

Elena F - Assignment 1

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Overview of the business idea

Loomy Accessories LTD, registered with the Companies House in October 2020, is planning to create a series of solid soaps from commercially available bases, rinse off type of products that will include melt and pour soap bases, as well as fragrance oils, mica colourants and synthetically obtained soap colorants.

Making soap has been a human tradition for thousands of years. Around 2800 B.C., the Babylonians are said to have begun making soap, and the Phoenicians learned about it around 600 B.C. Nowadays, most goods on the market are not actually soap. Instead, they are detergents made from materials derived from petroleum. Other 'soap' products contain components from nature, but high energy techniques have drastically altered these substances. The final soap is not much like the soap that was produced in the past. (*Life Media, 2000*)

The idea of this business came from the need to create a unique wedding favour that will be usable by the wedding guests past the attendance to the event.

To create cosmetics in the United Kingdom, the business must apply for and receive a Cosmetics Product Safety Report Certificate. Production of cosmetic products is regulated by (EC) No 1223/2009 of the European Parliament and of the Council of 30 November 2009 on Cosmetic Products.

The CPSR Certificate will confirm the ingredients used to create the Melt and Pour soap base, the direct additions used in the submitted recipes for certification and the potential adverse effects warnings.

Legal format of the start-up company

It may be challenging to launch a small business and make sure it survives. The biggest reason why a new firm fails, frequently within the first year, is a lack of adequate planning and forward preparation. (*Michael J., 2011*)

Loomy Accessories is a private limited company with a sole proprietor, a personal capital being invested in the business. Innovative businesses benefit from this legal structure since entrepreneurs may act quickly when necessary. It might be difficult for start-up companies to manage the trial stage of company since with a single proprietorship, the owner is fully liable. A sole proprietorship can also be established with less expense than other legal structures since there are fewer legal requirements. These benefits of sole proprietorship businesses drew company owners to this type of business structure.

Management of the company

The 21st century's main engine of economic expansion is emerging markets. As a result, knowing how to manage firms in developing markets serves as an important foundation for competing in the modern global economy. *(Meyer K., Grosse R., 2018)*

Private limited companies are not bound by any stipulated minimum value for the share capital that they issue. In general, shareholders consist of individuals who are related by familial connections, current business associates, and personnel within the organisation. *(Griffiths, A. and Wall, S., 2011)*

As Loomy Accessories is a private limited company, the sole owner and appointed director of the business will start by being the only person in charge of the financial, management and production functions. The new business will be considered a family firm. Over the past 20 years, academics have drawn attention to the family business phenomena. The majority of family business research has concentrated on industrialised countries, with emerging countries being severely underrepresented, even though the family business area is growing more and more genuine. *(Meyer K., Grosse R., 2018)*

Target market and Marketing Strategies

When devising marketing strategies, marketing management considers various company departments, including but not limited to top management, finance, research, and development (R&D), purchasing, operations, human resources, and accounting. The internal environment is comprised of various interconnected groups. The establishment of a company's mission, objectives, broad strategies, and policies is the responsibility of the top management. Marketing managers formulate decisions within the context of overarching strategies and plans. *(Kotler, Phil T., et al., 2019)*

Target Market

The target market for Loomy Accessories LTD's soap making business consists of individuals who prioritise natural and organic personal care products. The ideal customers for our products are:

- Eco-conscious Consumers: Customers who are environmentally conscious and prefer using sustainable and eco-friendly products.
- Health-conscious Individuals: Individuals who prioritise their health and seek natural alternatives for skincare.
- Sensitive Skin Sufferers: People with sensitive skin or specific skin conditions who require gentle and hypoallergenic soap products.

- Gift Shoppers: Customers looking for unique and luxurious gifts for special occasions.

The target market is primarily segmented by age, lifestyle, and preferences. Loomy Accessories LTD aims to cater to both genders and the following age groups: 18-34 (young adults) and 35-54 (middle-aged adults). This market segment is known to have higher disposable income and a growing interest in natural and handmade products.

Marketing Strategies to reach target customers.

Effective marketing strategies have the potential to increase the perceived worth of a particular brand or a group of related brands. A brand represents the strategic direction, purpose, and achievements of a business in creating and providing buying encounters that yield elevated degrees of customer-perceived worth. It is recommended that brands endeavour to establish enduring and robust levels of trust and credibility with their specific customer base. (Kotler, P., 2009)

To effectively reach and engage the target customers, Loomy Accessories LTD will employ the following marketing strategies:

- Branding and Unique Selling Proposition: Develop a compelling brand identity that highlights the natural, handmade, and eco-friendly aspects of our soap products. Emphasise the use of high-quality ingredients and the benefits they offer to customers' skin health.
- Digital Marketing and social media: Utilise various digital marketing channels, including social media platforms like Instagram, Facebook, and Pinterest. Create visually appealing content showcasing our soap products, their ingredients, and their benefits. Engage with customers through giveaways, contests, and promotions to build a loyal community.
- Website and Online Store: Build a user-friendly and visually appealing website that serves as an online store. Showcase product details, ingredient information, and customer reviews. Implement secure and convenient online shopping options, including easy payment methods and fast shipping.
- Partnerships and Collaborations: Collaborate with local businesses, spas, salons, and boutiques that align with our target market. Offer product samples, discounts, or exclusive partnerships to increase brand exposure and reach potential customers through their established customer base.
- Content Marketing: Create valuable content through blog posts, articles, and tutorials related to skincare, natural ingredients, and soap making. Establish Loomy

Accessories LTD as an authority in the industry, attracting customers who are seeking information and solutions to their skincare concerns.

Use of social media and website

To leverage social media and the website effectively, Loomy Accessories LTD will:

- Maintain an active presence on social media platforms, consistently posting engaging content, including high-quality product photos, behind-the-scenes glimpses of soap production, and customer testimonials.
- Use social media advertising to target specific demographics, interests, and geographical locations to reach potential customers effectively.
- Regularly update the website with new product launches, promotions, and informative content. Implement search engine optimisation (SEO) strategies to improve visibility on search engines and attract organic traffic.

S.W.O.T. analysis of the business to evaluate the business idea.

It is essential for companies to understand the environment in which they operate and to accurately assess the opportunities available within that context. It is essential in the development of future plans that will ensure the growth and sustainability of the company. The S.W.O.T. analysis is a tool that assists firms in analysing their operating environments and locating both present and potential future opportunities and risks. (Zehle, S. and Friend, G., 2008)

Strengths	Weaknesses
• Unique and handmade soap products with high-quality natural ingredients. • Strong brand identity and focus on eco-friendliness and sustainability. • Well-defined target market segments with growing interest in natural and organic skincare.	• Relatively new market entrant, lacking brand awareness and customer base. • Limited production capacity in the early stages. • Intense competition from established soap manufacturers.
Opportunities	Threats
• Growing consumer preference for natural and organic personal care products.	• Economic fluctuations affecting consumer spending patterns.

• Expansion of online retail channels and e-commerce platforms.	• Potential supply chain disruptions or ingredient cost fluctuations. • Increased regulations and compliance requirements in the cosmetics industry.
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By focusing on our strengths, addressing weaknesses, capitalising on opportunities, and mitigating threats, Loomy Accessories LTD can establish itself as a reputable soap brand and successfully capture a significant market share in the handmade soap industry.

Transforming threats into opportunities requires proactive measures and strategic thinking. Here are some approaches to converting threats into opportunities for long term business planning:

- Economic Fluctuations: Instead of being solely reliant on a single market segment, diversifying the product offerings to cater to different price points. Introduce budget-friendly soap lines or smaller-sized products during economic downturns to appeal to price-sensitive customers.
- Supply Chain Disruptions: Establishing alternative sourcing options and maintain relationships with multiple suppliers. Explore local sourcing to reduce dependence on international suppliers and minimise the impact of potential disruptions. Additionally, consider forming strategic partnerships with suppliers to ensure priority access to raw materials.
- Regulations and Compliance: Stay up to date with industry regulations and proactively comply with them. Consider this as an opportunity to differentiate your business by emphasising your commitment to quality, safety, and compliance. Communicate your adherence to regulations to build trust with customers who prioritise transparency and responsible sourcing.
- Intense Competition: Differentiate the soap products by highlighting unique selling points such as special formulations, innovative packaging, or customisation options. Developing a strong brand presence through compelling storytelling and authentic connections with customers. Offering exceptional customer service and personalised experiences to build loyalty and stand out from competitors.
- Technological Advancements: Embracing technological advancements in the industry, such as automation and digital marketing tools, to enhance efficiency and reach a

wider audience. Invest in e-commerce capabilities, online customer support systems, and data analytics to gain insights into customer preferences and market trends.

- Changing Consumer Preferences: Continuously monitoring market trends and consumer preferences to anticipate shifts in demand. Conduct regular market research and engage with customers through surveys and feedback to understand their evolving needs. Use this information to innovate and develop new soap products that align with emerging trends, such as sustainable packaging or specific ingredient preferences.
- Collaboration and Partnerships: Seeking collaborations with complementary businesses or influencers in the industry to expand your reach and tap into new customer segments. Collaborations can help increase brand exposure, leverage shared customer bases, and access new distribution channels.

By adopting a proactive and adaptive mindset, threats can be seen as opportunities for growth, innovation, and differentiation in the marketplace. Flexibility, continuous learning, and a customer-centric approach will be key to successfully transforming threats into opportunities.

Financial Forecast

This financial forecast provides an estimation of monthly revenue, costs, profit/loss, cash flow, and ending cash balance for the first 12 months of Loomy Accessories LTD.

Month 1:

Startup costs: £10,000 (includes equipment, supplies, legal fees, branding)

Marketing expenses: £1,000 (social media ads, website development)

Operational expenses: £2,000 (rent, utilities, packaging materials)

Total expenses: £13,000

Remaining funds: £12,000

Months 2-12:

Monthly revenue: £4,000 (projected sales)

Cost of goods sold: £1,500 (materials, ingredients, packaging)

Marketing expenses: £500 (continuing marketing efforts)

Operational expenses: £2,000 (rent, utilities, packaging materials)

Total expenses: £4,000

Profit before tax: £500

Remaining funds: (£12,000 - £4,000) + £500 = £8,500

End of Year 1:

Revenue: £48,000 (£4,000 per month x 12 months)

Cost of goods sold: £18,000 (£1,500 per month x 12 months)

Marketing expenses: £6,000 (£500 per month x 12 months)

Operational expenses: £24,000 (£2,000 per month x 12 months)

Total expenses: £48,000

Profit before tax: £0

Remaining funds: £8,500

Cash Flow for 12 months

Month	Cash Inflow (£)	Fixed Costs (£)	Variable Costs (£)	Net Cash Flow (£)	Cash Balance (£)
1	£25,000	£10,000	£3,000	£12,000	£12,000
2	£4,000	£0	£4,000	£0	£12,000
3	£4,000	£0	£4,000	£0	£12,000
4	£4,000	£0	£4,000	£0	£12,000
5	£4,000	£0	£4,000	£0	£12,000
6	£4,000	£0	£4,000	£0	£12,000
7	£4,000	£0	£4,000	£0	£12,000
8	£4,000	£0	£4,000	£0	£12,000
9	£4,000	£0	£4,000	£0	£12,000
10	£4,000	£0	£4,000	£0	£12,000
11	£4,000	£0	£4,000	£0	£12,000
12	£4,000	£0	£4,000	£0	£12,000

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