

Supporting success

Sometimes great retail ideas start with the simplest of premises.

Back in 1992 Melbourne brothers, Joseph and Tony Lattouf, acknowledged that no matter what your age, where you live, or what you do, healthy, shiny hair was always going to remain universally fashionable.

Joseph, a hairdresser with more than 28 years experience, and Tony, a businessman with 40 years retail experience, put their heads together to establish a one stop shop for consumers' haircare needs.

Hairhouse Warehouse was born. Today, Hairhouse Warehouse is continuing a rapid path of expansion, a true franchising success story. This year it opened 12 stores taking its network to 142. In 2012 it plans another 17.

Australia's professional haircare and beauty market is highly fragmented with more than 10,000 hairdressing salons operating and numerous small to medium sized chains.

With an estimated market share of seven per cent, Hairhouse Warehouse is a market leader.

The Lattouf brothers believe the company's success comes down to its comprehensive offer of complementary products and services: stores combine salon

services and retail as core offers, with all franchises also offering body piercing, tanning and other beauty treatments.

Service and personalised advice, he says, sets the company apart. "As a total group we create a message to our customer on our offer. It is the delivery of that promise on the shop floor that will largely determine whether customers come back," the Lattoufs say.

"Unlike some other purely retail industries, we can deliver on the product but if we don't deliver on the service component (the advice), we will fail in our bid to capture the customer."

Hairhouse Warehouse has a fully qualified hairstylist in every store. The average Hairhouse Warehouse is 100sqm.

The store layout is optimised for retail products in the categories of shampoo, conditioner, colour, skincare, cosmetics, wigs and extensions, brushes and other products, while the services area allows for a minimum of six salon chairs, two basins, a preparation area and, as a minimum, one beauty room.

As the Lattoufs explain, the industry is a highly skilled one, with stylists required to be qualified hairdressers and specialist courses

and training being an ongoing part of the business.

"We're exceptional in finding quality franchisees and sites and developing stores to fit," Lattouf says.

"Training is an important aspect of our business. Last year we worked primarily on training programs for our team in areas that were relevant to their areas of expertise. This included team management systems, finance training and ongoing training with the Franchise Relationships Institute for multi-franchisee training and operations workshops."

Currently, he says, the company is focusing on earning accreditation as a Registered Training Organisation, (RTO).

"We are currently working with two RTOs to provide support for salon education and business education in retailing, human resources and point of sale training. In the last year, all training undertaken has been documented in such a way it can be updated with minimal requirements to a government approved product.



"All our training is now provided in soft copy and online capture training, where the employee is provided a visual demonstration and information, then tested on their knowledge and behaviours."

That a number of its franchisees have multiple sites is a testimony, the Lattouf brothers believe, to the retail concept being tuned correctly for both the franchisees and the end customers.

The infrastructure within the support centre is heavily geared towards helping the individual business owners run successful businesses, and the brothers have made a strategic decision not to own company stores, ensuring full attention is directed towards supporting franchisees.

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Research is power

Customer research has been a crucial tool in helping Hairhouse Warehouse understand both its customers and the professional haircare market more deeply.

"It highlighted a number of areas of opportunity for us, which led to a new look and feel store environment and a new outlook on our communication with customers with their education and empowerment being the primary focus," say the Lattoufs.

To ensure that the look and feel of the store reflects its promise to its customers, a space management software package was purchased and planograms rolled out for each category and promotional display space.

"This allows stores to develop and maintain a logical flow to the adjacencies of the product groups and means we can remove the clutter that is making it difficult for customers to implement their newfound knowledge."

Point of sale collateral instore helps customers easily navigate the aisles and product groups and link into above the line activities.

Lattouf said research has underlined the recession-proof nature of the business.

"This is an industry that is perceived as being part luxury and part necessity. Therefore, no matter what the economic climate, it is still high on the priority list of consumers."

They say this confers an obligation to provide quality advice specific to the customer, not generic solutions.

"It is a very personal experience with the outcomes literally being part of the client's appearance. So it is important to keep abreast of new trends and to make sure team members are the best in their field.

"They want solutions and they want tailored specific solutions for them, not generic ones. So we have engaged suppliers to create training programs and have developed schedules so that stores can plan and take advantage of these sessions."

A store ambassador in each shop not only receives product and service delivery training, but is also trained to become a trainer so Hairhouse Warehouse can filter this education through the store teams on an ongoing basis. This is augmented and supported by regular visits

and discussion with the operations support teams, say the Lattoufs.

"We are on the journey to empower our customers to make decisions about what is right for them in professional haircare, but the research also highlighted that we were lacking an emotional connection with our customer.

"We felt that this would inhibit them from always choosing us in preference to our competitors for their needs.

"We looked at ways of creating this bond, and found Erika Heynatz. Erika is a well regarded and aspirational spokesmodel, host, singer and fashion icon.

"Not only is she the right fit personality wise, she also has beautiful hair, and she generously agreed to help us build a bridge to our customers. So to our education focus we added a style ambassador to give us some life and personality our customers could feel an emotive link with."

Growth plans

Hairhouse Warehouse plans to expand to more than 200 stores in Australia and internationally over the next five years, but not without ensuring suitably qualified franchisees can be recruited along with quality, viable store sites.

The company is targeting high volume shopping centres which can deliver gross sales to fuel retail within the business and develop a base for growing the service sector, however, occupancy costs must be within its model range to ensure both franchisee and company returns.

Hairhouse Warehouse is also actively looking for acquisitions in Perth to increase its store network and help develop critical mass in Western Australia.

It has a strategic plan to convert existing salon businesses into the Hairhouse Warehouse brand, where the owner operator can benefit from the proven franchise model and systems.

Since the first store opened at Melbourne's Knox City in 1992, Hairhouse Warehouse has won a plethora of awards, its most recent including the 2011 BRW Most Successful Private Business award and the FCA Established Franchisor award.