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**KING COSMETICS**

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**ENTREPRENURESHIP ASSIGNMENT**

**QUESTION ;** Using a company or business of your choice, write a good and customised business plan covering all the relevant aspects and analysis.

## **KING IYE COSMETICS**

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## **EXECUTIVE SUMMARY**

KING COSMETICS is a revolutionary product which is years ahead of any other makeup brand. It is a premium make-up brand and It attracts 1,7 million women between 15 and 40 years of age who live in urban areas and like to wear make-up,

KING COSMETICS is a Nigerian based cosmetic and beauty hall that offers a wide array of products and services. Our services will include skincare; make up, makeover, pedicure, manicure, etc. King cosmetics will emphasize customer centric services where the customer needs become our priority.

These professional quality supplies will include shampoos, conditioners, reconstructions, brushes, combs and other styling aids. The benefits of our products are;

1. The provision of high quality and maximum flexibility in customer service delivery
2. Superior and personalised customer attention
3. Provision of professional quality supplies of cosmetic products
4. Provision of excellent skin care, beauty treatments and general cosmetic services
5. Sales of cosmetic products including face make up, eye makeup, lip colour, nail colour etc,

## **BUSINESS DESCRIPTIONS AND SERVICES**

KING COSMETICS will be specialised in the production of makeup kits, skin care and rendering makeup related services.

Cosmetics are preparations normally applied to the face and the body. it is a lucrative business because a lot of people make use of various cosmetics product. A lot of people are into this business which is the reason for its competitive nature. Nevertheless yield a lot of profits as its high demand.

In cosmetics business you can start small with cheap cosmetics products, then gradually increase your business capacity.

Cosmetics imply generally, personal care products which are bathing soap, deodorants etc. There are beauty products which include face powder, lipstick, lip-gloss and various facial makeup.

## **OBJECTIVES OF KING COSMETICS**

The objectives of the first three year of operation include

1. To create a service-based company whose goal is to exceed customers expectations.
2. To increase the number of clients served by at least 20% per year
3. To develop a sustainable start up business, contributing to increased employment of community residents.

## **GOALS FOR KING COSMETICS**

To be the leading cosmetic service and product centre in Nigeria and its environs through the provision of excellent sale services and products.

## **VISION FOR KING COSMETICS**

To provide a one stop location for accessing high quality, reasonably priced and convenient cosmetics products and services in a desirable and conducive environment while offering products at the best possible prices.

## **MISSION FOR THE COSMETICS**

KING COSMETICS is established as an important brand that represents quality in skin care, beauty treatments and general cosmetic services. We exist to attract our customers.

## **MANAGEMENT TEAM**

Miss Iye Diden is highly knowledgeable in the cosmetics business with over 7 years experience in the industry. She is a graduate of law.

Mrs Mary Diden (B. Agric, MBA and PMP), she has over 15 years experience in business management, business start up dynamics, financial management of business. She is our business development strategist and a strategic partner.

With over 7 years of experience to cosmetics exposure Miss Iye has the financial management, staff recruitment, organization skill and other necessary skills important to the business.

## **MATERIAL AND MACHINES FOR COSMETIC BUSINESS**

Computer with point sale terminal, computer with printers for offices, cabinets, large mirrors, display shelves for sales of retail products.

## **COMPETITOR ANALYSIS FOR COSMETICS BUSINESS PLAN**

People buy from us because of:

1. The provision of high quality and maximum flexibility in customer service delivery
2. Superior customer attention
3. Highly trained and professional cosmeticians
4. Provision of professional -quality supplies of cosmetics products
5. Fair and best possible prices and discount offers.

### **COMPETITIVE ADVANTAGES**

1. The provision of high quality and maximum flexibility in customer service delivery
2. Superior and personalised customers attention
3. Fair and best possible prices and discount offers.

The reason why cosmetics business is very lucrative is because everyone wants to look, smell and feel good. As they say looking good is good business. They are required in day to day activities, both people of high and low income invests in cosmetics.

### **START UP CAPITAL**

Capital is also very necessary and there is no limit to how large you want business to be. The capital that will be invested in this business is N3,000,000 (3 million naira) Experienced makeup professionals report an initial budget of anywhere from \$75,000 to \$200,000, depending upon the specifics of your business plan.

### **BUSINESS LOCATION**

The store should be placed in a strategic location, where it can easily be seen by a large number of people.

### **ADVERTISEMENTS**

This can be made by different social media, World Wide Web, fliers, newspaper etc.

### **INDUSTRY AND MARKET ANALYSIS**

Beauty has always been a major concern in the history of humankind. Even with the ongoing financial crisis, the cosmetics industry was not substantially affected by the bad economy. In 2012 worldwide cosmetics market was valued at approximately €180 billion worldwide, of which 16% was related to make-up. The make-up world is huge and it can be divided into four categories: eyes, face, lips and nails. Within each category there are several sub-categories where there are infinite products of different sizes, tones and shapes. According to Kantar Worldpanel1 , the total value

of make-up in the first semester of 2014 came up to €21,4 million in Portugal.

## **OPPORTUNITY DESCRIPTION**

How do I know that KING COSMETICS will be a success? It seems clear from the above data that we live in a society that increasingly cares about appearance and well-being of its citizens, which means that there is huge potential for the make-up market to grow. A well-done make-up is highly valued as a way to improve physical appearance.

**SWOT ANALYSIS** - Competitive position To guarantee a better identification of the KING IYE competitive position, SWOT analysis was conducted

Strength; innovative, customization, high quality, strong brand identity, easy adaptation to the market, versatility with beauty.

Weakness; few resources, absence of history, new company.

Opportunities; growing of global concern, global expansion, novelty is temporary.

Threats; economic environment, several strong brands already competitive, new customer needs.

The cosmetics market focuses on girls and women aged between 14 and 70 who like to wear make-up. Nevertheless, this brand seeks to satisfy a gap within this target.

## **FINANCE**

This financial analysis was made for 5 years so that I could have a clear insight of what will happen in the short-term and in the long-term. KING COSMETICS is expected to be a highly successful product that will rightfully conquer women's heart. Its target is women from 15 to 40 years old who live in urban areas. KING COSMETICS will require an investment of N3,000,000 at the beginning of 2020. This investment can be broken down into:

- (1) Design registration; for 5 years to be paid up through a straight-line method
- (2) Kit mold; valid for 50 000 units and another mold for the cover (valid for 100 000 units). Both molds will be paid up through production
- (3) Two promotion stands, which I assumed to have a useful life cycle of 5 years to be amortized through a straight-line method
- (4) Website capitalized
- (5) First-year costs (COGD, marketing expenses, quality test and rent). This investment will be paid back on second year of activity and allows for an equity stake of 37% of the business which in year 5 has a projected EBITDA of N5,000,000.

A makeup business sells beauty products, catering to customers' individual beauty needs. Products are sold to distributors, in a standalone store, or through independent consultants.

#### What are the costs involved in opening a makeup business?

Starting a makeup line from scratch will need one to invest a great deal of time and money. In addition, you'll need to budget for the following:

- Storefront and/or factory locations - malls, kiosks, and high-end plazas are an affordable option
- Lighting for your establishment
- Makeup accessories - mirrors, sponges, and brushes
- Display cases
- POS and business management system/software
- Logo and trademark design
- Website
- Insurance
- Payroll
- Advertising and marketing material

Additional expenses include:

- Stocking inventory
- Manufacturing of inventory (if applicable)
- Marketing strategy and related advertising investments
- Insurance
- Education, travel, and market research

Annual expenses vary, depending upon location and size of product line.

#### Who is the target market?

Marketing efforts should target specific demographics. A few demographics to consider:

- Actors and actresses
- Local broadcasters
- Cheerleaders and gymnasts
- Men and women of various ages - men represent a growing market that is largely untapped at the moment
- Makeup artists and consultants

A makeup business generates revenue from either the individual sale or wholesale distribution of their products.

#### How much profit can a makeup business make?

Profit margins for this industry average 40%, with some running as high as 80%. An average small beauty line can realize a profit of \$35,000 to \$70,000 annually, while larger companies are reporting profits in the multi-millions.

Profits can be successfully made by implementing the following strategies:

- Host a makeup or skincare clinic, specifically geared towards your target audience(s).
- Offer makeup artist services.
- Get involved in photo shoots with local and national magazines.

## **PROMOTION & MARKET**

Creating brand awareness takes time, creativity, and dedication. The brand will be attending beauty-related events, such as industry organized seminars and expos. This is a wonderful way to network, conduct research, and educate consumers on your makeup line. Partner with local wedding planners, hair stylists, makeup artists, theatre groups, and photographers. They are often in the market for new products that meet their evolving demands.

Set aside a portion of your monthly budget to advertise in relevant magazines and websites. Additionally, online tools, such as business directories, social media platforms, and Google AdWords, will assist in identifying the needs of your target audience.

### What is the growth potential for a makeup business?

Growing 6% in 2016, the beauty industry consistently realizes significant growth, year after year. The makeup class was the largest contributor, contributing 82% of the industry's overall growth. While brick and mortar establishments offer the highest earning potential, online beauty sales have grown at a rate of 20% annually. This industry shows no signs of slowing down and offers ample opportunities for the dedicated and innovative entrepreneur.