

DEPARTMENT OF FINANCE

THE FEASIBILITY OF A LUXURY COSMETICS COMPANY

AUBRIE SCULLY
SPRING 2019

A thesis
submitted in partial fulfillment
of the requirements
for a baccalaureate degree
in Finance
with honors in Finance

Reviewed and approved* by the following:

Brian Davis
Clinical Associate Professor of Finance
Thesis Supervisor and Honors Adviser

David Haushalter
Professor of Finance
Faculty Reader

* Signatures are on file in the Schreyer Honors College.

ABSTRACT

THE FEASIBILITY OF A LUXURY COSMETICS COMPANY

The cosmetic industry is a trend driven, mature market that has a few large players and many small players. This thesis considers the expected profitability of a luxury cosmetics company using organic, clean ingredients with high-fashion marketing. Aubrie Ann Cosmetics is the proposed luxury cosmetics company and will use modern-day marketing through social media and influencers to promote the company, as well as emphasize clean beauty: a trend that is taking currently over the market. This thesis will layout the complete business proposal of Aubrie Ann Cosmetics. The luxury cosmetics industry is thought to be one of the most profitable businesses when looking at the cost to make versus the price of goods sold. This thesis will examine the industry, market and customer base to develop a plan that will deem more profitable. The business concept, product description as well as the marketing plan for Aubrie Ann Cosmetics will be laid out to help envision the company. This thesis will use scenario analysis to help build out the income statement as well as the NPV and breakeven analysis. After going through the financials, the feasibility of a luxury cosmetics company, with the use of modern-day marketing, is clear.

TABLE OF CONTENTS

LIST OF FIGURES	iii
LIST OF TABLES	iv
ACKNOWLEDGEMENTS	v
Chapter 1 Purpose	1
Chapter 2 Literature Review	3
Chapter 3 Executive Summary	9
Chapter 4 Business Description	12
Business Concept	12
Product Description.....	12
Chapter 5 Industry Analysis.....	17
Beauty, Cosmetics and Fragrance Stores in the US	17
Cosmetic and Beauty Products Manufacturing.....	22
Chapter 6 Opportunity	26
Problem and Solution.....	26
Target Market.....	28
Competition.....	29
Chapter 7 Execution.....	32
Marketing and Sales	32
Operations	33
Exit Plan.....	35
Chapter 8 Conclusion.....	37
Financial Plan and Analysis	37
Appendix A.....	52
BIBLIOGRAPHY	59

LIST OF FIGURES

Figure 1: Foundation Break-Even Analysis.....	47
Figure 2: Lipstick Break-even analysis.....	48
Figure 3: Eyeshadow Break-Even Analysis.....	49
Figure 4: Total Break-Even Analysis.....	50

LIST OF TABLES

Table 1: Startup Funding and Costs	39
Table 2: Best Case Income Statement.....	43
Table 3: Best Case NPV	43
Table 4: Base Case Income Statement	44
Table 5: Base Case NPV	44
Table 6: Worst Case Income Statement	45
Table 7: Worst Case NPV	45

ACKNOWLEDGEMENTS

I would first like to thank my parents, Tricia and Chris Scully for their constant support for my passion in the cosmetic industry as well as the support they have given me throughout my entire four years at school. Without their continuous encouragement, I would not be where I am today.

I would also like to thank my supervisor, Brian Davis as well as my reader David Haushalter for putting so much effort into helping me complete this intensive thesis. Not only is this a requirement to graduate from Schreyers, but having my own cosmetic company has been my dream for years now, and it has been incredible to see my vision come to light. Thank you, Brian, for encouraging me to create my thesis around a topic I am passionate about, and I can honestly say I have enjoyed this entire process of thesis writing.

I am blessed to have people in my life that have encouraged me to embrace my passion and live a happy, full life, and by creating this business plan it has put me that much closer to accomplishing my ultimate goal of owning my own company, thank you.

Chapter 1

Purpose

Aubrie Ann Cosmetics is a potential luxury cosmetic company that will exclusively create natural, organic makeup products. Organic beauty products are defined as being made without the use of genetically modified organisms, herbicides, and synthetic fertilizers according to Soil Association. In recent years, consumers have stopped using products with unnecessary chemicals, and the natural beauty movement has skyrocketed. Research firm Kline & Company found that natural, safe cosmetic brands have been outselling traditional competitors by two to three-fold. In 2015, natural cosmetics grew by 7% compared to the overall beauty market only increasing 2% in the U.S. in 2015. (Fast Company) Natural cosmetic companies are swapping harsh chemicals for wholesome ingredients such as coconut oil and cocoa butter and talc. Unfortunately, the trade war has put a 10-25% tariff on components such as these, and the cost to manufacture these products have gone up significantly. Currently, China is the world's second largest cosmetics market behind the U.S., and with these taxes put on the U.S., Chinese consumers are more likely to start purchasing domestically, and the U.S. is at risk of losing this customer base. (Cosmetics design)

Although the costs to create these natural beauty products has gone up, consumers are willing to spend a premium price for better quality ingredients to protect the largest organ, the skin. Researchers at the University of California, Berkeley found that parabens and phthalates have been linked to causing breast cancer. Evidence also has come to surface that certain

chemicals in cosmetics have caused health issues, specifically reproductive complications as well as certain diseases. (Fast company) When it comes to organic and natural beauty, there are no legal requirements, and so it is essential for consumers to be educated on the ingredients in their products, so they are not tricked by the words natural and organic when displayed on products.

Aubrie Ann Cosmetics will devote a page on the website, as well as a live chat to help educate consumers on what ingredients are harmful and which are healthy for the skin. If consumers are more educated on the ingredients, they will be willing to pay the price premium. Many drugstore cosmetic products are made with chemical preservatives as well as chemicals that make the product cheaper to make as well as last longer than organic products. For example, a drugstore lipstick made from chemicals may cost \$4, but a lipstick made with coconut oil and other natural ingredients will be in the upper 20s. Studies have shown that consumers are willing to pay the premium for these organic products, which is why an organic luxury cosmetic line is the perfect mix.

According to Grand View Research, the natural and organic personal care industry will be worth \$25.1 billion by 2025. (Investopedia) According to the NPD group, natural brands have made up 25% of all skin care sales and is growing at a faster rate from previous years. (Vox) This can be attributed to what a Harris poll survey found that 59 percent of women 35 and over believe green beauty is important and 73 percent of millennial women primarily were looking for all natural clean products. (Allure)

With the new focus on natural-clean beauty, it is the perfect opportunity to come into the market with a high end organic cosmetic company that Aubrie Ann Cosmetics will bring to the table.

Chapter 2

Literature Review

Initially, an industry built around healing through natural herbs and plants for religious groups, the cosmetic industry has boomed into a multi-billion-dollar business, coining the title of one of America's most profitable industries. (Jones, Geoffrey).

The first cosmetic products were created in 3200 BC in Mesopotamia starting as a small business that turned into a widespread practice 1500 years later for the wealthy and middle class. The cosmetic industry began to expand across the world with Babylon leading the perfume industry, and the women of the Roman Empire investing large sums of money on these discretionary products. This all came to a halt when cosmetics became notorious for being "evil" and used by "devil worshipers." With the rise of the Catholic Church, many stopped purchasing cosmetics to keep up their reputation. (Sipple, Hope)

Beginning in the eleventh century, cosmetics starting to come back slowly, spreading across Europe, particularly for lower class citizens, a huge shift from the previous upper-class exclusivity the industry once had. Fast forward to the 1500s; cosmetics were back in motion when Queen Elizabeth's iconic pale face and rosy lips lured every woman back into the beauty stores. The major event that brought cosmetics into the U.S. was the launch of the fashion magazine "Vogue" in 1892. From there, companies like Maybelline, Rimmel London, L'Oréal and Max Factor launched their brands in the early 1900s, all of which continue to dominate the industry today. (Sipple, Hope)

As of 2017 the cosmetic industry has generated 455 billion dollars in revenue and is expected to reach 805.61 billion by 2023. This includes hair care, skin care, color cosmetics, fragrances, and sun care products. (Orbis Research). The industry has experienced a paradigm shift throughout the past twenty years from being an industry based on cosmetic essentials and everyday wear to an industry built off of trends, fads and social media. Instead of having one shade of lipstick, one eyeshadow palette, and a mascara, makeup kits today consist of multiple different shades, brands, and formulas. The cosmetic industry has fully adopted the idea of customization, creating products for all types of women and men; all different skin types, makeup styles, and preferences. For example, the majority of developed cosmetic brands don't carry just one foundation but several different lines of foundation suited for dry, oily, or combination skin. Some companies like Bare Minerals have taken customization to an entirely new level where each foundation they create is made just for you, called the Made2Fit foundation. This company has developed technology that allows users to scan their faces, take a quick quiz and in only fifteen minutes find the perfect tone and formulated foundation created just for each individual. They even go another step forward by imprinting users' names on the packaging to make the experience just that much more personal. Department stores like Sephora have quizzes and technology that allow customers to find the perfect foundation, perfume, lipstick, etc. This idea of customization and having a personal relationship with the cosmetic retailer has proven to be extremely profitable in the companies that have embraced this strategy. It Cosmetics, a formerly indie brand founded by entrepreneur Jamie Kern Lima was made successful entirely by this approach. Jamie was a news anchor who, with the bright lights and constant exposure to the public, was insecure about her severe rosacea. She noticed there were cosmetic products out there for acne and dry skin, but had seen a gap in the industry for products

that treated more severe skin conditions such as rosacea. She created a line of several products that not only aimed to conceal imperfections but also treat them during wear. This brand became a hit overnight and in just one year, Lima sold her company for \$1.2 billion in cash to market leader L'Oréal. (Forbes, Sorvino, Chloe).

As well as becoming more customizable, cosmetic companies have also evolved in many other ways throughout the past twenty even five years. As social, economic and environmental changes occur, the cosmetic industry must adapt. It is imperative that cosmetic companies are aware of and actively listening to what customers are asking for. It is the same as having insider information on the stock market; with this valuable information, one company can easily trump another with just one product release.

This desire for "insider information" has caused companies to become creative in their tactics of receiving customer feedback. What once was just simply a "write a review" box next to every product is now a "let's chat box" so every customer can chat instantly to any employee on the Sephora website. Now instead of just simply written reviews, customers are looking towards social media sites such as YouTube and Instagram to learn more about new products. Cosmetic companies have taken note of this expanding review system through Instagram and YouTube and have taken these mediums as a promotion opportunity.

"Influencers" or everyday people with a high following on these social media sites are often offered "brand deals" which consist of luxurious trips, free products and often monetary compensation in return for reviewing the company's products. These influencers have not only increased the popularity of cosmetic brands but also created an entirely new network for marketing. Commercials and paper ads, with hired models and actors, are very transparent and lack the authenticity that is projected off of everyday people reviewing the products and

interacting with viewers. BeautyCon an annual event that has become as big as music events such as Coachella, brings these influencers, celebrities, and cosmetic companies, especially start-ups, altogether so that these celebrities and influencers can view and try all of the companies that are invited to go. Imagine this event as an invention convention, where every brand gets a table with a background displaying their company, and anything they want to display, along with several samples and goody bags for the influencers to try out. This is an incredible opportunity for not only influencers to network and build their following, but for newer brands to get their name out there and noticed by these extremely high profile people.

It has been proven that these influencers that communicate daily to a large following have significantly influenced the success of cosmetic companies. Glossier, a natural cosmetic company new to the industry, has reported that 70% of their sales have come from peer referrals. (Giocobbe, Alyssa). This company holds several events and pop up shops where they invite influencers to "Vlog" (video blog), try out their products and socialize with other influencers. This gives great exposure to their products while showing beautiful and trendy girls attending these events and enjoying the products. The same as when young girls and women see models in fashion magazines and buy the clothing to try to look like these beautiful women, these influencers "model the products;" but with the added personal touch by talking to the camera about the products and constantly using terms such as "you guys" and "you all" to give the perception of a personal connection between the viewer and the influencer. So not only do these influencers develop a desire for the products they are using since they are usually trendy and successful, but they also reflect a more genuine opinion with the personal connection developed.

Just as the modeling industry has changed, these influencers that cosmetic companies work with are of all different shapes, ethnicities and sexual orientations. Inclusivity is extremely

important not only for cosmetics but every type of company to endorse. Over the past few years, companies have been criticized for not having enough dark shades of face makeup and many companies have had to put a significant amount of money in developing more shades to broaden their customer base and express inclusiveness. Tarte Cosmetics, a popular high-end cosmetic company, had a publicity disaster due to their ignorance on this topic. They had come out with a new foundation just last year that had several tones in all of the light shades with only a few dark shades. Influencers spoke up about this immediately, and Tarte responded by saying they hadn't come out with darker shades because it was winter. This crude and oblivious response created an uproar in the beauty community, so much so that many influencers refused to review or wear Tarte cosmetics even with the bribery of luxurious trips and money offered. Just one ignorant remark and the offensive line can turn millions of people off of a brand. Now with the LGBTQ, environmental friendly community, and all lives matter communities rising, it is crucial that cosmetic companies are aware of these movements and social changes and take this into account when promoting and developing new products.

As mentioned before, most of the companies that pioneered the cosmetic industry are still around today. These companies are leading the industry, and just seven cosmetic companies own 182 brands. (Business Insider, Willett, Megan). It is incredibly challenging to compete against these powerhouses which is why many indie companies develop their brand and image they want to project and follow up by merging with one of these seven companies to help grow and expand the company into a money-making machine. With this exit strategy in mind, the cosmetic industry is very enticing for entrepreneurs and shows strong potential for providing a favorable profit margin.

Cosmetic companies are extremely profitable due to the small expenses it takes to create the products compared to the amount people are willing to spend on the products. The luxury cosmetics industry spends 12.7% of their costs on marketing compared to the average of all the industries only spending 0.5% of their expenses towards marketing. (IBIS World). This is due to the nature of the business revolving around current trends and media, popular influencers and celebrities. When looking at the structure of many cosmetic companies, the teams usually only consist of 2-10 people. This is due to most companies outsourcing all of the production of the products as well as the packaging. By connecting with a reliable manufacturer, coming up with a reasonable cost/product, it is clear how this business can be successful as long as sales follow through to cover the costs. With the right marketing, especially with an emphasis on the packaging, companies can sell products extremely overpriced while still racking up sales. For example, drug store brands usually sell lipsticks around the 5-6 dollar range while high-end brands will sell lipsticks from 26-53 dollars. (Ulta Cosmetics). When looking at the ingredients of these products, the differences are minimal with the costs to formulate are most likely very similar. The luxury and high-end brands get away with selling these products at a premium due to the branding of the company. Cosmetic companies are just as superficial as the product they are producing, and a massive success factor is how the company is branded and framed into the market. Only by adding sleek packaging and naming products with a more luxurious touch, high-end companies can produce extremely large profit margins if executed correctly. Estee Lauder Companies, one of the high-end powerhouses, has a five-year average profit margin of 80.19%. While E.L.F. cosmetics, a drugstore, \$1-\$ five makeup brand, has a profit margin of 57.26%. (Thompson, Jane) With the right branding, cosmetic companies can attract strong loyalty through customers who will be willing to pay prices that far exceed the costs of production.

Chapter 3

Executive Summary

OBJECTIVE

Aubrie Ann Cosmetics strives to encourage millennials to **care** about what goes into their cosmetics. Aubrie Ann Cosmetics realizes the importance of treating our largest organ, the skin, with as much care as possible. Aubrie Ann Cosmetics will only use natural ingredients and will promote through social media the importance of our mission

PROBLEM + OPPORTUNITY

Organic cosmetics have just started to enter the cosmetic industry, and there is an underwhelming share of luxury cosmetic brands that embrace organic, natural beauty. Aubrie Ann Cosmetics will provide top-of-the-notch clean cosmetics using the best ingredients that will make the price well worth it for consumers.

MARKET + CUSTOMER ANALYSIS

The cosmetic industry is mature, with only seven companies owning 182 brands. The cosmetic industry is variant from brands selling products less than a dollar, to brands with price tags of up to \$500. The cosmetic industry, in general, is hugely trend driven and many companies fall into the gimmick trap. While there are many gimmick-like fads going around currently, organic-clean beauty is more of a movement than a short-term trend. Customers are looking for natural ingredients in all products, not just cosmetics, and the more consumers learn about what chemicals are being put in our food, products, and supplies, the more consumers demand organic products without any harsh chemicals.

MARKET STRATEGY

Social media has taken over the lives of millennials and has provided an opportunity for a modern-day marketing technique. "Influencers" or people with large followings on social media platforms such as Instagram and YouTube are paid money to promote products, brands, and lines, to drive up sales and give companies an audience. Aubrie Ann Cosmetics will take advantage of this social media boom and promote the company through an Instagram page, as well as paying high profile influencers money to make videos or post pictures on the products. It is imperative when choosing influencers to market the products to be mindful of how their reputation can affect the companies. Aubrie Cosmetics is looking for influencers who have a strong trust from their viewers, a natural and classic look, and is involved in philanthropic work as well as social media. Aubrie Ann Cosmetics will also provide a commission to influencers who make sales through their discount codes.

FINANCIALS

Aubrie Ann Cosmetics used scenario analysis to determine how profitable the company can expect to be within the first three years of operation. This scenario analysis depends on how different sales numbers affect the income statement as well as the net present value of this project. After going through the different scenarios, Aubrie Ann Cosmetics was able to conclude that even with the worst case sales numbers, the bottom line of the income statement was positive for all three years as well as the net present value of the project was positive. When doing a break-even analysis, the minimum units required to break-even was significantly lower than the worst case sales number. In conclusion, in the worst case scenario, Aubrie Ann Cosmetics can still expect to make a profit during the first three years of operating.

Chapter 4

Business Description

Business Concept

Aubrie Ann Cosmetics thrives on encouraging every man and woman to feel comfortable in their unique skin. With innovative technology accessible through any android or apple phone, consumers will be able to find their perfect color, shade, and formula for all of Aubrie Ann Cosmetics wide range of products. At Aubrie Ann Cosmetics, every man and woman is beautiful and deserves to have makeup that is fit just for them.

Product Description

Aubrie Ann Cosmetics is a high-end cosmetic brand that focuses on customization through online mediums. Aubrie Ann Cosmetics will be an online store where customers can go online, take quizzes and find the cosmetics that will enhance their natural beauty. Several cosmetic companies hold a significant market share as is, so Aubrie Ann Cosmetics aims to take advantage of the advancing technologies to gain a customizable niche.

Aubrie Ann Cosmetics will have an *Essentials* line, which will be a permanent line. This line will consist of all the staple items that every man and woman should own in their collections. All of these products will be created with pre-certified organic ingredients without any harsh chemicals or fragrances. Our formula will be suitable for sensitive skin while also providing a flawless finish. Aubrie Ann Cosmetics aims to make every man and woman feel beautiful by providing a face makeup line for normal, oily and dry skin as well as a wide range

of shades and tones for each product. Our permanent line consists of twenty products. Due to the upfront production costs when creating cosmetics, only a portion of these cosmetics will come out at a time and products can be added or removed from this line based off of profitability analysis and reviews throughout the process. Interaction with the customers is imperative to Aubrie Ann Cosmetics; we are here to serve the consumer and whatever needs that are requested. Our essentials line will include the following:

List of products involved in the line:

Perfecting Blur Crème-\$26: *This is a primer that will fill in the pores and give a flawless canvas for application*

Comfort Matte Foundation- \$46: *Foundation best suited for oily skin that will provide a natural matte full coverage finish. The range will include 40 different shades with tones cool, warm and neutral*

Silk Foundation- \$46: *Foundation best suited for dry skin to achieve a luminous glow medium/sheer finish. The range will consist of 40 different shades with tones cool, warm and neutral*

Bare Foundation- \$46: *Foundation for normal skin that will provide a "barely there" finish with medium coverage. The range will consist of 40 different shades with tones cool, warm and neutral*

Enlighten Concealer- \$23 *Concealer used to brighten under eye circles while also hydrating the area. The range will consist of 26 different shades with tones cool, warm and neutral.*

Filter Concealer- \$19 *Concealer used to cover any minor imperfections with a medium to full coverage. The range will consist of 40 different shades with tones cool, warm and neutral*

Goddess Bronzer- \$27: *Powder bronzer with slight gold shimmer to provide a natural glow. Will consist of 6 different shades.*

Contour Kit- \$54: *Powder kit that will consist of three different contour shades and three different highlight shades. There will be three versions of this kit: light, medium and deep.*

Flushed Blusher- \$24: *Sheen multi-colored marbled powdered blush. Will consist of 12 different shades.*

Flushed Crème- \$28: *Cream stick blush, suited for dry skin. Will provide a natural finish in 6 different colors.*

Ready to Glow: \$23 *Cream stick highlight, suited for dry skin. Will provide a natural glow in 4 different colors.*

Airbrushed powder- \$36: *Sheer mattifying powder to set the foundation and give a traceless finish. This will come in 6 different shades.*

Translucent loose powder- \$28: *Translucent setting powder for a creaseless finish.*

Glow-up Highlights- \$18: *Cream-powder highlight for an effortless glow in 8 shades.*

Natural radiance eyeshadow palette- \$65: *Basics eyeshadow palette consisting of 12 shades. There will be a basics palette for each eye color: Brown, hazel, green, and blue.*

Glide eyeliner- \$18: *Creamy kohl eyeliner that dries down to an untouchable finish in 13 shades.*

Everlasting line- \$18: *Felt tip pen waterproof eyeliner in three staple shades.*

Doll-lash Mascara- \$22: *Lengthening mascara in two shades.*

Perfect pout liner- \$17: *Long wearing creamy lip liner in 16 shades matched to skin tone and shade.*

Sheertastic lip crème- \$24: *Sheer long wear bullet lipstick with a creamy sheen finish in 24 shades.*

Aubrie Ann Cosmetics *Essentials* line will come in a sleek patent black finish with rose gold accents for a classic appearance. The materials will come from recycled eco-friendly packaging manufacturers. The design will be inspired by Marc Jacobs Beauty and Yves Saint Laurent packaging, giving a luxurious feel while being eco-conscious. The prices for the foundation, lipstick and eye shadow palette are taken from the averages of twenty-three brands that Aubrie Ann Cosmetics will emulate. See Appendix A for details.

Aubrie Ann Cosmetics will also carry limited edition lines coming out every quarter: January-March, April-June, July-September, and October-December. These lines will be present only during these windows and then will leave the market. Each line will be inspired by cities throughout the world and will be strategically picked depending on what is trending at the time being. Aubrie Ann Cosmetics plans the first limited edition line to be based on Mykonos Greece. As of now, Mykonos has been a popular destination, especially on social media and will catch the eyes of many customers that are intrigued by this destination. Each limited edition line will include products that are inspired by the city. These collections are for customers who enjoy

collecting makeup and are looking for artwork in their collection. The collections will take inspiration from the chosen city and pick colors as well as names of each color to create the lines. For Mykonos the line will include the following:

Mykonos eyeshadow palette: \$56 *in 12 shades*

Mykonos bronze palette: \$54 *including three shimmer bronzers and three shimmer highlights*

Mykonos lip-glosses: \$24 *1 gold gloss, one pink-lilac with blue iridescent shimmer gloss and one bronze gloss*

Each limited edition line will have detailed packaging displaying artwork similar to Pat McGrath packaging. Packaging examples will be in Appendix A. The goal of these lines is to emphasize the beauty and artistry of makeup as well as the natural beauty across the globe.

There is a broad set of consumers that desire cosmetics for a multitude of reasons. Some see it as a pure necessity to cover imperfections; others see it as art. Aubrie Ann Cosmetics aims to cover both aspects of the cosmetic world through the diversified lines we will carry. Taking advantage of artificial intelligence for customization as well as consistently keeping in contact with the customer will put Aubrie Ann Cosmetics at a significant advantage and give our unique and beautiful customers what they need.

Chapter 5

Industry Analysis

Aubrie Ann Cosmetics, similar to most cosmetic companies, will outsource for manufacturing of all products and packaging. While Aubrie Ann Cosmetics will be competitive with other brands, understanding the Cosmetics and Beauty Products Manufacturing industry as well as the Beauty, Cosmetics and Fragrance stores sector is imperative to the success of the company.

Beauty, Cosmetics and Fragrance Stores in the US

This industry covers any retailer that sells cosmetics, perfumes, toiletries, and any grooming products. (IBIS WORLD) This market is dominated by a small number of retailers that take in hundreds of brands; a prevalent theme in the cosmetics industry. Very few successful cosmetics retailers are not sold at one of these powerhouses and the few that do find their niche through e-commerce and social media promotion.

Key Economic Drivers

Due to its discretionary nature, cosmetic retailer sales are greatly influenced by per capita disposable income. This is purely how much an individual can spend after taking out taxes, savings, and any other mandatory expenses. (IBIS WORLD) Looking at the US per capita disposable income over the past five years, there has been an upward trend. Back in March of 2014, the per capita disposable income was 40889 USD Billion, and in January of 2019, it is

48417 USD Billion; this is an 18.41% increase through the five years. (Y Charts). The per capita disposable income reached a record high in December of 2018 at 5258.21 USD Billion but has since come down 3.14% in January. (Trading Economics) Due to the low unemployment rate sitting at 4.0% as of January 2019 as well as the new tax policies in place, per capita income is expected to increase over the next five years steadily. (IBIS World).

The cosmetic sales industry predominately targets adults from the ages of 20 to 64. From 2016, this number has increased significantly from 191 million to 194 million as of 2019. (IBIS World). Most cosmetic retailers hold a variety of brands that are fit to different age groups. For example, IT Cosmetics, a skincare focused cosmetic brand, targets the upper aged range, while NYX cosmetics a trendy, gimmicky brand, targets the lower aged range. Aubrie Ann Cosmetics plans to target those from the ages of 19-34 which represents 21% of the total US population as of 2017. (KFF) By 2030, all the baby boomers will be 65 and older, meaning at least 20% of the population will represent 65+, and it is estimated that by 2035 the baby boomer population will outnumber the number of children for the first time. (Census.gov) Aubrie Ann Cosmetics will consider designing lines catered to 65+ to gain a significant market share and take advantage of this population discrepancy.

E-commerce is taking over the retail industry, sending physical stores out of business. To remain competitive, it is essential for retailers to adapt to technological advancements being developed. Ever since 1998, e-commerce sales have continuously grown spurred by the Dot Com boom racking up digital sales to over \$1.0 billion, an all-time high at the time. (IBIS World) There is a definite advantage to online ordering; not having to go to the physical store, being able to see what is in stock and what isn't, being able to find a product within seconds and the list continues to grow as website engineers develop more ways to increase the functionality

of online shopping. Companies such as Sephora, an online cosmetic retailer, allow customers to take a photo and try on the products right from their home. Several other companies also allow customers to take quizzes based on personal preferences to help the customer find the perfect product, shade, formula, etc. E-commerce persists in developing excessive technology that leaves physical shopping with no additional benefits. E-commerce has become so advanced, that many companies give you the option to "buy again" and purchase the product again as easy as a click of a button. E-commerce not only provides a pleasant shopping experience for customers but also freely gives out information of the customers to the retailers. When shopping for one product, a list of suggestions will usually pop up at the bottom, enticing the buyer to purchase more products.

The more time and information transferred virtually; the more companies have the opportunity to extract information and mine data. For example, if a customer goes on a website like Sephora and then goes to their Facebook, they most likely will see ads for Sephora and various brands sold at Sephora. This is an example of how retailers have taken e-commerce to another level and have started also adapting advertising through online platforms as well. With that said, only sales are expected to continue to increase at an annualized rate of 8.3% over the next five years. (IBIS World). To remain competitive retailers must take advantage of e-commerce and all the capabilities it offers.

Industry Performance

The industry has continued to grow due to the increasing levels of niche brands, targeting specific underrepresented members of the population such as men and people with extreme skin tones or conditions. Due to the "price-premium" customers are willing to spend on cosmetics,

the average margin was 6.8% of revenue in 2018 (IBIS World) with revenue at \$23,145.3 million; 1.2% growth from the previous year. Due to the drivers mentioned above, the economic growth of this industry is expected to continue to prosper through the next five years and is expected to grow to \$23.6 billion by 2023. (IBIS World) Many argue that the industry has become "over saturated" and there is no room for any more products, but the key to this industry is finding a niche that has not been exposed yet. Looking at trends outside the cosmetic environment such as eco-friendly, cruelty-free, non-GMO, etc. and implementing it into the brand will provide significant leverage in the industry.

Competitive Landscape

Four companies currently dominate the industry, representing 60.1% of the industry revenue. (IBIS World). There several factors that determine how much market share a retailer can gain in this industry. The first being- having products that customers want. Listening and interacting with the customer is essential in producing sales. E-commerce allows customers to leave reviews, chat with sales representatives and request products. The cosmetic industry is a very gimmicky on-trend industry, and it is necessary to keep on top of these trends to stay competitive. Many of the dominating companies have developed a reputation and a cult-like following so that customers will continue to buy their products. To develop this following, companies need to grab the attention of the customers by giving them what they ask for and executing the marketing of the product to the fullest amount. The cosmetic industry is a niche, specific and customized industry. Many companies have a specific target audience they are trying to reach, and it is important to understand the audience and return a product that the audience will enjoy. For example, say Company A is targeting the baby boomers 65+ age group. This age group most likely will not be purchasing a Unicorn sparkle rainbow palette, but they

will be more geared into buying anti-aging, rejuvenating, glowing and youthful branded products. When it comes to cosmetics, it is all about targeting a specific audience, branding the product towards that niche, and marketing as clearly as possible. When it comes to branding, the product name, packaging and descriptive words will make all the difference in whether the customer is captured or not. Most likely, a customer buying a five dollar foundation from the drugstore won't have an issue with it being in a clear plastic bottle, but when sold at a higher end store such as Sephora, the product better have a higher end design to remain competitive over the other products. While the actual product itself is important, it usually comes down to the marketing, branding and overall customer satisfaction that determines whether a new customer will purchase the product or not.

Since there are four dominating retailers in the industry – Ulta Beauty Inc., L Brands Inc., Sephora, and Sally Beauty Holdings Inc., these companies are highly competitive and have continuously targeted specific companies to stay ahead. Ulta Beauty holds the largest market share at 25.3% (IBIS World). This retailer sells hundreds of brands from lower-priced cheaper options to high end. Ulta also offers salon services as well as a point by point reward system that is very rare. Ulta offers almost every brand offered at any drugstore as well as sells drugstore brands that are exclusively sold on their specific websites or only on Ulta. This brand deal offers Ulta an advantage over their competitors that are unable to sell the same companies in their stores. Sephora holds 12% market share and sells high end to luxury products. Due to only selling high end and luxury products, Sephora is branded much differently. Ulta gives out coupons every week in the mail, has sales very frequently and their point system allows you to use their points to buy more products. Sephora has semi-annual sales that are highly anticipated, and their point system offers mini gifts, but other than that Sephora is always fully priced.

Sephora has an advanced level of customer interaction through their chats, events, and makeovers. When walking into a Sephora, all products can be tested, and any product can be taken home as a free sample. Since Ulta is less focused, not all their products can be sampled, they have not adopted the same level of customer interaction and e-commerce capabilities as Sephora and do not offer samples when ordering. When it comes to Sephora, if a product is a flop, it gets kicked off the shelves. Ulta has such a large variety of products the concentration of each line isn't as strong. Since Sephora has such a concentration on customer service and keeping customers engaged, their wage costs are much higher than Ulta's, but the income is covered by the high revenue from the sales of the premium products. A customer looking for highly customizable, luxury and high-quality products will prefer Sephora. A customer looking for several price points and a more extensive variety of brands would favor Ulta. Sephora and Ulta are both extremely profitable retailers and can stay competitive with each other due to their ability in executing their branding, marketing, and products in a way that fits their targeted customers.

Cosmetic and Beauty Products Manufacturing

This industry focuses on the formulation, preparation, and packaging of beauty products and cosmetics which include perfumes, makeup, hair items, skin care, and toiletries. (IBIS World) Aubrie Ann Cosmetics plans to use Organic Chemical Manufacturing, which is the industry that will be explored explicitly in this section.

Inorganic Chemical Manufacturing in the US

The key difference between inorganic manufacturing and organic manufacturing is that inorganic chemicals are mineral based while organic chemicals are carbon-based (IBIS World). There has been a rise in fear of chemicals throughout the U.S. and customers are starting to look to organic cosmetics and skincare as the answer. Gwyneth Paltrow released her own line called Goop by Juice Beauty in 2016 and brought this phenomena to attention "The idea that you're exercising and trying to eat well and then slathering yourself with chemicals, parabens, and silicones –it's not great" (Vox) Sephora has since launched their Clean Beauty page on their website which shows all companies that exclusively use organic chemicals and ingredients. Throughout this past year, brands marketed towards natural and clean beauty have made up over 25% of all high-end skin care sales. (NPD Group). Higher end brands are not the only ones that have latched onto this—in 2017, target expanded their natural beauty products, CVS removed parabens and other ingredients from 600 of the products they sold. Clean beauty provides a significant niche in the industry and will give Aubrie Ann Cosmetics an edge over the dominating brands.

Drivers

The consumer confidence index reflects how confident consumers are about the economy presented through their saving and spending habits. (Trading economics). This ties hand in hand with whether customers will purchase cosmetics, specifically organic cosmetics that tend to be more expensive due to the higher product costs. CCI has increased 6.6% over the past five years and is expected to decline slightly 0.9% from 2019-2024, but it is hard to say due to the high level of volatility that the index holds. (IBIS World)

Research and development stand at the forefront of all cosmetic products being created today. The formula used five years ago to create a foundation is entirely different from the

formula being created today. Developing new ways to create a product that is organic, cruelty-free, and eco-friendly while also having high pigmentation, blend-ability and longevity requires a large amount of research and development and the company that puts in the work to find the perfect formula, will attract the customers. As this industry becomes more competitive, research and development expenditure has continued to increase and is expected to grow 2.5% over the next five years from \$381.04 billion to \$431.07 billion in 2024. (IBIS World)

This industry is highly dependent on the price of the raw materials used. Crude oil is a key material that profoundly impacts the performance of organic manufacturing. This works like a domino effect with the price of oil increasing, will cause production to increase, which will cause retailer costs to rise and in turn will rack up the price of the final products. Crude oil prices are expected to increase significantly, and with the highly volatile nature of the price of crude oil, there is always an extremely high risk in the organic manufacturing industry. (IBIS World)

Industry Performance

The industry of organic chemical manufacturing is heavily dependent on downstream demand. With consumers demanding natural products, the organic chemical manufacturing industry should expect revenue to increase. Due to the drivers mentioned above, revenue is expected to increase by 12.4% into next year. (IBIS World). Raw material prices are frequently changing and have a tremendous impact on whether the industry is profitable or not. Crude oil holds the most significant influence over the profitability of the organic chemical manufacturing sector, and when there was a sharp decline in 2014-2016, the operating costs were lowered significantly for the industry. Over the past few years, the government regulation for chemical manufacturing facilities has hindered the profitability of the industry and has increased operating

costs. Due to rise in demand from cosmetic and beauty products manufacturing, the revenue for the industry is expected to grow at an annualized rate of 2.1% (IBIS World). With the expectation that oil prices will increase, so will the organic chemical prices. There is also anticipation for higher regulatory costs due to the eco-movement. With these operating costs increasing at a higher rate than revenue is expected to increase, the industry's profit as a whole is expected to decrease by 9% by 2023. (IBIS World)

Competition

Unlike cosmetics sales, the organic chemical manufacturing industry has a shallow level of concentration with the most a single manufacturer's revenue accounting for 5% of all income in the industry. The key to succeeding in this industry is following the government implemented regulations, being environmentally friendly, building relationships with the downstream as well as upstream suppliers and adapting to globalization. (IBIS World). As environmental concerns frighten the world, government regulations tighten and leave no room for comfort. It is critical that manufacturers obey the regulations and try to produce products in as clean fashion as possible. While the new regulations and ever-changing crude oil market will increase the operating expenses, by forming strong relationships with various diverse customers and adapting to globalization, success in this industry is undoubtedly feasible.

Chapter 6

Opportunity

Problem and Solution

While the cosmetic industry is considered a mature market that is becoming oversaturated, with the right niche, success is feasible. Currently, seven companies own 182 cosmetic brands. To remain competitive in this market, brand positioning and marketing are essential. The cosmetic industry is a trend driven business, and a robust customer-vendor relationship is vital. Right now customers are looking for eco-friendly, vegan and natural products. This isn't only spreading to cosmetics but every business application. Starbucks set a plan to eliminate plastic straws by 2020, popular fast food chains are implementing vegan menus, and skincare companies are creating products out of plants and fruits over harsh and potentially dangerous chemicals. Since the bigger player companies have been around for years now, their brands were not built off of these social movements. So, there is a lack of cosmetic brands in the field that represent these morals. This gives newer cosmetic companies the opportunity to gain consumer attention. Aubrie Ann Cosmetics will be a holistic company that projects inclusiveness while being eco-friendly, cruelty-free, and exclusively using organic ingredients. Aubrie Ann Cosmetics will cater towards all skin tones and have lines of products for every skin condition from dry, combo and oily as well as treatment products for consumers with more severe skin conditions. Aubrie Ann Cosmetics will put a strong emphasis on consumer interaction and use several mediums to get customer feedback. Our website will have

live chats, an open forum for discussion on products as well as the beauty community and every product will have review forms. Aubrie Ann Cosmetics will also target social media platforms by sending out samples of products to influencers to receive reviews and feedback before presenting to the public. Many of the larger cosmetic companies are too big to keep up with this strong customer relationship that Aubrie Ann Cosmetics will build a foundation off of. Cosmetics is more than just a group of products but has an entire beauty community built around it. Aubrie Ann Cosmetics plans to bring together like-minded men and women through the online who believe in the importance of inner and outer beauty as well as the social morals the company stands in front of.

While Aubrie Ann Cosmetics will create natural products that will leave the skin beautiful with and without makeup, Aubrie Ann cosmetics will also have limited edition lines to keep consumers on their toes. These limited addition lines will be inspired by cities throughout the world. Global awareness is important to Aubrie Ann Cosmetics, and admiring the beauty of several cities throughout the world through our products will encourage others to become more culturally appreciative.

Cosmetic companies have become extremely trend driven and flashy without emphasizing why the company was created in the first place. Aubrie Ann Cosmetics plans to prioritize our principles in every product designed and let the consumers know Aubrie Ann Cosmetics is more than just a company but a community.

Target Market

Industry

Aubrie Ann cosmetics plans to conduct business in the luxury cosmetic industry representing all skin types while using natural, vegan ingredients. Personal luxury goods account for 24.2% of the luxury goods market, second to luxury cars. (EY).

Market size and segments

Natural Cosmetic Sales

Natural cosmetic sales reached a value of 36 billion in 2019 and are expected to grow 4.8% this year. FMI found that natural cosmetic sales will account for over 66% of global revenues in 2019 in the household market. (ProQuest) Grand View Research projects that by 2020 the organic beauty market will reach \$15.98 billion, and Persistence Market Research estimates the natural beauty market will reach \$22 billion by 2024 which assumes an 8-10% growth every year and with the value currently sitting around 11 billion, analysts are expecting the value to double in these next years toward 2024.

Luxury Cosmetic Sales

L'Oréal cosmetics, one of the seven market leaders in the cosmetic industry, studied that the luxury cosmetics market has shown consistent growth to the growth of the high-income class. The luxury cosmetics market currently represents 23% of the beauty market and 40% of the worldwide cosmetics market growth. Luxury cosmetics have outperformed the total cosmetics market for the past four years. It is estimated that the high-income classes will have the fastest growth in the next 15 years and is expected to reach 330 million people by 2030. This will encourage luxury cosmetic expenditure looking into the future.

Competition

Aubrie Ann Cosmetics plans to be a luxury cosmetic company using natural ingredients. While there are many luxury cosmetic companies, few use natural ingredients, and many are heavily fragranced. Looking at the competition, it is fair to split it up from three different angles: reputation, ingredients, price point.

Reputation

Many luxury cosmetic lines are created from already well-known brands such as Marc Jacobs, Yves Saint Laurent, Giorgio Armani, and Chanel. Since these brands hold the already fashion designer name, consumers are willing to pay the price premium without any excessive promotion and marketing of the products. Highly reputable celebrity makeup artists, such as Natasha Denona and Charlotte Tilbury, have created luxury lines as well. Due to their expertise

in the field, consumers are trusting of the quality of the products without having to be lured in through aggressive marketing tactics

Ingredients

Consumers have been increasingly concerned with the ingredients being put into all products including cosmetics. Many "skincare" companies come out with makeup lines becoming a reputable skincare brand. Companies like Clinique, Juice Beauty and La Mer have come out with makeup lines after developing themselves as successful skin care brands and were able to inherently market their makeup products as good for the skin with great ingredients. Natural ingredients have not always been a priority for cosmetics for consumers, so not many developed brands started their companies off of this foundation. Mineral makeup has been a fad for a while with Bare Minerals being the most infamous. This mineral makeup is supposed to be good for the skin with such natural ingredients that sleeping in the makeup should leave consumers guilt free. While mineral makeup companies can build a natural ingredient reputation without the need of a skincare line, consumers get bored with mineral makeup, and it does not have the variety that other cosmetic lines have. With consumers now requesting natural products, many new high-end cosmetic companies have come to the scene. In recent years, Sephora has created a "Clean Beauty" page where any product listed on the page is free of sulfates SLS and SLES, parabens, formaldehyde, phthalates, mineral oil, retinyl palmitate, oxybenzone, coal tar, hydroquinone, triclosan, and triclocarban as well as little fragrances (Sephora). In short, all of these ingredients are commonly used in the majority of cosmetic products and are harmful to the skin. Successful companies like Tatcha, Bite Beauty and Josie Maran were able to rise rapidly towards success due to being put on this list and creating cosmetics solely out of natural ingredients.

Price Point

Luxury cosmetic price points can range anywhere from \$20-\$120 for a single product. Even the wealthiest would be hesitant to spend \$120 on a La Mer foundation, so the key is branding towards luxury without too hefty of a price point. Companies like Hourglass, Becca, and NARS provide sleek packaging, high fashion campaigns, and tasteful, classic product names without having unrealistic pricing. Other companies like Too Faced and Tarte have younger, colorful packaging and lines that appeal more to teens. These brands have to orbit their prices closer to \$20-\$30 since the audience they are catering towards is a younger crowd. Aubrie Ann Cosmetics will model their lines packaging and classic taste closer to Hourglass, Becca, and NARS to hold a larger customer base while charging a higher price point.

Chapter 7

Execution

Marketing and Sales

Marketing Plan

Aubrie Ann cosmetics will be positioned as a luxury natural makeup company. Due to the accessibility of social media, Aubrie Ann Cosmetics will use this medium to reach the audience. Aubrie Ann Cosmetics will create a Facebook page, Twitter and Instagram promoting the brand and expressing the values through these mediums. Companies such as Bali Body, Glossier, and Milk makeup all were able to find success solely through online mediums and the visibility these social medium platforms provide. Instagram will not only give Aubrie Ann Cosmetics consumer attention but also provide a way to enhance the connectivity of retailer to consumer that social media offers. Aubrie Ann Cosmetics will also capitalize on social media by targeting successful social media influencers that have gained a strong following. Aubrie Ann cosmetics will provide samples of all products as well as discount codes to chosen influencers that will give them a 10% commission on any sale completed by using the code. This will provide the influencer an incentive to talk about the products and hopefully rack up sales from their viewers. Aubrie Ann Cosmetics will have an insta-store, which will allow followers to see photos of the cosmetics and automatically be directed to the website to purchase the product. The site will have live chats, interactive quizzes, and discussion boards to allow customers to find the products that are perfect for them through collaboration.

Sales Plan

Aubrie Ann Cosmetics will not have a physical store but will initially make sales solely through e-commerce. Transactions will be executed through social media promotion, influencer sponsorships, as well as pop-up events throughout popular cities. These pop-up events will take place over a week where consumers can come, try out the products in person in a very casual and social setting. Glossier, a cosmetic company that has found success through social media promotion and exclusive online sales, throws various pop-up shops throughout the year in popular cities such as Chicago, New York, and Los Angeles. These pop-up shops not only display their products but offer drinks, snacks and a welcoming atmosphere that makes the consumer feel they're more at a social gathering than a store. Aubrie Ann Cosmetics wants the online community to expand to the pop-up shops and give the same social and welcoming atmosphere that Glossier displays. Glossier is known as the "fastest growing millennial company" and surpassed \$100 million in revenue in 2018 from mostly online sales. (Business of Fashion) Aubrie Ann Cosmetics plans to emulate Glossiers' business strategy with the strong influencer promotion, the cult consumer following and the social community built around the brand.

Operations

Aubrie Ann Cosmetics will use a private label organic cosmetic manufacturer to handle all formulation of the products. Private labeling is an effective way to make the brand unique while increasing profit margins. Private labeling requires the retailer to have a greater involvement in the production and branding of the product created. Private labeling is more

popular for retailers who sell primarily online and need their brand to stand out. Private labeling means a product is manufactured and supplied by a separate company than from the retailer. Many times the products are wholesaled, and it is up to the retailer to brand and market the product to fit. This will allow Aubrie Ann Cosmetics to focus on the branding and marketing of the product without having to worry about quality control and ingredient formulation. Private label cosmetic companies are pre-FDA approved and will save Aubrie Ann Cosmetics from having to spend time and money on getting ingredients and formulas tested and approved before reaching the public. Radial Cosmetics is a private label manufacturer that creates products for high-end cosmetic lines formed with natural and organic ingredients. Aubrie Ann Cosmetics will use radical cosmetic for the formulation of all products in the line. Aubrie Ann Cosmetics puts an emphasis on marketing and in such, packaging of the products. Aubrie Ann Cosmetics will use Kendo Holdings Inc. to package the products. Kendo Holdings has manufactured for classic luxury cosmetics such as Marc Jacobs, Bite Beauty, and Kat Von D, all of which have become iconic for their packaging. With a robust organic formula and sleek packaging, Aubrie Ann Cosmetics will be able to create an attractive line of products with low costs and a high-profit margin.

E-commerce

Aubrie Scully will handle all online promotion through social media and will build the website to execute the online sales. Aubrie Scully will reach out to all influencers through social media, send out PR packages to Youtubers to review, and organize pop-up shops in chosen cities. Aubrie Ann Cosmetics will use GoDaddy to build the website for the brand. With a significant focus on online sales, it is crucial that Aubrie Ann Cosmetics executes the website,

social media and pop-up shops to perfection and these three aspects will be the most considerable focus of the in-house operations.

Exit Plan

As mentioned previously, seven companies currently own 182 brands. The exit strategy that Aubrie Ann Cosmetics considers is after building the brand, selling the company to one of these market leaders. Mergers and acquisitions have become increasingly common in the past five years, and currently, the top three companies account for at least 45% of the market. Being acquired gives exposure to consumers, innovation, distribution channels, and new markets. It allows smaller companies to get access to the benefits that large companies receive. Looking at the numbers, the enterprise value growth rate of buyers is 26% higher for companies that were acquired and had an EBITDA that was 1.4 times that of un-acquired companies. (WWD). It Cosmetics, a high-end cosmetic brand was acquired in 2016 by L'Oréal, a \$26 billion powerhouse, for \$1.2 billion. In 2015, owner Toni Ko, sold her company, NYX cosmetics, for over \$500 million for L'Oréal to take over. After building a company, Aubrie Ann Cosmetics plans to sell the brand to one of the seven powerhouses similar to how the majority of cosmetic companies have done in the past. To build the brand, Aubrie Ann Cosmetics plans to get involved in the Sephora Accelerate program. This program puts entrepreneurs through a weeklong boot camp and matches the start-ups with mentors to help aid in building the company and create a solid business model. The last day of the program gives the start-ups the opportunity to get in front of investors and buyers to help kick start the company. This program will not only give Aubrie Ann Cosmetics the needed capital from investors but also the

connection with Sephora so that Aubrie Ann Cosmetics once developed, can be sold at Sephora as well. Having Aubrie Ann Cosmetics sold at Sephora will give exposure to the consumers that shop at Sephora's 2,300 stores throughout 33 countries as well as their strong online presence. (Sephora) Sephora also appeals to the millennial customer base that Aubrie Ann Cosmetics is after and about 74% of Sephora shoppers are millennials. (Forbes). With the help of Sephora to build the company, Aubrie Ann Cosmetics will feel confident the company will be acquired by one of the seven powerhouses within five-ten years of operating.

Chapter 8

Conclusion

Financial Plan and Analysis

Funding

Aubrie Ann cosmetics plans to use a diversified group of funding resources to start up the company. To receive a goal of \$30,000 in investor funding, Aubrie Ann Cosmetics plans to go through the Sephora Accelerate Program. This program allows entrepreneurs to go through an intensive one month program with a weeklong boot camp to help build a thorough business plan and make creating a cosmetic company feasible. At the end of the program, members are given the opportunity to present their proposed business in front of sharks who will decide whether to invest in the company or not. This will not only give Aubrie Ann Cosmetics the opportunity to receive investor funding but also build the connection with Sephora, to eventually get our line in Sephora's doors. The founder of Aubrie Ann Cosmetics has put aside \$20,000 to put towards starting up the company from their savings. Aubrie Ann Cosmetics plans to generate extra capital through the Kickstarter program. This program allows entrepreneurs in the creative industry to create projects on their platform and receive financial support through this online community. This platform is very similar to any other social media platform that encourages collaboration and interaction, while also showing through support by donating money. Currently, 14.5 million people have supported projects financially on the site, and 4.68 million people have supported more than one project through the site. (Kickstarter.com) Aubrie Ann Cosmetics is taking a conservative estimate by projecting a \$12,000 gain if 0.8% of the 14.5

million people were to donate \$10 each to support this venture. With social media influence and a high presence on the site, Aubrie Ann Cosmetics is confident that even more money can be raised. The idea of Aubrie Ann Cosmetics has been about four years in the making and has strong support from family and friends. Aubrie Ann Cosmetics plans to receive \$50,000 from close supporters to help build up the company.

Startup Costs

Aubrie Ann Cosmetics will first pay a \$750 incorporation fee to start the business in the United States. The initial insurance, permits, and license should be budgeting to equate to \$5,000. Since the company will initially start online, a website launch is essential which will be \$700.(Profitable Venture) Aubrie Cosmetics will be outsourcing all production as well as shipment and storage of products, so everything for the supply chain will be handled by a third party. After taking into account preparation, storage and shipping costs, Aubrie Ann Cosmetics plans to allocate \$25,000 to third-party fulfillment costs. Aubrie Ann Cosmetics will use a private label manufacturer to create our wholesome organic products. The lower cost of using a private label manufacturer will help offset the price premium of creating clean products. On average it costs \$5,000 to make one cosmetic product under the minimum order requirements. (Chemists Corner) Aubrie Ann Cosmetics will initially only come out with three different products depending on sales but would like to have \$50,000 in product development funding to hedge against any product recall risk or if sales exceed expectations, the ability to produce more products. Lastly, Aubrie Ann Cosmetics will allocate \$10,000 in miscellaneous costs such as any extra supplies, transportation and some startup costs that can go towards the pop-up shops.

With these funding sources and startup costs in mind, Aubrie Ann Cosmetics should end up with a surplus of \$20.5 K as a cushion for starting the company.

Startup Costs

Table 1: Startup Funding and Costs

Funding	
Investor Funding	\$30,000.00
Bootstrapping	\$20,000.00
Kickstarter proceeds	\$12,000.00
Family and Friends	\$50,000.00
Total Funding	\$112,000.00
Costs	
Incorporation Fee	\$750.00
Insurance, Permits, and License	\$5,000.00
Website Launch	\$700.00
Third Party Fulfillment	\$25,000.00
Product Development	\$50,000.00
Misc.	\$10,000.00
Total Costs	\$91,450.00
Surplus/(Deficit)	\$20,550.00

Year One Income Statement

Aubrie Ann Cosmetics realizes the difficulty in predicted sales numbers when entering such a mature market. Aubrie Ann Cosmetics has formed income statements and break-even analysis charts using scenario analysis: best, base and worst case. Aubrie Ann Cosmetics plans to target men and women from the ages of 18-24. TABS Analytics conducted a U.S. cosmetics study and found that this age group are the most active buyers of beauty products and account for 47% of all frequent buyers. According to the U.S. Census Bureau, there are 75.9 million people in this age group in the U.S. According to Statista, 31.49% of this age group purchased

cosmetics in 2018. Aubrie Ann Cosmetics decided a good sales percentage would be to reach 8% of the 31.49% of people who bought cosmetics. This would amount to approximately 1.9 million people. As a base sales percentage, Aubrie Ann Cosmetics would be comfortable with 5% which would amount to 1.2 million people. Lastly, in worst case scenario, Aubrie Ann Cosmetics would hope to get 2% of the 31.49% of people who purchased cosmetics last year, to purchase Aubrie Ann Cosmetics, which would amount to 480K people. Aubrie Ann Cosmetics created the income statement and break-even analysis off of the assumption that the company will sell three products: an eyeshadow palette, a foundation, and a lipstick. Aubrie Ann Cosmetics took 23 companies that have the quality and image that Aubrie Ann Cosmetics plans to emulate and took the average of what they priced these products at. The average price of a luxury eyeshadow palette should be priced at \$65, a foundation should be priced at \$46, and a lipstick should be priced at \$24.

The revenue breakdown by product is displayed in Appendix A. When looking at the cost of revenue, Aubrie Ann Cosmetics plans to outsource everything from the creation of the product, order filling, to the customer receiving the package at their doorstep. The CEO of Stowaway cosmetics, Julie Fredrickson, revealed the average costs to make her high-end beauty products. Just the formulation in mind, it costs \$4.08 per unit to make an eyeshadow palette, \$1.50 to make a lipstick, and \$1.43 to make a foundation. (Racked) With a focus on packaging and labeling of the product, an additional \$1 per unit will be added on to the cost to produce. Lastly, to incorporate third-party fulfillment, Aubrie Ann Cosmetics will pay a premium of \$3 per unit to make sure products are sent out timely, and the customer is always kept informed. These estimates were taken from the higher cost levels that the Chemists Corner produced. In total, the cost to make an eyeshadow palette comes to \$8.08, a lipstick will cost \$5.50, and a

foundation will cost \$5.43 per unit. The cost of revenue per product with the different sales numbers is in the appendix, assuming the total sales number is split evenly amount each product. One-third of the sales number will go towards each product to contribute to the total cost of revenue. The total cost of revenue per unit for the three products is \$19.01 which consists of the formulation, packaging and all third party fulfillment of the three different products. Since Aubrie Ann Cosmetics is starting the formulation with Private Label Manufacturing, there will be no research and development costs. Any research and development will be aimed towards social media, reviews, and platforms like YouTube to receive feedback that is free of charge. Aubrie Ann Cosmetics to generate initial sales mainly from influencer collaborations and predicts 50% of sales in the first year will come from influencer sales. Aubrie Ann Cosmetics will offer 20% to every sale made through an influencer code to encourage influencer marketing and drive up sales. Aubrie Ann Cosmetics will consist of the owner and creative mind behind the company as well as one other person to help with marketing and technology such as website upkeep which will amount to a salary of \$30,000 per year. According to VOX, high profile influencers with 1 million followers can make up to \$10,000 per sponsored post, and micro-influencers generally charge around \$250 per post. For the first year, Aubrie Ann Cosmetics plans to carefully allocate \$15,000 towards influencer sponsorships. Aubrie Ann Cosmetics will do most of the marketing on free social media platforms as well as use services such as Instagram Payment to encourage sales through these platforms. With that said, Aubrie Cosmetics will still need a website and plans to spend \$700 a year or \$58 per month for the Shopify website. (Website tool tester) Aubrie Ann Cosmetics will also need to maintain the insurance, permit and license annual costs of \$5,000. Looking at the operating net income, in

2020 Aubrie Ann Cosmetics can expect to make a maximum of \$148,897,407.37 and a minimum of \$16,476,805.50 in the first year of operations.

Growth/Change in Income Statement for Years 2 and 3

After the first year, Aubrie Cosmetics projects a 20% increase in sales due to influencer and social media marketing. By year two Aubrie Ann Cosmetics plans to allocate \$30,000 towards research and development to develop an innovative and unique reformulation for the products. Aubrie Ann Cosmetics plans to allocate slightly less towards influencer commission and more towards sponsorship posts and trips for influencers. These sponsorships require more capital than commissions, and after year one Aubrie Ann Cosmetics will have a sufficient amount of capital to put towards these ventures. After year two, Aubrie Ann Cosmetics expects sales to level out slightly and only increase by 10% and will, in turn, spend \$60,000 towards research and development to develop completely new products and bring up sales in the next few years. Aubrie Ann Cosmetics will spend more on influencer commission and sponsorships to keep the beauty community talking about the company and slightly lower the salary as the website duties will not be as intense once social media has taken over.

Net Present Value Analysis:

No matter what the sales are, this project will require an initial outflow of \$91,450.00. Currently, 20-year junk bonds yield 6.7%, and since Aubrie Ann Cosmetics is an even riskier investment, the discount rate chosen was 9%. After doing an NPV analysis, with the initial outflow of \$91,450.00 and assuming a 9% discount rate, Aubrie Ann Cosmetics will be profitable in every scenario.

Table 2: Best Case Income Statement

Best Case	2020	2021	2022
Income statement			
Sales			
Eye Shadow Palette Sales	\$ 124,284,732.00	\$ 149,141,678.40	\$ 164,055,846.24
Foundation Sales	\$ 87,955,348.80	\$ 105,546,418.56	\$ 116,101,060.42
Lipstick Sales	\$ 45,889,747.20	\$ 55,067,696.64	\$ 60,574,466.30
Total Revenue	\$ 258,129,828.00	\$ 309,755,793.60	\$ 340,731,372.96
Cost of Revenue	\$ 36,348,503.93	\$ 43,618,204.71	\$ 47,980,025.18
Gross Profit	\$ 221,781,324.07	\$ 266,137,588.89	\$ 292,751,347.78
Operating Expenses			
Research and Development	\$ -	\$ 30,000.00	\$ 60,000.00
Sales and Marketing			
Influencer Commission	\$ 25,812,982.80	\$ 20,650,386.24	\$ 24,780,463.49
Salaries	\$ 30,000.00	\$ 24,000.00	\$ 20,000.00
Sponsorships	\$ 15,000.00	\$ 20,000.00	\$ 25,000.00
General and Administrative			
Website	\$ 700.00	\$ 700.00	\$ 700.00
Insurance, permit and license	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Total Expenses	\$ 25,863,682.80	\$ 20,730,086.24	\$ 24,891,163.49
Net income before taxes	\$ 195,917,641.27	\$ 245,407,502.65	\$ 267,860,184.29
income taxes	\$ 47,020,233.91	\$ 58,897,800.64	\$ 64,286,444.23
Net Operating Income	\$ 148,897,407.37	\$ 186,509,702.01	\$ 203,573,740.06

Table 3: Best Case NPV

Years and Cash Flows			
0	1	2	3
\$ (91,450.00)	\$ 148,897,407.37	\$ 186,509,702.01	\$ 203,573,740.06

Rate	9%
Initial Cash Outflow	\$ (91,450.00)
NPV	\$ 413,476,550.28

Table 4: Base Case Income Statement

Base Case	2020	2021	2022
Income statement			
Sales			
Eye Shadow Palette Sales	\$ 77,677,957.50	\$ 93,213,549.00	\$ 102,534,903.90
Foundation Sales	\$ 54,972,093.00	\$ 65,966,511.60	\$ 72,563,162.76
Lipstick Sales	\$ 28,681,092.00	\$ 34,417,310.40	\$ 37,859,041.44
Total Revenue	\$ 161,331,142.50	\$ 193,597,371.00	\$ 212,957,108.10
Cost of Revenue	\$ 36,348,503.93	\$ 43,618,204.71	\$ 47,980,025.18
Gross Profit	\$ 124,982,638.57	\$ 149,979,166.29	\$ 164,977,082.92
Operating Expenses			
Research and Development	\$ -	\$ 30,000.00	\$ 60,000.00
Sales and Marketing			
Influencer Commission	\$ 16,133,114.25	\$ 12,906,491.40	\$ 15,487,789.68
Salaries	\$ 30,000.00	\$ 24,000.00	\$ 20,000.00
Sponsorships	\$ 15,000.00	\$ 20,000.00	\$ 25,000.00
General and Administrative			
Website	\$ 700.00	\$ 700.00	\$ 700.00
Insurance, permit and license	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Total Expenses	\$ 16,183,814.25	\$ 12,986,191.40	\$ 15,598,489.68
Net income before taxes	\$ 108,798,824.32	\$ 136,992,974.89	\$ 149,378,593.24
income taxes	\$ 26,111,717.84	\$ 32,878,313.97	\$ 35,850,862.38
Net Operating Income	\$ 82,687,106.48	\$ 104,114,660.91	\$ 113,527,730.86

Table 5: Base Case NPV

Years and Cash Flows			
0	1	2	3
\$ (91,450.00)	\$ 82,687,106.48	\$ 104,114,660.91	\$ 113,527,730.86

Rate	9%
Initial Cash Outflow	\$ (91,450.00)
NPV	\$ 230,333,712.03

Table 6: Worst Case Income Statement

Worst Case	2020	2021	2022
Income statement			
Sales			
Eye Shadow Palette Sales	\$ 31,071,183.00	\$ 37,285,419.60	\$ 41,013,961.56
Foundation Sales	\$ 21,988,837.20	\$ 26,386,604.64	\$ 29,025,265.10
Lipstick Sales	\$ 11,472,436.80	\$ 13,766,924.16	\$ 15,143,616.58
Total Revenue	\$ 64,532,457.00	\$ 77,438,948.40	\$ 85,182,843.24
Cost of Revenue	\$ 36,348,503.93	\$ 43,618,204.71	\$ 47,980,025.18
Gross Profit	\$ 28,183,953.07	\$ 33,820,743.69	\$ 37,202,818.06
Operating Expenses			
Research and Development	\$ -	\$ 30,000.00	\$ 60,000.00
Sales and Marketing			
Influencer Commission	\$ 6,453,245.70	\$ 5,162,596.56	\$ 6,195,115.87
Salaries	\$ 30,000.00	\$ 24,000.00	\$ 20,000.00
Sponsorships	\$ 15,000.00	\$ 20,000.00	\$ 25,000.00
General and Administrative			
Website	\$ 700.00	\$ 700.00	\$ 700.00
Insurance, permit and license	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Total Expenses	\$ 6,503,945.70	\$ 5,242,296.56	\$ 6,305,815.87
Net income before taxes	\$ 21,680,007.37	\$ 28,578,447.13	\$ 30,897,002.18
income taxes	\$ 5,203,201.77	\$ 6,858,827.31	\$ 7,415,280.52
Net Operating Income	\$ 16,476,805.60	\$ 21,719,619.82	\$ 23,481,721.66

Table 7: Worst Case NPV

Years and Cash Flows			
0	1	2	3
\$ (91,450.00)	\$ 16,476,805.60	\$ 21,719,619.82	\$ 23,481,721.66

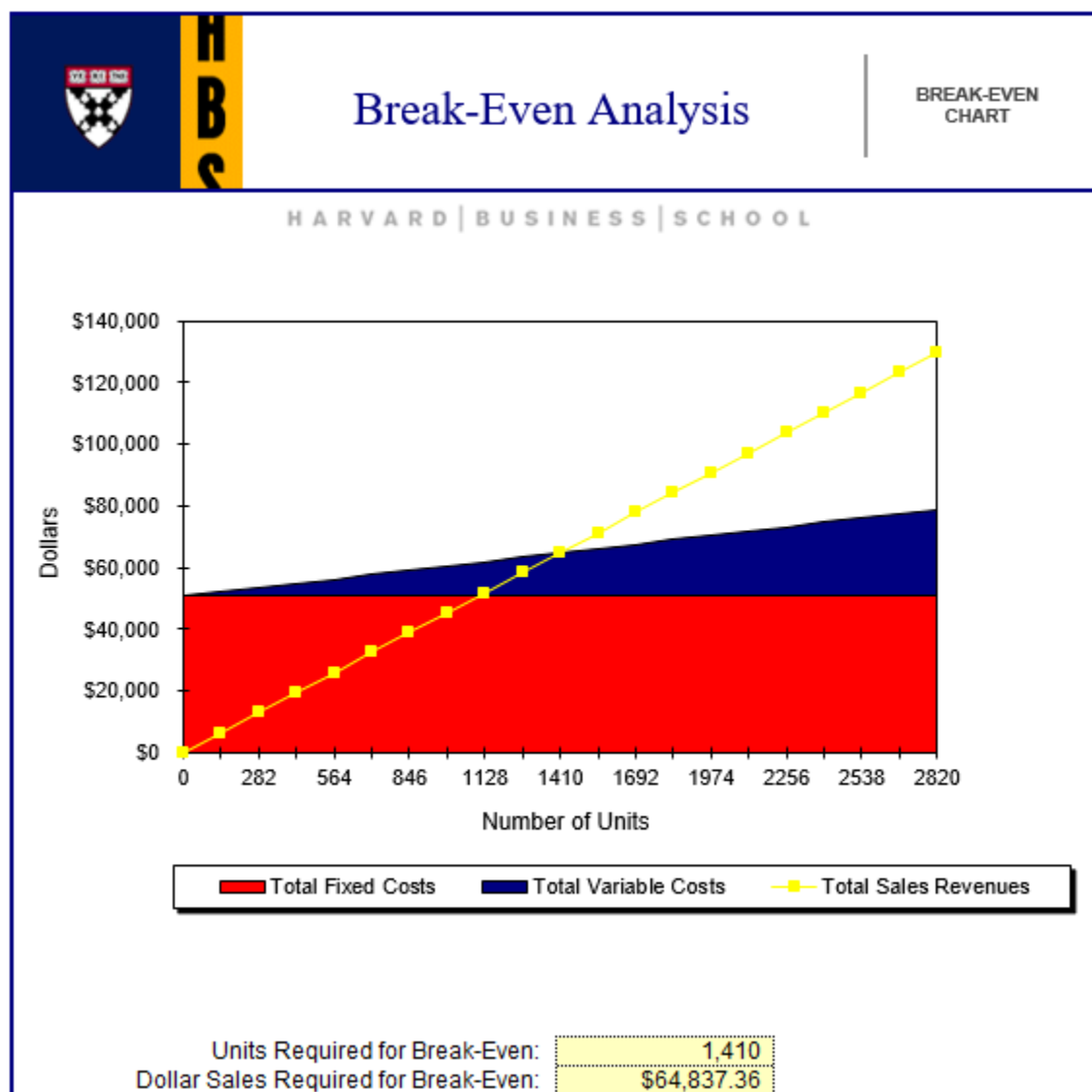
Rate	9%
Initial Cash Outflow	\$ (91,450.00)
NPV	\$ 47,190,873.79

Break-Even Analysis

Aubrie Ann Cosmetics conducted a break-even analysis to analyze what sales numbers are needed to reach the break-even point. Aubrie Ann Cosmetics separated the breakeven based off of each product sold: Foundation, Lipstick and Eyeshadow Palette. No matter which product

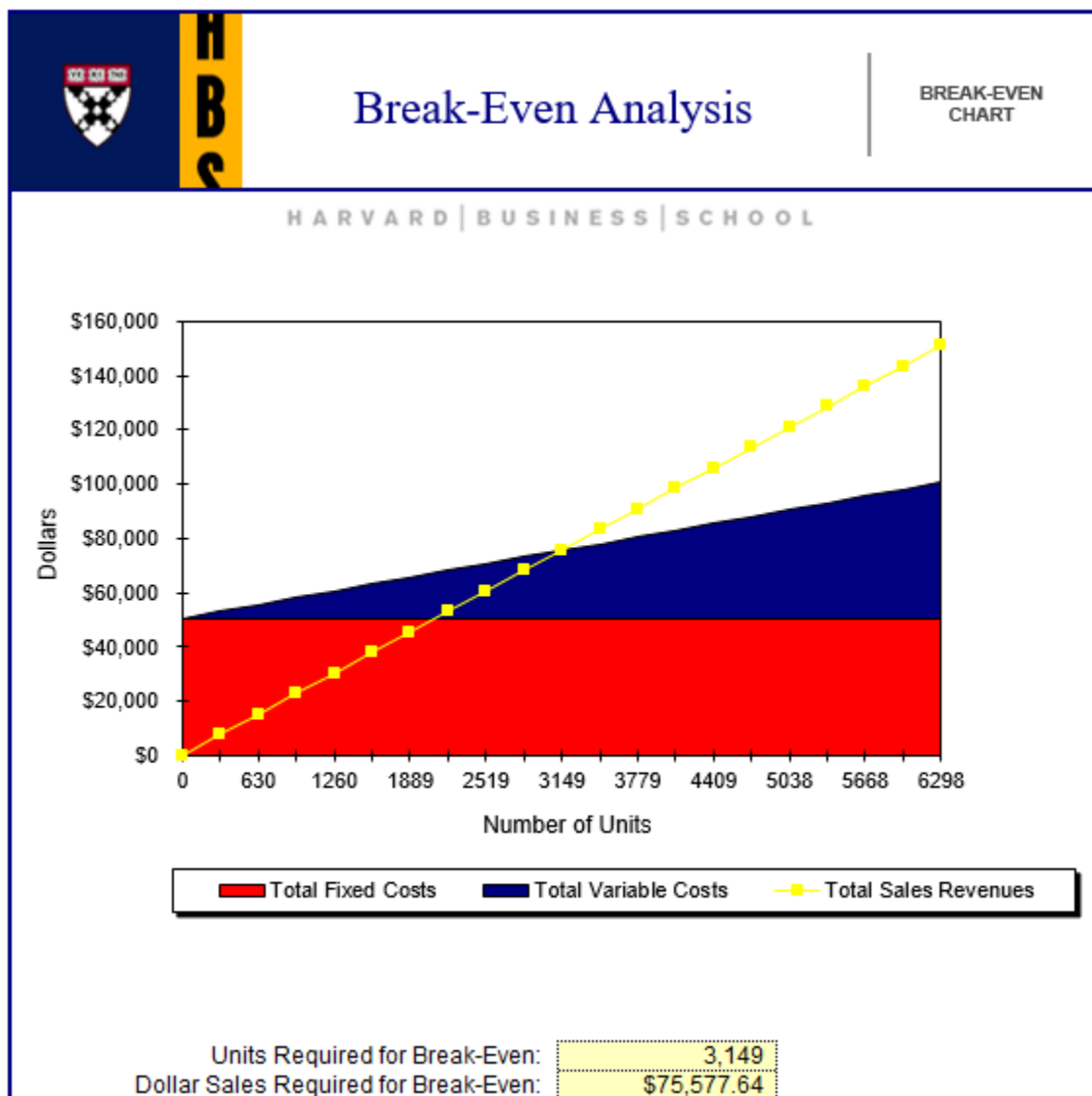
is sold, the same overhead fixed costs for year one will remain the same at \$50,700 for the salary, website, insurance, permits, and license. The variable costs for each product include the formulation, packaging, third-party fulfillment and influencer commission. The influencer commission per unit was calculated by taking 20% of the price of the product then 50% of that, assuming 50% of sales are from influencer commission. It will cost \$2.40 per lipstick, \$4.60 per foundation and \$6.50 per eyeshadow palette in influencer commission. With that said there is a fixed cost of \$50,700 no matter which product is made and then the variable cost to make a foundation in total is \$5.43 for formulation packaging and third-party fulfillment plus \$4.60 in influencer commission for a total of \$10.03. The variable cost to make a lipstick is \$5.50 for formulation, packaging and third-party fulfillment plus \$2.40 for influencer commission for a total of \$7.90. Lastly, the variable cost to make an eyeshadow palette is \$8.08 for formulation, packaging and third-party fulfillment, plus \$6.50 for influencer commission for a total cost of \$14.58. Below are the charts for the break-even analysis split up by product. Even in the worst case sales scenario that Aubrie Ann Cosmetics used to form the income statement, the break-even units required are heavily surpassed for each product, leaving Aubrie Ann Cosmetics even more confident that this business can be profitable. Since the fixed costs apply to all products, Aubrie Ann Cosmetics also did a break-even analysis with the sum of the variable costs for each product as well as the sum of each unit price to get a more holistic break-even analysis.

Figure 1: Foundation Break-Even Analysis



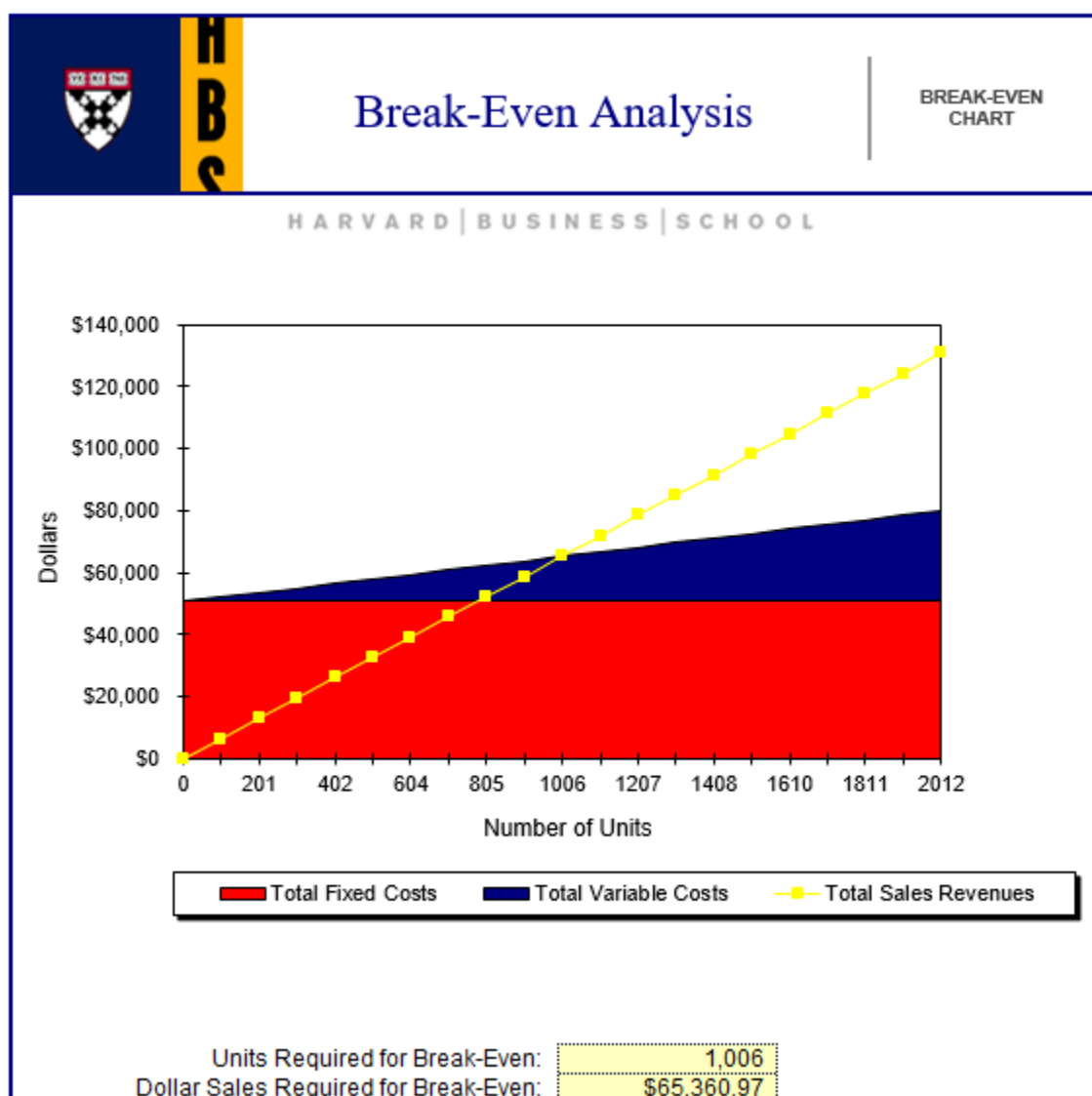
With a fixed cost of \$50,700 and a variable cost of \$10.08, a foundation priced at \$46 would need to sell 1,410 units to break-even.

Figure 2: Lipstick Break-even analysis



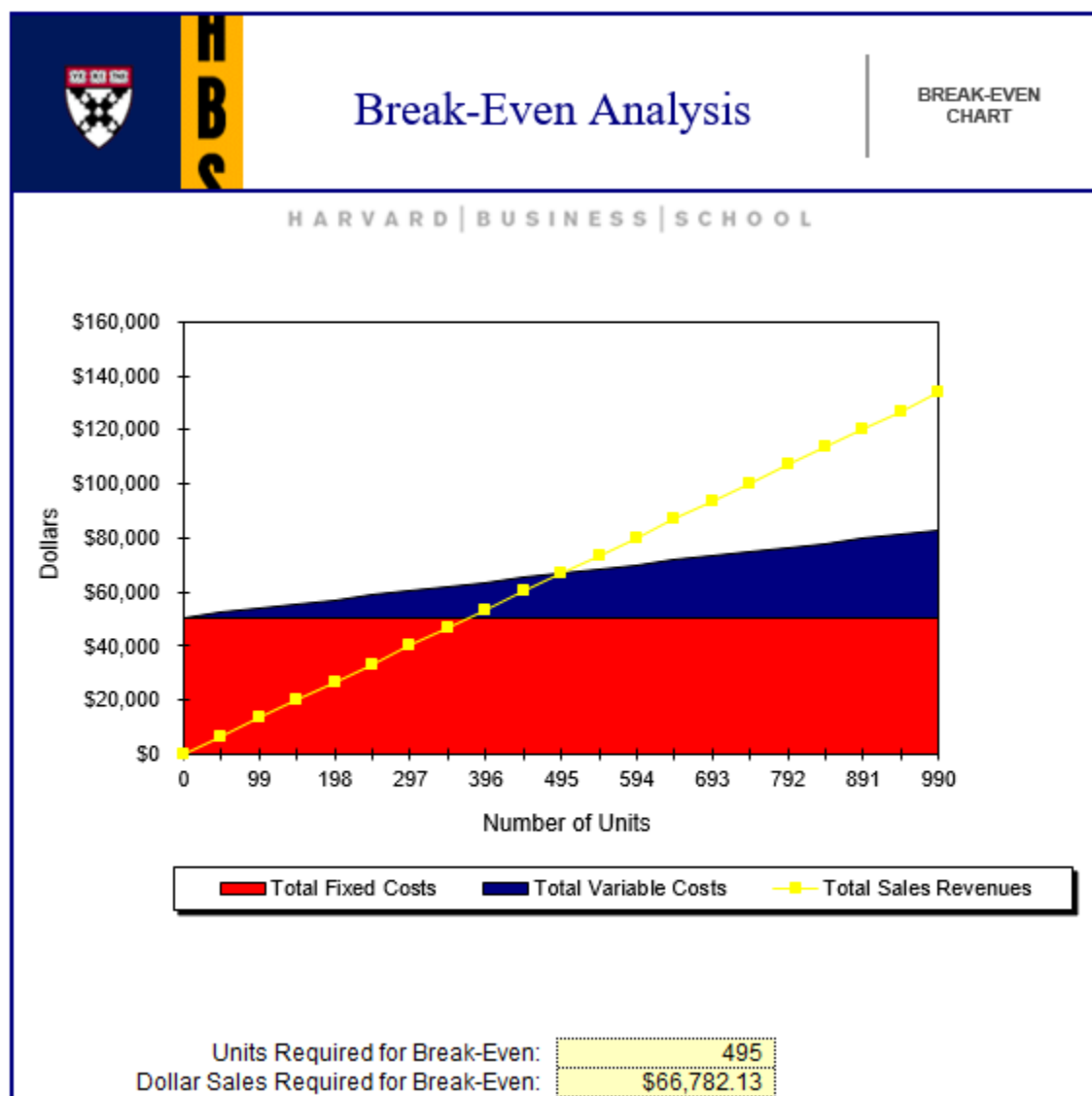
With a fixed cost of \$50,700 and a variable cost per unit of \$7.90, a lipstick priced at \$24 would need to sell 3,149 units to break-even.

Figure 3: Eyeshadow Break-Even Analysis



With a fixed cost of \$50,700 and a variable cost of \$14.58, an eyeshadow palette priced at \$65 would need to sell 1,006 units to break-even.

Figure 4: Total Break-Even Analysis



Assumes all three products are sold using a variable price per unit of \$32.51 which includes the product formulation, packaging and third-party fulfillment for all three products as well as the influencer commission. The unit price used is the combination of all three products for \$135. If all three products are accounted for, Aubrie Ann Cosmetics would need to sell 495 units of each product to break-even.

In conclusion, due to the price premium that Aubrie Ann Cosmetics will see these products at, as well as the relatively cheap marketing technique through social media, Aubrie Ann Cosmetics is confident that within the first three years of production, the company can be highly profitable. Aubrie Ann Cosmetics will make decisions based on sales quarter to quarter but ultimately plans to sell the company off to one of the big seven companies and allow these powerhouses to take Aubrie Ann Cosmetics global.

Appendix A

Definitions of clean, organic and natural cosmetics:

Clean beauty: “Clean Beauty is defined byproducts that are mindfully created and produced without any proven or suspected toxic ingredients. Clean beauty products include ingredients ethically sourced and are made with the health of our bodies and the environment in mind” -The Clean Beauty Box

Organic cosmetics: “created from ingredients which have been certified organic by one of the numerous certifying institutions that operate worldwide. An organic ingredient (or natural ingredient) is formally an ingredient which has been harvested without the use of synthetic chemical compounds.” –
DECN

Natural cosmetics: “A product consisting of natural substances of botanical, mineral or animal origin, exclusively obtained through physical, microbiological or enzymatic methods, with certain exceptions for fragrances and preservatives.” –International Law Office

Scenario analysis sales and revenue is broken down by product

Good Sales	8%	1912072.8
Base Sales	5%	1195045.5
Bad Sales	2%	478018.2

Eyeshadow Cost	\$65.00
Good Revenue	\$124,284,732.00
Base Revenue	\$77,677,957.50
Bad Revenue	\$31,071,183.00

Lipstick Cost	\$24.00
Good Revenue	\$45,889,747.20
Base Revenue	\$28,681,092.00
Bad Revenue	\$11,472,436.80

Foundation Cost	\$46.00
Good Revenue	\$87,955,348.80
Base Revenue	\$54,972,093.00
Bad Revenue	\$21,988,837.20

Total Cost of Goods Sold by Product

Packaging Cost per Unit	\$1.00
Third Party Fulfillment Costs per unit	\$3.00
Eyeshadow Palette Formulation Cost	\$4.08
Lipstick Formulation Cost	\$1.50
Foundation Formulation Cost	\$1.43
Eyeshadow Palette Cost Per Unit	\$8.08
Lipstick Cost Per Unit	\$5.50
Foundation Cost Per Unit	\$5.43
 Eyeshadow Palette Cost of Revenue	 \$8.08
Good Sales	\$5,149,849.41
Base Sales	\$3,218,655.88
Bad Sales	\$1,287,462.35
 Lipstick Cost of Revenue	 \$5.50
Good Sales	\$3,505,466.80
Base Sales	\$2,190,916.75
Bad Sales	\$876,366.70
 Foundation Cost of Revenue	 \$5.43
Good Sales	\$3,460,851.77
Base Sales	\$2,163,032.36
Bad Sales	\$865,212.94
 Total Cost of Revenue	 \$19.01
Good Sales	\$36,348,503.93
Base Sales	\$22,717,814.96
Bad Sales	\$9,087,125.98

Influencer Commission Break Down

Influencer % Sales of Total Sales Estimate	50%
Influencer Commission per Sales	20%
Lipstick Price	\$24
Foundation Price	\$46
Eyeshadow Palette Price	\$65
Influencer Commission per Lipstick	\$2.40
Influencer Commission per Foundation	\$4.60
Influencer Commission per Eyeshadow Palette	\$6.50

Price derivation for initial products

Lipstick Brand	Price
Huda Beauty	\$20
Tom Ford	\$36
Guerlain	\$33
Kat Von D	\$20
Yves Saint Laurent	\$25
Marc Jacobs Beauty	\$32
NARS	\$20
Fenty Beauty	\$24
Charlotte Tilbury	\$34
Bite Beauty	\$24
Sephora Collection	\$14
Too Faced	\$21
Clinique	\$19
Lancome	\$26
Hourglass	\$36
Milk Makeup	\$24
Urban Decay	\$19
Stila	\$22
Becca	\$24
Tarte	\$16
Bobbi Brown	\$26
Smashbox	\$24
Anastasia Beverly Hills	\$21
Average Price	\$24

Foundation Brand	Price
Fenty Beauty	\$34
Estee Lauder	\$42
Make Up For Ever	\$43
IT Cosmetics	\$39
Giorgio Armani Beauty	\$64
Too Faced	\$39
Lancome	\$47
Laura Mercier	\$46
NARS	\$49
DIOR	\$62
Huda Beauty	\$40
Urban Decay	\$40
Kosas	\$42
Hourglass	\$46
Yves Saint Laurent	\$54
Marc Jacobs	\$55
Laneige	\$38
Bobbi Brown	\$50
Amorepacific	\$60
Clinique	\$39
Benefit Cosmetics	\$34
Milk Makeup	\$40
Ilia	\$54
Average Price	\$46

Eyeshadow Palette Brand	Price
Huda Beauty	\$65
Natasha Denona	\$129
Too Faced	\$59
Urban Decay	\$54
Anasatasia Beverly Hills	\$45
Label	\$39
NARS	\$59
Tom Ford	\$88
Dior	\$62
Marc Jacobs	\$50
Pat McGrath Labs	\$125
Make Up For Ever	\$45
Fenty Beauty	\$54
Charlotte Tilbury	\$75
Viscart	\$80
Sephora Collection	\$68
Violet Voss	\$75
Laura Mercier	\$55
Ciate London	\$42
Bobbi Brown	\$59
Kat Von D	\$39
Aether Beauty	\$58
Kevyn Aucoin	\$65
Average Price	\$65

Limited Edition Line



BIBLIOGRAPHY

“Accelerate.” *Sephora Stands*, 2019, [www.s](http://www.sephorastands.com/accelerate/)

sephorastands.com/accelerate/.

“Beauty, Cosmetics and Fragrance Industry.” *IBIS World*, 2018,

clients1.ibisworld.com/reports/us/bed/default.aspx?bedid=89.

“Clean Beauty Products.” *Sephora*, 2019, www.sephora.com/clean-beauty-products.

“Cosmetic and Beauty Products Manufacturing Industry.” *IBIS World*, 2019,

clients1.ibisworld.com/reports/us/bed/default.aspx?bedid=89.

“Cosmetics and Fragrance Industry.” *Mergent Intellect*,

www.mergentintellect.com/index.php/search/companyIndustry/6811461.

Delventhal, Shoshanna. “Study Shows Surge in Demand for 'Natural' Products.” *Investopedia*,

Investopedia, 12 Mar. 2019, www.investopedia.com/articles/investing/022217/study-shows-surge-demand-natural-products.asp.

“Global Organic Beauty Market to Reach \$22bn by 2024.” *Formula Botanica*, 15 July 2016,

formulabotanica.com/global-organic-beauty-market-22bn-2024/.

“Glossier Hits \$100 Million in Sales and Takes Aim at Big Beauty.” *The Business of Fashion*, 10

Dec. 2018, www.businessoffashion.com/articles/beauty/glossier-hits-100-million-in-sales-and-takes-aim-at-big-beauty.

“Innovative Beauty Brand Incubator.” *Kendo Brands*, 2019, kendobrand.com/.

Kickstarter. “Total Dollars Pledged.” *Kickstarter*, PBC, 2019, www.kickstarter.com/help/stats.

- Kinonen, Sarah. "Survey: Millennials Want Cleaner Beauty Products." *Allure*, Allure, 26 May 2017, www.allure.com/story/millennial-women-green-beauty.
- Lim, Amanda. "Beauty Products among US Goods Affected by Tariffs as China Strikes Back in Trade War." *Cosmeticsdesign*, William Reed Business Media Ltd., 14 Aug. 2018, www.cosmeticsdesign-europe.com/Article/2018/08/14/Beauty-products-among-US-goods-affected-by-tariffs-as-China-strikes-back-in-trade-war.
- Loeb, Walter. "Sephora: Department Stores Cannot Stop Its Global Growth." *Forbes*, Forbes Magazine, 11 July 2013, www.forbes.com/sites/walterloeb/2013/04/18/sephora-department-stores-cannot-stop-its-global-growth/#2c871de82e81.
- "L'Oréal 2017: Cosmetics Market." *L'Oréal*, 2017, www.loreal-finance.com/en/annual-report-2017/cosmetics-market.
- "Organic Cosmetic Manufacturing Industry." *Mergent First Research*, 2018, mergent.firstresearch.com/industry_detail.aspx?pid=294&chapter=2.
- Patton, Valarie. "What Are the Startup Costs for a Cosmetic Business?" *Chemists Corner*, 2018, chemistscorner.com/what-are-the-startup-costs-for-a-cosmetic-business/.
- Pinggera, Armin. "Shopify Pricing Plans 2019: Which Plan Should I Pick?" *WebsiteToolTester*, 20 Feb. 2019, www.websitetooltester.com/en/reviews/shopify/pricing/.
- "Private Label." *Radical Cosmetics*, 2019, www.radicalcosmetics.com/private-label.
- "Purchase of Cosmetics/Perfumes in the U.S. by Age 2018 | Statistic." *Statista*, 2019, www.statista.com/statistics/231406/people-who-bought-cosmetics-in-the-last-12-months-usa/.

Raphael, Rina. “What's Driving The Billion-Dollar Natural Beauty Movement?” *Fast Company*, Fast Company, 15 Oct. 2017, www.fastcompany.com/3068710/whats-driving-the-billion-dollar-natural-beauty-movement.

Raphael, Rina. “What's Driving The Billion-Dollar Natural Beauty Movement?” *Fast Company*, Fast Company, 15 Oct. 2017, www.fastcompany.com/3068710/whats-driving-the-billion-dollar-natural-beauty-movement.

“Starting a Makeup Line – How Much Does It Cost?” *ProfitableVenture*, 2018, www.profitableventure.com/cost-start-a-makeup-line/.

“TABS Analytics Second Annual U.S. Cosmetics Study.” *TABS Analytics*, 2018, cdn2.hubspot.net/hubfs/544043/2015_Cosmetics_Campaign/2015_Cosmetics_Study/study/TABS_Analytics_Second__Annual_U.S._Cosmetics_Study.pdf.

“U.S. Census Bureau QuickFacts: UNITED STATES.” *Census Bureau QuickFacts*, 2018, www.census.gov/quickfacts/fact/table/US/PST045217.

“What Is Organic Beauty?” *Soil Association*, 2019, www.soilassociation.org/organic-living/beauty-wellbeing/what-is-organic-beauty/.

Wischhover, Cheryl. “It Costs \$2.50 to Make Lipstick - Here's Why You're Charged So Much More.” *Racked*, Racked, 30 May 2018, www.racked.com/2018/5/30/17392668/beauty-product-pricing-stowaway-cosmetics.

Wischhover, Cheryl. “The ‘Natural’ Beauty Industry Is on the Rise Because We're Scared of Chemicals.” *Vox*, Vox, 18 Sept. 2018, www.vox.com/the-goods/2018/9/18/17866150/natural-clean-beauty-products-feinstein-cosmetics-bill-fda.

Zackiewicz, Arthur. "Think Tank: The Inevitability of M&A in the Beauty Industry." *WWD*, WWD, 15 Feb. 2017, wwd.com/business-news/business-features/a-t-kearney-think-tank-beauty-industry-10803193/.

ACADEMIC VITA

Aubrie A. Scully

Aks5754@psu.edu | 860.539.3601

EDUCATION

The Pennsylvania State University, Schreyer Honors College **University Park, PA**
Smeal College of Business | Bachelor of Science in Finance *Class of May 2019*
Minor: Management Information Systems

WORK EXPERIENCE

Synchrony Financial **Stamford, CT**
FP&A HQ Intern *June 2018-August 2018*

- HQ FP&A quarter close processes
- Recorded monthly sales, interchange and network fee data for all partners
- Documented a competitor yield analysis

Synchrony Financial **Stamford, CT**
FP&A Risk Intern *June 2017-August 2017*

- Analyzed key competitor credit and asset quality metrics
- Forecasted Synchrony's charge off and delinquencies

Penn State Investment Association **University Park, PA**
Analyst, Consumer Discretionary Sector *August 2015-Present*

- Observe stock trends and financial markets to assist lead analysts in investment decisions
- Collaborate with members within sector to develop financial and interviewing skills

OLAB (Opportunity to Learn About Business) **Crawfordsville, IN**
Scholarship Participant, Wabash University *July 2014*

- Chosen as one of 67 students countrywide
- Ran mock business while learning about all sectors of business and the market
- Used finance, accounting, marketing and negotiation with lawyers to build business

Shoreline Arts Alliance **Guilford, CT**
Primary Intern *Jun 2013-2015*

- Raised \$5,000 for the non-profit company through individual donations
- Raised money to profit the event Shakespeare on the Shoreline
- Negotiated with various food companies to help supply concession stand at a low price
- Organized summer camp for children interested in pursuing music and theater

ACTIVITIES

Smeal School of Business **University Park, PA**
Management Information Systems Association *Aug 2017-Present*

- Explore and share Information Technology and Management career opportunities as well as examine the exponential growth in the technological environment

Alpha Phi Sorority Gamma Rho Chapter **University Park, PA**
Active Member *Sep 2015- Present*

- On stats team for recruitment, consolidate ratings and descriptions
- Handle the financials including dues and events that require financial backing