

Business Plan

Name: Nicoleta Baltaret, Bianca Visan

Student ID: 2107487, 2108538

Managing enterprise in the 21st century

University of Wales – Trinity Saint David

Date: 07/08/2022

Table of contents

Introduction.....	3
Business overview	4
Product and services.....	5
Market audit.....	6
Target market.....	8
Marketing plan.....	9
Management team.....	10
Financial plan.....	11
Conclusion.....	13
References.....	14

Introduction

The aim of this report is to evaluate and present the business plan of Sweet Dreams Beauty Studio which aims on receiving a start-up grant from The Lottery UK. Specifically, the report will provide a business overview and an analysis of the external environment in the form of a market audit. In addition to this, the marketing plan will detail the actions to be taken to develop a powerful brand that will perform in the beauty industry.

The business plan will reveal some of the main categories of customers that Sweet Dreams wants to acquire. In addition to this, a financial forecast in the form of a cash flow and profit and loss sample will be provided. The end goal of this business plan is to convince The Lottery UK about the profitability of the business and receive the £50,000 grant.

Business overview

The hairdressing and beauty market is worth approximately £2.8bn in revenue – it is also expected to increase with 54% in 2022 (Ibisworld,2021). The business will operate in this market with the intention of gaining market share and improve upon the current services.

Sweet Dreams Beauty Studio has started with only one goal – improving the confidence of customers by providing tailored and professional services. The company will provide a range of services from basic hair-cutting to more sophisticated procedures such as hair extensions.

In addition to this, the business understands the importance of having a variety of services, therefore it will operate spa and make-up services that will be a plus over the competition.

Product and services

Sweet Dreams Beauty Studio understands the importance of having a professional appearance, therefore it designed its services with this mission in mind. It will provide not only hair care and hairdressing services, but also full-body massages, manicure, pedicure and make-up services.

➤ Hairdressing service

There will be four chairs available for hairdressing services – all our services are designed with our clients in mind. Two of these chairs will be rented out to two experienced stylists that will provide bespoke services to all our clients – such as haircuts, blow dry, balayage, special colouring and hair extensions.

➤ Spa services

The focus will be on providing exceptional spa treatments such as different types of massages, manicures/pedicures and skin care facials. In addition to this, there are various extras that can be bought such as specific body scrub or exfoliation. The services will be offered by two qualified therapists that will work on a rota basis.

➤ Make-up services

This area will include services such as special occasion make-up, bridal make-up or make-up for specific days such as Halloween. The services will be provided by a trained make-up artist who will work only on an appointment basis. In addition to this, the make-up artist will be available to travel to specific clients if they offer a deposit beforehand.

Market audit

- SWOT

Strengths

- Extended opening hours – the business will be open every day of the week between 10 am to 8 pm. The benefits of having the shop open every day are to have increased footfall, revenue and the ability to provide better customer service as customers will not be in a rush from or to work (Milano, 2021).

Weaknesses

- Other established beauty salons have already a customer base that is loyal to them. The business will have issues acquiring customers from the competition as they will be reluctant to leave their hairdresser due to loyalty.

Opportunities

- Developing a new revenue stream such as mobile hairdressing services that can appeal to customers who are leaving too far from the location of the salon.
- Development of a subscription model for various services provided by the salon such as – massage, manicure or hairdressing.

Threats

- New measures imposed such as social distancing following the rise of a new COVID strain or impose of strict lockdown measures (Wischhover, 2020)

- PEST

Political

- Various legislation and regulations must be followed. The health and safety of both equipment and premises are regulated by the Health and Safety at Work Act 1974. In addition to this, the business must buy insurance that covers various situations that may happen on the premises. Also, if music is being played on the premises, a licence must be bought – Phonographic Performance Limited (Watts, 2022)

Economical

- The cost of living is increasing across the UK since 2021 and inflation has pushed prices at an historic high. Specifically, the beauty industry has seen prices increasing with 31% for skincare, 19% for cosmetics and 15% for hair care (NielsenIQ, 2022)

Social

- Consumer behavior is constantly changing, hence the pandemic changed the way consumers behave. Specifically, a survey showed that 53% of consumers are working from home at least part-time, with 41% of them expected to work like this for a long period of time (Lopez-Martinez, 2021)

Technological

- A study revealed that around 57% of beauty consumers are shopping mostly or entirely online, which can indicate that the same consumers are likely to book their appointments online (Owens and Elton, 2022)

Target market

Following the external and internal analysis of the industry, several groups of consumers have been identified as likely users of the products and services that Sweet Dreams Hair Studio offers. In order to get a clearer picture, consumers are grouped together if they have similarities in factors such as demographics, behavioural patterns or lifestyle characteristics (Handlin, 2019).

Therefore, the following main groups of customers have been identified:

- Females aged 18-35 years of age that are young professional

It has been identified that the young generation, specifically Millennials and Generation Z spend more on beauty than other generations (Manso, 2020). This type of customer put a lot of effort into maintaining their professional appearance and would include their beauty therapies into their budgets. In order to get to this type of customer, the marketing plan will include advertisements on social media and promote various discounts for recommending the services to friends.

- Females aged 35-55 years of age with high disposable income

Beauty services promote a sense of emotional well-being in women. Several studies have revealed that females who spend a higher portion of their income on beauty products and services feel more satisfied, powerful and successful (Silverstein and Sayre, 2009). In order to reach this type of customer, the location of the business will be in a central position that can be easily reached by those individuals. In addition to this, a loyalty scheme will be put in place in order to retain customers from this group.

- Females that prepare for big events – weddings, special occasions.

This group of customers is not willing to spend money on a monthly basis on beauty services, however during certain occasions they will allocate a significant amount for these services. In order to reach this type of customers, the business will have a monthly online advertisement budget that will allocate to target specific words that people look on Google.

Marketing plan

The goal of the marketing strategy is to create a strong and powerful brand that will be easily recognized by our target market. In order to achieve this, the business will have a professional logo created that will be used on everything from website to social media and flyers. It is known that branding allows businesses to build a relationship with customers that can eventually make them loyal customers (Jones, 2021).

The business will have a professional website that will be optimized for both mobile and desktop browsing. The website will have several functionalities such as online booking with live calendar, a full list of prices and important information about the business. For the first three months, the website will run a 15% discount for customers that are willing to provide their email for marketing purposes – the aim of this is to build a list of prospective clients who will receive weekly newsletter.

The social media area such as Facebook and Instagram will be used to build a relationship with our customers. The main aim of those accounts will be to build an emotional connection with the clients, especially with the young professional target market that is more likely to spend time on these platforms. Both the website and the accounts will be promoted for a period of three months on Google in order to get a better reach.

As the internet and mobile application have become the norm, the company will develop its own mobile application for several reasons – it will be used as a loyalty card as the mobile application will generate a unique QR code for each phone; mobile-only discounts will be randomly made available through the application. The loyalty scheme will award customers who used our services for at least three times – they will receive a free service of their choice. This loyalty scheme will run for the first six months and it will transition to a different focus once a customer base is built.

Management team

The business will be run by Nicoleta Baltaret and Bianca Visan. Both of them will run the reception desk on a rota basis. In this way, they will be able to be the first point of contact for all clients and also in a position to observe how the employees are delivering the services.

Both have a lot of experience in the domain as they practiced hairdressing before and they hold a variety of qualifications. In case the footfall is high, they can give a hand in order to decrease the waiting time within the salon.

Nicoleta will deal with the hairdressing side of the business while Bianca will manage the spa area. In this way they can split the duties and keep these services separate.

Financial plan

Sweet Dreams Studio expects to manage the cash flow in an efficient manner – taking advantage of the possible £50,000 start-up grant. The business will use this loan to buy equipment, invest in the marketing plan and pay for the salaries of employees until the business is able to break even and generate profit.

Cash Flow

CASH RECEIPTS		MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	Total
Sales		0	4,000	4,500	10,000	12,000	13,000	13,500	14,000	10,000	9,500	9,000	13,000	112,500
														0
														0
Start-up grant		50,000												50,000
TOTAL CASH RECEIPTS		50,000	4,000	4,500	10,000	12,000	13,000	13,500	14,000	10,000	9,500	9,000	13,000	162,500
Total cash available		0	39,500	34,650	35,800	39,950	46,100	52,750	59,900	63,050	65,700	67,850	74,000	

CASH PAID OUT		Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
Advertising		4,000	2,000	2,000	1,500	500	500	500	500	500	500	500	500	13,500
Rent		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Wages (4 employees)		1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	21,600
Supplies		500	500	500	500	500	500	500	500	500	500	500	500	6,000
Insurance (other than health)		250	250	250	250	250	250	250	250	250	250	250	250	3,000
Repairs and maintenance		150	150	150	150	150	150	150	150	150	150	150	150	1,800
Digital advertising		2,000	1,500	1,000	500	500	500	500	500	500	500	500	500	9,000
Mobile application		1,000	200	200	200	200	200	200	200	200	200	200	200	3,200
Website		1,000	150	150	150	150	150	150	150	150	150	150	150	2,650
Utilities		800	800	800	800	800	800	800	800	800	800	800	800	9,600
Market audit		1,000	0	0	0	0	0	0	0	0	0	0	0	1,000
SUBTOTAL		14,500	9,350	8,850	7,850	6,850	6,850	6,850	6,850	6,850	6,850	6,850	6,850	95,350
CASH PAID OUT		Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
Loan principal payment														0
Capital purchases														0
Other startup costs														0
To reserve and/or escrow														0
Owners' withdrawal														0
TOTAL CASH PAID OUT		14,500	9,350	8,850	7,850	6,850	6,850	6,850	6,850	6,850	6,850	6,850	6,850	95,350
Cash on hand (end of month)		0	35,500	30,150	25,800	27,950	33,100	39,250	45,900	53,050	56,200	58,850	61,000	67,150

The above forecast takes into consideration the £50,000 grant. During the first month we plan on spending on the following:

1. Advertising – 8% of the grant in the first month and cutting back as the business builds on its customer base.
2. Rent – 4% of the grant each month. The rent is high due to the central location.
3. Wages – 4 employees that will be paid £20,000 each per year.
4. Digital advertising – 4% of the grant and cutting the cost as the company builds its online presence.
5. Mobile application – 2% of the grant in the first month and then 0.04% for maintaining the application.
6. Utilities – 1.6% of the grant each month.

In terms of earning, the company expect the biggest revenue during the summer and December period. It is forecasted that the business will make a revenue of around £162,500 for the next 12 months. Therefore, at the end of the year the company will have around £67,150 profit

Profit and loss



Conclusion

The company believe that if the £50,000 start-up grant will be offered, it will be able to perform according to the financial forecasts. The mission of the company is to improve the business environment within the town center, provide exceptional services to all of its guests and change their appearance to increase their confidence.

The company is aware about the importance of IT, hence it will pay particular attention into how it manages its mobile application as the loyalty scheme within it can provide huge increase to its customer base.

References

Ibisworld (2021). "Hairdressing and beauty treatment in the UK " [online] Available at: <https://www.ibisworld.com/united-kingdom/market-size/hairdressing-beauty-treatment/> (Accessed 20.07.2022)

Jones, K. (2021). "The Importance Of Branding In Business" [online] Available at: <https://www.forbes.com/sites/forbesagencycouncil/2021/03/24/the-importance-of-branding-in-business/?sh=2892d19067f7> (Accessed 20.07.2022)

Lopez-Martinez, K. (2021). "How 2020 is Shaping Consumer Behavior in 2021". [online] Available at: <https://www.salontoday.com/1073539/how-2020-is-shaping-2021> (Accessed 20.07.2022)

Manso, J.(2020). "By the Numbers: Millennial and Gen Z Invest in Beauty". [online] Available at: <https://wwd.com/beauty-industry-news/beauty-features/by-the-numbers-millennial-and-gen-z-invest-in-beauty-1203693297/> (Accessed 20.07.2022)

Milano, S. (2021). "The Advantages of Operating a Retail Business on Sundays". [online] Available at: <https://smallbusiness.chron.com/advantages-operating-retail-business-sundays-76143.html> (Accessed 20.07.2022)

NielsenIQ (2022). "Inflation unboxed: How inflation impacts beauty categories". [online] Available at: <https://nielseniq.com/global/en/insights/analysis/2022/inflation-unboxed-how-inflation-impacts-beauty-categories/> (Accessed 20.07.2022)

Owens, J. , Elton, D. (2022). "The shifting behaviours of fashion and beauty consumers in the U.K.". [online] Available at: <https://www.thinkwithgoogle.com/intl/en-gb/consumer-insights/consumer-trends/fashion-beauty-consumer-behaviour/> (Accessed 20.07.2022)

Silverstein, M. , Sayrne, K. (2009). " The Female Economy". [online] Available at: <https://hbr.org/2009/09/the-female-economy> (Accessed 20.07.2022)

Watts, J. (2022). "Beauty salon legislation and regulations". [online] Available at: <https://startups.co.uk/guides/beauty-salon-legislation-regulations-health-and-safety/> (Accessed 20.07.2022)

Wischhover, C. (2020). "The Salon Business Isn't Built to Withstand a Pandemic". [online] Available at: <https://www.allure.com/story/coronavirus-effect-on-salon-industry> (Accessed 20.07.2022)