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# CLIENTS BEHAVIOR AFFECTING SERVICE INNOVATION OF BEAUTY SALON BUSINESS USA HAIR ABSR

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## ABSTRACT

These research objectives aimed to study 1) the clients' behavior that affected the service innovation of the USA Hair beauty salon business 2) the service innovation of the USA Hair beauty salon business. This quantitative research approached on the sample size of 370 clients of USA Hair salon business, research variables consisted of service innovation for the USA Hair beauty salon business in term of information technology, process, technology and environment. The research provided the statistical approach on the descriptive statistics to describe the characteristic of clients of USA Hair beauty salon shop as qualitative variables on frequency, percentage, mean and standard deviation. The inferential statistics analysis was provided to examine hypotheses with the exploratory analysis, the researcher applied the finding to develop the service innovation of beauty salon business.

## INTRODUCTION

At this time various changes had occurred with exclusively digitalization that threatened the business growth and transformed the traditional business model, business firms should modernize to avoid becoming in behind position or eventually closing. The service sector had grown continuously over the years. The service business had to develop the differentiation and competitive advantages and meet the needs of customers, especially during the period of digitalization. Therefore, businesses had to prioritize the benefits of digital technology in accordance with customer behavior and the general availability of data to develop innovative alternatives for customers all the time. These successful businesses might start with petty businesses, but they constituted new challenges that differentiated from traditional business practices with a focus on service development but large businesses ignored and lacked the flexibility in development due to the size of the organization. Therefore, the service development was as important as the product development, innovative changes, the process of creating novelty or incorporating elements that related to creating ideas, production and related operational processes. The change might represent a sudden change or a gradual change through ideas or changed things that enhanced the commercial and economical benefits. Innovation had to add value or positively change to customers or products, in general, the term of innovation that meant innovation in products while the most innovations were developed with technology. But the service was extraordinary from the product, service was intangible and delivered directly to the customer with many involved components. Service innovation was therefore different from product innovation that it mainly focused on value and the needs of the customer. Service innovation was an effort to develop novel operational methods and

concepts that resulted from understanding the needs of customers as guidelines in the development of services and respond to customer satisfaction above and beyond their expectations. (National Innovation Agency, 2016)

Beauty salon business was charming to invest a business, at the same time; the beauty salon business was entering a crucial competition and had to leverage various strategies to satisfy clients such as providing hair design services, hiring a distinguished craftsman, decoration the shop and improving the faster service process, advertisements for persuading in easy language, hospitable welcome by the shop owner and stylists including the consultation and satisfaction assurance by some shops. The mentioned competition frequently affected the salon business, and they faced the competition with others and the increasing of unfamiliar comers. The interviewing with the owner of the USA Hair beauty salon shop found that the affecting competition with the beauty salon business represented a full-serviced business such as beauty services, massage and spa service. These full-serviced salon shops provided a standardized form of service, advertisements through television, newspapers and magazines in term of franchise businesses including the famous of services and products quality, satisfaction assurance and advertising by employing famous actors as celebrities (Ratsapha Muangthong-on, 2015).

From the above, the researcher focused on studying the clients behavior that affected with the service innovation for the USA Hair beauty salon business to strengthen and encourage both present and new beauty salon operators and improve to meet the needs, including benefits to relevant agencies in the planning and determining strategies to promote the salon business and also the government sector for standardized services controlling.

### **Research questions**

1. What were clients behavior that affected service innovation for the USA Hair beauty salon business?
2. What was the service innovation for the USA Hair beauty salon business?

## **LITERATURE**

Innovation represented the changes to represent contemporary things, the process of creating novelty or incorporating elements that related to generating ideas, production and related operational processes. The change might represent a sudden change or a gradual change through ideas or changed things that enhanced the commercial and economical benefits. Innovation had to add value or positively change to customers or products.

The objectives of their application, in general, the term of innovation that meant innovation in products while the most innovations were developed with technology. But the service was extraordinary from the product, service was intangible and delivered directly to the customer with many involved components. Service innovation was therefore different from product innovation that it mainly focused on value and the needs of the customer. Service innovation was an effort to develop novel operational methods and concepts that resulted from understanding the needs of customers as guidelines in the development of services and respond to customer satisfaction above and beyond their expectations. The innovation could be classified as following.

- 1) Innovation in service or servicing products represented a design to improve the present service or create a new service model with technology as innovative creation elements.
- 2) Innovation in the servicing process represented the improvement or redesign of the process for developing a modern service which might include product delivery systems, although frequently be considered as an innovative service. This type of innovation may be

technology application, techniques or expertise relevant to customer service such as restructuring of operations, etc.

3) Innovation in the service business and service industry represented the creation of organizational innovation, including innovations regarding services, service processes, innovative process management.

Schumpeter (1934) represented the first person who discussed service innovation theory that played an essential role in economic development and progress. Schumpeter defined innovation as things that organizations should focus on 5 areas: 1) New product improvement by product introduction new or change the quality of existing products 2) Creating or introducing new processes to the industry 3) Developing potential markets or opening new markets 4) Developing the supply of potential markets by implementing the procurement of raw materials or other factors of production and 5) restructuring or organizational development. Schumpeter's theories of innovation were inviting many scholars to refer in studying of innovation (Drejer, 2004 and OECD, 2005) as well as the study of innovation in tourism (Hjalager, 2010 and Camisón & Monfort-Mir, 2012) as well Schumpeter's concepts remained the foundation of significant theories in developing service innovation concepts. (Chen, 2009) Hjalager (2002) discussed the categories of innovation in service that developed from the concept of Schumpeter and identified the service innovations with five categories as following; 1) Product innovation that prioritized the importance of presentation on innovative products or services. 2) Process innovation represented a matter of the process of promoting or developing new products 3) Innovative management represented the prioritized the organizational management process 4) Logistics innovation represented a matter of connecting trade routes with outside the organization affected by the application of elements to developing potential markets and developing new supply market of Schumpeter's theories together and 5) Being additional elements by prioritizing to the community in cooperating with the public and private sectors in addition to the particular economic activities of the company.

Gallouj (2002) described three categories of service innovation: 1) Ad Hoc Innovation, which described the characteristics of service innovation in term of an innovation process that occurred by initiating a social interaction between service providers and service recipients. 2) Anticipatory Innovation complied with Schumpeter's view that represented new demand that could lead to the development of potential markets. This innovation mainly focused on the core competency of the organization and 3) The transformation of tacit knowledge that will enable them to increase innovative capabilities. Therefore, theories of innovation were like core concepts of the studying of innovation in the areas of tourism and services that led the knowledge to improved service innovation.

### **Conceptual framework**

The exploring of documents and research related to clients' behavior that affected with the service innovation for the USA Hair beauty salon business through Hertog's service innovation concept (Hertog, 2000) and the concept of clients' behavior of Walailak Rattanawong (2015), the researcher h summarized the conceptual framework as following.

ตัวแปรอิสระ (Independent Variable)

ตัวแปรตาม (Dependent Variable)

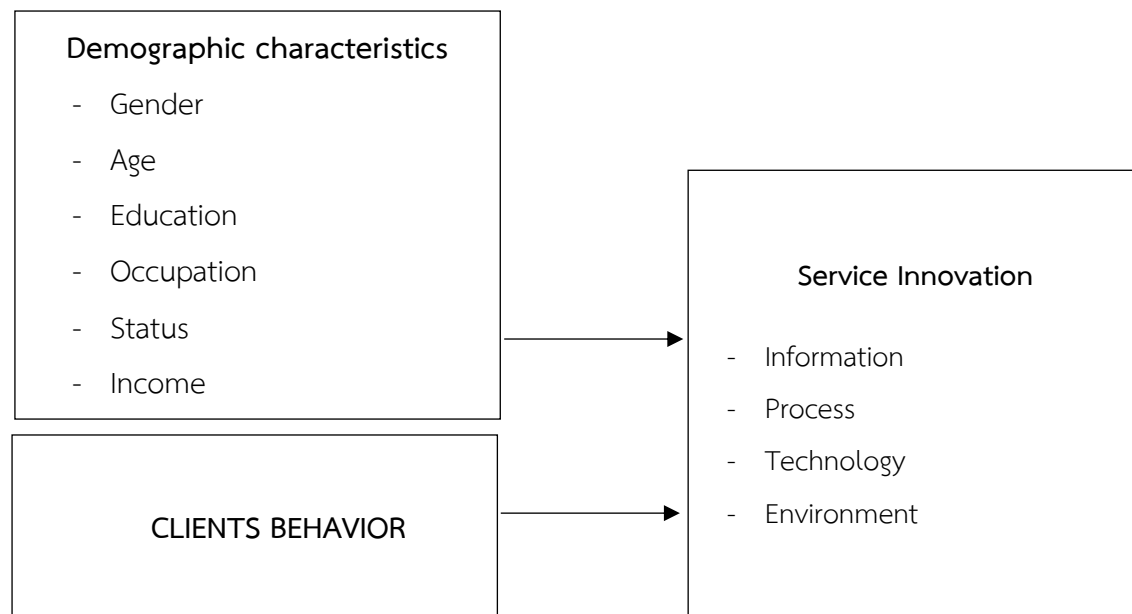


Figure1 Conceptual framework

## METHODOLOGY

The quantitative research approached on the 4,795 clients of USA Hair beauty salon shop and the participated sample group in this research represented 370 clients. The researcher collected 370 questionnaires to obtain these data and process data through probability sampling by simple random sampling. The research variables consisted of service innovations for the USA Hair beauty salon shop, USA Hair in term of information, process, technology and environment.

The research provided the statistical approach on (1) the descriptive statistics to describe the characteristic of clients of USA Hair beauty salon shop in term of qualitative variables on frequency and percentage and the quantitative variables on the number of maximum and minimum including standard deviation, the analysis of clients' behavior of the USA Hair beauty salon shop and the service innovation in term of the mean and standard deviation. (2) The inferential statistics analysis was provided to examine hypotheses, such as exploratory analysis with statistical software in term of factor analysis technique and examined the structural relationship among variables to produce a general factor that approached by the principal components factoring method. Examining the suitability of the model of clients' behavior that affected the service innovation of the USA Hair beauty salon shop though variance inflation factor with the amount was not moreover than five amounts, tolerance was not exceed than 0.2 and Eigen value was not moreover than 10.0 so that all independent variables had not to be related and multicollinearity. The model analysis of innovative integrated market communication that affected clients' behavior that affected the service innovation of the USA Hair beauty salon shop was provided with stepwise multiple regression analyses and each variable was obtained to forecast in the model one by one.

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