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SOS Beauty Kit Business Plan

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# SOS Beauty Kit BUSINESS PLAN

## Table of Contents

- Executive Summary ................................................................. 3
- SOS & SOS Beauty Kit ............................................................. 4
  - SOS .................................................................................. 4
  - SOS Beauty Kit .................................................................. 4
- External Audit ........................................................................... 5
  - Portugal as a Test Market ..................................................... 5
  - Industry and Market analysis .............................................. 5
  - Competitors ....................................................................... 6
- Trends ...................................................................................... 8
- Opportunity Description .......................................................... 9
- Research evidence of market opportunity ............................... 9
- Desk Research ........................................................................ 9
  - Qualitative and Quantitative Research ................................ 10
- SWOT Analysis - Competitive position .................................... 12
- Strategy and implementation of the SOS Beauty Kit ............... 12
  - Targeting and Positioning .................................................... 12
- Objectives, Strategies and Issues ............................................ 15
  - Objectives ......................................................................... 15
  - Strategies ........................................................................... 16
  - Issues .................................................................................. 16
- Marketing Plan- specific strategies and action plans ............... 18
  - Product .............................................................................. 18
  - Price .................................................................................. 21
  - Place ................................................................................... 22
  - Promotion ............................................................................ 23
- Finance .................................................................................... 25
- Milestones and Check Points .................................................. 28
- Future ...................................................................................... 29
- Bibliography ............................................................................ 30
"Provide adequate opportunities to women and women can do anything." [Oscar Wilde, Irish writer and poet]

"Women do not know what they want, and give no rest, until we get what we want." [Oscar Wilde, Irish writer and poet]

"A beautiful woman is not the one of whom the legs or arms are praised, but the one whose entire appearance is of such beauty that leaves no possibility to admire the separate parts." [Lucius Annaeus Seneca, Roman philosopher]

“The rule to follow is this: a house for everyone and beauty for everyone. And beauty is not expensive. It is usually less expensive than the ugliness that we all call luxury, monumentalism, pretense. Beauty is simplicity, truth, proportion. Things that depend much more on culture than on money” Sophia de Mello Breyner Andressen, , Portuguese poet and writer]

“Women constitute half of the world's most beautiful” [Jean-Jacques Rousseau, Swiss philosopher]
Executive Summary

The SOS Beauty Kit is a revolutionary product which is years ahead of any other make-up kit created under the SOS concept: ‘save’ women from unforeseen situations. It is a premium make-up kit with the Swiss-army knife mechanism which can be customized and has the essential make-up to touch-up. It attracts 1.7 million women between 15 and 40 years of age who live in urban areas and like to wear make-up, who were divided into four segments: ‘Red Carpet Look’, ‘Trendy Girls’, ‘Al Natural’ and ‘New Twenties’. Initially, this business plan will be developed for the Portuguese market to test the concept and assumptions regarding brand interest, conversion and profitability.

As far as competition is concerned, the SOS Beauty Kit competes with all the make-up kits available on the market. However, the SOS Beauty Kit’s unique points of difference make it stand out in this lucrative worldwide market worth €180 billion.

The methodology included desk research conducted to get more information to develop the kit, analysis of two focus group and two surveys directed to the target so as to develop the concept and design of the kit, and holding 3 interviews with make-up brands to better understand the market and their interest in being a partner for the kit.

To successfully launch the SOS Beauty Kit and reach the 20% brand awareness projected for the first year, online marketing activities such as blog engagement, presence in cosmetics events, social media and social networks, and a high quality website (distribution channel), will be developed. This project will need an initial investment of €49,553 to fund a design registration, moulds, two promotion stands, a website and the first-year costs. The SOS Beauty Kit is expected to generate revenues of approximately €11,612 (both kit and covers) in the first year and €664,687 by the end of the fifth year. These yield an EBITDA of €420,997 in year 5.
**SOS & SOS Beauty Kit**

**SOS**

Women face several challenges in their lives such as menstruation, pregnancy, beauty peer pressure or constant time constraints. Against the backdrop of such reality, the creation of SOS presented itself as a unique opportunity to help and be present for women. Both the name (SOS) and the logo (Figure 1) intend to be clearly perceptible and adaptable to all women between 15 and 40 years of age. Both represent the idea of help and fashion. Together with the SOS Beauty Kit, which is the basis for this business plan, in the future the SOS brand portfolio will have other products for different segments such as accessory or night kits. All of them will fill existing gaps as regards beauty dilemmas women have to face. Currently, three possible ideas have come up: (1) a platform between the sole of the shoe and the foot to work as a secret purse (e.g. the night theme); (2) the SOS kit for nails (e.g. the beauty theme); (3) the removable high heel shoe (e.g. Accessory/Night). The standard logo will be adapted according to the segment the kit is directed to (Figure 2).

“Your rescue solution” was the chosen slogan because it comprises the convenience and practical characteristics of SOS kits, as well as the concept of being rescued. It enhances the potential of the brand as an essential brand in women’s lifestyle.

**SOS Beauty Kit**

The SOS Beauty Kit is the first product in the SOS portfolio in the Beauty segment and this happens for a reason. Nowadays people work longer hours, study harder, travel more often, have more responsibilities and less time to manage everything. And yet, they do not want to miss *that* first kiss, the first morning at their boyfriend’s or the first
night out, just because they do not feel ready. The question is: Is it possible to look wonderful all the time without sacrificing anything? I say 'Yes, it is and the answer is the SOS Beauty Kit!' It is the perfect kit which offers women the unique opportunity to be infinitely more beautiful, without sacrificing time or space in their bags.

External Audit

Portugal as a Test Market

Portugal was chosen to prove the SOS Beauty Kit concept at an initial stage, in terms of brand awareness, brand adherence and profitability. Since Portugal is a small country and my home country, I felt it would be wiser to start with it. Later, depending on the results, SOS will scale the SOS Beauty Kit to different profitable markets.

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, (Appendix 1); according to L’Oréal estimates (Appendix 2) it grew 3,8% in 2013. 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 (Appendix 3) 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, which consisted in a reduction of 5,9% in value and 4,9% in volume compared to the same semester in the previous year (Appendix 4). This drop in the total make-up value is accounted for by the fall in the market penetration of nail varnish due to the market entry of gel nails (-3,8% from 1st semester 2013 to 1st semester 2014) (Appendix 5).

¹ “World leader in consumer knowledge analysing consumer behaviour based on continuous consumer panels with continuous or occasional services” (Kantar Worldpanel website)
Portugal there are more than fifty make-up brands, led by the L’Oréal Group, Avon and Oriflame (Appendix 6). The cosmetics market in Portugal tends to grow because people have been increasingly buying more and spending more money on these products (Appendix 7), but the market share is still is nevertheless too low. That is the main reason why the SOS Beauty Kit needs to expand quickly to other countries.

Finally, the products of this market are mostly sold through grocery retailers (Appendix 8), which, in Portugal, represented 70.9% of the total distribution (Appendix 9) because consumers need to touch, try on or smell this kind of product. It should be noted, however, that even though e-commerce market is still reduced, it has been growing globally since 2008: internet sales grew from US$281 616 billion in 2008 to US$638 619 billion in 2013 (Appendix 10). Data for Portugal, on average, indicate that online expenditure grew from €7,8/household in 2000 to €132,9/household in 2013, and it is expected to amount to €198,9 by 2016 (Appendix 11).

**Competitors**

All the make-up kits used in a daily basis outside of the house, as well as the make-up itself, must be viewed as competitors. Taking this into consideration, I have segmented the different possibilities into: (1) Bags or cosmetic pouches like the Sephora Collection (Sephora website - Figure 3) or Beauty Inc. (Beauty Inc. website – Figure 4) are just used to carry makeup. They can come in different sizes but the majority are big enough to carry all the makeup a woman has at home. They are not light or organized which will contribute to the chaos in women’s purses and bags. The average price is €30. These kinds of products are available in large scale.

![Figure 3: Sephora Collection – The Escapader](image1)

![Figure 4: Beauty Inc](image2)
(2) Boxes, like Markwins box (Markwins website - Figure 5) or Benefit Cosmetics box (Benefit Cosmetics website - Figure 6), are also makeup keepers but are mostly used at home due to its size. The Markwins box costs €32 and includes four eyeshadows, a lip gloss, a blush, an eyeliner and three applicators, while the Benefit Cosmetics box costs €32 and includes a mousse and a powder eyeshadow, a lipstick concealer, a lip-gloss, a mascara and an applicator. These boxes have strong market penetration for professional makeup or for women who already know how to apply make-up.

(3) Other travel size kits such as Perfumes&Companhia (Perfumes&Companhia website - Figure 7) or Lancôme Sweet Butterfly (Lancôme website - Figure 8) palette are more similar to the SOS Beauty Kit. They are of good quality, small and organized and yet they have not enough make-up to do a full touch-up. The Perfumes&Companhia kit has six lipstick tones, six eyeshadows, two blushes, an eyeliner, a mirror and three shadow applicators. It costs €11.25. The Lancôme Kit is a travel-retail exclusive and has three eyeshadows, a blush and three applicators. It costs €50. These kits represent a small market share and the majority are available exclusively in the airport shopping area.

In this market, I came across just one other competitor, in India, that offers a similar product, a practical S.O.S make-up kit with the Swiss-army knife mechanism- “Women Make-up Swiss Army Knife” (PosterGully website - Figure 9) that comprises a lipstick, a mascara and foundation brush, a nail polish remover, an eyeliner and a foundation colour pallet available from €257.315.
Even though the PosterGully Women Make-Up Swiss-army knife is similar to the SOS Beauty Kit, it does not come up to the latter's full potential and therefore cannot be completely comparable. The make-up included in the Swiss-army knife is not enough to do the touch-up, cannot be removed, and is not supplied by a known quality brand. Furthermore, the price charged for this kit is completely out of my price range.

**Trends**

An interesting trend to consider is the perception of beauty. Beauty can have several meanings, depending on the situation, the person, the object being evaluated or the society where it is found. Nowadays, and in line with Euromonitor - Consumer lifestyles in Portugal 2011 (pp 25-26), “Attractiveness is judged by European beauty standards”. There was a time when beautiful women were thin with white and fair skin. Today an attractive woman is voluptuous, with a tan and toned body, a woman who wears the adequate make-up. These perceptions of beauty are mostly influenced by the media and social networks around us. According to the cosmetics market, the following trends were also identified (Euromonitor - Colour Cosmetics in Portugal 2013): (1) Portugal was not well-positioned in the 2013 consumer confidence indicator, which correlates with the amount that the Portuguese are willing to spend, but Portuguese consumers did not lose interest in cosmetics because not only do they consider them as essential for their daily hygiene routine but such products make them feel they can still afford some luxury in their lives; (2) Multipurpose products are the ones more likely to be chosen by women consumers because they want things that can simplify their lives. When it comes to make-up, consumers are strongly attracted to more convenient and efficient products (mainly to use on the move), as well as to more innovative packaging (e.g. all-in-one kits); (3) Concealer and foundation sales increased 2% in current value terms in 2013 because women are too perfectionist about their looks.
Opportunity Description

*How do I know that the SOS Beauty kit 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. However, keeping up your make-up during all day is quite difficult because of the external environment (e.g. bad weather, rain, wind, dust) and of other factors (e.g. drinking, crying, itching) as well as the fact that the existing kits do not meet consumers' needs. Consumers have therefore an **approach-avoidance motivational conflict** (Lantos, 2011) **towards make-up**, which means that make-up is something that makes women feel better (approach), but at the same time takes time and patience to keep up (avoidance). The SOS Beauty Kit, on the other hand, appears to help consumers solve this motivational conflict by providing them with an S.O.S kit that allows them to get all the benefits of a permanent nice look without further complications. In my opinion, substantiated by what I have said above, women will *kill* for it!

**Research evidence of market opportunity**

In order to get detailed data about the kit, I conducted: (1) desk research, for a complete view about the issues at stake; (2) three interviews to fully grasp the potential of the kit for the brands; (3) four analyses: two qualitative, to discover ideas and insights, and two quantitative intercalated, to quantify the results from the qualitative analysis.

**Desk Research**

*Online tools* such as websites or social networks; *Field research*, by visiting make-up stores\(^2\) to get information about the market and Fablab Lisboa\(^3\) to develop the prototype;

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\(^2\) Perfumaria e Cosméticos Corte inglês, Continente Telheiras, Sephora e Perfumes&Companhia Centro Comercial Colombo, Centro Comercial Vasco da Gama

\(^3\) Digital fabrication laboratory. [http://fablablisboa.pt/?page_id=111](http://fablablisboa.pt/?page_id=111)
Magazines\textsuperscript{4} to find more about make-up trends; E-mails with Kantar Worldpanel to get some shopper insights and consumer panels, Alibaba.com\textsuperscript{5}, Centimfe\textsuperscript{6} and Domplex\textsuperscript{7} to get production quotations.

**Qualitative and Quantitative Research**

From qualitative and quantitative research as well as interviews to the brands I was able to get consistent insights that led to a preferred concept to satisfy the end users’ needs and provide a sound basis for development. Both qualitative analyses were done through focus group\textsuperscript{8} and quantitative research through surveys (cross sectional design).

**Focus Group 1** (Appendix 12): In order to get the best solution not only from a technical perspective, but also for possible strategies to meet future operations challenges, I conducted a concept development to three sub-groups of women of mixed ages, between 15 and 40 years of age. I was thus able to better understand the SOS Beauty Kit target, its needs and preferences, habits and routines related to make-up as well as get feedback about the SOS Beauty Kit concept. This way, by developing and identifying future-oriented concepts, I was able to test their validity and feasibility, which was instrumental in helping me save resources.

**Survey 1** (Appendix 13): It was done to 156 women used to describe the characteristics of consumer groups, estimate the percentage of units in a population exhibiting certain behaviour, measure attitudes, and finally to quantify the first impression about the kit.

Results suggested that 50% of the SOS Beauty Kit target wears make-up just to go out, and another 36% wears it also on a daily basis (Q2). Moreover, from the respondents that touch-up their make-up, the lipstick rates highest (52,3%) because it is the first to disappear because of drinks or chatting; the lipstick is followed by the eyeliner (51,6%)

\textsuperscript{4} Vogue http://www.vogue.com/magazine/; Segredos de Beleza 2014, El Corte Inglés, October
\textsuperscript{5} “Chinese e-commerce company that provides sales services via web portals”. http://www.alibaba.com/ (Wikipedia)
\textsuperscript{7} specialist brand in domestic and industrial plastics. http://www.plastidom.pt/
\textsuperscript{8} “type of a group interview where a small group of individuals are gathered together for the purpose of discussing one (or sometimes more) topic of interest.” (Barrows, 2000: pp. 190-197)
that fades with itching, blinking or crying (Q3). The most worn make-up brands are L’Oréal Paris, Maybelline and Sephora (Q4). With regard to the SOS Beauty Kit, over 60% of the women claimed they would be interested in acquiring it (Q5). They also showed a preference for the physical store as the distribution channel (Q6) and suggested €40 as a price for the SOS Beauty Kit (standard deviation of €40) (Q8).

**Focus Group 2 (Appendix 14):** This was carried out, after developing the concept and the product, to show the results to the target and reach a total proposition. It was divided into different segments of female respondents: (1) 15 to 18 years old; (2) 19 to 24 years old; (3) 25 to 34 years old; (4) 35 to 40 years old. Although respondents liked the initial concept it was hard for them to clearly understand what the SOS Beauty Kit would be like; when they were shown the real the SOS Beauty Kit, enthusiasm was stamped on their faces, there is only one way to put it, they loved it!

**Survey 2 (Appendix 15):** It was conducted to 302 respondents to test the final concept of the SOS Beauty Kit within its target. Results suggest that 84% of the SOS Beauty Kit target wear make-up (Q3) which reflects the dimension of the make-up market. From those 84%, 53% touch-up their make-up (Q7). Furthermore, from the top-rated make-up brands in the first survey, women have a preference for Sephora (34%) or L’Oréal Paris (32%) (Q16). After having fully explained the final concept, women showed more interest than in the first survey (53% showed interest level 5) (Q10). It should be noted that the results from women’s first impression of the kit after visualizing its design were even more interesting: 90% rated it 4 and 5 in a 5-item scale (Q13) which clearly shows that one image is worth a thousand words. Finally, the kit price was consensual: an average of €50 and a standard deviation of €20 (Q18).

**Interviews:** They were conducted to understand the make-up brands’ interest to participate in the SOS Beauty Kit project as well as to hear their suggestions and
insights about the kit and its business plan. (1)L’Oréal Paris and Maybelline New York, with the business unit development director of DPGP make-up⁹; (2)Lancôme and Yves Saint Laurent, with the business unit development director of DPL make-up¹⁰; (3) Mary Kay with the professional make-up artist¹¹, who could better inform me about technical issues as well as market trends.

**SWOT Analysis - Competitive position**

To guarantee a better identification of the SOS Beauty Kit competitive position, SWOT analysis was conducted (Figure 10):

![SWOT Analysis](image-url)

**Strategy and implementation of the SOS Beauty Kit**

**Targeting and Positioning**

**Customers’ needs:** In an initial phase it was important to segment¹² the market according to customers’ needs and profile. The SOS Beauty Kit looks for confident, adventurous and curious women who care about themselves, who are willing to take some wise risks, who have a positive attitude towards life and who live life to the fullest. At the same time it looks for busy women that need a hand to control their lives and are not ashamed to assume that. With this in mind, the market was divided in four different segments: (1) **Red Carpet Look** (15 to 18 years of age): a pre-teenager dependent on her parents, someone who is starting to think by herself, but who at the same time feels more comfortable by copying clothes, styles, make-up, attitudes, from

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⁹ Emilia Silva, 38 years old
¹⁰ Cláudia Martins, 30 years old
¹¹ Lúcia Bento, 38 years old
¹² “Segmentation is dividing the market into homogeneous groups of consumers with the same needs, distinguished in terms of behaviour patterns, attitudes, demographics, psychographic profile, etc...” (Tybout et. al, 2010. pp26-55)
people she knows like her parents or favourite artists. She wants to feel like a ‘star’, gorgeous and **flashy**. She does not care about the kit price or whether it is practical since time and money are not a problem for her (or at least, she feels they are not her responsibility). However, she cares a lot about **customization** so she can compare and show off the kit to her friends, and she also cares that it is a **complete make-up kit** which makes her feel more like an adult as she does not need to wear her mother’s make-up anymore. Moreover, the fact that everything is **removable** helps her doing her make-up easily; **(2) Trendy Girl** (19 to 24 years of age): teenager who already reached adulthood and thus is responsible for her own acts and decisions. She is an **active user of blogs and social networks** and knows all about the new **trends**. She values **removal categories** because this way she can change the make-up according to what she feels like wearing. She likes the novelty that this is a **Swiss-army knife** because she is an **open-minded** girl, and finally the fact that this is a **non-disposable kit**, makes her feels comfortable with the idea of having something that is hers **forever** because this is a time of new beginnings, and so having some certainty is a relief; **(3) Al Natural** (25 to 34 years of age): She has already overcome her personality crisis and has used it to define herself. She is starting her first job. Thus, even though she still wants to be the most beautiful girl in the room, she has to look more discreet and responsible and so she opts for a **natural** make-up with soft and faint pastel tones. However, being discreet does not mean that she cannot **stand out**. With this mind, she values the **fashion** and **premium design** of the kit, not only because she identifies with it, but also because it does not look like a make-up case (she may feel embarrassed of being criticized for seeming futile). Furthermore, she values the **organization** of the kit, because with new beginnings organization is crucial; **(4) New twenties** (35 to 40 years of age): She is an independent, responsible mother. She has her life established, routinized. She is,
however, already feeling years passing by and looks back on her youth as a distant memory. This way she values **fashionable** and **juvenile** things, especially if they are a novelty, which makes her feel young again. She cares about the **quality** of the make-up because she has already her own brand choices. Finally, she wants her life to be simpler, so she looks for **self-doable things**.

**Targeting**: 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. Trying to reach this broad target is, however, not doable. Thus, the target was defined to reach women aged between **15 and 40 years of age** because they already have an active and uncompromising lifestyle and seek a different image, new ways to stand out, in short, feel good and unique. In addition, the SOS Beauty Kit looks for women with an attitude, curious about life, adventurous, with a high self-esteem, active in social networks and used to buying products online.

**Positioning**: In order to define the SOS Beauty Kit positioning, Kevin L. Keller’s approach (Keller, 2011) was used; this approach follows the customer-based brand equity model (CBBE). A competitive positioning involves defining target consumers, main competitors, points of difference (POD) and points of parity (POP). While the first two have already been defined before, there is still need to define the last two.

POD are, according to Keller (Keller, 2011), attributes consumers associate with a brand and believe they could not find in a competitive brand. The SOS Beauty Kit offers an alternative and the best solution through this make-up kit because: (1) Its excellent and beautiful design. It is a multipurpose product (make-up kit and a purse) which shows, from its technological design (it looks like a smartphone) that although it is an S.O.S kit it can also be considered a **premium**, **glamorous** and **fashionable** product;

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13 “Targeting means evaluating each market segments’ attractiveness and selecting the segments whose needs the firm has the capability to address and designing offers in line with those needs” (Tybout and Grayson, 2010: pp26-55)
14 “Positioning is the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market” (Kotler,2000:pp 178)
(2) It can be **personalized** not only through the cover but also through the make-up categories that come with the kit, all of which give women the feeling they are unique and that they have something tailored for them; (3) It is **organized**, and **portable**. The SOS Beauty Kit has found the perfect balance through its **Swiss-army knife mechanism**, which translates into **extreme organization**, avoids losing the make-up since all the items are attached to the kit and is **light** and **easy to carry**; (4) It includes removable make-up categories and mirror, which is very **practical** and helpful when putting on make-up and to replace it whenever necessary; (5) It is an **all-in-one S.O.S** kit, which keeps the **essential make-up to a full touch-up**.

POP are, according to Keller (Keller, 2011), connotations about the brand that can be shared with other brands. Between the SOS Beauty Kit and its competitors, the main similarity that can be observed is that all of them work as a **make-up keeper**.

Frame of reference: For women aged between 15 and 40 years, independent and active, who care about their looks and seek to feel special, glamorous and more beautiful, **[Target]**, the SOS Beauty Kit is an **all-in-one portable make-up kit**, **[Frame of reference]**, that stands out from competition by offering immediate rescue **[POD]**, because of its unique and practical design. **[Reason to believe]**.

**Objectives, Strategies and Issues**

**Objectives**

“The objectives consist of the goals that the brand wants to achieve during the plan’s term. They have to be specific, measurable, ambitious, reachable and timed” (Inc. website). Regarding short-run objectives (1 to 2 years), I expect a 20% brand awareness, 10% brand interest and a conversion rate of 1.5% in the first year, because even though the kit generated high interest, consumers barely know it and have never tried it before.
Moreover, in these first years of existence, it is my objective to capture consumption of existing make-up cases within the SOS Beauty Kit’s target (create product switching).

Concerning long-run objectives (3 to 5 years), I expect, by the end of the fifth year, that people will have more information and opinions about the product, and so it is my goal to achieve a 40% brand awareness, 50% interest (50% rated 5 in the 2\textsuperscript{nd} survey), and a conversion rate of 9.5%, which is a fifth of the market penetration verified in the second survey (48% of women rated 5 in purchase intention). Furthermore, I want to increase product switching and set SOS as a strong competitor, in order to allow for the launch of new products within the brand and to expand the SOS Beauty Kit internationally.

Strategies

With a view to get high awareness and, consequently, high penetration, the online channel was chosen as the distribution and promotion channel for the SOS Beauty Kit. Furthermore, an intensive and constant marketing effort was done to reach more people. Since it is likely that in the future SOS will have more than just the SOS Beauty Kit in its portfolio, it is crucial to maintain a link with its target, otherwise, after buying the kit women would have no other reason to keep in touch with SOS. This is why I came up with the idea of having an addition to the kit, and as such I decided to sell the covers individually, with the exception of the first cover, which comes as a gift for buyers.

Furthermore, I created the SOS Beauty Kit’s roadmap (Appendix 16) which states the key activities that have to be undertaken in order to reach the above defined objectives.

Issues

What may interfere with my objectives? How will I tackle my limitations?

Distribution: Results from surveys suggest that the majority of respondents want the SOS Beauty Kit to be sold in a make-up store because it is the kind of product that people like to touch, smell and try, something that cannot be done online. With a view
to overcoming this limitation, the SOS Beauty Kit will be physically present in some events for curious consumers to touch it and test its value.

**Product Adoption & Product life cycle:** According to the product life cycle theory (Catry and Chevalier, 1974) the SOS Beauty Kit is positioned in the introduction stage. This stage is characterized by several uncertainties, mainly as regards customers’ reaction to the product, because it is a new product in the market and few people know it. The product diffusion theory\(^\text{15}\) (Rogers, E.M., 1976) can also be analysed simultaneously. It proved that just 2.5% of the buyers, the innovators, are willing to try the product (Rogers, E.M., 1976), which is a very low percentage. With a view to tackling this barrier, SOS needs to come up with strategies to attract consumers and let them know about the SOS Beauty Kit and its functionalities. This can be done through focused and consistent marketing on the social networks, through word of mouth by famous bloggers, and the occasional physical presence in certain events.

**Make-up brand:** The chosen make-up brand cannot please everyone. Some consumers may not identify with it. The solution is to follow the most careful path to choose the partner according to its quality, positioning and consumers’ preferences. Moreover, it should be noted that the possibility of having more than one brand was excluded not only because of make-up brands requirements (information given in the interviews) but also because it does not solve the issue of having somebody unhappy with the brand.

**Price/Concept:** The price of the kit, with the make-up, cannot be higher than the sum of the categories themselves in the store, because some consumers have already their make-up, and so they will feel they are paying to have their make-up in duplicate. In order to overcome this bias, not only must the price fulfil this requirement, but also an extra effort has to be made to educate consumers about the kits’ concept: it is for S.O.S situations to be use out of home, not to work just as a make-up keeper.

\(^{15}\)“The process by which a new idea or new product is accepted by the market” (Wikipedia)
Marketing Plan- specific strategies and action plans

Product

It has already explained how and why this kit was planned and projected. In this section the focus will lie on decisions taken about the product such as the branding, design, quality, prototype and collaborators.

The SOS Beauty Kit’s name is an addition from the brand’s name. It means that it comes under the SOS concept and that it solves a beauty dilemma. The design is the most important characteristic of the kit because if it wishes to be women’s best friend, it has to be unique and different from the ones that already exist. Figure 11 shows the evolution of the make-up cases and how the SOS Beauty Kit brought value to the market.

![Figure 11: Make-up cases evolution](image)

After doing intensive research, I chose the final design (Figure 12):

![Figure 12: SOS Beauty Kit’s design](image)

The kit is a smart make-up case in a shape that combines the image of a smartphone with the mechanism of a Swiss-army knife in a beautiful and lightweight design. It is functional, customizable, portable, practical and fashionable and it comes with well-known make-up categories. It is an all-in-one SOS kit, amazingly compact including 6 make-up categories: eyeliner, mascara, bronzing powder, face brush, lipstick and concealer. According to the research done, those 6 categories are the ones considered
essential to retouch outside the home. The kit will enter into a partnership with a make-up brand, which is expected to provide the make-up categories. The make-up is detachable, not only to facilitate its usage, but also for consumers to refill it when it is finished. The replacement will not, however, be bought from me, but from the make-up brand. This way the kit will be designed according to those categories’ brand measure. Furthermore, my research made me understand that each segment has its own style, which means that one kit is not enough to face all styles. Women are demanding and require exclusivity and so the kit needs to be tailored and personalized to each of them. This can be done by choosing not only their make-up’ tone, but also their preferred cover. It works like the smartphones covers: even though the smartphones are all equal to each other, each person can differentiate her/his smartphones from the others through the covers. On the other side the kit has a detachable make-up mirror that can be held on the wall through a suction cup. Buyers will find this very helpful as it greatly helps them, to put on their make-up. Besides being very cute and fashionable on the outside, the inside does not disappoint: Below the mirror, there are two small compartments where the bronzing powder and room for the make-up remover can be found. On the other side, under the cover, there is a purse. It has a zipper all around and inside it there is room for cards. The kit measures 14cmx8cmx2.45cm and weighs no more than 500g, the ideal size and weight to fit any women’s case without losing its functional requirements and still being easy to carry.

The chosen brand for the make-up that will be incorporated into the kit has to be of good quality, have a variety of products, high brand awareness and brand image. Insights from the interviews made to the brands suggested that all of them would be interested in the kit. Since the SOS Beauty Kit will offer exclusivity to the brand, it was decided that, in exchange, the brand would supply the make-up for free. This business
model is advantageous for SOS because having a known and quality brand associated with it will not only give credibility to consumers, but will also add value to the kit in the buying stage since it is a complete survival kit and not just a make-up case. Furthermore, it is also beneficial for the chosen brand because the SOS Beauty Kit will be a cheap sample vehicle within an important target (when consumers start choosing their make-up brands) and also because after finishing the make-up that comes with the kit, consumers have to refill it in the brand’s store. Taking into account the existing make-up brands in Portugal as well as the results from the focus group, I concluded that my future consumers will find it very important to have a trustful brand they are familiar with. With this in mind, I decided to choose leader brands, and among them, the top-rated were L’Oréal Paris and Sephora. However, bearing in mind the concept underlying the SOS Beauty Kit, I am of the opinion that Sephora will be the best choice for the kit, because not only does it meet the SOS Beauty Kit’s target, but it also reflects the SOS concept through its useful products.

After carrying out extensive quality research and benchmark analysis among manufacturers, I chose the ones that best fit the SOS Beauty Kit’s positioning. Thus, all key elements of the product (Appendix 17), except for the make-up which is provided by Sephora (Sephora website), will be sourced in Portugal by Domplex (production of the Kit and covers) and Centimfe (production of the moulds) at a unit cost of €5,76 for the kit and €1,43 for the cover (minimum quantity of 50,000 units). All materials included in the kit are high-quality, something which will be verified through durability and safety tests conducted pursuant to the European Parliament 2009 regulation\textsuperscript{16}: (1) six pieces of the kit (two body pieces, one slide and four supports) made of glossy plastic, in order to be lighter and strong but at the same time to have a nice and premium looking, as if it were tinted glass; (2) A high quality silver colour metal zipper; (3) The

\textsuperscript{16} Regulation (EC)no. 1223/2009 of the European Parliament and of the Council (Regulation EC, 2009)
cover made of leather/plastic/linen, nylon or synthetic silk fabrics; (4) A mirror made of specular sheet, unbreakable, durable and anti-scratches. The assembly of the products will be done locally in Portugal by SOS in the month when the order is made. I will hire marketing promoters to help me in this task. The number of promoters will depend on the order quantity. Promoters will work five days a week, five hours per day, for one month. Assuming that each promoter manages to assemble 50 kits in one hour, and that I will pay them €5/h, the unit cost of the assembling is €0,1. The assembly will be made in the SOS offices – office at Odivelas rented through Imovirtual (Imovirtual website). This is a 15 square metre, furnished office, with bathroom.

Finally, in order to create the best make-up Swiss-army knife kit a professional designer\textsuperscript{17} was selected to draw it. This design was provisionally protected by IGAC\textsuperscript{18} as ‘Intellectual Property’ (Appendix 18) which prevent others from publishing books or works of art with the title or design of my work. It will be registered as ‘Industrial Property’ in INPI\textsuperscript{19} to prevent others from opening an establishment or a trademark with the name and design of my work. Furthermore, I intend to produce the SOS Beauty Kit’s prototype, in Fablab Lisboa, to guarantee it work perfectly.

Price

Price needed to be divided into the price for the SOS Beauty Kit and for the covers.

In order to define the price for the kit, I followed several criteria such as: (1) COGD\textsuperscript{20} (including the assembling): €5,86; (2) How much consumers are willing to pay for it: €30-€70; (3) Make-up bought separately (Appendix 19): €45,5; (4) postage €2,4 (non-registered mail). Shipping if package is registered will amount to an extra €2 (CTT\textsuperscript{21} website) (Appendix 20); (5) Competition price as stated before: €10-€70 (excluding PosterGully’s kit); (6) My instinct as a member of this target and creator of this kit

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\textsuperscript{17} Cátia Rosa Rosado, 24 years old
\textsuperscript{18} Inspecção Geral das Actividades Culturais. http://www.igac.pt/General Inspection of Cultural Activities
\textsuperscript{19} Instituto Nacional de Propriedade Industrial [the Portuguese Industrial Property Institute]
\textsuperscript{20} Cost Of Goods Sold
\textsuperscript{21} Correios de Portugal S. A. [the Portuguese Post Office]
would indicate: €30. Bearing all of these criteria in mind, my final decision for the SOS Beauty Kit’s price was **€29,99** with VAT\(^{22}\) and postage already included. As regards the **price for the covers**: (1) COGD: €1,43; (2) Postage: €0,75 (non-registered mail); (3) Competition (I used smartphones covers as competition: €2-€20 (Alibaba.com website); (4) My instinct: €5. The final price chosen for the covers was **€5,99** with VAT and postage already included.

**Place**

![Figure 13: SOS website](image)

The chosen channel to sell and promote the SOS Beauty Kit was the online channel, through the SOS website (Figure 13), not only because internet retailing is growing significantly and selling online has few costs, but also because this way SOS sales will not interfere with the sales of the make-up chosen brand. Selling the kit in an existing make-up store might give it more credibility since it is a new product in the market, but the idea I have is to create an identity for SOS. The website page will be used to purchase the kit, search for more information about the product, leave each consumer’s comments and suggestions and also to order their perfect tailored kit, which can be done in 3 simple steps: (1) Choice of the make-up tones; (2) Choice of the kit cover that best fits each customer's preferences; (3) Choice of the delivery address, way of payment and concluding the operation. Apart from creating and buying the kit, the website also features an option enabling buyers to purchase covers separately, which they can do without having to buy the kit again. The distribution will be handled by CTT in a

\(^{22}\) Value-Added Tax
medium (M) size \((150x130x30 \text{ mm})\) post-box for the kit, and in an extra small (XS) size \((110x220 \text{ mm})\) envelope for the covers. Finally, it should be noted that the website will be created and assisted by an external marketing agency- Bee Web\(^23\) - which will be responsible for Web Design (online store), Web Marketing (Search Engine Optimized; Adwords), Social Networks and Graphic Design.

**Promotion**

My short/medium run objectives are to achieve global awareness of the kit, and to challenge my target to try and generate word of mouth to get new consumers. The best way to get this is to bet on a broader promotion strategy. Hence, the communication strategy will be mainly done online with the help of Bee Web. The SOS Beauty Kit will be promoted on the SOS website, the make-up website, blogs and social networks (Facebook, Youtube, Twitter, Instagram and Pinterest). The idea is to spark off interest in the kit and then to turn it into something viral and ‘worthy’ to be talked of.

**SOS Website:** The website is the principal online tool because it will be the official point of sale. Consumers will buy the SOS Beauty Kit from the website and they can also post comments or questions and create their own kit. The website will be user friendly, suitable for the whole range of ages of this target.

**Make-up Websites:** There are several websites\(^{24}\) (e.g. All Cosmetics Wholesale (ACW); Feelunique.com) promoting make-up brands. The most used one, for my target, is **MakeupAlley**\(^{25}\) which advises women on everything concerning make-up.

**Make-up Blogs:** In order to build up a community around the SOS Beauty Kit, known bloggers will have to promote and talk about it so as to arouse women’s interest and attention. Initially, the SOS Beauty Kit will focus on the most followed blogs\(^{26}\) in Portugal (A Pipoca mais doce [the sweetest popcorn], Mini-Saia [mini skirt], and Dias

\(^{23}\)http://www.beeweb.pt/index.html#servicos


\(^{25}\)http://www.makeupalley.com/

de uma Princesa [a princess's day], according to Blogómetro (Appendix 21), blogs that are in one way or another related to make-up, fashion, trends and women.

**Facebook**: Facebook will be the main point of communication between SOS and its target. Different advertisements will be prepared in accordance with the buying stage the customer is in for instance, (1) aimed at raising awareness; (2) aimed at people who already liked the page but who are not currently engaged; (3) aimed at engaged people who have not bought the kit yet. Finally, here there will be the SOS website link to forward consumers to the point of sale.

**Youtube**: This network is extremely powerful nowadays. Within my target, girls and women use it almost every day to search for make-up tutorials. Youtube can also create a community spirit since people follow their favourite ‘youtubers’. Furthermore, Youtube can also be used to promote contests like ‘the fastest consumer to put on her make up with the SOS Beauty Kit wins a make-up workshop’.

**Twitter & Instagram & Pinterest**\(^{27}\): These social networks work like a photo album, where people post their pictures. In order to promote the SOS Beauty Kit, bloggers and consumers are rewarded (e.g. with a free cover) for posting their pictures using the kit.

Even though the SOS Beauty Kit is being sold online it is crucial to feel tangibility in order to reach the consumer offline. This is why the SOS Beauty Kit will be occasionally available, with a distinctive mobile point-of-sale (Appendix 22), in some events or promotion campaigns like cosmetics fairs (In Beauty\(^{28}\)), fashion events (Moda Lisboa\(^{29}\), Vogue Fashion Night Out\(^{30}\)), school events (e.g. freshman reception), companies events (in order to reach women at work, make-up courses or workshops (Beauty Boutique L’Oréal\(^{31}\)), and some occasional events in discos.

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\(^{27}\) “visual discovery tool, which you can use to find ideas for all your projects and interests” (Pinterest website)

\(^{28}\) http://www.inbeauty.exporsor.pt/

\(^{29}\) http://www.modalisboa.pt/

\(^{30}\) http://www.fashionsnightout.pt/fno.html

\(^{31}\) http://www.beautylorealparis.com/
As for the launch campaign, the SOS Beauty Kit will create a viral campaign through Facebook that will render consumers aware of the kit and make them talk about it for several days, while at the same time catching media attention. Two weeks before the launch, a teaser will be posted saying: “GIRLS, do you wanna be saved?”. One week before the launch it will be posted: “GIRLS, still waiting for your prince charming?”. On the launch day: “Meet me at the finish line of EDP\textsuperscript{32} women’s race\textsuperscript{33} to celebrate your day” and on that day (24\textsuperscript{th} May 2015), after the first woman gets to the finish line, another posting will be posted: “The SOS Beauty Kit has arrived to save you all – Infinite beauty for all”. In these 2 weeks, women can post ideas and their replies to these teasers. The one who guess the correct answer to the teasers will get a free sample, as well as the first woman who reaches the finish line. On this day I will hire 30 promoters, who will wear SOS t-shirts, distribute the SOS Beauty Kit flyers, deliver the prizes to the winners, and sell the kit to those who want it. Furthermore, I will hire a photographer and a cameraman from a creative agency, The Flying Man\textsuperscript{34}, to record all the moments which will later lead to a promotional film to be posted on social networks and on the SOS Beauty Kit website.

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. The SOS Beauty Kit is expected to be a highly successful product that will rightfully conquer women’s heart. Its target are women from 15 to 40 years old who live in urban areas, which, according to the 2011 Census, represented 80% of the populations (INE website, the Portuguese Statistics Institute). From the total female population (Eurostat website), I assumed that the following years would suffer a negative 0,37% growth, which consisted in the decrease

\textsuperscript{32} The major Electricity Company in Portugal
\textsuperscript{33} Race organized every year by EDP, http://www.corridadamulher.com/
\textsuperscript{34} http://www.theflyingman.pt/
observed from 2013 to 2014 (Eurostat website). In order to find figures for my future sales, I broke down my target into the 15 to 40 year-old women today and the girls who turn 15 years of age each year. For the first group I assumed that the SOS Beauty Kit would reach 20% of awareness in the first year, a realistic number given the fact that most of my target market has a high level of engagement with online activities. Within this group, and with an estimated 50% of interest in the fifth year (a percentage taken from the second survey), I believe that if 10% of people (a fifth of the people who answered, in the second survey, they would surely buy the kit for a price over or equal to €29,99), convert that interest into purchasing the SOS Beauty Kit by the end of the fifth year, this would be very good for my product. For both awareness and interest I assumed a growth rate of 5%, and for conversion a growth rate of 2%. This enabled be to get the projections of sales for this segment. For the second ones, I know that the new 15-year-olds are the old 14-years-olds and so I searched (Eurostat website) for the 14-year-olds from 2016 to 2018 and I got the 15-year-olds for each year. To this number I applied the same awareness and interest percentage as above, and assumed the conversion rate would be 3,5% in the first year and 1,5% the following years. By adding both demands, I came up with the final value for the SOS Beauty Kit sales (Figure 14):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Units</td>
<td>0</td>
<td>387</td>
<td>3749</td>
<td>6389</td>
<td>12015</td>
<td>19764</td>
</tr>
</tbody>
</table>

Figure 14: SOS Beauty Kit captured demand

Regarding the SOS Beauty Kit covers, the 2nd focus group led me to conclude that each woman was interested in buying at least two covers, every other year, besides the one that they receive when they purchase the kit. This way, Figure 15 represents the total amount of covers sold. Since the first cover is free, I registered that quantity in the first year (2015) as well as its production cost, but I do not have any revenues from it.
Captured demand covers SOS Beauty Kit

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Units</td>
<td>0</td>
<td>387</td>
<td>4137</td>
<td>10139</td>
<td>18792</td>
<td>35528</td>
</tr>
</tbody>
</table>

Figure 15: Covers captured demand

In appendix (Appendix 23) it is possible to see the three possible scenarios (Realistic, Worst and Best) for the demand-sensitive analysis. The Realistic is the one that I have already described, the Worst scenario represents half of the percentage found for awareness, interest and conversion in the realistic scenario, while the Best is the double. The main costs of the operation are related to the cost of goods sold (COGS), from both the kit and respective covers, and marketing expenses. Besides these costs, I will have also to pay a fixed monthly rent for the SOS office, as well as for a quality product testing for each SOS Beauty Kit mold, carried out by SGS (SGS website) at a price of €725 (Appendix 24) to ensure compliance with all norms. With regard to COGS, both the kit and the cover will be produced by Domplex at a unit cost of €5,76 and €1,43 respectively (Appendix 25). Besides the production cost, assembled costs, coming up to €0,1/kit, have to be taken into account. The marketing costs for 2015 are mainly derived from the launch campaign, which costs have already been broken down in the promotion topic above. Expenses with the promotional film, and the entrance fee for occasional events, have also been included under marketing costs (Appendix 26).

The project will yield a positive gross margin of €7,569 in 2015 and a net income of €807 that will grow to €304,718 by 2019.

The SOS Beauty Kit will require an investment of €49,553 at the beginning of 2015 (Appendix 27). This investment can be broken down into: (1) Design registration (Appendix 28), for 5 years (INPI website), to be paid up through a straight-line method; (2) Kit mold, made by Centimfe, valid for 50,000 units and another mold for the cover (valid for 100,000 units). Both molds will be paid up through production.

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35 Sociedade Geral de Superintendência, the Portuguese branch of the world’s leading inspection, verification, testing and certification company.
36 Intangible assets - industrial property (CNC; Portal das Finanças)
37 Tangible fixed assets (CNC; Portal das Finanças)
units method; (3) **Two promotion stands**\(^{38}\), which I assumed to have a useful life cycle of 5 years to be amortized through a straight-line method; (4) **Website**\(^{39}\) capitalized and depreciated in 5 years, through a straight-line method, following GAAP\(^{40}\) for software depreciation; (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 **€420 997**. Furthermore, looking at the ratios in Figure 15, it is clear that business is healthy, growing and operationally effective.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA/Sales</td>
<td>13,89%</td>
<td>70,01%</td>
<td>71,30%</td>
<td>71,82%</td>
<td>71,28%</td>
</tr>
<tr>
<td>Net income/Sales</td>
<td>7,77%</td>
<td>50,42%</td>
<td>51,59%</td>
<td>51,97%</td>
<td>51,59%</td>
</tr>
</tbody>
</table>

Figure 16: Ratios

A more itemized analysis of the Profit and Loss Statement can be consulted in **Appendix 29**.

**Milestones and Check Points**

Launching a new product entails some risks, which should not be neglected or unanticipated. Thus, in order to ensure that I am on track and that all risks are as low as possible, I established some key performance indicators (KPI\(^{41}\)) to measure the operating effectiveness and efficacy of the investment made. In a first stage these KPIs will be measured monthly by me and will be used both for the kit and for the covers. The following main KPIs were found: **Sales**: (1) Gross sales per month; (2) Sales growth per month; (3) Sales per segment; **Consumers**: (1) Percentage of usage; (2) Usage occasion; **Supply chain**: (1) duration of each phase; (2) bottleneck; **Promotion**: (1) ROI\(^{42}\); (2) Incremental sales due to a specific campaign; **Social media**: (1) Social

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\(^{38}\) Tangible fixed assets (CNC; Portal das Finanças)

\(^{39}\) Intangible assets- industrial property; “Se a “website” constituir uma plataforma para a realização de vendas “on-line”, então o seu custo poderá ser reconhecido como um ativo intangível” (CNC, FAQs) [If the website constitutes a platform for online selling, its cost may be acknowledged as an intangible fixed asset][my translation]

\(^{40}\) Generally Accepted Accounting Principles

\(^{41}\) “measurable value that demonstrates how effectively a company is achieving key business objectives” (Klipfolio)

\(^{42}\) “measure how much revenue a marketing campaign generates compared to the cost of running that campaign” (Klipfolio)
followers vs target\(^{43}\); (2) Social interactions or visits; (3) New followers; Competitors: (1) Response to my actions; (2) Prices; (3) Products Portfolio (launch of new products; (4) communication and promotion strategies impact. All these parameters will make it possible to measure what is doing well and what is missing in my strategy, allowing me to redefine strategies and reallocate resources, if and when needed.

**Future**

Projects for the future will continuously be updated according to the results from the first business years. Depending on the results of the SOS Beauty Kit in the Portuguese market, SOS may increase its brand portfolio as well as scale its product/s to other lucrative markets like China, Brazil and United States, which, according to L’Oréal 2013 Annual Report (Appendix 30), were the top 3 growth-contributors markets of the worldwide cosmetics market in 2013. If this happens, I would first do an *International design registration* through WIPO\(^{44}\) to guarantee protection worldwide.

Moreover, the SOS Beauty kit wishes to be women’s best friend, and having said this, it makes sense that it finds a way to better fit women’s choices and interests. Thus, if selling the covers separately goes well, I will jump to more complex and detailed accessories to add to the kit, such as the Pandora bracelet\(^{45}\). Each consumer will have panoply of small items to personalize her kit. Furthermore, the SOS Beauty Kit may create a kid’s version with fewer make-up categories and more Hello Kitty style items.

\(^{43}\)“measures the number of new followers you've gained and compares that to a predetermined target” (Klipfolio)


\(^{45}\)http://www.pandora.net/pt-pt
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