

Luxor cosmetics

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Luxor Cosmetics Case Luxor Cosmetics is in a difficult situation in which changes need to be made. There are a few items that need immediate attention. Per an evaluation of the account balance trends, their inventory only increases every year, for example: Lipstick's inventory increase is about 20% per year; Nail Polish increase is about 20% per year, leveling out at \$11 million in 2009 -2010.

Their Creams inventory remains constant, since the cream's market is a totally different concept, it does not follow a trend in innovation and changes so often as the other products. The surplus in inventory is a big disadvantage since; last year's products may not be in style this year in addition to the cost of storage. For all these reasons their cash flow is less in comparison with previous years causing that Luxor Cosmetics keeps increasing their bank loans, creating more debt, making it harder to pay out as 2011.

Some of the strategies I believe that may help improve Luxor Cosmetics shrinking market are: For example, improving their marketing strategies, by being more aggressive in their cream's campaign, targeting the different potential customers and not limiting to the older ones only, but to include women from 20 years old. They also should take advantage of the fact that according to market research, during the last decade nail polish sales is significantly larger than lipstick.

Considering this information Luxor Cosmetics can increase their sales by promoting new colors that change with the season, there is a large variety of shades, textures, colors and other trendy characteristics that can be promoted. Other important changes or strategies that should be considered by Luxor Cosmetics is to try to get rid of the old merchandise by creating an

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online discount web page, in which last year's products can be sold at a lower price targeting different costumers with different needs and incomes.

This way their inventory would decrease and their cash flow would increase. Also they should base their production in forecast analysis of demand, this way, they wouldn't have so much inventory left from previous seasons. As a conclusion I can say that Luxor Cosmetics is on time to make the necessary changes to bring their business back to life. Innovation is the word that should be included in every new product and every advertizing campaign, they should develop new lines and new products, maybe even different packaging to impress their customers.