

**A STUDY OF BUSINESS PLAN DEVELOPMENT  
OF NAIL SALON IN BANGKOK**



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OF NAIL SALON IN BANGKOK**

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**A STUDY OF BUSINESS PLAN DEVELOPMENT OF NAIL SALON IN BANGKOK**

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**ABSTRACT**

The growing tourism sector of Thailand has given rise to business opportunities in the health and wellness industry. Turquoise Nail Salon is one of the stores seeking to take advantage of this opportunity by providing luxury nail services to both locals and tourists in Terminal21, one of the most prestigious and well-known department stores in the Asok area of Bangkok, Thailand. After experiencing approximately 67% growth between 2017 and 2018, the owner of Turquoise Nail Salon has interest in investing in the expansion of a new branch in the Asok area. The purpose of this research is to qualitatively analyze and evaluate the business plan of the Turquoise Nail Salon, ultimately modeling the business through a business canvas and providing suggestions for both marketing and financial operations.

The research has interviewed the relevant stakeholders of the Turquoise Nail Salon in order to create a successful business model. The owner, three nail technicians and seven customers were interviewed with questions that are thematically based on location analysis, value-chain analysis, and the SWOT model. From the answers gathered the researcher has formulated a business model canvas. Despite costs incurred by both the relatively high rental costs in Asok and staff, the researcher believes that Turquoise Nail Salon should expand its operations and open a second store as a result of meeting customers requirements and the large potential client base obtainable through online marketing. Further financial analysis of the business model has shown that the business would have an estimated monthly expense of 398,055 THB and could break-even by generating 1,392 THB hourly or by providing a daily income of 15,312 THB.

**KEY WORDS:** Business Model / Finance / Nail Salon

30 pages

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# CHAPTER I

## INTRODUCTION

### 1.1 Background and Problem Statements

The art of nail cares starts many thousands years back in 3000 B.C. In China, red and black nail polish used to reflect social status of the royal family's members. In United States, the Sitts Method was the first salon with nail technicians established in mid-1800s and gained popularity among woman in all income levels. Sitts Method encouraged woman to take care of their nails and cuticles. Later in the 1920s, the popularity of nail technicians has expanded from the United States to Europe and other continents. The Association of Accredited Cosmetology School was established in the year 1924 to set the standard of nail technicians until nowadays. Nail salon in the present time is a specialty beauty salon that provides special cares using technology and technique for fingernails, hands, toenails, and feet treatments.

In Thailand, the growing tourism sector also has a positive impact on the health and wellness industry, creating opportunities to launch new ventures in the nail salon business. Turquoise Nail Salon was established in June 2016 by Ms. Warin Pattaramaetakul who is passionate in beauty services, especially the spa and nail. Turquoise Nail provides specialty services for manicure spa and pedicure spa with nail polishing and hair removal program. Turquoise nail's first store located in Asok area, opposite to Terminal21 which is a well-known destination for shopping, especially for tourists. The store was designed to be stand-alone, offering luxury nail services. The service standard has been set up and managed by the partners of Khun Warin. Turquoise Nail was well-known as a professional well designed nail style in Asok area. However, the conflict of ownership led to the failure of the partnership after eight months of establishment. Later, the partnership and the nail salon management were taken over by Khun Thitisuda who is the cousin of Khun Warin.

Turquoise Nail Salon provides four seats with four technicians every day. It opens from 11 a.m. to 10 p.m. on weekday and from 11 a.m. to 9 p.m. on weekend.

Turquoise Nail can serve 22 customers per day at full capacity. Nowadays, 10 - 15 customers visit the nail salon per day. The number of visitor is moderate. The capacity usage is 68.1%. The range of services that is provided by the store include nail care, hand and arm treatment, leg and foot treatment, and wax. The number of customers is increasing gradually. Turquoise Nail's business gains approximately 67% growth by comparing the sales from 2017 to 2018. The revenue provides adequate profit to expand a new branch in 2019. In fact, establishing a new branch could help gaining economy of scale and decreasing the cost of operations, leading to the increase of profit. Therefore, the owner conducts this research to make a feasibility study of the possibility of opening another nail salon in a new area and to build a successful investment.

In 2019, Khun Warin and her partner plan to invest in expanding new branch of Turquoise Nail in Asok area which expected to meet the increasing customer demand. The owner found that Asok is potential area that match with the target customer group. In Asok branch, the owner plans to have four seats for manicure and pedicure treatment and two seats for fingernails polish, plus four seats for waxing. They expect to have the same main focus group as Turquoise Nail Asok branch which are travelers aged 25 years old to 45 years old. who stay in the hotels in one kilometer around the area, travelers age 25 years old to 45 years old who travel to the area, and expats who live two kilometers around the area.

In this research paper, the study begins with a location analysis which the owner made decision to launch the business in Asok area. Then the research will study the target group by adapting a positioning map to illustrate the customer perception of nail salon business in the same area. The positioning map will help comparing customer's perception on the service quality and price against the competitors, which facilitates developing the competitive advantage of the business. Furthermore, the expanding of using space in new branch would create more capacity. Turquoise Nail in Asok is expected to serve 44 customers per day with 10 seats with full capacity. In the last part, the business model canvas will help the researcher to have clearer picture of business's activities through service's value proposition, infrastructure, customers, and finance which will make a great benefit in expanding new branch. In financial analysis part, the researcher aims to make a deep understanding to balance the investment, cash flow, and profit earning in order to plan for the next investing.

## **CHAPTER II**

### **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

The Literature Review section consists of various models and theoretical concepts that would help in enlightening the study with a basis of knowledge, which would accommodate and improve the Nail Salon business that has been proposed in this paper. Therefore, the researcher has decided to focus on a few elements in this literature review, that are customer satisfaction, where the definition and past studies are presented. Followed by Location, Store Design, Positioning Map, Value Chain Analysis, and SWOT Analysis. The researcher believes that all these elements are crucial in understanding the Nail Salon business model. Lastly, an area study is presented on the location where it is being opened, that is Asok.

#### **2.1 Customer Satisfaction**

The new generation of consumers has adapted more intense information gathering behavior compared to that of traditional consumers. Before conducting any purchasing actions or consuming a service, the consumers tend to search for the product/service characteristics, compare between alternatives, and finally choose the right product/service. According to Cook (2008), consumers level of dis-satisfaction increases when their expectations are not met based on their research. The overall satisfaction/dissatisfaction of the consumers can be defined via multiple variables. For example, the difference between Actual & Perceived product/service, the consumption, the time length required for consumption of service etc (Bielen and Demoulin, 2007). In addition, the study points out that, personal happiness, pleasure, fulfilment of desirable services can also result in positive satisfaction of the consumers. This concept was defined in the literature by Oliver (2015), which stated that a conscious mind relates satisfaction to achievement. In other words, meeting a need, demand, or expectation would provide a consumer with a feeling similar to completing an achievement. The level of satisfaction received by

the consumers can be well-identified after the consumption of the product or service. Thus, Kotler (2000) linked satisfaction to the post-purchase feeling. However, unlike product satisfaction, service satisfaction can be received during the period of receiving or consuming the service. One of the major aspects of service satisfaction is employee behavior. The attitude and behavior of the staff members engaging or communicating with the consumers would definitely affect their future behavior. Their attitude and service could either trigger a positive feeling or develop into a negative outrage, both, affecting the image of the business (Goncalves, 2006).

A resultant effect of satisfied consumers can be seen in a study by Kotler (2002), that is generating higher revenue for the business and retaining customers. Kotler (2002) stated that buyers who were satisfied intend to re-use the product/service and further recommend to their friends, families and other people.

## **2.2 Location**

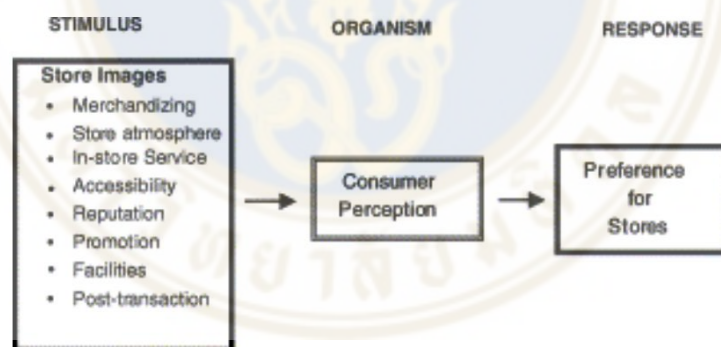
The environment of the business operation is an important aspect of running it. According to John, Ejikemeand Alfred (2015), the environmental factors; that is the nature of the surrounding environment, the location, the policies, and the distribution strategy of the business can define how successfully can it operate. Above all, Minai and Ossai-Igwe Lucky (2011), claims that location should be prioritized primarily, especially if the business operates as a retail shop and further in its primary stage. John, Ejikemeand Alfred (2015) affirms to the fact that a proper site is critical for a retailer as well as a consumer who is seeking for their needs to be fulfilled. The importance of location has been further stated in research by Kotler and Armstrong (2004), which states that retail location must be in an accessible region which is situated around the target group of the business. This can enhance the walk-in customer to visit more frequently, as well as reduce the possibility of being blind-sighted. Thus, most retail stores are willing to invest in a proper location (mostly in the center of the city or a mall), despite involving higher rental and operational costs (Finn and Louviere, 1996).

John, Ejikemeand Alfred (2015) also stated a few of the Push & Pull factors that would allow any business to set up a location in a prime area for itself. According to the report, the involvement of competition and the demand popularity of the area is

recognized as the push factors. On the other hand, developing a market, the positive scheme of communication, an increase in consumer demand for relevant product/ services, availability of resources, and government incentives are prime pull factors to decide on a location. Similarly, the findings of Minai and Ossai-Igwe Lucky (2011) shows that effective location contributes towards the positive performance of small firms and retail outlets.

### 2.3 Store Design

Research has claimed that consumer loyalty can be built with a desirable store layout. Estelami and Bergstein (2006). Devlin et al, (2003) have shown in their study that the store layout and the arrangement of the in-store elements can build an impression, resulting in attraction and attention from the consumers. Further, these studies claim that store layout can leave an impression similar to advertising and marketing campaigns would over a consumer.



**Figure 2.1 S-O-R Model**

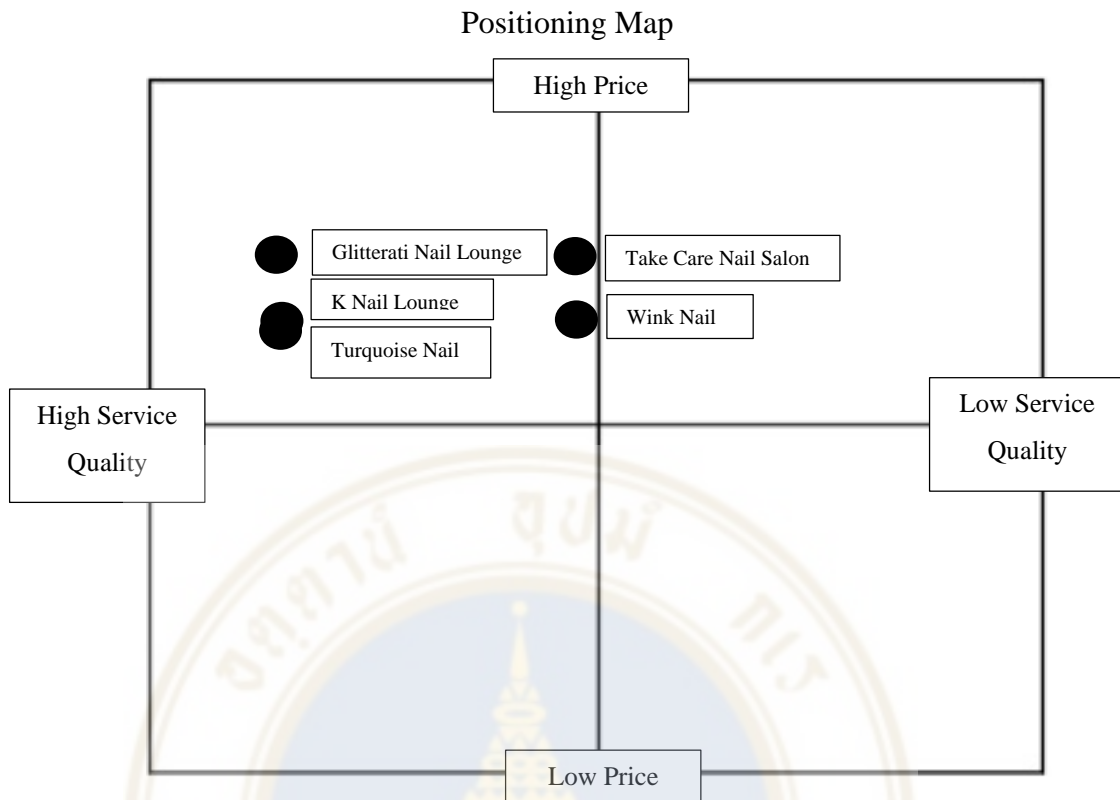
Source: Thang and Tan (2003)

According to the model of S-O-R, good attributes of the store would contribute to the positive purchasing behavior of the consumers. Proper merchandising of goods, the atmosphere of the store, the service provided, accessibility of products in-store and other arrangements of the store can enhance consumer perception. According to the model of Thang and Tan (2003), the stimuli can trigger a purchase response in return from the consumers. Research by Vrechopoulos et al. (2004) has shown that store

layout is one of the prime factors in influencing consumer behavior. Warm and sound designs cannot only attract consumers but change the overall atmosphere of shopping for the consumers. This can result in successful growth of traffic as well as growth of sales. Thus, store design can be considered as a key success factor for the business.

## **2.4 Asok Area Study**

Another important aspect of the literature review is to understand the location of the retail business. Past studies on importance of locations have been summarized earlier, however this particular section focuses on the area where the Nail Salon is to be opened, that is Asok in Bangkok, Thailand. Asok and Sukhumvit area are a highly populated region in Bangkok, consisting of working, a residential, and tourist spot. There is a huge commercial development around Asok area, where the nail salon is to be opened. With that in consideration, the highly populated area of Asok, which is predominantly a residential and big-scale business and tourist spot, opening a nail salon would not only target local customers, but also be targeting foreign customers as well. The majority of them walk around Asok area, making the shop much more accessible. A clear cut design and indication in both English and Thai would help in promoting the number of customers that enter.



**Figure 2.2 Turquoise Nail Positioning Map**

A list of competitors in Asok area was made in order to compare between their service quality and prices. Each of the prices were sorted from High Price to Low Price. These were found in online platforms. Their service quality was reviewed via their websites and other social portals. As per the given figure we can see that Glitterati Nail Lounge, K Nail Lounge lies towards high service quality. Mainly focusing towards high service quality called in for High price as well. Contrary to that, Wink Nail Salon was also offering an average quality with high price. Further we found out that other nail salons like Take Care Nail salon had poor reviews with high prices.

## 2.5 Business Canvas Model

The following model allows the readers to comprehend the brief about the business and the company operations.

<i>Key Partners</i> <ul style="list-style-type: none"> <li>• Raw Materials from Suppliers</li> <li>• Business Partners</li> </ul>	<i>Key Activities</i> <ul style="list-style-type: none"> <li>• Trained Employees</li> <li>• Workshops</li> <li>• Customer Promotions</li> </ul>	<i>Value Proposition</i> <ul style="list-style-type: none"> <li>• Best Nail Designs</li> <li>• Detailed Hand Treatment, Feet Treatment and other Nail services</li> <li>• Waxing</li> </ul>	<i>Customer Relationships</i> <ul style="list-style-type: none"> <li>• Word of Mouth</li> <li>• Good Quality Service</li> </ul>	<i>Customer Segments</i> <ul style="list-style-type: none"> <li>• Google Search Engine</li> <li>• Social Media Platform</li> <li>• Men and Women</li> <li>• Age group: Any</li> <li>• Income Level: Any</li> </ul>
	<i>Key Resources</i> <ul style="list-style-type: none"> <li>• Skilled employees</li> <li>• Location</li> <li>• Marketing &amp; Promotion</li> </ul>		<i>Channels</i> <ul style="list-style-type: none"> <li>• Retail Shop</li> </ul>	
<i>Cost Structure</i> <ul style="list-style-type: none"> <li>• Salaries</li> <li>• Rental Expense</li> <li>• Raw Materials Cost</li> <li>• Social Media Promotion</li> <li>• Marketing and Sales</li> <li>• Training</li> </ul>			<i>Revenue Streams</i> <ul style="list-style-type: none"> <li>• Nail Polish</li> <li>• Nail Design</li> <li>• Pedicure and Manicure</li> <li>• Nail Extension</li> <li>• Waxing</li> </ul>	

**Figure 2.3 Turquoise Nail Business Canvas**

## 2.6 Value Chain Analysis

In a study by Zamora (2016), the main purpose of a value chain analysis is to identify activities in a business that would add value to the product/services provided to the end-consumers. It is an important task to trace inbounds and outbound activities, as well as, the operational activities of the business. Tracing such activity would benefit any marketer or business to improve their management and reduce costs for the business. The following graph illustrates the value chain activity for the Turquoise Nail Salon.





**Figure 2.4 Turquoise Nail Value Chain**

Amongst the Primary Activities, most inbound logistics are mainly focused in the raw materials. Being such, inventory control is also important as excessive goods can be exposed to the risk of quality degradation. However, outbound logistics, service, and production are mainly composed of the service that is provided in-shop. Being a retail nail salon shop integrated with technological equipment's to enhance the service, most of the activities are conducted in the presence of the consumer themselves. Aside from that, the Marketing & Sales are mainly focused on social media platforms and selecting other promotional means to connect to the consumers. Good service would attract and retain consumers, and such consumers are able to spread positive word of mouth. Furthermore, being in a prime location would support the business via walk-in consumers. Thus, service quality and trained employees are the greatest resources to the business adding value to the service.

## 2.7 SWOT Analysis

According to Gurel and Tat (2017), SWOT analysis has been defined as a competitive analysis framework. SWOT in general is an assessment that demonstrates the present day capability as their strength and opportunity of the business and exploits

its weaknesses and threats. Each of the aspects of the SWOT assessment would allow the business to comprehend its position in comparison to the market competitors. The following tables illustrates the aspects of SWOT for Turquoise Nail:

<b>Internal Factors</b>	
<b><i>Strengths</i></b>	<ul style="list-style-type: none"> <li>• Special Technical Equipment's</li> <li>• Pre-Established Business; Existing Brand Image</li> <li>• Luxury Nail Salon</li> <li>• Emphasizes on Manicure, Pedicure, and Hair Removal Program</li> </ul>
<b><i>Weaknesses</i></b>	<ul style="list-style-type: none"> <li>• Limited Consumer Handling Capacity</li> <li>• Limited Services</li> <li>• Training Program</li> </ul>
<b>External Factors</b>	
<b><i>Opportunities</i></b>	<ul style="list-style-type: none"> <li>• Large Market Demand</li> <li>• Growth of tourist in Thailand.</li> <li>• Comparatively Low Prices than other Luxury Nail Salon</li> <li>• Expandable Customer Segment in terms of race group and others.</li> </ul>
<b><i>Threats</i></b>	<ul style="list-style-type: none"> <li>• No barrier to new entrants</li> <li>• High competition</li> <li>• Can be moderately expensive for everyday purposes</li> </ul>

**Figure 2.5 SWOT Analysis**

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

In this study, the research methodology used for data collection and analysis is presented, in order to benefit the researcher in developing a successful business model. From data collection and analysis, the researcher purposes to answer the following questions, 1. How the Turquoise Nail Salon be able to compete in the competitive market in Asok area? 2. What are the customer's needs and their pain points? 3. Is Asok a potential target area to help Turquoise Nail Salon expand the business? The chapter begins with research strategy, design and approach, data collection methods, population, and interview questions.

#### **3.1 Research Strategy, Design, and Approach**

The purpose of this research is to study the significant factors that affects the demand for nail care services in the Asok area. The relevant stakeholders consist of nail salon owners in the Asok area, nail technicians, and nail care customers in Asok area. For the best result, the researcher uses in-depth interviews of three nail technicians and seven customers. The researcher must learn how the owner of nail salons in Asok area build their competitive strategy, how they manage knowledge and skill transfer, what customers want from nail care services, what relevant services should be provided in a nail salon in the Asok area, and what are nail technicians' needs in order help them have better commitment to their work place. In-depth interview is one of the qualitative data collection methods which could help the researcher find more in-depth insights within the scope of the designed questions.

## **3.2 Data Collection Method**

The semi-structured interview is a qualitative method of investigation that applies a pre-determined set of open questions in order to give opportunity for the researcher to explore information, background surroundings, and the points in focus or responses further. It allows respondent to discuss and raise matters that the researcher may not have considered yet (Longhurst, 2003).

The interview is conducted one on one and separately to avoid group bias. Each interview lasts 15-30 minutes. Audio recording is used for storing the interview session, to collect the data and later to use for the researcher to interpret the data.

## **3.3 Population**

The researcher conducts ten interviews with three nail technicians, and seven customers.

## **3.4 Interview Question**

The questions bellows are conducted with two types of stakeholders, which are Nail Technician and Nail Salon Customers.

### **3.4.1 Interview Questions for Nail Technicians**

- Please tell me about yourself?
- How long have you been working in Nail Salons?
- In which industries/job have you worked before?
- Why did you leave your last job?
- What is your current salary?
- What are your responsibilities in your workplace?
- What are the benefits that you get? How many days off per month?
- What do you like in your work place?
- What do you wish to have in your work place?
- What make you have better commitment to your work place?

- What do you want to your work place to improve?
- What customers tend to use nail salons in the Asok area?
- Is Asok a good area for the nail salon business?

### **3.4.2 Interview Questions for Nail Salon Customers**

- Please tell me about yourself?
- Which area do you live?
- Which company are you working for?
- What is your current salary?
- How often do you go to a nail salon?
- Which day in a week and period do you often go to nail salon?
- Which is your favorite nail salon in Asok area?
- How did you find that nail salon?
- What is your favorite program in nail salon?
- How much do you spend when you use the services?
- What factors motivate you to go to a specific nail salon?
- What do you wish nail salon to improve?

## **CHAPTER IV**

### **RESULTS**

#### **4.1 Findings**

The interviews were conducted in Asok area with two main groups of stakeholders, nail technicians and customers in the nail salon at Terminal 21 shopping mall and Sukhumvit 14. In the following data results section, a thematic evaluation of the interviews is presented where a total of 2 nail technicians were interviewed followed by 8 nail salon customers, totalling at 10 interviews in total.

##### **4.1.1 Nail Technicians and Their Input to the Study**

Under the nail technicians, the findings are evaluated based on the business canvas model that is presented earlier in this paper. Each of the tools from the business models are used in the following analysis. Nail technicians that were interviewed had ample amount of experience in the industry to allow themselves to know the business entirely, thereby resembling expert opinions that may be attained from an owner.

###### **4.1.1.1 Key Activities and Key Resources**

A nail technician falls under key resources category, considering they are the main workforce that is required to operate such a salon. In the interviews, it was indicated that the pay that nail technicians receive are significantly higher than many of the blue-collar workers get in Thailand. Both the interviewees that were interviewed were Burmese nationality. One of them (Miss Bee) previously operated in the field of maid-services before getting into nail salon industry by learning the tricks of the trade and the skill set that is required. Miss Bee has indicated that she has been working in the nail care industry for over five years now, at the same branch in Terminal 21, where her monthly fixed earnings are at 10,000 THB, followed by approximately 10,000 THB. commissions and around 5,000 THB. additional tips. She has indicated that she enjoys her working environment, as it is less physically tiring compared to what she used to do before, allowing herself with sufficient time to focus with her customers, and also

enjoy the work. She has indicated that, many of her friends who worked as nail technicians have moved to other places, but she decided to stay in the nail salon in Terminal 21 as the commission and tips were a lot higher. She also stated that she is required to work six days a week. Miss Nilar who works in Sukhumvit 14 stated that the pay she receives is at 12,500 THB. with approximately 15,000 commission, plus around 6,000 tips and she is responsible for taking care of the customer by offering manicure spa, pedicure spa, nail extension, and nail design, plus cleaning up the place before closure.

Moreover, location is ideal. For instance, it can be identified from the two interviewees that Nail salon where Ms. Nilar works has more customers, considering her pay around 35,000 THB a month, and has to work six days a week. Moreover, the store opening in Sukhumvit 14 is a lot cheaper in rent compared to having an outlet within Terminal 21, which then further amplifies the number of walk-in customers that visit the store, followed by the high cost of rent. High cost of rent forces the owners to limit the pay, and have the nail salon staffs depend on the commissions and tips from their customers.

#### 4.1.1.2 Value Proposition

The nail technicians have indicated that the need to ensure quality is paramount. Both the candidates have stated that those who do not perform well will be trained by the course that provided by nail salon in order to improve the service quality. Moreover, the services provided should involve more than just nail management, such as feet care, customer service which could leave better impressions to the customers. That is why Ms. Nilar is paid more as she has been requested to handle high skilled nail care services after she attended the training program.

#### 4.1.1.3 Customer Segments

The customer segments information was not collected from the nail technicians, however based on observation it can be anticipated that majority of the customer are females, while a minority of male customers as well. The age group of these individuals are often 20 to 40 years' age, and the income level is often middle-class, considering both locations where the interviewees worked had higher price quotes for the services provided compared to other lower-end options. For instance, shops at Terminal 21 have higher cost in operations, which resultantly pushes higher price tags for the services offered.

#### 4.1.1.4 Cost Structure

Ample amount of findings was made on this area. Both from the interviewees and the secondary study. What can be noted is that the most expensive part of operating such a business is the rental fee for the store paid every month, where Terminal 21 has a higher rental price compared to shops in Sukhumvit 14. Although, the exact rental was not indicated, it can be assumed to be between 70,000 THB to 200,000 THB depending on the size of the salon. Next in the list is the salary of the nail technicians, which can range between 10,000 to 20,000 as indicated in the findings of the interviewees, as Ms. Bee was paid 10,000 excluding commission and tips, while Ms. Nilar was paid 12,500 excluding commission and tips. These are subjective, however for engaging in high performing customer base, the need for high skilled staffs would also call in for higher pay. This industry is specific, therefore, the workforce for each of these salons are the main heart of the operations. The quality, the customer service and the end customer satisfaction all is relied upon the staff members, as indicated by Ms. Bee and Ms. Nilar.

#### 4.1.1.5 Revenue Streams and Channels

Revenue streams were not much touched upon by the interviewees, however during casual conversation, which was told to keep confidential, it can be concluded that the costs of operating this business comes down to approximately 40% of the revenue earned, depending mainly on the staff salary and the rent. Nonetheless, the services offered by each nail technicians range from nail polish, nail design, pedicure and manicure, nail extension and also waxing. However, at some occasions it was noted during the interview, that some of the customers who were being waxed had a different group of staffs compared to those who were doing manicure and pedicure.

The channel can be identified based on pure observation. Both the interviewees were working in a leased property, which then calls for the requirement for rental agreement, deposits and other expenses. However, renting a shop would be cheaper than building one, considering renovating a rental shop for the purpose of a nail salon would require limited investment.



#### 4.1.1.6 Customer Relationships

Customer relationship on both shops were dependent on two factors only: quality and word of mouth. This is somewhat as expected in the present business plan as well. The customers there considered the shop to have high quality at the price that they were paying, which also meant the final completed service should be at or beyond the expectations of the customers. This is the main way in which they promote their business, along with a few social media promotions. There are no other forms of promotions for such small businesses. Customer relationship therefore, depends in entirety on the performance of the staff which would include, how well the services were provided, how well they were treated and etc.

#### 4.1.2 Customers and Their Input

For the purpose of analysing the customers, only a few areas of the business model canvas would be used followed by thematic analysis to indicate some interesting findings that were presented.

##### 4.1.2.1 Customer Segments

Majority of the respondents that were interviewed, were selected based on their presence at a nail salon, thereby concluding that they are either short-term or frequent users of this service. With that in mind, 8 candidates that participated in the interviews, were in the age group of 23 years old to 47 years of age. Majority of them were in their 20s, which therefore the interviews indicated that the most potential client base would be in this age group. In terms of the gender, the customers were mainly female, with only 1 male participating out of the total 8 respondents. In terms of the income group, there was a wide variety of them from different income levels, which indicates that these clients do not only visit one specific shop, where the prices might not be suitable for some. With that said, majority of them earned closed to 40,000 THB to 60,000 THB, with only one candidate earning at 22,000 THB per month, the highest earning was a 47-year-old female candidate that earns close to 160,000 USD a month, while her preferred choices of nail salon in Thailand were in the range of 1,500 THB, which was close to another income level individual, 30 years old and earns 50,000 THB. While some others who earned higher than 50,000 still preferred to spend around 1,000 THB on their nails. What this indicates is that the preference and

seriousness on the nail care services such as pedicure and manicure are subjective from one person to another. Moreover, the income level does affect the choice of nail salon shop, as lower earning individuals are unlikely to spend a fraction of their earnings on nails, therefore, a suitable price range would be highly dependent on the type of customers anticipated. Nonetheless, the services should be in the range of 300 THB to 1,000 THB to ensure if the customer does not want their nails done for a higher price, they might find other services suitable and appealing.

From the interviews conducted, the following additional thematic-based findings were noted:

#### 4.1.2.2 Frequency of Visits

It was indicated from the 8 respondents that they visit the nail salon at least 1 to 2 times a month, depending on the services required. Majority of them spend at least 1 time a month, as they believe any nail extensions tend to wear off around that period, or their nails start getting longer, resultantly causing pain while wearing shoes and doing other day-to-day activities.

#### 4.1.2.3 Location of Visits and Customer Expectations

It has been widely noted that the three major factors that affected their visits to the nail salon or the choice of nail salon location, was the distance of the nail salon, followed by the price, and the online reviews. Many of the expats that stay in Thailand look for online reviews and English speaking staff members when visiting these nail salons, while Thai locals would prefer to have it near, and would try them out rather than having read reviews. Thai people believe that many online reviews for nail salons would resultantly have it very crowded, having to spend more time on their visits. So location convenience, price and reviews are vital components, however having less people and more space is also an important aspect.

In terms of what customer expect to ensure satisfaction, there were mixed findings. Firstly, one customer indicated that the service provided and politeness were very important factors, whereas another customer said that “having more space, seats, technicians to meet the customer demands is important”. Various factors play a role in the choice of their nail salon, however majority of them have to try a place for the first time to see the quality of the services. Those who are serious about their manicure and pedicure, go on to find better locations, that are more expensive

or have positive reviews. Nonetheless, it has come down to the point that the main need for customers revolve around the factor that customer service is important and having long queues can be a game changer for many customers. This leads to the factor of convenience, which is not only associated with how far the location is, but also associated with how easily they can make a reservation for the service, as one respondents indicated that “I do not like to reserve my place and prefer to be selected immediately”. These are certain aspects that customers see and need, which ultimately affects the customer satisfaction rate, leading to improved customer retention levels and repeating customers. Businesses that can consider these factors are likely to maintain a good profit margin in the operations, with consistent flow of existing and new customers, where many of these new customer appear via word of mouth marketing.

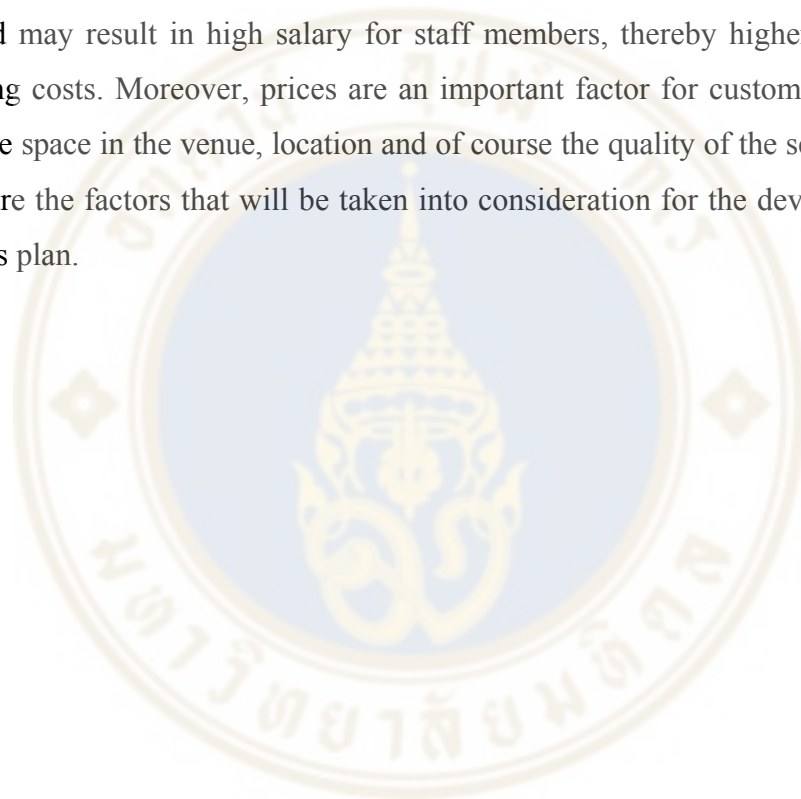
#### 4.1.2.4 Areas of Improvement

From the salons that these 8 respondents have visited, there are certain requirements and areas of improvement that have been mentioned by the respondents. These improvements may play a major role in the present business plan, as it would allow the researcher to ensure these areas are covered. Meeting customer demands and requirements is a vital part of business success. With that said, one of the customer stated that “I want the salon to be more detailed on the nail design”, while another one said “she wants the place to have more space”. Majority of them tend to focus on space as an area of improvement. Many existing businesses in the nail salon segment are clustered into one area with many shops at one place. What this means is that each shop is small and a limited number of customers can visit. Here the customers therefore move to another shop when one place is full. Instead of doing so, customers would prefer a larger venue where there would be space between one customer to another, and more privacy. In addition, more technicians can be placed, allowing them to cater the needs of more customers. Therefore, the present business plan should consider this to a strong extent. The researcher is aware that having more space means, more rental costs and more technicians also means more salaries, but in return this also means more revenue streams that are available. In the beginning, the low customer base may result in a negative return on investment, as there would be more fixed costs and less revenue streams to earn the money to pay the bills. With that in mind, the researcher believes that a strong level of investment for the first six months should be done with large space, and constant

marketing and promotion during the early periods may help in building a strong base, while at the same time, the first few months of possible break-even and losses can be recovered in the future via more customers.

## **4.2 Summary of Findings**

Based on what has been noted from both nail technicians and nail salon customers, that the nail salon business is a fruitful business, however the special skills required may result in high salary for staff members, thereby higher levels of fixed operating costs. Moreover, prices are an important factor for customers, followed by available space in the venue, location and of course the quality of the services provided. These are the factors that will be taken into consideration for the development of this business plan.



## **CHAPTER V**

### **CONCLUSION AND RECOMMENDATION**

#### **5.1 Conclusions**

The business plan presented here focuses on the development of a Nail Salon, where the customers can select a series of different manicure and pedicure services for given prices. The study has evaluated different parts of the business plan, starting with a detailed understanding of the market, and what are the crucial elements that are required to ensure a successful Nail Salon business in Bangkok, Thailand. It can be concluded that, the present business plan meets all the requirements for a successful business plan. The art of nail care started since early Chinese dynasty, where having nails polished demonstrated a class of wealth. Similarly, people in present day cultures see the value of having beautiful nails extensively as well, and many see it as an addition to the overall beauty and image of the individual.

The present business plan is based on an existing Nail Salon shop called the Turquoise Nail, located in Asok. The plan is to expand another branch in the Asok area, where the researcher believes the boost in tourism in the region will lead to more demand, as well as by a variety of locals, which would resultantly create a strong potential for business development in this particular area. The business is planning to start small, with 4 seats for manicure and pedicure, followed by 4 seats of waxing and 2 seats for nail polishing and treatment. With the rental rates in Asok being high, the idea is to secure sufficient client base on both Thai locals and foreign tourist/expats, by providing a consistent rate and good services for both the segments. Primarily the targeted customer base is between 25 to 45 years of age, and are expected to be those from middle-class to upper-class society.

Based on what has been noted from interviews with both nail technicians and nail salon customers, that operating a nail salon is a fruitful business, however the special skills required may result in high salary, thereby higher levels of fixed costs. Moreover, prices are an important factor, followed by available space in the venue,

location and even the quality of the services provided. These are the factors that would be taken into consideration for this business plan. The design of the shop is also another factor, and with the target customers in the interviews demanding more space in the salon followed by more technicians, the Turquoise Salon Asok second branch would ensure that there is at least one technician per seat ready to start on the first client, depending on their requirements for waxing, nail polishing or manicure/pedicure treatments. Moreover, the rental space would be bigger, allowing for more people to feel well served, spacious and ensure the brand name is good as well.

## 5.2 Business Model Canvas for Turquoise Nail Salon

<p><i>Key Partners</i></p> <ul style="list-style-type: none"> <li>• Raw Materials from Suppliers</li> <li>• Business Partners</li> </ul>	<p><i>Key Activities</i></p> <ul style="list-style-type: none"> <li>• Trained Employees</li> <li>• Workshops</li> <li>• Customer Promotions</li> </ul> <p><i>Key Resources</i></p> <ul style="list-style-type: none"> <li>• Skilled employees</li> <li>• Location</li> <li>• Marketing &amp; Promotion</li> </ul>	<p><i>Value Proposition</i></p> <ul style="list-style-type: none"> <li>• Best Nail Designs</li> <li>• Detailed Hand Treatment, Feet Treatment and other Nail services</li> <li>• Waxing</li> </ul>	<p><i>Customer Relationships</i></p> <ul style="list-style-type: none"> <li>• Word of Mouth</li> <li>• Good Quality Service</li> </ul> <p><i>Channels</i></p> <ul style="list-style-type: none"> <li>• Retail Shop</li> </ul>	<p><i>Customer Segments</i></p> <ul style="list-style-type: none"> <li>• Google Search Engine</li> <li>• Social Media Platform</li> <li>• Men and Women</li> <li>• Age group: Any</li> <li>• Income Level: Any</li> </ul>
<p><i>Cost Structure</i></p> <ul style="list-style-type: none"> <li>• Salaries</li> <li>• Rental Expense</li> <li>• Raw Materials Cost</li> <li>• Social Media Promotion</li> <li>• Marketing and Sales</li> <li>• Training</li> </ul>		<p><i>Revenue Streams</i></p> <ul style="list-style-type: none"> <li>• Nail Polish</li> <li>• Nail Design</li> <li>• Pedicure and Manicure</li> <li>• Nail Extension</li> <li>• Waxing</li> </ul>		

**Figure 5.1 Business Model Canvas for Turquoise Nail Salon**

As per the business canvas model above (Figure 5.1), it can be suggested that our customers are mainly focused on expats, tourists and local Thais. This also accounts for the majority of the middle-class people living around Asok Area, as well as the foreign tourists. Moreover, the target is middle-class to upper-class group of people, due to slightly higher rates that are being charged for the services offered, due to the high fixed costs in the Asok region. An overly cheap nail salon can reflect bad on the image, and that is precisely why the researcher has decided to develop a more sophisticated approach on targeting customers by making sure it is not cheap, while it is still affordable by most of the middle-class income segments, that accounts for the majority of people living around Asok region.

Moreover, in the context of value proposition, our business offers the highest quality service by using materials and ingredients that are considered most effective in the nail salon industry. Moreover, the spacious nature of the venue allows more customer engagement and better image for the brand. Thirdly, in the context of the channels used, the business would develop itself mainly via online marketing strategy to target consumers, such as via TRIPADVISOR, Google search and other online platforms such as Facebook, Instagram and others. TripAdvisor and Google search would be particularly important for consumers who are foreigners, while local social media sites would target local consumers in the region.

Fourthly, in the context of customer relationship, the business would develop trainings for staffs that allow them to have good talking skills with customers who are under-going treatment, while provide drinks and refreshments for those who are waiting their queues. Magazines, television and other entertainment would be provided for those who are both under-going treatment and those waiting for their turn.

The key activities that would be involved in the business includes basic nail polish, gel nail polish, manicure spa and with basic polish, pedicure spa with basic polish, manicure and pedicure spa, manicure and pedicure spa for men, manicure and pedicure spa with gel polish and lastly nail care such as extensions, nail design, nail removal. Waxing service are also provided and curtains are built to ensure absolute privacy. For those undergoing full wax, would be taken to small rooms that would be sound proof and would cater the needs of confidentiality of the customers. These key

activities are also part of the revenue stream that would be basically the services offered. The staffs and technicians would also be given multiple task to clean up their area after each treatment and to ensure they utilise new items for each client to maintain hygiene.

With all that considered, it can be noted that the likelihood of a successful business is there, as we are targeting a good segment of the client base, followed by having the customer requirements that were found in the primary research study.

## 5.3 Financial Planning

### 5.3.1 Capital Expenditure (CAPEX)

**Table 5.1 Capital Expenditure (CAPEX)**

Store Design	2,000,000 THB
Social Media Development	10,000 THB
In-Store Mobile Phone	15,000 THB
POS System	25,000 THB
Furniture and Equipment	1,000,000 THB
<b>Total Capital Expenditure</b>	<b>3,050,000 THB</b>
Expected Depreciation 3 years	@1,016,666 THB annually and 84,722 THB monthly



### 5.3.2 Operating Expenditure (OPEX)

**Table 5.2 Operating Expenditure (OPEX)**

Items	Cost per month	Cost per Year
Space Rental	100,000 THB/month	1,200,000 THB
Utilities	10,000 THB/month	120,000 THB
Advertisement	15,000 THB/month	180,000 THB
Salary and Compensations	230,000 THB - 20,000 per technicians x 10 = 200,000 THB - Owners 30,000 THB	2,760,000 THB
Supplies	30,000 THB	360,000 THB
Social Security Expense	5,000 THB	60,000 THB
<b>Total Operating Expenditure</b>	<b>390,000 THB</b>	<b>4,680,000 THB</b>

### 5.3.3 Monthly Cost

To calculate the monthly cost, it is total capital expenditure + operating expenditure = 84,722 THB + 390,000 THB = 474,722 THB.

### 5.3.4 Price

The price is assumed that for each service, 1 hour is taken, whereas 10 customers can be serviced per hour for a total of 11 hours. The maximum number of customer that can be catered is 110 customers per day.

**Table 5.3 Price**

Service	Price	Seats Available	Working Hours	No. of Customers	Expected total sales
1. Basic Nail Polish	Avg. 450 THB @1 hour	4	11	20	9,000 THB
2. Gel Nail Polish.	Avg. 800 THB @ 1 hour	4	11	10	8,000 THB
3. Manicure spa with basic polish	Avg. 550 THB	6	11	10	5,500 THB
4. Pedicure spa with basic polish	Avg. 650 THB	6	11	2	1300 THB

**Table 5.3 Price (cont.)**

Service	Price	Seats Available	Working Hours	No. of Customers	Expected total sales
5. Manicure and pedicure spa set	Avg 1100 THB	6	11	5	5,500 THB
6. Manicure and Pedicure for Men	Avg 1000 THB	6	11	1	1000 THB
7. Manicure/Pedi with gel	2000 THB	6	11	1	2,000 THB
8. Nail Extension	1700 THB	6	11	2	3,400 THB
9. Nail Design	500 THB	10	11	2	1,000 THB
10. Nail removal	300 THB	10	11	0	0
11. Waving	400 THB	10	11	4	1,600 THB
Total Expected earnings	Based on Average Case Scenario				31,500 THB
Total Expected Earning	Based on maximum sales scenario				100,000 THB
Total Expected Earning	Based on minimum Sales scenario				10,000 THB

### 5.3.5 Break-Even Working Hours

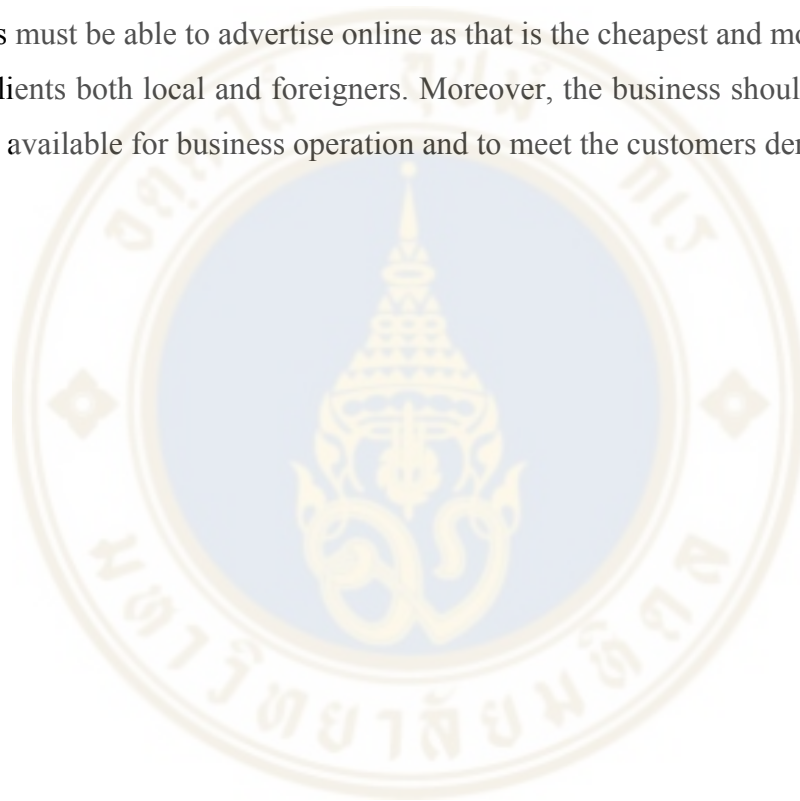
To break even with a monthly expense of 474,722 THB. in costs, the nail salon has to sell at least 330 hours (30days x 11 hours) at 1,438 THB. per hour. This would ensure the cost of operations are covered per month. With 100% capacity, the nail salon can make maximum sales at 110,000 Baht. per day (1,000 Baht. x 10 seats x 11 hours). The capacity of maximum sales that the shop need to operate on average in order to break even is 14.39%  $((474,722 \times 100\%)/(110,000 \times 30))$ . The realistic percentage that the researcher expected to make is 50% capacity which not difficult to achieve.

### **5.3.6 Break-Even Point**

The business has to sale at least 1,438 THB. per hour, or a sale of 15,818 THB. per day to ensure the company does not go in loss, and covers its immediate operational expenses.

### **5.4 Recommendation**

It can be recommended based on the findings of the primary data, that the business must be able to advertise online as that is the cheapest and most effective way to get clients both local and foreigners. Moreover, the business should ensure a lot of space is available for business operation and to meet the customers demand.



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