

CORPORATE AND COMPETITIVE STRATEGY

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1. Introduction

The study is centred around the hair care industry in Singapore, particularly focusing on "Kimage", a major boutique hair care salon within the country. The company is engaged in 28 years of professional services in the Singapore market environment. It was established in 1994 as a boutique hair salon chain with a belief in guiding individual personalities through "hairstyling".

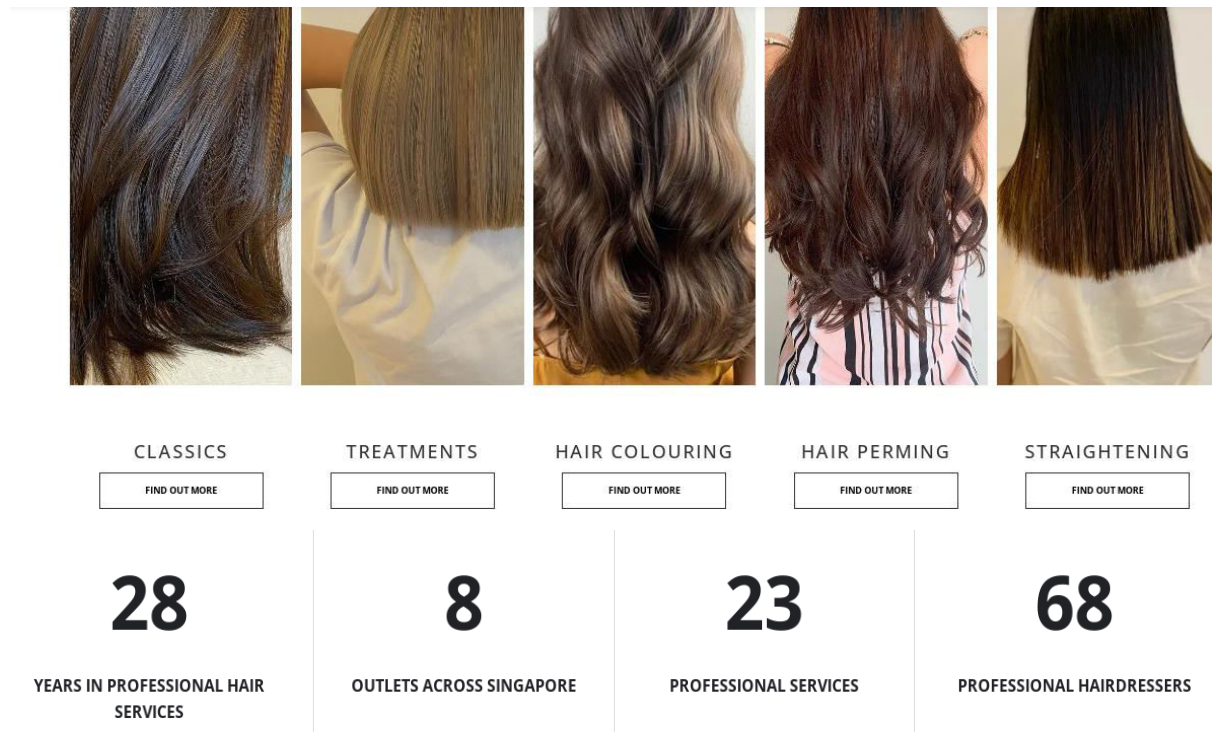


Figure 1.1: Business services and performance of Kimage

(Source: Kimage, 2024)

The aforementioned figure represents its business services such as classic hair care, different types of treatment, hair colouring, perming, and straightening and so on as well as its performance outputs of having 8 outlets across the country along with 68 professional hairdressers (Kimage, 2024).

2. Environment Analysis

2.1 External Analysis

2.1.1 PESTLE Analysis

Concerning **political factors**, Singapore attracts businesses with the promise of low corporate taxes, emphasising an economy of "Tax Haven". As such, the country also integrates only 17% of income tax which is the lowest among all ASEAN member states (Business Standard, 2024). This provides opportunities for the profitable

growth of Kimage due to controlled taxes while also allowing it to maximise its current profitability.

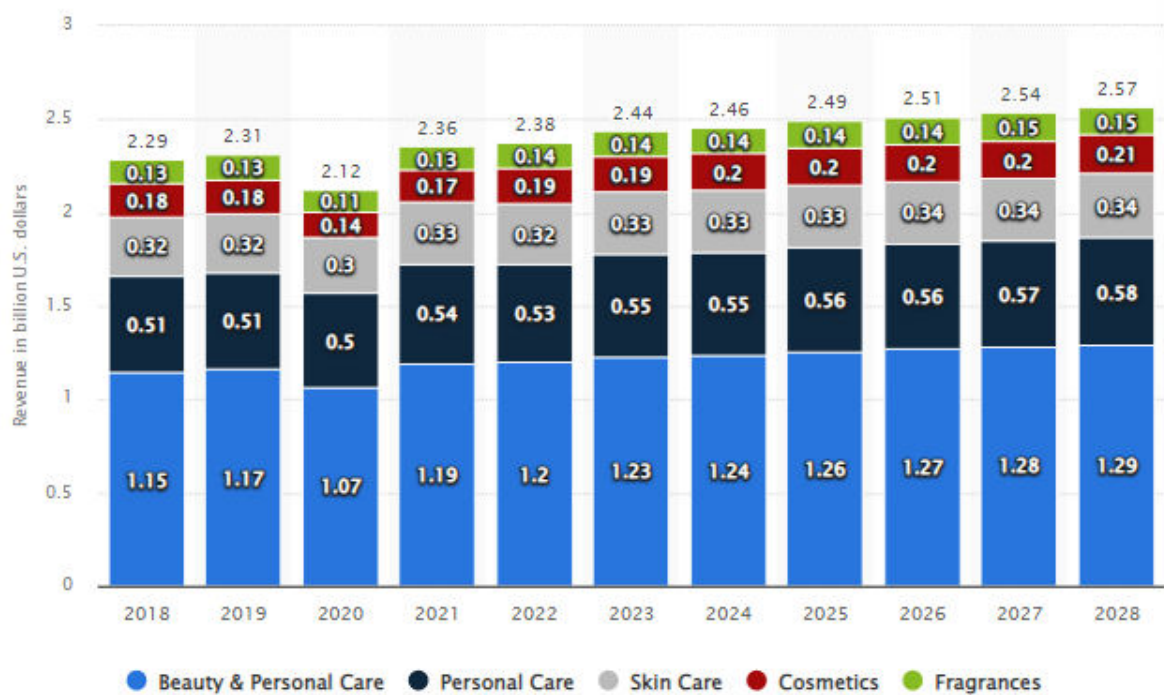


Figure 2.1.1.1: Beauty and personal care revenues in Singapore
(Source: Statista, 2024)

In terms of **economic factors**, beauty and personal care has observed a positive uprising trend amounting to 1.23 billion dollars in 2023 and is forecasted to reach 1.29 billion dollars by 2028 in Singapore (Statista, 2024). Subsequently, the hair care market in Singapore is set to grow annually by 1.15% CAGR between 2024-2028 and its projected total revenue in 2024 is 193.60 million dollars (Statista, 2024a). This indicates a better value-driven growth trajectory for the services of "Kimage" in the Singaporean market environment.

In consideration of **social factors**, there are 3,000 hair salons approx. In 2024. This number is set to increase drastically as the country is gearing up to cater to over 800,000 clients in the hair care industry by 2029 (OPS, 2024). This can also provide better opportunities for Kimage in terms of high customer frequency. Concerning **technological factors**, the hair care industry in Singapore is focused on integrating ingredient innovation to improve the natural strength of hair and focusing on more personalised solutions to revolutionise client hair care (Frost, 2024). It indicates a better growth appetite for the boutique hair salon of "Kimage" in Singapore.

Regarding **legal factors**, the hair care industry in Singapore must adhere to the "ASEAN Cosmetic Directive (ACD) of 2008" to conduct uninterrupted operations within the market (HSA, 2024). The strict and rigid regulatory framework for the use of cosmetic products in hair care presents a challenge to "Kimage" in terms of a complex regulatory environment. Hence, concerning **environmental** factors, there are many hair care products which have toxic or harmful chemicals causing adverse health impacts (IndustryArc, 2024). This entails a challenge for Kimage in terms of providing sustainable and reliable hair care services to its target consumer base.

2.1.2 Porter's 5 Forces

There are five competitive forces as established by Porter which are examined below:



Figure 2.1.2.1: Five Competitive Forces by Porter

(Source: Isabelle *et al.*, 2020)

Bargaining power of suppliers: The number of suppliers in Singapore's hair care industry is high due to the presence of over 3,000 hair salons approximately (Isabelle *et al.*, 2020). This makes them a weak force, indicating cost-effective opportunities for Kimage.

Bargaining power of customers: Due to the availability of similar hair care services in Singapore, customers have a high bargaining power (Anastasiu, Gavriş and Maier, 2020). Hence, Kimage must maintain value-driven prices to effectively target and retain its customer base.

Threat of new entrants: Startups in the hair care industry are famed for providing innovative solutions to clients. This indicates a major threat to the established operations of Kimage in the market.

Threat of substitutes: Due to the lack of any kind of alternative products or services available in the market, it is a weak force. Hence, Kimage can have a competitive edge in this regard.

Competitive Rivalry: The hair care market in Singapore has a high number of competitors such as “The Base Salon”, “Harts Salon” and more. Hence, competitive rivalry is a strong force for Kimage which adversely affects its competitive market positioning.

2.2 Internal Analysis

2.2.1 Tangible and Intangible Resources

Tangible

The tangible resources of "Kimage" are the wide variety of treatments it provides to its clients such as "Hydrating Hair", "Kerastase Scalp Treatment" and so on along with a premium range of hair products that create effective hair care services for clients (Kimage, 2024). Subsequently, the cash revenue derived from business operations is a major tangible resource for the company.

Intangible

The market revenue of Kimage in Singapore is 5.4 million dollars as recorded in 2023 (Zoominfo, 2024). However, it is not a market leader as L’Oreal exceeds its revenue, number of employees and market shares by a wide margin hailing as the market leader of the hair care industry in Singapore (IndustryArc, 2024).

2.2.2 VRIN Framework

The VRIN framework enables companies to evaluate their resources and capabilities in terms of gaining a sustainable competitive advantage (Huemer and Wang, 2021). Therefore, the VRIN framework of “Kimage” showcases its different competitive advantages as per its current resource pool **[Refer to Appendix 1]**. It is observed that “Kimage” can focus on using its market reputation and leveraging hair care treatments as well as its trained workforce to maintain a high degree of market stability. Thus, this can assist in the enhancement of competitive parity related to hair care products to generate maximum profits.

3. SWOT Analysis

The strengths of "Kimage" include a cost-effective supplier network followed by a high brand reputation in the Singaporean hair care sector *[Refer to Appendix 2]*. However, two major issues have been derived such as lack of service differentiation leading to adverse impacts on customer retention. Juraimi et al. (2023), opines that the hair care market is full of similar products and services allowing for low customer switching costs. Therefore, another major identified issue is the high market competition in Singapore, which often disrupts profit generation for the business due to a lack of innovative aspects. It results in an adverse impact on the overall competencies of the brand in the current scenario.

4. Strategic Options

Porter's Generic strategies were chosen as strategic options to mitigate identified issues:

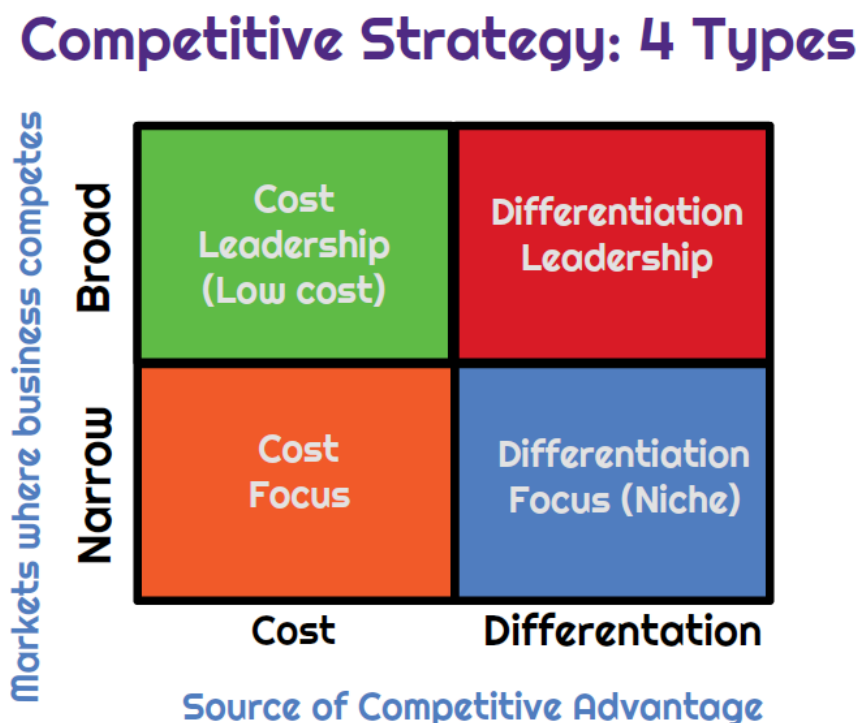


Figure 4.1: Porter's Generic Strategies

(Source: Tomlinson and Jarvis, 2023)

4.1 Differentiation Strategy

It is understood that due to the lack of service differentiation in the context of "Kimage", the company can focus on adhering to the "Differentiation" strategy. Differentiation strategies are effective in bringing a competitive edge in product or service categories for businesses resulting in long-term growth (Tomlinson and

Jarvis, 2023). Subsequently, there are various benefits associated with this strategy which can eventually assist in the market success of “Kimage” as examined below:

Improved brand loyalty: By developing a distinctive brand identity, a differentiation strategy can assist a business in increasing client loyalty. Ali and Anwar (2021), state that businesses can integrate different types of loyalty schemes in terms of generating better growth affinities in the current scenario. As such, loyal customers of Kimage will be less inclined to shop around for a better deal, which makes it simpler to raise prices later.

Enhancement of profit margins: In the contemporary scenario, charging more than its competitors, a corporation can boost its profit margins by implementing a differentiation strategy. It is also understood that the price hike must be justified in terms of product or service attributes, utility value to customers and so on (Islami, Mustafa and Topuzovska Latkovikj, 2020). As a result, consumers of “Kimage” may be more willing to pay more for a distinctive product or service.

Reduction in price competition: In terms of using a differentiating approach, a business can compete in the market without having to rely on lower prices. A hair care service provider manufacturer may differentiate itself from the competition by using more environmentally friendly ingredients in its products or focusing on building a sustainability portfolio to consistently retain customers efficiently.

Improved competitive advantage: This strategy draws attention to a company's distinct attributes, advantages, or customer-attracting experiences, making it stand out from the competitors. Ali and Anwar (2021), argue that by adhering to the prospect of innovation and creativity, businesses can gain an improved competitive advantage. This can be further augmented with proper training of employees in the current scenario. Therefore, it can be said that the use of a low-cost business model can enable "Kimage" to generate long-term values in the contemporary scenario.

Innovation: A major element of the “Differentiation” strategy is innovating services and products to suit the evolving needs of target consumers (Islami, Mustafa and Topuzovska Latkovikj, 2020). In this respect, Kimage can focus on providing innovative services which are not found elsewhere in the Singaporean hair care market to attract and enhance customer frequency as a whole in the contemporary scenario.

4.2 Cost Focus strategy

In terms of overcoming the adverse impacts of high market competition in the hair care industry of Singapore, “Kimage” can adhere to a “Cost focus” strategy. Varadarajan (2020), opines that cost-focus strategies are highly effective in terms of attracting customers based on price points. This is especially useful for the company to reduce its prices to significantly increase customer frequency and generate a stable rate of profitability income. As argued by Farida and Setiawan (2022), improvement in customer footprint in a business can also create enhanced word-of-mouth to create a healthy chain of regular customers and clientele interactions. It can also be attributed towards long-term market success of “Kimage” in the contemporary scenario. Hence, the benefits of this strategy to enable the success of Kimage are examined below:

Enhancement of customer attraction: In the current scenario, Kimage can use this strategy to draw customers in terms of value-driven purchasing behaviour. Varadarajan (2020), value-driven purchases help in significantly improving customer retention. This can further assist in maintaining strong quality outcomes while emphasising long-term market growth.

Higher service responsiveness: In consideration of the hair care services, Kimage can focus on improving service responsiveness to generate long-term growth aspects. This can also result in maximising the competitive edge of the business by ensuring it is able to readily serve its customers rapidly.

Improved branding: The potential improvements in the pricing policies of “Kimage” can yield a higher rate of branding while striving to improve customer acquisition. Farida and Setiawan (2022), opine that improvement in branding aspects of a business can also help to generate greater visibility and a stronger market growth trajectory. In this respect, it can also yield higher values with enhancement of overall competitive edge.

Improved profitability: The use of cost cost-focused strategy can assist in optimising resource allocation for significantly enhancing overall profitability rates. This can also yield better values for “Kimage” to generate a stronger market affinity and reputation while integrating better growth rates in the process. Thus, in this manner, the business can also re-invest its profits to further reinforce and improve its infrastructure to gain market success.

Reduction in competition: The proper implementation of cost focus strategy enables to reduction of competition through improved pricing policies. Varadarajan (2020), argues that the efficient use of pricing policies can create stronger outcomes in terms of business resilience in the market. In such cases, it can also yield higher values of business growth in the long term.

5. Personal Reflection

I have used “Kolb's Reflective Cycle” to discuss learnings and improvement areas:

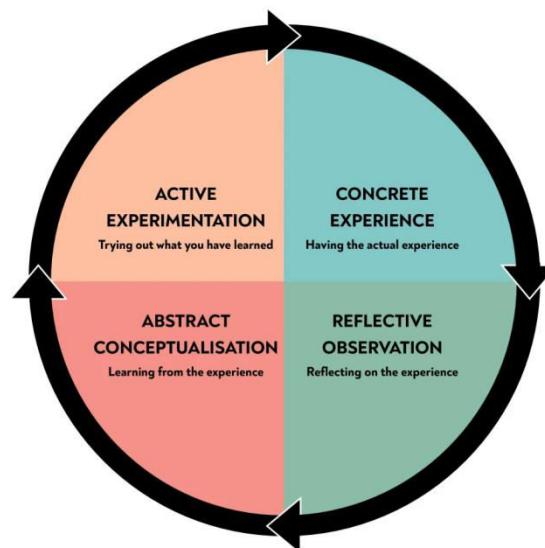


Figure 5.1: Stages of Kolb's reflective cycle

(Source: Wijnen-Meijer et al., 2022)

Concrete Experience: While undertaking the report, I understood the hair care industry of Singapore within the context of "Kimage". Therefore, I gained an understanding of Porter's Generic Strategies in terms of recommending the case study company for better market success. I also increased my familiarity with analysis tools such as VRIN, SWOT, PESTLE, Porter's 5 Forces and so on.

Reflective Observation: This experience improved my understanding of the internal and external environment of the hair care industry in Singapore. Wijnen-Meijer et al (2022), opined that the acquisition of knowledge can yield better personal growth values. Hence, I was also able to generate a better understanding of the assignment.

Abstract conceptualisation: During this stage, I understood that I have good analytical as well as critical thinking skills. In this respect, it helped me to fulfil the

requirements of the task in an effective manner. Concurrently, I found weaknesses in my problem-solving skills.

Active experimentation: In terms of areas of improvement, I believe that by enhancing my problem-solving skills, I will be able to achieve a better outcome in my future assignments. This can also prompt me to provide better details and analysis of the same in the future.

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Appendices

Appendix 1: VRIN Framework

Resources	Valuable	Rare	Inimitable	Non-substitutable	Type of advantage
Hair Care products	Yes	No	Yes	No	Competitive parity
Hair Care treatments	Yes	No	Yes	Yes	Temporary Competitive advantage
Trained workforce	Yes	No	Yes	Yes	Temporary Competitive advantage
Market reputation	Yes	Yes	Yes	Yes	Sustainable competitive advantage

(Source: Self-Created)

Appendix 2: SWOT Analysis

Strengths <ul style="list-style-type: none">• Cost-effective supply• High market reputation	Weaknesses <ul style="list-style-type: none">• Hair care products• Lack of service differentiation
Opportunities <ul style="list-style-type: none">• High customer frequency• Innovation opportunities• Low corporate taxation	Threats <ul style="list-style-type: none">• Innovative start-ups• High market competition• Low customer switching costs• Rigid regulatory framework• Environmental concerns

(Source: Self-Created)