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MARKETING PLAN FOR A HAIR SALON

Case Company: Parturi-Kampaamo Elmeri

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ABSTRACT

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The purpose of this thesis is to develop a marketing plan for hair salon Elmeri, whose owner Sari Ylimartimo is the commissioner of the work. The case company does not currently have any formal marketing plan which serves a disadvantage compared to the competitors. The aim is to create ways of marketing the salons services for a new younger customer base and to maintain and increase the company's profitability.

The authors took the circumstances of a small business into consideration when writing this thesis. To reach these mentioned goals, we have first gone through the company's current situation through analyses and specified the problems of why the company is not currently where it would want to be.

Preliminary data for the research is based on an interview with the company's owner, customer questionnaire and observation of competitors situations. Knowledge basis consists of strategy analysis, different theoretical research methods and carefully chosen marketing methods.

Implementation plan of the thesis consists of social media marketing plan for the most part. The implementation will take also into consideration customer relationship marketing as well. As a result of the thesis the commissioner will receive a detailed description of the hair salons current situation, customer base and their needs, as well as in detail written down implementation recommendations with their execution plans. The commissioner will also receive a detailed calculation of the revenue gain when implementing the suggested methods. The business can reach their desired customer segments by following the research.

Keywords: Hair salon industry, Marketing plan, Social media marketing, Customer relationship marketing

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1 INTRODUCTION

Marketing is a fundamental part of any business. It is extremely important for small businesses success. With the help of marketing, companies can promote their services and products, as well as differentiate themselves from competitors. The basis for well executed marketing comes from knowing customer behavior and their values better than other companies. The goal of marketing is to reach the targeted customer segments, provide them unique services and products and to form long-lasting loyal customer relationships. (Bergström, Leppänen 2013, 10.)

The aim of our thesis is to develop the marketing of the case company. The commissioner of the thesis requested us to investigate on how to keep the company running profitably for years to come (Ylimartimo S, 2019). The company has been around for almost three decades and its customer base is getting older. Attracting more customers and social media attention is the main goal of the thesis process. All this will need to be conducted with small businesses limited funds in mind.

Defining research questions is crucial on figuring out how to improve the company's marketing. The research problem in this thesis is that the customer base of the salon is centered towards older customers and the company has lacks in marketing. Based on the conversations we have had with the owner, we have settled upon a main research question to solve in the thesis process. The question is *how to maintain a successful hair salon company in the ever-changing hair industry?* The topic is researched and analyzed further on in the thesis. First, we will analyze how the hair salon is doing currently regarding the topic. After a throughout investigation we will construct our implementation plan to resolve the problem.

The structure of the thesis will begin with background information regarding the case company. The used research methods, research question and methodology

will be revealed and discussed in the next part. From research methods section, the thesis will move into analyzing the business throughout with micro environmental analysis, macro environmental analysis and SWOT analysis. This section is based on secondary data and primary data collected by the authors. The thesis will move on into explaining our strategy and its goals using the STP model and differentiation. Our marketing tactics are discussed in the next section. Implementation plan will be formed from all this previously investigated and analyzed work. The implementation plan is divided to two different marketing strategies. After the implementation, the thesis will move onto conclusions and discussion on the whole subject and the process. The last section will be a list of our references used and appendix with our questionnaire and interview in both Finnish and English, as they were both executed in Finnish.

2 CASE COMPANY

The commissioner of our thesis is Sari Ylimartimo, the sole owner of hair salon Elmeri. The business is located in northern Finland, in the city of Kemi. Sari Ylimartimo purchased the company 29 years ago from its previous owner for 40 000 Finnish Markka, roughly 10 000 Euros. The hair salon started small, as a part of the owner's own house located in Simo and as it got more customers and success, she moved the company firstly inside the village and later into the nearby larger city of Kemi. The businesses financial year is from August to July. 2017-2018 revenue was 67 994 euros + VAT and 2018-2019 it was 69 907 euros + VAT. (Ylimartimo S, 2019.)

The business provides a various range of hair salon and barber services such as cuts, dyes and hair dos. The hair salon uses and sells few high-quality brands products. The product range keeps changing as new innovations and brands with higher quality products rise in the industry. Average purchase in July was 66,13 euros and in August 69 euros. The salons revenue in July was divided to 81,3% coming from services and 18,17% from products. The biggest revenue source of Elmeri is hair dyeing's. (Ylimartimo S, 2019.) The owner works from Tuesday to Friday from morning to early evening. Customers can also make agreements with the owner to get appointments on the days that it would usually be closed on.

In the beginning of September, the owner took two chair renters into the business. Both these renters have worked as hair dressers for years and have brought some of their previous loyal customer base with them into hair salon Elmeri. The chair renters can arrange their own hours and working days however they see fit. They both pay a fixed amount of money per month to the owner the first six months for rent, electricity and products for example. After this the amount will increase to include VAT and they will receive commission that can be taken out of their fixed payment. (Ylimartimo S, 2019.) The salon space consists of two rooms, four chairs, a waiting area and two washing stations. Occasionally the owner takes in students to conduct their trainings.

3 RESEARCH METHODS

For the best possible outcome, we ended up using a mixed method as our research method, which combines both quantitative method and a qualitative method. The quantitative research was done by a questionnaire. The questionnaire was executed on the customers of the salon to gather data on their customer behavior and on their values regarding the hair salon industry. The qualitative method was an interview held with the owner of the hair salon to gather background information about the business and precise numbers and facts. The data collected from our methods is primary data. This chapter describes the general information regarding research methodology, quantitative and qualitative research method and how our study was done. The prepared and executed forms can be found from appendix section of the thesis.

3.1 Research methodology and data collection

Collecting data for any kind of research work is the most important part. The collected information must also be gathered from valid and reliable sources. (Bhat 2019, cited 20.10.2019.) The data collected for the thesis is both empirical and theoretical. Empirical data used in the thesis was gathered from a questionnaire and an interview. Empirical data collected for our thesis is gathered by descriptive research, which means that the collected data describes characteristics of the studied subject (Heikkilä 2014, 13-14). The results from these are primary data, data collected by us. Many results give more reliable and trustable information, where are only few results only gives mere opinion of few (Bhat 2019, cited 20.10.2019). The target amount of questionnaire answers we aimed at was hundred, which was achieved.

Secondary data is already collected data and it is presented by others. It is quickly and easily available compared to primary data. (Crossman 2019, cited 20.10.2019.) Theoretical data for the thesis is collected from internet articles and pages as well as from books specified in the field of marketing. We have chosen

books from marketing professionals to get valid and professional secondary data for our work. The information gathered from all sources will be explained and analyzed in the thesis from many perspectives.

3.2 Quantitative method

Quantitative research is used to gather general information about the issue in question and the amount of information exceeds the quality (Kananen 2008, 10). This provides a wider look into the matter rather than an in-dept study. This research method is chosen when researchers need a generalization of the issue at hand. Findings are conclusive and usually descriptive in nature. The Oxford dictionary defines quantitative research as the following: “methods of investigating phenomena which involve the collection and analysis of numerical data”. Different ways of collected data in quantitative research are polls, surveys and questionnaires, simulations and manipulating pre-existing statistical data.

Our quantitative method was a questionnaire. We ended up using this method, as it provided us a large take on the customer markets customer behavior and values. In total we gathered 100 filled out customer questionnaires. It had closed questions, open questions and hybrid questions. The questionnaires were taken to the hair salon and the staff agreed to kindly ask if the customers would be willing to fill them out after their appointments. The hundred forms were gathered between the 3rd of October and 15th of October. The results will be used in the company analysis section and on putting together our implementation plan.

3.3 Qualitative method

Qualitative method is used to gather and understand the targeted subject in detail. It specifies on quality over quantity, which means that the received data can be analyzed more throughout. The chosen research subject needs to be chosen carefully to get the specific needed results, as must the target of the research be chosen wisely as well. Qualitative method is often used in development plans and problem solving. (Heikkilä 2014, 14-15).

Getting a larger amount of information regarding the needed specific subject is the definite strenght in this method compared to quantitative method, which does not get in as deep into the subject. Typical methods for qualitative research are personal interviews, participating observations, group interviews and empathizing method. Qualitative data collection is less structured compared to quantitative method, as gathering the data is not as complex. (Heikkilä 2014, 14-15.)

We decided to use a qualitative method beside the quantitative questionnaire. There is not much information regarding the hair salon online or printed, so we organized an interview with the owner to gather valuable data and background information for the thesis. The interview was held over the phone on the 5th of October with all of us participating. We structured interview questions beforehand. Going through all of them with the owner lasted for 45 minutes. The answers were written down during the discussion and they will be used further on in the analysis section and other parts of the thesis.

4 SITUATION ANALYSIS

Analysis on the company's current situation and environment must be done to find out the best possible solutions for the company's marketing development and its success (Bergström & Leppänen 2013, 48). Analyzing the current situation will give needed data on how to develop the company's strategies and marketing for example. The data used in this section was collected from secondary sources, the results of the customer questionnaire and hair salon owner's interview.

4.1 Micro environmental analysis

Micro environmental factors are factors that can be changed and influenced by the company to some extent, but not controlled completely. These environmental factors are part of day-to-day operations and interactions. (Bergström & Leppänen 2013, 48.)

Market lays the foundation for the micro environment. A company needs a market in order to make sales and be able to offer products and services. Market factor is formed of customers who buy products and services and customers who could be convinced into buying these things. The size of the chosen market must be large enough to provide the needed purchasing power. Factors to be analyzed from the market are size of the market, number of possible customers, customers types, the realistic needs of the market, customer segments and reaching the needed markets. (Bergström & Leppänen 2013, 48, 64-65.)

The market type of hair salon Elmeri is a consumer market, business to consumer market. The company provides different types of services and products for individual consumers to use. From the current customers, half of them have ended up as customers by a recommendation and 20% have spontaneously tried their services, been pleased with it and stayed as permanent customers. The rest found the company by either relationship or social media. (Customer questionnaire, 2019). The primary market for the company is the town of Kemi.

The population of the town was 21021 inhabitants in the end of the year 2018 (Tietoja Kemistä 2019, 26.09.2019). The age distribution of the hair salon is divided into half of the customers being over 50 years old and the rest younger. 38% of the customers have been with the company for at least ten years. A little over a quarter have been customers between nine and two years. The remaining 36% have been customers for less than a year. The chair renters have brought in slightly younger customers. Both of these distributions can be seen from figures 1 and 2 below. Eight out of ten customers are also female. The demographic distribution of the customers divides into 59% being from Kemi, 35% from neighboring municipalities and the remaining 6% further away like for example Oulu. (Customer questionnaire, 2019.)

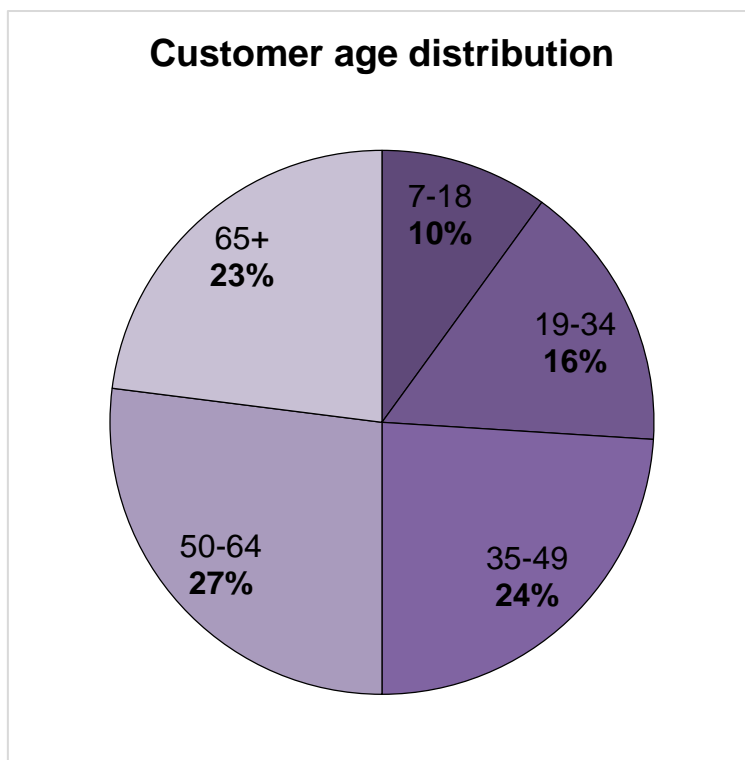


FIGURE 1 shows how customers age distributed based on the answers in the questionnaire.

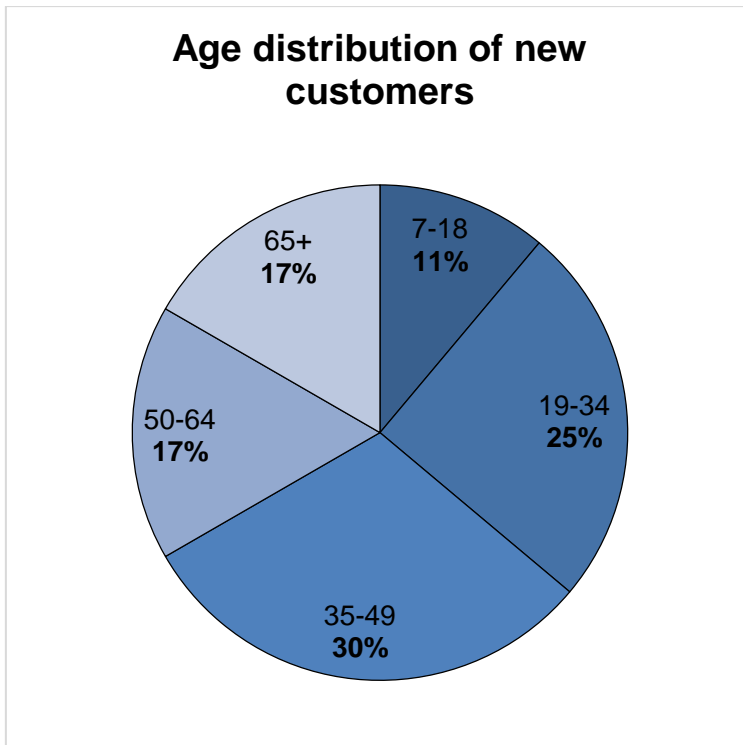


FIGURE 2 shows how age of customers who have been with the salon for less than a year distributed.

Demand sets another aspect for market factor. It represents the amount of goods and services in the market that customers want to purchase. Demand is bound to other micro environmental factors. Companies can try to influence demand with their products, prices and marketing. (Bergström & Leppänen 2013, 65-66.) Consumption shows how customer demand comes true, how currency moves and affects the development of demand. Customers disposable income regulates the level of private consumption. (Bergström & Leppänen 2013, 70.)

The market possesses a demand for this type of service, as the city of Kemi has a large variety of hair salons to choose from for a town of this size. The demand is for both services and products, and for example in Elmeri last August 85% of their overall sales was services and 15% products. A little over 35% of the service buyers also purchased products in the same month. (Ylimartimo S, 2019.) Customers of Elmeri also have a demand for products, as 76% of customers regularly purchase products, not on every visit but whenever they run out of their previous hair care products. The rest purchase hair care products elsewhere. (Customer questionnaire, 2019.) In the hair salon industry, customers have the most demand for professional skills, customer service skills and the familiarity of

the staff where they visit. They also have a demand for a nice atmosphere, fluently working booking system and a good price-quality ratio. (Customer questionnaire, 2019.) Demand and importance of these factors can be seen from figure 3 below. The owner of the salon works hard to be on board on customers' demands and consumption to know what to offer and if for example some products are not selling well enough that they need to be taken out the shelves and replaced with other brands and products (Ylimartimo S, 2019).

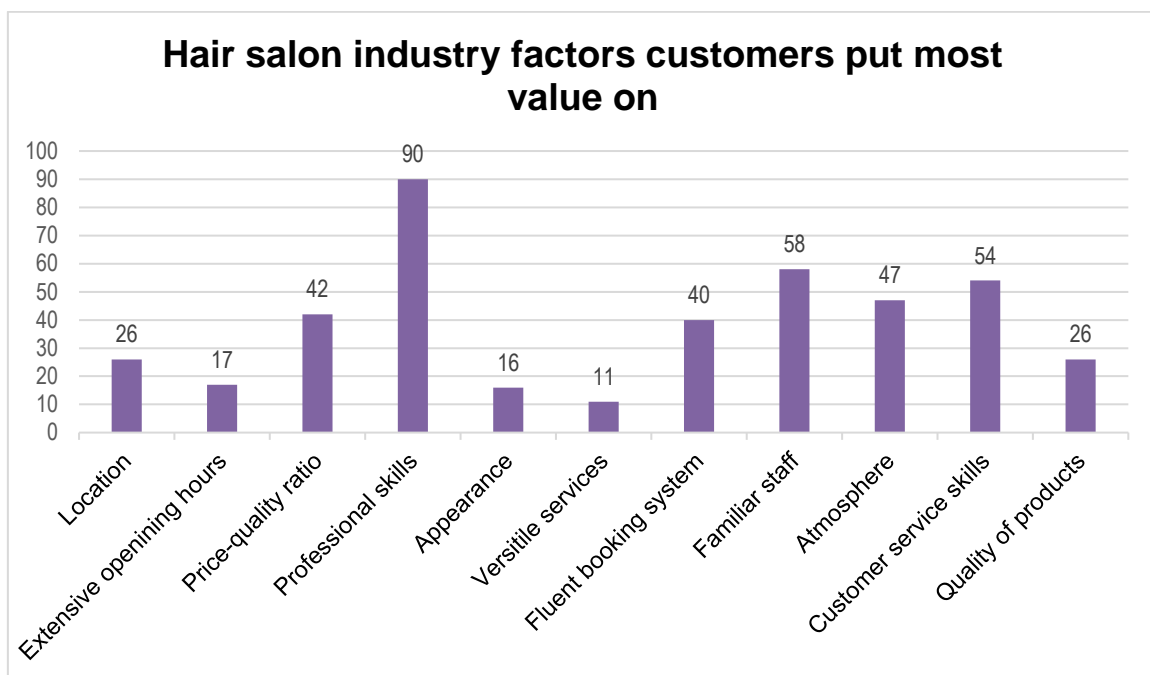


FIGURE 3 shows which hair salon related factors the questionnaire answers thought to be the most important ones.

Competition is one of the most important factors in a company environment. Companies must learn to cope with their competition with either differentiation, focusing or cost leadership to find their competitive advantage. (Bergström & Leppänen 2013, 81,88.) Competitive analysis of competitors in the market is a tool which from the organization can attain information on what brings their competitors added value (Farooq 2017, cited 24.09.2019). Competition types, in other words market structures are found out by investigating into number of competitors, their size and location. Competitors offerings, products and their variety should be analyzed. The ways that competitors tend to differentiate themselves is a good thing to look at, as mimicking them can improve the company in the competitive field. Success in competition comes from satisfying

customers' needs and from how the company's resources are used. Competition can be economic when competing with prices, actional when competing with superior products or about image that the buyers have regarding the company. (Bergström & Leppänen 2013, 84,87.)

Competition in the market of hair salon Elmeri is hard. In the center of the city of Kemi, where the salon is located, there are currently 21 hair salons and barbers. Multiple competitors are located on the same street as hair salon Elmeri, which can be seen from figure 4 below. Competing businesses are approximate the same size as Elmeri with 1-3 employees. Many hair salon chains like Tuccabaja have tried to make their business successful in the market field in Kemi, but have failed, as have also many privately-owned hair salon businesses. What is common with Elmeri and most competitors that have been around for years is their strong professional knowledge and skills and presence in social media.

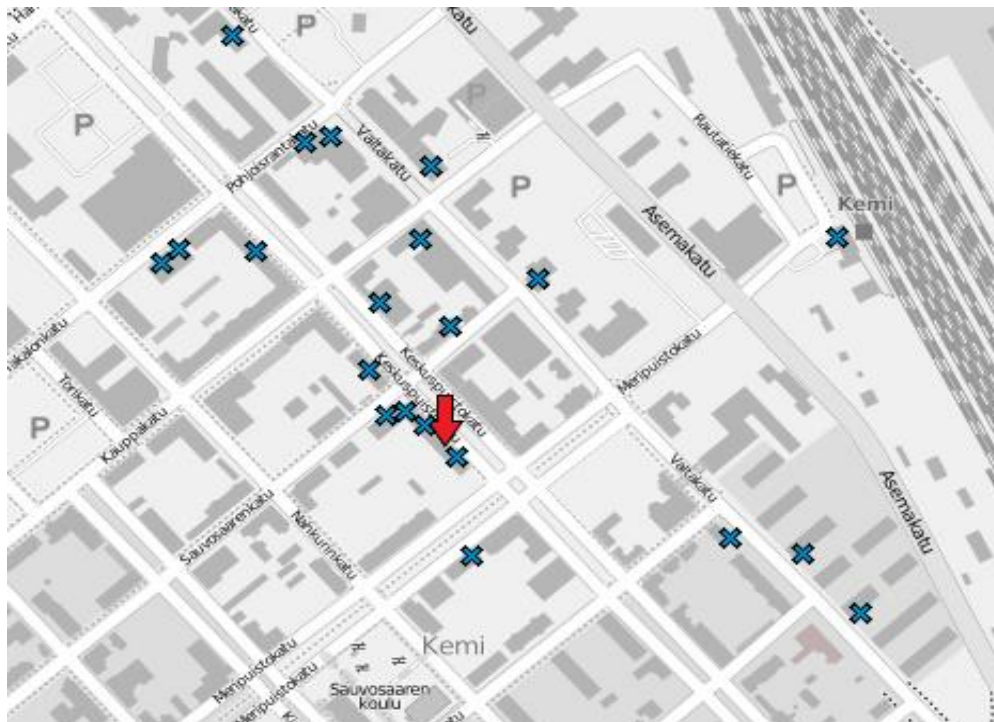


FIGURE 4 shows hair salons and barbers located in the center of Kemi. The red arrow represents Elmeri and blue crosses are current competitors' businesses. (Map of Kemi from Google maps.)

From the 21 competitors, a little over two thirds have a social media presence. Their follower bases are roughly between 200 and 600 on Facebook and 100 to 200 on Instagram, two having 450 followers. One competitor has 1300 Facebook

followers, but the business has not posted anything after early 2019. Elmeri has currently 750 Facebook followers and 312 Instagram followers. The owner of hair salon Elmeri differentiates the company from competitors by being up to date with current trends and techniques. She educated herself and the two chair renters. The interior of the salon is kept modern and the shop window is updated regularly with spot lights being left on after closing hours so that the business stands out in city view at all times. The business owner differentiates herself also by offering first-class service and skills and by granting customers who purchase products possibility to return products that they didn't like and get a hundred percent money return. (Ylimartimo S, 2019.)

Networks and partners are a part of micro environment. Partners can be suppliers, subcontractors, owners and investors. Suppliers are business-to-business companies which provide the needed products and resources. (Bergström & Leppänen 2013, 93.) Partners should be chosen carefully and analyzed closely, as unreliable partners can cause severe delays and effect the business negatively (Farooq 2017, cited 24.09.2019). For some companies it can be money and resource saving to outsource parts of their operations to subcontracting partners (Bergström & Leppänen 2013, 93). In networking, companies form a net which benefit all the participants. Networking can be a one-time interaction with another company, or it can be deeper and more long-lasting, a partnership. (Bergström & Leppänen 2013, 94.)

The company has a network of Kemi women's entrepreneur organization called Kemin yrittäjänaiset ry. Currently the owner of the hair salon is acting on her 5th, and last year as a board member of the registered association. The business partnered up with a lifestyle fair organized in Kemi in May this year. She did hairstyles for models and received publicity for the company. The profits from the fair went to children's and youth's mental health organization in the area. The hair salon has taken part of several events and fairs. A supplier of the company is Finland Schwarzkopf professional, where products used and sold are purchased. Tools and machines used in the hair salon are purchased from a supplier called Make Hair Oy. (Ylimartimo S, 2019.)

Social media and media play a part in the micro environment of a company. Social media is the newest aspect to traditional media, that has grown into crucial success factor in marketing, publicity and gathering new customers. Relationship with and in the media should be kept professional. Bad press could potentially hurt the business majorly. The opposite, good press will increase the company's visibility and bring in new customers and strengthen the company's public image. (Farooq 2017, cited 24.09.2019.) In 2018, 61 percentage of Finnish citizens use social media, which is over 3.3 million people (Tilastokeskus 2018, 24.09.2019). Popular social media channels are for instance Instagram, Facebook and Twitter (Farooq 2017, cited 24.09.2019).

The business has a presence in social media. It has a page in Facebook and an account in Instagram. 56% of customers follow the salon in one or more of their social media channels. The young customer base represents a large portion of their Instagram followers and Facebook followers age has more versatility ranging from young adults to the more aged customers. (Customer questionnaire, 2019.) The salon also has a homepage with a system called Timma, which works as a time management and scheduling tool. Customers can book, change or cancel their appointments within a given time frame.

The press has done articles about the owner of Elmeri. A newspaper called Lapin Kansa and a page called Kampaajaradio have written about her journey as an entrepreneur and how she runs the business. The business has started marketing in social media more recently as one of the chair renters has an education in the social media field. (Ylimartimo S, 2019.) Only 4% of their current customers have ended up as customers by social media (Customer questionnaire, 2019), but this is from the time when the salons owner has not been so active on social media marketing.

4.2 Macro environmental analysis and PESTEL

Macro environmental factors construct a global environment for the company. Factors in this environment cannot be altered or controlled by the company.

(Bergström & Leppänen 2013, 48.) A tool for conducting an environmental analysis on a macro scale is PESTEL. PESTEL analysis is divided into six factors that individual operatives are not able to influence with their strategic decisions. These factors are political, economic, social, technological, environmental and legal. (Puusa, Reijonen, Juuti & Laukkanen 2012, 41.)

Political factors, such as laws and regulations influence the business environment in several aspects (Puusa, Reijonen, Juuti & Laukkanen 2012, 41). Political factors come from governments and their influence. Governmental factors are such as the stability of political environment, possible corruption and restrictions in trade. This macro environment factor holds within all the influence that a government has on businesses. (Business to you 2016, cited 28.09.2019.)

The country is quite stable politically and government changes should not affect the hair salon in question. In 2012, Value added tax percentage on barbers and hair salons was raised from 9 percentage to 23 percentage as European Union's try out to lower VAT and increase demand and work opportunities did not success. This change lead into salons having to raise their prices to keep their businesses profitable. (Tuomas Massinen 2012, 29.09.2019.) Hair salon Elmeri was forced to calculate prices again and put them up to stay profitable. The change had some negative comments from customers. (Ylimartimo S, 2019).

Current *economic* situation and its development influence every business. Following business cycles is necessary for any company which tries to not only survive the economic downturns but excel and grow continually. (Puusa, Reijonen, Juuti & Laukkanen 2012, 42.) Economic components are employment and unemployment rates, consumer incomes and its changes, the direction of the economy whether it is growing or declining and both interest and exchange rates (Business to you 2016, cited 28.09.2019). Businesses must prepare to be able to change their ways and make sure that the business does not stay profitable for example on the expense of exploiting their work force. (Puusa, Reijonen, Juuti & Laukkanen 2012, 42.) Economic changes can have a long term direct and seeable effect on businesses or a more indirect impact. This all depends on how close these changes are to the business on hand, like for example a negative

change in customers income would influence certain parts of the service industry more harshly than the health industry as consumers tend to cut back on unnecessary services rather than on health related matters. (Business to you 2016, cited 28.09.2019.)

Purchasing power has been growing couple last years as can be seen from figure 5 below. Wage levels will increase from this year's levels, but this will not have much effect on purchasing power as inflation and the growth of tax percentage will devour the increase. The level of purchasing power this and next year is adequate when compared to the economic depression of the 21st century. The growth of the purchasing power can be seen fading in the future. (Veronmaksajien Keskusliitto 2019, 16.10.2019.) These figures show that the business should stay similar regarding the development of economic factors.

Kuvio 3 Ansiotason ja ostovoiman muutokset 2010-2020*

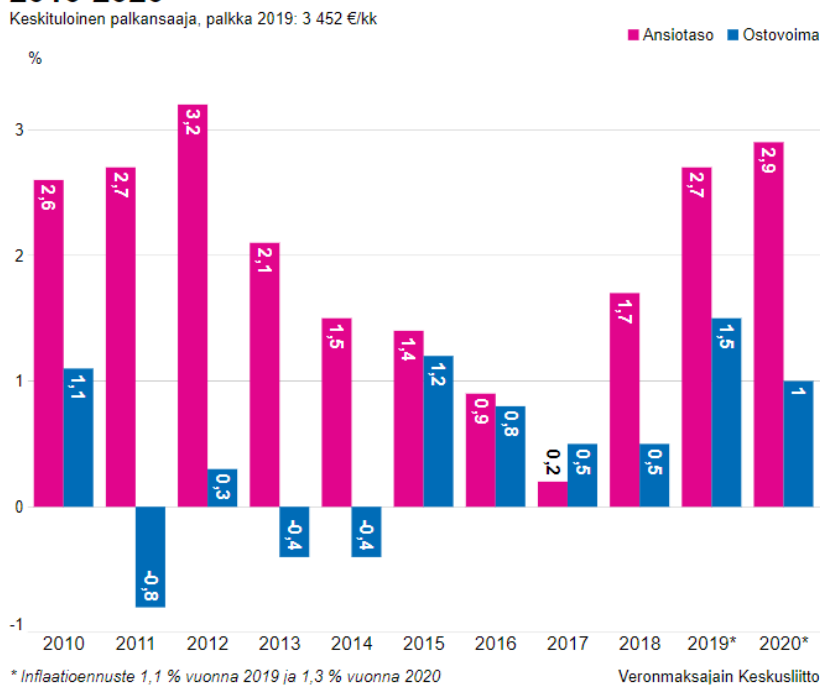


FIGURE 5 shows wage and purchasing power changes 2010-2020. The purple represents wage level and the blue purchasing power. (Veronmaksajien Keskusliitto 2019, cited 16.10.2019.)

Social-cultural factors refer to trends, customs and paradigms. As an example, the change of women leaving their houses and families to enter working life opened a world of new social possibilities. Social factors keep changing in time

as there is constant change in upcoming trends, peoples spending and changes in the amount and use of spare time. (Puusa, Reijonen, Juuti & Laukkanen 2012, 42-44.) Demographic factors such as age and income distribution, consciousness on health and lifestyle and increase or decline in population growth are part of the social environment (Business to you 2016, cited 28.09.2019). These social changes have opened a growing demand for service industry and specifically beauty industry. Different generations, consumption habits and thought models are part of social environment. The current social change in all fields is the demand for environmentally sustainable decisions, services and products. (Puusa, Reijonen, Juuti & Laukkanen 2012, 42-44.)

Getting hair dyed, cut and styled to the latest trends and likings is part of most people's lifestyle. Having a good looking and trendy hairstyle is a status symbol for most people. Internet has changed the social environment with customers instant access to the newest trends and new hair related ideas. Customers demand more specific and different hair styles, compared to the past decades where there were fewer colors and styles customers wanted. Nowadays the main trend is towards more natural hairstyles color and cut wise, the difference being on customers knowing more preciously the exact style they want. Most customer with ideas and demands for their hair, have pictures they have seen on social media with them on their hair appointments. (Vasara 2016, cited 3.10.2019.) Seasonality effects the business of the hair salon. During holiday seasons like Christmas and summer the business is extremely busy, and the staff has long full days, as customers want to have their hair to be done for big events. The down side of seasonality is that at some parts of the year are slower customer-wise like fall and the beginning of winter. (Ylimartimo S, 2019.)

Technological development has taken enormous leap in the past few centuries. It has created endless opportunities for both businesses and customers. (Puusa, Reijonen, Juuti & Laukkanen 2012, 44-45.) Innovations in this environment can affect business in a positive or negative manner, depending on the businesses willingness to go along and accept these new ideas and systems. Being on board with new technological trends gives businesses crucial information on decision making and on business planning. (Business to you 2016, cited 28.09.2019.)

Information systems are used to keep up data and store businesses functions in secure accessible places. Components in the technological environment are customer communities, online booking and reservation systems, electrical payment, and interactive customer feedback. Social media and internet are large-scale part of this environment. (Puusa, Reijonen, Juuti & Laukkanen 2012, 44-45.)

Technological development has changed some aspects of the business. The hair salon used to have an appointment book and booking an appointment was possible either by visiting the company or by calling over the phone. Now booking is also possible through internet. Timma is the service provider for the salon. For example, in August this year, 25 percent of the appointment bookings were done over the internet (Ylimartimo S, 2019). The service allows customers to cancel or change their booking time on their own online.

The rise of social media has also lured in hair salon Elmeri. Presence on social media brings visibility and it brings the customers closer. Most businesses have shifted their marketing from traditional marketing channels to the online world, as has the case company. This technological change has lowered marketing costs. Being present online gives the company credibility, as people tend to investigate places they are interested in online. (Standberry 2019, cited 04.10.2019.) Hair salon Elmeri has had a webpage for years and recently it has started taking advantage of social media like Facebook and Instagram (Ylimartimo S,2019).

Environmental factors have not been on the map in the history of industrialization. These factors have been brought up quite recently as there has been research and study on things such as pollution and the restricted supply of raw materials. (Business to you 2016, cited 28.09.2019.) Sustainable development is an important matter in the macro environment of the 21st century. Environmental factors are things that affect the environment like ecological footprint, increase in living standards and increase in public and private spending. (Puusa, Reijonen, Juuti & Laukkanen 2012, 46.) Ecological elements like climate change, the climate overall and the weather are considered too. The direct and indirect effects of climate change are affecting on all aspects of business operations and

business plans. (Business to you 2016, cited 28.09.2019.) Taking environmental factor into account in business planning has become important on the aspect of customers demanding it. (Puusa, Reijonen, Juuti & Laukkanen 2012, 46.)

The owner of hair salon Elmeri has kept the environment in mind on many aspects of the business. All lightning in the salon space is LED based, and by this the electric bill has been cut down by a third from what it has been (Ylimartimo S, 2019). In the salon, recycling is also partially handled. All the cardboard that comes from product deliveries is recycled. If the owner of the business purchases new machines or furniture to the space, the previous ones are sold onwards. Receipts are offered customers in electronical form besides the normal printed receipt. As an example of more environmental products, one of hair salon Elmeri's product series is called XL concept from Grazette of Sweden. (Ylimartimo S, 2019). Their products are produced as eco-friendly as possible without losing their quality. The brand is focused on sustainability and it does not conduct nor approve animal testing. All their products and packaging can be recycled. (Grazette of Sweden 2019, cited 14.10.2019.)

Legal factors are partly like political factors, but legal factors are more exact on the specific laws and legislations. Legal environment is extreme important for any business, implementing business plans and strategies must be done with laws and other restrictions in mind. Not only to conduct business successfully, but to conduct business ethically correct. (Business to you 2016, cited 28.09.2019.) Occupational Safety and Health Act for example sets framework for functional working environment. It is also aimed at securing work forces safety and avoid occupational accidents and health hazards. Different fields of industry have their specific legislation. Laws and acts are set to control all business-related aspects like products and for example packaging of these products. (Puusa, Reijonen, Juuti & Laukkanen 2012, 41.)

The hair salon follows all the current laws and regulations to keep the business running legally and successfully. Law about retail, barber and hair salons opening hours 945/2009 sets the limits for opening hours during week, weekends and holidays. Health protection act 1994/763 and health protection regulation

1280/1994 sets the standards and limits for example for the business premises and in-house control plan (omavalvontasuunnitelma). Consumer Protection Act 38/1987 includes guidelines to the ways of marketing consumer goods and to services that businesses offer to customers. Act on the Use of Orphan Works 764/2013 states the provisos which come from use of orphan works. The right to play background music in the Hair Salon must be paid to Teosto and Gramex. (Finlex 2019, cited 30.09.2019.)

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| <p style="text-align: center;">Political</p> <p style="text-align: center;">Stable government VAT % change</p> | <p style="text-align: center;">Economic</p> <p style="text-align: center;">Purchasing power slowly weakening Inflation Rise of wage levels</p> | <p style="text-align: center;">Social</p> <p style="text-align: center;">Seasonality Trends Styled hair a status symbol More specific demands</p> |
| <p style="text-align: center;">Technological</p> <p style="text-align: center;">Social media Online booking system</p> | <p style="text-align: center;">Environmental</p> <p style="text-align: center;">Led lighting Eco-friendly product brand Recycling</p> | <p style="text-align: center;">Legal</p> <p style="text-align: center;">Acts and regulations on opening hours, health protection, consumer protection and use of orphan works</p> |

TABLE 1 represent case company PESTEL in summary.

4.3 SWOT

SWOT analysis was created in the 1960s as a tool of strategic management. SWOT analysis helps organizations to find the ways to adjust successfully in the business environment. With the SWOT analysis organizations can gain information about their own strengths and weaknesses and learn about company's threats and opportunities. (Puusa, Reijonen, Juuti & Laukkanen 2012, 49-50.)

As mentioned in the previous chapter, SWOT is divided into four sections: strengths, weaknesses, opportunities and threats. Strengths and weaknesses are internal factors. These factors are resources and knowledge available to the business at present. Physical resources such as equipment and location can be either strengths or weaknesses, as can financial resources also. The execution

of human resources will determine if it will be helpful or harmful to the business. Such things as processes and used software are also internal factors. (Schooley 2019, cited 28.09.2019.)

A *strength* of the company is keeping up with current trends and making the environment fresh and comfortable. Customers value the pleasant atmosphere and keeping on with changing trends, which strengthens the company and its image (Customer questionnaire, 2019). The case company reorganizes their salon regularly which customers have stated to be a big factor in the excellent salon experience. The two new chair renters will provide more income and customer flow, thus strengthening the company. They have also brought younger customers as can be seen from the questionnaire conducted. The staff also gains trust and popularity by regularly retraining themselves with new methods. The possibility to return products and get full money return is another differentiation strength.

They have also recently vastly improved their marketing tactics as one of the employees with marketing background has taken over their social media. The company has begun to organize giveaways on their social media, gaining hundreds of people commenting on them. The company has stated that their main strengths are their workmanship and their ability to keep their customers loyal and happy (Ylimartimo S, 2019). Customers of the salon value the professional skills and customer service skills. Customers also value the staff's investment in discussing and coming up with customized hair styles which look excellent on them. (Customer questionnaire, 2019.) Another strength not mentioned but observed by us is the central location of the hair salon, which will be discussed more thoroughly in the marketing tactics section of the thesis.

By observing the business and its competition, we have concluded the main *weaknesses* that our case company has. The biggest problem is the ever-growing competition, especially now as new budget friendly chain hair salons are getting popular. In a professional quality salon, prices are higher. This is the case with our company as their trainings, quality products and time for each customer are putting the prices higher up. Many possible customers in their target market do

not seem to have the will to pay a bit more – even if it means that they would get a better result. Consumer may opt for the low-cost chain salon for a quick cut and dye their hair at home with market products. This also highlights the other weakness – price. Even if the prices are correct and correlated with the services and results, it weakens their ability to stand against the competition. The prices of the salon are seen as a weakness by some customers, as few of them wrote down in the questionnaire.

Couple customers mentioned the lack of social media visibility and the hardness to book appointments (as busy seasons they are fully booked for several weeks ahead) as weaknesses. (Customer questionnaire, 2019.) The company's lacks in efficient marketing in the past has been a weakness, but this weakness will be turned into an opportunity for growth by the thesis. As of before September this year, the salon owner was working alone, meaning that the business has had limited appointments available during busy times. The lack of appointments in these times has been a weakness, which can possibly be turned into an opportunity with the arrival of the new chair renters. The hair salons opening hours can be seen as a weakness. They are not open during three days of the week. The salon owner stated for us that customers can request appointments beyond the opening hours, but this is not known by large number of customers or by potential customers who only have a limited amount of time to spend on themselves.

Opportunities and threats are external factors, that cannot be changed or controlled by the company itself. They can affect all companies in a helpful or harmful manner. It is important to investigate and take note of how these factors influence the business. Absorbing new products trends and shifts in customers' needs and interests can be turned into opportunities, whereas ignoring these trends can turn into setbacks. Demographics and regulations such as political and environmental are part of these external factors. (Schooley 2019, cited 28.09.2019). Changes in purchasing power can turn into either opportunities, or threats depending if it will increase or decrease.

Opportunities arise from consumers nowadays having a much larger pool of hairstyles to choose from with YouTube and Instagram influencing people to go out of their comfort zone and try really unique looks. Multicolored hair with multiple styling techniques are popular, which low-cost salons are struggling to create. These kinds of looks take time, the correct products and the workmanship to be able to complete them with amazing results. Men are also getting increasingly interested in stylish grooming – with undercuts, faded shaves and texturized hair being more frequently asked for. This is a great opportunity to include men in their marketing more. The vast amount of people conducting their business and interactions over the internet provide the salon large opportunities. The more people log into social media platforms and spend hours on them will bring the business opportunity to provide content that will attract them to follow and even possibly to become customers of the salon. Timma platform is being used by larger amounts of people all the time (Timma 2019, cited 16.11.2019) and the more people that will visit the service of Timma, will bring more possibility that some of them will come across hair salon Elmeri.

One revenue growth opportunity that the company mentions is increasing their product sales during the appointment by selling more products and other services during their appointment like eyebrow dye and styling or Olaplex treatment (Ylimartimo S, 2019). Another opportunity would be getting customers to come in more often. Currently only fifth of the customers use the services monthly, half of the customers visit every couple month and the rest 30% only 1-3 times a year or more rarely. Also, 19% of the salon's customers only book appointments randomly every now and then. (Customer questionnaire, 2019.) There are a lot of customers that could be urged to visit more frequently and regularly. The fact that large amount of their customers that have ended up by word-of-mouth, provides a good opportunity for the company to take more advantage of this manner of getting people excited and recommending the business onwards. Below is figure 6 of how frequently customers visit and figure 7 on how they ended up as customers to show these opportunities. The type of networking that the salon has been doing in the past, should be continued as it provides much needed visibility and by this more opportunities to find new customers.

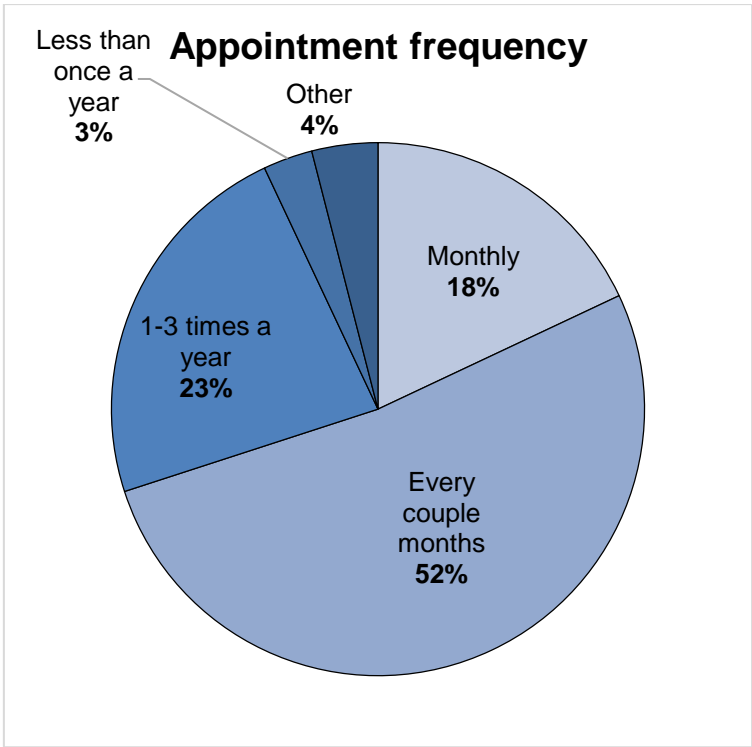


FIGURE 6 shows how often the questionnaire answers use the services of the hair salon.

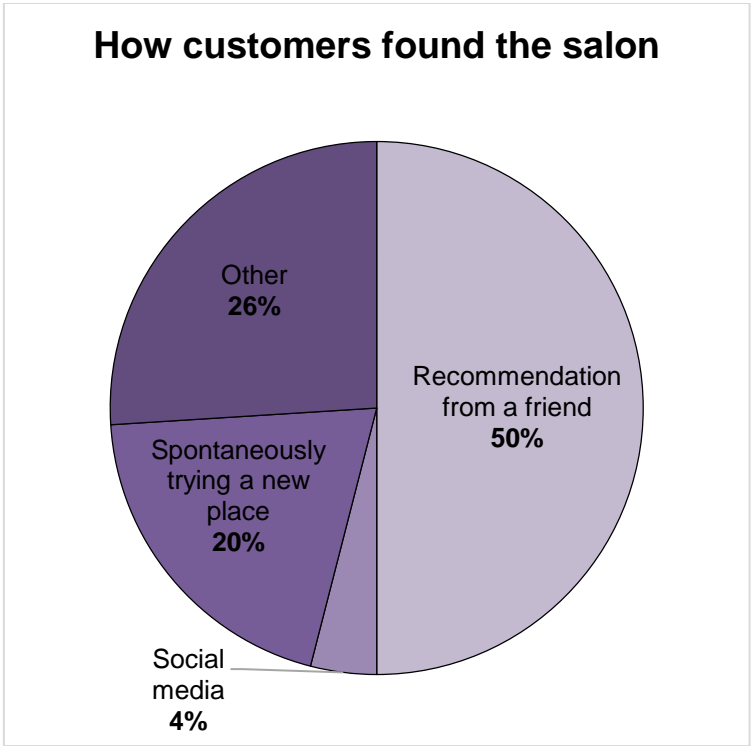


FIGURE 7 shows what way questionnaire answers ended up as customers

As previously mentioned, the costs and competition are high *threats*. The prices of the services of the case company can be seen as a threat as well, as taxes and cost of maintaining a business are likely to keep rising. This can possible lead into the company owner being forced to put some of these increases into the prices as well. Many salons also offer nail- and other beautician services and possible home visits, which might make possible customers to choose rivals as some want the whole package during one visit or possible to get the services in the comfort of their own house. Chain salons also have the upper hand in social media as they are located in multiple locations and can have more customers know about them and make them seem as the safer option. The size of the market can be seen as a threat for growth as there can be seen a small oversupply of hair salons in the area, as the population is slowly declining. As there are always new hair salons opening in the area from time to time, there is a threat that a possible new competitor will come and take over a large portion of the customer market.

| | Helpful | Harmful |
|-----------------|---|--|
| Internal origin | <p>Strengths</p> <ul style="list-style-type: none"> Keeping up with trends Retraining Workmanship Location | <p>Weaknesses</p> <ul style="list-style-type: none"> Competition High price of quality service Haste in busy seasons Opening hours |
| External origin | <p>Opportunities</p> <ul style="list-style-type: none"> Growth of customer markets Versatile needs Customers moving online Networking Appointment frequency | <p>Threats</p> <ul style="list-style-type: none"> Costs Competitors differentiation Competitors social media visibility New competitors Cost of services |

TABLE 2 represents case company SWOT summary.

5 STRATEGY

Strategies are companies long term business directions and the manners in which they take advantage of their resources in the ever-changing world. They are formed up for companies to reach their goals and gain success. (Puusa, Reijonen, Juuti & Laukkanen 2012, 74-75.) Strategy build up tools are such models as STP and SWOT. SWOT for hair salon Elmeri can be found from company analysis section. Hair salon Elmeri has not had any official marketing plans or strategies in the past, so figuring out a strategy for the future is crucial part for their growth. This section will firstly go into detail regarding the STP model which sets theoretical framework for the strategy which will follow in the next chapter.

5.1 STP Model

The STP model is a modern approach to marketing models and strategies. The name consists of words segmentation, targeting and positioning. It focuses more around the customers, contrary to most marketing approaches being about products. The model is used in prioritizing and personalizing essential information to engage with the targeted audiences. Analyzing through the three factors, businesses should be able to make informed decisions on choosing their marketing ways optimally. (Hanlon 2019, cited 7.11.2019.)

Segmentation thrives from variety of customers values and needs. Executing segmenting correctly gives tools for successful marketing strategies (Bergström & Leppänen 2013, 151) and for resources being directed towards the right customer markets (Puusa, Reijonen, Juuti & Laukkanen 2012, 65). Businesses cannot answer to everybody's needs, so the correct customer segments with the needs that you can fill must be found. The process of segmenting is finding and choosing different customer groups based on their values and demand that the company can fulfil better than the competition. (Bergström & Leppänen 2013,

150-151.) Segments can be divided for example geographically, behaviorally and demographically.

The hair salon industry can be divided into an abundance of segments. Hair salon Elmeri for example has customers of all ages, from small kids to elderly. Customers can be segmented demographically based on their gender and demographically by place of residency. Customer questionnaire revealed us that 59% of the salon's customers reside in Kemi and most of the rest in the near municipalities. Behaviorally customer market can be divided into customers willing to spend time and money on the best possible results and products to customers only wanting the cheapest possible necessary services like cutting off dry split ends. Market can as well be divided by the use of social media. The hair salon industry cannot be divided into just few segments. As per our questionnaire, 80% of the salon's customers are female. The size of geographic segment of females in Kemi was about 10 000 people. Of the town's population, 12 000 are aged between 15 and 64. (Tietoja Kemistä 2019, cited 26.09.2019.) The current largest customer segment consists of roughly 35 to 64 years old females living in Kemi. The hair salons new targeted segment consists of 16 to 35-year-old females living in the same city of neighboring municipalities. The student segment of Kemi, which we are aiming at, is roughly 4 500 people (Tietoja Kemistä 2019, cited 26.09.2019).

Targeting is evaluating the segments and selecting the right target market segments. What needs to be taken into consideration is the size of the segments, differences between the segments, their purchasing power and how the segments can be accessed through marketing. (Hanlon 2019, cited 7.11.2019.)

The largest target market of the hair salon is the females in Kemi, as females use beauty services considerably more than men (Kuluttajavirasto 2008, cited 16.10.2019). As part of our strategy is customer relationship marketing by student discount, students in Kemi represent another segment that we are targeting. Another part of our strategy locates in social media, so one more segment we are targeting heavily on is young to middle aged social media users in the nearby cities and municipalities.

Positioning refers to the process of trying to affect customers image of the specific company in the range of competitors within the same field. Correctly done positioning puts the company on top in their competitive field in customers minds. Different ways of positioning can be for example emphasizing company's product qualities and benefits, highlighting the background or use of the products and services or by creating contradistinction to competitors. Companies must decide what parts of their business to put the emphasis on to get the most benefits and customer response. (Puusa, Reijonen, Juuti & Laukkanen 2012, 67.)

Hair salon Elmeri is strongly positioning itself with keeping up with current trends and new techniques, as can be seen from SWOT in the analysis section. Providing superior workmanship and customer service no matter what might be going on with the staff's private lives is another positioning manner of the salon (Ylimartimo S, 2019). The skills that have been gathered from years of experience and training are mentioned on the salon's social media sites for all current and potential customers to see. As the customer questionnaire confirms, customers image of the business is strongly connected to the excellent professional ja customer service that they provide. Customers also position the hair salon as a pleasant place to visit with a peaceful atmosphere. What should be put more emphasis on is the excellent product range and quality and imbedding the hair salons good position in the competitive field with these products to customers minds.

5.2 Case company strategic goals

We have set two strategic goals for the case company. These goals should be reachable through implementing the plans in this thesis. The main strategic goal is to gain 12 new permanent customers next year, in 2020. The number might seem low, but for a hair salon this size, 12 new permanent customers would bring more business and increase the revenue. As per our interview and questionnaire, the average purchase in one month was 69 euros, and the average appointment frequency was every couple month. On the basis of these figures, this number of

new customers would bring 72 appointments and approximately 5000 euros per year on top of the current situation. The target segment from which we are aiming to get the most new customers from, is the young, under 35 aged females living in Kemi.

The tools to reach these goals are two different ways of marketing: social media marketing and customer relationship marketing. These marketing tactics and the implementation plans can be found and described in detail from the implementation plan chapter. These tools have been chosen to differentiate the hair salon from competition and to grow in the future. The measuring of this goal can be investigated from the booking system that the hair salon uses. Timma provides data on the number of customers and their behavior. By the end of next year, and during the year, the owner of the company can look from the system if the goal has been reached.



FIGURE 8 summarized the goals, tools and measuring of the strategy to gain new customers.

The second strategic goal for hair salon Elmeri is growing the social media follower basis by 30% of its current situation, which will sum up to around 300 new followers in either Facebook or Instagram. Growing the company's social media followers' number will bring more visibility, credibility and strengthen their position in their competitive field. Visibility will come from followers talking about the business and their social media content and the larger number of followers will bring credibility and differentiation from competition in potential customers eyes when searching for new potential hair salons online.

The tools to achieve these are, as mentioned in the implementation plan, more throughout. The main strategy in this is to provide content more often and to improve the quality of the content. In this industry, the overall image of the company in social media has to be kept professional and focusing on the industry and the business specifically. Professional and pleasing pictures of well-done hair dos and cuts for example give positive image. To implement this well, the company will invest in a professional photography lighting.

The company can be up to date on the growth of the social media followers by functions that both Facebook and Instagram provide for their business customers. Instagram Insights provides information on the company's own actions in the platform and data on the actions of the followers. Facebook Business Manager provides similar information regarding actions in the platform. (Facebook for Business 2019, cited 16.11.2019.)



FIGURE 9 summarized the goals, tools and measuring of the strategy to gain more followers.

5.3 Differentiation strategy

Porter describes three possible competitive strategies, which are cost leadership, differentiation and focusing. The hair salon in question is not competing with low prices or with narrow segmenting focus. Differentiation strategy focused on proving superior products and services to multiple or large segments. In this strategy the company's offerings need to be different when compared to competitors by for example offering better quality and product design, which provide outstanding results. A company does not have to rule the market in order to succeed, it only needs large enough portion of the target market keeping in

mind the businesses size and targets. The targeted segments are willing to pay for these services and products to get the best possible results without trying to get out as fast as possible and as cheap as possible. (Bergström & Leppänen 2013, 88-89.)

Our case company is keen on serving quality over quantity. Each appointment takes time and all the customers' needs are taken into consideration. There is no conveyor belt ideology where the customer comes for a quick trim and the number of clients per day is pushed to the maximum capacity. Jay Chapman, a hairdresser, from the world famous The Zing Project brings up another easy but major point in differentiation that is often forgotten or not even thought about. Every high-quality hair salon takes extra steps in making the final product as good as possible with mixing colors, hair oils before the dyeing treatment, foiling and protecting the hair and using the correct products for each hair type. These steps are routine, and they are often not verbally explained to the customer. A hairdresser who carefully explains the whole process while its being done, in his experience, makes a world of a difference for the client as they will notice the expertise the hairdresser has and will be impressed – leaving a positive image which will affect the customer behavior in the future. He also states that this differentiation should be expanded to all areas, for example hyping up the products a client might buy at the end of the appointment since they are usually carefully chosen, and a high-end salon only offers quality products.

Our case company should express all of the above-mentioned things to its clients in a bigger volume than they have in the past. The owner of the salon mentioned in the interview that she starts selling the products and their excellent results from the beginning of the appointment, but she has noticed that the chair renters have improvements to make in this matter. These small things make a big difference in the long run in a small business and hair salon Elmeri has a lot to be proud of so far. The hair salon needs to start pushing the idea of their differentiation on their social media channels to express customers and possible customers what should make them choose this specific hair salon above others. These actions as well strengthen the image of the company in the customers minds.

6 MARKETING TACTICS

6.1 Definition of marketing tactics

Philip Kotler defines marketing in the simplest way possible “meeting needs profitably” (Philip Kotler 2016, 27) and marketing tactics as “the marketing logic by which the business unit expects to achieve its marketing objectives” (Philip Kotler 2008, cited 4.10.2019). Marketing tactics are a long-term investment and the goal is to maximize sales and to maintain a competitive product, in our case a service. Choosing the correct marketing strategy for a company is vital and by doing that, a throughout analysis of the company is needed.

6.2 The 7Ps of Marketing Mix

The 7P is an extended version of the widely popular 4P marketing mix. It was invented in the 1981 by Booms & Bittner. Most marketers in the late 1970s demanded the marketing mix to be updated, thus leading to the creation of the 7Ps. This method allows more aspects to look into and gives more information. (Booms & Bittner 1981, 47.) Philip Kotler advises to use the updated version of the 4Ps of marketing since the complexity of marketing has evolved tremendously making the 4Ps inadequate (Kotler 2016, 47). The four Ps focus on product, price, promotion and place whereas the 7Ps are adding people, process, physical evidence into the mix thus making it more informative.

Product refers to the physical item, or in our case, the whole process of the service provided. Our case company offers amazing hair salon services with high quality products and workmanship with decades of experience. Examples of these high-quality products are Grazette of Sweden and SensiDO. SensiDO products are manufactured in Finland and are fragrance free. Grazette was mentioned in our PESTEL as an environmental conscious brand. They also offer some other beauty services like eyebrow dyeing and styling and beard styling. The main product of the business is cutting and styling hair. Salon Elmeri also

offers a money back guarantee if the client is not happy with the products that they may have bought during their appointment. Also, if the client is not satisfied with the outcome of the appointment, the staff offers the possibility to come in another day and get the hair fixed free of charge. Product is the main strength of our case company and there is no need to change anything.

Price is the only element in the marketing mix that produces revenue; all other elements represent costs (Kotler & Armstrong 1996, 312). Salon Elmeri invests in quality – not in quantity. Their prices are somewhat higher because of that, but they are still compatible with the competition. They also use customer-segment pricing which refers to different customer segments having different price bases. Children and most men can enjoy lower prices since their hair usually does not take as much time as women’s long hair. Women are also more likely to add styling and coloring which raises the price. Discounts are rarely relevant but can be implemented if the customer has been a loyal long-time client – they might enjoy some discounts, especially with products. The case company sometimes also offer some sales and free appointments from their Facebook giveaways and draws. Student discounts should be implemented as explained in the implementation plan.

Place used to focus on the actual location of the company but currently it includes more, such as the opening hours. The salon is in the center of Kemi. This easily accessible location ensures that the clients have an easy time to get to their appointments. There is free parking available right outside the hair salon and local busses also run close. Since Kemi is a relatively small city, it serves some disadvantages. Smaller population – smaller client base. Salon Elmeri has solved this problem by keeping their clients loyal because of their outstanding performance. In this case the smaller city might even help since word of mouth travels more easily. Since the only issue is the size of the city and the amount of population, there is no improvements to be made here. The typical opening hours are from Tuesday to Friday from 9am until 5pm. Customers can also request a special appointment time outside the opening hours, but house visits are not available. The online appointment booker Timma is always open and booking by phone is available during the office hours.

Promotion will be our main focus in the implementation plan because it is the most problematic factor for our case company. Promotion focuses on the steps the company has made to reach out to customers and ways to improve that. Hair salon Elmeri has tried multiple different channels to promote their services. Some previously effective methods have grown outdated like newspaper ads for example. In our questionnaire we investigated if any of the customers of the hair salon had become customers by print media, and the answer was no. From this we can see that it was a good well thought decision to stop promotions in print media due to its ineffectiveness. Currently they mostly invest in the social media aspect of marketing. Instagram posts, Facebook giveaways and word of mouth are their main sources of promotion.

The business also receives promotion from attending happenings with its networks like for example the fashion show where the owner of the salon was doing hair dos for the models. The hair salon has organized get-together evenings for regular customers in the salon after opening hours. These happenings have been organized about once a year, they have had for example pre-Christmas and Halloween themes. These evenings have included quick hair dos free of charge, snacks, other theme related activities and socializing. (Ylimartimo S, 2019.) Many improvements must be made in order to attract a new and younger customer base, especially on social media. Our implementation plan will give information on how to gain more followers on social media and how to promote in the correct way. Currently their social media knowledge and presence is average whereas many of their competitors already have interesting profiles and more followers.

People aspect focuses on the personnel working in our case company. At hair salon Elmeri customers get a skillful hairdresser who will provide the client their desired look in a way that it will suit them in the best possible way. Customers can book their appointment via phone, their online app or in person during the business hours. The staff is well trained in the hair industry but also customer service and the basics of cosmetology. Hair salon Elmeri has stated that the staff keeps maintaining and keeping their skillset up to date by attending trainings and events regularly. These include retraining staff on new trends and how to provide

them, constant search for the best products, fundraising events and attending fashion shows promoting their company. A main step of improvement should be for the whole personnel to learn more about social media marketing.

Process refers to the actual procedures, mechanism and operating systems are included in the process. Hair salon Elmeri does not focus on maintaining low prices – only keeping the prices competitive. They focus on providing the best possible results for customers in all aspects without cutting down on any factors, what lowering prices would do. This includes everything from cutting the hair to keeping the atmosphere and customer service good. They are very strict on keeping the business location tidy and beautiful. The customer should feel like they are getting pampered and their needs are taken care of. This can be seen from the questionnaire results section, as multiple customers mentioned the atmosphere, the place and the services overall to be superior. The equipment they use during the procedures are always clean and sterilized. A recent improvement is their decision to start using the application Timma which offers easy online booking and it's also popular among the competitors.

Physical evidence covers everything that can be seen or touched by the company. A high-end hair salon should focus on making the interior line up with the service. Physical evidence also includes the digital world, forcing company's focus on their behavior online and developing their websites correspond to their real-life service. Our case company has made a conscious effort in making their premises comfortable with good in- and outside lighting, decorative design and clean location. A coffee, tea and cookie station with a comfortable waiting area is also available for all customers. Some luxury salons in the area have opted to go further with the high-end experience by gaining alcohol rights and serving a glass of champagne in the beginning of the appointment. There is no data suggesting that this method helps in attracting customers and the cost of gaining and maintaining alcohol rights would most likely contradict any profit this improvement idea would make.

7 IMPLEMENTATION PLAN

According to the interview, the entrepreneurs biggest concern about the company currently is longevity. Many of the clients are above middle age and some are moving to other cities. Our questionnaire revealed that the number of new (6 months or less) and over a decade long customer are quite similar whereas the other two other options landed at 13% (2-4 years and 5-9 years) each. Hair salon Elmeri needs a new and younger client base as well as a way to keep their current customers returning and this chapter lists options and strategies to achieve the strategic goals of gaining more customers and social media followers.

After much research, it was concluded that the primary way to gather more clients is through social media. Social media – especially the beauty community, is most often used by people under the age of 35. This is exactly the client base that our case company is trying to reach out to more. After gaining younger customers, it's very important to keep them coming back. The second marketing tactic we are using is customer relationship marketing through student discount to reach out to younger market segment more. The main focus of the implementation plan will be on the social media marketing, with customer relationship marketing providing one more possible implementation plan for hair salon Elmeri.

7.1 What is social media marketing

Social media marketing has taken the marketing world by storm in the last decade. Almost every single successful company has been forced to include social media in their marketing thus making it the most used marketing method in current times. It can also be a very inexpensive way to gain a lot of attention. Social media marketing is a daily topic, everyone who uses social media is exposed to it in some way – but what is the definition of social media marketing?

The term social media refers to all electronic communications which can take place in social media platforms. Users create and share communities and

information like photos and messages for example. (Langmia, O'Brien & Tyree 2013, 10.) The most well-known social media platforms are Facebook, Twitter, Snapchat and Instagram. These platforms allow users to connect with people all over the world. Social media is used by sharing photos, thoughts, blog posts, videos and more. Never in the past has there been a faster way for a single person to share to millions of people in a blink of an eye. Marketers quickly noticed the opportunity to use this networking in their advantage and thus social media marketing was created.

Social media marketing (SMM) is a form of internet marketing that utilizes social networking websites as a marketing tool (Rouse 2011, cited 13.10.2019). Some simple examples of this are sponsored posts on Instagram and giveaways on Facebook. One more in-dept example of this is Girl Scouts campaign from 2018. The Girl Scouts are one of most well know non-profit organizations in the US and their cookies are world famous. They however noticed that many possible customers were not aware when the cookies would go on sale and how to buy them. The scouts usually go door to door selling them and many houses are left unattended. This problem led to them launching an app where consumer would be able to find the nearest cookie representative – but how would people find the app in the first place? (Digital marketing institute 2019, Cited 14.10.2019.)

They quickly realized that they had their biggest following on Twitter with almost a hundred thousand followers. They showcased the app on Twitter with a cookie menu and a direct button to download the app with instructions included. This resulted in over 19,500 app downloads via Twitter. All this was done in one day after the idea came up and was much less expensive than a traditional marketing campaign. (Digital marketing institute 2019, Cited 14.10.2019.)

7.1.1 Why focus on SSM

There are plenty of examples of successful social media marketing stories in the hair salon business. The key points on why social marketing is the best tool to focus on are:

- the target market is there (consumers aged 16-35)
- considerably cheaper than traditional marketing
- relatively simple to use and master
- most effective way to get their name out to the masses
- faster than traditional routes
- trendy

After these key points, it's easy to understand why social media marketing is chosen as the marketing tool for our case company. A digital marketing strategy is crucial for a company because without it they will miss opportunities and lose business (Damian 2017, 20). Hair salon Elmeri being a small business, it has limited funds to spend on marketing, so focusing on the most efficient and affordable options is the goal.

7.1.2 Social media implementation plan

Hair salon Elmeri is already using Facebook marketing as previously mentioned but they also maintain an Instagram account. This chapter will focus on implementing efficient marketing tactics using these two social media platforms.

7.1.3 Short hair makeover videos

A popular way to gain attraction to a hair salon through social media is creating short speeded up hair makeovers. These types of videos were made popular by the BuzzFeed owned Tasty and 5-minute crafts YouTube channel which I am sure most people have come across. They make step by step videos of the subject at hand that last for 20 seconds or less. Many companies have opted to use this method since the videos are captivating, short and people can watch them without sound. Recent studies have shown that our attention span is getting shorter – therefore the content we consume must also be fast and easy to follow (Microsoft Canada 2015, cited 15.10.2019). Watching a two-hour hair transformation is not something anyone has time for or even the interest to do thus the speeding up process is mandatory. These clips would find their way to

the target consumers screens through targeted posting, hashtags, recommended features and search engine optimization. Because these videos appear randomly, it is important to captivate the consumer immediately - researches have concluded the following steps the most valuable in doing so:

- auto play
- able to watch whole clip without sounds
- topic must be clear and captivating in the first 5 seconds
- fast paced

Damian Ryan also lists five elements to consider when launching an online video campaign which are context, ideas and content, production, management and distribution and metrics (Damian 2017, 279).

Studies have found that nearly 85% of Facebook videos are viewed without sound (Sahil Patel 2016, cited 15.10.2019). People often scroll through social media on public transport, schools, work among others, which makes it obvious why they do not want to turn the volume on while watching these videos – because of this many companies have made their videos easy to watch, sometimes even adding subtitles if needed. Our case company would ask for permission to do a time lapse costumer getting their hair makeover. That video would then be added to their social media account with the appropriate hashtags. These videos are usually shared worldwide which does not mean that consumers would fly from other countries to be a customer in this specific salon just because of a video they saw and liked. The thing that makes this profitable is the amount of likes and follows the page would get – therefore increasing its popularity in the Facebook algorithm and getting the name of the salon, along with their workmanship, out to the masses. These videos are easy to make; place the phone or videorecorder in an appropriate place and record the whole session, then speed it up and add a royalty free music track in the background. Many apps make this simple to execute such as VivaVideo and Videorama. Royalty free music refers to songs, usually instrumental beats, that are available to be bought and its then legal for the purchaser to use unlimitedly (Arbour 2011, cited 9.11.2019). There are also websites offering copyright free songs without charge.

The only equipment they should buy is a tripod for the phone since it prevents any mishaps such as the phone falling over.

Along with this, there is also the option to use sponsored post which would cost anywhere from 10 euros to even 200 euros. Sponsored posts are a way to advertise to a certain demographic on Facebook and Instagram. These posts are very adjustable with age range, gender, location and much more as options – the broader options you choose, the pricier it gets. From our research it seems that sponsored posts are not the first thing Hair salon Elmeri should invest in. They already have a fair number of followers with Facebook raking in over 700 followers and Instagram with 300 – at least some of these already established followers are likely to then share the content forward, making them viewable for many possible future customers. The content of these videos would showcase hair salon Elmeri's talent and ability to create outstanding hairstyle therefore leading the new client base making appointments and making their name known. If they would like to investigate this, Facebook offers clear instructions on how to do so.

“Watch our videos and decide for yourself”

- Katleena Kortsesuo 2018, 171

7.1.4 Instagram

Along with these clips, it's important to also take full advantage of Instagram. Many other hair salons have posted introductions of their employees which helps clients to choose the best one for them. These introductions include their name, education, a short summary of their special skills and a photo. This would be a beneficial step for hair salon Elmeri since they use the appointment app called Timma. Timma is a simple app where customers can order a service of their liking from the salon – making the process easy, quick and reliable. This app does not however give much support to new customers since they usually want more information about the hairdresser they are choosing to go to, making the Instagram introductions a perfect way for clients to get an idea of the options.

The company could dedicate a post for each of the three hairdressers with a short introduction and a photo of the person. With Instagram now offering slide shows, a couple of portfolio photos would also be beneficial in these posts along with a description of their skillset. They should also use the highlight section and title one something along the lines of "our hairdresser" where these posts would immediately be added as well. A highlight section is key since it will stay on top and be easy to find. Instagram highlights option can be found under the biography section, next to stories. Highlights allows the user to showcase content instantly, just like the story option on Instagram. Highlights can be arranged under different titles and they will be viewable as long as the user wants them to, opposed to stories that are only available for 24 hours. Below is figure 10, which shows where the highlights section can be found on the platform. The owner of the case company is already familiar with the story function so proceeding to highlights should be an easy task. Other popular highlight stories among hair salons are showing their products, interior design and finished makeovers. Product introduction photos would focus on their quality, eco-friendliness and their promised effects on the customers hair like for example extreme moisturizing qualities.

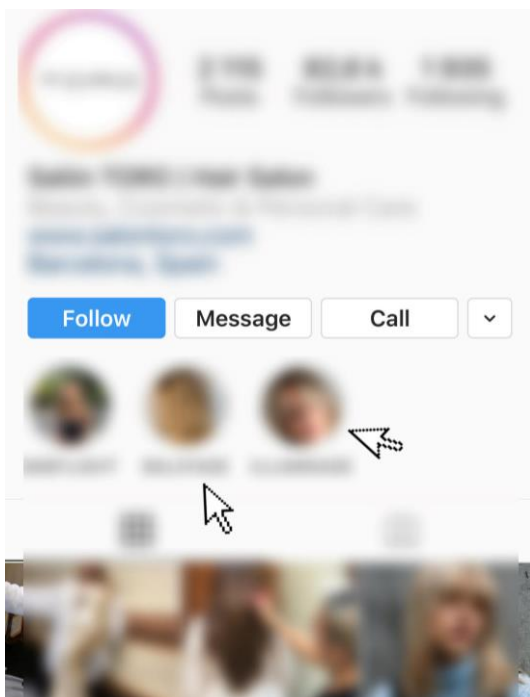


Figure 10 shows the highlights section location on Instagram business accounts.

According to the entrepreneur, the company's social media presence has not been optional in the past. Recently the right to their social media accounts have been given to one of the chair renters as they are the most skillful in that field as mentioned earlier in the thesis. Many changes have been made with making the Instagram account cleaner and more professional.

They are also going to invest on a ring light. A ring light is an equipment used in professional photography that helps light distribution, resulting in perfect images. The lightning in a hair salon is not optional for these kinds of photos, especially with hair coloring makeovers therefore making the ring light a very beneficial investment.

7.2 What is customer relationship marketing?

Customer relationship marketing is a technique that focuses on customer relationships and customer loyalty. Its main duty is to help create, maintain and develop customers. The focus is also on relationship between the customer and the company; therefore, competition can be left out. A throughout analysis of the current client base and target market is key in succeeding in this marketing tactic while also being familiar with the possible future customers. (Bergström & Leppänen 2013, 460-462.)

This tactic in its most simple form divides the clients in the following groups: potential customer, occasional customer, regular customer and previous customer (Bergström & Leppänen 2013, 467). Main tools in creating a successful customer relationship marketing are analyses. Below is table explaining the tactics used in creating customer relationships.

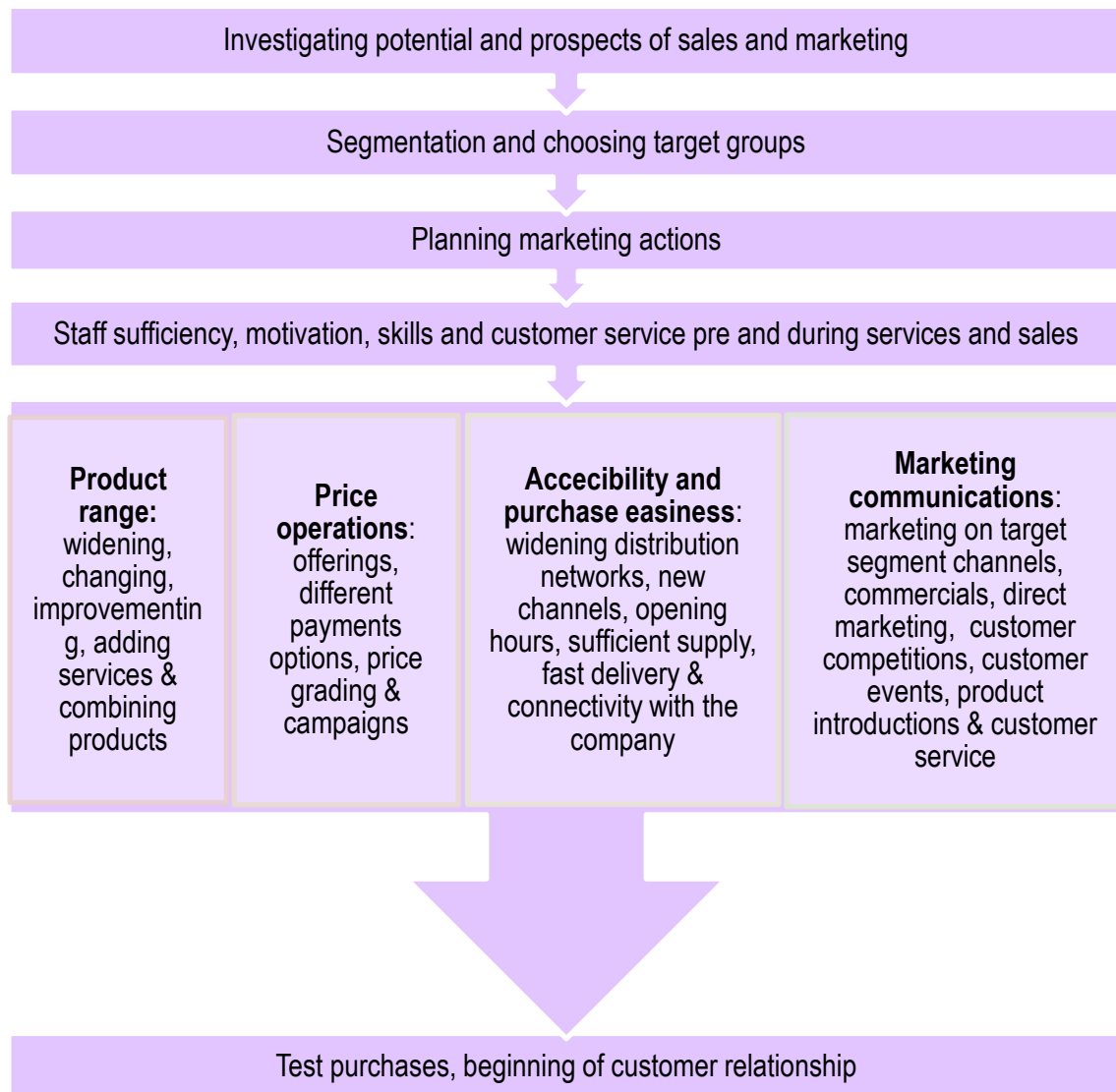


TABLE 3 explains the process of creating customer relationships (Bergström & Leppänen 2013, 476).

7.2.1 Why use customer relationship marketing

It is very important to know your customers. The saying "20% of your customers bring in 80% of the revenue" is valid (Bergström & Leppänen 2013, 477). This means that taking good care of the current customers is key since they always have the option to look for better service elsewhere, resulting in loss of revenue. This thesis will only focus on one aspect of this tactic: a student discount.

Customer relationship marketing is a good way of reaching out to specific target segments (Bergström & Leppänen 2013, 462), in our case reaching out to

students in the area of the hair salon. A study from 2013 suggests that 90% of students would use a certain company's service more often if they would get a 10% discount (Moilanen 2013, 16). This number and study are narrow and cannot automatically be corresponded with our case company, but it does give an idea of just how much even a small discount affects the consumer behavior in student segment that we are aiming at.

7.2.2 Customer relationship implementation plan

The hair salon has previously had customer relationship marketing in the form of purchase enough products and at some point, get a product for free. This way of marketing was not worth the amount of time and effort that went into keeping the system up, as for example customers kept losing their coupons where they got stamps after each purchase. Our thesis is going to focus on a different type of direction of customer relationship marketing. This chapter is going to focus on implementation of our customer relationship marketing plan through student discount.

7.2.3 Student discount

Hair salon Elmeri does not currently give out student discounts. These discounts would be beneficial because many of inhabitants in Kemi are studying in education facilities, which the city has plenty of. This helps with bringing in the target market that our case company is trying to reach out to. There is no official procedure to gain a student discount for a company nor does Finland have any regulations for it, a company can just decide to do so. A sustainable discount is anywhere between 10-15% for a small business but based on the research above, 10% is enough. The discount would be given to students once paying for all services and products when they show their valid student identity card, either physical card or electric.

If the case company is keen on informing as many students as possible of this upgrade, they should contact the national digital student discount app called

Frank. Frank informs students of all nearby places that offer discount and a brief description of the service of product provided. Along with Frank, the student discount would be advertised on the façade of the company. This way of marketing can be affordable for the owner since a small handmade sign showcasing the discount is enough. The discount should also be mentioned on their social media platforms. The aim of the student discount is to engage customers to become regular customers during their study period, so after graduation, they will continue their customer ship with paying full prices for services. On top of getting new student customers, some of the current customers happen to be students (Ylimartimo S, 2019) which means that implementing this plan would give them more reason to come back and strengthen the customer relationship with the already existing student customer segment as well.

7.3 Implementation budget and control

Marketing budget of a company depends on a variety of factors, such as the subject of the marketing, competitive field and market situation. There is no optimal budget for marketing, and it needs to be investigated and put together individually for each company with their assets and funds in mind. There are four major ways of marketing budgeting: budgeting what you can afford, budgeting a certain percentage of revenue, budgeting as much as the competition and budgeting according to goals and tasks. (Bergström & Leppänen 2013, 333-335.) The implementation plan of the thesis is budgeted with the company goals and task in mind. Customer relationship marketing (CRM) refers to the management of the relationship between both already existing and new customers and the business (Bergström & Leppänen 2013, 461).

A business this size does not have large funds for implementing marketing, so our implementation ideas have been planned with this in mind. As the company is not currently using funds on marketing, the customer relationship marketing budget will construct from the implementation plan of the thesis. The control over the implementation plan and the budget is in the hands of company's owner. She will have the main control with all, but regarding the implementation ideas some

of the work will be divided for the chair renters, like updating their social media channels regularly with quality content. The main investment that will require money is the purchase of the ring light and a stand for it and filming the hair makeover videos. The business could possibly invest in sponsored posts in Facebook and Instagram, but in our opinion, this is not necessary at this point of improving the hair salons marketing operations. Providing and implementing the student discount system does not directly create any budget requirements for the salon, but the implementation will affect the businesses income. This will be looked into more later on in this section of the thesis.

After a discussion with the business owner and investigating the ring light and stand market available, we have settled upon a budget of 250 euros for both in total. For example, an online store called digitarvike.fi sells professional ring lights for between 150 and 200 euros. There are cheaper lights found online, but investing in a quality product will be beneficial, as it will last longer and provide better results. Phone stands can also be found from several price points from the same store, and after a close research on them, we decided that the ones prices around 50 euros will do extremely well in hair salon conditions, where it will not have to endure any hard conditions or use. (Digitarvike 2019, cited 15.11.2019.) This investment will be useful in both our Facebook makeover videos and Instagram plan implementation.

As mentioned earlier, implementing the student discount will not have any direct costs, so this will not request a budget. What needs to be thought in this idea, is the cost of the discount. For example, by using the same average purchase and visit frequency results we got from the questionnaire we can calculate roughly the effect of the discount. By the average purchase of 69 euros and visit frequency of every other month, a 10% discount would sum up to 41 euros per year. Average degree length is usually around 3 to 4 years, as there are no universities near the city, which means that in total a student could benefit approximately 120 to 165 euros during their degree. The calculated amount would be bearable, if it resulted in a long-term loyal customer ship after this with paying full prices.

7.4 Implementation summary

The listed ways of increasing popularity on social media and gaining more customers are relatively easy to execute. The company has already begun to invest in social marketing in ways such as cleaning up their Instagram feed, buying ring lights and training staff on in this field. With a small tutorial on videos, that can be found online, and the information found in this thesis it will easy to implement these suggested improvements especially when one of the staffs already has the skillset to do so and their social medias already have good number of followers. Below is table 4 showing summary of the implementation plan.

| Idea | Objective | Implementation |
|----------------------|---|---|
| Hair makeover videos | Provide trendy new content. Attract more followers, publicity and gain new customers. Show professional skills. | Filming hair makeovers, editing them and posting on Facebook. |
| Instagram | Provide better quality content. Gain more followers, visibility, popularity and thus more customers. | Posting better quality content with ring light. Introducing staff with posts, products and the business. |
| Student discount | Attracting students and more younger customer market. | Providing 10% discount for students showing their valid student ID card. |

TABLE 4 shows the Implementation plan summary.

8 CONCLUSIONS

This thesis contains the marketing plan for our case company, hair salon Elmeri. The company is concerned because their current customers are either aging or moving to other cities, leaving them in a need of instructions of successful marketing to possible new client markets. We as the authors of this thesis collected prerequisite information of the case company from customers via questionnaires and interviewed the owner. This information is then used in the case company introduction, situation analysis and customer segmentation.

Based on the questionnaire and interview results, that have been further discussed in the analysis section, the average customer characteristics were revealed. Almost a half of the customers are over fifty years old and the vast majority were women with men raking in at 21%. The most average client is an above middle-age woman who lives in the same city that the salon is located in. They use the services every month or every other month and usually purchase products after the appointment. They became a client by a recommendation from a friend and typically follow the hair salon on at least one of their social media platforms. Workmanship, familiar staff and customer service skills are the most valued factors for the average customer.

The situation analysis contains analysis of both micro and macro environment along with SWOT and PESTEL. These go into detail about the current situation. A throughout investigation about the current competitors has been conducted. The reasoning behind the chosen situation analysis, research methods and marketing tools are all explained along with general information about these methods. The marketing plan itself is focusing on social media marketing along with a general view of customer segmentation and positioning. The aim was to maintain current customer relationships and gain a new and younger client base, the latter helping the company with longevity. Our thesis explains ways to achieve this by giving the preferred solution and step-by-step instructions on how to implement them.

The company is currently doing reasonably well in their competitive field based on all of our research. Our thesis will help the owner of salon to direct the hair salons marketing towards the best possible outcome. The answer to the research question is to implement and maintain up-to-date marketing methods along with high quality service.

In the future, the case company should calculate if the follower counts on their social media profiles have increased after implementing the suggested methods and if that number correlates with new customers in the target market. The goal is to gain 12 more customers and increase social media follower amount by 30% in a span of a year. These goals are reachable for a small business in a small city. We are planning on contacting the commissioner next year to ask if the goal was reached and if our implementation plan helped in bringing more revenue and longevity for the company.

9 DISCUSSION

The strength of our thesis is the depth which we got into in the company analyses. We were able to get a clear picture of the company's current situation and to build a strong implementation plan on top of the analyses. What could have been looked into more are the competitors in the same market. Our original subject was to create a business plan to the commissioner, which evolved into a marketing plan during conversations with our thesis instructor. This change was actually extreme good, as the commissioning business is doing rather good business-wise and their biggest flaws and lacks are on the marketing side, and specifically on social media aspect of it all.

The timeframe for the whole thesis project was 2 months. The amount of time that we had to research and put together the thesis was extremely tight and could have possibly led into the thesis not being throughout enough on things and plans being only half made, but this did not happen in our case. We put vast amount of time and effort into providing our commissioner a competent analysis on the business and implementation plans to increase customer flow and revenue.

The reliability of the questionnaire results is not absolute. This is why we gathered a large number of filled out questionnaire when taking the size of the business into consideration, to get answerers which would sum up to being quite truthful. For example, in the question regarding the valued hair industry factors we received a large amount of similar answers, which shows that the big picture that the answered show is rather reliable. The results were in line with what the owner of the salon told us about the business and its customers during our interview. One customer expressed that he was not happy with the wait times, but this was mentioned only once, and we can assume from the lack of the similar answers that this matter does not pose any valid threat to the hair salon. The open questions of the questionnaire were not answered by 18 customers out of the 100. This leaves us with the questions of if they were too time consuming, hard to answer or if they were not interested in giving us their opinion or if they simply

did not have an opinion regarding the questions. The open questions could have possible been changed to different questions or changed the question type completely to questions with ready answers easier to answer. The lack of these answers can have an effect on the validity of these subjects. Nevertheless, we received enough answers to get an idea on customers thoughts and values. The data we received, and the implementation plan answer to the research question and they should be beneficial to the company's growth, which proves that the thesis is valid.

The whole process taught us abundance of information on how to decide which ways, processes and methods to use to get the needed information. We also learned about source criticism and finding out reliable sources and the process of finding the best possible sources. During the early process of finding sources we realized that there is not much data regarding the small business anywhere online nor printed, so we executed the interview with the business owner to get reliable and factual information.

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APPENDIX

APPENDIX 1: CUSTOMER QUESTIONNAIRE IN EXECUTED LANGUAGE

Oulu University of Applied Sciences
Iida Ylimartimo & Jenna Lehtinen

Hei, olemme kaksi kansainvälisen liiketalouden opiskelijaa Oulun Ammattikorkeakoulusta ja teemme opinnäytetyönämme markkinointisuunnitelman Parturi-Kampaamo Elmerille. Käytämme kyselyssä saamiamme tietoja opinnäytetyössämme. Kehitämme saatujen vastausten pohjalta yrityksen markkinointia. Kyselyyn vastaaminen tapahtuu anonyymisti. Tuloksia säilytetään opinnäytetyöprosessin ajan. Kiitos vastauksestasi.

Annan luvan käyttää vastauksiani opinnäytetyöprosessin ajan Kyllä Ei

Ikä: _____

Sukupuoli: Nainen Mies Muu

Paikkakunta: _____

Kauanko olet ollut kampaamon asiakkaana? Valitse yksi.

- 6 kuukautta tai vähemmän
- Vuoden tai vähemmän
- 2-4 vuotta
- 5-9 vuotta
- 10 vuotta tai enemmän

Käytätkö kampaamon palveluita? Valitse yksi.

- Aktiivisesti/Säännöllisesti
- Satunnaisesti

Kuinka usein käytät kampaamon palveluita? Valitse yksi.

- Kuukausittain
- Parin kuukauden välein
- 1-3 kertaa vuodessa
- Harvemmin kuin kerran vuodessa
- Muu, mikä? _____

Mitä kautta olet päätenyt kampaamon asiakkaaksi? Valitse yksi.

- Ystävän suosituksen kautta
- Sosiaalisen median kautta
- Painettu media (esimerkiksi mainokset)
- Spontaanisti kokeilemalla "uutta paikkaa"
- Muu, mikä? _____

Seuraatko kampaamaa sosiaalisessa mediassa?

- Kyllä:
- Facebook
 - Instagram
 - Kotisivut
- Ei

Ostatko käyntisi yhteydessä kampaamon tuotteita? Valitse yksi.

- Kyllä
 Ei

Jos vastasit "ei", Miksi? Valitse yksi tai useampi.

- Tuotteet ovat liian hintavia
- Ostat tuotteesi muualta esimerkiksi päivittäistavara-kaupoista
- Et koe tarvitsevasi niitä
- Muu, mikä? _____

Mitä seuraavista tekijöistä pidät tärkeänä asioidessasi kampaamoissa? Valitse yksi tai useampi. Alleviivaa myös mielestäsi 1 tai 2 tärkeintä.

- Sijainti
- Laajat aukioloajat
- Hinta-laatu suhde
- Ammattitaito
- Liikkeen sisustus
- Monipuoliset palvelut
- Sujuva ajanvarausjärjestelmä
- Tuttu henkilökunta
- Liikkeen ilmapiiri
- Asiakaspalvelutaito
- Tuotteiden laatu

Onko Elmerillä mielestäsi parannettavaa joissain yllämainituista asioista? Jos kyllä, missä?

Mikä saisi sinut käyttämään palveluita useammin?

Onko mielestäsi asioita, joissa kampaamossa on onnistuttu erittäin hyvin?

APPENDIX 2: CUSTOMER QUESTIONNAIRE IN ENGLISH

Hello, we are two international business students from Oulu University of Applied Sciences. We are working on our thesis, which will be a marketing plan for Hair Salon Elmeri. The data collected in this questionnaire will be used in our thesis. We will develop marketing of the salon based on the answers. Answering the questionnaire is done completely anonymously. The results will be stored the length of the thesis process. Thank you for your answer.

I give the permission to use my answers during the thesis process Yes No

Age: _____

Gender: Female Male Other

Place of residency: _____

How long have you been a customer of the salon? Please choose one.

- 6 months or less
- One year or less
- 2-4 years
- 5-9 years
- 10 years or more

Do you use the services? Please choose one.

- Actively/Regularly
- Randomly

How often do you use the services? Please choose one.

- Monthly
- Every couple month
- 1-3 times a year
- Less frequently than once a year.
- Other, what? _____

How have you ended up as a customer of of the salon? Please choose one.

- Recommendation from a friend
- Social media
- Print media (for example commercials)
- Spontaneously trying out a new place
- Other, what? _____

Do you follow the salon in social media?

- Yes:
 - Facebook
 - Instagram
 - Salons home page

- No

Do you purchase the salons products during your visit? Please choose one.

- Yes
- No

If you answered "no", why? Please choose one or more.

- The products are too pricy
- You purchase your products elsewhere like for example from a grocery store
- You don't feel like you need them
- Other, what? _____

Which of the following factors do you consider important in hair salons? Please choose one or more. Please also underline 1 or 2 that are the most important.

- Location
- Extensive opening hours
- Price-quality ratio
- Professional skills
- Appearance of the business
- Versatile services
- Fluent appointment booking system
- Familiar Staff
- Atmosphere of the business
- Customer service skills
- Quality of products

Do you think that Elmeri has improvements to make in any of the above-mentioned factors? If yes, in which one/ones?

Is there anything that would make you use their services more often?

Do you think there are any factors that the salon has exceeded in?

APPENDIX 3: INTERVIEW QUESTIONS IN EXECUTED LANGUAGE

- Kertoisitko odotuksistasi opinnäytetyötä kohtaan?
- Voisitko kertoa meille hieman yrityksen historiasta sekä kampaamosta yleisesti?
- Voisitko kertoa meille yrityksen taloudellisesta tilanteesta?
- Mitä asiakkaat odottavat yritykseltä?
- Kuinka yritys mielestäsi erottautuu kilpailijoista?
- Mitä yhteistyökumppaneita ja partnereita yrityksellä on?
- Kertoisitko meille yrityksen tämän hetkisestä markkinoinnista?
- Mitä olet tehnyt parantaaksesi yritystä ja missä olisi mielestäsi vielä parannettavaa?

APPENDIX 4: INTERVIEW QUESTIONS IN ENGLISH

- What do you expect from the thesis and what do you want us to investigate?
- Could you please tell us background history about the business and about the business overall?
- Could you please tell us about the financial side of the business?
- What do the customers expect from the hair salon?
- What do you think makes the business stand out in the competition?
- What networks and partnership does the business have?
- Could you please tell us about the current marketing situation of the business?
- What have you done to improve the business and what do you think could still be improved?