

EVALUATING FACTORS FOR CUSTOMER CHURN OF HAIRDRESSING INDUSTRY BASED ON MODIFIED DELPHI METHOD

Shu-Ping Chiu*, Chi-Chung Yang and Wei-Cheng Chu

*Fuzhou University of International Studies and Trade, Fuzhou, China
Shu-Te University, Kaohsiung, Taiwan

ABSTRACT

This study aimed to establish reasons for customer churn in the hairdressing industry. From keys to successful operations in the hairdressing industry and related literature, a framework of dimensions and secondary factors was aggregated as the basis of a survey, which was conducted on 24 experts using a modified Delphi method. After two rounds of assessment, unanimous consensuses were reached between the experts on the primary and secondary evaluation indicators. The analytical hierarchy process was then used to establish the overall weight of each indicator in terms of reasons for customer churn. The key conclusions drawn from this study are summarized as follows:

- 1. The main factors hairdressing industrial competitiveness to include five dimensions, which are hairstyling expertise and techniques, customer management, consultation and communication, service and attitudes, marketing management, and operations management.*
- 2. In the five dimensions in terms of reasons for customer churn established from the joint assessment by the panel of experts using the modified Delphi method, the key dimensional indicator items in each of the primary factors were: 6 items in hairstyling expertise and techniques, 6 items in customer management, consultation and communication, 5 items in services and attitudes, 4 items in marketing management, and 5 items in operations management, amounting to a total of 26 key items as secondary evaluation indicators.*

INTRODUCTION

Peter Drucker, master of management, says: the purpose of business is to create and keep a customer. Significance of “keep a customer” lies in focusing on customer relationship and establishing customer loyalty. Hairdressing industry is oriented by serving customer. Customer satisfaction and customer loyalty are main sources of preserving competitiveness. Therefore, customer relationship management is especially important for hairdressing industry. However, previous researches related to hairdressing business competitiveness rarely investigated reasons for customer loss of hairdressing industry. As a result, many potential problems of hairdressing industry are difficult to find. Consequently, this study discusses reasons for customer loss, in order to assist hairdressing industry in developing and applying customer management strategies as well as promote establishment of factors for hairdressing industry competitiveness.

LITERATURE REVIEW

Based on number of staff, current hair salons in Taiwan can be roughly grouped into five classes: chain, independent large-scale, medium-scale, small-scale and personal studio. Zhang Yuxuan (2013) proposed that, business patterns in the market are based on advantageous development scale of chain operation and classified by quantity of brand branches. Family-run hair salons and personal studios have merits including independent operation as well as flexible and personalized business strategy. But their shortages are undisciplined system, difficult awareness promotion, difficult unified education, and difficult training. Chain system is still the mainstream of the market. Brand strategy, brand development, brand maintenance, brand management, human resource and customer value are six major aspects that are the key to successful operation of hairdressing industry. Liao Min-rong (2009) pointed out, competitive advantages and key success factors for upscale salons included: 1. technique, 2. Service, 3. Technique and service, 4. Positioning. Upscale salons request designers to continuously learn technique, practice expertise and knowledge, ask about customer’s demand at proper time during service process, explain to consumers about technique, agents, tools, and components and characteristics of products used in service, as well as tell customers what results and values can be created for them in consideration of customer applicability. In this way, customers can accept process of hairdressing with trust and at ease. Such technique of service combination can create excellent feelings of value, and make customers feel good value for money even if they spend a lot of money. Christopher H.Lovelock (2004) classified service from viewpoint of operation: there were four types according to tangible services provided to customers or their articles or intangible services provided to customers or their articles. Three of these four types are: (1) dealing with human; (2) dealing with object; (3) mental support. Based on this standard, hairdressing industry has the main shaft of “human-centered service”. Customers must take time to accept service from designer; output of service must propose satisfactory solution for customer’s question; be able to obviously improve problematic point; some activities can touch people’s heart; some activities can change attitude and influence behavior.

Table 1 Seven stages of hairdressing industry development

Stage	Year	Business pattern
Barber shop	Before 1950	At the beginning of Taiwan Retrocession, family-operated hair shop is the most frequently seen representative. Its devices included a mirror and a chair. It was called barber shop initially, with males as main customers.
Barber shop and beauty salon	1951~1970	The economy tends to grow stably. Consumers begin to value store design and hair style. Famous store is characterized by key technology and image. Business operation is still emerging.
Female's hair salon	1971~1980	Economy is growing. People's life quality and vogue is ever promoted. The industry has combined improvement of hardware with enhancement of service.
Large-scale beauty and hair salon	1981~1990	Introduce international technological exchange and information. Present modernity, comfort, convenience, and strengthened service quality. Chain store has become the major trend.
Chain operation	1991~2000	Attract many foreign enterprises to actively enter Taiwan market, which drives development and fierce competition of hairdressing industry. At this time, business pattern is polarized, and can be obviously classified into single store (personal studio) and chain operation. Talent's career planning, cost analysis, store performance, and etc.; establish computerization and enterprise systematization; develop capability of strengthening chain operation of industry-academy cooperation
Diversified operation	2001~2010	People form consumption habit of "high-quality service". The industry seeks standardized service process, specialized and delicate industrial division, as well as more friendly, warm and considerate hairdressing service. Spreading of fashion trend and lifting of the ban make the hairdressing market more active, and purify marketing communication, operation idea and characteristic operation.
Delicacy and price management	2011~future	In response to recession, more choices of price are offered to customers. New designer's price becomes fair. Senior designers' services are delicate, professionalized and customized. Marketing is featured by management of brand. Business scope is enlarged. Market share of chain store increases. Hairdressing industry is featured by extreme comparison differentiation.

RESEARCH METHOD

This study summarized factors for customer loss of hairdressing through literature review, designed questionnaire, and used modified Delphi method. 24 experts participated in the first round. Each expert's opinions were collected without interference. Then, scientific quantitative method was used to quantify subjective factors. 21 experts participated in the second round of modified Delphi method. Response rate of questionnaire was 87.5 %. For questionnaire results obtained through experts and scholars' two rounds of modified Delphi method, question meaning modification, combination, deletion and addition were performed. AHP (analytical hierarchy process) was adopted to evaluate weigh of primary factors and secondary indicators, so as to know sequence of importance of customer loss reasons. This study applied Expert Choice decision support software to calculate inconsistency ≤ 0.1 , indicating C.I. (Overall inconsistency) values of AHP questionnaires all ≤ 0.1 . This meant that consistency had been achieved. In case of C.R. ≤ 0.1 , matrix consistency was satisfactory. Expert questionnaires obtained after two rounds achieved experts' consistent cognition. The acquired results were five major evaluation factor levels, containing 26 secondary indicators.

CONCLUSION

In this study, sequence for weight of evaluation indicators of factors influencing hairdressing industry customer loss was: customer management, consultation and communication (6 items; weight value 0.407) > service and attitude (5 items; Weight value 0.27), hairdressing expertise and technique (6

items; weight value 0.172) > operation management (5 items; weight value 0.087) > marketing (4 items; Weight value 0.063). In terms of weight value of secondary evaluation indicator items, the top five from high to low were: failure to precisely know customer's favorite hair style (weight 0.1380), failure to promptly respond to customer's demand (weight 0.1327), failure to confirm with customer about price of current consumption before service (weight 0.1318), occasional need of remedy for designer's haircut, perm and coloring (weight 0.0965), and inappropriate staff's response (weight 0.0815). Researches show, key factors for keeping old customers and creating new customers include specific explanation and communication about details of service, expenditure and hair style requirement prior to hairdressing, as well as attaching importance to customer's prompt demand and comfort during provision of service.

REFERENCES

- [1] Y.X., Chang, Taiwan Hairdressing Industry Key Success Factors of Brand Management; Department of Business Administration, Chung Hua University; master's thesis. 2013
- [2] M.R., Liao, Discussion on Competitive Advantages and Key Success Factors of Taiwan Hairdressing Industry; advanced MBA program (for in-service staff) of College of Management, National Dong-Hwa University; master's thesis. 2009
- [3] Christopher H. Lovelock Services Marketing: People, Technology, Strategy (7th Edition) Jan 29, 2010, ISBN-13: 978-0136107217. 2004