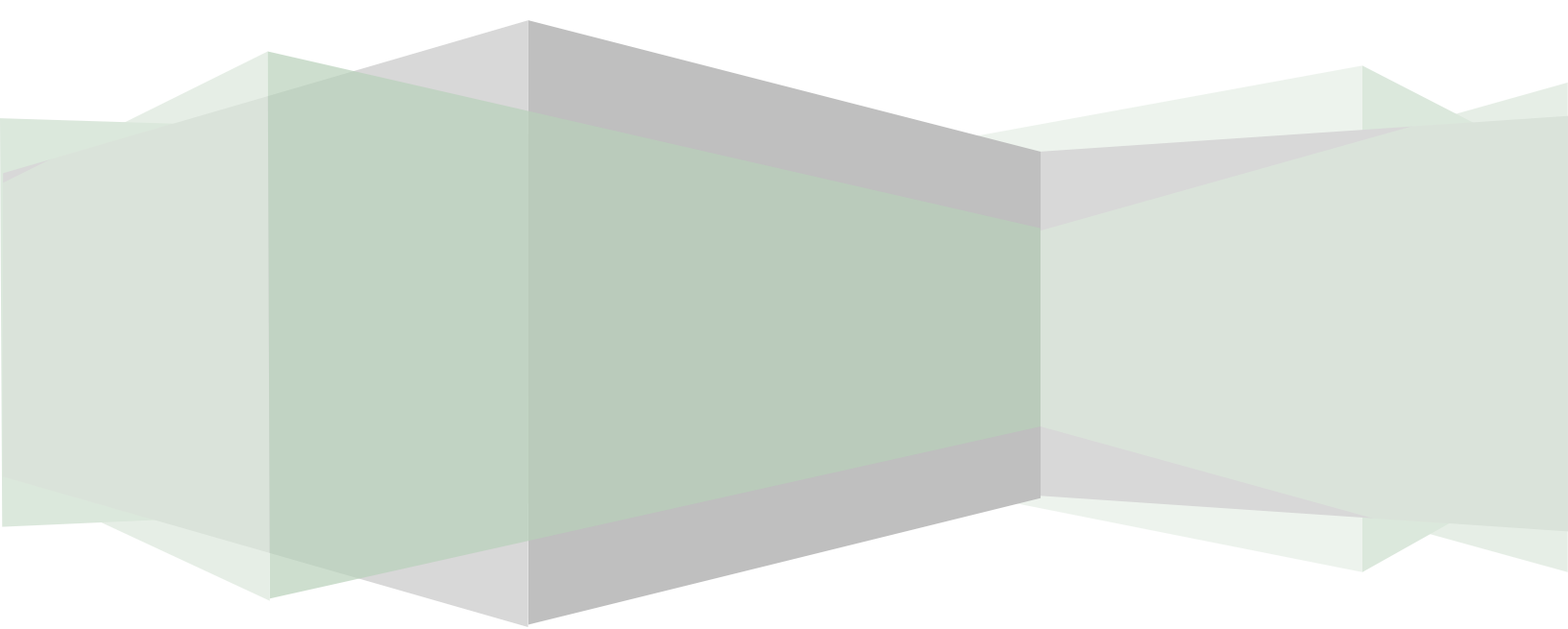# SALON LOOP

Bringing Health and Beauty at Your Door Step

Submitted to

Submitted by

Course Code

Dated

EXECUTIVE SUMMARY

Salon Loop is a healthcare services provider that allows the senior citizens, business women and college girls to have their healthcare and makeup needs satisfied at their doorstep in Melbourne, Victoria. Salon Loop also sells retail healthcare products to its customers while serving the entire family in one quick and convenient door visit. The Beauty Services Industry in Australia has expanded exponentially in past five years. The rising demand for the beauty and healthcare services has propelled in Australia due to higher discretionary income and growing population. The beauty services industry revenue is expected to increase by an annualized 2.0% over the five years through 2017 to reach $4.8 billion. According to IBISWorld (2017), 39% of all beauty treatment demands come from hair cutting and hair care services segment. The customers are getting haircut, hair color and other beauty services at bricks and mortar salons. In order to attract the customers, Salon Loop will have to give customers a reason to change. In this case, the reason to change is "getting beauty services at door step". Salon Loop will also use mobile technology through offering mobile apps over which customers can book appointments and level of services needed. The designing of salon bunker and provision of services will be provided in-house. Salon Loop will have to comply with Cosmetic Compliance and Safety Law of 2014 and Australian Consumer Law. Since beauticians are making use of compounds and techniques that need special skills and may entail risks for clients, they are shouldering even more responsibility. The beauticians are ethically liable to let their customers know about the risks of a treatment before starting it. With mixed blend of perfect human, financial and technical support, Salon Loop can quickly gain market share in the current industry.

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INTRODUCTION

Salon Loop is a healthcare services provider that allows the senior citizens, business women and college girls to have their healthcare and makeup needs satisfied at their doorstep in Melbourne, Victoria. Salon Loop serves the senior citizens, business women and teenagers and accepts the appointments over website, phones or android/iOs application. Salon Loop also sells retail healthcare products to its customers while serving the entire family in one quick and convenient door visit. While there are several Salons and makeup stop shops, Salon Loop will excel due to its focus on providing healthcare and grooming services at door step with superior customer service. Through unheralded customer attention, Salon Loop is likely to gain market share as its services are for senior citizens and business women who do not get enough time or resources to drive all the way to salon locations. Lastly, Salon Loop will allow it to attract a lot of customers through mobile application and online appointments.

MISSION

"To supply healthcare services and products that enhances our client's physical appearance and mental relaxation".

PRODUCTS/SERVICES

Salon Loops offer the following services at the door step of clients:

- Hair: cuts, makeovers, reconstruction, shampoo, conditioning, curling, straightening, perms and dye
- Nails: manicure, pedicure, polishing, sculpting and nail art
- Skin care: body waxing, face waxing, polishers, massage, threading and facials
- Range of organic products to be sold directly to clients

BUSINESS MODEL CANVAS

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
• Hair, nail and makeup artists • Hair, nail and makeup product distributors • Targeted advertisers • Trendy partners • Strategic partnerships	• Makeup • Manicure/pedicure • Hair dos • Home healthcare services • Customer service is our key • Simple and clear pricing • Brand resonance as fun, fresh and trendy	• "Healthcare and grooming services at door step" • "Salon Hoop Allows women and senior citizens to get healthcare services at their doorstep". • Most Salons and makeup parlors are specialized in only one or two services (hair or makeup), Salon Hoop will be offering every healthcare service to its customers. • Women usually have to drive all the way to reach parlors or Salons for getting ready, Salon Hoop will reach senior citizens and women at their door step with the right type of services they need. • Business women will also benefit from being able to take care of all their beauty and healthcare needs while feeling pampered.	• Business referral rewards through repetition • Social media presence • User friendly customer care helpline and website for direct calls before and after visits	• Senior citizens who can no longer walk or drive in some way need to look good and get health services. • College girls, young girls and business women need to get healthcare services for parties, weddings and other purposes. • The targeted customers will be senior citizens (over 65 years of age), business women, teenagers and college girls.

	Key Resources	Minimum Viable Product	Channels
	• Online scheduling • On the go healthcare products • Special treatment for citizens over 65 years of age • Fun and girly bunker with special touches like a room to get dressed in, fun music playing and drinks • Fun mobile app to book an appointment	• Healthcare services products	• Media recognition through celebrity endorsement. • Fun website and 24hours customer service. • Incentive programs for first time users. • Free trials for senior citizens

Cost Structure	Revenue Streams
• Salary and benefits to the artists • Rental bunker and fixed cost of vehicle • Website maintenance • Marketing and branding • B2C distribution of healthcare products	• Direct sales for services purchased by customers • Online and on-spot healthcare products sale

FEASIBILITY ANALYSIS

Feasibility analysis allows the entrepreneur to determine if the proposed business idea is technically and financially viable (Currie et al., 2009). It is also used for assessing the strengths and weaknesses of the proposed business idea and presents the directions of activities in order to improve the project and achieve the desired results out of proposed business idea. The report will outline the market, technical, human and financial feasibility of Salon Loop.

Market Feasibility

The Beauty Services Industry in Australia has expanded exponentially in past five years. The rising demand for the beauty and healthcare services has propelled in Australia due to higher discretionary income and growing population (IBISWorld, 2017).

Targeted Customers

Salon Loop is targeting the following customer segments.

I am a business woman. I don't get enough time to visit salons for getting my hair done and nails manicured. Getting beauty services at my door step seems exciting and fun.

Targeting business women aged 30+.

Targeting college girls aged 20+.

As a college student, I have so much to catch on. Maintaining my hair and nails while keeping my face fresh is my priority. However, sometimes I don't get enough time to get my hair done or body waxed at right time. For me, getting beauty services at home is super cool.

I am 72 years old and I feel uncomfortable in visiting hair and makeup salons. I have always thought of finding someone to visit me at home and give my hair, nails and face a makeover. It is difficult for me to walk and reach salons situated in metropolitan areas. Salon Loop is a perfect solution to my problems.

Targeting senior women aged 65+

According to ABS (2017), the proportion of people aged above 65 years have risen from 12% in 1996 to 15.3% in 2017 and the proportion of people aged 85 years and above have also doubled from 1.1% in 1996 to 2.0% in 2017. In 2016, the number of people aged above 65 reached 784,600 out of which females are twice as many as males. Hence, the statistics show a higher life expectancy for females. The figure below shows the increase in female population in all age groups.
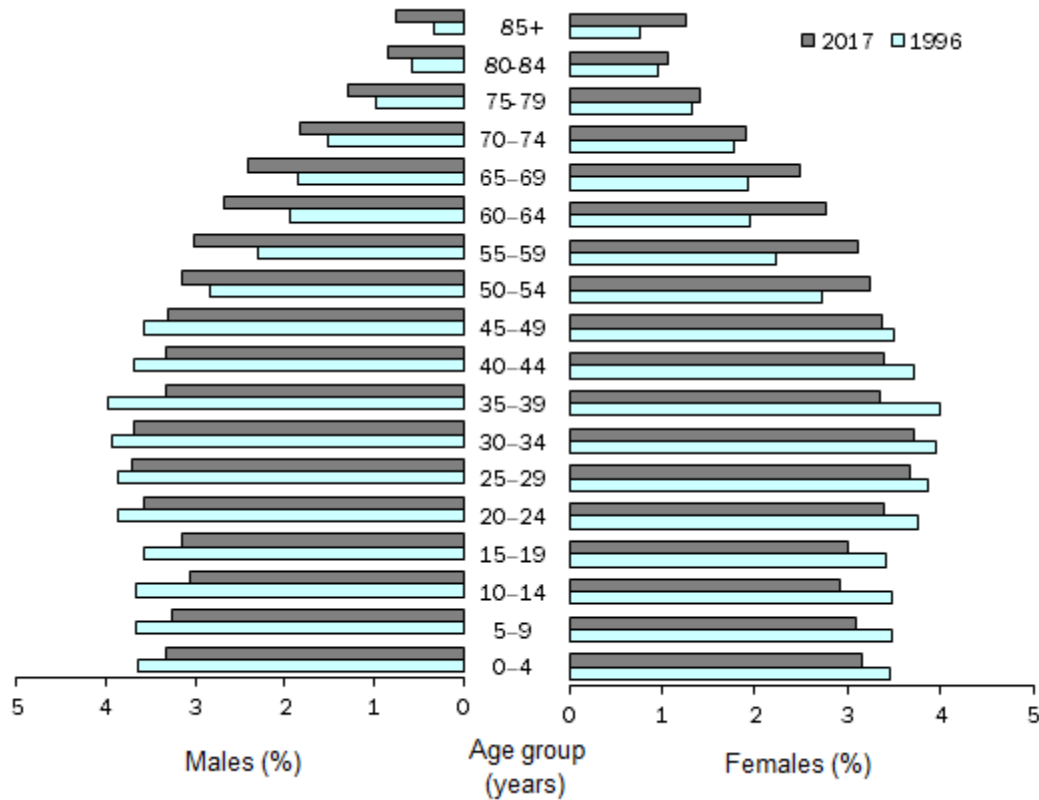
Figure 1: Population Growth by Age and Sex

Market Size and Growth

The beauty services industry revenue is expected to increase by an annualized 2.0% over the five years through 2017 to reach $4.8 billion (Euromonitor, 2017). The projected revenue is to improve by 0.4% in the current year. Currently there are over 21,949 businesses beauty service salons operating in Australia while no companies have a dominant market share in the industry. According to IBIS World (2017), 84% of all women invest in their hair and beauty treatments for themselves. This

shows an opportunity for Salon Loop to capture the market share by catering the beauty and healthcare needs of women while sitting at home.

Market Characteristics

According to IBISWorld (2017), 39% of all beauty treatment demands come from hair cutting and hair care services segment. The customers are getting haircut, hair color and other beauty services at bricks and mortar salons.
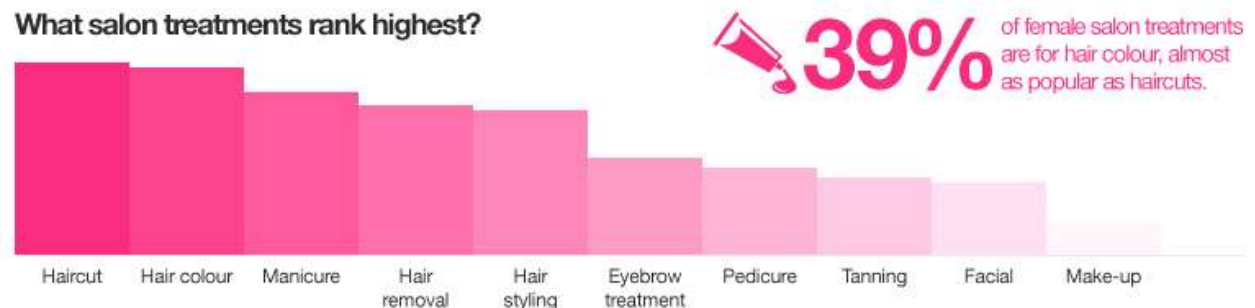
Source: (IBISWorld, 2017)

PEST Analysis

The PEST analysis allows the entrepreneur to scan through the macro environment in order to check the feasibility of the business venture (Koumparoulis, 2013). This entails the factors that are not in control of company. These include political, economic, social and technological factors. The PEST analysis for Salon Loop is given below:

POLITICAL
- No major political change that might negatively impact Salon Loop.
- Stable political environment.

ECONOMIC
- Beauty treatments and grooming are necessity product sregardless of economic recession. According to Elsworth (2015), with tougher economic tiresmes, Australia n women spend more on cosmetics and beauty products.
- According to Vlach (2017), 40% of 1300 surveyed women prioritized their beauty regimes agead of shopping and sleeping.
- Increased discretionary spending of $960 per month with $205 per month expenditure on personal grooming.

SOCIAL
- Women rank their beauty grooming fairly high on their priority list.
- People have lesser time to visit salons in Australia. According to Vlach (2017), one third of 1300 women in Australia sacrificed their personal lives for taking out time to visit salons. But 36% refused to visit a salon.

TECHNOLOGICAL
- Salon businesses are prone to technological change.
- Technoogical advancement is costly and requires quick changes.
- Hair straightners, perming machines, waxing machines and styling machines have improved recently.
- People are more dependent on mobile phones and use apps more than ever.

Barriers to Entry

An important step for assessing the business idea is to analyze the kinds of obstacles that a business faces (also known as barriers to entry) (Caves & Porter, 1997). If the barriers to entry are low, almost anyone can join the industry and compete against established ones. The biggest entry barrier in beauty salon and healthcare service industry includes the following:

- Customer loyalty to existing salons: Since beauty maintenance is a priority for many women around the world, so the businesses tend to build customer base through provision of prime services that solidify the customers' loyalty (Wei, 2013). In order to attract the customers, Salon Loop will have to give customers a reason to change. In this case, the reason to change is "getting beauty services at door step".

- New technology in salons' industry: Beauty and healthcare salons require sophisticated skills and new technology. Use of technology in beauty salons has come a long way in past decade (Brand & Ahmed, 2010). Salon Loop will streamline newest technology and install it into the mobile bunker that can be carried over wheels. Apart from the relevant technology, Salon Loop

will also use mobile technology through offering mobile apps over which customers can book appointments and level of services needed.

Technical Feasibility

The designing of salon bunker and provision of services will be provided in-house.

Technology

In order to setup a business venture of mobile salon services, several technologies will be required. Since Salon Loop is primarily a service provider, so it will buy the technology related to hair styling, facial treatments and nail/feet treatments off-the-shelf. There are several suppliers available that deal with beauty suppliers. Salon Loop will buy the technological equipments from Zhav International and Aussie Medi Tech.

Services

Salon Loop will provide the services in-house by having trained beauticians and helpers on the wheels. Salon Loop will bring the best on-demand beauty treatments including the manicures, massages, makeup and hair cut at the door step of its clients. Hence, the services will be provided totally in-house. However, Salon Loop will acquire business partnerships with L'Oreal and other beauty brands to get products at discounted prices.

Sales & Distribution

Salon Loop is dealing with services provision. Apart from the services, it will also sell a line of beauty products to its existing clients ranging from hair care to skin care. The products will also be sold in-house at the spot. The products will be bought from different suppliers and brands who want their products to be marketed.

Resources

In order to start this business venture, Salon Loop will require the following resources:

Category	Resources Required
Human	Skillful human resource is required that can perform various tasks ranging from hair styling to face makeovers and from nail art to makeup.
Physical	Furniture is required for the moveable bunker. Lightning, fixtures and other raw materials including beauty products from various brands is required. Beauty range can include dyes, nail art range, hair care products, makeup products and skin care products.

Technological	Physical and chemical technologies include ion technology, ceramic plated hair straighteners, seamless bristles brushes and dryers, digital heat controls, heat distribution technology, coloring machines and other technologies are required by Salon Loop.

Industry Laws and Regulation

Australia has set up number of laws and regulations that relate to Beauty Salon industry. Salon Loop will have to comply with Cosmetic Compliance and Safety Law of 2014 and Australian Consumer Law. Apart from these laws, Australia also has set Hygiene Standards to be followed by beauticians and beauty salon operators who carry out skin related procedures (ACCC, 2014). Salon Loop will have to comply with Hygiene Standard during hair waxing, blackheads removal using a needle and cuticle cutting during manicure and pedicure (NSW Health, 2016).

Salon Loop will have to ensure that the flooring of bunker should be non-slippery, lightning should be provided, hand wash basin should be provided with clean and portable water, separate sink should be there with warm water for cleaning equipment and waste disposal system should be installed in bunker. The equipment are required to be sterilized under AS 2182-1998 Sterilizers and cleaned after using (NSW Health, 2016). All instruments are required under Hygiene Standards to be wrapped and packaged prior to usage and beauticians must adhere to personal hygiene standards before and after dealing with a client.

Ethical Issues

Customers are the lifeblood of beauty salon industry as they help in creating an image of a company. Research has identified that in beauty salon industry, customer dealing is the most important agenda (Beauty Demands, 2016). Since beauticians are making use of compounds and techniques that need special skills and may entail risks for clients, they are shouldering even more responsibility. The beauticians are ethically liable to let their customers know about the risks of a treatment before starting it. Recently, the news highlighted how Kaity Hull (21 years old girl) caught staph infection after going to an "unhygienic" salon in Melbourne for application of eyelashes (Today , 2017). Similarly, Golnaz Bassam had to see her burnt face after getting a facial treatment from a local salon in Melbourne. The Salons

industry is prone to highest standards of codes of ethics as they are dealing with customers' skins and hair directly (ACCC, 2014).

Technological Trends

Virtual imaging has caught attention of several beauty salons as they allow the client to see an "after" style before the beauty procedure has even started (Lohrey, 2017). It just requires a camera and few minutes to show clients of how they will look in variety of different makeup, hair colors, cuts and even eyebrow shapes. Most of the programs in this technology come with database of different hairstyles and makeup tools (Lohrey, 2017). A professional imaging program is easily available to be bought from cyberimaging.com and salonstyler.com.

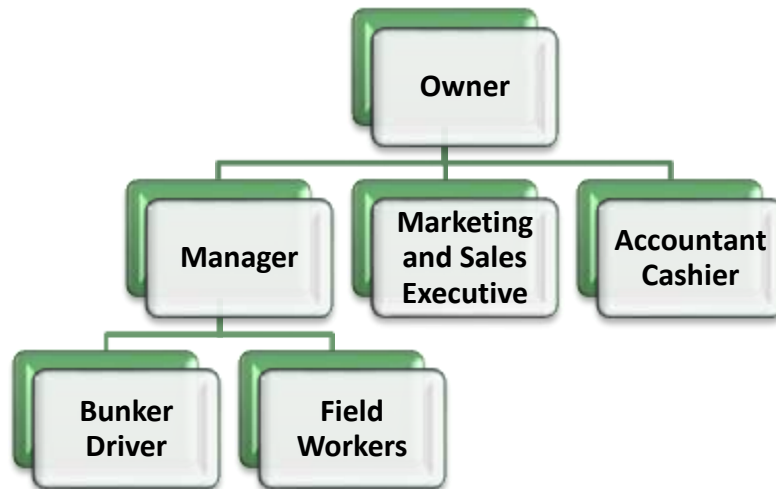**Figure 2: Salon Styler Application Demo**

Human Feasibility

It requires a team of right employees and right organizational structure to achieve the mission and vision of providing beauty services to women and senior citizens at home. The success of our moveable beauty salon will be anchored by our whole team. Professionals and skilled people will be hired for occupying the following positions:

Position	Total Required	Key Responsibilities
Manager	1	- Providing direction to business - Communicating and implementing vision, mission and overall direction of Salon Loop - Responsible for fixing prices and dealing with clients and employers. - Evaluates the success of whole business - Ensure that salon is in tip top shape - Prepares the budgets and reports - Define the job positions for recruitment and carry out staff induction - Ensure compliance with laws and regulations
Marketing and Sales Executive	4	- Reach out new clients and identify business opportunities - Responsible for handling business research and market surveys - Communicate with clients and document customers contacts - Deals with customers feedbacks and suggestion - Deals with promotions
Accountant Cashier	1	- Provides financial analysis and prepare budgets - Manage financial systems and policies - Carrying out risk analysis - Handles all financial transactions with customers and suppliers
Field Workers	10	- Resale of cosmetic and beauty products - Provide services including hairstyling, makeup, skin care and meni/pedi - Handle all duties assigned by manager
Bunker Driver	1	- Deals with transportation of Salon Loop - Run errand for the organization - Deals all other duties assigned by manager

Organizational Structure

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                    ┌──────────────┐
                    │    Owner     │
                    └──────┬───────┘
         ┌─────────────────┼─────────────────┐
  ┌──────┴──────┐   ┌──────┴──────┐   ┌──────┴──────┐
  │   Manager   │   │  Marketing  │   │  Accountant │
  │             │   │  and Sales  │   │   Cashier   │
  │             │   │  Executive  │   │             │
  └──────┬──────┘   └─────────────┘   └─────────────┘
    ┌────┴────┐
┌───┴───┐ ┌───┴────┐
│ Bunker│ │ Field  │
│ Driver│ │Workers │
└───────┘ └────────┘
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Hiring Procedure

Salon Loop will use advertisements to find suitable candidates. The following process will be followed by Salon Loop for its recruitment and selection purposes:

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┌──────────────────┐     ┌──────────────────┐     ┌──────────────────┐
│   Advertisement  │     │     Recieving    │     │                  │
│   (online and    │ ──> │ Application from │ ──> │   Detailed HR    │
│     offline)     │     │    Candidates    │     │     Review       │
└──────────────────┘     └──────────────────┘     └──────────────────┘
                                                            │
┌──────────────────┐     ┌──────────────────┐     ┌─────────┘
│Call for Interviews│    │                  │     │
│                   │<── │    Job Offer     │ <── │    Induction     │
│ Background Check  │    │                  │     │                  │
└──────────────────┘     └──────────────────┘     └──────────────────┘
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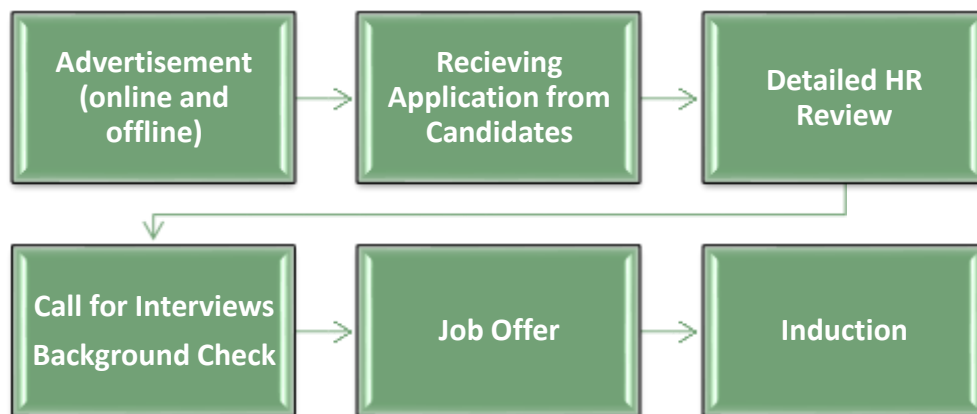
Financial Feasibility

All the projected revenues are based on pure market research for developing a budget for first two months of operations and first three years after establishment. Upon critical examination of services rates and product costs, the sales forecasts have been established. The sales projections are based on the information gathered on the field by visiting different salons in Melbourne that are peculiar to similar start as of Salon Loop. Below are the sales projects, it is based on the location of our business and wide range of related services that we will be offering to clients:

Year/Month	Expected Net Profit $	Expected Revenue $
First Month	10,920	35,000
Second Month	15,540	42,000
First Year	$177,420	497,000
Second Year	$235,956	596,400
Third Year	$345,631	775,320

Assumptions:

- Sales will be $70,000 first month and grow at 20% for next month with 25% growth in third year

- Cost of sales will grow at 20% every year

- Accountant, bunker driver and manager have fixed salary while field workers have $10/hr salary with 7 hours a day and 5 days a week.

- Utilities bills are 5% of sales, petrol expense is 5% of sales, repairs are 2% of sales and marketing is 10% of sales.

- Salaries of workers will increase by 5% in second and then in third year

Sources of Finance

Salon Loop will secure the finance through sheer capital investment of $200,000. No loans will be obtained initially for setting up the business. Personal savings of $150,000 will be secured and $50,000 soft loan from family members will be taken. The papers and documents will be duly signed between both parties and secured. The loan will be paid after 1 year without any interest on it. One of major goal of Salon Loop is to run on its own cash flow without need for injecting finance from external sources.

Pay Back Period

Payback period is the time that business takes for repaying its initial investment. Upon analysis, it seems that Salon Loop will retrieve its initial investment in 1 year and 1.2 months. The calculation can be found in *Appendix C.*

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APPENDIX A

Start-up Costing for [Business name] - [Year]			
START-UP COSTS	**Cost ($)**	**EQUIPMENT/CAPITAL COSTS**	**Cost ($)**
Registrations			
Business name	1000	**Plant & equipment**	
Licences	3000	Vehicles	78,000
Permits	1000	Computer equipment	10,000
Domain names	1000	Computer software	5000
Trade marks/designs/patents	1000	Phones	1000
Vehicle registration	2000	Fax machine	1000
		Security system	1000
Utility connections & bonds (Electricity, gas, water)	5000	Office equipment	
Phone connection	2000	Furniture	50,000
Internet connection	1000	Bunker Designing	25,000
Computer software	2000		
Training	1000		
Wages (1680 per field worker, 900 driver, 1200 cashier, 2000 manager and 1200 marketing executive)	83,760		
Stock/raw materials	50,000		
Printing	1000		
Stationery & office supplies	1000		
Marketing & advertising (2000 flyers at 0.04 per copy)	3580		
Total start-up costs	**$1,60,340**	**Total equipment/capital costs**	**$1,71,000**
Assumptions:			
All figures are GST exclusive.			

APPENDIX B

PROFIT & LOSS	Month 1	Month 2	Year 1	Year 2	Year 3
Sales	70000	84,000	994,000	1192800	1491000
less cost of goods sold	35000	42000	497000	596400	715680
Gross profit/net sales	**$35,000**	**$42,000**	**$497,000**	**$596,400**	**$775,320**
Expenses					
Accountant fees	1200	1200	14400	18000	18000
Advertising & marketing	7000	8400	99400	119280	149100
Utilities (electricity, gas, water)	3500	4200	49700	59640	74550
Telephone	1200	1200	1200	1200	1200
Vehicel Expenses	3500	3500	59640	59640	74550
Repairs & maintenance	1400	1680	19880	23856	29820
Stationery & printing	500	500	6000	6000	6000
Wages (including PAYG)	5780	5780	69360	72828	76469
Total expenses	**$24,080**	**$26,460**	**$319,580**	**$360,444**	**$429,689**
NET PROFIT (Net Income)	**$10,920**	**$15,540**	**$177,420**	**$235,956**	**$345,631**
Assumptions:					
All figures are GST inclusive.					

APPENDIX C

	0	1	2	3
Sales	-200,000	$497,000	$596,400	$775,320
Expenses		$319,580	$360,444	$429,689
Profit	0	$177,420	$235,956	$345,631
Cum. Profit		$177,420	$413,376	$759,007
Cash Flow	-200,000	177,420	$235,956	$523,051
Cum. Cash Flow	-200,000	-22,580	213,376	736,427
Pay Back	1 year + 1.14 months			