

Staying On Top

World's largest salon brand Great Clips Inc. charges ahead with continued expansion.

Lindsay Sport

After almost 30 years in the retail industry, Great Clips Inc. knows the keys to building a successful brand. Make it simple. Make it convenient. Make it affordable.

That's exactly what the Minneapolis-based brand has done, revolutionizing the hair salon industry with affordable, quality haircuts in a convenient, no-appointment environment.

"We looked at the salon business and thought 'what's the most profitable part of the salon business?'" explains Dean Wieber, executive vice president of new business development for Great Clips. "We saw haircuts being a huge chunk of that, so we created a model that would offer haircuts in a very value-priced format, open seven days a week, evenings and weekends, in an easy-to-get-to environment."

Great Clips launched its first location in Minneapolis in 1982. The revolutionary concept proved a hit with consumers, growing to approximately 200 units by 1991 and reaching more than 1,100 by 1998. Today, the franchise operates more than 2,800 locations throughout the United States and Canada, making it the world's largest salon brand.

One of the ways that Great Clips has distinguished itself in the industry, says Wieber, is through the brand's focus. "We do one thing and we do it well — haircuts. It's that singular focus that is pivotal and differentiates us," he says.

Great Clips is a one-brand franchise, and has focused complete attention on establishing its name and building a quality brand throughout the past 28 years. Each Great Clips salon plays to consumers' comfort zones with a straightforward presentation. They are unpretentious and streamlined. Customers can walk into any Great Clips location without an appointment and receive quality service at an economical price.

To ensure quality across the board, Great Clips spends considerable resources to train every stylist to meet Great Clips'

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standards. "We are focused on delivering a consistent Great Clips experience, whereby no matter who is your stylist, you will get a high-quality haircut," Wieber says. To do this, Great Clips has placed a training center, also known as Great Clips Academy, in every market, to train all stylists. Great Clips also assists owners and managers with training manuals, videos, orientations and seminars, including salon manager training, a multi-salon leadership program and an orientation program.

In addition to brand consistency, Wieber adds that another distinguishing factor of Great Clips is its convenience both in location and by speed of service. "We're in [consumers'] neighborhoods. They can come into any of our salons, put their names on the lists and get service very quickly in order to get in and out with ease," Wieber says.

Great Clips aims to stay close to its customers as a largely residential-based business. Most of its salons are located within grocery-anchored and daily needs stripcenters, particularly in the neighborhood of a Wal-Mart or a Target. Great Clips locations are approximately 1,200 square feet, typically inline, with occasional endcap locations.

Traditionally targeted toward locations in new retail developments, the economy has caused Great Clips to shift its focus for potential locations. "It's been a scene-change for us, as far as the types of locations we go after," explains Wieber.

With fewer retail centers being developed, Great Clips is now concentrating more on entering existing developments, which could be a positive for center owners. Great Clips' brand stability allows it to enter locations where salon tenants have vacated or are not performing well and make those locations work. Where some brands are struggling in the current market, especially in the hair salon industry, Great Clips has experienced 22 straight quarters of positive comp store sales, an achievement that not many brands can claim.

"The thought from the beginning has been that if we became the largest brand, we would have the ability to withstand these types of economies," says Wieber. "When you have that kind of position, it allows you to increase your lead and increase the margins between you and the lesser players, and that's what we're trying to do right now."

Great Clips is looking to open 150 units in 2010, 160 units in 2011 and 170 units in 2012. The company's focus will be primarily throughout the Northeast, in areas such as Boston, New York City and Philadelphia. The brand is also looking to expand in major markets including Detroit and Dallas/Fort Worth. Retaining its title as the world's largest salon brand, Great Clips is looking to get larger, bringing more consumers a convenient haircut at a value price and offering more retail centers a reliable tenant option. **SCB**