

COOKIE-CUTTER WON'T CUT IT ANYMORE

BY VIVIEN SHIAO

In the constant fight to keep up with ever-changing tastes of consumers, differentiation is no longer a luxury but a necessity for SMEs

SINGAPOREANS are a famously fickle lot. What is hot today is likely to cool off by tomorrow. But that's not all – introduce a product or service that hits the jackpot now, and a dozen others will follow suit soon enough. For businesses in the travel, leisure and wellness industry, reputation can only sustain a business so far. Small and medium-sized enterprises (SMEs) operating here – regardless of industry – need to constantly refresh their offerings or risk getting left behind as competitors stream ahead.

This pressure to keep up with the ever-changing tastes of consumers means that SMEs must continually innovate to keep consumers coming back for more. Differentiation is no longer a luxury, but a necessity.

The SME Magazine looks at businesses that have found ways to sharpen their competitive edge – be it through research and development, carving a niche for themselves, or finding new business models.

FOCUS ON UNIQUENESS

The travel, leisure and wellness industry is unique in many ways. It is highly dependent on the state of economy here and abroad, as many of the services or products are considered luxuries, not essentials. Global tourism numbers matter as visitors are more inclined to spend. At the same time, the industry often has low barriers to entry, meaning that competition is stiff.

Tarun Kalra, general manager of new boutique accommodation The Warehouse Hotel, says: “It is definitely a consumer's market now, more so than ever. There are options for every price point, in both travel and wellness, and new properties are developed almost every other day.”

And it is not just rivals that they need to concern themselves with. SMEs need to be aware of their unique value proposition – what they are doing to distinguish themselves from competition. In a saturated market, this will make the difference between sink or swim.

Mr Kalra notes that the rising popularity of home-sharing platform Airbnb is an indication that consumers are slowly turning away from the traditional ideas of travel, and demanding more out of their holidays than what the large international hotel chains offer.

The Warehouse Hotel, part of the lifestyle group Lo & Behold, is as different from the typical hotel chain as you can get. Unlike the usual run-of-the-mill options, it is a restored modern 37-room independent hotel, which pays homage to the area's heritage and history through room details that provide glimpses to the property's exciting, if rather seedy, past. Its location along the Singapore river was once a hotbed of secret societies, underground activity and liquor distilleries, Mr Kalra reveals.

Zelia Leong, co-founder of travel startup Anywhr, concurs that consumers do not want the same things anymore. People are now tired of going on “recycled holidays” and seeing the same places as everyone else, she says. “Travellers now crave authenticity in their travels, moving away from the crowds and not just checking off a ‘Top 10’ destination list they see in an online article,” she adds.

Her startup Anywhr was founded on the concept of a “surprise travel curator”. It plans, books flights and accommodations to an uncharted destination for customers who do not want to decide on where they are going. Ms Leong explains: “There are lots of travel agencies out there. However, Anywhr is the first of its kind to break away from the usual touristy destinations and the flag-waving travel guide.”

It is not just the travel industry that is ripe for disruption. Local skincare company 24 Saturn is carving out a niche for itself in the competitive cosmetics market. Founder Sarah-Eden Chan says that the business was started to revamp the traditional way of doing things when it comes to skincare.

The problem that customers face today is maintaining a skincare regime that requires countless steps and different products, she shares. She believes that 24 Saturn fills a gap in the market with its unconventional, no-moisturiser regime that simplifies the process. Sales have improved every quarter since it started in 2015, which she attributes to its ability to address consumer inconveniences.

“To me, an industry isn't really competitive if your product or service has a strong differentiating factor. I think a great competitive advantage would be for a company to see how their products or services can become more relevant to millions of people who are looking for a better way of life,” she adds.

SMEs that want a slice of the pie need to ensure that they have something different to bring to the table. Otherwise, competitors just might steal their lunch.

PERSONALISATION AND CUSTOMISATION

Having a unique selling point is one thing, but businesses also need to focus on the specific needs of the customer. The mass production approach is dead on arrival as customers these days seek that personal touch that keeps them going back for more.

Spa and skincare brand Porcelain is one SME that is serious about keeping its finger on the pulse of consumer needs. It noticed that the working crowd are seeking quick and effective solutions, so it decided to open outlets at Orchard and Tanjong Pagar to provide convenience for customers who may want treatments that can fit into their lunch break.

Pauline Ng, founder and managing director of Porcelain, The Face Spa and Porcelain Aesthetics, observes: “The customer today is highly sophisticated, exposed to many options, prefers customisation to a one-size-fits-all solutions, and asks for more than just a pampering facial.”

To answer the call for more customisation, the company launched Porcelain 2.0, a holistic approach that starts from diagnosis of skin issues, followed by a tailor-made skincare programme involving both high-tech treatments and home-use skincare products.

The firm even has a back-end customer relationship management (CRM) system that takes note of all customers' needs and preferences, right down to whether one prefers warm tea or iced water once a customer steps foot into their outlets, says Ms Ng.

It is not just companies that are in the service line that can focus on the customer. Homegrown aromatherapy business Hysses (formerly Mt Sapola), which manufactures its own products, also actively keeps the customer in mind. Managing director Cheryl Gan says that the firm has implemented new ways to listen to customers' feedback by conducting surveys and focus groups. She explains: “This allows us to react and make improvements faster than other companies which do not produce their own products.”

It is also expanding its research and development team to ensure that its products cater to the needs of customers. The ownership of intellectual property when it comes to product formulation is something very “dear” to the company as it takes



▲ WE HEAR YOU
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pride in the uniqueness of its products, shares Ms Gan.

Personalised service at its stores also helps the brand build lasting relationships with customers. Retail assistants are taught to listen to customers and make appropriate recommendations, she says. “For example, we always caution pregnant customers not to use essential oils during their pregnancy. Giving customers the right advice is more important than making a sale,” Ms Gan explains.

TAPPING INTO TECH

While customisation, differentiation and customer service are key, SMEs also need to tap into technology to drive productivity and increase their reach to a wider pool. Despite countless calls for SMEs to digitalise, many struggle to change their traditional ways of doing business.

Jorim Fu, co-founder and project coordinator of travel tech startup Pytheas Infosys, says that up to six years ago, most travel agencies relied on pen and paper or legacy systems to transact their business. “The travel enquiries by a customer could take as long as 30 minutes due to the flipping of files or searching via Excel or e-mails, resulting in a long wait for the next customers,” he recalls.

It was then that he and his fellow co-founder decided to enter the market to help brick-and-mortar travel agencies automate through their Software-as-a-Service product TravelCloud. TravelCloud removes the need for manual input from staff, saving both time and money so that travel agents can afford to operate with a leaner team. “Because we love to travel and there was lack of software vendors serving this vertical, we decided to help these travel agencies – and we’ve never looked back since,” says Mr Fu.

But getting the buy-in of traditional businesses was no walk in the park. “Unfortunately, a large majority of our potential customers are over 40 and are sceptical towards technology as a tool,” he says. The startup had to take time to build trust through its words and action, software delivery, prompt customer service and providing value-added services for free. Mr Fu adds that the business is aligned with customers’ interest by tying its revenue model to them. A success fee is charged as monthly maintenance, he explains.

Another entrepreneur who saw opportunity in embracing technology is Douglas Gan, co-founder and CEO of Vanitee, a beauty booking app for users to find and book beauty services. The app offers over 12,000 beauty services from over 2,200 providers which includes salons, home-based operators and even those offering house calls.

It uses a unique algorithm that simulates real-life word-of-mouth referrals to determine who is delivering good quality service, Mr Gan says. “So think of you referring a friend to a manicurist because you have tried her before, and she’s good. Then imagine that multiplying to get a decent algorithm score to determine the manicurist’s actual quality score to put her on the top,” he explains.

But just like Pytheas’ Mr Fu, Mr Gan also faced the same challenge of getting traditional players in the beauty and wellness industry onto the platform. The business is overcoming this by taking a step-by-step approach in partnering “responsible and good quality service providers”, he says.

In addition, the firm makes calls to every single rating that falls below three stars. Service providers who refuse to listen to customer needs and are clearly in the wrong, are delisted temporarily - or in some cases, permanently.

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– Tarun Kalra, general manager of The Warehouse Hotel (below)



“As time passes, the black sheep of the industry will be phased out. And as Vanitee continues to recognise top service providers and highlight them annually, we believe one day, we will be able to be partners with the entire beauty and wellness industry,” he says.

FLYING THE FLAG HIGH

Despite the many challenges impacting the industry, many SMEs are positive about the outlook for the coming year. In fact, some are flying the Singapore flag high by heading overseas. Vanitee intends to expand overseas starting this year in Malaysia. Hysses is going even further to take on London – a market that is experienced and well-versed in aromatherapy. As for Porcelain, Ms Ng says that international expansion is in the pipeline, but this will take some time as it wants to ensure that the business is ready for it.

All these point to promising signs that smaller players here have what it takes to grow despite the competition in the market. And regardless of where they spread their wings, it is still all about the customer – knowing what they want, building trust and addressing pain points.

Says The Warehouse Hotel’s Mr Kalra: “For us, it boils down to being authentic and being high-touch with customers and potential customers. Every interaction is important and says so much about both you as a person, and the company you represent.” ■



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Pauline Ng, founder and managing director of Porcelain, The Face Spa and Porcelain Aesthetics, observes that customers now have so many options that they prefer customisation