

October 19, 2009

To: Stephani's Beauty Academy Board of Directors

From: Lenora Lostaunau – Marketing Consultant

Subject: *Cosmopolitan and Cultivated* :

Stephanie's Beauty Academy (SBA) Awareness and Enrollment Increase Campaign

Overview:

Last month over 6,000 searches went through Google for beauty and massage schools in San Diego. (adwords.google.com, 2009). The U.S. Department of Education projects that the job outlook for beauty related professions will grow 14% through 2016 (US Dept. of Ed., 2009). Research indicates an opportunity to gain market share in the beauty education industry in San Diego County. As we are all pleased with the 2009, 2.5 million dollar renovations it is time for the company's branding to reflect the schools' contemporary, stylish, and professional interiors. With renovations nearing completion, an integrated marketing campaign has been designed to launch the new branding to reflect the facilities' fresh, crisp appeal. The campaign will project a synergy of cutting edge aesthetics, holistic health, and high academic standards. We've budgeted \$50,000 to roll-out the program locally to the company's principal demographic: non-college bound, female youths and young adults age 17-24. Utilizing traditional and new media the campaign was crafted around our audience's habits and preferences. The two-phase campaign is expected to grow brand awareness within the defined market by 20% within 3 months and increase to 30 % by 6 months. Revenue through enrollment is projected to increase 20% in the first 3months of roll-out and 40% by 6 months. The campaign will combine website renovation, social digital marketing, paid search advertisements, and local print to boost both brand recognition and enrollment, increasing overall revenue.

Situation

Strengths

SBA has been successful in generating enrollment through its existing web presence. The site, which is linked to from all campus searches, serves a solid base to expand web enrollments through social marketing arms. This is a low cost, highly effective medium to distribute collateral and information regarding school practices, costs, and department regulations. SBA has built a reputation of high academic achievement, a high passing rate for board testing, and an excellent track record of job placement for students post graduation. All of these characteristics provide sound value proposition on which to expound throughout the campaign. Further the executive team has a reservoir of creative contributors to drive campaign direction.

Weaknesses

Some weaknesses that SBA may need to address internally include the schools' physical structure and limited internal resources. The campus facades lack the feel that the brand represents. Although internally the facilities are state of the art, they are located in an outdated building which is part of larger, dated and shabby centers that were not included in the renovation. Additionally, with SBA being a small business in deficit of a dedicated creative and marketing team, the company relies solely on *one* creative and marketing director. This most likely would necessitate outsourcing projects which could complicate the roll-out process.

Opportunities

SBA and associated properties have the opportunity to expose their cutting edge renovations and progressive, unique curriculum through a newly developed brand that encapsulates the creative and professional career potential in the beauty and spa industry. The availability and relatively low cost of media that appeals to the target market is an advantage. Web and social marketing media are largely utilized by Gen Y. Since SBA plans to modernize the web profile, the company has a prime opportunity to integrate other media frequently used by the target market into the campaign, such as instant messaging and text messaging.

Threats

Competition from other like institutions is SBA's greatest external threat. According to the California Board of Barbering and Cosmetology there are over 200 approved educational institutes in California with 15-20 varying entities in San Diego County. The presence of many options for potential students presents a challenge to SBA's strategic team to develop creative messages that will penetrate market noise to reach targeted audience. Further, the competitive climate of marketing cosmetology schools commands SBA to present added value and competitive edge to its prospective students in order to stand out from competing educational facilities.

Campaign Goals and Objectives

Goals:

To establish SBA as a leader in the Cosmetology and Holistic Health Education industry in females, age 17-24. To launch a brand identity that the target audience perceives as "cool" (i.e. contemporary, creative, cosmopolitan, and independent) To develop a brand identity that is both cool and respected for the academic accomplishments and success of students.

Objectives:

- To grow awareness of brand 20% by 3 months and 30% by six months
- Increase revenue by 20% in the first 3 months of roll-out and 40% by 6 months.

Target Market

According to the IES National Center for Education Statistics, the largest age demographic seeking education is youth and young adults age 18-24. This age group falls in the Generation Y cohort. Generation Y is ethnically diverse with a breakdown of “60% White, 15% Black, Non-Hispanic, 18% Hispanic and 4% Asian. Compare that to the Boomer cohort composition of 72% White, 11% Black Non-Hispanic, 10% Hispanic and 4% Asian” (Laurel and Mancini, 2008). This equates to an audience that is predominantly white however, our ads should represent a diversity of ethnicities. Hair Stylist, esthetician, manicurist, make-up artist, and holistic health professions (massage therapy) are considered vocational trades. The *Cosmopolitan and Cultivated* campaign is targeting youth and young adult females, age 17-24. Age seventeen may seem too young for graduation age without deeper consideration however, in California the state requirements to pass a state cosmetology licensing is completion of a 10th grade education. A high school diploma or equivalent are not requirements to apply for enrollment at SBA.

The choice of the targeted demographic of Females age 17-24 is further supported by Census projections. Specifically, the US Dept. of Labor reported in 2008 that California alone had 970,000 high school graduates in this age range that were not attending a traditional two year or four year colleges. The segment’s size represents a clear opportunity for business development whereby SBA offers opportunity for a well paid, long-term career to prospects without the rigor of traditional higher education.

This research helps us better define and understand target market motivation:

- 60% white, 40% ethnically diverse
- Resides in San Diego county
- Single
- Female
- Age 17-24
- Not enrolled in traditional college education.

Psychographics

Now acquainted with our audience, knowing their behavior directs our selection of channels to reach them. Generation Y is different than other preceding generations because they’ve grown up with Internet, cell phones, text messaging and instant messaging. According to Nielson, this age group responds to real time and instantaneous interaction, a phenomenon Nielson called life “on demand”. This age group wants to be entertained and involved with advertisements directed at them. Gen Y is more involved than any other age group in social media sites such as, MySpace, YouTube and Facebook. According to Forrester Research, 60 % of youth 12 -17 years of age, and 80% of young adults age 18-21 are using them. Further, Forrester found that users of social sites are open to marketer profiles (Li, 2007). In considering media type to implement our messaging, 79.8% of 18-24 year olds instant message and 58.3% text message (Moskalyuk, 2005). To create messaging and channels that reflect the following profile we have proposed strategies that mirror the target markets behaviors and preferences.

Psychographic Profile:

- Desire interactivity and “On Demand”
- Text Message and IM more frequently than e-mail.
- Responsive to humor and parodies in advertisements.
- Use social media sites more compared to other age cohorts
- Are open to marketer profiles in social digital communities.

Strategies and Tactics

WEBSITE:

The website will be rebranded with new creative imagery and video. The structure will remain fundamentally the same however the following content will be added or adapted:

Tactics:

- Rebranding:
 - Updating imagery and branding to overall site
 - Flash slide shows photo gallery to replace static flat and stock art feel
 - Add videos to overview program highlights
 - Link to SBA YouTube Channel
 - Prominent links to social sites will appear on home page
 - Tell a friend about SBA link that will forward an email to a friend about the program
- E-Newsletter for beauty and fashion tips and news: Establish contact with visitor giving them valuable content good for branding and has viral potential.
- Blog
- Live chat feature: allow immediate response to questions and concerns regarding the program, reducing apprehension and decreasing the sale cycle

The proposed contributions will add to the aesthetics and visual communication of branding, giving the campaign a contemporary and professional feel while adding a scholarly element that will appeal to the target market. The overall campaign message is “Stephani’s Beauty Academy is hip, progressive and professional. Enrolling in SBA will lead to a lucrative, fun, creative career.” The website, will include the most specific content focused on providing detailed information supporting the school’s professionalism, advanced curriculum, and academic standards that guide prospects to and through enrollment.

Measurement Criteria and Source:

Web analytics will be one measure of website impact. Click-through and unique visitor rates, in addition to occurrence of online application submissions will contribute to the web platform evaluation. Chat conversations, blog contributions, and subscriptions to the e-newsletter will also indicate the degree of success for each tactic. The success rates will be evaluated and will be adjusted at milestones scheduled

in the plan timeline. Below are tables outlining tactical measurement goals and sources, as well as campaign financial projections. Tables exist for each proposed strategy.

<u>Tactic [Name]</u>	<u>Measurement Goals</u>	<u>Measures</u>	<u>Source of Measures</u>
Rebranding	Increase time spent on site. Positive survey response.	Time on home page and where they go from there compared to old site stats. Student surveys responses.	Google Analytics Student Survey
Live Chat	Increase conversion rate 18% (Application Submission)	Submitted applications directly related to Chat conversations.	Chat software tracks set measures. Chat Transcripts.
Blog	100 readers by week 13 and 400 by week 26. 200 click back by 26 weeks. Generate a 20% revisit rate.	Visits/ how long visitors stay, link sharing, posts, bookmarks, Tracking link-backs	Delicious RSS Google Analytics Technorati Blog Rank Technorati RSS Feed

Cost: SBA 's Graphic Artist/ Marketing Coordinator will be responsible for the creation and implementation of web content including the rebranding, blog management and newsletter, as well as the maintenance of any on-going tactics.

<u>Tactic [Name]</u>	<u>Production (\$)</u>	<u>Media & Placement (\$)</u>	<u>Promotion Fulfillment/ Maintenance(\$)</u>	<u>Cost (\$)/ Activity</u>
Rebranding	40 hrs@ \$20/hr= \$800.00	NA	\$1040	\$1840.00
Chat Feature	\$49 + \$378/Qtr= \$805.00	NA	\$2600	\$3405.00
Blog	\$160.00	NA	\$1600	\$1760.00
Total Cost Website	\$1765.00	NA	\$5240	\$7,005.00

Return: Based on SBA's Gross Margin of 62% and the IRR of 38% the following table breaks down revenue needed for each tactic to meet the company break even threshold.

<u>Tactic [Name]</u>	<u>Product GM %</u>	<u>Break-Even \$</u>
Rebranding	62%	\$4,842.00
Live Chat Feature (Bold Chat)	62%	\$8,961.00
Blog	62%	\$4,632.00
B/E per Strategy		\$18,435.00

SOCIAL DIGITAL MEDIA:

The social media platform is to build a sense of community among other students and to circulate a peer to peer discussion of SBA reflecting and supporting the intended campaign messaging- initiated, observed and guided by SBA. This platform is also Public Relations mode where SBA can share stories, awards and happenings with “friends” and “followers”. YouTube will be an ongoing component where content can be added gradually. Content can be created on a variety of topics from training videos, to testimonials, to prepping for the state exam, to other fun, creative concepts. This medium offers viral potential and another opportunity to invite collaboration from students and Alumni.

Tactics:

- Facebook
- MySpace
- YouTube

Measurement Criteria and Source:

Friend additions, comments, and response to site specific promotions and events sent will provide metrics for these sites save Youtube which, will be measured by views. To help measure conversion rates, a question will be added to application. The question, “Where did you hear about SBA?” will be added to all forms, i.e. on location, online, phone submissions.

<u>Tactic [Name]</u>	<u>Measurement Goals</u>	<u>Measures</u>	<u>Source of Measures</u>
Facebook/MySpace	Triple Friends Increase visits from social sites to company website 15%	1)# of Friends and Response to comments and promotions through each Channel 2) Track where visitors came to site from with live chat tracking software.	Checking Sites Grouping Social Media Site w/ Google Analytics
YouTube	1000 Views 100Add to Favorites 5000 Shares Maintain above 3 star rating for all videos submitted.	Views Sharing Rating Saves as “Favorite” Forwards to FB & MS, Emailed to friends.	Youtube account tracking from account page. Tracking where people came from before visiting the site with Bold Chat analytics.

Cost:

The cost of producing such sites are minimal which, is a benefit. The social marketing profile, and fan pages will be created by the Marketing Coordinator and if need be, with the help of interns. We've allocated 4 hours to create the accounts collectively and 1 hour a day of account maintenance. For the YouTube tactic, \$240 is the cost of a video recorder that uploads directly to YouTube and other video accounts. 50 hours over the 26 week campaign have been allocated to content creation and uploading video to the web.

<u>Tactic [Name]</u>	<u>Production (\$)</u>	<u>Media & Placement (\$)</u>	<u>Fulfillment or Maintenance \$</u>	<u>Total Activity Cost (\$)</u>
Facebook/MySpace	\$80	NA	\$2600	\$2680
YouTube	\$240.00	NA	\$1000	\$1240
Total Cost Social Media	\$320.00	NA	#3700	\$3,920.00

Return: For the Social Digital marketing to reach the break even threshold the Strategy needs to generate \$13,579 in revenue.

<u>Tactic [Name]</u>	<u>Product GM %</u>	<u>Break-Even \$</u>
Facebook/MySpace	62%	\$7,052.00
YouTube	62%	\$3,263.00
B/E Per Strategy		\$10,316.00

PRINT: With campaign goals set to raise awareness and generate interest in Stephani's Schools, a push visual medium is proposed to reach those who may be interested in the product but aren't actively seeking it.

Tactics: Print ads will be placed in two local periodicals, the San Diego City Beat and the San Diego Reader. Based on media information provided by the two entities, City Beat has a larger audience of our target market. With that in mind a more aggressive plan will be placed with City Beat with a total of 28 color ads, 26 -1/5page ads, and 2 glossy ½ page ads. Similar advertisements will appear in the Reader in black and white with 13- ¼ page ads running over the 26 week period.

Measurement Criteria and Source: The effectiveness of print ads will be evaluated several ways. Ads appearing in each periodical will have a dedicated line and URL that lead to a splash page. These lines make it possible to track response from phone and web tactics. We will also be able to track conversions from the splash page with analytics.

<u>Tactic [Name]</u>	<u>Measurement Goals</u>	<u>Measures</u>	<u>Source of Measures</u>
San Diego City Beat	Generate 200 contacts	Calls to a dedicated	Call logs

	to the company per channel phone and web) each week the ad runs. Increase awareness 15% by week 26. Increase enrollment 10%.	line. Hits to a dedicated splash page that leads to site. Enrollments linked to ad.	Google Analytics Submitted Applications/ Appointments Awareness Study How did you hear about us on application.
San Diego City Beat	Generate 300 contacts a week per channel. Build awareness 15% Increase enrollment 25% by week 26.	Calls to a dedicated line. Hits to a dedicated splash page that leads to site. Enrollments as a result of ad.	Call logs Google Analytics Submitted Applications/ Appointments Awareness Study How did you hear about us on application.

Cost: Including production and placement the City Beat run will cost \$13,898 and the Reader ad run will cost \$10,422 with a total cost of \$24,320 for the print strategy.

<u>Tactic [Name]</u>	<u>Production (\$)</u>	<u>Media & Placement (\$)</u>	<u>Promotion Fulfillment (\$)</u>	<u>Total Activity Cost (\$)</u>
SD City Beat	500.00	\$13,598	NA	\$13,898.00
SD Reader	100.00	\$10,322	NA	\$10,422.00
Total Cost Print	500.00	\$13,598	NA	\$24,320.00

Return: For the print strategy to break even with the print advertising needs to generate \$18,645 in revenue.

<u>Tactic [Name]</u>	<u>Product GM %</u>	<u>Break-Even \$</u>
City Beat	62%	\$36,574.00
Reader	62%	\$27,426.00
<u>B / E per Strategy</u>		\$64,000.00

Pay Per Click

There will be two principal campaigns through Google AdWords. Google is being used because it has the greatest market share of all search engines. One campaign will focus on cosmetology training searches and a second campaign will be directed at holistic health and massage school inquiries. We have segmented the strategy to better target our prospects. Prospective students looking for massage school will most likely not click on advertisements for exciting careers as a make-up artist or vice versa. The small ads correlated with pay per click campaigns will vary depending on keyword searches, segueing clickers to matching landing pages to further and close the sales process. Below is the campaign breakdown and a sample advertisement that will appear in search engine results pages.

Tactics:

- Campaign 1: Cosmetology Training

- Campaign2: Holistic Health and Massage Training

Measurement Criteria and Source: Ads will be tested and crafted on an ongoing basis by monitoring click through rates and measuring cost of ad against actual inquiries.

<u>Tactic [Name]</u>	<u>Measurement Goals</u>	<u>Measures</u>	<u>Source of Measures</u>
Campaign 1: Beauty School	Expend daily budget with successful clicks.	Tracking clicks and click-throughs A/B Testing Campaign Ads	AdWords
Campaign 2: Massage School/Holistic Health	Expend daily budget with successful clicks.		AdWords

Cost: To create a pay per click campaign with Google AdWords, a daily budget must be set. Once the amount has been reached for the day no more advertisements will post. With \$4800 allocated per campaign a daily budget is \$26.37. How much each click costs depends on the keywords selected.

<u>Tactic [Name]</u>	<u>Production (\$)</u>	<u>Media & Placement (\$)</u>	<u>Fulfillment (\$)</u>	<u>Total Activity Cost (\$)</u>
Campaign 1: Beauty School	100	4800	2600	\$7,500
Campaign 2: Massage School	100	4800	2600	\$7,500
Total Cost Strategy 1	200	9600	5200	\$15,000

Return: In order to reach the break even threshold the Google AdWords campaigns combined must generate \$39, 437.00 in revenue.

<u>Tactic [Name]</u>	<u>Product GM %</u>	<u>Break-Even \$</u>
Campaign 1	62%	\$19,736
Campaign 2	64%	\$19,736
B/E per Strategy		\$39.437.00

Plan Economics – Summary:

The *Cosmopolitan and Cultivated* financial objective is to increase revenue 40% over a six month period. In 2008 SBA generated a gross profit of \$535,532 over two quarters. Increasing that amount 40% would generate \$735,532, an increase of \$210,212. After accounting for campaign expenses, the gross profit would be \$159,687, giving the campaign a 76% return.

The table below exhibits the campaign costs to break even at our internal rate of return of 64%. If all MarComm tactics are funded and objectives are achieved, *Cosmopolitan and Cultivated* will exceed SBA’s internal rate of return by 14%.

<u>Strategy</u>	<u>Break Even Revenue</u>
Website	\$18,435.00
Social Digital	\$10,316.00
Pay Per Click	\$39,473.00
Print	\$64,000.00
Total Campaign Revenue at IRR : \$132,224.00	
Campaign Cost: \$50,245	
ROR: 62%	

Summary:

Cosmopolitan and Cultivated is a well crafted campaign and per financial projections will be a lucrative investment for Stephani’s Beauty Academy. The campaign was designed with diligent research to develop messaging and media strategy to 1) establish Stephani’s Beauty Academy as a leader in Beauty and Holistic Health education in San Diego and 2) increase enrollment revenue 40% over two quarters. Thoughtful and supported consideration was used in choosing the correct media to reach and appeal to the target market while minimizing cost per acquisition. Further, detailed measurement strategies are built into the campaign so adjustments may be made to maximize profitability. Proposed as a two tiered campaign, resources can be reallocated to the most effective tactics ensuring campaign success. The website renovation, social media platform, print advertising, and search marketing campaigns will work synergistically to increase revenue and create an overall brand awareness conveying the message, “Stephani’s Beauty Academy is a cosmopolitan, progressive, and professional educational institute and enrollment in SBA will lead to a lucrative, fun, creative career.” The presented marketing communications plan will afford SBA revenue well beyond the internal hurdle rate and create a much needed momentum throttling SBA toward a fiscally rewarding 3rd and 4th quarter. With consent from the Board of Directors, the marketing team is prepared and eager to move forward.

For further information supporting proposed method view the list of included resources.

References

- Department of Consumer Affairs :Board of barbering and cosmetology. (-2009). Retrieved on September 3, 2009 from website: http://www.barbercosmo.ca.gov/licensees/licensing_faqs.shtml
- Gronback, K. (2009). Marketing to generation Y - brief article. DSN Retailing Today. FindArticles.com. 06 Oct, 2009. http://findarticles.com/p/articles/mi_m0FNP/is_14_39/ai_64423915/
- Laurel, K. and Mancini, K. (2008). Why ask y? *Meet the millennials: generation why*. Nielson consumer magazine, May 2008, Issue 8. Retrieved on September 4, 2009 from agelessons.com website: <http://www.agelessons.com/images/whyAskY.pdf>
- Li, C. (2007). How consumers use social networks. Retrieved on September 4, 2009 from website: http://www.eranium.at/blog/upload/consumers_socialmedia.pdf
- Moskalyuk, A. (2005). 79.8% of 18-24-year-olds use instant messaging, 29.6% read blogs Retrieved on September 3, 2009 from website: <http://blogs.zdnet.com/ITFacts/?p=8428>
- United States Department of Labor (2008). College enrollment and work activities of 2007 high school graduates. Retrieved on September 3, 2009 from website: http://www.bls.gov/news.release/archives/hsgec_04252008.pdf
- United States Department of Labor (2009). Occupational outlook handbook, 2008-2009 edition. Retrieved on September 5, 2009 from website: http://www.eranium.at/blog/upload/consumers_socialmedia.pdf
- "vocational education". 2009. Lectric's law library lexicon on vocational education. Retrieved on September 5, 2009 from website: http://www.eranium.at/blog/upload/consumers_socialmedia.pdfLectlaw.com
- **Proxy Information available at: <http://finance.yahoo.com/q/is?s=CECO&annual>