

UOB-SMU Asian Enterprise Institute

ADONIS

The Future is Young

Beauty Wisdom through the Generations

In Greek mythology, Adonis is the god of beauty and desire, revered by those who aspire to eternal youth and physical splendour. His magnificent attributes are the result of a continuous process of birth, death and rebirth. Clearly, some part of the myth

has found its way to reality. Today's beauty salons offer treatments and home care products which are aimed at renewing and rejuvenating the whole person, with customised therapies to suit different conditions and needs.

Established in 1986 by Miss Ann Lee, Adonis is one of the leading providers of professional face, body and hair care service, and boutique home care products. With eight outlets in Singapore and another 15 in Malaysia, the brand has garnered a strong following over the years. Like its Greek-god namesake, Adonis' brand value proposition is youthfulness, and it offers this to customers through unique face and body treatments and products that effectively address skin problems associated with the local tropical climate. Constantly raising the bar on innovation, the company invests heavily in research. It has enjoyed breakthroughs in its R&D efforts and developed in-house formulations that significantly enhance the efficacy of its treatments.

In 1998, Adonis set up the Adonis First Academy of Cosmetology to school therapists on the latest in knowledge, skills and customer service. Doing its part to support the industry, the academy trains its own therapists as well as people who are keen on a career in beauty and wellness.

Beauty wild and untamed

The beauty and wellness industry in Singapore is flourishing, with more than 18,000 registered businesses providing a wide range of services including beauty care, skin care, nail care, hair care, slimming and health treatments, massage and spa services¹ as at 2010. Other than the big players which operate a chain of outlets, many salons are small-scale businesses with between five and 10 staff, operating in cosy outlets in shophouses, shopping malls and housing estates. Unlike one or two generations ago when a trip to a beauty salon was reserved only for special occasions, beauty treatments are now viewed as an essential part of normal personal grooming. So resilient is the industry that it did not suffer any permanent setback during the recent economic downturn.

The continuing high demand for such services, and the perceived lucrative takings, has fuelled the spawning of salons both licensed and unlicensed. The inevitable black sheep in the largely fragmented and loosely-regulated industry have garnered much negative publicity, making headlines because of sudden spa closures, hard-sell tactics, and inconsistent or sloppy service delivery. In 2010, the spa and wellness industry made history when it topped the most complained-against industry list, with 3,111 cases brought to the attention of the Consumers Association of Singapore (Case). This figure was a 51% spike from the 2,060 cases a year earlier. The highest successful claim against a beauty firm was \$35,332, which was no small amount.

¹ IRAS' Audit on Beauty and Wellness Industry 2011, Internal Revenue Authority of Singapore

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The spate of bad publicity galvanised genuine players into action, resulting in the formation of trade associations like The Spa Association of Singapore; Spa, Beauty and Wellness Alliance 2010, and Spa and Wellness Association of Singapore. These groupings have similar aims which include raising standards, setting benchmarks and instilling consumer confidence by adopting good practices. Some salons now participate in an insurance scheme which would compensate customers for their unused portion of prepaid packages should the establishment cease operations.

The personal touch

Spa and beauty salons sometimes offer low-priced treatments for first-time visitors in the hope of converting them into loyal customers. However, with a new generation of savvy consumers with good product knowledge and awareness of their many options, such “loss leaders” are losing their shine and salons are turning to new methods. One way is to tap on existing customers. Having engendered their trust, salons are offering specially-priced “trial” treatments for loyal customers, and convincing them to upgrade their existing prepaid packages or sign on new ones for this new offering. Salons are also giving incentives to existing customers to refer their family and friends, thus allowing salons to bypass the high hurdle of having to attract and convert “strangers” into “customers”.

Singapore’s more established beauty firms, which include Adonis, FIL, Jean Yip, Citispa and Marie France among others, have distinguished themselves with their signature treatments, customised offerings and marketing strategies. But they are not resting on their laurels – many have turned to R&D to keep them at the forefront of innovation to heighten treatment efficacy, while others are increasing their depth and width of customer engagement.

In the beauty and wellness industry, a positive experience plays a key role in whether a customer returns to the salon. This experience is likely determined by a combination of factors including how effective a treatment is and its perceived value, the therapist’s “touch”, overall ambience at the salon, and reputation of the brand. Clearly, the customer has to trust the brand enough to put down a considerable sum of money for services to be consumed in the future. While the exact experience is not guaranteed – the preferred therapist may leave, a particular treatment may be phased out or the salon may move to another location – the introduction of insurance coverage on the outstanding amounts of an incomplete package has given customers some assurance that their money is “protected”.

A recent SMU survey reveals that over 80% of respondents, comprising both men and women, have visited a beauty salon by the time they reach 22 years. The customers are starting younger, and with men also requiring such services, there is no let-up in the number of people looking for ways to maintain their youthful looks or try to turn back time. This is good news for the beauty and wellness industry.

A sustainable regime

Although Adonis has a 26-year track record, it is always looking for new ways to set new benchmarks. When it approached the UOB-SMU Asian Enterprise Institute to participate in the SME Consulting Programme, it was looking for “different insights and views about the company brand name,” said Mr Victor Wang, Business Development Director, Adonis. The final report confirmed “certain suspicions we had on customer perceptions, and caused us to question other assumptions,” he said.

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The student-consultants had conducted a brand audit of Adonis' market standing vis-à-vis its competitors, existing customers and target customers. Through a combination of qualitative and quantitative data collection and analyses, the team was able to determine the company's strengths and weaknesses, opportunities and threats (SWOT), and recommend strategies to leverage on the positives and mitigate the negatives. Although timing was an issue – the student-consultants were in the midst of their internship, and there was a shortage of information about the beauty industry – the team overcame the challenges through good time management and teamwork; they even took on the role of “mystery shoppers” to gain first-hand experience of the industry. The team found the whole consulting experience to be invaluable. “It was a real-world scenario. Although we could apply our textbook knowledge, we faced a different set of challenges that was coated with uncertainties,” said a team member.

Project Adviser Ms Loretta Song thought the team did its job well. Once Adonis and she set them “on course”, the student-consultants showed “lots of initiative, can-do spirit, diligence and creativity”. More important was the client satisfaction. “Our expectations were exceeded as the team presented their findings in a clear and concise manner based on carefully-researched data. We are in the process of implementing certain ideas. For some suggestions, only slight tweaking was required before implementation as the recommendations are very relevant. Good job!” said Mr Wang.

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