations made by existing clients. Word of mouth is a great viral marketing tool. Thanks to social media people have the power to express their opinions on products and services. Customer's personal opinions are becoming more valuable than ever. Since so many of Lumo's current customer have heard about the service from a friend these recommendations could be increased. The service Lumo provides is obviously at a good level or otherwise customers would not recommend it to someone other. People believe other people's opinions and recommendations over advertisements because they are usually true.

Advertisements are company's planned ideas that show only their positive view on products or services not necessarily the truth.

The commissioner could for example give some benefits to customers who recommend the services to their friends or get a friend to try Lumo's services. That can be fairly easy to do using current social media sites. Ads and relentless communications are in the past. Individuals opinions are the believed to be the future in marketing. That is something the commissioner should take advantage of since their customers seems to be satisfied to the service.

7 CONCLUSIONS

Main objective of this thesis was to find ways to improve the commissioner's marketing situation by benchmarking main competitors but also take current customer's opinions into consideration. The core goal was to give concrete development ideas to the commissioner that could be added to current marketing strategies. Other goal was to combine two methods of data collection and results from these into solid piece of information. Overall the results from the both research methods, benchmarking and the customer survey, show that the commissioner has the possibility to differentiate itself from competition.

Competitors in the same market area seem very similar when it comes to look of the salons and marketing strategies. One research question was how the competitors market their services. After benchmarking it was found out that other hair salons use Facebook and Instagram as a marketing tool. It is very common to use social media channels as a main marketing tool. People use it every day, thus it can be to most effective way to market. Traditional marketing tools such as newspaper and fliers do not necessarily work as effective as they probably used to.

Competitors post content on their social media pages more often than the commissioner does. That is something the commissioner should focus on; regular updates. One of the research questions were What tools the commissioner have for marketing. As mentioned earlier in the thesis there are tools to take advantage on social media management. One of these tools is web-based application AgoraPulse that covers social media marketing, monitoring and management. AgoraPulse has tools for everything from moderation to competitions. It is sold at very affordable price even small business can afford. The application focuses on Facebook, Instagram and Twitter and it helps small businesses to have a complete marketing tool. (mikegingerich.com. Cited 5.9) Social media is important marketing tool for small business that have a tight marketing budget. That should be used by the commissioner as much as possible. It is low cost, fast phased and offers many possibilities.

The suggestions for marketing strategies based on benchmarking results is to be consistent and active on social media. Otherwise there is no advantage that can be taken from it. All the digital pages the commissioner has need to be up-to-date and have an integrated look. All the information that can be found about competitors should be available about the commissioner. Like mentioned

earlier in the thesis, the commissioner cannot be found on Google Maps is a great defect. That is one fact that can be mentioned as a disadvantage.

Third research question was what are the customers' needs and wants in this field of business. Number one thing that can be deduced from the survey is that people want good quality service and value for their money. As service is something that people cannot take with them, they cannot see or touch them. (Baron, S. Harris, K. & Hilton, T. 2009.) Service is something people can only remember. That is why having satisfied customers and excellent customer service is in the core of all service. Customer service is the sector that is the easiest to affect.

Results drawn from the customer survey show that majority of current customers are middle-aged women. Women who are middle-aged or entering that later period of life tend to have better financial situation which brings more opportunities for consumption (Sarpila 2013). The commissioner provides excellent customer service and a break from hectic everyday life. Women with higher income want to spend more on beauty since they probably did not have the opportunity to do that when they were younger. As seen from the results customers of this type of service want value for the money they are spending. Women do not only want their hair dyed and cut, they want to feel like an individual not just another customer who brings money to the service provider.

One main goal of the process besides answering the research questions was to find concrete ideas for the commissioner to use in her marketing tactics. As I am a customer of the salon myself and I personally know the owner it was interesting to do this for her and to find concrete ideas by studying different aspects of the business. On the basis of this research the main areas that need to be improved on is social media management and getting customers to market the commissioner's service with word of mouth tactics. The development ideas for marketing based on this research can be seen in figure 8.

Figure 8: Development ideas

Improving digital pages

- Home page needs to be up-to-date at every times
- Lumo in Google Maps
- Social media sites up-to-date
- Consistent and integrated content in social media
- Sell your expertise and excellent customer service

Customer relationship

- Every customer is an individual
- Personal selling after every appoitment
- Booking next appoitment after every appoitment
- WOM marketing

Keep eye on competitors

- Follow your main competitors
- Differentiate yourself from competitors

8 DISCUSSION

In this chapter, the whole thesis process will be discussed and strengths and weaknesses of the process will be evaluated. At the beginning of this process the commissioner expressed a need for this kind of research. Time is unquestionably a valuable resource for the owner. The owner does not have the time for this type of process, thus this research was useful for both sides. Conducting this thesis was interesting as the topic on hand can be seen to provide useful information for the commissioning company. The aspiration is that the commissioner puts at least some of the suggestions in to use.

The original subject of the thesis did change during the process, since it was emerged that some of the original content do not necessarily fit properly to this thesis. The final shape of the topic is genuinely satisfying. The topic turned out to be narrower than it was firstly planned but it did not effect on the outcome too much. The key elements that were truly necessary was kept. The topic was not completely new since lot of marketing management and projects related to it had been done in the degree programme the author is studying. As a matter of fact, the knowledge gained from the studies helped defining the topic and during the whole process.

Schedule that was set for this process was originally rather tight. As the process went on the schedule turned out to be too short and it was adjusted between the supervisor and the author. The presentation seminar was first set on to be held in late May 2017 but it was adjourned till August and later till the beginning of September. The commissioner was also fine with these adjustments since there was no absolute deadline given for this at the beginning of the process.

By being the customer of the commissioning hair salon helped during the thesis process. Since the salon could have not been visited because of the distance, it was helpful that the author knew how the salon looks like and what the owner is like. The outcome of the thesis is reliable despite the personal connection with the commissioner. The questions used in the questionnaire were approved by the owner, since it was seen essential thing to do. The benchmarking part showed valuable information about the high competition in the market. The market area is saturated, thus they are many competitors that can be learned from.

Since marketing is an ever-changing complex, this same topic could be researched in the future. Social media has brought many possibilities to marketing in the past ten years or so. To have

successful marketing strategies the relevant methods and tactics need to be kept in mind. Marketing strategies should always be up-to-date. Customers change, their needs change and the possibilities change. It can only be imagined what will be the next big thing in marketing.

REFERENCES

Baron, S. Harris, K. & Hilton, T. 2009. Services Marketing Text and Cases. United Kingdom: Palgrave Macmillan.

Bhasin, H. 2017. 7 Steps of Competitor Analysis. Cited 1.8.2017
<http://www.marketing91.com/7-steps-competitor-analysis/>

Bergström, S. & Leppänen, A. 2015. Yrityksen asiakasmarkkinointi. Helsinki: Edita

Caturano and Company. 2017. Why Benchmark Your Organization's Operations?. Cited 2.9.2017.
<http://www.nacdne.org/docs/Why%20Benchmark%20your%20Organization.pdf>

Ciotti, G. 2016. The Business Case for Building Real Relationships with Customers. Cited 29.5.2017.
<https://www.helpscout.net/blog/relationship-marketing/>

Choudhury, A. 2016. 10 Questionnaire Method of Data Collection: Advantages and Disadvantages. Cited 25.7.2017
<http://www.yourarticlelibrary.com/social-research/data-collection/questionnaire-method-of-data-collection-advantages-and-disadvantages/64512/>

DeMers, J. 2014. The Top 10 Benefits of Social Media Marketing. Cited 10.8.2017
<https://www.forbes.com/sites/jaysondemers/2014/08/11/the-top-10-benefits-of-social-media-marketing/#572279a71f80>

Ewing, M. 2017. 71 % More Likely to Purchase Based on Social Media Referrals. Cited 12.8.2017
https://blog.hubspot.com/blog/tabid/6307/bid/30239/71-More-Likely-to-Purchase-Based-on-Social-Media-Referrals-Infographic.aspx?__hstc=191390709.be250ac2d6655f10b99efb03bd26e518.1504027787064.1504027787064.1504027787064.1&__hssc=191390709.1.1504027787064&__hsfp=71793637

Geigle Safety Group, Inc. 2016. Types of benchmarking. Cited 4.8.2017
<https://www.oshatrain.org/notes/2fnotes04.html>

Gingerich Mike. 2016. What is AgoraPulse?. Cited 5.9.2017
<https://www.mikegingerich.com/blog/what-is-agorapulse/>

Grönroos, C. 1994. From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing. Australia: MCB University Press Limited.

Heikkilä, T. 2014. Tilastollinen tutkimus. Porvoo: Edita Publishing Oy.

Karjalainen, A. 2002. Mitä benchmarking-arviointi on? Cited 5.9.2017
<http://www.oulu.fi/w5w/benchmarking/bm.RTF>

Marketing Schools.org. 2012. Services marketing – Explore the Strategy of Service Marketing. Cited 12.7.2017
<http://www.marketing-schools.org/types-of-marketing/services-marketing.html>

Management Study Guide. 2017. Services Marketing – Definition and Characteristics. Cited 3.4.2017. <https://www.managementstudyguide.com/definition-and-characteristics-of-services.htm>

Management Library – Vectro Study Group. 2017. Benchmarking Methods. Cited 7.5.2017
<http://www.vectorstudy.com/theories/benchmarking-methods>

McGonagle, J. & Vella, C. 1999. The Internet Age of Competitive Intelligence. Westport, Connecticut: Quorum Books

Niva, Mikael, Tuominen, Kari. 2005. Benchmarking in Practice. Benchmarking Ltd.

Viio, P. 2012. Kuka päättää mitä palveluita tarjoamme. Cited 7.4.2017.
<http://www.tivi.fi/Kumppaniblogit/cgi/2012-12-05/Kuka-päättää-mitä-palveluita-tarjoamme-3196839.html>

Pyökkänen, S. 2016. Etsin hiljaista, jopa mykkää kampaajaa ja muita toivomuksia millainen kampaajan tulisi olla. Cited 12.8.2017

<https://www.aamulehti.fi/i ihmiset/etsin-hiljaista-jopa-mykkaa-kampaajaa-ja-muita-toivomuksia-millainen-kampaajan-tulisi-olla-24017060/>

Read, A. 2016. A Complete Guide to Instagram Marketing: Get the Palybook That Drives Results for Instagram's Top Profiles. Cited 2.8.2017

<https://blog.bufferapp.com/instagram-marketing#why>

Sachs, J. 2016. 10 Best Social Media Channels for Business Marketing. Cited 1.8.2017.

http://www.huffingtonpost.com/young-entrepreneur-council/the-10-best-social-media_b_11654820.html

Sarpila, O. 2013. Beauty for sale – An Empirical Study Appearance-Related Consumption in Finland. Doctoral Thesis. University of Turku.

Stroud J.Delayne. 2017. Understanding the Purpose and Use of Benchmarking. Cited 26.4.2017

<https://www.isixsigma.com/methodology/benchmarking/understanding-purpose-and-use-benchmarking/>

Troy University. 2017. Institutional Research, Planning & Effectiveness. Cited 7.5.2017

http://www.troy.edu/irpe/benchmarking.html#six_types

Tutorialspoint. 2017. Benchmarking Process. Cited 29.5.2017.

https://www.tutorialspoint.com/management_concepts/benchmarking_process.htm

Visit Jyväskylä. 2017. Cited 6.3.2017

<http://visitjyvaskyla.fi/hyva-tietaa/jyvaskyla-faktaa/jyvaskyla-numeroina>

APPENDIX



1. Nainen Mies

2. Ikäsi?

16-25 26-35 36-45 46-

3. Miksi käytät Lumon palveluita? Valitse yksi (1) vaihtoehto.

Palvelun laatu ja henkilökunta Hinnat

Sijainti ja saatavuus Tuotteet ja valikoima

Muu, mikä? _____

4. Mitä arvostat eniten palveluntarjoajaa valitessa? Valitse yksi (1) vaihtoehto?

Palvelun laatu ja henkilökunta Hintaa

Sijainti ja saatavuus Tuotteet ja valikoima

Muu, mikä? _____

5. Miten kuulit Kampaamo Lumosta?

Ystävän tai tutun kautta Netistä

Muu, mistä? _____