

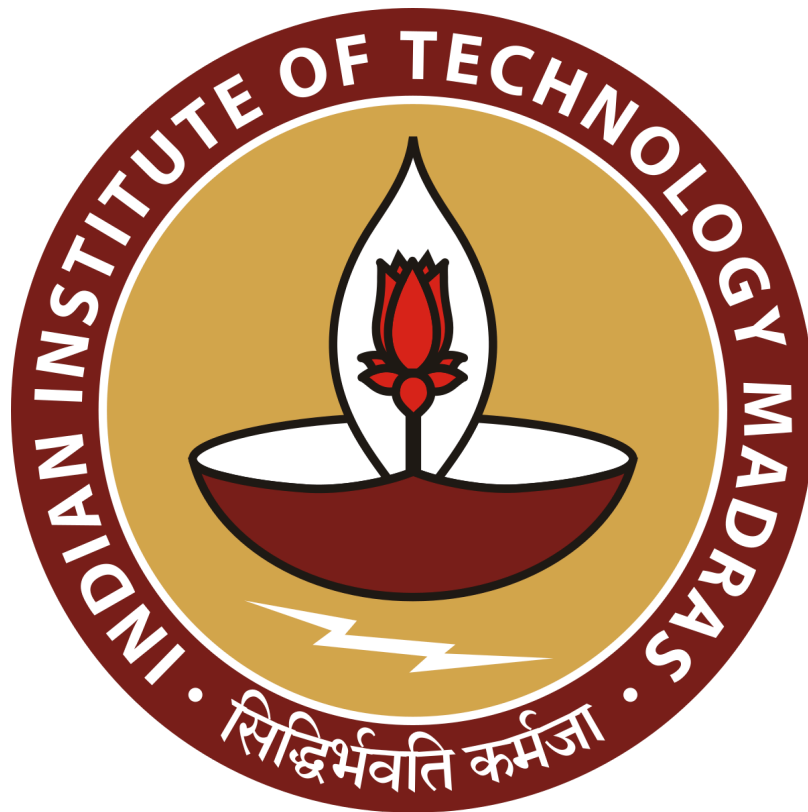
Pre Market Segmentation Analysis for Pixie Hair Salon

A Proposal report for BDM capstone project

Submitted by

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Declaration Statement

I am working on a Project Title "Pre Market Segmentation Analysis for Pixie Hair Salon". I extend my appreciation to Pixie HAir Salon , Patia , Bhubaneswar , for providing the necessary resources that enabled me to conduct my Project.

I hereby assert that the data presented and assessed in this project report is genuine and precise to the utmost extent of my knowledge and capabilities. The data has been gathered through primary sources and carefully analyzed to assure its reliability.

Additionally, I affirm that all procedures employed for the purpose of data collection and analysis have been duly explained in this report. The outcomes and inferences derived from the data are an accurate depiction of the findings acquired through thorough analytical procedures.

I am dedicated to adhering to the information of academic honesty and integrity, and I am receptive to any additional examination or validation of the data contained in this project report.

I understand that the execution of this project is intended for individual completion and is not to be undertaken collectively. I thus affirm that I am not engaged in any form of collaboration with other individuals, and that all the work undertaken has been solely conducted by me. In the event that plagiarism is detected in the report at any stage of the project's completion, I am fully aware and prepared to accept disciplinary measures imposed by the relevant authority.

I agree that all the recommendations are business-specific and limited to this project exclusively, and cannot be utilized for any other purpose with an IIT Madras tag. I understand that IIT Madras does not endorse this.

Signature of Candidate: *Aditya Siddharth Jyoti*
Name: Aditya Siddharth Jyoti
Date: 01/04/2024

1. Executive Summary :

The project focuses on one of the growing hair salon branches of Pixie , located at Patia, Bhubaneswar. This is a B2C , service based business , where services provided belong to the beauty and personal care industry.

Being a growing branch , the salon needs to start print and media advertisements for a better reach among the local people. This requires a good understanding of market segmentation . Market segmentation may include customer category segmentation , performing service segmentation and many more. The issue arises when the salon tries to understand these segmentations just by looking at the data available with them. At this point they need assistance in identifying the segmentation conveyed by the available data. This segmentation in turn will help them to choose the right target audience and market place for the advertisement.

In this project , the issue will be addressed by analyzing the data collected for services availed and prices by each customer. Approach for the market segmentation will be focusing on major categories , customer segmentation and services segmentation. To achieve this we will be using the service history to analyze factors like RFM (Recency , Frequency and Monetary) to segregate loyal customers , CLV (Customer Lifetime Valuation) to segregate profitable customers , refine the pivot tables for service revenue analysis and few more similar approach will be used in the whole project.

The outcome of the project will help the client to have a better understanding of market segmentation by knowing the right customers to invest in for retention and the right services to advertise with , which can help in very precise , cost effective and fruitful marketing strategies.

2. Organization Background :-

I am working with a growing branch of Pixie Hair Salon. This is a B2C sector as it aims for direct services to their final customers in the beauty and personal care industry segment. This particular branch of Pixie Hair Salon was established in August 2021 , with bare minimum services available only for men which included haircut , beard trimming and basic facials. Within 2 years they expanded their services , and came up with unisex services , deep hydration , spa , waxing , manicure , pedicure , etc. This salon had a USP in the service timings. The workforce increased from 2 staff in 2021 to more than 6 staff in 2024. Pixie had been a 24 hour running salon with 2 sets of staff (Morning and Night duty staff) from the very start of the year 2022. The long term goal of this branch is to create the most profitable business among all the other branches of Pixie Hair Salon. The branch has a very good locational advantage of being on the front side of the main road in the local area with universities and residential flats nearby. The main road also connects a few neighboring highways , which add on to it. This locational advantage resulted in a very decent customer acquisition.

3. Problem Statement (Listed as objective) :-

After a good discussion with the manager of the branch , I was able to identify following 2 problems , which had been the major hurdle for the market segmentation and they are as follows :-

1. Not being able to use premium data of user demography and working with limited data available with the owner as they are just a branch of the hair salon franchise Pixie hair salon.
2. Deciding the right locations and timings , which will be used by the adsense company to advertise their add through detailed analysis of the limited data available.
3. Deciding the best performing and most profitable services other than haircut and beard trimming which will be utilized by the design team to create suitable advertisement designs.

4. Background of the problem :-

The hair salon is just a branch of the franchise Pixie Hair Salons . Due to this fact they are limited with the resource as compared to the franchise itself. Although they are surely provided with a greater freedom in terms of personal advertisements . All they need to do is to follow the brand name of Pixie Hair Salon. This branch is authorized to explore data which includes information about daily purchase of service by a customer , name of the services availed by the customer and the date and time. They are not allowed to explore personal data of the customer. Although the billing software collects the personal data of customers with their consent , the branch can not access it. They also have a membership plan which includes a card with some discounts. But this card is managed completely by the head office of the franchise. So basically when a customer is willing to provide demographic information , that is directly sent to the franchise. Due to this we are left with a limited source of data. The advertisement company which took the contract from the salon for the advertisement needs two important parameters , the preferred location to put advertisements and the preferred timings to show advertisements. It could have been an easy task to decide this by analyzing the demographic data directly , but with limited data which we had , it was a tough deal to crack. The request to avail demographic data was rejected multiple times by the head office of the franchise , due to security reasons. Along with the advertisement team , the design and content team also required inputs for the theme and design. The team at the salon was well aware that haircut and beard trimming are two main but common services to advertise. At this point they need services other than aforementioned services , which could be a good addition to the advertisement design , have potential to generate good profit and can convince the customers to choose Pixie over other salons in the locality by analyzing the limited data available with this branch of the hair salon.

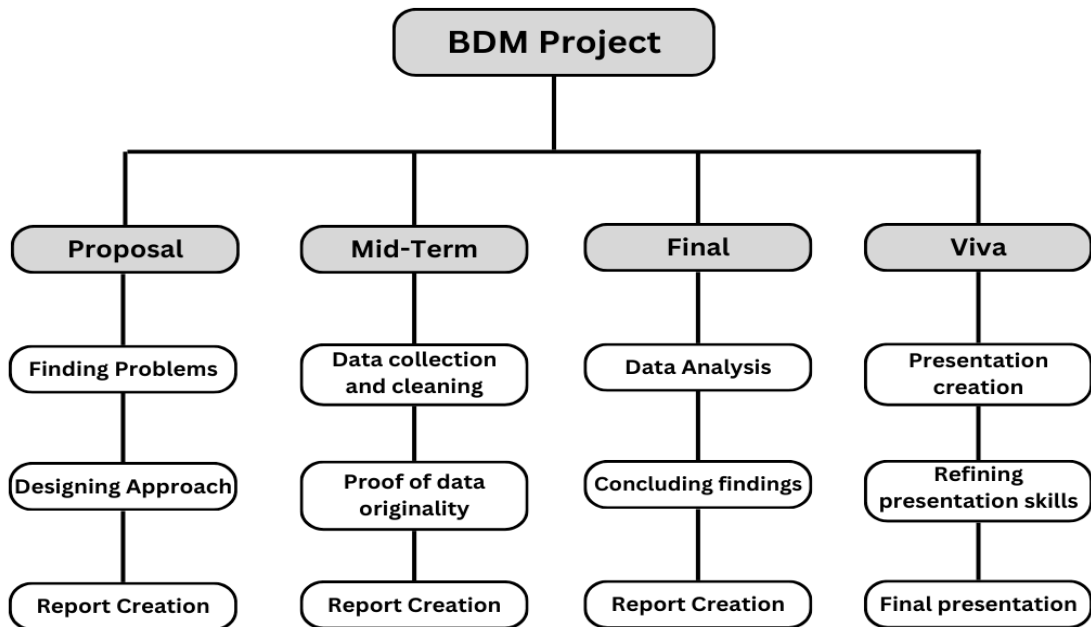
5. Problem Solving Approach :-

For solving the aforementioned problems , i have following methods in my mind :-

1. RFM (Recency , Frequency and Monetary) : By analyzing Recency (last visit), Frequency (number of visits), and Monetary Value (average spend), we can identify loyal high-spenders, infrequent customers, and those who might need a nudge to come back. This allows us to tailor marketing campaigns for each segment.
2. Customer Lifetime Value (CLV) Analysis : Customer Lifetime Value (CLV) analysis helps us understand the total revenue a customer brings in over their relationship with the salon. This lets us prioritize high-value customers for retention efforts, ensuring they feel appreciated and keep coming back.
3. Compare the revenue growth of new services like deep hydration and spa treatments to the performance of original services like haircuts. This helps us see if new offerings are resonating and identify areas for potential service expansion.
4. Analyze daily service purchases to identify high-revenue services beyond the usual suspects like haircuts and beard trimming. This could uncover hidden gems that deserve more promotion.
5. Analyze membership plan usage data like the number of members and the services they use. This sheds light on popular services among loyal customers. Feature these services in advertisements to attract similar customers.
6. Research competitor services in the area. Identify unique services that Pixie offers that competitors don't. Highlight these differentiators in marketing materials to attract customers seeking a special experience.
7. Since the salon is located near universities, consider university schedules (semesters, breaks) to predict high traffic periods. This allows for better staffing allocation and targeted promotions during peak times.
8. Summarize the findings from these analyses using appealing charts and stories. Use simple, jargon-free language to ensure everyone understands the valuable information the data reveals.

6. Expected Timeline :-

6.1. Work Breakdown Structure :-



6.2. Gantt Chart :-

	Task	Assigned To	Start	End	Dur	2024		
						Feb	Mar	Apr
	BDM Project	22f3001792	2/2/24	4/10/24	48.5			
1	Preparing proposal	22f3001792	2/2/24	2/6/24	2			
2	Raw Data Collection	22f3001792	2/6/24	2/12/24	5			
3	Data Formatting	22f3001792	2/12/24	2/24/24	10			
4	Data Cleaning	22f3001792	2/24/24	3/8/24	10			
5	Proof of Originality	22f3001792	3/8/24	3/8/24	1			
6	Mid-Term Report Preparation	22f3001792	3/8/24	3/15/24	6			
7	Data Analysis	22f3001792	3/15/24	3/28/24	10			
8	Final Report Making	22f3001792	3/28/24	4/1/24	3			
9	Start Submissions	22f3001792	4/2/24	4/2/24				
10	Presentation Preparation	22f3001792	4/3/24	4/10/24	6			

7. Expected Outcome :-

This data-driven project will help the salon branch to conclude on data-driven decisions. They will be able to identify the correct strategies to be implemented for the advertisement, providing proven insights in customer acquisition, service performance, and their standing among current competitors. Adding to the aforementioned findings, the salon will also be able to identify the correct timings to focus on for advertisements and promotions. The combined effect of these strategies is expected to be a significant increase in customer acquisition. By attracting new customers and promoting profitable services, Pixie Salon can achieve its goal of becoming the most successful branch within the Pixie Hair Salon franchise. Furthermore, this project paves the way for a data-driven culture within the salon. This allows for continuous improvement through ongoing analysis and adaptation of marketing strategies. Ultimately, Pixie Salon can expect not only a surge in profitability but also a more loyal customer base built on a deep understanding of their preferences