

# Beauty and wellness Exploring the non-metros

Thanks to the 'looking good and selfie' culture, the aspiration level of people across India has grown multifold thus opening up immense potential for opening of salons and spa in places other than just the metros

by Zainab S Kazi



L to R: Isshaa Mahmood, Vikram Bhatt, Jawed Habib, CK Kumaravel, Deepak Praveen



Headmasters, Enrich and Green Trends in non-metros

The internet and a cable connection no longer is a novelty for people living in small towns and villages so why should there be a cap on the spread of salons and spas just to the metros and tier I cities and towns? If we were to ask you where is the biggest salon in the Western region of India, without a doubt you would say 'perhaps in Mumbai'. But to your surprise, the place is Surat! It is home to a salon that is spread across 6,000 sq ft. With manicure starting at ₹2000, Headmasters in Surat, within a year of its opening, today takes pride in having a footfall of about 80 to 100 people everyday and yes, some of them specially travel from Mumbai!

The above example was to set the context for the story on the emergence of new destinations for salons and spas in India, which are not restricted to the clichéd cities like Mumbai, Delhi, Bangalore, Chennai and the likes. Pune for example has a much widespread of salons in the Western region that can be easily compared to Mumbai. When we look up North, Chandigarh has Headmaster that is spread across a whopping 20,000 sq ft making it the largest salon, not just in India, but in Asia.

## The spread

As modern retail has managed to make inroads in tier II and tier III regions, it goes without saying that people in these places are well aware and getting accustomed to branded apparels, international fast food chains and also to the salon culture that has undergone a mammoth change from salons being visited just for haircuts and bridal make-up.

As being pointed out by Isshaa Mahmood, a consultant for salons and spas, "Smaller towns are growing twice in pace of metros in terms of awareness, education and financial stability. The return on investment in smaller towns is much higher and faster due to low rentals and lower overheads, as compared to metros, which extends a

huge satisfaction to the business investor." Mahmood makes a strong point when she says that the rural woman is no longer using homemade beauty products and is now ready to spend a good amount on the salon services like hair treatments, facials, body spa and more. She adds, "According to a recent research that I came across, I read that women in Bhatinda are willing to spend upto ₹8000 for an anti-ageing treatment." This accentuates the fact that these places are not just ready for premium and high-end salons, but also specialised clinics and aesthetic centres.

According to Mahmood, we can see a lot of growth in places like Bhopal, Indore, Jabalpur, Gwalior, Ujjain in Madhya Pradesh, Raipur in Chhattisgarh and Surat in Gujarat.

Enrich, Naturals, Jawed Habib's HairXpreso and Green Trends Unisex Hair and Style Salon are a few salon chains that have managed to make themselves beyond the metros. Naturals has a network of 166 salons in non-metros out of the 400 salons and the brand is seen active in its expansion in the non-metros as much as it is for the tier I cities. CK Kumaravel, CEO and Co-founder, Naturals, shares, "Though we started our salon in Chennai, our business strategy was to penetrate the small cities. Currently, from the total 400 Naturals salons 166 are located in the tier II and III regions."

For Naturals, about 35 per cent of their total turnover comes from the non-metros and Kumaravel is envisioning a rapid increase in the coming years. He adds, "As a result, we have ensured that we make our services available in every city starting from Guwahati, Jammu and Kochi. We are rapidly expanding more into the other larger cities like Jalandhar, Lucknow, Bilaspur, Bhillai, to name a few."

For Green Trends, too, the number is encouraging with approximately 95 salons out of their 225 salons operational in non-metros. Deepak Praveen, COO, Green Trends Unisex Hair & Style Salon points out, "Growths across salons in non-metros has

been quite positive. The same growth over previous year is today more than 20 per cent."

Talking about it is Enrich's Vikram Bhatt who has set-up a salon in Vadodara as a part of the cluster strategy that Enrich follows, "We operate on a 'cluster' approach. Opening salons in a cluster in an area so that we can support it with a back office and academy. Our opening in Vadodara was more a function of extending the Ahmedabad cluster by launching in a mall, rather than any non-metro strategy." But having said that, Bhatt also suggests that non-metros and smaller towns are ready for national salon chain networks. He shares, "We are yet to actively drive this but thanks to the proliferation of media, the increase in disposable income and education levels the folks in the next level cities are ready. Infact, they are waiting to access the same brands that are available in the metros. The fact that they make a large share of the web-based market places not just prove this, but also indicate that they are technology savvy as well."

## Strategy

With a strong presence in Mumbai, Pune, Ahmedabad, Bengaluru and Vadodara, Enrich is one of the few names in the industry that is growing organically with following just the COCO (company owned – company operational) route. The others in the list have a strong franchise network and this perhaps has helped them touch the three digit number as far as their expansion is concerned.

The reason to opt for franchise network strategy when opening in new cities and towns rests with the fact that local knowledge of the franchise comes in handy to mitigate any risk factors that are commonly associated with an entry into a new territory.

Citing the initial set of challenges faced while stepping into the non-metros, Kumaravel shares, "When we launched



The extravagant interiors of Enrich, Headmasters and Green Trends vie for attention



Naturals in the smaller cities the beauty market was not organised. The term unisex beauty salon was a new concept. One of our major challenges was to position ourselves in the market as a salon where both men and women were welcome; second was to attract customers who would not mind spending a few extra bucks for good quality services in a relaxed and comfortable environment and lastly, raising funds to run these salons was quite difficult initially.”

Between the year 2006 & 2008, Kumaravel invested about ₹5 crores directly into the smaller cities. He explains, “The main agenda behind this was to experiment and understand the market, the consumers and their requirements. Though initially we had to face some failure, gradually the consumers opened up to the concept of unisex salon. Now, our investments in the smaller cities are more indirect as we firmly believe in expanding through franchise route.”

However, associating with the right franchise partner does come on the list of on-going challenges that a brand faces while on an expansion spree. As revealed by Kumaravel, “Some of the on-going challenges in these smaller regions are to get similar-minded franchise partners who are willing to invest both financially and emotionally.” Kumaravel is optimistic about doing well in new and upcoming cities. He shares, “We see a great potential in the smaller market as the consumers are more aware today, are ready to experiment and are no longer reluctant to shell out money to

meet their grooming needs.”

As for Green Trends, Praveen shares, “We do not face any issues specific to these locations because our franchise partners are from the local markets and are well connected. Further we directly meet the landlord to make presentations on our corporate background which many find as a strong point to partner with us.”

### Things to keep in mind

Inspite of the aspiration levels of people in upcoming cities matching that of the metros, the financial comparison between a client of these two places cannot be weighed equally. Keeping that in mind, the pricing strategy needs to be tweaked according to the place of operation. Likewise, the salon set-up too needs to be done keeping in mind the comfort level of the residents of that particular area and then the return on investment (ROI). According to Mahmood, since the rentals and overheads are low one can afford to have a space of 1500 sq ft and can go upto 5000 sq ft area with eight to 10 stations. Mahmood further says that the business risk in any place remains similar, hence, a thorough market study is essential before stepping into any new city. She shares, “I would advise the clients to do a complete market survey and get a project report with complete financial analysis and the expected ROI.”

For a brand of repute, manpower does pose a challenge while entering any new place. Where Naturals, Enrich and Green Trends have taken it upon them to churn

out trained professionals with their academy set-ups, Pramod Dewan from Headmaster in Surat shifted 45 of his staff members from Chandigarh. Dewan explains, “There can be no compromise on the quality of service that is associated with a brand. Hence for me, it was imperative that I have trained and trusted staff for our patrons. Another reason was that in Surat, it would not be possible for me to find manpower as per our expectation.”

Talking about the issue of trained manpower for new salons, Kumaravel shares, “In the current scenario, while the number of salons is rising, there is a dearth of experts. It is estimated that by 2022, the beauty and wellness industry will require a workforce of 12.1 million people. To meet the demand, we have our own training department where we hire young aspirants who want to enter the beauty industry. When we open a new salon, we try to maintain a balance in each salon between hiring locally and sourced trained manpower from other regions.”

Praveen shares the strategy he has in place at Green Trends, “We have a robust system regarding training and deployment of manpower. Before a salon opening, all staff and managers go through extensive technical and soft skill training. Every salon member is evaluated on key parameters before placement. Further, we have one exclusive technical coach for a cluster of salons who constantly trains and evaluates the skills of stylists. This ensures service delivery, which in turn, leads to repeat customer visits.”

### To conclude

The proof of the pudding is in eating it and the real success of non-metros in accepting the new-age salon and spa culture will be fully accepted when we see more salons opening in these places other than just the known brands. Suffice it to say that there is enough space for more players to come in. 📌