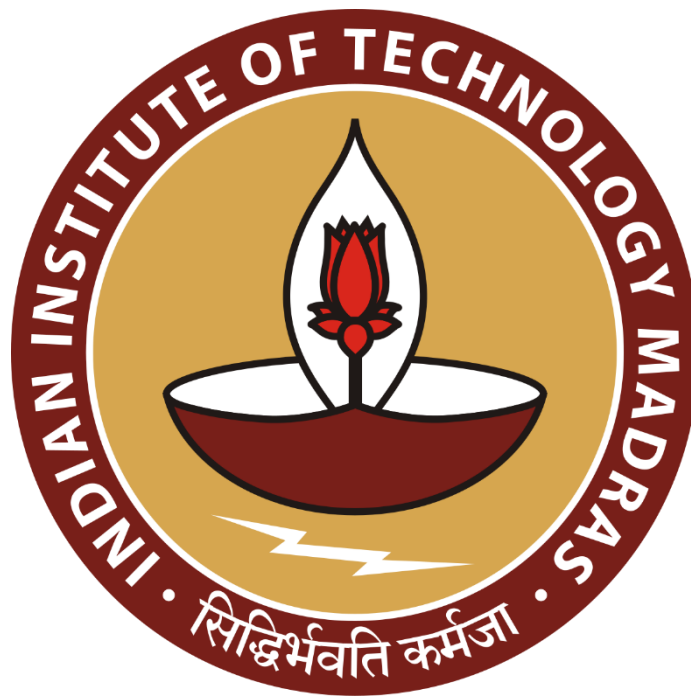# Cutting-edge Solutions: Ajju's Hair Cut Saloon Transformation

A Final report for the BDM capstone Project

Submitted by

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Contents

1. <u>Executive Summary and Title:</u>

The comprehensive analysis of Ajju Hair Salon's operational journey from 2022 to 2024, encapsulated in the "Transformative Insights" report, unveils a nuanced narrative of growth, challenges, and strategic opportunities. At its core, the salon experienced a remarkable ascent in customer numbers, evolving from an average of 8 customers in 2022 to 14 in 2023 and a noteworthy surge to 23 in 2024. This trajectory, meticulously documented and visualized through bar charts and trend lines, not only serves as a testament to the salon's popularity but also lays the foundation for strategic decision-making. The investigation extends beyond mere customer counts, delving into the intricacies of service distribution across different days. A stack bar chart, accompanied by a visually impactful treemap, vividly illustrates the dominance of Sundays, Wednesdays, and Mondays in service distribution, opening a gateway for strategic resource allocation. However, it also highlights the underperformance on Saturdays and Tuesdays, prompting the need for targeted promotional efforts on these days. The profit dynamics analysis, an integral facet of this report, unfurls fascinating revelations. The 100% stacked bar chart provides insights into the margin and profit analysis of different services. Contrary to expectations, while the revenue champions are Haircut and Shave, the margins soar in services like Rebonding and Hair Spa. This paradox underscores a latent opportunity to boost profits by steering customer engagement towards these high-margin services. The impact of missed customers on revenue forms another critical chapter of this narrative. Through line charts and grouped bar charts, the report not only quantifies the revenue loss due to missed appointments but also envisions the potential profit surge if strategies were implemented to reduce these occurrences. Although these strategies remain theoretical at this point, the envisioned outcomes offer a glimpse into the untapped potential within the existing customer base. Day perception and customer behavior emerge as focal points, unraveling the intricate psychology behind salon visits. Mondays, Sundays, Wednesdays, and Fridays are perceived as good days, possibly influenced by cultural and social factors, presenting opportunities for targeted promotions and enhanced customer engagement on these days. On the flip side, the perceived 'bad days'—Tuesdays, Saturdays, and Thursdays—warrant closer scrutiny and tailored strategies to defy these perceptions. The analysis also ventures into the realm of premium services, exploring the perception of services like Rebonding and Hair Spa as premium or exclusive. Graphs and recommendations shed light on potential rebranding strategies or targeted promotions to alter these perceptions and diversify revenue streams. Understanding the diverse preferences of different age groups in the customer base becomes imperative. The report suggests tailoring services and marketing strategies based on age demographics, recognizing the role age plays in salon preferences. As Ajju Hair Salon stands at the crossroads of potential expansion, the strategic recommendations provide a roadmap. From intensified marketing efforts to reshaping the perception of premium services, each recommendation is tailored to leverage the salon's strengths and address areas of improvement. The report concludes with a forward-looking vision, emphasizing the importance of aligning strategies with customer behavior, service dynamics, and market trends. The "Transformative Insights" report is not just a snapshot of past performance; it is a dynamic compass guiding Ajju Hair Salon towards sustainable growth and continued excellence in the competitive landscape of the local beauty and grooming sector.

2. Detailed Explanation of Analysis Process/Method:

2.1 Data Collection Process:

Due to the localized nature of Ajju Hair Salon and the absence of official records, a hands-on and observational approach was adopted for data collection. Daily visits were made throughout the month of January to record crucial data points. The focus was on tracking the number of customers availing various services such as Haircut, Shave, Massage, Bleach, Facial, Hair Spa, and Rebonding. Additionally, instances of Missed Customers were noted during each visit. This direct observation allowed for the compilation of a comprehensive dataset reflecting the day-to-day operations of the hair salon.

2.2 Creation and Structure of Excel Sheet:

The collected data was meticulously organized in an Excel sheet to facilitate systematic analysis. The Excel sheet featured columns for Date, Day, and each service offered by the hair salon. The structured Excel sheet ensured a clear representation of the daily customer count for each service, providing a foundation for subsequent calculations. Here is an overview of the Excel columns:

Date: The specific date of each day in January.
Day: Corresponding day of the week (Monday, Tuesday, etc.).
Services: Haircut, Shave, Massage, Bleach, Facial, Hair Spa, Rebonding: Columns for recording the number of customers availing each service on a given day.
Missed Customers: A column to capture instances where potential customers were not accommodated.
Total Customers: Summation of customers across all services, including missed customers.

figure 2.1 Organized Ajju Hair cut saloon Data in Excel Sheet

2.3 Calculation of Daily Revenue:

To derive insights into the financial performance of Ajju Hair Salon, daily revenue was calculated based on fixed prices assigned to each service. The formula for calculating daily revenue for a specific service on a given day was:

$$Daily\ Revenue\ for\ a\ Service = Fixed\ Price\ of\ Service * No\ of\ Customers\ for\ that\ Service$$

SERVICES	COST TO CUSTOMER	MARGIN
Haircut	₹ 50.00	₹ 25.00
Shave	₹ 30.00	₹ 12.00
Massage	₹ 100.00	₹ 55.00
Bleech	₹ 150.00	₹ 80.00
Facial	₹ 500.00	₹ 200.00
Hair Spa	₹ 250.00	₹ 180.00
Rebonding	₹ 600.00	₹ 450.00

	REVENUE IN Jan-2024(DAY WISE)	MISSED REVENUE IN Jan-2024(DAY WISE)	TOTAL POTENTIAL REVENUE IN Jan-2024(DAY WISE)	ACTUAL PROFIT(DAY WISE)	MISSED PROFIT(DAY WISE)	TOTAL POTENTIAL PROFIT(DAY WISE)
Monday	='PL & Insights'!$B$4*Metadata!C48+'PL & Insights'!$B$5*Metadata!D48+'PL & Ins					
Tuesday	'PL & Insights'!$B$8*Metadata!G48+'PL & Insights'!$B$9*Metadata!H48+'PL & Insi					
Wednesda	₹ 1,830.00	₹ 300.00	₹ 2,130.00	₹ 1,107.00	₹ 60.00	₹ 1,167.00
Thursday	₹ 395.00	₹ 80.00	₹ 475.00	₹ 185.50	₹ 16.00	₹ 201.50
Friday	₹ 1,120.00	₹ 186.67	₹ 1,306.67	₹ 619.67	₹ 37.33	₹ 657.00
Saturday	₹ 530.00	₹ 80.00	₹ 610.00	₹ 247.00	₹ 16.00	₹ 263.00
Sunday	₹ 2,086.67	₹ 466.67	₹ 2,553.33	₹ 1,148.00	₹ 93.33	₹ 1,241.33

figure 2.2 Fixed cost of Services with their margins   figure 2.3 Calculation of Revenue

Daily Revenue for a Service=Fixed Price of Service×Number of Customers for that Service
The daily revenue was then obtained by summing up the revenues for all services on a particular day:

$$Daily\ Revenue = \sum_{i=1}^{n} Daily\ Revenue\ for\ service_i$$

2.4 Revenue and Profit Calculation:

Following the calculation of daily revenue, the next step was to determine the daily profit. The daily profit was computed by subtracting the total fixed cost from the daily revenue:

$$Daily\ Profit = Daily\ Revenue - Total\ Fixed\ Cost$$

This formula provided a clear representation of the profit generated by Ajju Hair Salon each day after accounting for fixed costs.

2.5 Inclusion of Fixed Costs:

Fixed costs were a crucial component of the analysis, encompassing inventory, electricity bills, and salon rent. These costs were factored into the overall financial assessment to ensure a comprehensive understanding of the salon's operational dynamics. The formula for calculating total fixed cost was:

$$Total\ Fixed\ Cost = Inventory\ Cost + Electricity\ Cost + Rent\ Cost$$

FIXED COST(Monthly)	
Electricity	₹ 1,500.00
Rent	₹ 4,500.00
Inventory	₹ 5,000.00
Avg Daily (	₹ 366.67

figure 2.4 Fixed Cost (Monthly)

2.6 Visual Representation in Excel:

Visual elements were incorporated into the Excel sheet to enhance the presentation and aid in interpretation. Graphs and charts, such as line graphs depicting daily customer count trends, bar graphs illustrating daily revenue and profit, and stack bar chart showcasing the distribution of services availed, were generated. Screenshots of these visualizations were included in the project documentation to provide a clear and concise overview of the analysis.
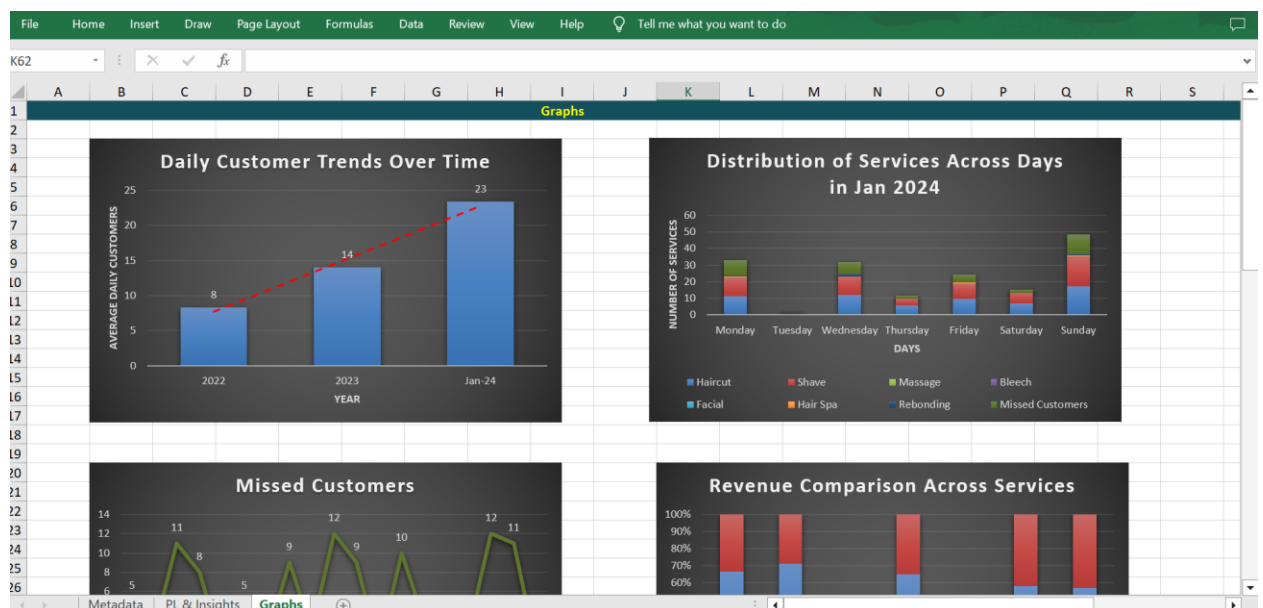

figure 2.5 Visual Representation using graphs in Excel

3. <u>Results and Findings</u>

Ajju Hair Salon, a local establishment, underwent a detailed analysis covering the years 2022 to 2024. This comprehensive examination aimed to uncover trends, patterns, and areas for improvement within the salon's operations. Utilizing data collected over the years, the analysis incorporated various graphs and visual representations to enhance understanding and facilitate strategic decision-making.

1. Daily Customer Trends Over Time:

One of the key observations in our analysis is the steady growth in daily customers over the years. In 2022, the salon had an average of 8 daily customers, which increased to 14 in 2023 and further to 23 in 2024. The progression is visually represented through a bar chart with a trend line, highlighting the consistent rise in customer acquisition.
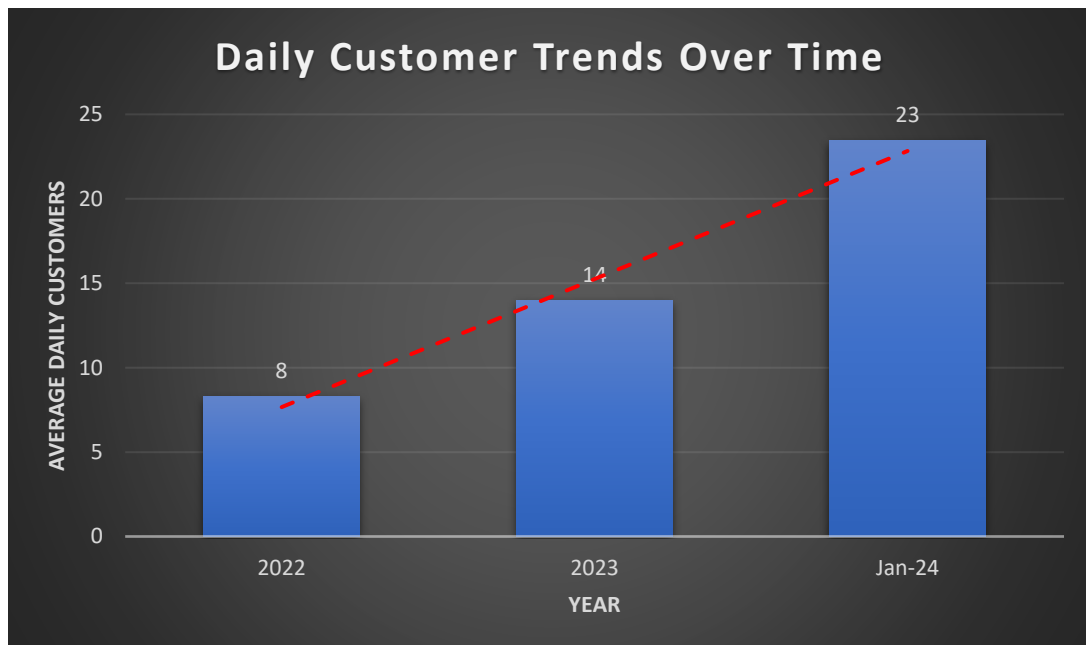
Graph 3.1: Daily Customer Trends Over Time

This graph not only showcases the increase in daily customers but also emphasizes the overall positive trajectory of the salon. The upward trend serves as a testament to the salon's growing popularity and the effectiveness of its strategies in attracting and retaining customers.

2. Distribution of Services Across Days:

Understanding the distribution of services across different days is crucial for optimizing resource allocation and scheduling. A stack bar chart reveals that the top three performing days are Sunday, Wednesday, and Monday, while the least performing days are Saturday and Tuesday.
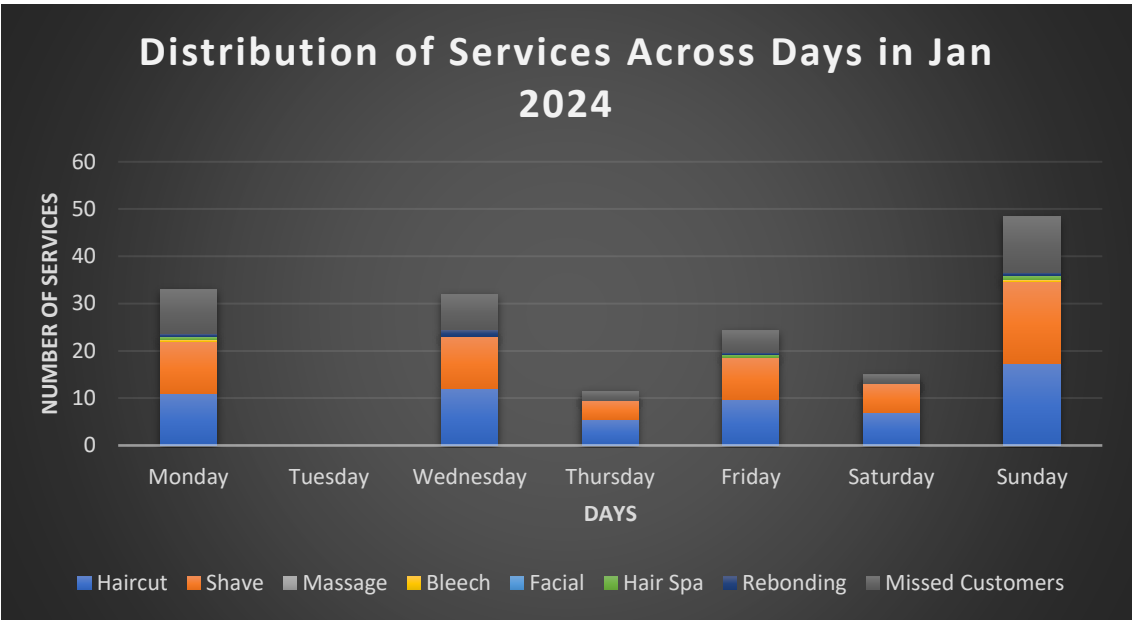
Graph 3.2: Distribution of Services Across Days
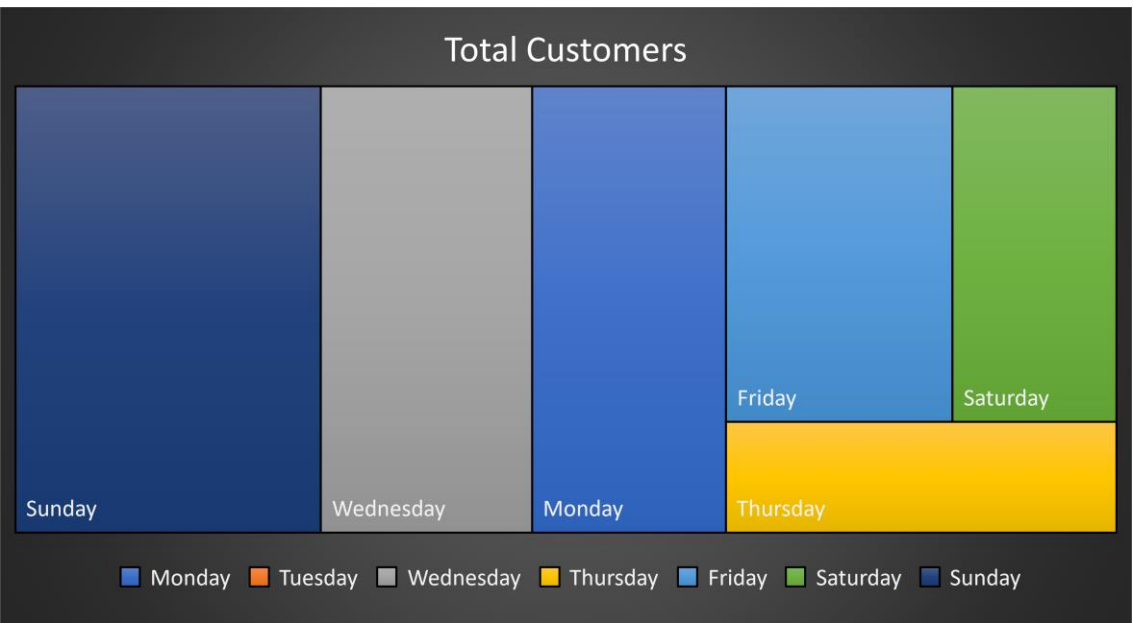
Graph 3.3: Distribution of Customer Across Days

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The treemap visualization further emphasizes the dominance of Sunday, Wednesday, and Monday in service distribution. This information is pivotal for strategic planning, allowing the salon to focus promotional efforts on underperforming days.

Delving deeper into the distribution of services across different days provides nuanced insights into customer behavior patterns. Beyond the broad categorization of top-performing and underperforming days, a closer examination reveals subtle trends that can inform strategic decisions.

Analyzing the stack bar chart reveals not only the hierarchy of performing days but also the specific services that contribute to this pattern. For instance, if Sunday is a peak day, understanding which services are driving this peak can guide targeted promotional activities. The treemap visualization adds another layer of detail, showcasing the proportional contribution of each service to the overall performance on a given day.

Moreover, identifying the least performing days, Saturday and Tuesday, prompts exploration into the factors influencing customer footfall on these days. It may uncover hidden opportunities for promotions, discounts, or themed events to attract more customers during these periods.

This nuanced understanding of service distribution across days serves as a foundation for optimizing resource allocation and scheduling. By aligning staffing levels and promotional activities with the demand for specific services on particular days, Ajju Hair Salon can maximize its operational efficiency and revenue potential.

3. Margin and Profit Analysis of Services:

A 100% stacked bar chart provides insights into the margin and profit analysis of different services. Interestingly, while the revenue is highest in Haircut and Shave, the margins are maximum in services like Rebonding and Hair Spa. This implies an opportunity to enhance profits by increasing customer engagement in the high-margin services.

The intriguing revelation from the 100% stacked bar chart prompts a closer examination of the underlying dynamics in Ajju Hair Salon's revenue and profit structure. The conventional wisdom might suggest that the highest revenue-generating services, such as Haircut and Shave, would also yield the maximum profit. However, the data challenges this assumption by showcasing that the margins are, in fact, highest in services like Rebonding and Hair Spa.
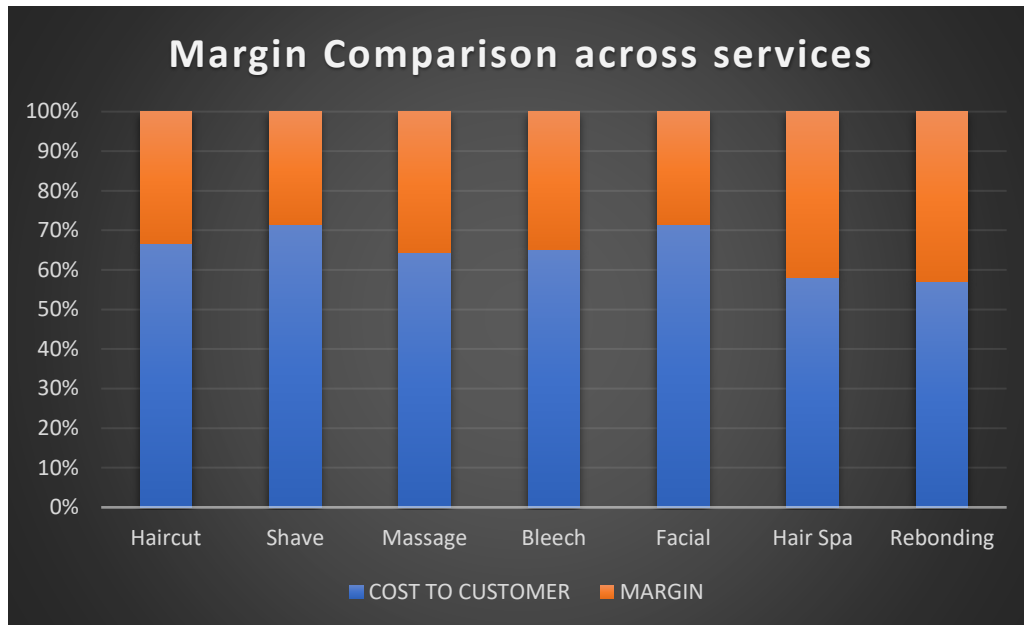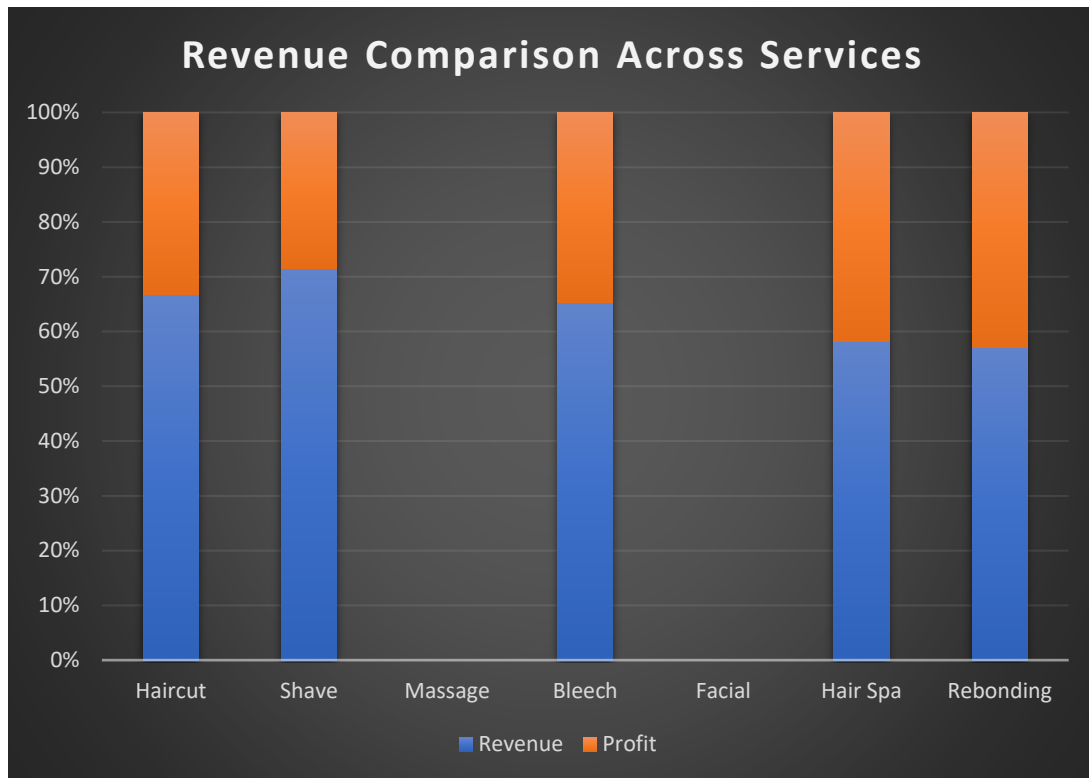
Graph 3.4: Margin Comparison across Services

This disparity between revenue and margins signals a strategic opportunity for the salon. While Haircut and Shave contribute significantly to the top line, their relatively lower margins imply that a substantial portion of the generated revenue goes into covering the costs associated with these services. On the other hand, the high-margin services of Rebonding and Hair Spa, while possibly attracting fewer customers, present a more profitable avenue for the salon.

This insight calls for a nuanced approach to service promotion and customer engagement. While maintaining the popularity of Haircut and Shave, the salon could strategically introduce incentives, promotions, or targeted marketing campaigns to encourage patrons to explore the higher-margin services. This not only diversifies the revenue streams but also contributes to the overall profitability of the salon.

Moreover, understanding customer preferences and aligning them with the salon's strategic goals is essential. The salon can leverage the popularity of Haircut and Shave to cross-promote or bundle these services with Rebonding or Hair Spa, enticing customers with a comprehensive grooming experience. By striking this balance between high-revenue and high-margin services, Ajju Hair Salon stands to optimize its financial performance and create a more sustainable and resilient business model.

Graph 3.5: Revenue Comparison Across Services

The visual representation clearly identifies the areas where the salon can optimize its service offerings to maximize profitability. Strategic promotions or incentives in Hair Spa and Rebonding can potentially attract more customers, thus balancing revenue and margins.

4. Missed Customers and Impact on Revenue:

Identifying days with a high number of missed customers is crucial for understanding potential revenue loss. A line chart illustrates that Sundays and Wednesdays tend to have the highest number of missed customers. The subsequent impact on revenue and profit is visually demonstrated using a grouped bar chart.

This insight underscores the importance of addressing factors contributing to missed appointments on specific days. Implementing strategies to reduce missed appointments, such as reminder systems or flexible scheduling, can significantly boost revenue.
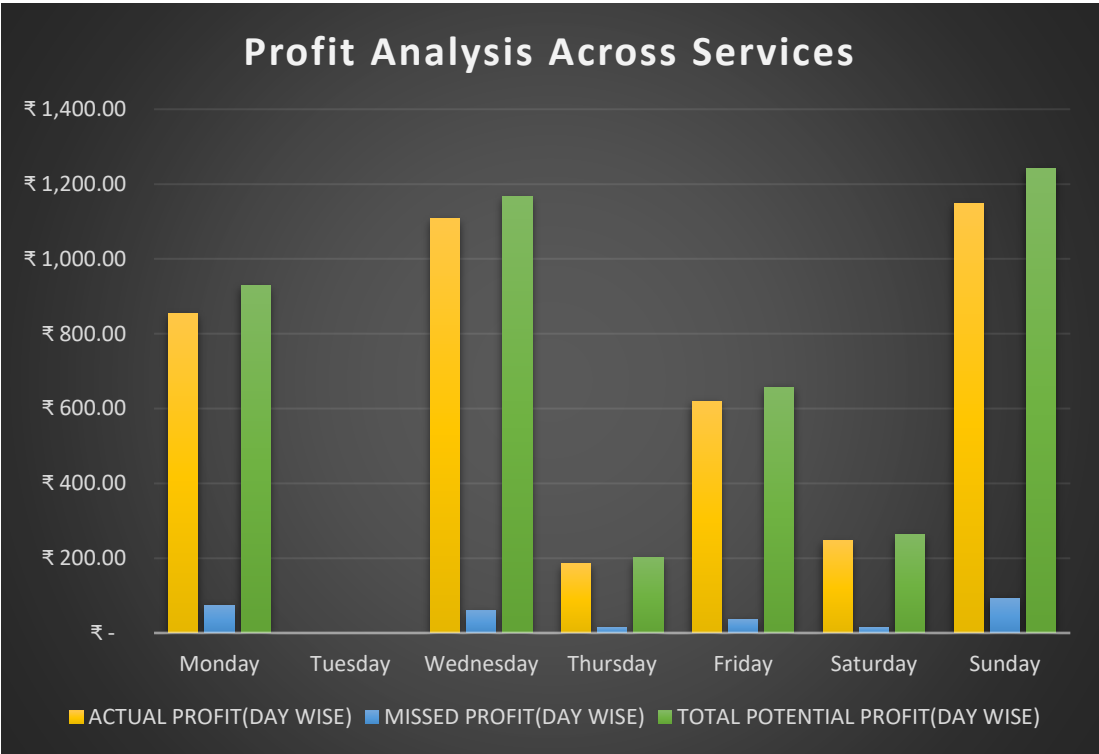
Graph 3.6: Missed Customers

5. Profit Analysis Before and If Addressed Missed Appointments:

Comparing profit before and after incorporating missed appointments into our service offerings provides a clear understanding of the potential financial gains if such a strategy were to be implemented. The grouped bar chart illustrates a notable increase in profit, projecting what the financial landscape could look like if missed customers were actively included in the salon's service spectrum.

This calculation serves as a hypothetical scenario, showcasing the untapped potential within the existing customer base. While no specific strategies have been implemented at this stage, the analysis hints at the promising outcomes that could arise from future initiatives focusing on minimizing missed appointments.

By considering missed customers as a strategic aspect of the service model, Ajju Hair Salon has the opportunity to convert what might have been lost revenue into actual profit. This theoretical approach underlines the importance of exploring innovative strategies to address missed appointments, offering a glimpse into the positive impact such initiatives could have on the salon's financial performance.

Incorporating missed appointments into the service framework is not only a mathematical exercise but also a strategic proposition that, if realized, could enhance the salon's profitability and overall operational efficiency. This forward-looking perspective sets the stage for potential future actions and emphasizes the importance of strategic planning in maximizing revenue opportunities.

Graph 3.7: Profit Analysis Before and After (if) Addressing Missed Appointments

6. Day Perception and Customer Behavior:

Understanding why certain days are perceived as good or bad is essential. Mondays, Sundays, Wednesdays, and Fridays are considered good days, while Tuesdays, Saturdays, and Thursdays are viewed as less favorable. This perception often stems from cultural or social factors, where people may have more free time on weekends and Mondays or may prefer mid-week breaks.

Mondays symbolize the beginning of the workweek, attracting individuals seeking grooming services after a relaxed weekend. Sundays, conversely, serve as a day for self-care and preparation for the upcoming week. Wednesdays and Fridays, strategically

positioned mid-week and just before the weekend, respectively, draw patrons aiming to present their best selves during these pivotal junctures.
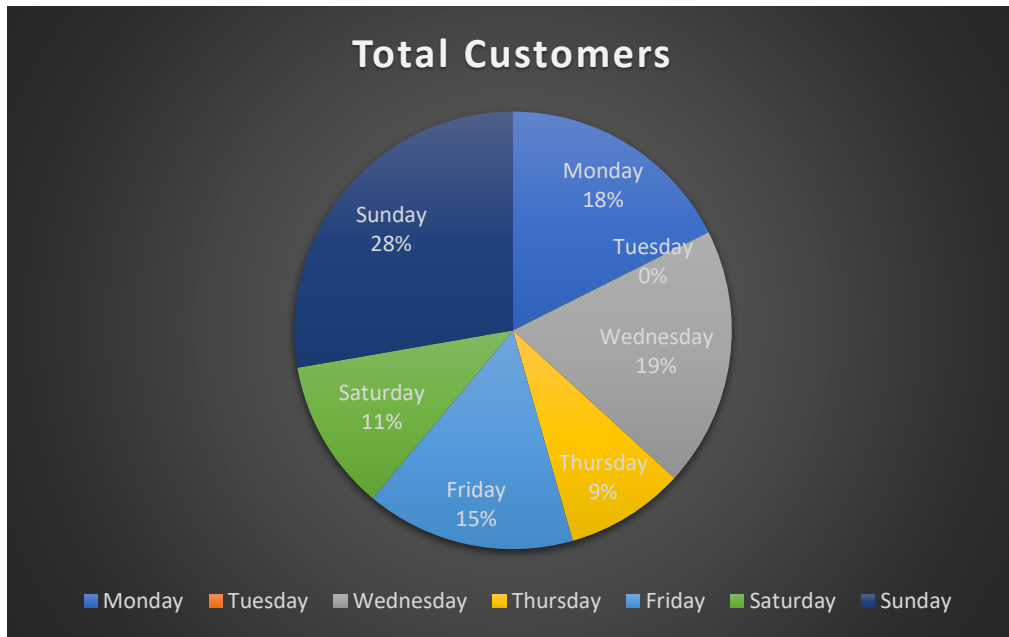
Graph 3.8: Distribution of customers on the basis of days

In contrast, Tuesdays, Saturdays, and Thursdays are viewed with less favorability. These perceptions may be linked to the hectic mid-week schedule, weekend leisure activities, or personal commitments that influence individuals to defer their salon visits to more convenient times.

7. Age of Salon and Customer Acquisition:

The age of the salon plays a significant role in customer acquisition. As the salon has matured over the years, its reputation, customer base, and overall attractiveness have grown. This can be visualized through a line chart depicting the correlation between the salon's age and the increasing number of customers.

The positive correlation emphasizes the importance of brand loyalty and reputation. Established salons tend to attract a broader customer base, creating a virtuous cycle of growth.

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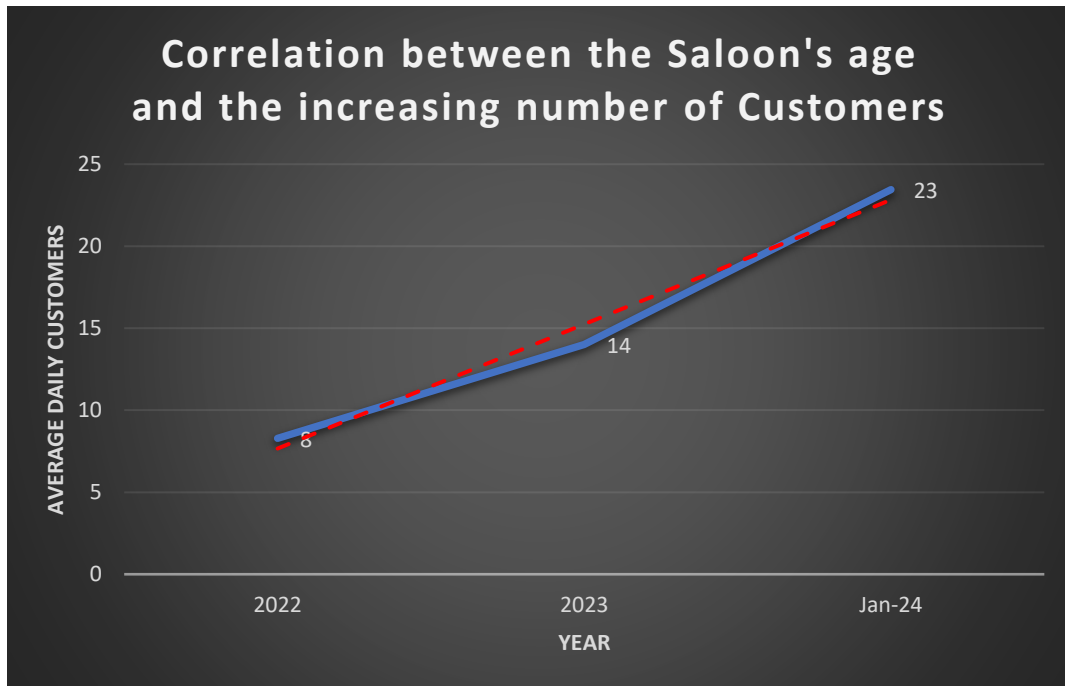
Graph 3.9: correlation between the salon's age and the increasing number of customers

8. Premium Services Perception: Unlocking Potential Markets

The analysis of customer behavior at Ajju Hair Salon reveals an intriguing pattern in the perception of premium services, such as Rebonding and Hair Spa. Customers exhibit a distinct inclination towards associating these services with richer establishments. This perception suggests a unique opportunity for strategic interventions aimed at broadening the appeal of these premium services.

Understanding why customers perceive certain services as premium provides a foundation for targeted marketing and service enhancement.

Implementing targeted promotional campaigns, showcasing the expertise and quality of premium services, can bridge the gap between customer perceptions and the actual offerings at Ajju Hair Salon. This strategic shift not only attracts a broader customer base but also positions the salon as a versatile establishment catering to diverse preferences.
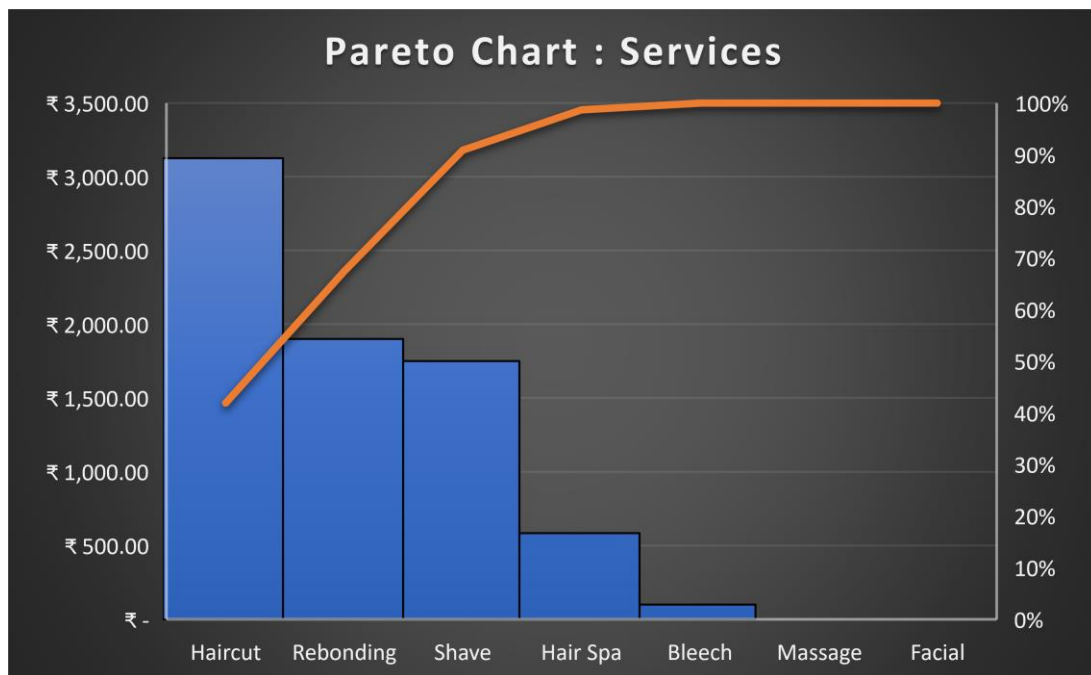
Graph 3.10: Pareto Chart: Services

In essence, recognizing and addressing the premium services perception opens up untapped markets, allowing Ajju Hair Salon to maximize its revenue potential and solidify its standing as a salon that transcends conventional boundaries.

4. <u>Interpretation of Results and Recommendation</u>

In the dynamic landscape of the saloon industry, deciphering the intricacies of data is instrumental for making informed decisions that drive growth and sustainability. The analysis of Ajju Hair Salon's performance from 2022 to 2024 has unveiled a plethora of insights, each offering a unique perspective on operational efficiency, customer behavior, and revenue generation. This comprehensive interpretation of results aims to distill the key findings and propose strategic recommendations for Ajju Hair Salon's future success.

1. Evolution of Daily Customers: Unveiling Growth Patterns

One of the most striking revelations from the analysis is the steady growth in average daily customers over the three years. In 2022, the saloon catered to an average of 8 customers daily. This number increased to 14 in 2023 and soared to 23 in 2024. The bar chart with a trend line vividly illustrates this upward trajectory, emphasizing the increasing popularity and customer trust in Ajju Hair Salon.

Recommendation:

Capitalizing on this positive trend, Ajju Hair Salon should intensify marketing efforts to sustain and accelerate customer acquisition. Implementing customer loyalty programs, referral incentives, and targeted promotions can foster a deeper connection with existing customers and attract new ones.

2. Distribution of Services: Fine-Tuning Offerings for Optimal Performance

The distribution of services across different days provides valuable insights into customer preferences and habits. Sunday, Wednesday, and Monday emerge as the top-performing days, while Saturday and Tuesday lag behind. To optimize resource allocation and enhance promotional effectiveness, a strategic realignment of services is imperative.

Recommendation:

Ajju Hair Salon should tailor its promotional activities based on the specific services that dominate each day. For instance, if Haircut and Shave are popular on Sundays, targeted promotions for these services can be strategically deployed. Additionally, exploring innovative promotional events on underperforming days can stimulate customer interest and boost footfall.

3. Profit Analysis by Service: Balancing Revenue and Margins

The 100% stacked bar chart comparing the margin and profit analysis of different services uncovers a nuanced relationship. While Haircut and Shave contribute significantly to revenue, high-margin services like Rebonding and Hair Spa offer untapped profit potential.

Recommendation:

Ajju Hair Salon should design promotional packages or loyalty programs to encourage customers to explore high-margin services. This not only diversifies the revenue stream but also maximizes profitability. Strategic pricing adjustments and bundled service offerings can be explored to strike a balance between attracting more customers and optimizing profit margins.

4. Missed Customers Impact: Unraveling Revenue Opportunities

The analysis of missed customers on different days reveals a notable impact on revenue and profit. Sunday and Wednesday witness the highest number of missed appointments, leading to a potential revenue loss. Understanding the implications of missed customers and devising strategies to minimize these occurrences can unlock additional revenue streams.

Recommendation:

Ajju Hair Salon should explore ways to reduce missed appointments, such as implementing an online booking system, sending appointment reminders, or offering incentives for timely cancellations. This proactive approach not only enhances customer satisfaction but also contributes to revenue stability.

5. Day Perception and Customer Behavior: Influencing Factors

Understanding why certain days are perceived as good or bad is crucial for shaping marketing strategies and managing customer expectations. Mondays, Sundays, Wednesdays, and Fridays are generally considered good days, while Tuesdays, Saturdays, and Thursdays are perceived less favorably. This perception is often influenced by cultural and social factors.

Recommendation:

Ajju Hair Salon should leverage positive perceptions of certain days by intensifying promotional activities during these periods. Offering exclusive discounts, thematic events, or special services on perceived 'good days' can attract more customers and enhance the overall customer experience.

6. Premium Services Perception: Shaping Brand Image

The preference for richer establishments for services like Rebonding and Hair Spa indicates a perception of these services as premium. This perception may limit customer engagement in these high-margin services.

Recommendation:

To overcome this perception, Ajju Hair Salon should consider rebranding or launching targeted promotions that highlight the quality and expertise offered in Rebonding and Hair Spa. Communicating the value and benefits of these services can reshape customer perceptions, encouraging them to explore premium offerings within the salon.

7. Customer Age Dynamics: Tailoring Services to Demographics

The analysis hints at the age of the salon playing a significant role in customer acquisition. As the number of customers increases each year, understanding the age demographics can help tailor services and marketing strategies to cater to the evolving preferences of different age groups.

Recommendation:

Ajju Hair Salon should conduct targeted surveys or engage with customers to understand their preferences better. This demographic information can be used to customize services, ambiance, and promotional campaigns, ensuring alignment with the diverse preferences of customers of different age groups.

8. Strategic Expansion Opportunities: Scaling the Success Story

With the positive trajectory in customer growth and revenue generation, Ajju Hair Salon stands at a juncture where strategic expansion can be considered. Assessing the potential of opening additional branches in different localities or introducing complementary services can capitalize on the established brand reputation.

Recommendation:

Before expansion, thorough market research and feasibility studies should be conducted to identify lucrative opportunities. Exploring partnerships or collaborations within the beauty and wellness industry can also open avenues for synergistic growth.

Conclusion: A Roadmap for Future Success

In conclusion, the detailed interpretation of the results from Ajju Hair Salon's data analysis offers a comprehensive roadmap for future success. By leveraging insights into customer behavior, service distribution, and profit dynamics, the salon can implement targeted strategies that align with market trends and customer expectations.

From optimizing service offerings to mitigating the impact of missed appointments and reshaping customer perceptions, the recommendations outlined above provide actionable steps for Ajju Hair Saloon to elevate its performance in the competitive saloon industry. With a customer-centric approach and an agile response to market dynamics, Ajju Hair Saloon can not only sustain its growth momentum but also emerge as a benchmark for excellence in the local beauty and grooming sector.

Link of Excel Sheet :
https://docs.google.com/spreadsheets/d/187YXkrXAiZcdhsoLErcn1bxbsv45yXlO/edit?usp=sharing&ouid=107463315633950504840&rtpof=true&sd=true