

Title: Feasibility Analysis for Starting a Beauty Salon & Spa on University Campus

Problem Statement and Assumptions

Problem: Determining the feasibility of starting a Beauty Salon & Spa service on the university campus.

Assumptions:

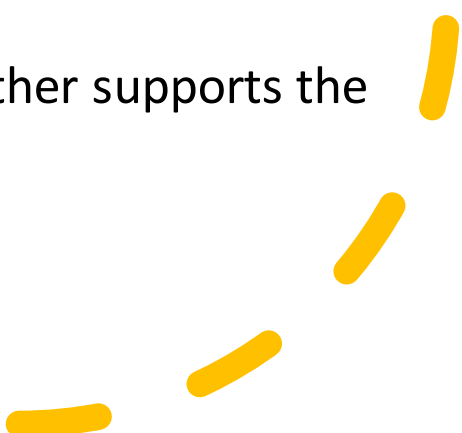
- Customers can book slots online and arrive at the salon at their designated time.
- The salon operates from 9 am to 9 pm every day, including weekends.
- Salon employees work throughout the day, with breaks included.
- Monthly salaries: Masseur (INR 20,000), beautician (INR 15,000), hair stylist (INR 17,500).
- Service times: Haircut (30 minutes), manicure (30 minutes), skin care massage (1 hour).
- On weekends, footfall increases by 50%, and prices can be 20% higher than weekdays.
- Cost of raw materials: Haircut (INR 20), manicure (INR 15), massage (INR 25).
- Equipment costs: Haircut chair (INR 10,000), manicure/skin care chair (INR 3,000).
- Operating expenses: Electricity and rent (INR 35,000 per month).
- No legal or regulatory hurdles.



Recommendation (Yes/No) and Reasoning

Recommendation: Yes, starting the Beauty Salon & Spa on the university campus is sustainable.

Reasoning:

- The university campus provides a captive market with a steady flow of potential customers (students, staff, and faculty).
 - There is a demand for beauty and spa services among the target audience.
 - The assumptions and market sizing estimates from the previous exercise indicate a viable business opportunity.
 - The campus setting allows for convenience and accessibility for potential customers.
 - The absence of legal or regulatory hurdles further supports the feasibility of the venture.
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Approach, Calculations, and Visualizations

1. Market Sizing: Based on the previous exercise, let's assume there are 10,000 potential customers on the university campus.
2. Utilization Rate: Considering a 60% utilization rate, we can estimate the number of daily customers as 6,000 ($10,000 * 0.6$).
3. Service Time and Capacity:
 - Haircut: 30 minutes per customer.
 - Manicure: 30 minutes per customer.
 - Massage: 1 hour per customer.
 - Assuming an 11-hour working day (9 am to 9 pm), each specialist can serve:
 - Haircut: 22 customers per day (11 hours / 0.5 hours per customer).
 - Manicure: 22 customers per day.
 - Massage: 11 customers per day.
4. Personnel Costs:
 - Total monthly personnel costs:
 - Masseur: INR 20,000
 - Beautician: INR 15,000
 - Hair stylist: INR 17,500
 - Total: INR 52,500
5. Equipment Costs:
 - Total equipment costs:
 - Haircut chairs (2): INR 20,000
 - Manicure chairs (2): INR 6,000
 - Total: INR 26,000
6. Operating Expenses:
 - Monthly operating expenses: INR 35,000

7. Revenue Calculation:

- Assuming a base price of INR 100 for each service on weekdays, the revenue per specialist per day is:
- Haircut: $\text{INR } 100 * 22 \text{ customers per day} = \text{INR } 2,200$
- Manicure: $\text{INR } 100 * 22 \text{ customers per day} = \text{INR } 2,200$
- Massage: $\text{INR } 100 * 11 \text{ customers per day} = \text{INR } 1,100$
- On weekends, with a 50% higher footfall and a 20% higher price, the revenue per specialist per day becomes:
 - Haircut: $(\text{INR } 100 * 1.2) * (22 \text{ customers} * 1.5) = \text{INR } 3,960$
 - Manicure: $(\text{INR } 100 * 1.2) * (22 \text{ customers} * 1.5) = \text{INR } 3,960$
 - Massage: $(\text{INR } 100 * 1.2) * (11 \text{ customers} * 1.5) = \text{INR } 1,980$

8. Monthly Revenue:

- Weekday Revenue: $(\text{INR } 2,200 + \text{INR } 2,200 + \text{INR } 1,100) * 30 \text{ days} = \text{INR } 198,000$
- Weekend Revenue: $(\text{INR } 3,960 + \text{INR } 3,960 + \text{INR } 1,980) * 8 \text{ days} = \text{INR } 106,080$
- Total Monthly Revenue: $\text{INR } 198,000 + \text{INR } 106,080 = \text{INR } 304,080$

9. Monthly Costs:

- Personnel Costs: INR 52,500
- Equipment Costs: INR 26,000
- Operating Expenses: INR 35,000
- Total Monthly Costs: $\text{INR } 52,500 + \text{INR } 26,000 + \text{INR } 35,000 = \text{INR } 113,500$

10. Net Monthly Profit:

- Total Monthly Revenue - Total Monthly Costs = $\text{INR } 304,080 - \text{INR } 113,500 = \text{INR } 190,580$

Additional Information:

1. Pricing Strategy:

- Considering the market and the target audience (students), it is important to offer competitive prices.
- Conduct market research to analyze the prices charged by competitors in the local area.
- Offer student discounts or loyalty programs to attract and retain customers.

2. Marketing and Promotion:

- Utilize social media platforms, campus notice boards, and email newsletters to reach the target audience.
- Collaborate with student organizations and university events to increase brand visibility.
- Offer promotional discounts during the initial months to encourage trial and word-of-mouth referrals.

3. Customer Experience:

- Focus on creating a comfortable and relaxing ambiance in the salon & spa.
- Provide excellent customer service and personalized experiences.
- Implement an efficient online booking system to streamline the customer journey.
- Offer a range of services and customizable packages to cater to different customer preferences.

4. Expansion Opportunities:

- Consider expanding services to include additional beauty treatments or wellness programs.
- Explore partnerships with local skincare or cosmetic brands to offer exclusive products.
- Evaluate the potential for opening satellite branches in other university campuses or nearby locations.

Conclusion: With careful pricing strategies, effective marketing efforts, and a focus on providing exceptional customer experiences, the salon has the potential to generate a net monthly profit of INR 190,580. The captive market of students, staff, and faculty provides a steady flow of potential customers, making the venture an attractive business opportunity.