

American Nails

Personal Care Services: Paper 3

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Introduction

The present paper is the last of a trilogy and will analyze a local company in the Mobile, Alabama Region: American Nails. It will be similar to the previous paper, which analyzed Mya's Tan & Nails; these companies compete for market share in a subdivision of the personal and laundry services industry: the hair, nail, and skin industry. Similar to the previous paper, this paper will include a survey of the industry, local company details, and an analysis of the company through the use of the gap analysis, servicescape, and blueprint techniques. In addition, it will also venture into the company's service recovery strategies as well as its strategies for adjusting to changes in the industry. Comparison between Mya's Tan & Nails and American Nails will be slightly provided throughout the paper, but it will be most apparent in the conclusion of the paper.

Industry Survey

Industry Information

The personal and laundry services industry is a competitive industry with over 201,000 service providers in the United States (*812 Personal*, 2011). Annually, the industry accounts for \$69 billion dollars of the United States' economy; the revenue is generated through a wide range of services that includes laundry, death, personal care, and many other services (*812 Personal*, 2011). In 2009, it was estimated that the national personal care industry was responsible for over 21 billion dollars in revenue; in Alabama, it is estimated that there are more than 1,215 companies competing for market share in this industry (*Table 10.1*, 2011; *Economic Fact Sheet*, 2011). According to the U.S. Census Bureau, this industry increased profits every year since

2001 but began to struggle in 2008 due to the economic recession that impacted the United States (*Table 10.1, 2011*). Even though local employees in this industry agree that there was a decrease in demand in previous years, they also report that demand for this industry is steadily increasing resulting in a recent period of slow industry growth.

Industry Value

The hair, nail, and skin industry provides a number of different benefits to its customers. For instance, services from this industry can help people relax and interact with others while allowing them to improve, change, or maintain an aspect of their outer appearance. Even though the services can be provided to the general public, the industry tends to attract customers who desire a specific outer appearance; in many cases, customers pay for these services because they seek relaxation and high quality treatment. It is to be expected that the bulk of this industry is powered by discretionary income and therefore incorporates a high level of customer service in order to ensure customers enjoy their experience.

In addition to relaxation, services in this industry can help minimize daily personal grooming time if performed correctly. For example, a professional hair removal through waxing will eliminate the need for shaving or hair plucking for up to two weeks; however it may result in severe skin burns and unnecessary pain if performed by an amateur. To avoid undesired pain and unexpected results, many women allow professionals to perform these services instead of attempting them with the use of a do-it-yourself personal care product. Also, it must be acknowledged that many customers purchase these services mainly because they eliminate set-up and clean-up times as well as any messes that would occur at home. Overall, the industry helps achieve desired outer appearances while allowing customers to relax.

Company Information and Details

American Nails is a privately owned company in the hair, nail, and skin industry and is located in Mobile, Alabama. This nail salon can provide a wide range of services, including tanning; however, two years ago the company decided to differentiate by focusing on nails and thus only advertises its nail services. This decision was difficult to make, but it changed the servicescape of the store dramatically and diminished the crowded feeling that customers felt in the past. It is hard to estimate the total number of employees because many of them are considered seasonal, but the store has six full-time employees, two part-time employees, and about five seasonal employees. Seasonal employees do not work regular “seasons” but instead cover for other employees during vacation, school, and religious seasons.

The store owner is also the general manager and believes in keeping the business as family friendly as possible; due to the size of the company, many employees are related and naturally give the store a relaxed atmosphere conducive to friendly business practices. However, financial records and statements were not accessible and the store owner was unavailable for a private meeting. Thomas Phan, a nail technician and manager assistant at the store explained that there are many “understood rules and expectations that come down from [their] Asian culture. As you can imagine, respect and obedience is a huge deal to my people.” After gathering some data from Mr. Phan, it became apparent that financial data would take a few extra weeks to access and therefore was unavailable for this paper. The intricate social, oral, and “understood” system used by this company develops a few issues that will be discussed later in the paper.

Similarly to Mya’s Tan & Nails, American Nails’ technicians receive a commission based on the number of customers they help per day. In addition, all employees are allowed to receive

reasonable tips offered by the customers; unless otherwise specified by the customer, tips over \$20 are split among all employees that helped the customer. Through tips, employees are able to make significantly more money than they make on commission and this drives customer service and high-quality labor to increase. Furthermore, it is clear to see that employees enjoy their line of work and therefore can easily develop a loyal clientele.

Finally, the company does not have an official mission statement and is currently considering a major salon upgrade which would in turn result in a new company structure and possibly new management. It appears as if the target population might also change as the company might try to seek upper class customers as opposed to middle class customers. Management hopes that a new salon and a new company structure will help the company differentiate from its competitors, but there is a severe lack of funds as the store owner is hesitant to invest more money into the business. The current salon location is convenient, but far from glamorous and some employees believe that this is a major company downfall; this and other salon servicescape details will be discussed in a later segment.

Company Analysis

Gap Analysis

Knowledge Gap

A knowledge gap is rare at American Nails because almost all customers want the same services. The three most popular services are nail cleaning/shaping, nail polish application, and design application. These services are usually intertwined and customers only have to pay the flat price of a manicure or a pedicure, nail designs cost extra and can be customized as desired.

Employees verify the service to be performed before beginning the process, and can usually work quickly while remaining professional. There is a low customer turnover because most people expect clean, evenly-shaped nails and the staff at American Nails can meet these expectations. In addition to great service, customers also receive great conversation and opportunities for relaxation. The staff is aware that they must provide phenomenal customer service while exceeding expectations if they hope to maintain and grow their loyal clientele.

Standards Gap

Without a doubt, the standards gap is the largest gap at American Nails. The salon has a complex set of rules and expectations that are not written down: most of these come from the general manager's Asian heritage and are understood by all employees who share the same background. For instance, a common expectation is to do everything possible, within reason, to keep customers happy. However, "within reason" is up to the employees' discretion; a short shadowing session revealed that service delivery varied by employee and led to some customer dissatisfaction. In fact, some employees even took personal phone calls while speaking a different language during the application of a nail design. The lack of written standards costs the company valuable customers because many do not agree with some of the practices in place.

On the other hand, many customers enjoy the relaxed atmosphere in the salon; one of the customers revealed that she valued "laid-back employees, it makes me feel as if I am receiving a service from a friend rather than some random person". Many customers enjoy listening to employees speak Vietnamese and even ask questions about the culture. Similarly to Mya's Tan & Nails, frequent customers receive personal service while new customers usually receive professional service. Staff members try to behave professionally, but this is not always the case if

an employee perceives a personal phone call to be a higher priority over customers. New customers do not understand the company culture and are repelled by the unrefined service they receive.

Delivery Gap

Due to the lack of written standards, employees provide different quality services for the same price. For instance, employees have the authority to decide how long to allow customers to soak their feet prior to beginning a pedicure; this may seem as a good practice because it allows customers to relax, but it can lead to some dissatisfaction if customers feel ignored or forgotten. Pedicures can be a long processes and customers may become anxious if left unattended to soak their feet for too long; it can also be uncomfortable for a customer to have to wait for an employee because water temperature may not be as desired. It is understood that employees should check on all customers, but managers must often ensure that all customers are being treated well. Although there are a low number of complaints and tips tend to be relatively abundant, American Nails would benefit from providing equal quality services to all its customers. Perhaps informing the customer that they are being given extra time to relax would improve customer satisfaction and minimize confusion. In addition, all customers should be given an opportunity to receive extra relaxation time if desired; in fact, extra relaxation time could be advertised in order to attract new customers who feel rushed at other salons.

Perceptions Gap

The level of the perceptions gap is hard to determine due to the two groups of customers who seek different experiences. It appears as if all customers are content with the outcome of the service, but not all customers are happy with the delivery of the service; for this reason,

American Nails is awarded a medium level of perceptions gap. Some customers may be unhappy to receive personal service while others actively search for it. Perhaps the major cause of dissatisfaction is the difference in quality of the services received. For instance, some employees actively try to keep a conversation going while others simply respond to inquiries from customers. The difference in service from the shy employee may drive customers to believe that they received a lesser, inadequate experience. Finally, even though the company doesn't provide any takeaways, the change in appearance due to the service tends to be enough to maintain a loyal clientele.

Service Gap

The service gap is the sum of all previous gaps. American Nails' issues stem from the lack of written standards which leads to the other service gaps. The lack of policies gives employees too much freedom which can leave the customers to suffer through poor service. There are a large number of loyal customers but a change in policy is necessary if the company hopes to improve its yearly revenue. Currently, the salon is spacious and can fit many stations without looking crowded, this allows for many customers to be serviced at once but the seats are often empty. Fortunately, the company's management is considering a change in company structure and a new business model. However, the lack of investors in the business may limit the possibilities of remodeling and restructuring. The servicescape will be analyzed in the next section of the paper and reveals some possibilities that could be beneficial to the American Nails management.

Servicescape

American Nails exceeds at many of its servicescape points but contains some negative qualities as well. Comparable to the same section of the previous paper, this section will discuss the location, appearance, and atmosphere of the current company. The segments to follow will analyze positive and negative points of the physical servicescape before discussing the possibility of a virtual servicescape.

Positive Servicescape Points

American Nails succeeds at allowing its servicescape to be conducive for administrative and labor tasks. The large salon accommodates four pedicure stations as well as four manicure stations; there are two large tanning rooms in the back of the salon, as well as a bathroom. In addition, there is a desk area for the manager behind a nail polish display at the front of the store; this set up works well for the company because it gives managers privacy to work behind a counter while still having the opportunity to interact with customers and employees if necessary. There is plenty of room for customer traffic throughout the store and the waiting area is spacious to accommodate mothers with strollers. The colors in the building are neutral and do not take away from the lighting provided for employees to see the skin/nail area they are servicing. In addition, there are large windows throughout the store which provide a warm feeling in the store even in the winter season. Finally, there are plenty of comfortable seats available to help customers feel welcome; the most comfortable chairs are located at the pedicure stations where people can soak their feet and receive a complimentary foot massage from a professional technician. As previously stated, American Nails does not actively provide takeaways or premiums because the results from the service demonstrate and remind the customer that they

actually received a service; this applies to all customers because there is always a change in appearance even if it was as simple as a nail shaping or cleaning.

Negative Servicescape Points

Even though the company's choice to remove its tanning services resulted in an improved layout, there are still some layout issues in the salon. Perhaps the largest company shortcoming is the lack of signs inside the store which can leave a customer confused if unattended upon arrival. Upon entering the building, customers face the back of a manicure station as well as a few plastic trees. The trees block view into the store and shape the customer to expect a low quality service. The waiting area faces away from the only television in the store which only plays the Food Network channel at a low volume; the magazines available for reading do not include many nail designs and only gossip magazines are renewed weekly. There is an implied segmentation of service stations, but it is not apparent to new customers who may feel out of place.

Furthermore, the strong smell of nail polish immediately gives some customers a headache while bothering others' sinuses. The windows may have been a positive aspect but are also a negative because they do not open to allow fresh air flow; all parties involved would benefit from the installation of a new air circulation system that could diminish the presence of harmful chemicals and vapors in the air. Finally, the large windows face a less-than-attractive, empty parking lot which takes away from the overall business image management desires. The outside of the building is older in appearance and needs to be repainted, but budget constraints heavily limit cosmetic improvements.

Virtual Servicescape

Expansion into a virtual servicescape was abandoned by this company several months ago after creating a Facebook Place for customers to “Check-In” through Facebook capable devices. After operating the Facebook page for a couple of weeks, management decided it was not worth the effort and abandoned it. However, recent events have left management wondering if the company needs to be restructured. If the funds for a salon renovation become available, management will change its business plan and expand into the virtual world to offer the sale of products online. In addition, the company website would allow management to offer party services at various locations during social events which would increase revenue. For now, some of the employees encourage customers to “Check-In” to the American Nails Facebook page even though management does not offer any incentives for checking-in.

Blueprint

This segment illustrates a blueprint with the steps and supporting processes that must occur in order for a customer to receive a pedicure/manicure. The service requires a high level of physical interaction between the customer and the employee and a low level of technology; this categorizes the service as low tech, and high touch. Some of these steps are optional and therefore lead to varying service times. Please reference Table 1 below for the blueprint.

Service Recovery

As previously stated in the Gap Analysis, the company does not have well developed standards and depends on a complex system that incorporates cultural and social expectations to function properly. The lack of standards and regulations gives employees the freedom to decide

how to handle a situation once delivery of a service has failed; if an employee cannot resolve the issue, a manager is asked to intervene.

While it is true that there are many factors that affect service recovery, American Nails tends to encounter the same feedback: either the employee did not perform the service correctly, or the customer does not believe the service was performed correctly. In both cases, the customer believes that they did not receive the service they purchased; however, the recovery methods will be different depending on the outcome of the service provided. For example, it is usually apparent when the employee does not deliver the service as expected; this might occur if the employee does not apply a design as instructed. The solution to this first scenario is a sincere apology and a repeat of the service. If the customer is in a hurry or cannot stay to receive another service, management will apologize for the issue and offer the customer his/her money back or a free service on the next visit.

However, the solution is not as simple on the second scenario where the service was performed correctly but the customer disagrees; the employee may apologize for the disagreement but will let the manager solve the dispute. Most of the time, management will try to educate the customer so that they can come to the agreement that the service was performed correctly; in some instances, customers may be offered a free enhancement but it is not a common practice. It is rare for an upset customer get his/her money back or receive a free service in the future if they are disrespectful to management or unrealistic about their demands for reconciliation.

All circumstances are different and similar solutions may not work for all customers; this is apparent in loyal customers who may be able to dispute their way into more free services or

upgrades than new customers. American Nails' growth is hindered by its lack of standards which impacts its service recovery options; currently the company scores low on service recovery options. This could be changed if managers were allowed to provide premiums and special offers for customers after a service failure; perhaps a coupon for a free service with the purchase of another service of equal or lesser value could improve customers' perceptions of the company regarding service recovery.

Strategy to Adjust to a Changing Industry

The company does not currently have a strong strategy to maintain its customers if the industry changes. Its main strategy is to grow its market share through the acquisition of new customers using word-of-mouth referrals. However, it is somewhat probable that this may change soon because the company's management is weighting its long-term options which include the remodeling of the salon; it is understood by all parties involved that a new salon will be accompanied by a new internal company structure and a modified business plan. Thomas Phan, an American Nails employee, believes that expansion onto online fields is necessary but funds are limited in the company; Mr. Phan attempts to keep the company up to date on technological advances, but has only encountered partial successes due to the lack of financial support. While it is true that the company's future is uncertain, all employees seem hopeful and look forward to a new salon and a different work environment.

For now, management could try to attract new customers through the new of inexpensive promotions or events. For example, they could provide a free children's pedicure with the purchase of two adult pedicures; the event could be marketed towards women: grandmothers, mothers, and daughters. In addition, Mr. Phan could try expanding into the social media world by

creating a Twitter account and posting promotional prices or small discounts for customers who “Follow” the company’s page. A third strategy could include the implementation of a loyalty rewards system to ensure that customers enjoy returning to the salon; for instance, after purchasing ten manicures, customers could receive one free manicure or pedicure plus 50% off for any friend that accompanied them along on the day they redeemed their reward. The rewards program would keep current customers happy and it would increase the salon’s customer base.

Conclusion

In conclusion, American Nails is a local company experiencing issues due to the lack of official standards. The company has a loyal clientele and provides a relaxing atmosphere for middle class customers. Mya’s Tan & Nails, featured in the previous paper, is experiencing similar issues. Both companies are struggling to provide high quality services without high prices while making a profit. It is important to note that both companies would benefit from salon renovations and relocations as well as a drastic change to their management tactics.

American Nails is considering restructuring its inner staff structure, but is struggling to find the funds to begin the process. In the short run, the company should develop an official set of standards and procedures to improve customer satisfaction. When compared against each other, American Nails comes out on top due to its willingness to change after recognizing its flaws. To sum it all up, the present paper provided a survey of the industry and an analysis of American Nails; the company’s analysis was composed of various sections which included: gap analysis, servicescape analysis, blueprinting details, and service recovery tactics.

References

812 Personal and Laundry Services. (2011, October 2). Retrieved from [http://www.census.gov/](http://www.census.gov/econ/census02/naics/sector81/812.htm)

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Table 10.1. (2011, October 2). Retrieved from <http://www2.census.gov/services/sas/data/>

[81/2009_NAICS81.pdf](http://www2.census.gov/services/sas/data/)

Table 1.

Back Stage			Front Stage				Time Line
Support Processes	Invisible Actions	Visible Actions	Physical Evidence	Service Standards and Scripts	Average Time Spent on Activity	Activity	
Building manager is in charge of ensuring parking lot is cleaned weekly.	An external company is scheduled to clean the parking lot weekly.	Cleaning employees can be seen on Monday morning.	Parking lot is clean and there plenty of parking spots available.	Large Parking lot allows customer to park close to the entrance. Parking lot is cleaned weekly.	1 minute	Park Vehicle	Outside Salon
The store manager verifies that sign is on and door is visible from parking lot.	Assistant employee is responsible for turning "Open" sign on daily.	"Open" sign is visible from parking lot and entrance is clear of obstructions.	Salon entrance is easy to find and accessible from sidewalks or parking lot.	Proper customer entry is essential to maintain customer satisfaction.	1 minute	Walk Towards Salon	
The store manager ensures that there are enough employees available based on average customer visits.	An assistant employee is usually available to greet customers in case nail technicians are busy.	Employees greet customers professionally and get details of the service desired if possible.	The nearest employee greets customers and assists them as quickly as possible.	Customers are greeted based on a script and then invited in or asked to sit in waiting area.	1 minute	Check-In	
Weekly to-do list reminds manager to purchase new magazines. WIFI is maintained by an outside company. TV service is provided by Direct TV.	Store manager purchases new magazines every week. WIFI speed is checked by employees daily. TV is kept on popular shows.	TV is always on. WIFI is easy to access. New magazines are available to keep customers entertained.	Customers are encouraged to use the store's WIFI to help find a nail design. Magazines are available. A TV is easy to see.	Waiting period may be used by customers to decide which service they desire. Distracters are available to pass time.	0-20 minutes	Wait in Line	
Managers monitor employee-customer interactions and provide feedback and constructive criticism for employees.	Managers memorize the script and can recite it without much effort. Chairs are sanitized daily.	Employees are polite and verify the service requested by the customer, last-minute suggestions are also discussed.	Employees are trained to guide customers to chairs based on a script. Annual training sessions are mandatory for all employees.	Employees use a script to guide customers to the proper chair. Employees behave professionally at all times.	1 minute	Walk Towards Reclining Chair	
Manager keeps track of customer flow and wait times. Employees are reminded that proper customer interaction is critical when maintaining a loyal clientele.	Manager allows employees to decide appropriate soaking time; this varies by customers' wants and store customer flow.	Employees do their best to keep customer relaxed and adjust water temperature accordingly.	Line of Interaction	Employees can stay and talk to customers or leave and check on them based on time elapsed as specified on a chart.	5-30 minutes	Feet Soaking	
Manager orders large quantities of nail polish remover to ensure it is well stocked.	Nail polish remover is well stocked and ordered in advance to eliminate chance of low supply.	Employees apply nail remover and wipe nail free of any paint.	Line of Visibility	Nail polish is removed from 10 nails in less than 120 seconds per nail without mess.	10-20 minutes	Nail Polish Removal	
Manager expects employees to attend seminars to stay relevant in the field. In some cases, the store may finance part of the trip in exchange for a debriefing session.	Employees attend yearly conferences and seminars to stay up to date with the latest nail design trends and techniques.	Employee provides service based on training received prior to achieving a nail technician certificate.	Line of Interaction	Employee uses various tools to achieve desired outcome. Customers are encouraged to interact to ensure desired results on the first trial.	10-40 minutes	File / Shape / Clip / Design	
If needed, management is willing to hire a professional to teach a class to remind employees of proper message techniques.	Employees are encouraged to attend message seminars to improve skills.	Employees ask before giving a message and are professional while touching customers.	Line of Interaction	Customers receive messages from employees and are given plenty of time to relax.	0-25 minutes	Massage	
Managers must ensure that employees remain professional in the casual business atmosphere. Special training sessions may be required to ensure quality service.	Employees have scripts memorized and managers ensure customers are a top priority at all times.	Customers are guided to register when they are ready. Customers are thanked based on script.	Line of Interaction	Employees give customers an option to sit and talk after receiving services. There are many chairs available to "hang out".	1-5 minutes	Pay & Leave	

Color Key
Major Customer Service Points
Risk of Time Failure