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The relevance of relationship marketing model for hair salon's competitiveness: a theoretical perspective

Abstract

Relationship marketing (RM) concept seems to be best understood and embraced more by big business, while amongst myriad of small businesses it seems less prominent. This paper explores the need for RM as a determinant to hair salon's competitiveness and growth. Hair industry in SA is declared a multi-billion dollar industry, their stagnation prompted this study. This paper contends that relationship building with customers has a profound effect on the inclination of a customer to return to the business. With the key variables of the relationship marketing model as the main determinants are namely service quality, customer satisfaction and customer retention. Increased practice of RM within this industry will enable owners to embrace entrepreneurial activities imperative for competitiveness, value creation and sustainability.

Keywords: relationship marketing, traditional marketing, hair salons, hair salon owners and practitioners.

JEL Classification: M31, L84.

Introduction

Why are the hair salon businesses not showing substantive growth, could relationship marketing (RM) be the answer for these small hair salon entrepreneurs? While still largely based in the informal economy, the African hair care business has become a multi-billion industry that stretches to China and India and has drawn global giants such as L'Oreal and Unilever (Health24 Magazine, 2014). It is not surprising that the relationship marketing concept has attracted a tremendous attention from academic marketing literature and has vastly moved up the business agenda for the past decades as an approach used to build, develop and maintain successful relational exchange in the face of growing competition. However, its practice in the small businesses such as hair salons remains limited if not unresearched. As hair salons play a crucial role in the socio-economic development of emerging economies, particularly in the rural economies of the developing countries, its practice of relationship marketing is worth researching. Hair salons are facing challenges such as fierce competition, and, as a result, some of them fail pre-maturely. As compared to traditional marketing, relationship marketing has been identified as a possible strategy for building and maintaining relationships with customers in order to improve hair salons' performance to achieve customer satisfaction and the ultimate aim of retaining them. Relationship marketing is an approach used to build, develop and maintain successful relational exchange in the face of growing competition, increased consumer appetite for service quality and pressure of increased profit and market share (Po-Tsang Chen & Hsin-Hui Hu, 2010, p. 406).

With the growth of the internet and mobile platforms, relationship marketing has evolved and moved forward opening more collaborative and social communication channels which includes tools for managing relationships with customers that go beyond simple demographic and customer service data. Service quality and improved profit are considered critical to the survival of small, medium and microenterprises such as hair salons in overcoming increased competition and satisfying the ever changing consumer crave for good service quality. To be successful, hair salons need to adopt various approaches such as an effective marketing communication activities and new service offerings. If hair salons are able to provide customers with quality service from the initial stage, subsequent better service offering will enhance improved satisfaction and a repeat patronage from the customers, which will lead to retention. This type of interaction creates opportunity for the development and maintenance of relationship marketing.

Several researchers such as Che, Binti and Jamil (2009, p. 25) argue that the primary focus of relationship marketing is towards building closer relationships with customers as a strategy to overcome problems such as acquiring competitive advantage. In order to achieve a sustainable competitive advantage in the customer market, Che et al. (2009, p. 26) further suggest that marketers need to design a strategy that blends all the activities of relationship marketing including attraction, interaction with customers, quality customer service, maintenance and customization, which will lead to customer satisfaction and retention. In the context of hair salon industry, one of the ultimate goals of the relationships is to deliver long-term value and satisfaction for customers to retain them. These observations are in line with Maga and Djuric's (2010, p. 26) argument that often companies are focused at attracting consumers, but they show low attention to what should be done to keep them. Even though relationship marketing could be costly, time consuming and complex, it can be a useful strategy for improving competitiveness. Thus, this paper looks at how salon entrepreneurs will change their marketing

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practices in order to win more customers to achieve growth and competitiveness, hence, the need for a relationship marketing model.

1. Hair salons and their perceived socio-economic importance

Hair care is a vital source of jobs for mainly women, who make up a large slice of the informal economy on the poorest continent. According to Health24 (2014), while reliable Africa-wide figures are hard to come by, market research firm Euromonitor International estimates \$1.1 billion of shampoos, relaxers and hair lotions were sold in South Africa, Nigeria and Cameroon alone last year. It sees the liquid hair care market growing by about 5 percent from 2013 to 2018 in Nigeria and Cameroon, with a slight decline for the more mature South African market. The perceived importance of hair salons revolves around the alleviation of unemployment and poverty through: (i) creation of self-employment – one inherent benefit of the establishment of hair salons is a gradual decrease in reliance on the government or other employers for jobs; (ii) creating jobs for others – like any other business, small as some salons are, they are able to at least employ one or two workers to execute certain functions in the salons; (iii) creation of entrepreneurship in the mind-set among the youth and unemployed. Entrepreneurship, according to Maatooft and Tajeddini (2011, p. 14), refers to an approach that focuses on innovation in the product-market and risky projects, which pioneer or innovate to gain superiority over rivals. This implies that by setting up hair salons, the operators are learning to take risks to invest the little capital they may have to create their own jobs (creativity or innovation). By so doing, hair salons become training grounds for entrepreneurship in the mind-set of the owners; (iv) development of human capital – the establishment of hair salons directly or indirectly enhances training of skills, fostering managerial skills, being able to analyze situations and taking opportunities; and (v) creation of emerging entrepreneurs – in other words, by acquiring entrepreneurship, salon operators begin to apply the skills to manage entrepreneurially. Therefore, considering the potentials of the hair salons in contributing to the economic development, they need to be competitive and profitable.

2. Reflections on traditional marketing and its limitations

Traditional marketing is focused on attracting a standard customer, using strategic tools such as standardized products, mass promotion and distribution, and finally, economies of scale and scope, with resultant market share (Brito, 2011, p. 69). In other words, the strategy of transactional marketing was to identify prospects, convert them to customers, and complete sales transactions. There was no relational customer contact, and it was mainly focused on sales or product-service transactions. Robinson (2012, p. 1) describes transac-

tional marketing as a traditional form of marketing that focuses on what marketers will recognize as the four Ps of marketing, which are Price, Product, Place, and Promotion. This is the well-known “Marketing Mix”, which evolved to 7Ps with the addition of three service elements, “People, Process and Physical evidence” that markets should manage (Maxim, 2009, p. 287). According to Brito (2011, p. 69), transactional marketing basically corresponds to the definition that the American Marketing Association adopted up to 2004 as: “*marketing is the process of planning and executing the conception, pricing, promotion, and distribution of goods, ideas, and services to create exchanges that satisfy individuals and organizational goals*”. In other words, “transaction marketing” is referred to as “traditional marketing” in certain types of literature. It addresses segmentation, targeting, and positioning, as well as the management of the 4Ps, i.e., marketing mix variables.

Transactional marketing and the 4Ps concept were developed as a basic framework for marketing of products. This period saw companies attaining an optimal combination of goods and services offering, price, promotion and distribution in order to attract and satisfy customers (Maxim, 2009:287). The consumers were viewed as passive; they were limited to accepting or rejecting this combination of the 4Ps, and to buying or refusing the offer (Maxim, 2009, p. 287). Nordin (2009, p. 3) supports this view and posits that during the transactional marketing era, the customer’s purchasing behavior was influenced through various marketing tools, and products were aimed at relatively passive customers. Thus, transactional marketing was a business strategy that focused on *single sales transactions and not creating a lasting relationship with the customer* (Robinson, 2012, p. 1). The emphasis was on maximizing the efficiency and volume of individual sales transactions and the profits they could generate in a market-place by means of implementing the 4Ps strategy rather than developing a long-term relationship with the buyer. This marketing practice has given way to relationship marketing (RM), a new school of thought, which is a strategic marketing instrument used to acquire customers, build close long-term relationships, and retain them to acquire competitive advantage (Well & Bojie, 2009, p. 25). This seems to suggest that this is an appropriate marketing approach for hair salons, and one which will help them to acquire, satisfy and build the loyalty of a clientele.

3. Relationship marketing (RM) unpacked

Although RM is generally based on the limits of transactional marketing and emphasizes the benefits of maintaining long-term relationships with customers, its definition and its terminology are different from one author to another and there is no unanimity. Gilaninia, Danish, and Shahmohammadi (2012, p. 10721) assert that RM is a strategy to attract, retain, and promote customer relations, similarly, Cosic and Djuric (2010,

p. 53) add and define RM as paradigm change, which shifts the focus of business from transaction to relationship. Similarly, Alrubaiee and Al-Nazer (2010, p. 157) state that RM involves the directing of all marketing activities toward building loyalty (keeping & winning customers) by providing value to all the parties involved in relational exchanges. The authors further maintain that the main theme in customer relationship marketing is to acquire and retain customers. Furthermore, Kanagal (2009, p. 17) describes RM as the identification, establishment, maintenance, enhancement, modification and termination of relationships with customers to create value for customers and profit for the organization through a series of relational exchanges that have both a history and a future. In concert, Alqahtani (2011, p. 585) alludes that RM is seen as a core business activity directed towards setting up, improving, and maintaining successful relational exchanges with customers, suppliers and even other businesses. The definition of Gilaninia, Danish, and Shahmohammadi (2012, p. 10721) has been adapted to guide this research, as it appears the most summarized version of the elements of all the definitions cited. Therefore, for the purpose of this study, RM in hair salons is operationally defined as a marketing strategy directed towards attracting and retaining customers through the promotion of relational exchanges within hair salons.

4. Approaches and tactics of relationship marketing (RM) to maintain relationships

Some of the benefits and best practices on why and how to retain lasting relationship with customers are extensively documented. For example, Jesri, Ahmadi, and Fatchipoor (2013), Bahri, Sabahi, Taheri and Hatami (2013, p. 46), Gilaninian et al. (2011, p. 789), Ramkumar and Saravanan (2007, p. 454) suggest the following relationship marketing benefits to customers and businesses: (i) the customers get confidence by reducing their anxiety; (ii) customers have faith in product or service provider; (iii) customers feeling of trustworthiness of the provider; and (iv) customers get social benefits in the form of personal recognition by employees, customers being familiar with employees, the development of friendship with employees, and special treatment such as extra services, special prices, and higher priority over other customers. As for the organization, the benefits are: (i) RM encourages firms to develop a strategic competitive advantage by – fostering intense, difficult-to-duplicate marketing relationships with key trading partners; (ii) acquiring a customer can cost 5-10 times more than retaining one – the authors cited above confirm that service firms lose about 20 per cent of their customers annually, and that companies that can decrease their customer defection rates by 5% can increase their profits from 25-85%; (iii) while customer relationship builds mutual reward which benefit both the firm and the customer, the organization can also gain quality sources of mar-

keting intelligence for better planning of the marketing strategy; finally, (iv) putting emphasis on service quality; old customers being a kind of free advertisement for the company, and customer satisfaction about service industry creates motivated staff.

In this paper, we further borrow from the work by researchers such as Doaei, Rezaei and Khajei (2011, p. 84) who suggested the following as RM tactics for any business:

1. Tangible rewards; this is to make a present of visible benefits such as price discount, gift, or coupons in order to generate customer loyalty. The tangible reward model moulds customer perception by progressing from “loving the service” to “getting benefit from the service”. This new perception makes the product/service more attractive in the early stages.
2. Interpersonal communication; this is the transfer and/or distributing information and sharing among persons. Thus, when a communication is used timeously and suitably, it solves and adjusts discussion and disputation, and it can be helpful not only to retain, improve and establish a relation to higher levels, but also to create an amicable and warm atmosphere.
3. Preferential treatment; this is preferential treatment for loyal customers due to their repeat purchases.
4. Membership; it is a method of providing a long-term communication for both regular and non-regular customers. These businesses provide long-term privileges or special services to frequent customers, which will improve and fortify long-term loyalty to the product/service.
5. Direct mail; this includes letters and catalogues sent to customers directly, as it is a good method to communicate with customers.

Based on the below documentary evidence, we contend that the aforementioned are some of the suggested handy tactics hair salons can employ to win and retain customers. For example, tangible rewards in the form of price reduction, gifts such as free hair care products, one-to-one interpersonal conversations and timeous communication with customers about changes in the salon services and products are some of the means to build relationships.

5. Some empirical evidence on the relationship between RM and firm performance

In order to justify the necessity of adopting RM, some of the available empirical evidence will be considered in this section. Jham and Khan (2008, p. 36) conducted a survey on customer satisfaction and RM to conclude that customer satisfaction affects the sales and profitability of banks. Chattananon and Trimetsoontorn (2009, p. 11) mailed surveys to 166 sales people from 30 steel pipe firms in Thailand and concluded that RM is perceived as an important factor enhancing business performance based on trust, which is one of the RM

measures. A survey study of Chakrabarty et al. (2010, p. 9) on sales representatives of pharmaceutical manufacturers in India to explore the effects of RM on sales performance concluded that buyer-seller relationships results in mutual satisfaction and sales performance.

Equally, Alrubaiee and Ai-Nazer (2010, p. 164) conducted an exploratory quantitative study and concluded that RM enhances customer loyalty which contributes to a firm's performance. A study by Rootman, Tait, and Sharp (2011, 184) employed qualitative research design to infer that six banking services delivery variables namely, communication, knowledgeability, empowerment, personalization, fees, ethical behaviour and technology influenced South African banks' relationship marketing and customer retention. Additionally, in their studies on relationship marketing as a strategy of Igbo-managed SMMEs in Nigeria, Oboreh, Umukoro and Ogechukwu (2012, p. 1) concluded that the managers of these SMMEs, especially the literate ones, were aware of the principles, practice, and the philosophy of the RM concept and applied it to achieve growth. Even though little or no study has been done on a virgin area like hair salons to test the impact of RM on their performance, basically relationship marketing (RM) focuses on customers; the concept relates to their satisfaction, maintains quality interactions with customers,

emphasizing customer retention and loyalty and creating value in interaction. With growing competition among hair salons, the operators may embrace the relationship marketing concept; the practice which may ensure survival, profitability and growth and that is what this paper purports to undertake.

6. Conceptual framework

This conceptual framework paper is premised on the relational exchange theory, which is a long-term relationship between service providers and customers, a source of business partnerships (Chattananon & Trimetsoonton, 2009, p. 3), that is buyer-seller relationships (Kanagal, 2010, p. 4). According to Jham and Khan (2008, p. 35), building relationships require customer satisfaction as a prerequisite for meeting customers' expectations. Khan (2012, p. 107) also avers that the continuity of the business relations between the customer and company is customer retention. Therefore, customer satisfaction and retention are considered as critical to relationship building between the customer and service provider. Evidently, customer satisfaction, service quality and retention are the three key concepts that constitute the relationship marketing. It is, therefore, conceptualized that these three variables will be used as a model to measure hair salons' performance and growth, as depicted in Figure 1.

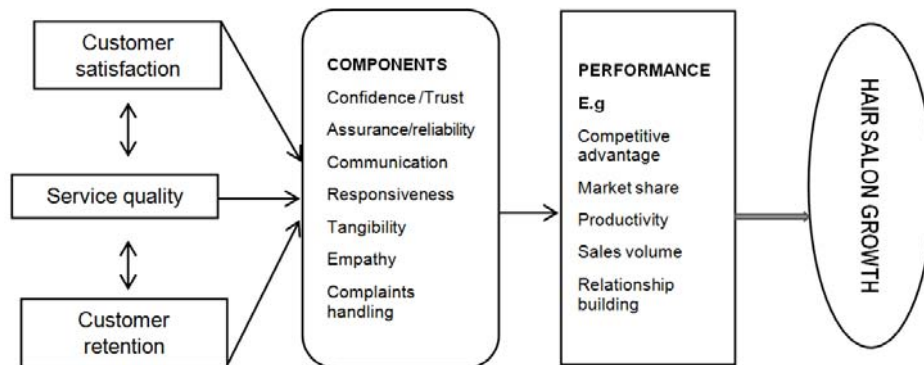


Fig. 1. Relationship marketing model (authors' compilation)

As indicated in Figure 1, service quality is the central moderating variable for customer satisfaction and retention of the model. Service quality is identified as being an antecedent of customer satisfaction, while customer satisfactions hypothesized as having a direct effect on customer repurchase intentions – i.e., customer retention. The three variables are linked to each other. The components in the model are made up of confidence/trust, assurance/reliability, communication, responsiveness, tangibility, empathy and complaints handling, which are extracted from some of the determinants of service quality, customer satisfaction and retention variables. The performance outcomes are the outputs of the components of the variables namely, competitive advantage, market share, productivity, sales volume, and relationship building, which will eventually lead to salons' growth and profitability

7. Operationalization of conceptual model variables

7.1. Service quality. Service quality has drawn a lot of attention from researchers and practitioners due to its strong impact on business performance, customer satisfaction, customer loyalty and profitability (Santouridis & Trivellas, 2010, p. 331). Service quality is introduced to show its relationship with customer satisfaction on the one hand, and customer retention, on the other hand. It is usually understood as being a measure of how well the level of the delivered services matches customers' expectations, and the overall evaluation of a specific service firm that results from comparing the firm's performance with customers' general expectation of how firms in that industry should perform (Santouridis & Trivellas, 2010, p. 331). Quality has been typically regarded as being a key strategic

component of competitive advantage and, therefore, improving service or product quality has been a matter of prime concern to firms – leading to satisfaction and greater retention (Yuen & Chan, 2010, p. 222). Generally, service quality is suggested to help to develop customer satisfaction, while satisfaction increases customer loyalty. By implication, loyalty facilitates repeat patronage of a business. Hence, one can suggest that there is effective relationship marketing.

8. Perceived service quality in the hair salon

Among other things, these services begin from providing acceptable physical facilities, including equipment, personnel and communication materials. It is a general rule that a hair salon must perform the promised service dependably and accurately; it must show courtesy to customers and convey trust and confidence; it must show willingness to offer help to customers; and, finally, it is expected to show understanding and pay individualized attention to customers. It is worth noting that a hair salon owner/entrepreneur must always remember that some, if not most customers prefer good services to lower prices, while others consider situations, where they are prepared to pay a little extra to get better or more efficient services. This disposition is likely to give the salon a competitive advantage over rivals.

9. Customer satisfaction

Customer satisfaction, as opined by Ganiyu, Uche and Adeoti (2012, p. 13), is the heart of marketing. The ability of an organization to satisfy customers is vital, because it has been shown that dissatisfied customers tend to complain to the company, and sometimes seek redress more often to relief cognitive dissonance and a bad consumption experience. It has been further shown by the same authors that if service providers fail to properly address such behavior, it can have a serious adverse effect, such as customers resorting to negative word-of-mouth as a means of getting back at the company. This situation demonstrates that service quality is the basis of customer satisfaction, which eventually leads to customer loyalty and retention as a core objective for service organizations such as the salon industry. Jham and Khan (2008, p. 35) define customer satisfaction as “a multi-dimensional construct, which has been conceptualized as a prerequisite for building relationships and is generally described as the full meeting of one’s expectations, and is the feeling or attitude of a customer towards a product or service after it has been used”. The authors further add that customer satisfaction has three dimensions: satisfactory interaction with personnel, satisfaction with the core service, and satisfaction with the organization. This suggests that customer satisfaction has been affirmed as being an antecedent to customer loyalty and retention, and it explains their mediation role between relationship marketing and business competitiveness.

10. Perceived customer satisfaction in the hair salons

From the afore-mentioned discussions, one could suggest that satisfaction is the ability of an offer to conform to the expectations of customers. The suggestions of Geetika and Nandan (2010, p. 98) are that customers will expect hair salons to provide comfortable premises or shelters, cleanliness, information systems, safety and personal security, helpful personnel and physical conditions in the salons coupled with comfortable seating and amenities. Apart from these, hair salons are expected to provide relaxation facilities ranging from provision of hair magazines, music and video-show facilities to the handling of their complaints, timeously and efficiently. In addition, there should be friendly relationships among the staff, customers and market situation, and the level of staff awareness about the salon and its advice are healthy criteria for quality salon services. Going by these suggestions, one can aptly conclude that customer satisfaction exists in the hair salons when the above provisions meet the needs and expectations of the customer.

11. Customer retention

Businesses need to meet customers’ expectations by understanding certain factors, which foster customer satisfaction and lead to loyalty and retention: knowing the customers, reaching the customers, delivering their needs, and clearly tailoring offerings to suit customers’ requirements. In his treatment of the concept, Khan (2012, p. 107) defines it as “the continuity of the business relations between the customer and the company”. Sohail (2012, p. 238) describes it as actions that a selling organization undertakes in order to reduce customer defections. According to the author, the description of retention goes beyond this to mean maintaining the business relationship established between a supplier and a customer – which concurs with the definition by Rootman, Tait and Sharp (2011, p. 187), as being a firm’s “zero defections” of profitable consumers, or no switches from profitable consumers to competitors, or the longevity of a consumer’s relationship with a firm. These definitions and others not mentioned, speak the same language: customer retention is one of the most important indicators of customer satisfaction. The more satisfied customers are, the greater is their retention.

12. Perceived customer retention in the hair salons

From the discussions above on customer retention, one can assess that hair salon customer repeat purchase or patronage intention is a function of a series of factors, including: Location of the salon – convenient accessibility of the place where the salon is located; after sales communication to reinforce the image of likability and closeness, e.g. follow-up calls; trust or confidence the customers have in the business; friendliness and hospi-

tability attributes of employees of the salon; after sales' support services and customer complaint-handling procedures; and affordable prices – are all very important. In addition, the amenities of the salon, neatness, and value-added services are considered part of the fascination for retention, as customers use several of these attributes when deciding to return to a salon. Therefore, a close evaluation of customer needs, specific transactions, products or services, promotion and communication performance attributes, can directly impact customer retention providers, because, as customers' relationship with the hair salon lengthens, so profits rise.

13. Results

Figure 1 presents relationships between the key variables of the relationship marketing model namely service quality, customer satisfaction and customer retention. Literature review shows that service quality has relationships with customer satisfaction and customer retention. It also shows that service quality has a strong impact on business performance and profitability (Santouridis & Trivellas, 2010, p. 331). This means that service quality measures how well the level of the delivered services match customers' expectation. Thus, the study finds that service quality can create performance for hair salons to be competitive. The research finds that customer satisfaction variable is vital and it is at the heart of marketing. It is conceptualized as a prerequisite for building relationships and it is the feeling or attitude of a customer toward a product or service. Furthermore, customer satisfaction is the antecedent of loyalty and retention, hence, mediating role between relationship marketing and business competitiveness and performance (Ganiyu, Uche & Adeoti, 2012, p. 13) Thus, the study finds that customer satisfaction variable can play a significant role on hair salon performance.

Customer retention is described as the continuity of the business relations between the customer and the business (Khan, 2012, p. 107). The study finds it as knowing the customer, reaching customers', delivering their needs and clearly tailoring offering to suit customers' requirements. Thus it describes the actions that a selling organization undertakes in order to reduce defection. Therefore, customer retention is one of the indicators of customer satisfaction. This shows that customer retention relates to hair salon' growth. Empirical findings of relationship marketing and firm's performance by researchers such as Jham and Khan (2008, p. 3), Chattananon and Trimetsoontorn (2009, p. 11), Chakrabarty et al. (2010, p. 9), Alrubaiee and Ai-Nazer (2010, p. 164) show that relationship marketing focuses on customers and relates to satisfaction, maintains quality interactions with customers and emphasizing customer retention by creating value in interactions. Thus, this paper finds relationship marketing positively relating to hair salon's survival, profitability and competitiveness.

14. Discussion

The analysis shows that among other things, service quality begins from providing acceptable physical facilities, including equipment, personnel and communication materials. Performing the promised service dependably and accurately in terms of the above is important for the short-run performance of hair salons. The analysis indicates that showing courtesy to customers and conveying trust and confidence have significant impact on long-run performance of hair salons. Undoubtedly, empathy, care and paying individualized attention to customers emerge as the most critical factors for sustained performance of the salons. Notwithstanding, if not most, customers prefer good services to lower prices, while others consider situations, where they are prepared to pay a little extra to get better or more efficient services by the owners allowing new value creation activities within the salons to create competitive advantage over rivals. Customer satisfaction is shown to have a significant impact on performance because it shows the ability of an offer to conform to the expectations of customers. This supports earlier suggestions of Geetika and Nandan (2010, p. 98) that customers will expect hair salons to provide certain things such as comfortable premises or shelters, cleanliness, information systems, safety and personal security, helpful personnel and physical conditions. These will contribute to the salons' bundle of unique competencies and more room for expansion and growth. Considering the provision of relaxation facilities ranging from provision of hair magazines, music and video-show facilities to the handling of customers' complaints timeously and efficiently to building friendly relationships among the staff, customers and market situation are healthy criteria for quality salon services resulting relationship marketing and performance.

From the discussions on customer retention, the analysis shows that this variable has better explanatory value on performance than other variables both in the short-run and long-run. One can assess that hair salon customer repeat purchase or patronage intention is a function of a series of factors, including: location of the salon – convenient accessibility of the place where the salon is located; after sales communication to reinforce the image of likability and closeness also provide unique resources for the salons. Given prominence to trust or confidence the customers have in the business; considering friendliness and hospitability attributes of employees of the salon; after sales' support services; and affordable prices – are all very important to create performance and retention, as customers use several of these attributes when deciding to return to a salon. Therefore, a close evaluation of customer needs, specific transactions, products or services, promotion and communication performance attributes, can directly impact customer retention,

Conclusion and recommendations

The aim of this study has been to investigate the relevance of relationship marketing model for hair salons competitiveness. Building upon the model, the study has examined the importance of the various variables of the RM model in sustaining performance. The relationship marketing practice within the hair salon industry seems to receive attention in the context of SMMEs, due to the role hair salons play in economic and social development in many emerging economies. To survive, hair salons need to find new ways of gaining income, since there is fierce competition in the industry. This makes it interesting for studying the effects of RM within the industry. To relationship marketing scholars, this research verifies the importance of service quality, customer satisfaction and customer retention competence to hair salons. Hair salons perceiving themselves as possessing competence are likely to benefit from this competence both in short- and in long-run. An indication that even small businesses like hair salons with competitive markets are able to establish competitive advantage based on such competence.

Much as the study supports evidence that the use of relationship marketing model is beneficial to the competitiveness in hair salons, it leaves the sustainability of these effects uncertain. The long run effect of RM practices may be found to be insignificant. The positive effect too might be short lived or it might be the case that salon owners are not able to build a strategic RM plan that is sufficiently beneficial to long-run business performance and competitiveness. This is one area to be looked at for a research as to what could be done to alleviate these short-comings to sustain performance and competitiveness for hair salons. Finally, this paper shows an interesting synergy by combining service quality, customer satisfaction and customer retention for hair salon growth and competitiveness. For RM scholars, the findings of this study suggest that the entrepreneurial orientation of the owners might be an important component or “resource” that needs to be considered. The results suggest that increased practice of relationship marketing model in the salons by the owners will enable them to carry out entrepreneurial activities that is essential for performance and competitiveness for value creation.

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