



A managerial framework to increase sustainable competitive advantage within the beauty industry through Customer Relationship Management

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In memory of my father

To my mother

With love and eternal appreciation

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Abstract

This study aims to substantiate that Customer Relationship Management is an emphasising factor in the sustainable competitive advantage of the beauty industry. Only some organisations in the beauty industry use an integrated Customer Relationship system that could empower them to use the data and information in their possession sustainably and efficiently. The primary objective was developed for this reason, and then the secondary objectives that underwrote issues in Customer Relationship Management, sustainable competitive advantage and customer retention were developed.

An empirical study was performed, and a clear depiction of the critical issues of the problem statement was explored. The sample population was compiled within the North West Province of South Africa. A questionnaire was developed based on the objectives, and some functional perspectives were identified and tested. A qualitative study was done, and the sample size was not determined beforehand but was dependent on data saturation. The data saturation was reached after 12 participants.

The results indicated that Customer Relationship Management magnifies value and profit for the organisation. This means sustainable competitive advantage and that CRM can enhance client relations and the ability to measure client satisfaction. This study has shown that using CRM gives beauty salons a competitive edge.

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CHAPTER ONE

1. Nature and scope of the study

1.1 Introduction

This enormous industry was finally brought to life in the 1930s when movie stars started to glamorise cosmetics. Cosmetics were then widely available in luxury stores and some pharmacies; it was also around this time when big names entered the market and are still sold today. This was also when the beauty industry was born. The modern beauty industry includes everything from perfume, hair, and skincare to makeup. The beauty industry is estimated at \$425 billion. This is an indication of the attractiveness of this industry. The industry's history is as diverse as the lipstick display at the local makeup counter (Rao, 2022).

Britannica (2021) defined a cosmetic as “any of several preparations (excluding soap) that are applied to the human body for beautifying, preserving, or altering the appearance or for cleansing, colouring, conditioning, or protecting the skin, hair, nails, lips, eyes, and or teeth”.

The first beauty salons appeared in North America at the end of the 19th century. More beauty salons have opened their doors from this time, and most offer the same products and services. At first glance, a beauty salon may seem like just another place where women go to beautify themselves. People have yet to notice, however, that beauty salons are unique in their way. Special education and experience are needed to work at a salon.

The use of beauty products can be traced back to 4000 BC when the ancient Egyptians used kohl to create their dramatic eye effect. The Egyptians influenced cosmetics throughout the rest of the world, especially in Rome. Over time the influence faded, and so did the use of cosmetics. Later, cosmetics were used more often, but the natural incline happened in the late 19th and early 20th centuries. Cosmetics and other beauty services became acceptable even though the Victorians rejected them (Avenue Five Institute, 2014)

This study relates to the beauty industry and focuses explicitly on beauty salons. A beauty salon is a business that provides a variety of cosmetic treatments and services for men and women. Beauty salons offer various services, including hair cutting and styling, manicures, and pedicures. Aestheticians also provide skin care services that include facials and anti-ageing techniques. These businesses are often referred to as a spa. Beauty salons can also offer cosmetic services, including makeup applications and instructions.

1.2 Problem statement

The beauty industry in South Africa has recorded strong growth over the past few years. Statista (2022) stated that “the sales value of the beauty and personal care market in South Africa amounted to an estimated 3.5 billion U.S. dollars in 2018. The South African beauty market was forecast to have a value of about 6.16 billion U.S. dollars in 2024”. It also arose as one of the industries with the highest potential for further development and growth (PRNewswire. 2022). Research has also shown an estimated growth for female and male clients worldwide. The beauty industry was boosted by increased awareness regarding cosmetic products. This demand increase for cosmetic products has led to increased competition (Rao, 2022).

If a product is exceptionally unique so no other company can replicate it, there will be no need to be concerned about competition. Every organisation must formulate and implement competitive strategies in an unstable environment. The beauty industry faces what we call monopolistic competition when it comes to the beauty industry. The large number of companies in this same market makes this industry extremely competitive. The barrier to entry is also reasonably low; thus, it is easy to enter the market (OECD, 2019:148).

Due to the immediacy of the beauty industry, many companies are forced to set comparable prices. Companies, therefore, need to adopt competitive strategies to make a profit. It is of the utmost importance for companies to achieve a sustainable competitive advantage in this unstable environment.

This is also directly linked to all SMEs, as other industries, such as butcheries, real estate agencies, pharmacies, and doctors, face the same problem of retaining clientele.

Once we understand the intricate design of the industry, we will notice that the smallest businesses within the industry have the relevant experience needed to master the art of their business. However, they lack the expertise to create a sustainable competitive advantage. This is one of the most critical aspects of this industry as it offers mainly the same services.

Considering those mentioned above, it is clear that the beauty industry has a tremendously high competition rate, and it is imperative to sustain clientele. It is still unclear as to how clientele is lost or gained. CRM is utilised to enclose the possible outcomes of increasing this industry's sustainable competitive advantage.

1.3 Importance of study

This study investigated what could be done to increase sustainable competitive advantage within the beauty industry through CRM. This investigation was done due to the proximity of competition in the beauty industry. The managerial aspects of this study were investigated, as a business can face legal liability if the proper procedures are not followed. Numerous ethical elements also need to be addressed in this industry. Therapists need to have training in how to treat clients.

The findings of this study provided a basis for the different competitive strategies a company can adopt to increase sustainable competitive advantage. This study will affect not only the beauty industry but also any SME. The current business environment is highly competitive. Starting any business is much easier and cheaper, but the challenge is to develop a sustainable competitive advantage that sets aside the company from competitors.

The key to a successful business is a sustainable competitive advantage. This drives the company to devise a more significant focus, which entails more sales, higher profit margins, and increased customer and staff retention (Peskett, 2018).

1.4 Objectives

This study consists of primary and secondary objectives, which will be discussed below.

1.4.1 Primary objective

The primary objective of this study is to develop a managerial framework approach to increase sustainable competitive advantage within the beauty industry through CRM.

1.4.2 Secondary objectives

To achieve the primary objective, the following objectives will be discussed.

- To investigate the benefits of CRM
- To explore the effect CRM has on customer loyalty
- To determine the various challenges in the beauty industry

1.5 Literature review

Customer relationship management is one of a company's most basic functions, and it will be hard for the company to succeed without it. The company can lose customers without the correct use of CRM. Beauty salon owners do not understand the importance of CRM in their business; thus, giving them more information on this subject and why it will assist with a sustainable competitive advantage is imperative.

The current marketing basis consists of selling to the customer's needs. Companies must know their customers' needs, purchasing habits, and lifestyles. CRM is to evolve the company to the market as well as acknowledge each of the company's customers individually. Investigating a company's CRM includes the whole process involving the company, including the suppliers, internal staff, and customers. CRM uses numerous database marketing methods, including loyalty marketing (Graham, 2012).

The CRM strategy is centred on keeping existing customers and growing a new customer base. To grow a business, the company must investigate how the CRM strategy will use data to develop customer relationships for sustainable competitive advantage. CRM is available as a standalone or mobile component and does not need any systems. The business does not need to buy an expensive enterprise resource planning system.

The study's theoretical framework is about how to increase sustainable competitive advantage and the customer relationship between the company, developing the relationship, what it means to maintain the relationship, and what the company can do to keep the relationship. This theory will also form the basis of the interview that will be done with the salon owners. This will, in turn, enable the company to increase its competitive advantage.

The marketing perspective has also changed from product-orientated to customer relationship development. The competitive tools of companies are still essential, but standing side by side with them are the staff and customer service of the company, internal marketing, and cultivating relationships. Customer-orientated thinking was introduced in the 1950s, but most companies did not use it. Arthur (2013) stated that companies presume they are customer-orientated but do not understand how the practice works. Companies that do not practise the way of customer-orientated thinking need to change their path. Companies need the motivation to change the course of work as well as the culture of the company (Arthur, 2013).

Obtaining a customer and creating a customer relationship is extremely important. There will always be customer losses that will need to be covered by new customers. Companies should always try to satisfy existing customers to create new loyal customers. The development of a customer relationship will start at the first purchase. It depends on how the company fulfils the customers' needs and if they feel they had a good experience. If the company does not listen to the customers' needs or react to the complaints, the customer will likely move to another company for customer satisfaction. 50% of customers will stay if a company listens to them but cannot fix it, whereas more than 95% of customers will remain loyal if the company listens to their complaint and fixes it (Bergstrom & Leppanen, 2011).

First-time and random customers have potential and should be pursued to buy again. The organisation should consider contacting customers, thanking them for their business, and sending them customised offers. A rule in business is that 20% of existing customers create 80% of income.

The priorities of customers are regularly changing. Products and services should be tailored to fit the needs of the customer. The more diverse the company is, the more likely the customer relationship will last. The retention of customers requires continuous pursuit of customer relationship methods. This can be easy if customer data is frequently updated. The business should track customer satisfaction, customer loyalty, and customer profitability.

The customer relationship is followed continuously to comprehend satisfaction in the long run. Customer relationship marketing is then based on the constant customer feedback that the company receives. Recommendations and satisfaction studies determine customer satisfaction and spontaneous feedback that customers post.

Arthur (2013) stated that some customers could decide months ahead of time that they want to switch companies. This allows businesses to try and keep their customers. The most expensive and challenging market for a business is to get back old customers. It is thus recommended that companies try to retain their customers. The rule of thumb here would be to listen to the customer and their needs and learn from the feedback.

1.6 Definition of key concepts

Small and medium-sized enterprises (SMEs)

The minister of Small Business Development, Lindiwe D Zulu, states that a small enterprise is a separate business entity managed by one or more owners in any of the below sectors in column 1 of table 1. This enterprise falls in the Micro, Small, and Medium categories, as shown in column 2 of table 1 (see table below), and should

meet the criteria established in columns 3 and 4 of table 1 (Department of Small Business Development, 2019:1).

Table 1.1: Small and medium-sized enterprises (SMEs) classifications

Column 1	Column 2	Column 3	Column 4
Sectors or sub-sectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51 - 250	≤ 35,0 million
	Small	11- 50	≤ 17,0 million
	Micro	0 – 10	≤ 7,0 million
Mining and Quarrying	Medium	51 - 250	≤ 210,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 15,0 million
Manufacturing	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 10,0 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180,0 million
	Small	11- 50	≤ 60,0 million
	Micro	0- 10	≤ 10,0 million
Construction	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 75,0 million
	Micro	0- 10	≤ 10,0 million
Retail, motor trade and repair services.	Medium	51 - 250	≤ 80,0 million
	Small	11- 50	≤ 25,0 million
	Micro	0 – 10	≤ 7,5 million
Wholesale	Medium	51 - 250	≤ 220,0 million
	Small	11- 50	≤ 80,0 million
	Micro	0 – 10	≤ 20,0 million
Catering, Accommodation and other Trade	Medium	51 - 250	≤ 40,0 million
	Small	11- 50	≤ 15,0 million
	Micro	0 – 10	≤ 5,0 million
Transport, Storage and Communications	Medium	51 - 250	≤ 140,0 million
	Small	11- 50	≤ 45,0 million
	Micro	0 – 10	≤ 7,5 million
Finance and Business Services	Medium	51 - 250	≤ 85,0 million
	Small	11- 50	≤ 35,0 million
	Micro	0- 10	≤ 7,5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70,0 million
	Small	11- 50	≤ 22,0 million
	Micro	0 – 10	≤ 5,0 million

Customer Relationship Management (CRM)

According to Rodgers and Howlett (2000), customer relationship management can be defined as a business strategy that puts the customers at the centre of the organisational processes and activities. Information technology then makes it possible for the organisation to implement this strategy.

Esthetician

Palmer(2022) defines an aesthetician as a skincare therapist, spa technician, and facial specialist that supports purifying, beautifying, and upholding the skin and face.

Technician or beauty therapist

A beauty therapist is defined by Learning Curve Group Hair & Beauty Academy (2022) as a “professionally trained face and body care expert. They can be certified to deliver a wide range of treatments, or they can choose to specialise in certain areas like massage, facials, or waxing.”

Cosmetic products

This refers to any external preparation used to tone, cleanse, colour, or beautify the facial area. This includes all forms of cosmetic products.

Sustainable competitive advantage

Competitive advantage is when a company regularly outperforms other companies that lie in the same industry. Companies that maintain a competitive advantage for years are considered to have a sustainable competitive advantage (Oliver,1997:697-713).

Monopolistic competition

This is a market structure where many companies are within the same industry. These companies offer the same products and services, but they are differentiated.

1.7 Research paradigm

The research paradigm consists of the research method, research design, and the limitation of the study

1.7.1 Research method

According to Streefkerk (2019), the main difference between deductive and inductive reasoning is that deductive reasoning is focused on testing an existing theory, and inductive reasoning is focused on developing an idea. Deductive reasoning directs from broad generalisations to specific observations, whereas inductive reasoning is the reverse.

This study used a deductive method with a qualitative method research approach. The interview was done as it explained better and aided in understanding and exploring the subjects' opinions and behaviours. Simple random sampling was done.

1.7.2 Research design

In this study, a structured interview consisted of seven to nine questions that were discussed. A letter of consent was given to each interviewee to sign.

1.7.3 Limitations of the study

This study was limited to beauty salons in the northwest district. The investigation continued until the saturation point was reached at 12 salons.

1.8 Research methodologies

This section contains the population, sample size, data collection, and coding.

1.8.1 Population

Simple random sampling was done from a managerial perspective of salons within the North-West Province. The population was 340 salons in North-West. An interview was done with each of the chosen organisation's managers. The data from these interviews were then used for the analysis.

1.8.2 Sample size

Considering the accessibility, time, and cost constraints, the sample size was small. With the population at 340, a sample size of 30 interviews was chosen. Simple random sampling was done. Due to time constraints, it was not possible to do 30 interviews; and it was done until the saturation point was reached. The saturation point was at 12 salons.

1.8.3 Data collection

Due to the small sample size, the gathered data must be accurate and true; thus, the researcher did the interviews herself. Doing the interviews with the participants ensured they knew the study's purpose. Most importantly, the participants understood why the research was done, their information was kept private, and their participation was voluntary. A structured interview schedule was used to interview the managers/owners. At this time, a recording device was used to record the interview and the data received. See appendix A.

1.8.4 Data coding

Atlas TI was used to decode the data for analysis. Mr Dumisani from Usizolwethukini consultants assisted with this analysis.

1.9 Ethical consideration

The data was collected through an interview, where an informed consent letter was signed. The letter also stated that the research proposal goes to the Faculty of Economic Management and Science Ethics Committee for ethical clearance. Furthermore, the high ethical standards of the research study were explained, and observation was strictly confidential. No disclosure of private information and no trade secrets will be shared.

The researcher controlled all the data gathered at all times. The researcher kept the data safe to protect information according to the POPI Act.

1.10 Outline dissertation

This study consists of four chapters and is set out as follows.

Chapter 1 contains the introduction, which will include the background of the Beauty Industry, and the problem statement, which is the reason for the study. The objectives will consist of primary and secondary objectives that will indicate the study's outcomes. The Importance of the study will also be included in this chapter.

Chapter 2 concerns the literature review that contains the basis of CRM. This chapter will focus on customer needs and relationships as well as the retention of customers to create a sustainable competitive advantage.

Chapter 3 contains the empirical study, including the collected data results.

Chapter 4 comprises the conclusion and the recommendation that consists of the study's findings and incorporating the information found with the current objectives.

1.11 Conclusion

When observing the literature review and the problem statement, it has become clear that due to the proximity of businesses in the beauty industry, it is almost necessary to have a sustainable competitive advantage. The lack of this advantage can cause companies to lose customers and, in due course, money. It was investigated if CRM created a sustainable competitive advantage within the beauty industry. As stated above, interviews collected data to evaluate the CRM functions. An intensive process was followed to ensure all ethical procedures.

CHAPTER TWO

2. Literature study

2.1 Introduction

Over the past few years, customer relationship management has attracted ample attention from executives and academics. CRM is considered one of the most active topics of the new millennium. This is now also a critical factor in the success of an organisation (Heinonen, 2014:451). The fundamental purpose of CRM is to comprehend customers. This entails the components that affect customer retention and customer loyalty to create long-term relationships (Al Hawaii, 2015:51). Since CRM technologies have emerged, there has been a considerable enhancement in an organisation's potential to proficiently handle a diverse group of customers (Payne & Frow, 2005:170). These technologies have helped organisations to know their customers adequately before developing the relationship (Ramesh, 2013:645).

According to Yim *et al.* (2004), sales growth within the organisation is enhanced when the four performance indicators are adequately implemented. These indicators focus on the customer, incorporating CRM technology, knowledge management, and CRM organisation. They are also responsible for the direct and indirect influence on the satisfaction and retention of customers; this ultimately leads to higher sales growth.

CRM approaches still face high failure rates because organisations spend money on CRM, but some of these projects fail to achieve results (Awasthi & Sangle, 2012:463). One reason for the high failure rate can be the overdependence on CRM as an IT initiative and the magnification of the recourse-based CRM capabilities, thus ignoring the customer-centric view of CRM.

Other research accentuates the identification of the critical success factors for the appropriate application of CRM (Bhat & Darzi, 2013:63). Although these studies offer the essential elements of success within individual organisations, they fail to categorise what factors differentiate one organisation from another in terms of

managing customer relationships and thus forming a competitive edge (Elkordy, 2014:133)

“From a digital standpoint, engagement is the key to success.” The organisation should be in touch with the customers regularly; this is what the customers expect, especially in the beauty and cosmetics industry. Continuous engagement with the customer by sending the right message at the right time through CRM is crucial. CRM Platforms offer the opportunity to develop a one-to-one relationship with customers and clearly understand their behaviour.

Competition is extremely high in the beauty industry; thus, building and maintaining good customer relationships is the core of any good business model. However, staying on top of who the customers are is a whole new different challenge. This is where CRM makes the difference. This chapter will explain the basics of CRM. Customer relationship management forms a crucial part of sustainable company development. The approach of CRM is to investigate customers' data to improve the relationship between the business and the customers. This function focuses on the retention of customers to grow sales (Cosmetics and beauty, 2022).

2.2 Customer relationship management

The essence of life is relationships. Relationships are invisible links that create a unique bond between an individual and an organisation. Managing relationships is a challenging and intricate thing. CRM is gradually being documented to develop innovative capabilities extending competitive advantage (Lin *et al.*, 2010). By obtaining customer information, CRM empowers an organisation to understand its clients better. This is important for determining target customers and how to retain them. CRM views customer loyalty as a key to business profitability and competitiveness (Siddiqi, 2011). CRM is to evolve the company to the market as well as acknowledge each of the company's customers individually. Investigating the company's CRM involves the whole process of what consists of the company, including the suppliers, the internal staff, and the customers. CRM uses numerous databases and loyalty marketing methods (Merilyn, 2017:6)

The CRM strategy is centred on keeping existing customers and growing a new customer base. To produce a business, the company must examine how the CRM strategy will use data to develop customer relationships for sustainable competitive advantage. CRM is available as a standalone or mobile component and does not need any systems. The business does not need to buy an expensive ERP system.

CRM is comprised of four different stages. The first stage is getting new customers; the second stage refers to growing customer relationships for the business to attain profitability. The third stage concerns itself with relationship evolution that will strengthen customer relationships. The final step is retention, ensuring that data is collected from customers. In the early stages of CRM, it will become apparent if the customer has the potential to be a loyal customer (Mantyneva, 2001:18).

2.2.1 Customer acquisition and forming a customer relationship

It is much cheaper to grow a company that already has customers' purchases, but there will always be customer losses that need to be replaced with new customers. Customer acquisition is based purely on staff and service.

In the beauty industry, you have one shot to impress. By ensuring good target market communication and developing their products, services, and prices, the company creates a good base for new customer relationships (Bergstrom & Leppanen, 2011:474).

Attracting new customers through launching discounted prices usually leads to financial losses for the company. The focus also shifts to new customers instead of focusing on existing customers. There should be a perfect balance between obtaining and keeping new customers. According to Mantyneva (2001), adverse effects can be seen on existing customers if too much time is invested in acquiring new customers (Mantyneva, 2001:20).

Companies should attempt to recognize and satisfy first-time customers to create new loyal customers. The development of a customer relationship will start at the first purchase and depend on how the company fulfils the customers' needs and if they feel they had a good experience (Bergstrom & Leppanen 2011:468-469).

2.2.2 Sustaining a customer relationship

First-time and random customers have potential and should be pursued to buy again. The organisation should consider contacting customers, thanking them for their business, and sending them customised offers. The Pareto Principle is that 20% /of existing customers create 80% of business income. Business owners that use this 80/20 rule can increase results by focusing their marketing effort on 20% of customers (Ferreira & Dantas, 2021).

The priorities of customers are regularly changing. Products and services should be tailored to fit the needs of the customer. The more diverse the company is, the more likely the customer relationship will last. The retention of customers requires continuous pursuit of customer relationship methods. This can be easy if customer data is frequently updated. The business should track customer satisfaction, loyalty, and profitability (Mantyneva, 2001:20).

2.2.3 Pursuing customer satisfaction

The relationship with the customers should be tracked continuously to perceive satisfaction in the long run and to give the company time to develop new products and services. Customer satisfaction is followed by spontaneous feedback, recommendation, and satisfaction research. (Bergstrom & Leppanen 2011:484)

Spontaneous feedback is when a customer gives random feedback through feedback channels. These channels can be social media, notes on the website, or directly to the staff. Satisfaction research explicitly aims at existing customers and narrates how the company's products and services function about the customers' expectations. With satisfaction research, companies measure total satisfaction and satisfaction in different sections. These sections are individual products, product groups, departments, prices, quality, customer service, and staff. (Bergstrom & Leppanen 2011:485)

2.2.4 Customer profitability

Learning is a crucial part of the tracking and development of customer relationships. Companies should make a point to learn from every unsatisfied customer and try to develop their products and services accordingly. An entire customer base, types of customers, and groups of customers or individual valuable customers can track customer profitability. Profitability can be improved by increasing sales per customer, lowering marketing expenses, or raising prices (Bergstrom & Leppanen 2011:491-492).

Companies should be familiarised with profitability factors. It is crucial to understand the acquisition cost and sales income margins. According to Mantyneva (2001), a company should calculate how long a customer relationship takes to pay back itself. Companies must know the costs of obtaining a new customer to maintain an existing customer to determine which is better for them (Mantyneva, 2001:36).

Companies must conclude how long customer relationships last and how to maintain existing customer relationships to develop and retain customers. Companies can offer more targeted products and services with organised segments and customer groups and use focused marketing communications (Bergstrom & Leppanen, 2011:469).

2.2.5 Lost customers and customer retention

When it comes to customer retention, companies must remember that not all customers are economically worthy of keeping. It is crucial to do targeted marketing to diverse customer groups. It is costly to try and get back old customers. It is therefore recommended that organisations should try not to lose customers. It would be preferential for the organisation to listen to the customers and learn from their feedback (Payne *et al.*, 1999).

When it comes to identifying the right customer groups and helping to decide which customers to jettison, CRM is a handy tool. Clemons (2000) evaluated that the difference between the average and most profitable customers might be tenfold. The

theory of not having a fruitful relationship with all customers but targeting specific customers through a differentiated product or service is predominant in many sectors.

The organisation can identify customer groups by differentiating between transactional and relationship customers. Transactional customers have little to no loyalty and are incredibly unpredictable. These customers are always looking for a bargain or the lowest price. Relationship customers have the most significant potential when it comes to loyalty. These customers are prepared to pay for reliable products or services.

When recruited, these customers are less likely to leave an organisation, keeping in mind that they keep receiving quality products and services.

Relationship customers are more cost-effective than new customers as they need less coaxing to buy. There are three types of relationship customers top, middle, and low groups. The top 10 percent is called the leading group and consists of highly loyal customers; these customers also show the highest profitability for the organisation. CRM can be used to offer them the best products and services and retain them. This will keep them from moving to the competition (Newell, 2000).

The middle group is the following 40 to 50 percent; these customers show good profit margins and have the potential for future loyalty and growth. These customers might be handing some of their business to competitors. CRM can be used to target these customers and turn them into loyal top-group customers and thereby ensuring growth (Newell, 2000).

The bottom 40 to 50 percent of customers are called low-group relationship customers. These customers only show a marginal profit; some might have potential, but the expense and endeavour will constrain the efficacy of maintaining the existing customers (Newell, 2000).

Transactional vs. relationship marketing

	Transactional	Relationship
OBJECTIVE	Acquire new customers and increase volume of point-of-sale transactions	Improve customer retention and build customer loyalty
LENGTH OF RELATIONSHIP	Short term	Long term
CUSTOMER CONTACT	Minimal	Frequent
TYPE OF MARKETING	Mass marketing and promotion	Personalized marketing
TYPE OF PROMOTIONAL STRATEGY	BOGO, discounts and coupons	Loyalty programs and rewards

Figure 2.1: Transactional and relationship marketing Source: Edwards, 2020

Transactional customers will have either an unfavourable effect on the profitability or contribute nothing. CRM can identify these customers and assist the organisation in responding accordingly by using either transactional or relationship marketing, as illustrated in Figure 2.1 (Newell, 2000).

2.2.6 Pros and cons of using CRM

Table 2.1: The pros and cons of using CRM

Pros	Cons
The data entry can be automated	Troublesome data entry
It has the potential to add revenue	Concentrated on the wrong person
CRM can allow for easy collaboration	Can be costly
CRM is an effective dashboard and, therefore, streamlines sales	CRM is dependent on proper setup
Automation of repetitive tasks is enabled	If misused, it is a waste of time
Scalable	

Source: Stobierski (2017)

Cons

There are limitations with every software or tool we use. These limitations should be taken into consideration when deciding on the implementation.

Troublesome data entry relates to the time it might take to enter data manually when setting up the CRM. Depending on the data, this can add up from a week to a year, resulting in less time spent on actively selling and client service.

CRM is dependent on proper setup. When CRM is not set up correctly, its use may become tedious or complicated.

Concentrating on the wrong person suggests that some CRM systems focus more on the manager's requirements, which must be more intertwined with the therapist since the therapist is actively selling services.

CRM can be costly and usually comes with a high subscription rate. This can be a significant setback for small businesses.

If CRM is misused, it is a complete waste of time. The implementation of CRM walks hand in hand with creating an effective and documented sales plan. CRM can quickly decentralise into chaos with irrelevant information. This will entail a burden more than help.

Pros

Several of the cons that affect CRM can be alleviated by improving the sales process and ensuring the correct CRM is used for specific needs,

Many top-range CRMs can automate data entry. Integrating CRM with the web and social media can save lots of hours on research, and the technicians can spend more time on client service.

Using CRM as an effective dashboard can streamline sales activities. Most CRMs allow the business to organise information according to their needs. Customising dashboards and reports can make tasks a lot easier.

The potential to add revenue refers to the correlation between CRM and a boost in revenue.

CRM allows for collaboration. Centralizing customer data in one location makes collaborating with sales and marketing to improve customer service easier.

Enabling automotive tasks can boost efficiency. CRM can schedule appointments, prioritise customers and sales, and assist with marketing.

CRMS are scalable. As the business grows, CRM will grow with it (Stobierski,2017).

2.3 Competitive advantage

Competitive advantages are essential for any organisation. It is even more important to understand that competitive advantages are typically temporary since competitors quickly copy competitive advantages. Organisations must develop a strategy based on a new competitive advantage.

Organisations watch their competition through environmental scanning. This means that the organisation analyses events and trends in the external environment of the organisation (Baltzan,2013:15).

The organisation can then use the following tools to analyse and develop a competitive advantage:

- Porter's Five Forces Model

Porter's five forces model in figure 2.2 determines the industry's relative attractiveness.

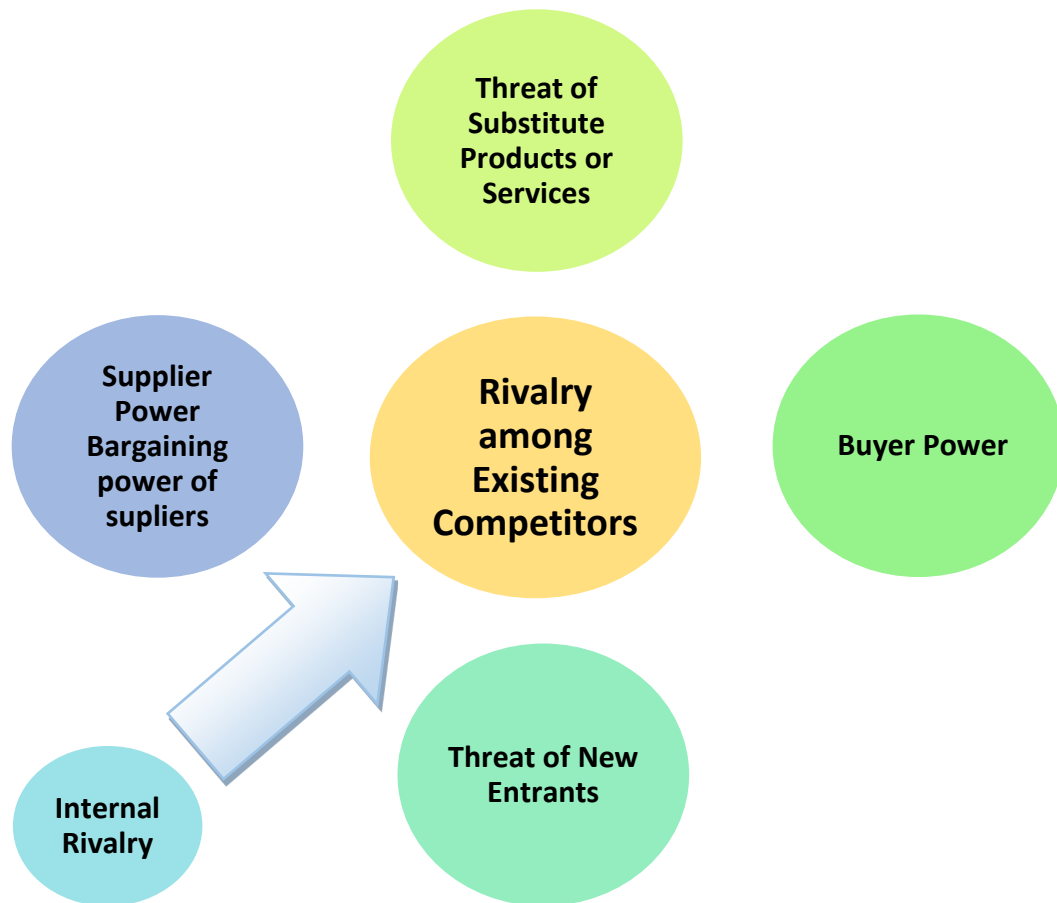


Figure 2.2: Porter's five forces model

Source: Adapted from; Kharub & Sharma, (2016:172)

Buyer power is assessed by analysing the ability of buyers to directly impact the price they are willing to pay for an item. Buyer power can be reduced by switching costs. Costs can make customers reluctant to switch to another product or service. Buyer power can also be reduced by implementing loyalty programs. Rewarding customers based on their business with the organization can create a competitive advantage (Baltzan,2013:18).

Supplier power is assessed by the suppliers' ability to directly impact the price they charge for products and services. The supplier wants to be able to set any price it wants for its goods and services, and if the buyers have low power, then they do not have a choice but to pay high costs. Ideally, an organisation wants to be in a market

with few product or service substitutes. This is not easy, especially in the beauty industry; thus, organisations create a competitive advantage through switching costs. The more painful it is for customers to switch suppliers, the less likely they are to change (Baltzan, 2013:19).

The threat of new entrants is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to entering a market. An entry barrier is a product or service feature that customers have come to expect from organisations in a particular industry and must be offered by an entering organisation to compete and survive (Baltzan, 2013:20).

Rivalry among existing competitors is high when competition is fierce in a market and low when competition is more complacent. When the rivalry among competitors is intense, the organisation can develop unique differences in its products and services to influence demand. This is called product differentiation (Baltzan, 2013:20).

- Porter's three generic strategies

Organisations typically follow one of Porter's three generic strategies when entering a new market, as shown in figure 2.3.

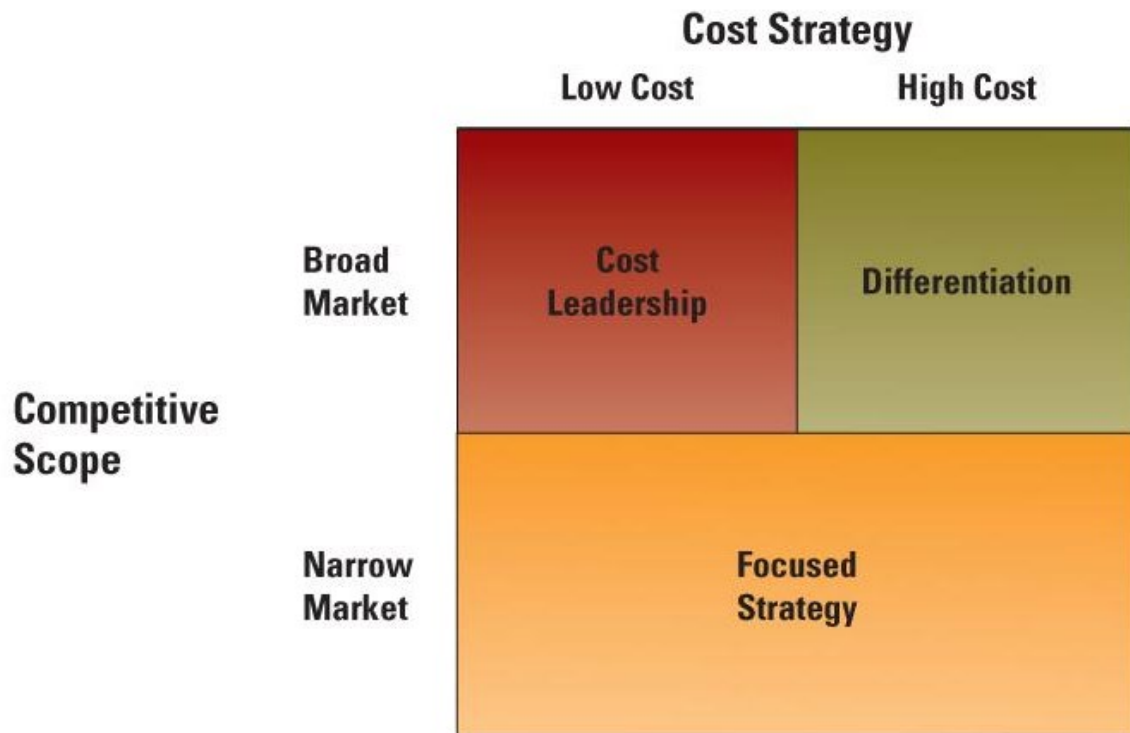


Figure 2.3: Porter's three generic strategies

Source: Baltzan, (2013:22)

Broad cost leadership is a comprehensive strategy used to reach a large market. Broad differentiation is used to target a niche market. Focused strategies concentrate on cost leadership or differentiation (Baltzan, 2013:22).

- Value creation

Once the organisation selects its strategy, it can use tools to establish its success or failure. These tools include generic strategies and the value chain. Table 2.1 shows the generic design that is created by combining porters five forces and the three generic strategies. This can develop strategies that a business can use for each segment (Baltzan, 2013:23).

Table 2.2: Generic strategies

Generic Strategies			
Industry Force	Cost Leadership	Differentiation	Focused
Entry Barriers	Ability to cut price in retaliation deters potential entrants.	Customer loyalty can discourage potential entrants.	Focusing develops core competencies that can act as an entry barrier.
Buyer Power	Ability to offer lower price to powerful buyers.	Large buyers have less power to negotiate because of few close alternatives.	Large buyers have less power to negotiate because of few alternatives.
Supplier Power	Better insulated from powerful suppliers.	Better able to pass on supplier price increases to customers.	Suppliers have power because of low volumes, but a differentiation-focused firm is better able to pass on supplier price increases.
Threat of Substitutes	Can use low price to defend against substitutes.	Customers become attached to differentiating attributes, reducing threat of substitutes.	Specialized products and core competency protect against substitutes.
Rivalry	Better able to compete on price.	Brand loyalty to keep customers from rivals.	Rivals cannot meet differentiation-focused customer needs.

Source: Baltzan, (2013:23)

The value chain must empower the organisation to offer customers exclusive value. This will create a competitive advantage. When the organisation is examined as a value chain, it will determine the activities that add value for the customers, as shown in figure 2.4 below.

This will assist the organisation in focusing on these specific activities. The primary value activities are obtaining raw materials, manufacturing, marketing, selling and delivering after sales. The support value activities substantiate the primary value activities. The customers determine the weight that each activity adds value to the product or service.

Competitive advantage will be created if:

- High value-added activities are targeted to enhance their value further
- Low value-added activities are targeted to increase their value
- A combination of the two above is performed (Baltzan, 2013).

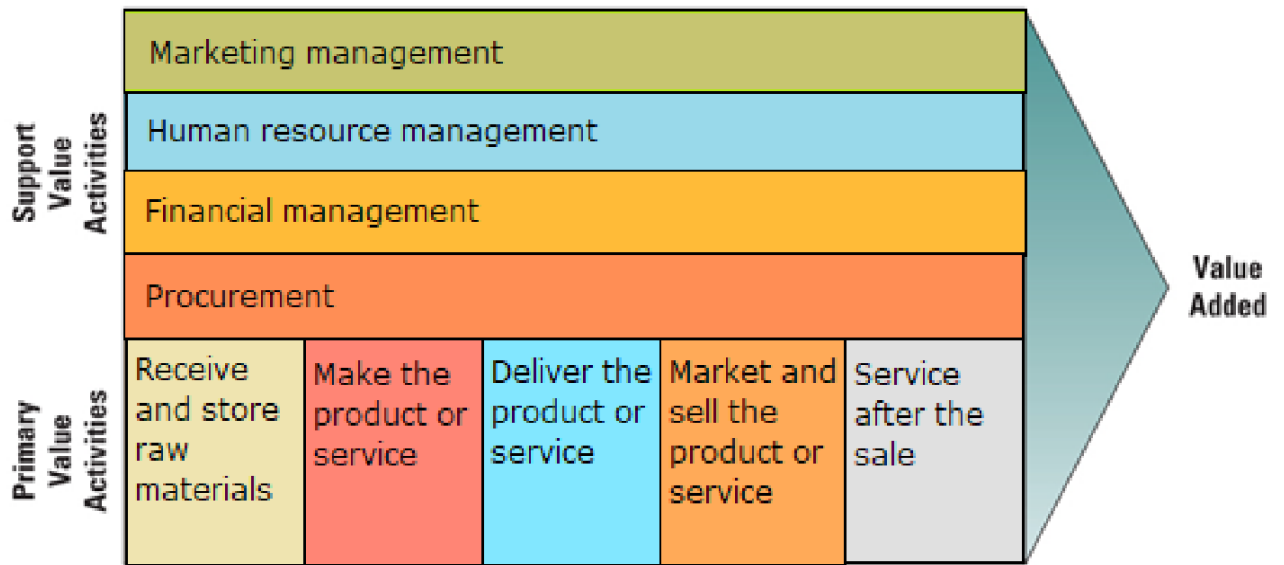


Figure 2.4: Value chain

Source: Adapted from; Baltzan, (2013:24)

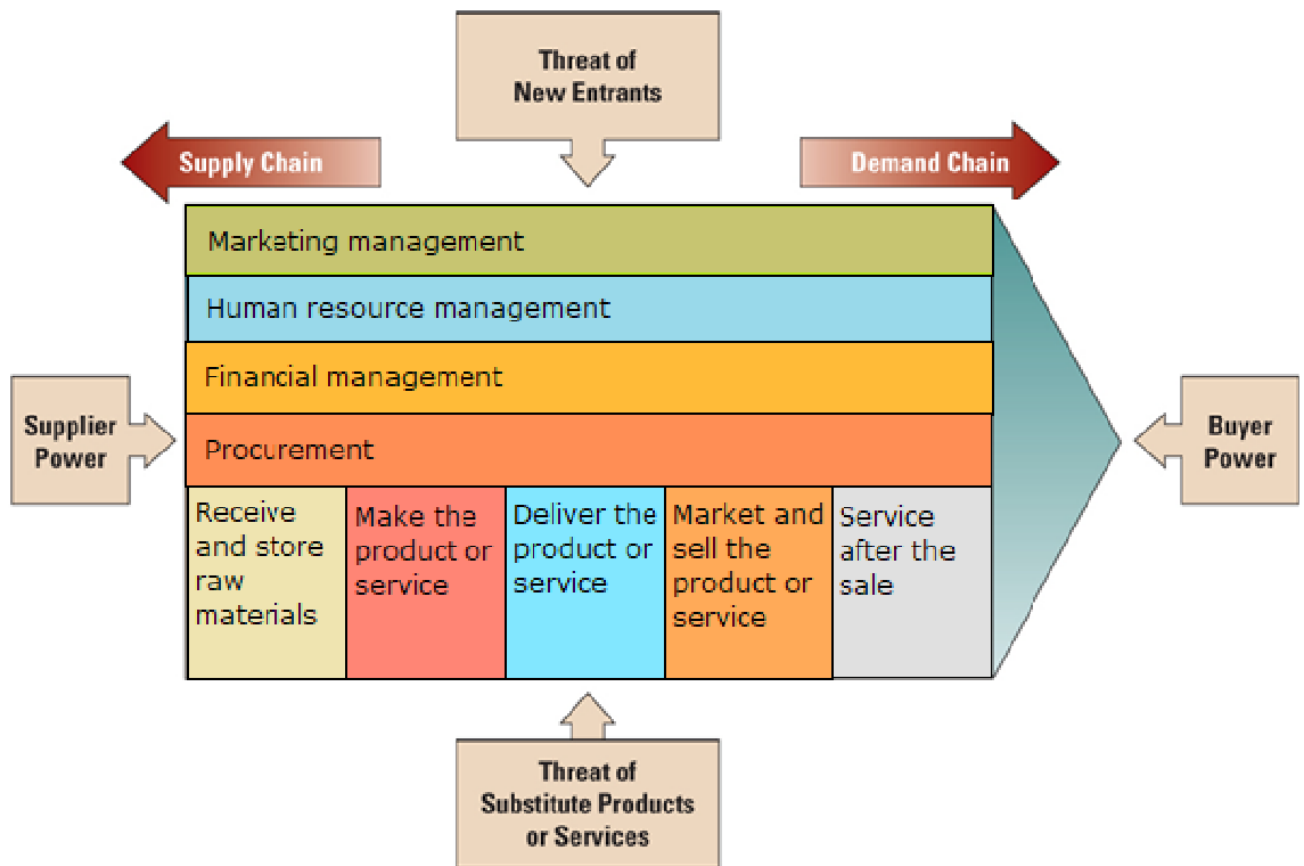


Figure 2.5: Value chain and Porter's five forces model

Source: Adapted from; Baltzan, (2013:25)

Figure 2.6 below shows the adapted way in which organisations within the beauty industry can use supplier relationship management and customer relationship management to create a competitive advantage.

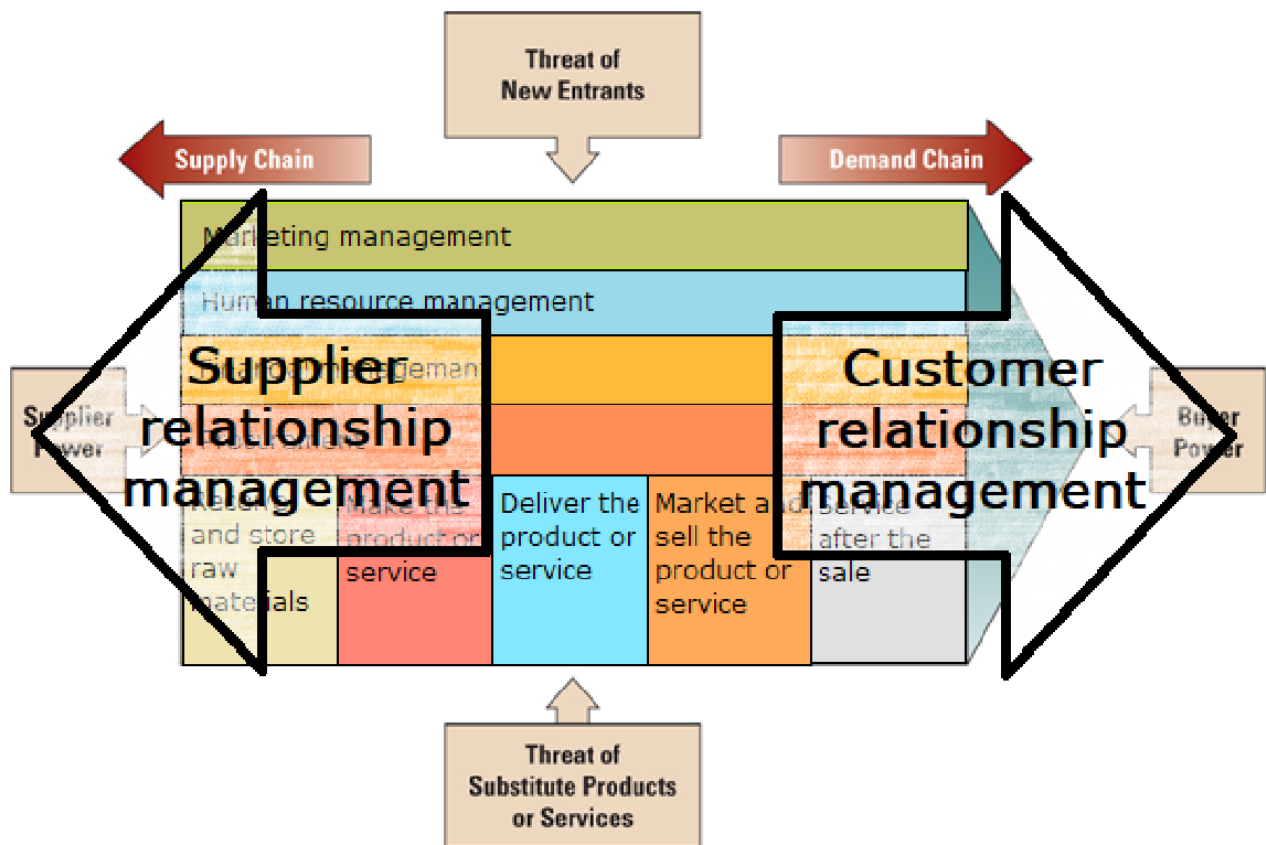


Figure 2.6: Adapted value chain and Porter's five forces model

Source: Adapted from; Baltzan, (2013:25)

The goal would be to create a sustainable competitive advantage. An organisation acquires a sustainable competitive advantage when it applies a value-creating strategy. Any other competitor must not implement this strategy. Other organisations must also not be able to duplicate the benefits of the strategy (Saxena, 2021).

2.4 Sustainable competitive advantage

Nowadays, the most challenging question for an organisation is, "What is your sustainable competitive advantage?". Sustainable competitive advantage in the beauty industry can be seen from three functional perspectives: marketing, human resource, and financial management (Jyoti & Chahal, 2015:1).

2.4.1 Marketing management

Change is taking place at an expedited pace. It is risky to keep using the same strategy and start using a new one (Kotler, 2000). An organisation's purpose is to create, maintain and retain customers. This purpose can only be accomplished by creating a competitive advantage through marketing. Organisations can use various strategic practices such as green marketing, product quality and customer relationship management. Green marketing is an emerging concept that plays a vital role in organisations by initiating the employer brand (Rahnama & Beiki, 2013).

Brand was defined by the American Marketing Association (AMA) as a name, sign, or both as a method to identify specific products or services of a seller. This was also incorporated to differentiate the products or services of the seller from their competitors. The organisation must differentiate their brand identity to obtain a sustainable competitive advantage (Ghodeswar, 2008).

2.4.2 Human resource management

The use of high-performance human resource practices has been linked to the performance of firms (Cappelli & Neumark, 2001). A set of related human resource practices that aspire to enhance the organisation's performance are called high-performance human resource practices.

Proficiency is improved by these practices (Macduffie, 1995). These practices involve extensive recruitment and selection, performance management, employee involvement and detailed training initiatives (Posthuma, Campion, Masimova & Campion, 2013).

Although high-performance human resource practices are known to improve performance and contribute to organisational success, it has become clear that management needs to find new ways of managing organisations to achieve sustainable competitive advantage (Dewe & Kompier, 2010).

2.4.3 Financial management

Financial management is essential in acquiring and utilising finance (Paramasivan & Subramasnian, 2009). Organisations with a better financial position and intricate financial management policies will adapt quickly to the changing business environment. This will entail good use of resources, thus obtaining a sustainable competitive advantage. Financial literacy is the ability to understand finance to assist the organisation with financial resources and how to utilise them to increase profitability. Good governance also plays a vital role in attaining a sustainable competitive advantage.

2.5 Customer data collection

In customer relationship management, the most important thing is the collection of data about new and existing customers. Customer databases consist of different customer groups so organisations can add customer information. This data can be collected from within the organisation and from the outside. It is essential to keep customer records to track customer relationship development.

The needed data will depend on the organisation and what they are selling. Collection and organisation of data can cost a lot. Thus, organisations should collect specific data about their customers. They can also investigate different stand-alone CRM programs that are free of charge. It is vital to order the correct contact details from the first meeting. As the relationship grows, more data can be collected.

When creating a customer database, there should be data protection provisions. It is essential to ask the customer's permission for marketing text messages and emails. Potential customers will have limited information in the database, but regular customers will have much more information, which will assist in developing the customer relationship. The database must be maintained to detail spam and non-useful information sent to customers.

2.6 Customer loyalty

Peter Drucker said that business has only one purpose: to create customers (Hess *et al.*, 2012). The customer allows the organisation to render a product or service. The success of an organisation depends solely on maintaining customer advantage; this means the retention of customers. To achieve loyalty, firms must focus on retaining customers instead of getting new customers (Reichheld, 2006). This will direct the organisation to build a culture that accentuates customer needs. We usually think a happy customer is loyal, but this is not the case.

Seven out of ten customers will change to a new organisation, of which 90% are changing without complaining. It can be extremely challenging to keep a customer who is unhappy but will not complain. 90 -95% of customers are passive, so an organisation should focus on client retention.

Filip (2013) states that an integrated complaint management system can allow an organisation to learn from customer feedback. The organisation can use this information to reduce weaknesses, progress business performance, steer clear of other negative experiences, and by doing so, revive customer satisfaction, loyalty as well as commitment to the customer relationship. Satisfied customers will recommend the organisation to their friends and family. Organisations must acknowledge the importance of customer recommendations. The organisation can offer its customers an incentive when urging customers.

2.7 Conclusion

An improved customer relationship can lead to better customer loyalty and retention. This can also create a better competitive advantage for the organisation (Sayani, 2015:370). From an operational perspective, CRM is a cross-functional organisational process that accentuates establishing, maintaining, and enhancing customer relationship durability as the organisation's core (Wang and Feng, 2012:117).

Currently, very little information is available on the role of CRM in sustainable competitive advantage. The study's goal will be to investigate if sustainable competitive advantage can be achieved in this industry. It would be ideal if the theory

of the study could give the company better insight into how to maintain customer relationships in the company. The researcher concluded that beauty salons might struggle due to lacking customer relationship management (Bhat & Darzi, 2016:389).

CHAPTER THREE

3. Empirical study

3.1 Introduction

This chapter presents the empirical research, data analysis, presentation and findings obtained from the data collection. The empirical study was directed to analyse the primary and secondary research objectives in chapter 1. The research design and research methods will be described. The literature review in chapter 2 supplied several ways CRM can influence the research objectives. The study aimed to identify if CRM can create a sustainable competitive advantage within the beauty industry.

A questionnaire was designed to test whether CRM could create a sustainable competitive advantage. From the objectives, some functional perspectives were identified and tested in the questionnaire. The questionnaire can be seen in Appendix A. The questionnaire was completed through a formal interview where the researcher interviewed salon owners and managers in the North West province. This chapter will explain how data was extracted from the questionnaire and the data analysis.

3.2 Research design

3.2.1 Aspects related to the empirical study

There are critical factors involved when considering the design of the empirical research. These include population, sample size, survey design and data collection.

3.2.2 Population

The population comprised a quick overview of salons registered online in the North West Province in South Africa. They are based in Klerksdorp, Lichtenburg, Rustenburg, Brits and Potchefstroom districts.

Due to time constraints, the population needed to be limited. The total size of the salon population in the North West is 340. The population was analysed, and the number was recalculated to roughly 30 salons.

3.2.3 Sample size

Due to time constraints, accessibility and costs, the sample is relatively small. The data was collected from twelve (12) managers from beauty salons in North West province. This was a qualitative study, and the sample size was not determined beforehand but depended on data saturation. Everyone in the population was invited to participate voluntarily until a data saturation was reached (Etikan, 2017). The data saturation was reached after 12 participants.



Figure 3.1: North West Province Map

The sample was taken over the geographical area of the North West province, as indicated in figure 3.1. The sample size accurately represents the population, only on a smaller scale (Welman *et al.*, 2005:55).

3.2.4 Survey design

Two types of research, namely quantitative and qualitative, dominate the research field. The qualitative method reverts to values and processes that need to be quantified, whereas the qualitative approach involves relationship research (Welman *et al.*, 2005:55).

Qualitative data is subjective to the thoughts and opinions of individuals. The researcher then extracted contextual meaning from this data. The questionnaire focused on creating sustainable competitive advantage through customer relationship management.

3.2.5 Data collection

After the questionnaire was completed, the researcher held individual interviews with the managers and owners of each salon—these interviews were recorded and then transcribed into data. Doing the interviews with the participants will ensure they know the study's purpose. Due to the small sample size, it is also essential that the gathered data must be accurate and true. Each manager or owner of a salon signed an informed consent letter and a permission letter to adhere to the POPI act. The data saturation was reached after 12 participant interviews were done.

3.3 Presentation of Results

A thematic analysis was adopted, ensuring responses by each participant were grouped by subject and research question. The presentation shows themes and sub-themes of findings from each research question. Pseudonyms were given to participants to maintain anonymity.

3.4 Thematic analysis

The qualitative data were explored to address the questions of the study. Can customer relationship management be utilised to create a sustainable competitive advantage? Two, what are the benefits of customer relationship management in the beauty industry? Three, do customer relationship management affect customer loyalty? Four, what challenges does the beauty industry face?

This process involved grouping by subject and according to each research question. The presentation shows the themes and sub-themes of findings from each research question. Four main themes were identified in the data analysis process using ATLAS.ti 9 and are shown in the table below:

Table 3.1: Identified themes and sub-themes

Themes	Sub-themes
Competitive advantage in the beauty industry	Customer services Marketing Use of CRM
Benefits and challenges of CRM application	Improved customer relations Customer satisfaction Lack of CRM knowledge
Customer loyalty in the beauty industry	Role of CRM Customer retention Loyalty programmes and incentives
Challenges in the beauty industry	Client movability Technicians' movability Unqualified technicians Prices of local products

Each central theme and sub-themes are indicated and described below with evidence quotes provided from each participant.

3.5 Competitive advantage strategies in the beauty industry

The monitoring and control process theme has three sub-themes. This theme addressed objective one, which sought to determine competitive strategies used by beauty salons. This theme has three sub-themes; one, customer services; two, marketing; and three, use of customer relationship management. These three sub-themes addressed objective one, and the results are detailed below.

3.5.1 Customer services

The study showed that beauty salons that participated in this study use customer service as one of the competitive advantages in their business. As seen in figure 3.2, this sub-theme had 12 quotations coded under it wherein the participants explained how they ensure they give good customer service to their clients.

This study found that offering good customer service was one of beauty salons' leading competitive strategies. This study found that beauty salons provide specials based on their client base to enhance their service offering and remain competitive. The quotes from the participants that showed how customer services are used as a competitive advantage in beauty salons are shown below:

“Okay, never stagnating and constantly growing. We have one of the biggest beauty menus in town; we are constantly adding to that, constantly researching new and exciting ways to incorporate beauty health wellness. The whole thing constantly adding to that never stop growing” [Participant 1]

“I think because we are constantly growing in our treatment menu, that is basically 80% of my day where I sit and do resources and try to get new treatments and exciting treatments that no one else is having. We are actually busy with one now (laughing). No one else is doing it, so we are constantly also trying to see what the biggest salons in the biggest cities are doing, and we would not say copy it but make it the businesses own” [Participant 1]

“Customer services, we always try to give the client our best like we believe we only use the best products for hair and nails. So, by doing that, we believe we are giving

our clients the best services as well as providing friendly staff for our clients always be friendly to the client” [Participant 2]

“We make them feel comfortable and tell us when they are unhappy with something. So, if there is a problem or anything they are not happy with, we usually redo and offer extra services” [Participant 3]

“Advertising, we do free services, we run specials on certain services, and then we have a brand ambassador.” [Participant 4]

“I have to say our look is very different from other salons. We have not seen a salon like this; our therapists are all qualified. We do know some salons do not have qualified therapists, and then again, the quality of our products, we do not do cheap products” [Participant 5]

“You must have a good vibe, a clean salon, and a friendly staff. Because we think they are coming 60% for the hair and 40% for the personality. Say if you do not click, you are never going to click” [Participant 8]

“I think because I am home based and I am mobile, I can travel to clients who are not mobile, and I enjoy going to help the elderly as well, and I think that is what makes me different than other salons” [Participant 11]

“I will say that we do not use local products but prefer international products and highly rated ones. For instance, regarding skin range, we will not use an American product because it is made for Americans; it cannot be used in South Africa; it is not the same skin type. So, we will use a South African product and support the South African product. With nails, we prefer to do international because of quality” [Participant 12]

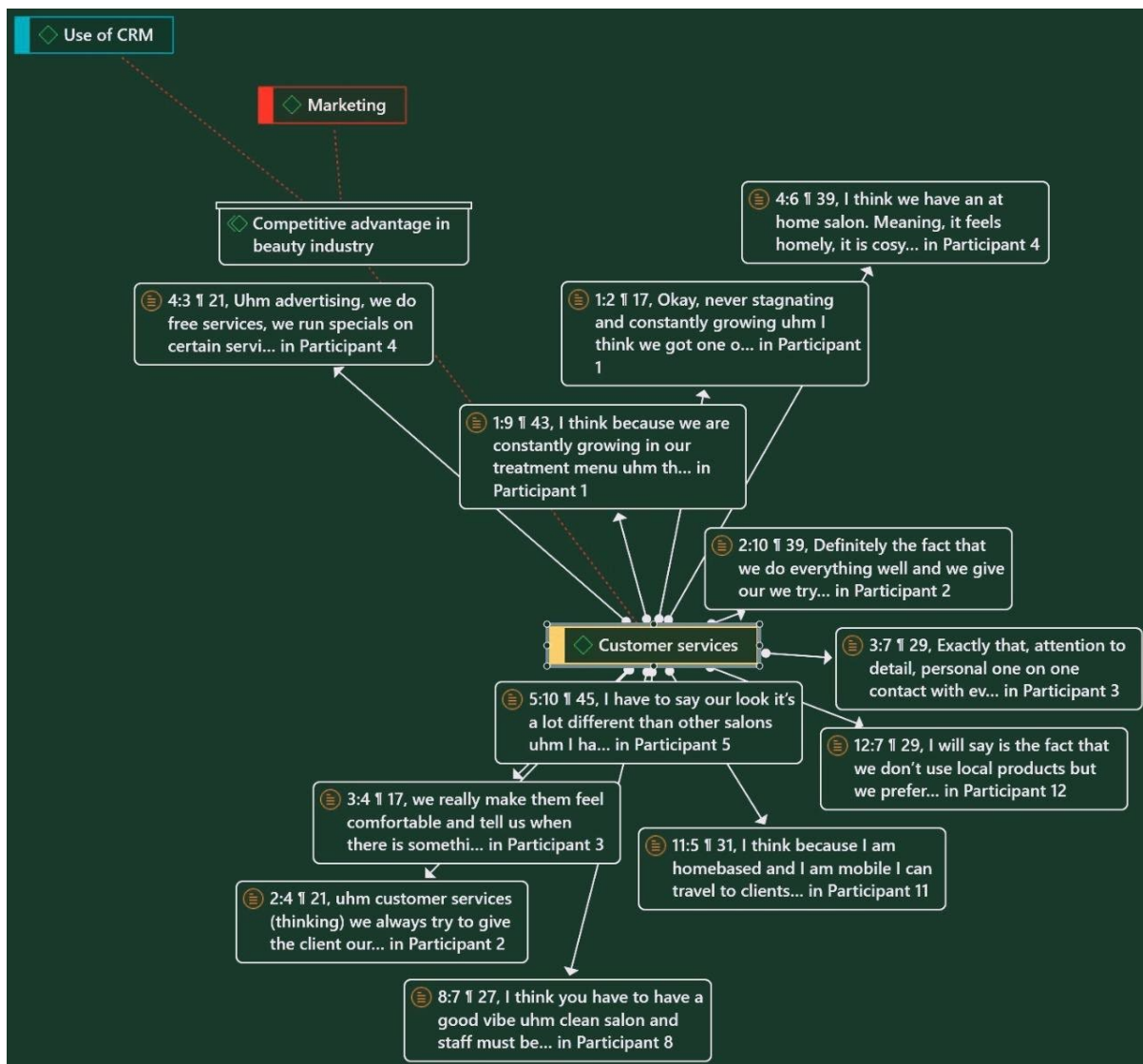


Figure 3.2: Network quotations of customer services

3.5.2 Marketing

This study found that one of the strategies used by beauty salons to remain competitive was marketing their products and services. This study found that beauty salons mainly sell their products on social media. Social media was used to show product attribute differentiation to gain an advantage over beauty industry competitors.

Facebook, WhatsApp, and Instagram are commonly used social media platforms for advertising products and services. The participants believed the essential marketing strategy that gives them a competitive edge was how they treat their clients whenever they come in for assistance. As seen in figure 3.3, this sub-theme had nine quotations

coded under it in which participants expressed how they use marketing as a competitive strategy. The quotations below substantiate the before mentioned findings from the participants:

“Yes, we do. We have a WhatsApp group where we ask the clients if they want to be in it. That is specifically for specials” [Participant 3]

“The best advertisement we have is word of mouth. We do that and social media” [Participant 3]

“We also have the POPI form and everything, so we ask the client if we can send information to them so that when we do special and things we create like an advert and then we send them via WhatsApp” [Participant 5]

“We do promotions on Instagram and Facebook normally WhatsApp as well” [Participant 5]

“I am not sure if what we do is exactly on point with that, but we use WhatsApp. We make groups on WhatsApp, and that is how we get messages and how we market our products” [Participant 7]

“Doing marketing on Facebook and Instagram. We think, in part, Facebook works; it is not like that everywhere, but in Potch, it works. We do Facebook, we do Instagram, we boost our posts, and that also works for us as well” [Participant 7]

“Advertise on Facebook most of the time, but normally we are fully booked” [Participant 8]

“I advertise a lot on Facebook” [Participant 10]

“You do advertisements, you follow up on constant and frequent advertisement on Facebook and Instagram, you can do posters and flyers” [Participant 12]

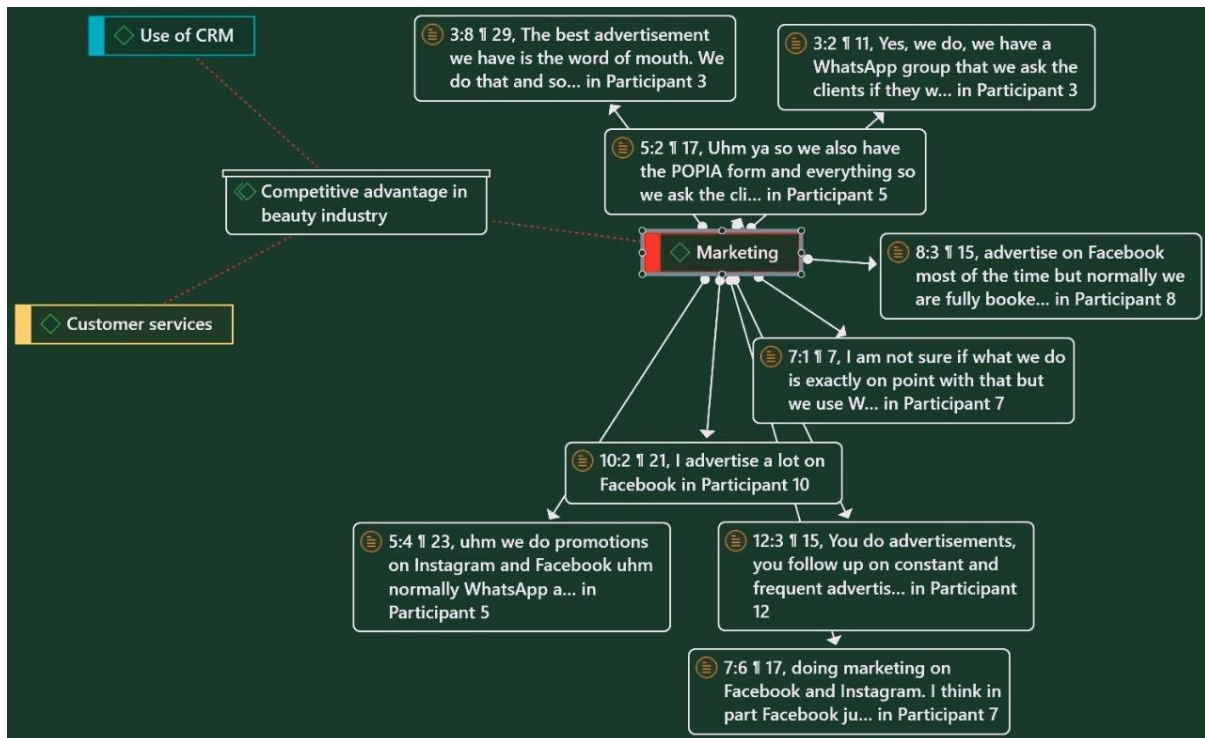


Figure 3.3: Network quotations of marketing

3.5.3 Use of customer relationship management

This study found that beauty salons in the North West province used customer relationship management as a competitive strategy. This study further found that beauty salons used CRM to identify who their clients are, what services they come in for, and how satisfied they are with the services.

This study found that CRM was integral in ensuring businesses communicate effectively with their clients. CRM was seen to enable some beauty salons to specify services for their clients based on the information they have been recording. It was further found to allow some beauty salons to send specials to clients based on their services.

As seen in figure 3.4, this sub-theme had 13 quotations coded under it in which participants were sharing how using CRM gives them a competitive advantage in the beauty industry. The quotations below are some of the responses taken from the participants:

“They normally give us a rating via Booksy or rating on social media as well; I think that is the main thing that we use and smile when they walk out the door. Is that something extra” [Participant 1]

“Okay, we have a system where we store every client's contact number information, how they received the service at the salon, what they have done at the salon, and it is all on record and our system. Each time they call, we type in their number, and their profile will appear” [Participant 2]

“No, we do not. We are old-school by the book. Book-wise, phone-wise and one on one with the customer.” [Participant 3]

“In my diary, when they make appointments, I would write the hair colour down, and I would go back to WhatsApp see when was the last day they were there, and I would find the date in my diary” [Participant 4]

“Booksy has a section that you can do reviews and things, but normally they say on Booksy great job or terrible or whatever the case may be.” [Participant 5]

*“We do promotions on Instagram and Facebook normally WhatsApp as well”
[Participant 5]*

“No, I do not do CRM. This is a sole propriety; otherwise, I work alone, so it is not necessary, old school” [Participant 6]

“Well, yes, you would prescribe a product according to the client's needs, according to the client's main concerns or condition or skin type and also according to their home care or medication. So, it would be prescribed accordingly.” [Participant 6]

“We still use the old school book, and I still like the idea of writing down. I used Booksy for a while so people could book on Booksy. It was not easy with the salon, so we had one facial room, and two people booked a facial at the same time, and we could not separate the rooms.

So, for beauty salons, it did not work well, and I went back to my book, but it did help me to see what was happening at the salon to see client information. Did they pay by card? Did they pay cash? I need to trust the system that I have.” [Participant 7]

“Old school, books and client cards all that” [Participant 8]

“Old school, using a diary” [Participant 9]

“Everything is on my cell phone with business WhatsApp” [Participant 11]

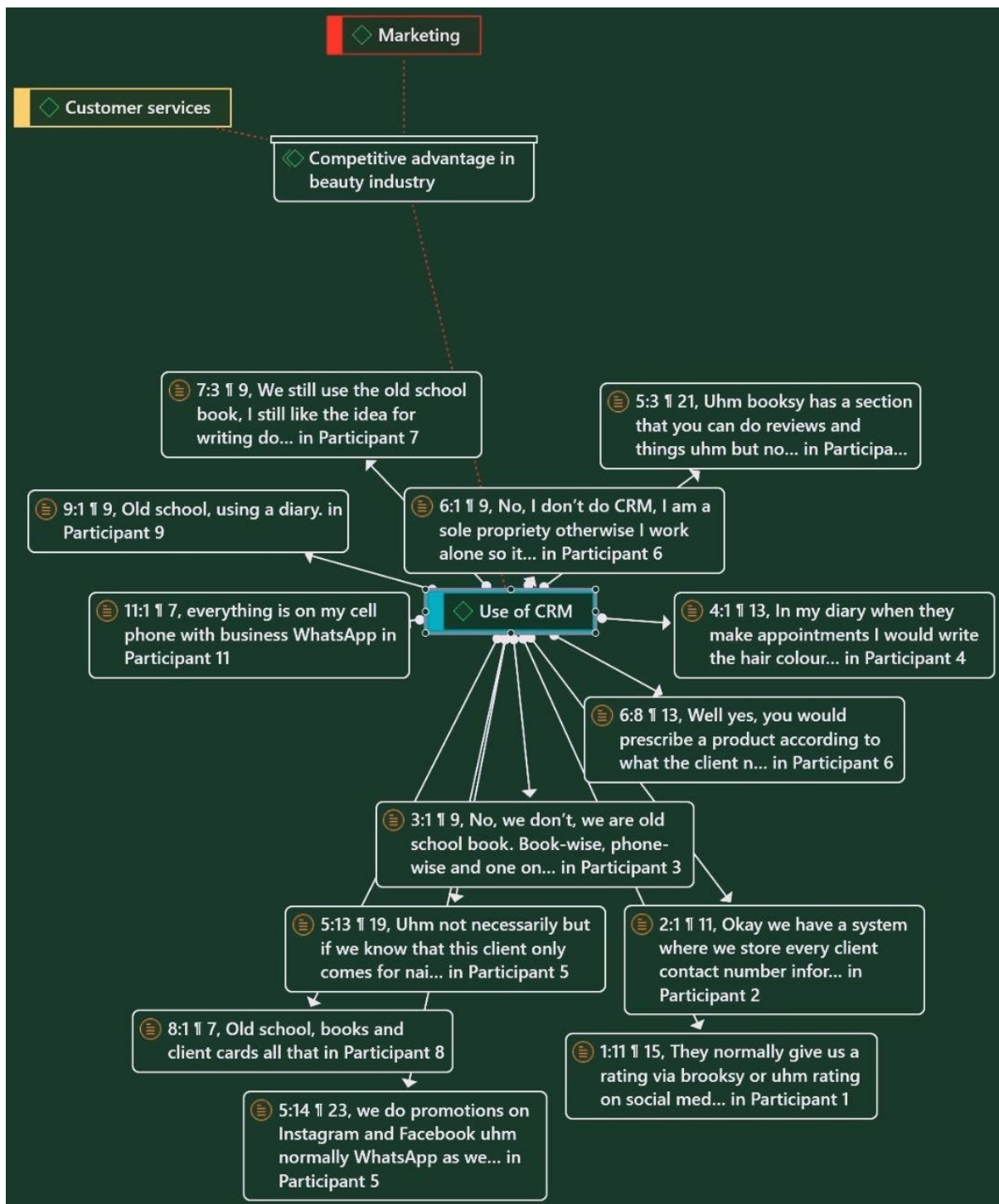


Figure 3.4: Network quotations of use of customer relationship management

3.6 Benefits and challenges of customer relationship management application

The monitoring and control process theme has three sub-themes. This theme addressed objective two, which sought to Investigate the benefits of Customer relationship management in the beauty industry. This theme has three sub-themes; one, improved customer relations; two, customer satisfaction; and three, lack of CRM knowledge. The results of theme number two are detailed below.

3.6.1 Improved customer relations

According to the results, one of the notable benefits of using CRM in the beauty industry was the improved relations between beauty salons and clients. This study found that beauty salons used CRM for communicating specials with clients and managing client information. On the other hand, clients use CRM for booking appointments and rating the services received. This study found that CRM improved customer relations in the beauty industry. As seen in figure 3.5, this sub-theme had six quotations coded under it. The contributing factor to improved customer relations was effective communication between the salon and the clients. The quotes from the participants alluding to the enhanced links are shown below:

“I send regular clients on their birthdays. I send them a discount voucher. We contact them for their birthday” [Participant 1]

“Okay, we have a system where we store every client's contact number information, how they received the service at the salon, what they have done at the salon, and it is all on record and our system. Each time they call, we type in their number, and their profile will appear” [Participant 2]

“We have a WhatsApp group where we ask the clients if they want to be in it. That is specifically for specials” [Participant 3]

“The only thing we do is birthdays; we are huge on birthdays. So usually there is a cake or Champagne, whatever your client prefers” [Participant 3]

“I think we do to get to know your clients for a long time. You know exactly when a new product comes out, this client is going to like it” [Participant 7]

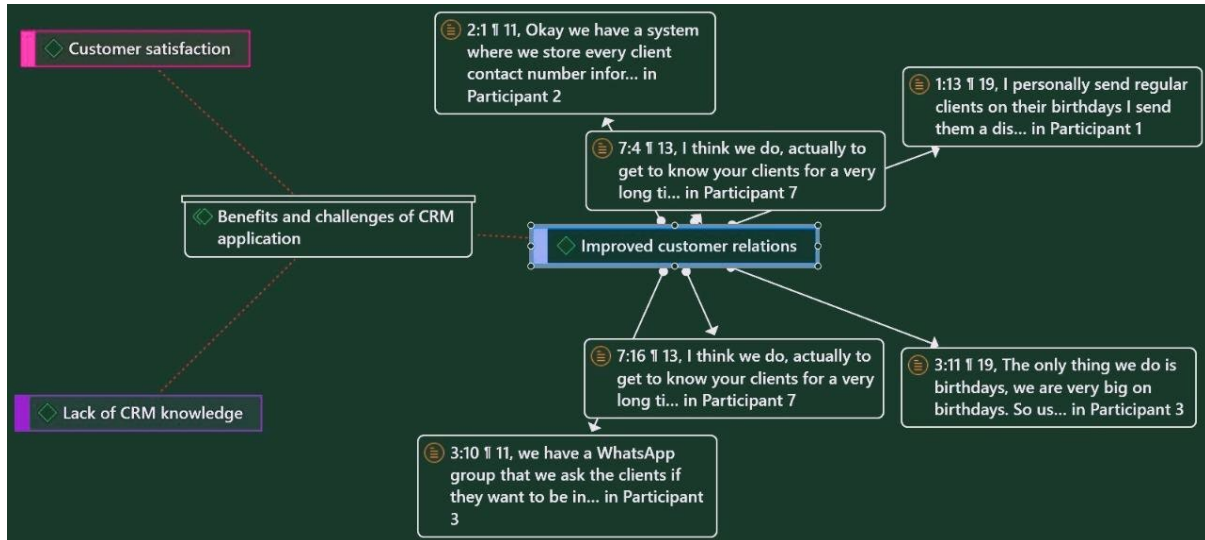


Figure 3.5: Network quotations of Improved customer relations

3.6.2 Customer satisfaction

According to the results, another benefit of using CRM was enabling beauty salons to receive customer satisfaction feedback. As seen in figure 3.6, this sub-theme had ten (10) quotations coded under it. The CRM platforms allowed beauty salons to measure their client satisfaction rate, positively impacting business operations. The quotes from the participants alluding to how CRM will enable them to measure customer satisfaction are shown below:

“They normally give us a rating via Booksy or on social media. I think that is what we use and smile when they walk out the door. Is that something extra” [Participant 1]

“We would send out messages asking if they were happy. Next time they come, we would ask them if they were happy with the service or when they are done with their nails we ask them are you happy with the nails and they can tell us and give feedback” [Participant 2]

“On google, they can give us google reviews as well on Facebook and Instagram” [Participant 2]

“Usually, we ask them a couple of times if they are happy. The treatments that we do start with, for instance, if you have a client and you are doing their nails, they usually come with a picture and show you what they like and choose a colour. While you are doing the treatment, you ask them about the shape and length you are busy speaking with the client one on one the whole time” [Participant 3]

“So some of them after appointments would send a message and reviews on Facebook and word of mouth” [Participant 4]

“Booksy has a section that you can do reviews and things, but normally they say on Booksy great job or terrible or whatever the case may be” [Participant 5]

“It is quite easy; the quickest way to measure it is by word of mouth and rebooking. Like someone who rebooks after their appointment or usually a rebooking that happens within a month or two” [Participant 6]

“I do not have a system for that, I trust my customers, and I do not have anywhere they can fill something out. I always try to let customers know that if they have a problem, I would like them to let me know. I think having a business for so long with most clients; you have a stable relationship. They do come to you and say the new therapists did this, and I did not like it, or it was excellent, but I do not have a specific system” [Participant 7]

“Well, if they are coming for years and years there, you probably know they like the salon. Maybe you ask them what you like about your hair or something like that” [Participant 8]

“So basically, what I do after an appointment I will ask the client face to face and ask if they are happy with their nails and before they pay, I would ask again, and 90% of my client go and write a review on my page that they are 100% happy” [Participant 11]

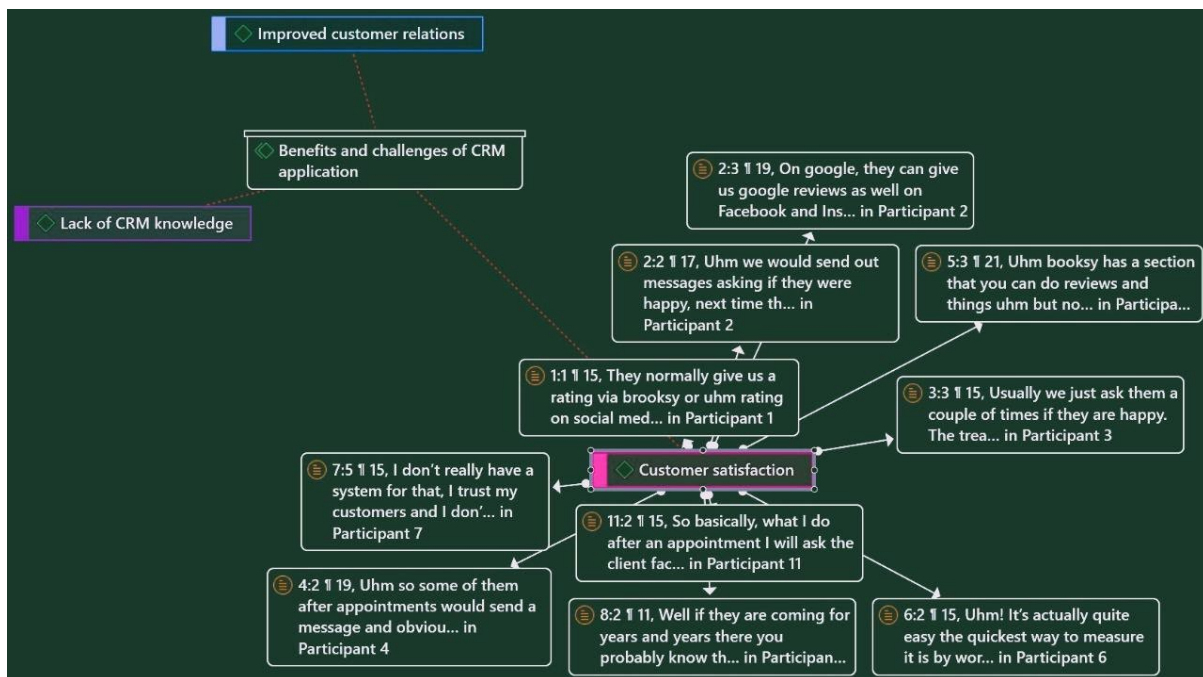


Figure 3.6: Network quotations of customer satisfaction

3.6.3 Lack of customer relationship management knowledge

According to the results, some beauty salon managers lacked knowledge of customer relationship management and how it can be used to benefit the business. As seen in figure 3.7, this sub-theme had five quotations coded under it. This study found that some participants were unsure whether their actions were considered CRM. The quotes from the participants showing a lack of CRM knowledge are shown below:

“CRM solutions, what does that mean?” [Participant 2]

“I think there is a lot that we can learn, especially knowledge-wise, because we do everything in the old way by the book. I am still old school like I do everything in the book.” [Participant 3]

“I do not know what is that” [Participant 5]

“No, I do not do CRM. I am sole propriety, I work alone, so it is not necessary, old school” [Participant 6]

“I am not sure if what we do is exactly on point with that” [Participant 7]

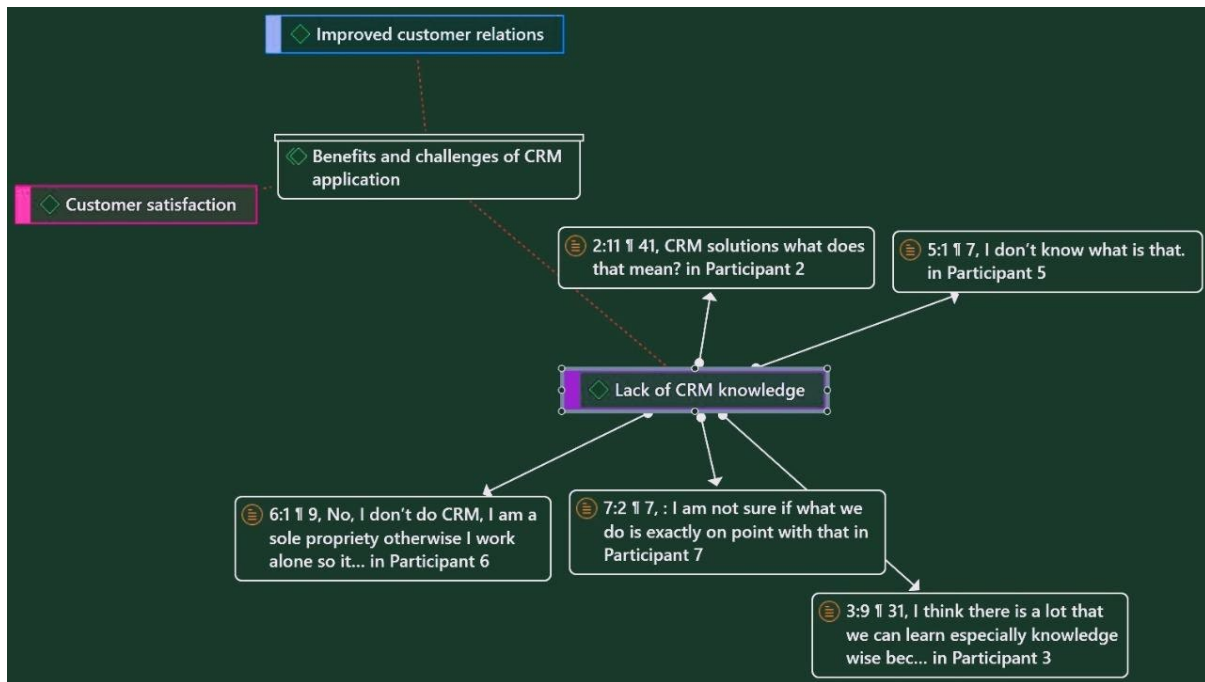


Figure 3.7: Network quotations of lack of customer relationship management knowledge

3.7 Customer loyalty in the beauty industry

This theme was aimed at addressing objective three, which sought to investigate the effect customer relationship management has on customer loyalty in the beauty industry.

This theme has three sub-themes; one, the role of customer relationship management; two, Customer retention; and three, Loyalty programmes and incentives. The results of this theme are detailed below.

3.7.1 Role of customer relationship management

This sub-theme shows results on how CRM plays a role in increasing customer loyalty in the beauty industry. As seen in figure 3.8, this sub-theme had eleven quotations coded under it; some are shown below to support the sub-theme findings. This study found that CRM contributed to customers feeling valued by beauty salons as services

can be catered for their needs. This study found that beauty salons use the information they collect about their clients using CRM to specify individual services. The quotes below show what some of the beauty salon managers expressed about the role CRM plays in customer loyalty:

"I am thinking various, various ones! Everything that we can utilise we normally use. Anything to build customer relationships! Everything" [Participant 1]

"I send regular clients on their birthdays. I send them a discount voucher. We contact them for their birthday" [Participant 1]

"We store every client's contact number information, how they received the service at the salon, and what they have done at the salon, and it is all on record and in our system. Each time they call, we type in their number, and their profile will appear" [Participant 2]

"Every time the client comes, they write down what they have done for them what products they used for their hair; for example, if they are like thin hair or dry hair, we would give certain hair products" [Participant 2]

"We do have specials on the group as well, like we do every month" [Participant 3]

"When we do special things, we create like an advert, and then we send them via WhatsApp" [Participant 5]

"Not necessarily, but if we know that this client only comes for nails, we will not send a facial promotion" [Participant 5]

"We use WhatsApp; we make groups on WhatsApp, and that is how we get messages and how we market our products" [Participant 7]

"We have an ESP programme that sends SMSs for the treatment and if I have a special. I can pinpoint the special to a centralised client SMS" [Participant 10]

“Yes, we do. We use client cards with client information with a system, so if the client gets transferred to a new therapist, they get the full information of the previous treatments so they can follow up” [Participant 12]

“They go to book where they make their appointments they get to rate their treatments per therapist, so according to that you can see what they like what they do not like and if they are happy or not happy” [Participant 12]

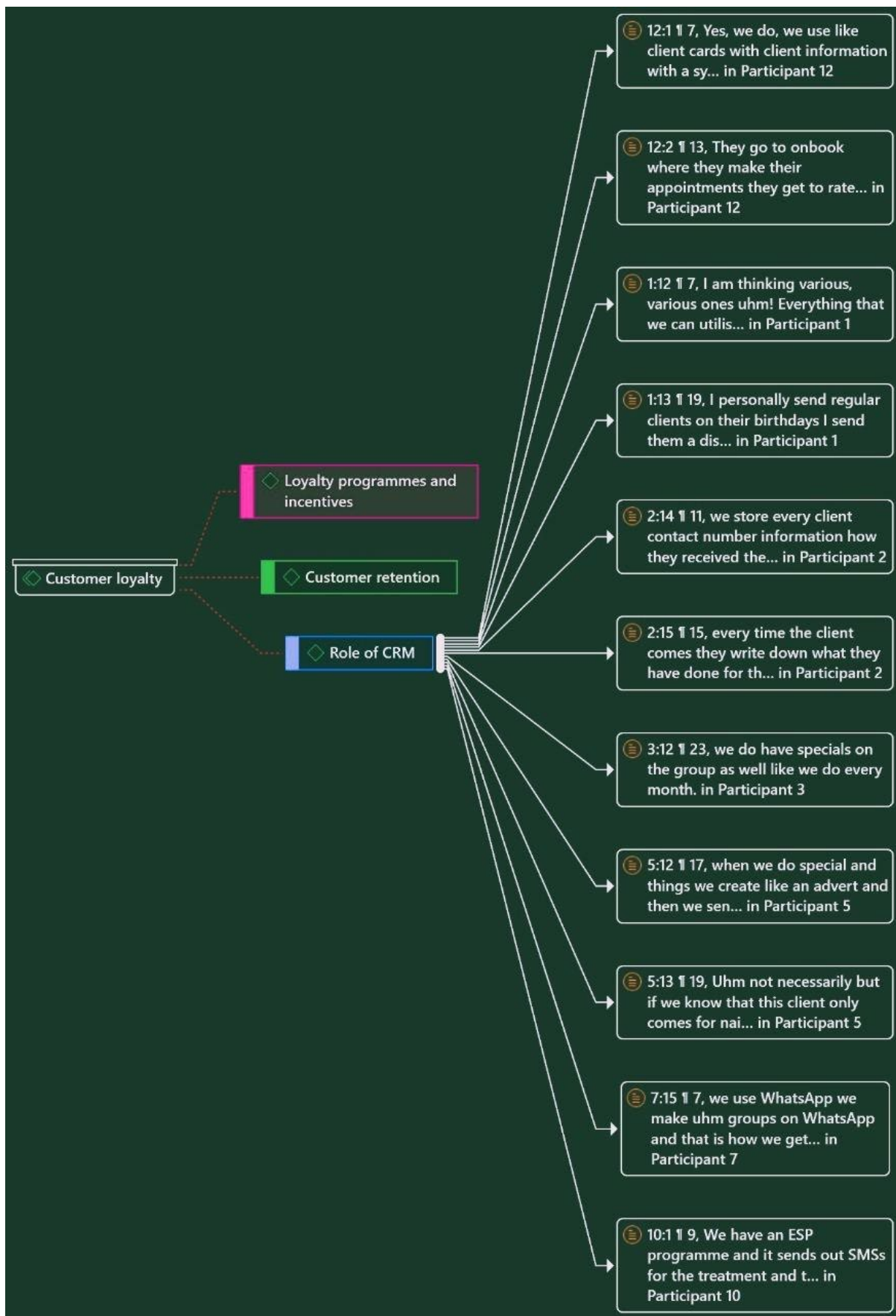


Figure 3.8: Network quotations of the role of customer relationship management

3.7.2 Customer retention

This sub-theme shows results on factors that drive customer retention in the beauty industry. As seen in figure 3.9, this sub-theme had six quotations coded under it; some are shown below to support the sub-theme findings. This study found that having a personal relationship, offering specials and having qualified technicians drove customer retention in the beauty industry. The quotes below show some of the factors that participants mentioned contribute to customer retention:

“Yes, we have done that before. If we see, for example, we do lash extensions and see a few clients not coming back. We contact them asking what is wrong when we do the lashes. If something goes wrong, we can get feedback and improve.”

[Participant 2]

“So normally, if a client is unhappy after treatment, we usually ask them, are you happy? Say, for instance, we did something, then ask whether they are happy. Do you want to change something? Do you want to make it darker if they say no, then we leave them, but normally if they are kind of not happy, we send them a message and ask them are sure you are happy, and normally they would respond, no we are fine or not so happy we ask them to come back, and we help them” [Participant 5]

“All right, that would be like sending reminders before an appointment. Doing add-ons with treatments ensure the clients get the value out of their money. I think it is all about small little things like recognizing customers being able to connect with them aftercare and doing birthday reminders and sending birthday messages, so it is a lot of small things that come in play” [Participant 6]

“There is always a drink like that, so I do a lot of different treatments; facials, for example, you would get a hand or foot massage added to. There are a lot of small things that get added on” [Participant 6]

“I think the educated therapist is definitely a big part of it and just giving an outstanding service, being consistent” [Participant 7]

“I do have specials and posting on Facebook and WhatsApp” [Participant 9]

“My loyalty towards my clients and am always there for them when they want to make an appointment, if it is at night or very early in the morning, so I am always loyal towards my clients” [Participant 9]

“I think personal relationships, for me, go to connections, and I am living in George now, and I am still running it here. The clients phone and ask when am I coming, so for me is the personal touch and sustainability. Not only the clients who move around, but even technicians also move around a lot. So, for me is the connections and the sustainability of the people that work for you” [Participant 10]

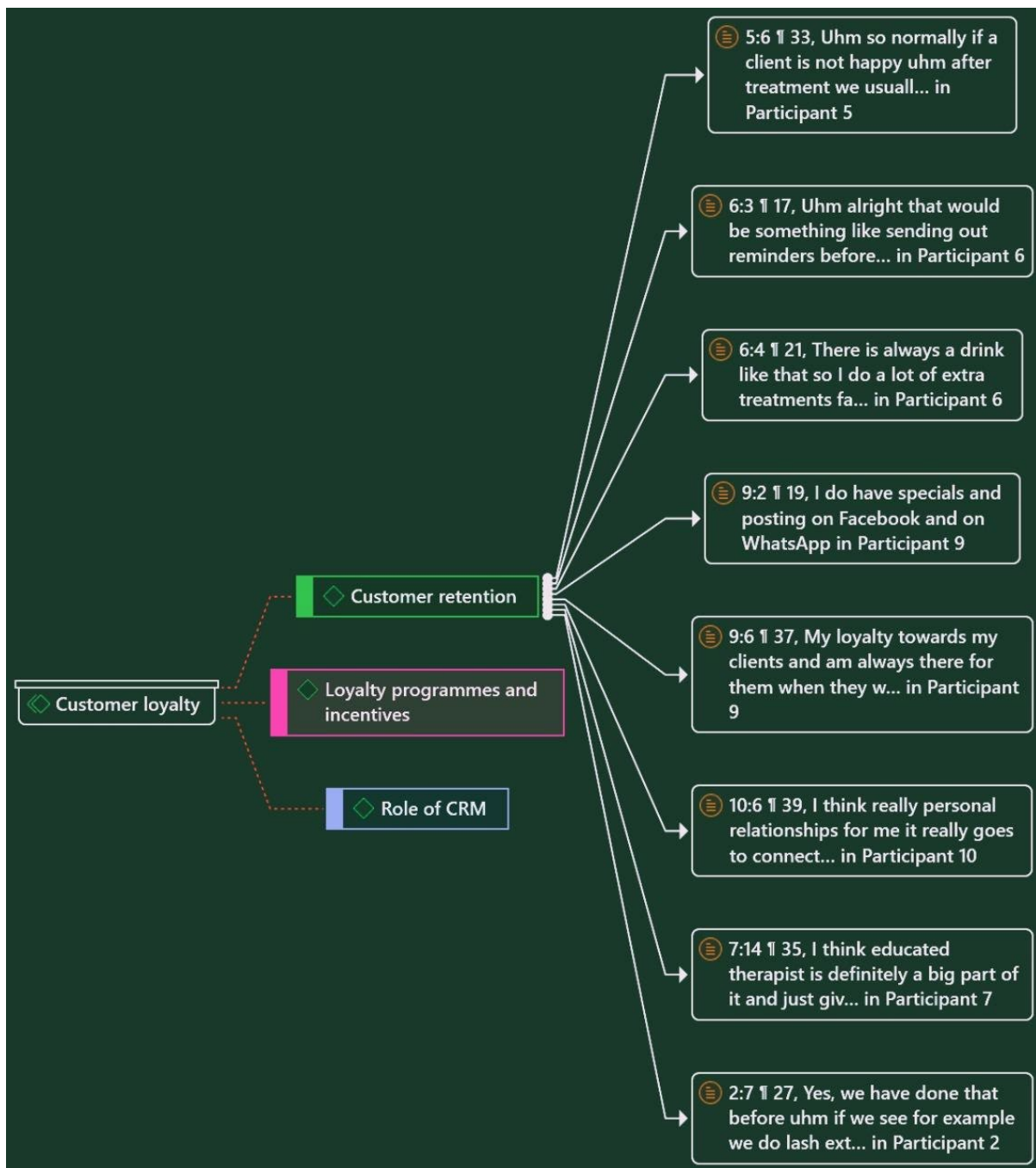


Figure 3.9: Network quotations of customer retention

3.7.3 Loyalty programmes and incentives

This sub-theme shows whether beauty salons use loyalty programmes and incentives to encourage customer loyalty. As seen in figure 3.10, this sub-theme had fifteen quotations coded under it; some are shown below to support the sub-theme findings. This study found that most of the beauty salons in this study used loyalty programmes but, at some point, stopped them. Part of the reason was that it required much work

administratively. However, this study found that beauty salons offer different incentives to their loyal customers. Loyalty programmes and incentives do improve customer loyalty. The quotes below show what the participants expressed regarding loyalty programmes and incentives:

“Yes, we do. We have got a refer-a-friend; if you are happy with our service, you refer a friend to us, and you receive a discount on your next visit, and I send regular clients on their birthdays I send them a discount voucher. We contact them for their birthday” [Participant 1]

“No, we do not have any loyalty programmes” [Participant 2]

“We do that, each client get a bottle of water with our branding on it so the client can choose water, coffee or a juice” [Participant 2]

“I think the loyalty programme would be something to consider in the future, especially since we have clients and we only opened last year in February. Our clients come twice a week for their hair to be blown dry. So definitely like a loyalty programme is something we can do” [Participant 2]

“The only thing we do is birthdays. We are huge on birthdays. So usually there is a cake or Champagne, whatever your client prefers. The one on ones help because you know your clients personally and you know what they would prefer, like a free set of nail art” [Participant 3]

“No, we do not. We only have a blow dry club, so if you pay for four blow dries in advance, you do get a percent off for your full service, and then your cut is free with your colour” [Participant 4]

“Not at the moment. We normally did like a loyalty card, but it gets out of hand sometimes. For Christmas, we are going to do a lucky draw, so if you buy or spend more than R500 in the salon, you will be entered into the draw” [Participant 5]

“Yes, the loyalty cards are tricky, but we do want to do something to give the clients say maybe, for instance, if they come with the next appointment, they can get it a little bit cheaper (someone talking in the background) we have packages of certain things, so the hair washing and blow dry. We have a package, and then your fifth one is free” [Participant 5]

“Not at the moment, no. I have in the past, but not at the moment” [Participant 7]

“I think for me little things like that is just extra admin work” [Participant 7]

“We did like the retail products. If you buy ten, you get the 10th one for free, but the suppliers instituted the incentive” [Participant 8]

“Yes, a loyalty programme” [Participant 9]

“Yes. So, we have a little card, and the 9th or 10th time you get a discount, we either keep it, or they take it with them. My system also has a loyalty, but it is not activated”
[Participant 10]

“We try to have many promos. I do not know how to explain this now, but I try to get to know my clients because it is important to treat yourself. That is why I try to focus on old people than the younger people” [Participant 11]

“Yes, loyalty cards where you get to your clients get to do like five treatments and the sixth treatment would be free or half price” [Participant 12]

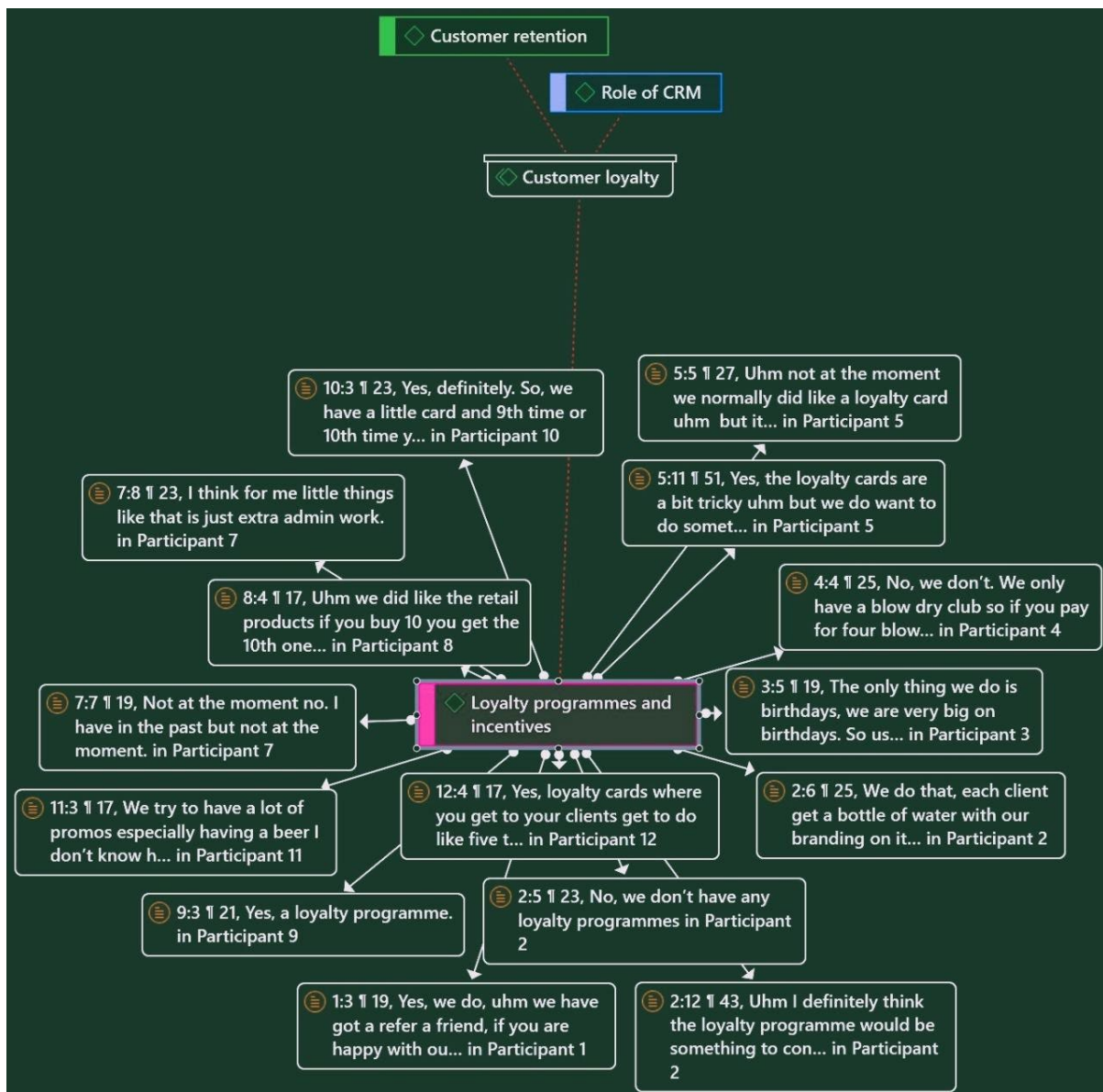


Figure 3.10: Network quotations of loyalty programmes and incentives

3.8 Challenges in the beauty industry

This theme addressed objective four, which sought to determine the various challenges in the beauty industry. The challenges in the beauty industry theme had four sub-themes. Sub-theme one, client movability. Two, technicians' movability. Three unqualified technicians; and four prices in the beauty industry. The results of this theme are detailed below.

3.8.1 Client movability

This sub-theme shows results on factors contributing to client movability in the beauty industry. As seen in figure 3.11, this sub-theme had eight quotations coded under it; some are shown below to support the sub-theme findings. This study found that there are various factors contributing to client movability.

This study found that client relocating contributed to high client movability, particularly in areas with student residences like this study. Lack of quality service was another factor contributing to client movability. The quotes below show how various factors result in client movability according to the participants:

“No, the most recent one, they either moved or one of our therapists moved, and they went along with them” [Participant 1]

“A client can say, for instance, I am doing my nails here for now, and tomorrow I do not feel like going there anymore, I can do them by another salon. That isn't easy because it all concerns clients and whether they feel comfortable with the therapist. They might love the salon, they might love the look, they might love the treatments, but the personality might not gel with a specific therapist, so I do not know if it is challenging” [Participant 1]

“Clients get stuck in the way sometimes, so when we bring in a new product or treatment, they will not always be eager to try it out, so you have to show the results. Clients want to see results, and if they see results, they are more likely to adjust” [Participant 2]

“So, the thing is with our clients, the client is the salons' client, but certain clients prefer certain therapists” [Participant 5]

“Students, the reason they come to you, say, for instance, the whole year you build a relationship with them, then once they are gone. So, they never let you know that I am moving out or anything like that, and we sit with cards that are piling up, and we

go through them, and when you message them, “oh no, I am not in town anymore”

[Participant 5]

“No, I do not have lost clients (laughing). Unless they have moved or something like that” [Participant 6]

“That is one thing I realised after 32 years: clients are the most disloyal people ever. They move around a lot. We are 150 consultants in town, so if they drove by one and they want something, they will stop and not wait for you” [Participant 10]

“Some of the moves, like if you are in an area like Potch, for instance, where I am, you have students, and they are here for a time, and they leave and do their jobs or move back home” [Participant 12]

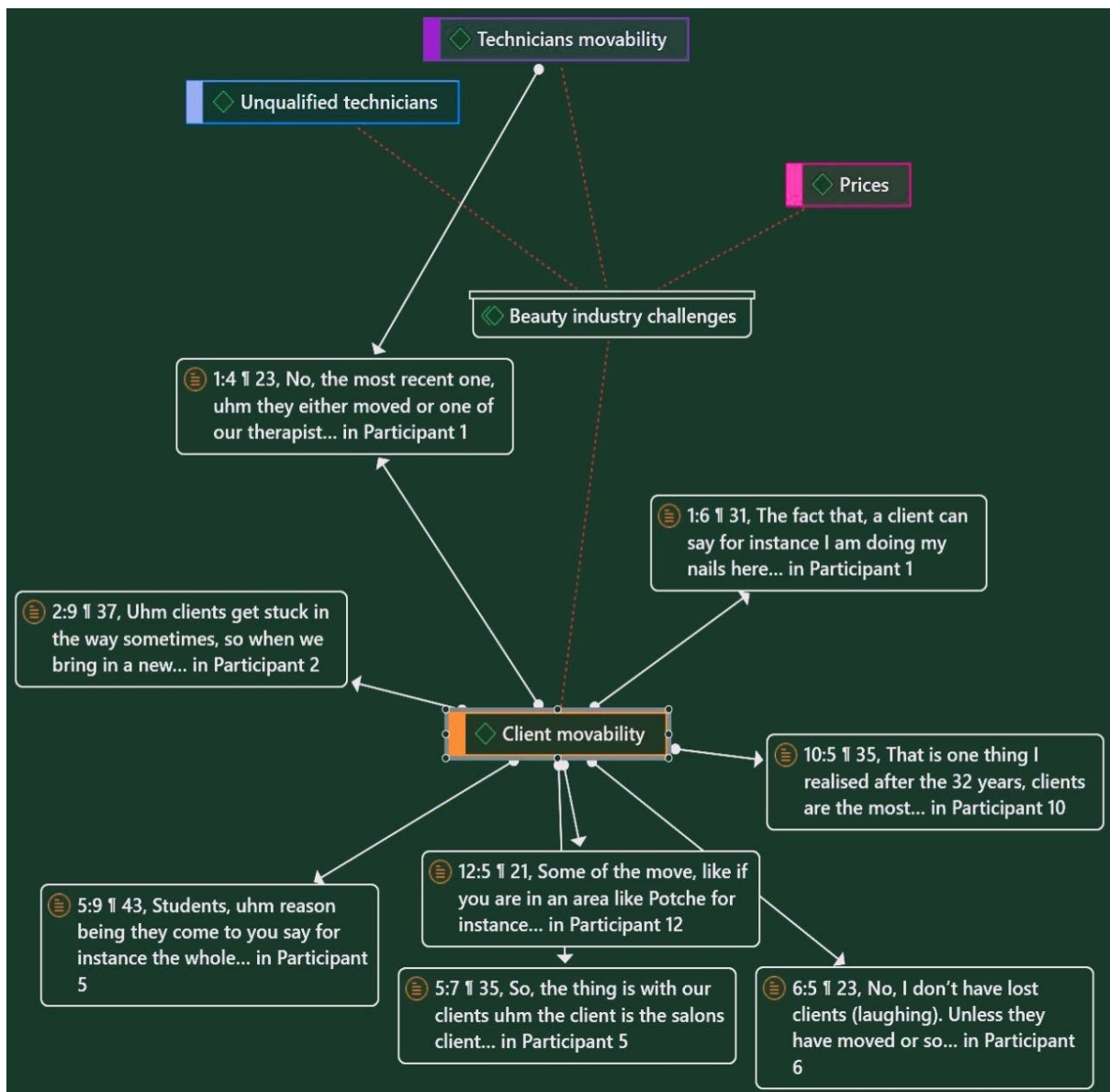


Figure 3.11: Network quotations of client movability

3.8.2 Technicians' movability

This sub-theme shows results on factors that contribute to technician movability in the beauty industry. As seen in figure 3.12, this sub-theme had nine quotations coded under it; some are shown below to support the sub-theme findings.

This study found that relocating contributed to technician movability. Technician movability often causes client movability. The beauty salon managers expressed that this negatively affected operations.

The quotes below show how various factors result in technician movability and how this affects beauty salons are shown below:

“No, the most recent one, they either moved or one of our therapists moved, and they went along with them” [Participant 1]

“Yes, they all left at once. That was hectic because I never expected that they would take quite a chunk of my databases with them, but being the person that I am. I did not go sulk in a corner. I rebuild from scratch, and it is doing great again, so that is a year down the line, and it is back to where it was” [Participant 1]

“One technician left but did not take any customers with them because we were glad that technician went and we got someone in their place, and we are delighted with as her services went up like three times more than the other technician” [Participant 2]

“Two of my technicians left last year December, and they did not take any customers because they went to another town to a salon in another town” [Participant 3]

“One of our therapists did leave, but I am unsure if she took some of our clients. It is messy because she didn't even she just wrote a note and left it in a room and never came back, so we do not know. We do know she has taken clients' numbers, but we do not know if she has contacted them” [Participant 5]

[Participant 7]

“I had a technician who only started in January and left in March or April. She took one or two clients, but there were new clients.”

[Participant 9]

“I do not have any technicians, and it is only me.”

[Participant 10]

“They normally do. After 32 years, I am on my 136 therapists and 20 opened salons around town. So, I do, but they always come back. I lost a few, but they came back. I am prepared for it anytime I am not mad anymore.”

“Yes, recently a therapist did leave, but she did not take any clients with her because she moved out of town to a different one which is not in the same area” [Participant

12]

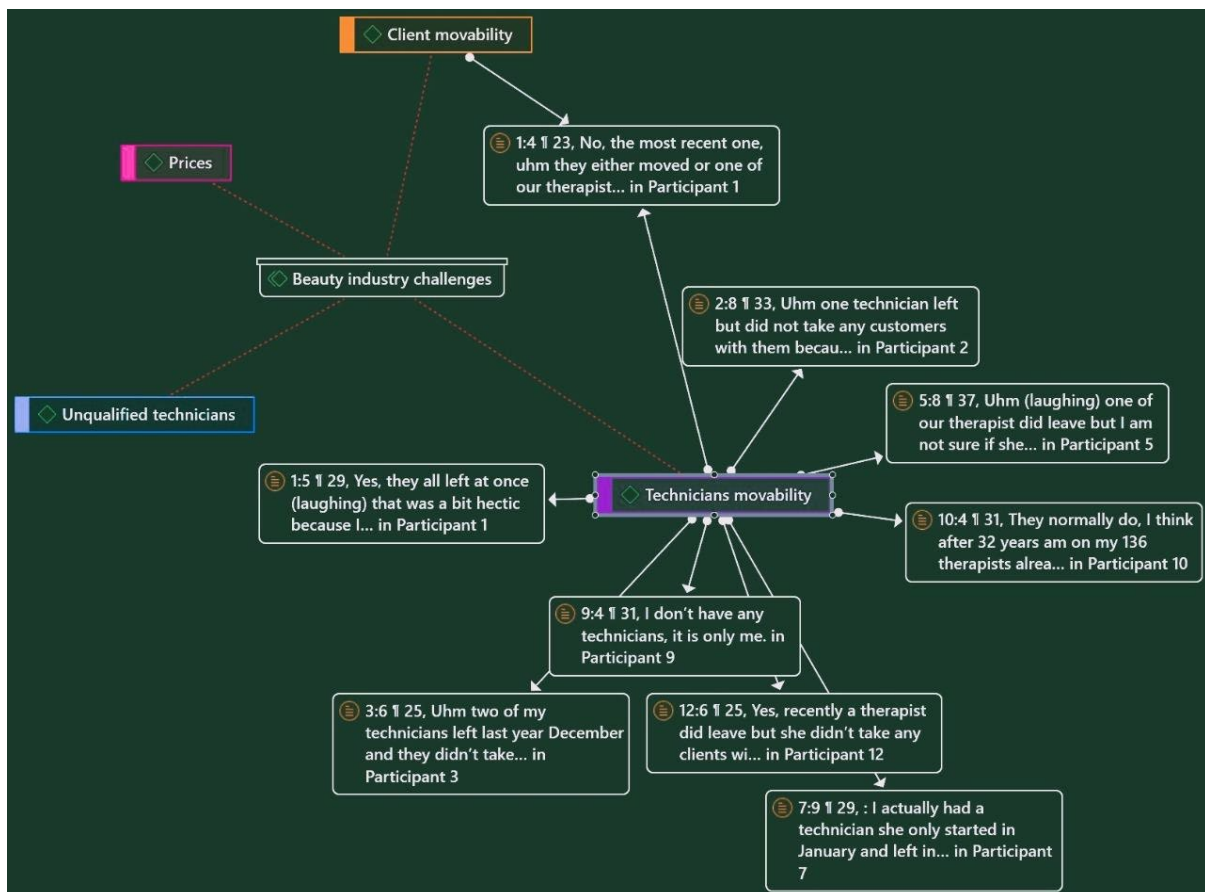


Figure 3.12: Network quotations of technician’s movability

3.8.3 Unqualified technicians

This sub-theme shows results on how salons operated by unqualified technicians are a challenge in the beauty industry. As seen in figure 3.13, this sub-theme had four quotations coded under it; some are shown below to support the sub-theme findings.

This study found that salons with unqualified technicians offered lower prices, eventually affecting competition in the beauty industry. The quotes below show what the participants expressed regarding how salons with untrained technicians affect the beauty industry are shown below:

“Salons that do not have qualified specialists offer cheaper services, for example, nails and using cheaper products” [Participant 6]

“I think the biggest challenge in our industry is short courses, people that are not qualified” [Participant 7]

“So, I think that is the biggest challenge people that are not educated, but they are allowed to run the business” [Participant 7]

“There are many salons, there are too many nail techs and fly by night nail techs most them, so that is the only thing that is quite a challenge” [Participant 9]

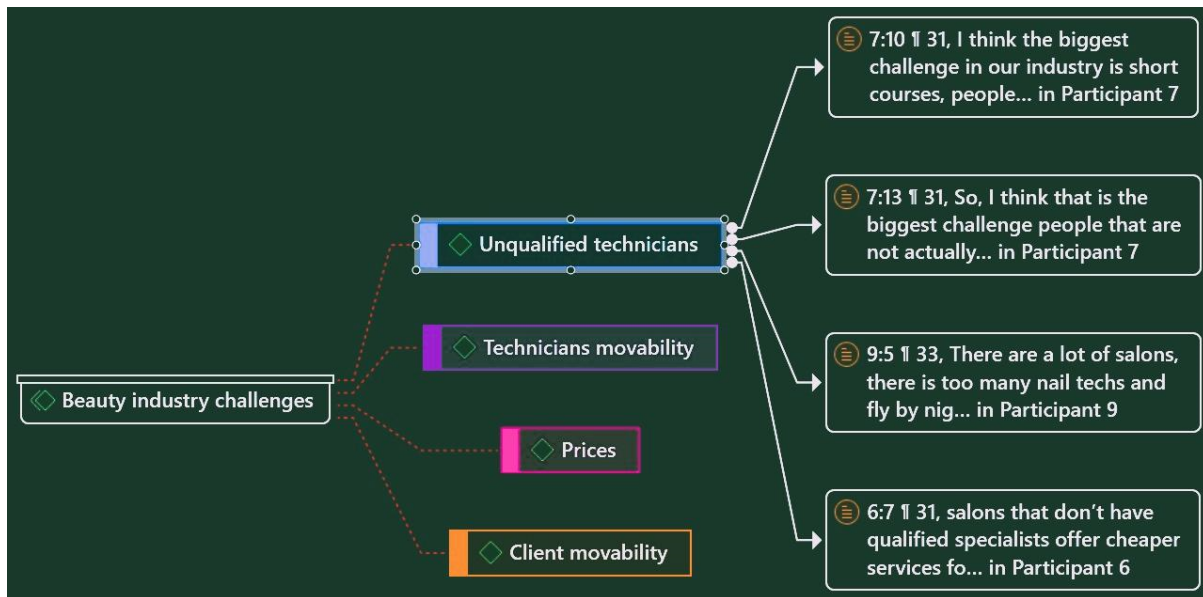


Figure 3.13: Network quotations of unqualified technicians

3.8.4 Prices of local products

This sub-theme shows how prices in the beauty industry affect beauty salons. As seen in figure 3.14, this sub-theme had nine quotations coded under it; some are shown below to support the sub-theme findings. This study found that service prices often result in other clients seeking cheaper assistance elsewhere. Another pricing challenges faced by beauty salons reported in this study was the high prices that beauty salons have to pay to purchase local products. The quotes below show how product and service pricing affects the beauty industry:

“I found that the locally produced stock a lot of them I cannot generalise but specifically the ones I am interested in is more expensive than the imported ones even though the quality is the same the prices are ridiculous” [Participant 1]

“Exactly, because I want to make use of local brands, but price-wise, it is not worth it” [Participant 1]

“Yes, I did, and they would find it is not that they have a new hairdresser. They usually do not have money in certain circumstances” [Participant 4]

“I think pricing can be a factor” [Participant 6]

*“They ask low prices, they use cheap products, they do not do a good job”
[Participant 7]*

“But I mean, if you take Potch, there is a salon we cannot compete with because of their prices. We are qualified to do a massage, but we lose clients. Why would you want to pay R200 if you can pay R50” [Participant 7]

“And most of the times is difficult times they cannot afford it anymore, and they are going for cheaper options” [Participant 8]

“As I said, most of the time, it is money. It is a problem” [Participant 8]

“Prices are going up ridiculously now, like by R34, which means now it is a pressure on our prices and people might not be able to afford it. That is our biggest problem at this moment” [Participant 11]

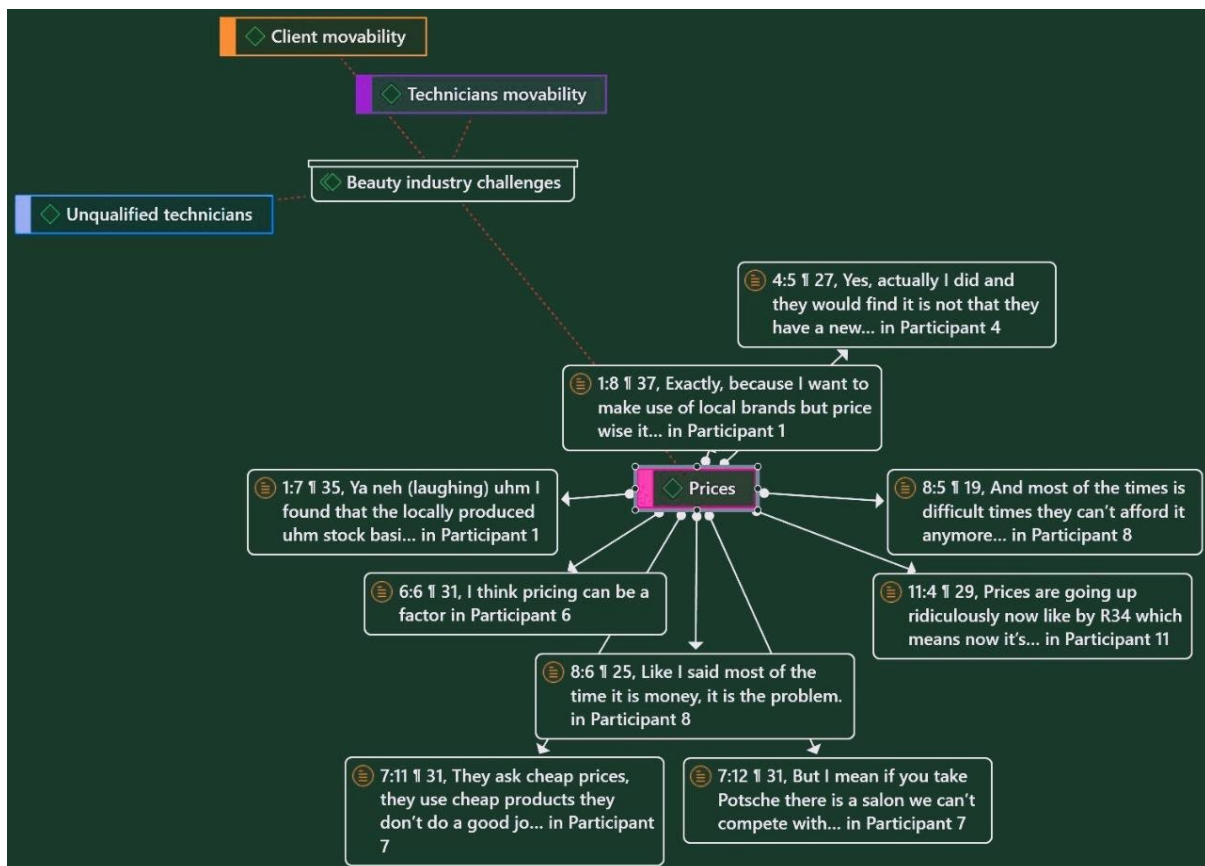


Figure 3.14: Network quotations of prices of local products

CHAPTER FOUR

4. Discussion and findings

4.1 Introduction

This study explored different approaches to increasing sustainable competitive advantage within the beauty industry through customer relationship management. The study further provided empirical evidence on beauty salons' other techniques to improve their competitive advantage through customer relationship management. As noted in the previous chapters, research questions were stated which can be encapsulated into one broad research question, which is:

What are CRM approaches used by beauty salons to increase their sustainable competitive advantage within the beauty industry?

To address the research questions, how beauty salons use different approaches of CRM to increase their competitive advantage was ascertained. Furthermore, the benefits and challenges of using CRM in the beauty industry were determined. Lastly, the challenges faced by beauty salons in the beauty industry were resolved. This section discusses the key findings of the study. The discussion is organised around the research's primary and secondary objectives.

4.2.1 Can customer relationship management be utilized to create a sustainable competitive advantage?

The research findings revealed that customer relationship management creates a sustainable competitive advantage. The results showed that beauty salons with CRM systems in the place knew the profile of their clients, which helped some tailor-make unique services for their clients. CRM created a substantial competitive advantage as salons with a system in place attested to sales increasing even during the Covid-19 pandemic.

This finding was consistent with the literature. One study reported that businesses that used CRM at the beginning of the survey attested to an improved competitive advantage towards the end of the study (Bhat & Darzi, 2016).

Another study also proved that businesses that used CRM approaches and systems had more competitive advantage than businesses that did not use CRM (Alqershi *et al.*, 2020).

This study found that beauty salons using CRM over the years attested to a sustainable competitive advantage even in the presence of many salons in their area. This study found that applying different CRM approaches helped market salons' specials and services to clients. Most of the study participants attested to using social media as one of their marketing tools. A study found that businesses need to meld their social media programmes with CRM (Heller Baird & Parasnis, 2011). This study found that many beauty salons do not combine social media with CRM systems. This study found that some beauty salons attested to still being old school, potentially affecting their competitive advantage in the long run. This is certified by a study that found it essential for businesses to reinvent their company's CRM strategy and recognize social media as a game changer and that the customer is in control, making the customer experience seamless (Elena, 2016).

4.2.2 What are the benefits of customer relationship management in the beauty industry?

This study found that using CRM had several benefits for beauty salons that participated in the study. This study found that beauty salons using CRM attested to improved customer relations. Beauty salons improved their relations with their clients since CRM helps them understand who their clients are, what services they come in for and whether they are satisfied with the services they receive. However, to maximise the benefits of CRM, it should involve technology to organise, automate and synchronise business processes.

This study found that some beauty salons still used manual processes for their CRM. A study found that CRM application was essential for companies to grow and help increase customer satisfaction (Dhaka, 2014).

Another benefit of CRM for beauty salons is that it increases customer retention, as salons can contact and engage with clients who have not been there for some time. This was further found to allow salons to understand why some clients have not come

in for services. This also helped improve services for regular customers. A study found that CRM can reduce costs and increase profitability by retaining customers if utilised to its full potential (Boadu & Achiaa, 2019).

This study found that beauty salons are not carrying out CRM fully to accomplish the ultimate goal of customer retention. A contributing factor was that many beauty salon managers who participated in this study lacked CRM knowledge. This finding was justified by a study that found that management's lack of CRM knowledge negatively impacted its application in the business (Khodakarami & Chan, 2014).

This study found that using CRM by beauty salons allowed customers to rate their satisfaction with the services received. This enabled beauty salons to measure their customer satisfaction rate, which is essential in increasing profits. Several studies have reported that CRM allows businesses to understand customers' satisfaction trends, which is crucial for increasing profitability (Dhaka, 2014; Fan & Ku, 2010; Song *et al.*, 2013).

4.2.3 Does customer relationship management affect customer loyalty?

This study found that customer relationship management contributes to customer loyalty. This study found that CRM plays a huge role in customer loyalty in the beauty industry. This study found that beauty salons used the information collected through CRM to develop loyalty and incentive programmes for their loyal customers. However, most beauty salons struggle to manage their loyalty programme effectively.

This study found that salons were good at using incentives as their competitive advantage. However, empirical research shows that loyalty in competitive repeat purchase markets is shaped more by the passive acceptance of brands than by strongly-held attitudes about them (Vogt, 2011). Another study found that loyalty programs have been a distinct avenue to enhance long-term customer relationships and are advisable for businesses (Xie & Chen, 2013).

This study found that beauty salons use various incentives as a competitive advantage and to keep loyal customers. This study found that beauty salons relied on incentives

as a competitive advantage rather than using CRM. All the beauty salons that participated in this study made use of some incentives and gave credit to them for customer loyalty. However, some incentives done on a client's birthday relied on CRM. A study found that client loyalty increased when the business introduced incentives (Kim *et al.*, 2019). Customer loyalty in the beauty industry was found to be driven by the beauty salons presenting and maintaining their incentives.

4.2.4 What challenges does the beauty industry face?

This study found that beauty salons in the beauty industry experience various challenges that negatively impact their business operations. These challenges were client movability, technician movability, unqualified technicians and prices. This study found that most beauty salons were challenged with client movability, and this was not a result of receiving inadequate services. This study found that clients were moving because they relocated to other areas.

A study has shown that it has become more accessible for people to migrate, affecting businesses as some lose their clients (Bhat & Darzi, 2016). Another challenge that this study found was technician movability. This study found that some beauty salons lost their technicians due to relocation. Another negative impact of technician movability was that some also moved with clients. This finding was consistent with a study that reported that employees who interact with clients directly usually move with their clients when they find another job (Kim *et al.*, 2019).

This study also found that another challenge that is faced by the beauty industry is unqualified technicians in the beauty industry. This study found that untrained technicians offered lower prices, resulting in client movability during tough economic times. This was found to be one challenge that is confronting the beauty industry. A study found that due to a lack of regulations, unqualified technicians can operate as a result (Narendran, 2011). Another study found that the lack of price regulations in the beauty industry allows untrained technicians to work (Naidoo, 2012).

Another challenge that is faced by the beauty industry is the prices of local products. This study found that beauty salons are forced to order products overseas due to their reasonable prices.

A study found that local markets usually charge higher fees than the international market, affecting local economies in the long run (Nordmann & Day, 2017).

4.3 Conclusions

The main research question of this study was: What are the CRM approaches used by beauty salons to increase their sustainable competitive advantage within the beauty industry? The answers to the question indicated that beauty salons use various strategies to remain competitive. This study found that CRM is crucial in ensuring a sustainable competitive advantage due to its ability to store and manage client information.

On the other hand, the answers to the question also indicated the benefits of using CRM, such as improved client relations and the ability to measure client satisfaction. Client and technician movability was one of the beauty industry's significant challenges salons face. Moreover, unqualified technicians and high prices of products from local suppliers were other challenges facing the beauty industry. CRM is critical in the beauty industry and should be combined with social media.

This study has shown that using CRM gives beauty salons a competitive edge. Beauty salons that are using manual CRM should consider using an automated system. However, a proper strategy must be developed for CRM gains to be realised to meet business needs and address operations challenges.

4.4 Recommendations

The recommendations of this study are based on the literature and data collected, which focuses on the CRM approaches used by beauty salons to increase their sustainable competitive advantage within the beauty industry. This study revealed that beauty salons use various CRM strategies to remain relevant and sustain their competitive approach. Beauty salons' use of manual CRM should be addressed to allow salons to manage customer information more effectively.

Technician movability, client movability, manual CRM, high local product prices and unqualified technicians were the significant challenges facing the beauty industry. The following were the summative recommendations of the study:

- The beauty salons should implement an automated CRM system to store and manage client information effectively,
- CRM awareness campaigns should be targeted at beauty salon managers so that they can have more knowledge and understanding.
- Beauty salon managers should create a conducive work environment to avoid technician movability, which often results in client movability
- Regulations should be implemented to prevent unqualified beauty technicians and unregistered salons from operating.

4.5 Chapter Summary

The chapter presented the analysis of data collected from beauty salon managers in the North West province. The investigation was combined with the results. Lastly, the findings of this study were discussed in the last section of this chapter. This chapter concludes the research and outlines possible recommendations based on the results.

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Addendum

Appendix A

Interview schedule

Opening

The interviewer will introduce herself to the manager or owner of the organisation.

The interviewer will ask questions about the company for the research on sustainable competitive advantage.

Documentation has been drafted that needs to be signed to proceed. The researcher will hand the permission letter and letter of consent to the owner or manager.

Customer Relationship Management (CRM) is a strategy companies use to manage interactions with customers and potential customers. CRM helps organisations streamline processes, build customer relationships, increase sales, improve customer service, and increase profitability.

When we talk about CRM, we usually refer to a CRM system. A CRM system provides a central place for businesses to store customer and prospect data, track customer interactions, and share important information between colleagues. The goal of a CRM system is simple: Improve business relationships to grow the business. CRM tools help manage customer relationships

Interview

This interview should take about 30 minutes and consist of 11 questions.

1) Do you use CRM? If **yes**, what do you use? How is this data aiding your business?

If **not**, how do you collect data? (This question can be used to have quantitative data)

2) Do you use clients' information to specify products and services?

3) How do you measure clients' satisfaction rates?

4) What actions do you take to increase customer service?

5) Do you use a loyalty program or incentive? What?

- 6) Have you ever contacted lost clients to ask what is wrong?
- 7) Who is responsible for sales organisation in your company?
- 8) Did one of your technicians recently leave, and did they take customers?
- 9) What challenges would you say this industry has concerning the movability of clients? Any other challenges you are facing?
- 10)What strategy sets you apart from other salons?
- 11)What would you like to learn from other companies and implement in your organisation regarding CRM solutions and planning efficiency?

Closing

The interviewer will thank the participant for their time and confirm that they have all the information needed for the study.

Appendix B

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Language Editing Certificate

With this letter, **RD du Plessis** confirms that the document Ms Lizanne Smit provided has been checked and adapted to fall within the correct structure, language, and requirements of NWU Harvard referencing.

The document, *A Managerial framework to increase a sustainable competitive advantage within the beauty industry through utilizing CRM*, is as stated above and is correctly presented with NWU Harvard referencing

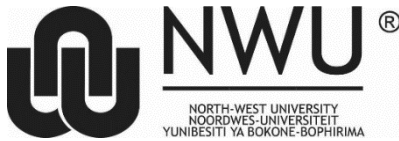
Document Edit done by:

Rodante du Plessis

Datum:

29 November 2022

Appendix C



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01 August 2022

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the **Economic and Management Sciences Research Ethics Committee (EMS-REC)** on 29/07/2022, the Economic and Management Sciences Research Ethics Committee hereby **approves** your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-REC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: A managerial framework to increase a sustainable competitive advantage within the beauty industry through utilizing CRM
Study Leader/Supervisor (Principal Investigator)/Researcher: Mr J Coetzee - MBA
Student: Smit, L (24451312)

Ethics number:

N	W	U	-	0	0	7	3	1	-	2	2	-	A	4
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Institution Study Number Year Status
Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation

Application Type:

Commencement date: 01/08/2022

Risk: Low

Expiry date: 01/08/2023

Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.

Special in process conditions of the research for approval (if applicable):

•

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

- *The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the EMS-REC:
 - annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and
 - without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.*
- *The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.*
- *Annually a number of studies may be randomly selected for an external audit.*
- *The date of approval indicates the first date that the study may be started. In the interest of ethical responsibility, the NWU-SCRE and EMS-REC reserves the right to:*