

Company and market analysis of tru colours



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TRU Colours is a private makeup company which provides numerous services for women of all ages. These services range from make-up application to product knowledge, bridal packages and more. TRU Colours is a sole proprietorship run by Rosie Lima. She provides services out of her own home and is also a mobile makeup artist.

Mission Statement

“ My mission is to help bring what I see on the inside, outside for everyone else to see through enhancing client’s physical appearance and mental relaxation.”

Situation Analysis

Internal Environment:

Organization background

Rosie Lima established TRU Colours Make-Up Artistry in 2007. TRU Colours is an unregistered sole-proprietorship completely owned and run by Rosie Lima. She completed formal training in the industry in 2009. She has a Certificate in Entrepreneurial Studies, a Diploma in Cosmetic Management, and a Spa Technician Certificate, all through Humber College. She also interned with Creatively Beautiful. “ Creatively Beautiful is an award-winning bridal hair and make-up service located in Brampton, Ontario, serving the Acton, Milton, Burlington, Hamilton, Markham, Peel, Halton Hills, and Greater Toronto Area.” This company focuses on bridal preparation. They aim to achieve the ultimate experience in relation and pampering for the bride and her party on her wedding day. They focus on makeup application, hair

styling, hair extension work, jewellery, accessories, and rentals. TRU Colours provides clients with a customized make-up application experience in the comfort of their own home or a specified location. Since TRU Colours was established, Rosie has been a freelance representative for Lise Watier Cosmetics, freelanced for Shoppers Drugmart both in-store and at their Customer Appreciation Galas, designed and applied numerous looks for photo shoots, and most recently applied make-up, alongside the team from Creatively Beautiful, for the models at the prestigious Total Wedding Show.

Services Offered

Make-up Design & Application

Bridal Packages

One-on-One Shopping Trips

Make-Up & Skincare Lessons

Make-Up Workshop Parties

Financial and Non-financial Results

The market for make-up in Canada increased at a compound annual growth rate of 4% between 2004 and 2009. The eye make-up category captured the make-up market in Canada and accounting for a share of 37.4%. Leading players in Canadian make-up market are, Procter & Gamble Company, L'Oreal S. A. and Revlon, Inc. The consistent annual growth of these companies depict that the sector is growing and there are much more opportunities to be explored. Rosie Lima uses the best available make up products manufactured by the top brands to provide quality service to her

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clients. The industry is expected to grow at much higher rate in near future, so focus should be on targeting maximum number of clients. Study shows that the women aging between 12 -40 should be the potential target.

Channels

Market value is based on sales through all retail channels including direct to consumer. Toronto gives numerous numbers of options to the clients to select the make-up artists from the list that has Melissa Andre, Melissa Nicholl, Nerissa Haines, Vicki Millar etc. In such a competitive market the advertising channel will help attracting clients just for once. To succeed the retention and referral clientele building is required. Rosie Lima should offer clients the price and service that helps her to establish as a brand.

External Environments:

Markets

A market is any one of a variety of systems, institutions, procedures, social relations and infrastructures whereby businesses sell their goods, services and labour to people in exchange for money. The makeup industry had a variety of markets. These markets range from individuals who require one time makeup application for a specific occasion, to those who want regular makeup application. These are the multiple avenues make-up artistry can take you.

Advertisements

Magazines

Modeling agencies

Movies

Music videos

Runway shows

Salons and spas

Television

Theatre

Bridal Makeup

Rosie Lima mostly works with individuals. Her clients are usually people who need to look their best for a special occasion, such as an awards dinner, beauty pageant, prom night, or wedding. The target market is women between the ages of 12-35. This segment of the market provides the greatest opportunity. This is because girls around the age of 12 will be beginning to experiment with makeup. Parents may be interested in teaching their adolescents how to properly apply makeup. Also girls around this age go through two major celebrations grade 8 graduation and prom. Many girl's will want to look their best on these occasions which will create a demand for a make-up artistry services. Women between the ages of 20-30 are the average age to be married. This will create a high-demand for bridal make-up services. Some women may be interested in make-up consultation which will teach them the skills required to apply their own make-up.

This ranges from picking the products desirable for your skin type, the appropriate colours and how to apply your make-up. These are the types of markets that TRU Colour targets.

Competitive environment

There are many make-up artists available across Toronto. Most of them offer various services ranging from makeup application, spa to hair treatment.

Due to heated competition and availability of many artists, the rate of services is kept moderate by most businesses. When one search on the internet to find a makeup artist there are several options available and the majority of them are sole-proprietors offering various services. TRU Colours faces competition from all the local businesses but what sets them apart is the personal touch that Rosie Lima brings along with her.

TRU Colours provides customized make-up application to the clients and builds a lasting relationship with most of them. The convenience of getting the make-up done is clients selected location is a unique feature that is not provided by many in the locality. Rosie has gained practical experience in the field and has related formal education as well to better her service offerings.

Economic Environment

Although beauty remains firmly in the list of reliable categories during the difficult economic conditions that are currently prevailing, a NPD report suggests that it has dropped to fourth place in a list of the least vulnerable consumer goods categories. According to the NPD consumer survey just 32% of respondents said they would cut back on spend for video games, while 36

percent said they would cut back for toys, 39 % would reduce spend on movies and 41% said they would reduce spend on beauty products.

Economic slowdown affected this industry too. People were not ready to spend money for appealing outlook. With time as things started coming back on track, the industry is not only stabilized but is also benefited a lot. Product and service advertisements are helping make-up artist to attract clients. Pricing position might pose a threat to them when competing with less expensive product and service. Keeping this meltdown situation in mind TRU colours must offer their clients quarterly, half-yearly or yearly discount coupons, which indeed can encourage the clients to be associated with TRU colours and get benefited from their services.

Demographic Environment

Demographic environments consists of data and study relating to the human populations in terms of size, density, location, age, sex, origin, incomer, occupation, and other statistical information. Given below are data from the Toronto region where TRU Colour operates:

Population by Age

2010

% of Total

% Change

(2005-2010)

2015

% Change

(2010-2015)

Total

7, 399, 926

100. 0%

7. 3%

7, 780, 466

5. 1%

0 - 19

1, 751, 513

23. 7%

1. 5%

1, 743, 511

-0. 5%

20 - 24

521, 238

7. 0%

7. 8%

519, 424

-0. 3%

25 - 34

1, 092, 224

14. 8%

8. 2%

1, 200, 917

10. 0%

35 - 54

2, 299, 364

31. 1%

6. 0%

2, 315, 911

0. 7%

55 - 64

821, 194

11. 1%

22. 5%

941, 616

14. 7%

65 - 74

479, 808

6. 5%

12. 7%

587, 833

22. 5%

75 +

434, 585

5. 9%

6. 0%

471, 254

8.4%

Population by Origin

2010

% of Total

% Change

(2005-2010)

2015

% Change

(2010-2015)

Total *

7,318,725

100.0%

7.3%

7,695,077

5.1%

Born in Canada (Non Immigrant)

4,280,963

58.5%

6.4%

4,435,383

3.6%

Born Outside Canada (Immigrant)

2, 950, 531

40. 3%

8. 9%

3, 172, 951

7. 5%

* The total excludes persons on Indian reserves and settlements but includes non permanent residents, not shown separately.

Households by Size

2010

% of Total

% Change

(2005-2010)

2015

% Change

(2010-2015)

Total

2, 691, 769

100. 0%

9. 8%

2, 882, 484

7. 1%

1 Person

614, 487

22. 8%

8. 0%

648, 994

5. 6%

2 Persons

766, 956

28. 5%

9. 5%

821, 643

7. 1%

3 Persons

473, 192

17. 6%

9. 9%

506, 839

7. 1%

4 to 5 Persons

713, 530

26. 5%

10. 9%

770, 321

8. 0%

6 or More Persons

123, 604

4. 6%

13. 2%

134, 687

9. 0%

Average Household Size

2. 7

2. 7

Households by Income ***2010****% of Total****2015****% Change****(2010-2015)****Total****2, 691, 769****100. 0%****2, 882, 484****7. 1%**

0 - 19, 999

316, 444

11. 8%

248, 671

-21. 4%

20, 000 - 49, 999

637, 624

23. 7%

531, 800

-16.6%

50,000 - 99,999

900,024

33.4%

883,147

-1.9%

100,000 plus

837,677

31.1%

1,218,866

45.5%

Average Household Income

\$97,046

\$125,308

Median Household Income

\$76,373

\$84,718

* Canadian dollars

v. Social and cultural Environment

What customers like about makeup service is friendly service, good attitude elegant environment, clean fair and reasonable price, highly skilled. Most of women are interested in make-up consultation which will teach them the skills required to apply their own make-up.

It is the responsibility of the makeup artist to ensure the safety of the clients while serving them. Since she deals with cosmetics which are primarily made of natural and chemical elements, there exists a risk of health hazards. TRU Colours has had no issues relating to side-effects so far and Rosie in future as well should ensure that all the products she offers are of the highest quality to both herself and the client. She in fact also has a contract that she makes her client go through and signs before offering her services.

Rosie Lima mostly works with individuals. Her clients are usually people who need to look their best for a special occasion, such as an awards dinner, beauty pageant, prom night, or wedding. TRU Colour's main demographic is women between the ages of 12-35 and predominantly but not limited to bridal makeup. TRU Colours provides a variety of services, each with their own unique benefits. The overall goal of the company is to make women feel beautiful. TRU Colours teaches women proper skin care techniques as well as makeup application skills.

vi. Political and Legal Environment

A make up certificate / diploma will prove that you have learned the various make up styles, and techniques. It will demonstrate your understanding for knowing the different skin types, and various implications make-up products

will have on your client's skin. However, it is possible that you can find work opportunities without any formal education but rather based on your merit, experience and portfolio. Most importantly a make-up certificate / diploma demonstrates that you have the theoretical knowledge behind make-up application. Many employers want to ensure you understand basic hygiene, sanitation, and disease awareness. " Make-up artists do not need a license to practice, but they must have some sort of training to work in a spa or salon." [1] This training varies from on the job training to actual certificates from community colleges or private make-up schools. There is no licensing required to be a freelance make-up artist in Canada. TRU Colours avoids all legal responsibility by ensuring that all clients sign a contract waiving any liability TRU Colours may have in case of emergency.

vii. Technological Environment

Create and maintain a positive image of professional beauty makeup service, face competition not to lower the price, only to improve service to win customers. While sales and related factors constitute the interaction of how to grasp, and has sales, gross margin is expected to be achieved and with the profit . A beauty salon on the number of daily turnover, investors, operators, it is a very sensitive and the most concern. She is focusing on her potential clients. She also identifies her competitors' strength and weaknesses for development.

In order to expand her services she should try new avenues in makeup artistry. Her main field is bridal makeup so she could learn different cultural trends regarding makeup. She could consider learning how to work with products such as henna. Henna is a very popular in Indian weddings. If she

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could adapt to different cultural trends, this would provide new avenues for income.

SWOT ANALYSIS:

Strengths

- Mobile makeup service
- Time usage
- A wide range of services offered.
- Competitive prices.

Weaknesses

As a new entrant to the market, TRU Colours lacks brand equity that many of its competitors

- Struggle to appear continually on the edge in terms of fashion and style.
- Large costs associated with a start-up company.

Opportunities

A steady growing market that is traditionally unaffected by the economic environment.

The ability to decrease marginal fixed costs as the customer base grows.

Increasing sales opportunities as more people from an individual family frequents TRU Colours.

Chances of getting more call flow due to customer's references

Threats

- Competition from already established chains.
- A change in traffic patterns as they relate.

Critical Issues:

As it is new established Makeup Artistry So, she is facing competition from established chains

Sometimes she has to go out in all weather conditions

She is paying for her own training and seminars

There are hurdles when get calls from certain people who are not soliciting in close area

Receiving calls at uneven time

Some homes may not have suitable space available

There is need to provide all her own equipment, and it has to be light and easy to man oeuvre from car and into clients' homes

She needs to take set-up time, journey time and travel expenses into account in your prices

She is to take sole responsibility for building up your client base and booking appointments

Marketing Objectives

Increase the number of clients and thereby increasing business profit.

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Create awareness about the business in the local market.

Update the marketing tools currently used.

Implementation of new marketing techniques.

Marketing Strategies

Target markets:-

Positioning Statement:

To women who are pressed for time but want to look their best, our TRU Colours is a mobile makeup service that aims to bring out women's beauty at the convenience of their own homes.

Rosie Lima's target markets will be individual women between the ages of 12-35. She mainly focuses on individualised make-up application for clients who need it on special occasions, such as an awards dinner, beauty pageant, prom night or wedding. Girls between 12-18 will be beginning to learn and experiment with make-up, thus parents may be interested in a make-up consultation session with a professional to teach them proper application techniques. Also, women of all ages may have questions concerning what products are best for their skin, what colours would best compliment their complexion and furthermore, people with bad skin problems may require make-up consultation. This target is women of any age who can afford make-up consultation. Rosie Lima has a vast amount of experience with bridal makeup thus her target is brides to be. These are typical women between 20-30 the average marrying age. These women would require make-up

application for themselves as well as their wedding party. This market may offer a variety of unique opportunities.

Service Strategy

TRU Colours make up artistry is aimed at promoting beauty for women everywhere. TRU Colour's main demographic is women between the ages of 12-35 and predominantly but not limited to bridal makeup. TRU Colours provides a variety of services, each with their own unique benefits. The overall goal of the company is to make women feel beautiful. TRU Colours teaches women proper skin care techniques as well as makeup application skills. These makeup services by Rosie Lima offers a number of differential advantages. Rosie has professional training and experience as a makeup artist which gives her an advantage over her competitors. She has a completed portfolio full of examples of her past work experiences. Clients can browse through her portfolio and choose a makeup design of their liking. Rosie Lima also has vast knowledge of various makeup products and how to use them based on different skin types. Clients experience a relaxing makeup application session at their preferred location.

Pricing strategies

In the make-up artist industry pricing can be determined either by service or hourly. In most salons and spas price is determined by service however freelance make-up artists have the ability to choose either pricing strategy.

TRU Colours needs to have a reference price (the industry average price for the service) and then make adjustments accordingly. " In the industry prices can start as low as \$30 for make-up application for a special event

and enter into the \$100's. Make-up consultation typically starts around \$40.00 an hour increases into the \$100.00's." [2] These prices are dependent on the reputation of the salon/spa, the reputation and experience of the individual make-up artist and the types of products being used. More prestigious salons/spas set their prices much higher than spas which are just starting out. In make-up the main objective should be product-quality leadership. This is because make-up application services itself is an affordable luxury as many women are capable of applying their own make-up. Having make-up application services is about quality, and luxury. Many women want make-up application services because they want to relax and be pampered through this experience. It is not only about the services itself but also about the atmosphere and total experience it encompasses.

TRU Colours charges \$45.00 per makeup application service and \$35.00 for teenage makeup application. Since she is a freelance makeup artist she does not charge any tax so these rates are based on a cash basis.

There is a demand for this service and TRU Colour needs to ensure it does not set its prices too low because this would lead people to question Rosie's skills and experience as a make-up artist. The better a make-up artist you are the higher the prices you can set. Thus Rosie should set her prices just above industry standards to ensure that people are confident in her skills as a make-up artist.

The estimated costs would be fairly low for a free-lance make-up artist company. This is because the fixed costs are relatively low. The only requirements are a make-up kit with various colours, foundations, primer,

toners etc. As make-up brushes. These products are long-lasting and do not require re-placement after each client. There are no employees to pay, or rent as she works out of her home or travels to customers. The variable costs would be the costs of transportation. Thus operating this business would be fairly low in cost.

The pricing method selected would be the perceived-value pricing method. This is because customers have a perceived value attached to this service. It depends on the make-up artists experience, training and portfolio that customers will attach a certain value to their service.

Promotion Strategies

This type of industry requires a variety of promotion strategies. As a result of TRU Colours being an unregistered company most of the promotion will be done through word of mouth. A freelance make-up artist must network as much as possible and promote their business. Networking and promoting are the two most important things to land clients.

A makeup artist should create business cards fit for a professional makeup artist. They should be flashy, creative, and different. This is because you are trying to attract the attention of potential clients. You are trying to show that you are creative and flashy especially in this industry. Black and white business cards just do not cut it. You need to show you understand beauty through the art on our business card.

Create videos on YouTube. Many women go on YouTube to watch makeup tutorials which teach them new techniques and strategies. Also put your information under the video so they can contact you for an appointment.

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Also, state your formal education and experience so women see that you are trained and knowledgeable.

Create a portfolio and put it in a website online. Many people browse the web for make-up artists and with a portfolio about yourself, your experience and training it could bring in potential clients. Show work that you have done in the past. Put pictures of past clients in your portfolio so potential clients have an idea of your abilities. Put a portfolio on a personal website, myspace or facebook. Social networking websites build credential because friends of friends will be able to check out your work and feel that they can trust you because someone they know, knows you.

Perhaps rent a booth at a vendor fair. Bring a few friends with you to model your talents. It will attract attention. Bring your makeup artist portfolio and leave it open for people to browse through. Bring business cards and hand them out to potential clients. Offer discounted rates on make-up services and show how much you usually charge. This way you will build credibility with new clients and they can experience your talents first hand. People will be able to observe your skills and contact you later for an appointment.

Collaborate with a spa/ salon. If you know people that work in a salon only specializing in hair or nails tell them to refer their clients to you. Create a few flyers and posters and ask to put them up in their spa. Seeing as the employees in this spa specialize in a different line of work it will not take away business from them and perhaps you can negotiate a deal where they refer clients to you and you refer your clients to them. Leave a copy of your portfolio in their spa/salon so potential clients can glance through it during

their hair or nail appointment. This could be beneficial for both you and the salon.

Distribution Strategies

TRU Colours makeup artistry is a single person company. Rosie Lima is the single employee as well as owner. She provides services out of her own home or in the homes of her clients thus distribution strategies is irrelevant. There is no distribution channel involved in her business as there is no product being sold. Since the service provided requires a set of skills and experience only Rosie is capable of providing set services within her company.

Financial Projection

Break-Even Analysis

Break-Even Analysis

Yearly Projection of clients

10

Achieved target in 2009-2010

7

Average revenue

\$345

Yearly fixed expenditure (eye shadow, foundation, toner, makeup remover)

\$1, 000

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Average cost of visiting her clients

\$24

Breakeven Cost

\$1, 247

Sales forecast

Considering the future market projection, that says that make-up artistry market will encounter growth in future. Rosie Lima's focus should be expend the categories of service she offer which will help her targeting the numbers and making marking more profits.

Assuming the fixed cost for every 7 bridal customers comes out to be \$1000

Assuming, she target general make-up customers with the fixed cost for every 10 customers @ \$130 and increases by 10% with every year.

Sales Forecast for TRU COLOURS

Financial Year

2009-2010

2010-2011

2011-2012

2012-2013

Achieved target in 2009-2010

7

8

10

12

Average general clients

0

10

12

14

Total clients

7

18

22

26

Average Revenue

345

380

417

459

Average Revenue

0

45

50

54

Fixed Cost (bridal)

1000

1100

1210

1331

Fixed Cost (general)

0

130

143

157

Variable Cost (Average travelling)

24

24

24

24

Break-even Cost (Bridal)

1247

1646

2468

3588

Break-even Cost (General)

0

80

163

281

Profit (Bridal)

1168

1542

1740

1967

Profit (General)

0

370

431

503

Total Profits

1168

1912

2171

2470

Sales forecast graph

Expense Forecast:-

Rosie Lima works full-time at Humber college so she do not want to incur any variable cost because she don't want to spend money on marketing as she don't have sufficient manpower to cater the clients. She may come up with that idea sometime later. But for now her expense forecast is calculated in the sales forecast section.

Implementation Plan

The implementation plan for TRU Colours makeup artistry will have a number of phases to it. In order to fulfill all of the promotion strategies listed, she

should outsource her plans to a variety of people. She will require a company which creates and prints business cards. This is important to for networking purposes. When she meets new clients she will be able to present them with a professional, yet creative business card in order to attract attention.

She should outsource her advertising to a web-design company. This company will create a professional page on various social networking sites such as MySpace and Facebook Page in order to gain attention and interest in potential clients. She should create a professional website with her portfolio as well as information about her training and experience. As well as a service and pricing list. She should also post her company on local classified listings and websites such as Kijiji and Craigslist. This will help find new clients which will thus expand her company.

She should continue working for various bridal shows in order to gain experience and build her reputation. TRU Colours needs to expand by working in more events in order to increase networking which will build a brand name for herself. Also the more experience she has the higher her reputation will increase.

Evaluation and Control

There are multiple ways to evaluate the progress of TRU Colours makeup artistry. Firstly, she should ask customers to fill out a feedback form. This would be very useful for her to learn how she can improve her own styles and techniques. She could also use these feedback forms as indicators of how well her services are meeting the needs of her clients. At the approval of her clients, she could put positive feedback forms into her portfolio. This

will prove her credentials as a makeup artist to potential clients. TRU Colours does not have any recorded financial records. In order to have more control over the company and greater awareness of how much income the company is making and how much she is spending on products (specifically on what products), she should implement a plan to record her finances. She could use a program such as Microsoft outlook or Microsoft excel in order to keep a record of her income and expenditures. TRU Colours should also record i