

## Business Plan of Beauty Brand XYZ: Moisturizer Product

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### Abstract

There is rapid growth in Indonesia's beauty industry—the desire to be physically attractive influences many Indonesians to consume skincare products. Shifting shopping behaviors from offline to online are also developed due to COVID-19. Data shows that the beauty & care category has the largest market share in the FMCG category, and there is fierce competition. XYZ brand wants to take advantage of this situation by creating effective strategies. The purpose of this research is to create a business plan that can be applied by XYZ brand, so they have relevant plans and strategies to compete. This business plan is conducted by conducting company and market analysis, including external, internal and competitive, using primary and secondary data. It shows that XYZ brand has a strong position in product quality, value, and branding but still lags behind competitors in product diversification, market share and presence. XYZ brand will develop a new moisturizer product as diversification. Digital and offline channels will be used with 14 marketing tools to market and distribute the product. The moisturizer needs 3 months of preparation and will involve several vendors. This business plan needs Rp1.058.750.000 as the initial capital and is estimated to gain Rp8.969.268.000 in revenue with a net profit of 26.42% from July 2023 - May 2024. The payback period is estimated to be around 8.015 months, ROI is 2.24. The limitation is regarding the business identity that has already been set by XYZ brand, also limitation from historical and competitor's data. The previous business plan of XYZ brand is irrelevant to the current condition because they have strengthened their business identity, which is only covered in this business plan. This research also focuses on current market conditions and strategies to survive the fierce competition.

**Keywords:** Beauty Industry, Business Plan, Marketing Strategy, Moisturizer Product

### A. INTRODUCTION

Demand for beauty products, including cosmetics, medicine and healthcare, is increasing in Indonesia. With this huge population, the market presents significant opportunities, especially in the beauty industry, which is growing rapidly (Farmaku, 2019). The desire to be physically attractive has been an aspiration of young adults in Indonesia, and flawless skin is still considered an important part of beauty. Research by Dove in Indonesian Beauty Confidence Report 2017 found that 84% of Indonesian women do not feel beautiful (Herawati & Dara, 2022). This desire to be physically attractive and beautiful influences many young Indonesian adults to be more concerned about their appearance and makes them consume skincare products daily, which aims to boost their confidence levels (Chrisniyanti & Fah, 2022).

Consequently, Indonesia's beauty and personal care segment is proliferating, and the annual revenue has been reported to reach US\$7.95 billion in 2023 and is expected to grow annually with a CAGR of 4.80% in 2023-2027. It reported that 18.9% of the total revenue of the beauty and personal care segment in Indonesia will be conducted through online sales (Statista, 2023). New shopping behavior patterns are developed due to COVID-19, lockdown, and social distancing, encouraging consumers to experiment with new channels. Most consumers intended to keep using omnichannel or completely digital retailers even when the crisis passed (Guthrie et al., 2021). Due to the pandemic, online activity is now more lively than offline, which has increased consumers' demand for a wide range of products, including beauty products (Ma & Kwon, 2021).

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Based on Kompas Indonesia FMCG E-Commerce Report 2022, the beauty & care category has the largest market share in FMCG categories, reaching a GMV of Rp22.1 trillion and 652 unit sales. One of the factors that make beauty & care stand out in FMCG categories is Korean culture and beauty wave; based on the UOB Report, half of the income of Millennials is used in "Lifestyle 4S" which includes Skin (Beauty & Beauty Care), Sugar (F&B), Sun (Vacation & Entertainment), and Screen (Digital Consumption) (Kompas, 2022). Due to the rapid growth of the beauty industry, there are more and more cosmetic and skincare enterprises entering the market to take the opportunity. There are many beauty brands available in the Indonesian market that offer various products, both local and overseas. This has become a fierce competition in the beauty industry (Thamrin et al., 2022).

XYZ brand is one of the local beauty brands in Indonesia that takes this as an opportunity. XYZ brand was established in the pandemic of COVID-19 year of, 2020 along with the rapid growth in the beauty industry. They are still relative newcomers in the beauty industry because the first BPOM-registered product launched in mid-2022 and still has one product, eyelash and brow serum. In order to expand the business, they want to reach a larger market by developing new products with advanced quality. Creating effective strategies will help them to compete in the beauty industry and avoid the possibility of not surviving in the fierce competition of this industry. Considering they plan to expand the business by developing more products, which next is a moisturizer, the XYZ brand needs a well-prepared business plan. Keeping a business plan up-to-date is an investment that can pay big dividends to businesses in the long term (Messaoud, 2022). XYZ brand needs an updated business plan because the previous business plan contains some information that is no longer relevant. After all, XYZ brand management has changed its vision and mission; the previous business plan document does not fully contain the company's current condition and plan. With the updated business plan, XYZ brand will have relevant plans and strategies to compete and survive in the beauty industry.

## **B. RESEARCH METHOD**

This business plan research uses mixed qualitative and quantitative methodology using primary and secondary data sources. The primary data-collecting methods that are used are interviews and surveys. Semi-structured interviews were used because the researchers wanted to collect qualitative open-ended data about the use of skincare and makeup topics. The interviews aim to gather information and explore the consumer behavior of skincare and makeup users among 36 Gen Z in Indonesian. The interview is analyzed using coding to find patterns in the use of makeup and skincare products. The data is collected to develop the moisturizer product and strategies based on the target market's preferences. Secondary data, such as journal articles, news, conferences, and online material, are collected online. Moreover, the secondary data is also obtained from historical data of XYZ brand. The data is used for comparison and a broad view of the industry and competitor's data collecting.

The frameworks used for market analysis are PESTLE Analysis, Porter's Five Forces, and Competitive Analysis, which summarize into a SWOT matrix to create the strategies. 4P's marketing mix (product, price, place, and promotion) generates marketing plans. The marketing mix is Everything the business can do to engage the customers and deliver value to them is included in the marketing mix; numerous alternatives can be collected into the four Ps (Kotler, Armstrong and Opresnik, 2018). With the strategies constructed, it will be expected to gain the amounts from forecasting using exponential smoothing based on the AAA version (additive error, additive trend and additive seasonality) constructed through Excel. A financial statement is also conducted to create the budgeting and funding requirements, income statement, balance sheet, cash flow statement, payback period, ROI, and break-even analysis.

### C. RESULTS AND ANALYSIS

XYZ is a beauty brand founded in West Sumatra and is now based in Bandung. With 3 years of experience in the beauty industry and digital marketing, NF created her beauty brand in 2020, XYZ. XYZ brand has had one product since 2020: eyelash and brow serum. XYZ brand focuses on selling the product online through e-commerce and has gained some amount in 2020, increased around 1400% in 2021, and increased 122% in 2022.

Indonesia's increasing demand for beauty products rapidly grows in the beauty and personal care segment. It brings more cosmetic and skincare enterprises entering the market and increasing the competitiveness of the beauty industry. XYZ brand wants to take advantage of the opportunities and minimize the threat of competitors by expanding its business and strengthening its vision and mission in running the business. XYZ brand strengthened its vision in early 2023.

**Table 1. XYZ brand Updated Vision, Mission and Value**

| Identity | Updated  | Previous  |
|----------|--|---|
| Vision   | be a beauty brand in Indonesia that impacts increasing the confidence of Indonesian young adults. Increasing confidence by encouraging its consumers, team and society to love, value, and care for themselves to increase their appearance's natural beauty and grow their minds. | Become a beauty brand in Indonesia that helps and gives impact in increasing the confidence of its users by offering skincare and makeup to take care of their natural features. Please help them to embrace their beauty and uniqueness to be comfortable with themselves. |
| Mission  | <ol style="list-style-type: none"> <li>1. Developing Products with Quality</li> <li>2. Grow Together</li> <li>3. Support the social and environment</li> </ol>   | <ol style="list-style-type: none"> <li>1. Offers products with quality</li> <li>2. Offers eyebrow and eyelash serum</li> </ol>  |
| Value    | <ol style="list-style-type: none"> <li>1. Self-respect</li> <li>2. Natural beauty</li> <li>3. Growth</li> <li>4. Feminine</li> </ol>   | <ol style="list-style-type: none"> <li>1. Create a positive environment in increasing self-confidence</li> <li>2. Help maintain and enhance the user's appearance and be the best version of it</li> </ol>  |

Source: research data, 2023

Based on the market analysis using PESTLE, Porter's Five Forces and Competitive Analysis of several competitors, it generates SWOT Analysis shown in Table 2.

**Table 2. SWOT Analysis**

| Strength   | Weaknesses  |
|--|---|
| <ol style="list-style-type: none"> <li>1. High-efficacy product with Korean formulation</li> <li>2. Attractive feminine visual design</li> <li>3. Bigger size, affordable price</li> <li>4. Strong brand image</li> <li>5. BPOM, HALAL</li> <li>6. Cruelty-free</li> </ol> | <ol style="list-style-type: none"> <li>1. Low product diversification</li> <li>2. Low offline presence</li> <li>3. Limitation of funding</li> <li>4. Low market share</li> <li>5. Lower awareness</li> </ol>  |
| Opportunity  | Threat  |
| <ol style="list-style-type: none"> <li>1. The rapid growth of the beauty industry market &amp; online</li> <li>2. Strengthen offline and online presence to reach the maximum potential buyer</li> <li>3. Use of KOL, ads &amp; other strategies for awareness</li> </ol>  | <ol style="list-style-type: none"> <li>1. Intense competition</li> <li>2. A strong presence of competitors</li> <li>3. High bargaining power of the buyer</li> <li>4. Supply chain challenges</li> <li>5. Increase in manufacturing and operational cost</li> </ol> |

Source: research data, 2023

XYZ brand has a strong position in their product quality, value and branding to spread positivity about natural beauty and encourage growth, but they have to build a strategy to cope with the weaknesses, threats and maximize their opportunity. They need to expand and strengthen their online and offline presence, develop more products, increase awareness of the brand and its product, and prepare funds for the strategies. XYZ brand position as the symbol of femininity and self-respect. XYZ brand's target market is Indonesian young-adult including 15-35-year-old women that are tech savvy and love to take care of their appearance, have feminine energy, and are willing to grow. They have feminine energy and love products with aesthetically pleasing packaging.

XYZ brand wants to expand its business by creating more products and strategies. The product that XYZ brand will develop is a moisturizer, and its prototype has been created based on a market survey. The moisturizer is a multi-function moisturizer that can treat acne and brighten and repair the skin barrier. The moisturizer winning zone from competitors is a local product with a Korean formulation, and it will be bigger with a relatively lower price and aesthetically pleasing packaging.

To market the product, XYZ brand will develop its business process and strategy to reach a larger market in Indonesia and have a larger impact on its team, customer, and society. XYZ brand plans to use digital and offline channels for marketing and distribution channels. Since the influx of consumers to social media has changed consumers' behavior patterns in online shopping, XYZ brand will focus on and maximize the use of digital platforms without leaving the offline platform. The marketing strategies used are advertising, endorsement, giveaway, affiliate program, live shopping, content creation, online events, reviews and testimonials, PR package, collaborating, bundling, reseller program and offline event activation.

XYZ brand's moisturizer needs around 3 months of preparation from June to August 2023, starting with research until the launch in September 2023. In developing the product, XYZ brand will need several vendors, including the product manufacturer factory and supplier of the materials. In operating the business, XYZ brand will need internal teams, including the founders, general manager, operational, finance and marketing teams. XYZ brand will also collaborate with external parties in running the business, with a professional digital marketing agency to market the product, a product manufacturer factory to develop the product, and a professional photographer and designer to brand the product.

In order to create the moisturizer and run the business strategies, XYZ brand will need x billion rupiahs as the initial capital from the owner's equity. With the strategies, the XYZ brand moisturizer is estimated to gain 8 times the funding as the revenue with gross profit around 55.03%, and total operating expenses is 28.6%. The net profit will be 26.42% from July 2023 to May 2024. With the initial investment the owner put in for the moisturizer, XYZ brand's payback period is estimated to be around 8.015 months or 244 days with an ROI of 2.24.

|   |  |  |  |   |
|---|--|--|--|---|
| <p><b>Key Partners</b></p> <ul style="list-style-type: none"> <li>Beauty product manufacturers</li> <li>Packaging suppliers</li> <li>Material suppliers</li> <li>Shipping partner</li> <li>KOL</li> <li>Affiliator</li> <li>Reseller</li> <li>Digital marketing agency</li> <li>Beauty community</li> </ul> | <p><b>Key Activities</b></p> <ul style="list-style-type: none"> <li>Branding and marketing</li> <li>Selling</li> <li>Manufacturing optimization</li> <li>Community building</li> <li>Market listening</li> </ul> | <p><b>Value Propositions</b></p> <ul style="list-style-type: none"> <li>Dedicated beauty product from collaboration of Korean scientist and local manufacturers.</li> <li>Affordable beauty product that represent feminine elegance</li> <li>Encouraging on embrace of natural beauty and mindset growth</li> </ul> | <p><b>Customer Relationships</b></p> <ul style="list-style-type: none"> <li>Quality and beauty of the product</li> <li>Community building</li> <li>Promotion</li> </ul>      | <p><b>Customer Segments</b></p> <ul style="list-style-type: none"> <li>Young-adults women age 15 - 35 years</li> <li>Beauty enthusiast</li> <li>Tech savvy</li> <li>Personal growth enthusiast</li> </ul> |
| <p><b>Key Resources</b></p> <ul style="list-style-type: none"> <li>Beauty Industry Experts (Beauty scientist, Ingredient's specialist, beauty product manufacturers)</li> <li>Digital platform</li> <li>Dedicated team</li> </ul>   |  | <p><b>Channels</b></p> <ul style="list-style-type: none"> <li>Social Media (Instagram, TikTok, Twitter, YouTube)</li> <li>Ecommerce (Shopee, TikTokShop, Lazada, Tokopedia)</li> <li>Beauty and fashion events</li> <li>Beauty retailer</li> </ul>   |  |   |
| <p><b>Cost Structure</b></p> <ul style="list-style-type: none"> <li>Marketing cost</li> <li>Manufacturing cost</li> <li>Operation cost</li> </ul>   |  |  | <p><b>Revenue Streams</b></p> <ul style="list-style-type: none"> <li>Direct customer sales</li> <li>Reseller and distributor sales</li> <li>Affiliate order sales</li> </ul> |   |

Figure 1. Proposed Business Model Canvas The XYZ Brand

Source: research data, 2023

#### D. CONCLUSION

XYZ brand is one of the beauty brands in Indonesia founded in 2020; they only have one product, eyelash and brow serum; they plan to expand their business by creating more products and strategies. With the rapid growth of the beauty industry, fierce competition, consumer behavior changes, and the desire to get more market share, XYZ brand needs to take advantage by creating effective strategies through the business plan. The objective of creating a business plan based on the updated vision and mission, especially for the new moisturizer product, can be done through company analysis, market analysis, competitive analysis and product research. Based on the analysis, XYZ brand has a strong position in its product quality, value and branding, but they have to build a strategy to cope with the weaknesses and threats and maximize their opportunity. They need to expand and strengthen their online and offline presence, develop more products, increase awareness of the brand and its product, and prepare funds for the strategies. The marketing strategies used are advertising, endorsement, giveaway, affiliate program, live shopping, content creation, online events, reviews and testimonials, PR package, collaborating, bundling, reseller program and offline event activation.

XYZ brand's moisturizer needs around 3 months of preparation from June to August 2023, starting with research until the launch in September 2023. In developing the product, XYZ brand will need its leaders, marketing, operational and finance team and several vendors, including the product manufacturer factory and supplier of the materials. XYZ brand will need x billion rupiahs as the initial capital and is estimated to gain 8 times funding as revenue and net profit estimated to be 26.42% from July 2023 - May 2024. XYZ brand's payback period is estimated to be around 8.015 months or 244 days with an ROI of 2.24. However, the business plan might be ambiguous because technologies and platforms like social media and e-commerce could be unpredictable and change trends in the future. Even though it is unpredictable, XYZ brand should keep up with producing high-quality products with research and development and use as many platforms and tools as possible for marketing activities, including online and offline, but still have to consider the effective cost. Hence, it generates positive cash flow; they should also keep up with the latest trends in the beauty industry, analyzing the market, competitors and customers so the output can be reliable with the current situation on the market.

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