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Developing Innovation and Creativity for Business Advantage

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Assignment Title : Innovative Business Idea

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Section 1: Innovative Business Proposition.

The Innovation idea.

The unique service proposed for this assessment is that of an online booking website which allows users to pre-book appointments with UK based hairdressers or beauty parlours. The website will allow users to browse local hair salons or beauty parlours, view customer reviews on particular establishments, book appointments and pre-pay for appointments. This will mean that individuals can then go to their allotted appointments without queuing or waiting for their turn and receive a cashless service. This is something that is lacking in many localised hair and beauty salons, and it will be a unique service offering multitudes of features making visiting a barber or beauty salon a more convenient and stressless experience. With the current situation of Covid 19, this service could help establishments meet legal requirements for example only allowing six people to congregate at a specific time and place. This will reduce anxiety felt by individuals because of Covid 19 when visiting hair or beauty salons. Allowing customers to pre-pay online would also mean reducing risks of catching Covid 19 from cash handling.
The name of the venture would be '**Click a Cut' online barber and beauty salons.** Its target consumers will be both women and men of all ages. It will also target families who prefer to visit salons together. The website will allow families to book together with time slots that would avoid contact with other people. The service will also target asian consumers who have more specific needs such as for Indian weddings in which brides require a more cultural beauty service such as applying henna.

Sustainability.

The business will be sustained by charging a commission from the establishments for each appointment booked via the website. Local hair and beauty salons will register with the site which will then allow customers to view their services offered and prices for these services via the website. A small percentage will be taken from each booking made via the website of 'Click and Cut',"with the rest of the transaction from the booking going to the respective establishment. This will be a stress free cashless service which will be convenient for all parties involved. The advantage of establishments registering with 'Click and Cut' is that they will gain the benefits of advertising that will be done by this business idea, and having the bookings procedure and payment procedure carried out by the website.

Innovation Type.

This is a service similar to other services available for different markets for example, hotel booking websites such as Trivago, and takeaway delivery websites such as Justeat. This type of innovation can be seen as adapting technology already available for another market type. This type of innovation can be viewed as a source of recombinant innovation or imitative innovation because it is enabled by an idea from one market and applying it to another. Recombinant innovation is the combination of existing ideas, and is important for technological progress (Griffith and Lee, 2017). Imitative innovation has been adopted by many companies because imitative innovation strategy can minimise risks because the innovation used is already existing and used by other organisations which can enhance capabilities (Huang, Chou, and Lee, 2010). The business idea of 'Click and Cut' was brainstormed by using the SCAMPER concept, in particular looking at how to substitute an idea to put to another use, adapt existing services, and modifying existing business services. SCAMPER is a creative brainstorming technique to help generate new ideas of products or services by encouraging how to improve existing products or services (Mindtools.com, 2020).

This idea of 'Click and Cut' is in my personal view something that is lacking and needed because of circumstances created because of Covid19. Booking and comparing prices or customer reviews of local hair salons isn't available at present. This innovation is triggered by the need pull of customer needs, social needs and crisis needs. Because of Covid19 people are less willing to wait for their turn at barbers or being amongst other people for long periods of time because of the risk of being exposed Covid19. People also want to visit the best barbers and at a competitive price.

Competition.

The main competition in this market is from a similar business called Booksy.com. They also allow bookings to be made and paid for online. The main difference with 'Click and Cut' that will differentiate it from competitors is that it will allow a more localised experience and price or customer rating comparison will be available to view in more real time. This means establishments can offer or adjust prices freely and offer discounts to customers when they wish to do so, for example at certain times of the year. Customer ratings are also not available from competitors in this market. By providing these features and offering a more localised service will distinguish the service from its competitors. By differentiating 'Click and Cut' will make its service more attractive than its competitors in the market which will enhance its attractiveness in the market leading to a competitive advantage.

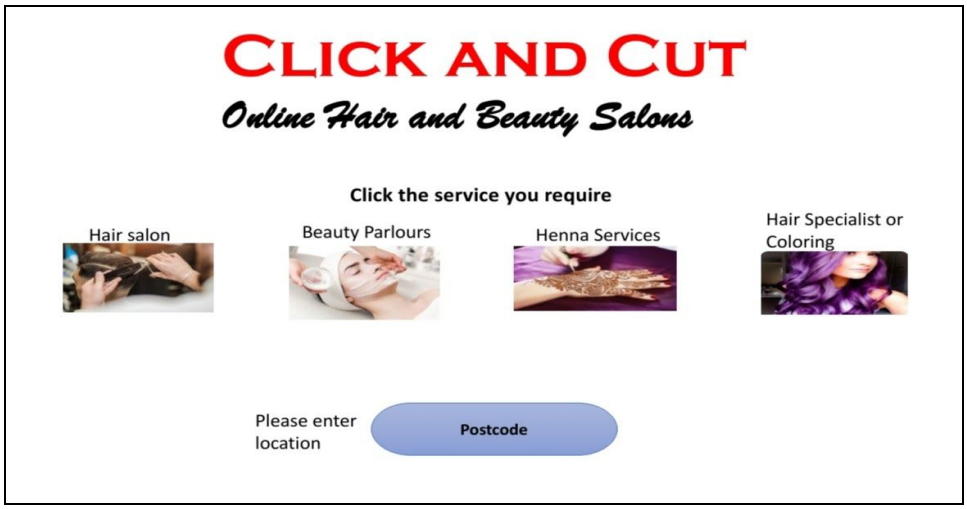
According to Sharp and Dawes (2001) differentiation makes a product more desirable, more unique, highly valued and increases brand loyalty which will lead to more sales and profit.

Section 2: E-commerce for Business Idea

Website Interface.

The business will be conducted using an easy to use website where customers can log into and view localised hair or beauty salons from which bookings can be made and paid for. The website will allow customers to view available booking slots of establishments, view customer reviews, pay for services using online payment methods, and also view the details of individual stylists they will have for their booking. The business will also have a downloadable app for use with android or IOS phone users with a user friendly interface. Once bookings are made by a customer, the respective establishment will be contacted via an automated email, at which point they will need to confirm the appointment which will then show as 'confirmed' on the website or app for the customer to acknowledge.
The interface of the website is shown below in figure 1 :

Figure 1: Website interface



Once the service required and location are entered, the website will list all available establishments in the immediate vicinity ranked by closest to the users postcode.

The website will show the user the details of the establishments along with customer ratings on a one to five star scale with one star being the poorest rated while five stars indicating the highest rated by past customers. The website will then allow the user to select the desired establishment, and to view available booking slots, with the prices for each service required.
Once the user has selected a desired time and service, the website will then allow the user to pay for the service using a secure payment service. After the user has visited his or her allotted time that was booked, the website will let users to re-log in and rate the establishment they visited using a one to five star rating matrix.

Payment Method.

The payment method that will be used for this business idea is the PayPal payment method. Paypal is a reputable and trusted payment method which offers many other benefits. One example is a PayPal checkout feature incorporated into the website will allow users to pay securely on a PayPal hosted payments page before returning to the 'Click and Cut' site. PayPal Web Payments Standard checkout method is a good option for using because it has no monthly or setup fees and no long-term commitments. You only pay a transaction fee when you get paid, and this is based on your total sales volume (PayPal.com, 2019).

Data Protection.

Because the website will be processing card payments there are issues with customer data protection and fraud prevention. These are PCI-DSS issues which stand for Payment Card Industry Data Security Standard. PCI-DSS applies even if payment card processing is done through a third party eg. PayPal. Payment security is important for every company that stores, processes or transmits cardholder data. Non compliance can lead to heavy financial penalties for not following legislation around PCI-DSS (IT Governance, 2020). It can also lead to damage to the businesses reputation and loss of customer trust.
Even though the business payments will be conducted using the third party payment method of PayPal, there are risks involved such as:

- Hackers could expose vulnerabilities such as easy to guess passwords. To minimise this risk, strong and hard to guess passwords will be used.
- Hackers could use viruses to intercept card holder details such as names and addresses. To reduce this risk the business will install the latest anti-virus software on computers and keep the software up to date. This will also be regularly tested.

- Servers of 3rd party payment service providers could get hacked, intercepting customer data. To reduce this risk the business will only use 3rd party providers that are PCI-DSS compliant and have a strong knowledge of security issues such as PayPal (Barclaycard.co.uk, 2020).
- To further reduce risks of data loss the business will Install and maintain a firewall configuration to protect cardholder data. Furthermore, the business will restrict access to cardholder data by individuals on a need-to-know basis and assign a unique ID to each person with computer access to data. This will mean any breaches can be sourced.
- GDPR. These are a set of rules and regulations that must be compiled with to ensure data protection. Examples of steps that will be followed to comply with GDPR are:
    1) Gaining consent to use customers personal data for promotional activities via consent forms or contacts.
    2) Inform individuals when using their personal data.
    3) Keeping data only as long as necessary, and destroying data that is no longer needed for the purpose data was originally collected for.
    4) Having updated IT systems in place to secure all data collected, and having adequate password procedures.
    5) Keep documentation of how and when all personal data was used

Section 3: Marketing

With marketing of the business idea of 'Click and Cut' there arises two issues. Firstly how to contact establishments and to register them with the business. Secondly how to reach potential customers who will use the service. Firstly, the aspects of getting establishments to register their businesses with the 'Click and Cut' service. This will be done with the following:

- Localised advertising in newspapers, business magazines and posters explaining how the business will work and its benefits.
- Local radio advertising that encourages local hair and beauty salons to enquire about the business model generating hype.
- Using social media such as Facebook and Instagram highlighting the numerous benefits of registering with 'Click and Cut' services in a present and post Covid19 world.

- Pre launch promotional events to promote the idea to local hair and beauty salons where their details can be gained ie. Email addresses. These events can for example take place in local town halls or city centre galas where free refreshments are offered and information given about the business model.
- Postal marketing, where local businesses will be contacted by letters and promotional materials informing them of the benefits and offering incentives such as first three months commission free services.
- Sales agents. This is where sales agents visit local hair and beauty salons, offering a more one-to-one consultation. Sales agents can bond emotionally with local businessmen or businesswomen, offering incentives and explaining how the process will work and benefit their company in the long run.

The target customers that will use these services will be 18+ in age, both male and female. The target customers will also be of all ethnic backgrounds. Marketing for these potential customers will be carried out with the following:

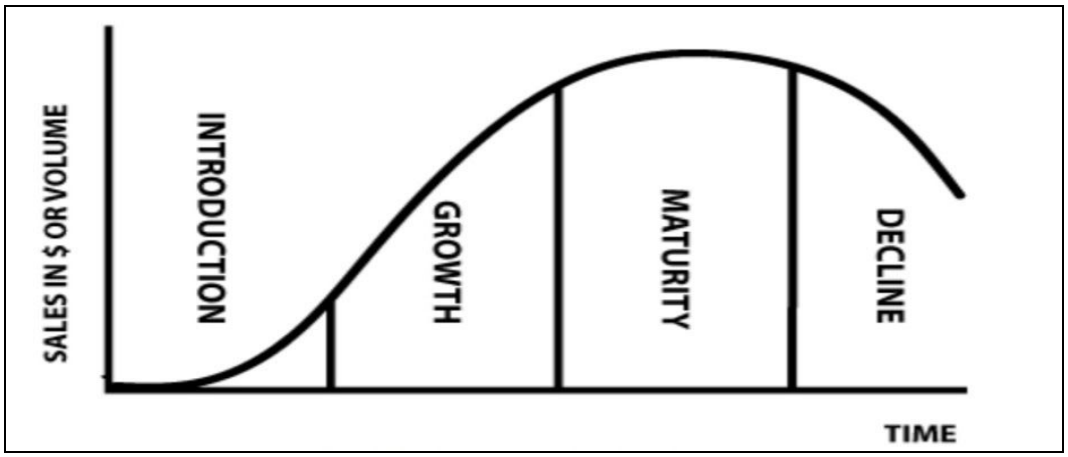
- Localised newspaper and magazine advertising.
- Localised radio advertising.
- Social media such as Facebook, Twitter or Instagram. There are many benefits to social media marketing. One of which is cost. Social media marketing is a more cost effective marketing than any other types of marketing. It costs little to set up a profile page on a largely followed social media platform such as the platforms mentioned above. This type of marketing highly aids in building the brand name of the company. The scope of reach of social media is large because of availability and use of Internet enabled devices such as smartphones or tablets. Social media marketing also opens up communication networks making interaction and engaging with potential customers easy. This makes it easy for the company to communicate, answering queries and issues of potential customers promptly (Bansal, Masood & Dadhich, 2014).

Product/Service Life Cycle.

The above marketing ideas will be needed from the start as the business venture is unknown and a new business. The cost of these marketing ideas will need to be funded with initial capital raised via bank loans or business loans or private equity. As the business grows these types of marketing will gradually decrease and ongoing marketing costs will be absorbed by the finance raised by the business through the commission charged to companies registered.

The level of marketing or promotional activity can be guided by the product/service life cycle which consists of four stages which are introduction, growth, maturity and decline. These are illustrated below in figure 2.

Figure 2: Product/service life cycle



Source: Sharma (2013).

- **Introduction**. At this stage the service is new and it will take time for the new service to start selling. This stage is when high marketing will be required to introduce the service to the market. Sales will be low and marketing costs will be high.
- **Growth.** This is the stage when previous marketing and promotional activities start to make an effect on sales volumes. Sales may grow exponentially, and profits will rise. At this stage competitive rivalry may also increase. Marketing can be adjusted or tweaked at this stage to differentiate and grow a loyal customer base.
- **Maturity.** At this stage sales will be leveling off but competition may increase their promotional activities. This stage requires marketing tactics to adjust to the growing rivalry of competitors. Marketing cost will be lower at this stage then than at the previous stages of the cycle.
- **Decline.** At this stage sales start to decline. This stage will require careful decision making on marketing to extend the life cycle of the service. Profits will start to decrease and marketing cost will need to increase to stop this decline (Sharma, 2013).

Summary

To summarise, the Innovative services proposed for this assessment is that of an online bookings website for hair and beauty salons called 'Click and Cut' which will allow users to make bookings with respective establishments, compare prices from different companies, view customer reviews of establishments, and pay for services online. This is an imitative innovation of adapting a service from one market to another. The driver of this innovation is customer needs and social needs brought about by the current Covid19 crisis. The business will be carried out via a website in which payment will be conducted using PayPal services. The business will be sustained from revenue raised by charging commission on bookings made by users. There are many ways in which the marketing will be carried out, but because of costs, this will be predominantly conducted using social media platforms such as Facebook and Instagram. The level of marketing activity will be guided by the product/service life cycle. The business will carry out a series of procedures to ensure data protection regulations are followed such as using the latest anti-virus software and using strong passwords where necessary.

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