

**[Serving Looks Salon]**

**[2019 – 2021]**



**BEAUTY SALON MARKETING PLAN**

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**EXECUTIVE SUMMARY**

[Serving Looks Salon] will provide quality cosmetic services that vary according to customer appearance and preferences. Salon services are still in high demand for both men and women partly because of the influence of social media and the gratification it brings when a certain post of a person’s appearance gets a ton of likes and shares. The company addresses that need in the market by offering high-quality services executed by experts in cosmetics.

As the beauty industry is expected to continue growing and secure profits, [Serving Looks Salon] needs the financial support of [50K] USD to secure the best equipment and employees and execute properly the planned marketing and business strategies.

**COMPANY OVERVIEW**

**Mission Statement**

[Serving Looks Salon] gives the best cosmetic services to people who want to look beautiful everyday especially during special occasions.

**Philosophy**

[Serving Looks Salon] values a comfortable and accommodating environment for the customers, making sure they go out of the salon happy and contented.

**Vision:** [Serving Looks Salon] is the top salon in the city.

**Outlook**

The rise of social media has made people value more their physical image and appearance. The photo- and video-sharing social networking services, like Instagram, have influenced a lot of people, especially women, to apply makeup or visit salons regularly. Services such as skin care, nail care, and hairstyling continue to be a major source of profit for businesses in the beauty industry, which is expected to continue to grow in the coming years.

**Type of Industry:** Beauty/Personal Care Industry

**Business Structure:** Limited Liability Company

**Ownership:** LLC, [Faye Rivers] and [Elsie Moore]

**Start-Up Summary**

The start-up cost needed worth [50K] USD is to be provided by the two owners and will be used for the rental, purchasing of equipment and supplies, and salary.

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| **Start-Up Funding** |
| Start-Up Expenses | $15,000 |
| Start-Up Assets | $35,000 |
| **Total Funding Required** | **$50,000** |
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| **Assets** |  |
| Non-Cash Assets from Start-Up | $20,000 |
| Cash Requirements from Start-up | $10,000 |
| Additional Cash Raised | $3,000 |
| Cash Balance on Starting Date | $2,000 |
| **Total Assets** | **$35,000** |
|  |
| **Capital** |  |
| Planned Investment |  |
| Owner | $50,000 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **Total Planned Investment** | **$50,000** |
| Loss at Start-Up (Start-Up Expenses) | -$20,000 |
| **Total Capital** | **$30,000** |
| **Total Capital and Liabilities** | **$30,000** |
|  |
| **Start-Up** |
| **Requirements** |  |
| Start-Up Expenses |  |
| Rent - 5 Months | $6,000 |
| Advertising | $2,000 |
| Legal Fees | $2,000 |
| Staff Training | $2,000 |
| Insurance | $3,000 |
| Other | $0 |
| **Total Start-Up Expenses** | **$15,000** |
|  |
| Start-Up Assets |  |
| Cash Required | $15,000 |
| Start-Up Inventory | $10,000 |
| Other Current Assets | $5,000 |
| Long-Term Assets | $5,000 |
| **Total Assets** | **$35,000** |
| **Total Requirements (Total Start-Up Expenses + Total Assets)** | **$50,000** |

**PRODUCTS AND SERVICES**

**Product/Service Description**

[Serving Looks Salon] offers a wide variety of beauty or personal care services. The services include hairstyling, hair treatments and coloring, makeup application, manicure, pedicure, nail art, and nail touch-ups. The salon also offers spa services such as facials and foot spas.

**Value Proposition**

[Serving Looks Salon] has cosmetology experts that are trained and experienced to do the meticulous and delicate processes of the services it offers. Customers are assured that their wellness and appearance are prioritized every single time they visit the salon.

**Pricing Strategy**

[Serving Looks Salon] uses cost-plus pricing and competitive pricing strategies. The high-quality services offered by the salon will surely attract customers of rival salons.

**MARKETING ANALYSIS**

The beauty industry is optimistically viewed to continue delivering profits for beauty salon owners. The demand for beauty services has remained high despite its increase in price due largely to the increase in prices of cosmetic products. Today, some men also visit salons more often making the industry not anymore women-exclusive.

**Market Segmentation**

[Serving Looks Salon] will focus its marketing strategies on customers ages [15-45]. Customers in this age range frequently visit and avail the salon services making them the prime customer base for the business.

**Target Market Segmentation Strategy**

Customers ages [15-45]

* Serving Looks Salon will hire experienced cosmetology professionals to deliver the high-quality services it offers to the market.
* The company will also hire marketing managers to create a solid marketing plan that will also utilize different online platforms to advertise its services to as many customers possible.

**STRATEGY AND IMPLEMENTATION**

**Target Market Strategy**

[Serving Looks Salon] is targeting to generate above-market sales growth during its [first] year. As part of its marketing plan, customers who frequently visit the salon will be given incentives to keep their patronage.

**Competitive Edge**

[Serving Looks Salon] is using cost-plus pricing and competitive pricing to stay competitive in the industry.

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| --- | --- | --- | --- | --- |
| **SWOT Analysis** | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| [Serving Looks Salon] | * Provides high-quality services
* Offers similar price with competitors
 | * No established brand
 | * Customers from the middle- and upper-class neighborhoods are yet to be tapped
 | * Continued increase in prices of cosmetic products
 |
| [Hanna’s Salon] | * An established name in the business
 | * Very high prices isolate low-income customers
 | * Some people would prefer a known salon over one that has just started
 |
| [The Face Factory] | * Low price for high-quality service
 | * No social media presence
 | * A great choice for lower-income customers
 | * Patronage of low-income customers might alienate upper-class customers
 |

**Sales Strategy and Forecast**

After the marketing strategies are implemented and the brand of service of the salon started to be known to the public, the company targets the following monthly sales within the first year of operations.

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**Marketing Strategy**

[Serving Looks Salon] will engage the public through print and social media marketing campaigns. During its opening day, the salon will offer free haircuts and hair dyeing so customers can get a taste of its services for free.

Consistent posting and updates about the company and its services on social media will be done to attract more traffic and followers.

**Milestones**

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activities** | **Timeline** | **Success Criteria** |
| Free services during opening day | Members of the hairstyling team will provide free haircuts and hair dyeing during the opening day | May 2019 | Customers who avail of the free services come back to the salon  |
| Social media promotion | Social media manager will be hired to handle the content of the accounts | April 2019 | Social media manager is hired and social media accounts are already up and running |
| Video promotions of services | Post video promotions on social media regularly | April - June 2019 | Videos earn a lot of reactions from customers and have been shared multiple times |

**MANAGEMENT AND PERSONNEL**

The two owners of the company are the co-CEOs. Under them are the marketing and cosmetics teams.

**FINANCIAL PLAN**

The following financial plan is based on past experience of the owners and market research was done to estimate the cost, expenses and projected income of the business.

**Break-Even Analysis**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fixed Costs** | **Average Price** | **Variable Costs** | **Contribution Margin** | **Break-Even Units** |
| $8,000.00 | $20.00 | $15.00 | $5.00 | 1,600.00 |
|  |
|  |
| **Fixed Costs** | **Amount** | **Variable Costs** | **Per Unit Amount** |
| Rent | 6,000 | Advertising | 5 |
| Insurance | 2,000 | Legal Fees | 5 |
|  |  | Staff Training | 5 |
|  |  |  |  |
|  |  |  |  |
| **Total** | **8,000** | **Total** | **15** |

|  |  |
| --- | --- |
| **Fixed Costs** | **Variable Costs** |
| Business Lease - Rent | $6,000 |
| Insurance | $2,000 |
| **Total Fixed Costs** | **$8,000** |
|  |  |
| **Total Units Sold in 1 Month** | **2,500** |
|  |
| **Variable Costs (Unit Sold/Cost per Unit)** | **Average Price** | **Variable Costs** |
| Advertising | $500 | $5.00 |
| Legal Fees | $500 | $5.00 |
| Staff Training | $500 | $5.00 |
| **Total Variable Cost (Per Unit)** | **$15.00** |
|  |  |
| **Break-Even** |  |
| **Selling Price Per Unit** | **$20.00** |
| Break-Even Point Per Unit [Fixed Costs/(Sales Price Per Unit - Variable Cost Per Unit)] | 8,000 |
| 5.00 |
|  |  |
| **Break-Even Point in Units** | **1,600** |
|  |  |
| **Contribution Margin (Selling Price - Total Variable Cost)** | **$5.00** |

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| **Profit and Loss Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Sales | $60,000.00 | $80,000.00 | $110,000.00 |
| Direct Cost of Sale | $25,000.00 | $35,000.00 | $50,000.00 |
| Other Cost of Sale | $5,000.00 | $10,000.00 | $15,000.00 |
| **Total Cost of Goods Sold or COGS (Sales - Direct Cost of Sale - Other Cost of Sale)** | $30,000.00 | $35,000.00 | $45,000.00 |
| **Gross Profit (Sales-Total Cost of Goods Sold)** | $30,000.00 | $45,000.00 | $65,000.00 |
| **Gross Margin % (Gross Profit/Sales)** | **50.00%** | **56.25%** | **59.09%** |
|  |  |  |  |
| **Operating Expenses** |  |  |  |
| Rent | $6,000.00 | $8,000.00 | $10,000.00 |
| Insurance | $2,000.00 | $4,000.00 | $8,000.00 |
| Utilities | $1,500.00 | $5,000.00 | $7,000.00 |
| Salary (Including Tax) | $15,000.00 | $18,000.00 | $20,000.00 |
| Maintenance & Supplies | $800.00 | $2,000.00 | $3,500.00 |
| **Total Operating Expenses** | **$25,300.00** | **$37,000.00** | **$48,500.00** |
|  |  |  |  |
| EBITDA (Total Cost of Sale-Total Operating Expenses) | $4,700.00 | -$2,000.00 | -$3,500.00 |
| Depreciation | $100.00 | $600.00 | $700.00 |
| Interest Expense | $0.00 | $0.00 | $0.00 |
| Taxes Paid | $400.00 | $600.00 | $1,000.00 |
| **Net Profit (Gross Profit - Operating Expenses - Taxes - Interest)** | **$4,300.00** | **$7,400.00** | **$15,500.00** |

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| **Balance Sheet Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Cash | $75,000.00 | $90,000.00 | $150,000.00 |
| Accounts Receivable | $10,000.00 | $15,000.00 | $11,000.00 |
| Inventory | $2,000.00 | $7,000.00 | $10,000.00 |
| Other Current Assets | $4,000.00 | $8,000.00 | $9,000.00 |
| Total Current Assets | **$91,000.00** | **$120,000.00** | **$180,000.00** |
|  |  |  |  |
| Long-Term Assets | $5,000.00 | $8,000.00 | $5,000.00 |
| Accumulated Depreciation | $3,000.00 | $2,500.00 | $2,000.00 |
| **Total Long-Term Assets (Long-Term Assets-Accumulated Depreciation)** | $2,000.00 | $5,500.00 | $3,000.00 |
| **Total Assets (Total Current Assets + Total Long-Term Assets)** | **$93,000.00** | **$125,500.00** | **$183,000.00** |
|  |  |  |  |
| Accounts Payable | $15,000.00 | $20,000.00 | $24,000.00 |
| Notes Payable | $1,000.00 | $4,000.00 | $7,000.00 |
| Other | $500.00 | $1,000.00 | $2,000.00 |
| Total Liabilities | **$16,500.00** | **$25,000.00** | **$33,000.00** |
|  |  |  |  |
| Paid-in Capital | $7,000.00 | $7,000.00 | $7,000.00 |
| Retained Earnings | $100,000.00 | $105,000.00 | $120,000.00 |
| **Total Owner's Equity (Total Assets - Total Liabilities)** | **$76,500.00** | **$100,500.00** | **$150,000.00** |
| **Total Liabilities & Equity (Total Liabilities/Total Owner's Equity)** | **21.57%** | **24.88%** | **22.00%** |

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| **Cash Flow Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Operating Cash Beginning | $80,000.00 | $90,000.00 | $130,000.00 |
|  |  |  |  |
| **Sources of Cash** | $15,000.00 | $20,000.00 | $24,000.00 |
| Receivables | $13,000.00 | $15,000.00 | $20,000.00 |
| Sales | $28,000.00 | $34,000.00 | $40,000.00 |
| Others | $3,000.00 | $5,000.00 | $8,000.00 |
| **Total Cash** | $139,000.00 | $164,000.00 | $222,000.00 |
|  |  |  |  |
| **Expenditures** |  |  |  |
| Rent | $36,000.00 | $40,000.00 | $41,000.00 |
| Insurance | $12,000.00 | $12,000.00 | $15,000.00 |
| Utilities | $15,000.00 | $20,000.00 | $22,000.00 |
| Salary (Including Tax) | $50,000.00 | $60,000.00 | $80,000.00 |
| Maintenance & Supplies | $3,000.00 | $3,500.00 | $5,000.00 |
| **Total Expenditures** | $116,000.00 | $135,500.00 | $163,000.00 |
| **Net Income/Loss (Total Cash - Total Expenditures)** | **$23,000.00** | **$28,500.00** | **$59,000.00** |