# Sally Beauty Supply

SITUATION ANALYSIS
GOALS AND AUDIENCE
POSITIONING & KEY
MESSAGES
STRATEGIES AND TACTICS
MEASUREMENT
AND EVALUATION



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Sally Beauty Holdings, Inc. has dominated the beauty supply industry with a long history of over 50 years. Operating under two segments, Sally Beauty Supply and Beauty Systems Group, it is the largest distributor of beauty supplies in the U.S. based on store count, and continues to grow in the United States as well as overseas.

As a leader of the beauty industry, Sally Beauty Supply offers hair dye, hair supplies, makeup and other professional-grade beauty essentials to women who value their appearance and desire to look beautiful.

However, despite Sally's successes, the beauty industry is highly competitive. Sally's must differentiate itself from other specialty beauty supply stores and market its vast product selection, expertise and value in order to bring new customers through their doors in this ever evolving environment.

To achieve this goal, we will research and analyze the current situation, define attainable goals, develop effective strategies and implementable tactics, and then execute our plan to position Sally Beauty Holdings, Inc. in the forefront of the beauty supply consumers' minds.

# **Background**

Sally Beauty Holdings, Inc. is an international specialty retailer and distributor of professional beauty supplies with revenues of \$3.3 billion and net earning of \$214 million. The company operates primarily through two business segments, Sally Beauty Supply and Beauty Systems Group (BSG), and is the largest distributor of professional beauty supplies in the United States based on store count.

Through the Sally Beauty Supply and Beauty Systems Group businesses, the company sells and distributes to more than 4,000 stores, including approximately 200 franchised units, throughout the United States, the United Kingdom, Belgium, Canada, Chile, Puerto Rico, Mexico, France, Ireland, Spain and Germany.

Sally Beauty Supply stores offer more than 6,000 products for hair, skin and nails through professional lines such as Clairol, L'Oreal, Wella and Conair, as well as an extensive selection of proprietary merchandise. Beauty Systems Group stores, branded as CosmoProf or Armstrong McCall stores, along with its outside sales consultants, sell up to 9,800 professionally branded products targeted exclusively for professional and salon use and resale to their customers including Paul Mitchell, Wella, Sebastian, Goldwell, and TIGI.

## **Operation Segments**

### Sally Beauty Supply (SBS) (Business to Consumer)

An open-line and exclusive-label beauty products retailer offering professional beauty products to both retail consumers and salon professionals

- o Began operations with a single store in New Orleans in 1964
- o 3,158 stores worldwide
- o 2,550 in U.S. and Puerto Rico
- o Annual Sales of \$2.0 billion; gross profit margin of 54%
- o Average store size 1,700 square feet
- o Comprehensive product assortment—5,000 to 8,000 SKU's

### **Beauty Systems Group (BSG) (Business to Business)**

A leading full-service beauty products distributor offering professional beauty products exclusively to professional stylists and salons for use and resale to their resale

- o 1,151 stores in North America
- o 995 Company-operated
- o 156 Franchise
- o 1,116 distributor sales consultants
- o Annual sales of \$1.3 billion; gross profit margin of 40%
- o Average store size 2,700 square feet
- o Broad selection of third-party brand products 5,000 to 10,000 barcode
- o Diversified mix of professional beauty products not available in retail

# **Industry/Markets**

Sally Beauty Holdings is one of the leaders of the beauty supply industry, providing women with products and knowledge to maintain their looks and feel good about themselves. However, it is not the only industry that fulfills the needs of consumers to feel beautiful. Others industry that fulfill this need are the health and fitness industries, cosmetic surgery industry, and the fashion industry. Sallys is differentiated in the sense that it fulfills the needs of consumers looking for the best quality hair products at a decent, affordable price. Also, unlike Sally Beauty, most of these do not fulfill the needs of professional salon owners. There is a bright future for the beauty industry because the desire for beauty will always need to be fulfilled. The success of Sallys is a matter of whether or not the brand can compete with a more diversified market and continue to dominate the hair care industry. Currently, Sallys is the dominant force; we have implemented a number of ways to measure the success in our Measurements and Evaluation, which can be found at the end of the plan.

The market's potential of what can be bought and sold in the industry is limited only to the evolution of the beauty industry and the fast-pace changes in beauty and hair trends. Just like the fashion industry, beauty trends come and go, and in order for Sally's to remain the dominant professional hair

care supplier, we must recognize the value of these trends. With this knowledge, Sally's could have a huge advantage over competitors in marketing towards a younger audience. Also, synonymous with our research, also found later in the plan, we can assume that women will increase their usage of hair dyes and hair restorations with age, making older audiences an equally important focus.

#### **Product Purchases in the Market**

This is a breakdown of the reference market based on the 2010 hair product usage from *Mediamark Reporter\**.

- 1. Hair Styling Gels, Lotions & Mousse
  - A) Women 18-34
  - B) HHI: \$40,000-\$49,999
  - C) Watches: Lifetime and Lifetime Movie Network
  - D) Reads : People and Better Homes and Gardens
- 2. Hair Care Products (in general)
  - A) Women 18-49
  - B) Users of the Weight Watchers Website
  - C) Watches: Lifetime
  - D) Reads:People and Vogue,
- 3. Hair Dye (At Home)
  - A) Women 25-54
  - B) Watch Hallmark Channel
- 3. Read Brides Guide, Woman's Day

#### **SWOT**

The SWOT is made up of a company's strengths, weaknesses, opportunities, and threats. This is important to see where we're lacking and how we can improve.

### **Strengths**

Strong Financial Results in Fiscal 2011. In fiscal 2011, our consolidated net sales grew 12.1% to \$3.3 billion, driven by strong performance in both our business segments. Con solidated same store sales grew 6.1% compared to 4.6% in fiscal 2010. Gross profit margin was 48.8% (expansion of 60 basis points) and net earnings finished the year at \$213.7 million, growth of 48.6%.

<sup>\*</sup>Aspects of a reference market must have at least a 120 index

### Strengths (Continued)

We increased our store base by 6.2% or 250 stores, for a total store count of 4,309. Organic store openings contributed 4.1% to our store count and acquisitions added another 2.1%.

We now operate 3,575 stores in the United States and Puerto Rico. Outside of the United States and Puerto Rico, we operate 734 stores in nine countries: Canada, Mexico, United Kingdom, Ireland, Belgium, France, Germany, Spain and Chile. In fiscal year 2012, we believe we can achieve organic store growth of 4% to 5%.

An important component of sales consultants' compensation is sales commissions. BSG's commission system is designed to drive sales and focus consultants on selling products that are best suited to individual salons and salon professionals. We believe our emphasis on recruitment, training, and sales-based compensation results in a sales force that distinguishes itself from other full-service/exclusive-channel distributors. The program is designed to develop product knowledge as well as techniques on how best to serve salon professionals.

In addition to selling professional beauty products, these sales consultants offer in-salon training for professionals and owners in areas such as new styles, techniques and business practices.

#### Weaknesses

Sallys may be unable to anticipate changes in consumer preferences and buying trends or manage our product lines and inventory commensurate with consumer demand.

Sallys comparable store sales and quarterly financial performance may fluctuate for a variety of reasons.

Sallys depends upon manufacturers who may be unable to provide products of adequate quality or who may be unwilling to continue to supply products to us.

Sallys internet-based business may be unsuccessful or may cause internal channel conflict.

Sallys is are a holding company with no operations of our own, and we depend on our subsidiaries for cash.

### **Opportunities**

Make global investments in key regions to expand our international footprint.

Increase Sales Productivity of Our Stores

**Expand Our Store Base** 

Grow Internationally

Increase Operating Efficiency and Profitability

Target a younger market to create long-term loyalty (once switching to Sally Beauty Supply, customers become loyal)

Marketing the vast range of products that Sally Beauty Supply offers rather than just hair products

Social Media Marketing with beauty product reviews and tutorials (videos)

The average woman in the United States spends \$12,000 to \$15,000 every year on beauty maintenance

Approximately 50% of US women begin dying their hair by the time they're 25-years-old

Customers usually come in the store during their lunch hour or after work between the hours of 5-6 pm.

Other heavy times of the year are holiday seasons and after income tax season.

#### **Threats**

High level of competition. Sally Beauty Supply competes with other domestic and international beauty product wholesale and retail outlets, including local and regional open-line beauty supply stores, professional-only beauty supply stores, salons, mass merchandisers, drug stores and supermarkets, as well as sellers on the internet and salons retailing hair care items. BSG competes with other domestic and international beauty product wholesale and retail suppliers and manufacturers selling professional beauty products directly to salons and individual salon professionals. We also face competition from authorized and unauthorized retailers and internet sites offering professional salon-only products.

### **Threats (Continued)**

The increasing availability of unauthorized professional salon products in large format retail stores such as drug stores, grocery stores and others could also have a negative impact on our business.

A downturn in the economy, especially for an extended period of time, could adversely impact consumer demand of discretionary items such as beauty products and salon services, particularly affecting our electrical products category and our full-service sales business. In addition, higher freight costs resulting from increases in the cost of fuel, especially for an extended period of time, may impact our expenses at levels that we cannot pass through to our customers. These factors could have a material adverse effect on our business, financial condition and results of operations.

The convenience of one-stop shopping; Sallys is a specialty store. Other competitors that offer more than just beauty products all in one place make it difficult to compete with them for the convenience factor.

# **Marketing Communications**

Sally Beauty Supply's marketing program is designed to promote its extensive selection of brand name products at competitive prices. The current program focuses on multi-page, color flyers high-lighting promotional products. Separate flyers are created and tailored to Sally Beauty Supply(SBS) retail customers and salon professionals. These fliers, which are available in SBS stores, are also mailed to loyalty program customers and salon professionals on a monthly basis and directed through e-mail.

Sally Beauty Supply is slowly trying to adapt marketing and merchandising ambitions in order to expand market share and keep up with the competitive market.

The customer loyalty and marketing programs allow Sally Beauty Supply to collect point-of-sale customer data and increase our understanding of customers' needs. The Sally "Beauty Club" is the loyalty program for non-professional customers. The members are eligible to receive special discounts on almost every non-sale items after paying a nominal annual fee. Members also receive special Beauty Club e-mail newsletters and exclusive direct mail fliers that provide coupons on certain items on sale during an allocated time. Also, the "ProCard" is a marketing programs for salon professionals. Procard members receive discounts on all beauty products within the store. The loyalty programs vary outside of the U.S. and Canada.

# **Current Positioning**

Based on primary data during interviews, all have heard of Sally Beauty Supply but see it as a store that caters toward hair care professionals. The most common association with Sally's is hair, be it

hair care products, dyes, etc. This perception, though relative, only represents a portion of the products sold. Consumers do not tend to think of their other products when weighing where to buy other items such as make-up or cosmetics in general. Also, when interviewed, the only brand our focus groups were aware that Sally carried was Chi, one of their many lines. Women also said that they were more likely to purchase products from specialty stores like Sally, however normally end up purchasing at places of convenience such as Target or Walmart because of brand awareness (see Competitors, below). Interviewees were also not aware of the high quality of the products carried at Sally, as well as their great pricing.

# **Current Ad Campaigns**

Through the current marketing efforts, Sally reached an additional 21 million consumers and expanded their relationship with existing customers. The Sally "Beauty Club" is a loyalty program for customers who are not salon professionals. Beauty Club members, after paying a nominal annual fee, are eligible to receive a special, discounted price on almost every non-sale item. Members are also eligible to receive special Beauty Club e-mail newsletters and exclusive direct mail flyers that contain additional savings, beauty tips, new product information and coupons. In addition, the "ProCard" is a marketing program for licensed salon professionals. ProCard members are eligible to receive discounts on all beauty products sold at Sally Beauty Supply stores. Beauty Club Card memberships increased to almost six million and now represent over 44% of their retail sales. The average sale for a Beauty Club Card customer remains consistently higher and the member shops more often than a non-Beauty Club Card member.

Though Sally does say that it adapts marketing and merchandising initiatives in an effort to expand its market reach or to respond to changing consumer preferences, not much has been done recently that proves this point. We intend to focus in on expanding their marketing communications campaign to more than just coupons, flyers, and Beauty Club holders. The perception of Sally needs to be changed through branding and promotion, and this issue will be addressed at a later time in the complete IMC plan.

# **Competitors**

Sally Beauty Supply's main competitors include Ulta, Trade Secret, Sephora, Target, Walmart, Walgreens and CVS. Sally Beauty Supply specializes in beauty products but the competitors strengths include the convenience of place. Because Target and Walmart include beauty products as a sub-category with food and grocery within their store, the convenience factor puts them at an advantage. It is found that Ulta, Sephora and Trade Secret provides free online shipping with orders over \$50.

Listed on the next page are the competitors along with their claim and tagline:

## **Ulta- Beauty Destination: Your connection to the latest looks & news**

Consumer:

- 1. Affordability. Central location for popular brand name products with off-brand promotions. Free gift with purchase and buy 2 get 1 free are promotions customers can take advantage of.
  - 2. Loyalty Program. Customers rack up points within a year to receive discounts and special products.
- 3. Salon Experts. A beauty bar provides beauty experts to test products on customers before the buy.
  - 4. In-store Salon. Ulta provides hair-care and other beauty salon services.

Weakness: Stores are cramped and provide the same beauty supplies found in grocery and department stores.

### **Trade Secret- Real beauty/solutions**

Consumer:

- 1. Affordability. Over 75 percent off products.
- 2. Products. Celebrity endorsements on big brands and hair salon products.
- 3. Availability. Located in shopping malls and strip malls.
- 4. In-store Salon. Trade Secret provides hair-care services.

Weakness: Stores are limited.

# Sephora- The beauty authority

Consumer:

- 1. Luxurious experience. Sephora's environment draws consumers into the store.
- 2. Quality products. Products never go on sale, which, to the consumer, implies quality.
- 3. Interactive. The store has several "beauty experts" that will test the product on customers. The online site provides video that show step-by-step makeup procedures for customers to try at home.
- 4. Knowledge. All Sephora employees are required to go through several weeks of training camp. There is also a Sephora University where prospective salon experts can attend to become beauty professionals.
- 5. Availability. Stores are located in large malls and in select JCPenney stores. Weakness: High-prices may drive away a select demographic.

## **Supermarkets/Drugstores**

## (Target, Walmart, CVS Pharmacy, Walgreens, Kroger)

Consumer:

- 1. USP. Supermarkets/drugstores offer convenience of one stop shopping.
- 2. Price. Hair dye is more expensive because they provide all the items in the box.

# Goals and Audience

In order to create a strong IMC plan, the goals and audience need to be established early on. This section explains what we're going to do and who we're marketing toward.

# **Business Objectives**

- oTo increase sales by 3% among B2C
- o To increase the favorable opinion of our brand among women ages 16-30 in the continental United States.
- oTo increase the traffic of customers both in-store and online.

# **Marcom Objectives**

- o Create a positive outlook of our brand image as well as preference for beauty products among our target audience
  - o Raise awareness of the variability of products sold at Sally Beauty Supply (SBS) stores

# **Market Segments**

After identifying potential reference market (what need can Sally Beauty Supply fill), the strongest for our primary and secondary targets are:

- 1) Change physical appearance
- 2) Build confidence

### **Micro-Segmenting**

Our initial primary market was micro-segmented into the following groups:

### Not-a-child

- 16-18 year old females
- Prone to consistent rebellion
- · Friends define them more
- First Job
- Initial experimentation with appearance
- Big events: Prom, Homecoming, Graduation
- Dependent on Parents
- VALS segment: Strivers

### **Collegiate-flockers (Primary)**

- Have more independence 8-23 year old females
- More Freedom
   Personal identity searching
- Part-Time/Full Time work
- Decreased dependency on parents
- Internship/Job Hunting
- Big events: Inductions, Formals, Interviews and Graduation
- <\$30,000 personal income</li>
- · VALS segment: Strivers

# Goals and Audience

#### Real-world-trekkers

- 24-30 year old females
- Full time work/Graduate School
- Higher Income
- Increased professionalism
- Shop therapy
- Slight graying
- Big Events: Graduation, Promotions, Weddings, and Engagements
- \$30,000-\$50,000
- VALS Segment: Experiencers

## **Established Loyalists (Secondary)**

- 45-55 year old females
- · Residual stage of their careers
- Highest Income
- Noticeably gray hair
- Desire to retain their youth
- Willing to pay more for higher quality
- VALS Segment: Achievers

## PRIMARY TARGET

The primary target is where most of our focus will be. It is more difficult and more expensive to capture this segment. Despite the difficulty it is necessary to do this because we want to increase brand equity and longevity of the brand, and create long-term relationships with our consumers as they go through different life stages.

The Collegiate-Flockers would be the best primary target for several reasons. This is the age when experimentation with appearance occurs the most. Because they are more independent than their teenage counterparts, they assert their independence by expressing their outward appearance to reflect their identities. The collegiate-flockers have many reasons and events to alter their appearances such as maintenance, job interviews, engagements, and graduations. At this point in their lives, they are concerned with making big impressions, and are gradually trying to build their own identities.

### SECONDARY TARGET

The Established Loyalists are the secondary B2C target market. These women have demonstrated loyalty to SBH throughout the years and are experienced with coloring their hair. They have a greater need to maintain their image for their professional lifestyle without showing off their signs of aging. They color their hair more frequently and consistently to cover up grays and to feel young again. SBH has been their number one go-to for hair dye and beauty products for many years.

Our B2B clients are also a secondary target. This is made up of beauticians and stylists. We have already established ourselves in their minds and have retained market dominance in the beauty supply industry.

# Positioning and Key Messages

Positioning describes what we're going to say and how we're going to say it. This section outlines what we want our consumers to think about us.

# **Positioning**

Sally Beauty Supply carries an extended variety of high quality, salon grade products at a competitive price. With more than one thousand stores throughout North America, Sally's is both convenient and affordable, making it the store of choice for providing women with the tools and piece of mind they need to feel beautiful and confident.

## **Key Messages**

### **Salon Quality Products**

Sally's is the lead provider of high quality beauty products to salons, making them more desirable to consumers who want the same salon products in their everyday life.

### Variety of Products

With 5,000 to 10,000 different product SKUs available in-store, customers are given a wide selection of products to choose from, some of which are exclusively carried at Sally's. All our competitors essentially have all the same limited products as each other.

### Affordable pricing

The professional grade of Sally's products is equal to that of salons, yet the pricing is competitive with that of Target, Walmart, drug stores, and other similar retailers.

#### Convenience

With 1,151 stores in the United States, Sally's offers proximity and convenience to customers all over the nation and can be found in major metropolitan (New Orleans, LA-Population: 1,167,764) and suburban areas (Mission, TX-population: 77,058).

The importance of strategies and tactics in an integrated marketing communications (IMC) plan is that it serves as a plan of action for long term and short term periods to achieve goals set by a company. To tie in everything for our IMC plan, we decided to create the tagline "beauty never goes out of style" to correlate with our new ad campaign based on classic beauties throughout the years. The tagline adds a sense of timelessness which is part of our brand essence. Also it adds consistency of our target markets' perception of the Sally Beauty Supply Identity.

## Goal 1: Remain dominant in the beauty supply industry among B2B.

Strategy: Retain market share in beauty supply industry

Tactic: Reinforce and promote perception of high quality, customer service along with premiums, discounts, and additional perks.

Tactic 2: Provide B2B clients with a newsletter before the new campaign launch for B2C. It will explain the reasoning for the positioning change and let them know how this campaign will benefit them.

Tactic 3: Provide separate social media accounts for B2B clients in order to stay up-todate on the latest new products, prices and special offers that they can receive. There are no major changes in our communications with B2B because our current methods continue to work at an optimal level.

### Goal 2: Retain the current B2C market

Strategy: Remind the current market that it's the same store with the same quality, but with a face lift.

Tactic: premiums and discounts during income tax and holiday seasons.

Tactic 2: New Ad campaign(presented later in this section) solidifying our strategy in popular magazines of this target market.

# Goal 3: Capture the new B2C target segment

Strategy: Positioning Sally Beauty Supply as a trendy and up to date store offering high quality affordable products

Tactic 1: Revamp brand image with a new look for the company

Tactic 2: Launch an advertising campaign explaining the new look of the store and the theme of the campaign, "beauty never goes out of style"

Tactic 3: Incorporate new IMC plan in-store by hanging signs with the aisle sections that match the campaign(to retain consistency) ..

### The Ad Campaign

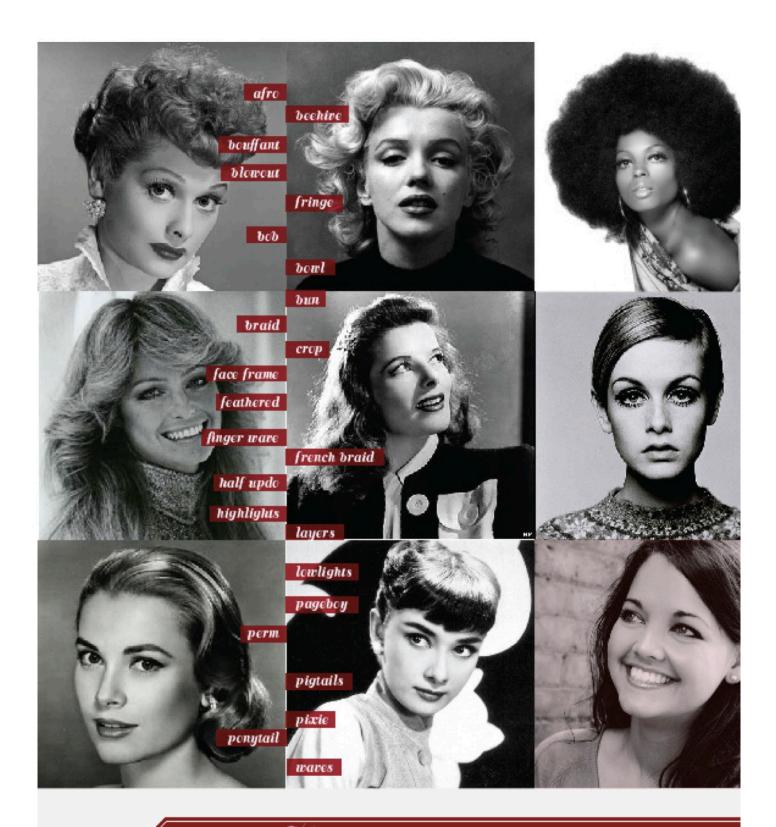
The IMC campaign spans through magazines, social media, the official website, search engine optimization, paid search, and promotional events.

# **Magazines**

These magazines have been selected because of their content and their Ad Interest/Rating (>25%). This is important to Sally Beauty Supply because it indicates approval and positive feelings toward the advertisements in these magazines. These magazine are also popular among our B2C targets.

The next two pages show two different examples of a full page color magazine ad for Sally Beauty Supply. The only difference is the color scheme. The red pays homage to the original logo with the awning and the light green is if Sally Beauty Supply wants to do something different.

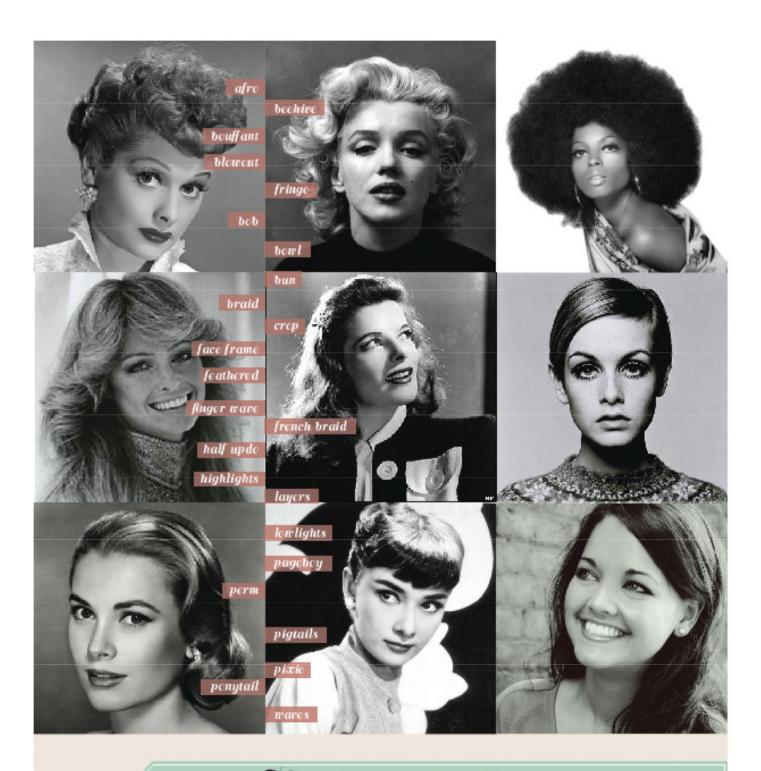
| Magazine                 | Total '000 | Proj 'ooo | Interest% |
|--------------------------|------------|-----------|-----------|
| O, The Oprah<br>Magazine | 13702      | 3724      | 27.2      |
| Cosmopolitan             | 15789      | 4953      | 31.4      |
| Bridal Guide             | 4296       | 1548      | 36        |
| Ebony                    | 6386       | 2839      | 44-5      |
| Glamour                  | 11500      | 3265      | 28.4      |
| In Style                 | 9848       | 2831      | 28.7      |
| Vogue                    | 10230      | 3586      | 35.1      |



# Trends are temperary

# But beauty never goes out of style.

From our first store to our first international opening, Sally Beauty Supply has been the leader in beauty needs for women all around the nation. We're still the same company you know and love. See how the same of store is focusing on making ourselves a better brand and kicking "classic" up a notch.



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### Social Media

Sally Beauty Supply has already established the following social media platforms: Facebook, Twitter, Youtube, Pinterest, and the official blog. Social media is a key component for free publicity, which is why it is crucial that they focus on this area. We also believe we will be able to capture new, younger audiences who use social media on a regular basis. We believe that Sally Beauty Supply can achieve positive results by utilizing their social media better. For example, we noticed that the majority of the content posted on Facebook, Twitter, and their blog remains consistent. It would be more beneficial to have a variety of content displayed on multiple platforms, allowing differentiation and increasing the likelihood that a customer will follow more than one platform. In order for this to be effective, we have laid out how they should run each social media site:

### **Facebook**

So far, Sally Beauty Supply has been able to attract more followers on Facebook than any other site. With over 118,000 'Likes', they are able to interact with a broad and diverse audience. They already utilize interaction in a positive way, with polls, sharing experiences, and more. However, we see an opportunity for them to explore this even more. One way to gather more publicity on Facebook would be to host a contest, advertised online as well as in store. The contest would be to submit your best hairstyle creation, and upload a picture of it on Facebook. (This would also extend well to Twitter.) The winner would receive a gift card to Sally Beauty Supply. This would not only increase traffic to the Facebook page, but also attract new followers, while creating a fun, community experience in which Sally Beauty Supply customers can all partake in.

#### **Twitter**

As mentioned before, Sally Beauty Supply's Twitter is too consistent with their Twitter. We want users to be subscribed to multiple platforms and have a different experience on each one. The contest mentioned earlier however, should be publicised on both platforms to increase more awareness. On a daily basis, we see Sally Beauty Supply interacting with Tweeters in response to both positive and negative feedback. We feel this is important to ensure that the users feel they are truly interacting with us online, and will make them more likely to become a loyal customer in store. In order to make their Tweets more interesting, we would suggest posting different content on Twitter from their Facebook. Tweets should be short blurbs for example: reminding customers of great offers and sales, posting a quick hair or makeup tip, commenting on a celebrity red carpet look, announcing the arrival of a new product, and posting pictures.

#### Youtube

We see Youtube as having the greatest potential for expansion and growth. Youtube has evolved to being the second most widely used search engine online. Sally Beauty Supply could take advantage of this by posting more videos on Youtube with step-by-step tutorials made for the professional stylist or just the everyday woman wanting to know, for example, how to put highlights in her own hair. Youtube should be consistent with the in-store promotional events going on. For example, during "Care for Your Hair," it should post videos consistent to the theme. They should also post their videos

to Facebook, therefore drawing their widest audience to their least popular platform, and increasing traffic.

### **Blog**

Right now, the Sally Beauty Supply Blog is the same content posted on Facebook and Twitter. We believe that the blog should shift its focus from short blurbs and photos to aligning with the content of Youtube. We think it would be effective to post Youtube videos on the blog of hair and makeup tutorials, and then elaborate more with text. For example, post a video explaining how to dye your hair, then supplement the blog with a list of products that are most effective, how much they are, and other helpful tips and tricks. The blog should be more detailed and drawn out than Facebook and Twitter, and does not need to be updated as frequently.

#### **Pinterest**

Because Pinterest is still a fairly new concept, we are not sure yet if it will be a successful tool for Sally Beauty Supply. We do think that there needs to be more Sally Beauty Supply products "pinned" on boards, so that those products can be shared amongst users.

## **Official Website**

The official website will include the improved logo and design for Sally Beauty Supply. With a classic and vintage look, the website will be easier to navigate and look less cluttered. It will include links to the official facebook, pinterest, and blog.

The next two pages will feature a new website design with the two proposed color schemes.

### Search

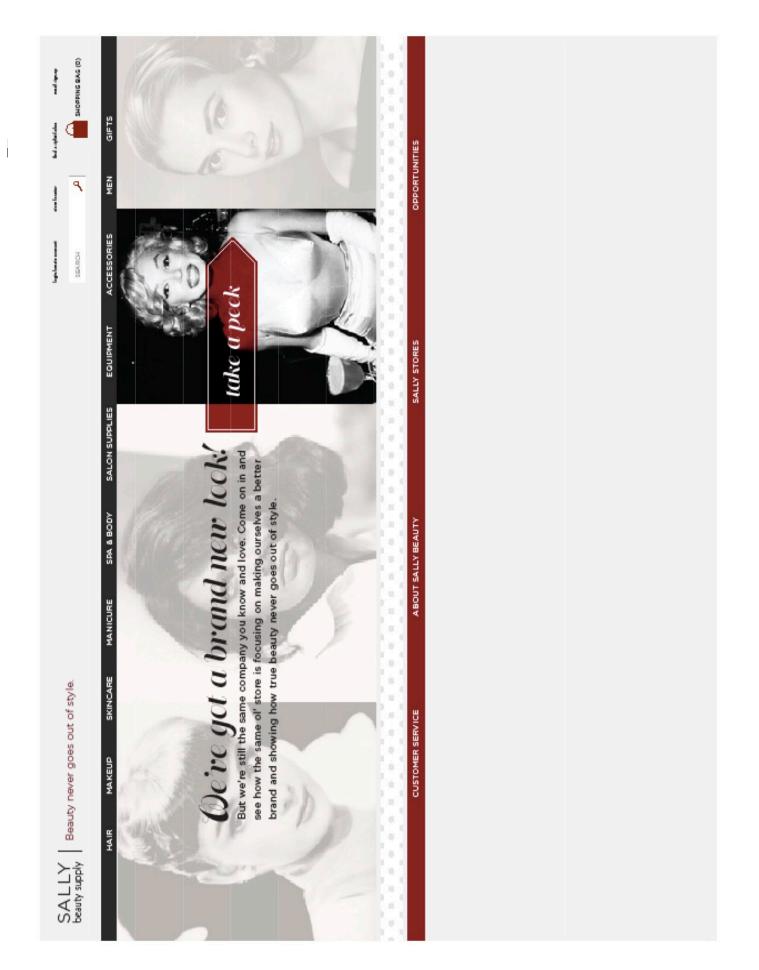
Search is a great tool to use for those familiar with the Sally Beauty Supply brand and for those who won't have Sally Beauty Supply in their initial consideration set.

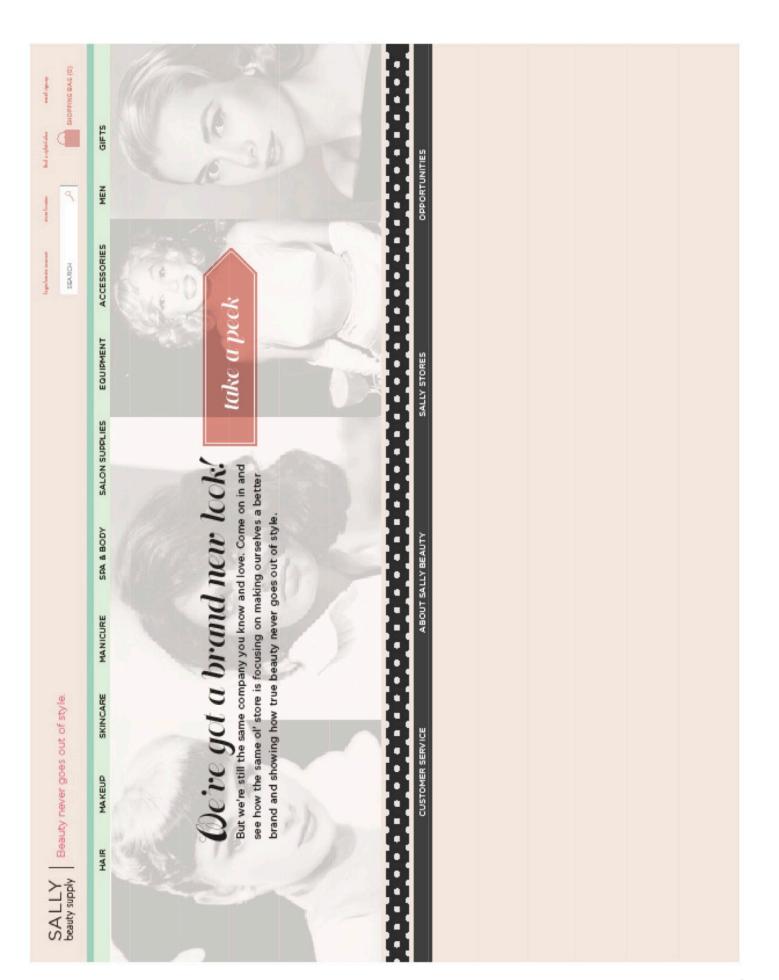
### **Organic Search**

Organic search depends on how relevant the information on a website is compared to an individual's search query. As of April 10, 2012, Sally Beauty Supply does not appear within the first five pages of Google search results when searching for 'high quality hair supplies', 'high quality hair products', and 'high quality hair tools'.

# **Search Engine Optimization**

SEO is affecting a site visibility in a search engine. This can be done by editing the content on the official websites social media websites, and local directories to make it more relevant to the search queries. What Sally Beauty Supply can do is edit the content on the blogs, websites, and product descriptions to include common search queries (as seen above). Also Sally Beauty Supply canprovide insentives for users who write a review on listing sites such as Google places or Yelp.





### **Paid Search**

Paid search is an internet advertising technique in which a business pays for the amount of times someone clicks on their sponsored ads on a search engine. The average paid search rate is \$1.50 per click. The benefit of using paid search is that it will increase the probability of the Sally Beauty Supply name to be seen by an individual. As stated early, Sally Beauty Supply didn't appear within the first five pages of a Google search results, nor on the paid search. The only time Sally Beauty Supply official website and/or blog appeared within the first page was if the query included the Sally Beauty Supply name. Here are optimal words word combinations to consider: Hair, New Look, Classic Beauty, revamp, style, change, image, beautiful hair, hair dye, and everyday woman.

### **Promotional Events**

Sally Beauty Supply has a great potential of attracting first-time buyers as well as increasing customer loyalty by promoting their great products and sales into events. We would promote the events in store, as well as on their website, social media platforms, and email newsletters sent to Beauty Club Card holders. We have strategically come up with several events that we believe would be effective:



#### **Care for Your Hair**

The Care for Your Hair event would consist of a two week period focussing on loving your locks. Sally Beauty Supply would advertise free hair consultations, product demonstrations, and free helpful tips in store. The event, as mentioned earlier would also be reinforced by a social media campaign, supplemented with videos and blogs about caring for your hair. During this time, Sally Beauty Supply should offer specials and discounts on top brand hair products. This event would be during the spring, conveniently falling around prom and wedding season.



### **Gift Season**

In the past, Sally Beauty Supply has not been a name that comes to mind when shopping for gifts around the holiday season. We believe we have a huge opportunity to be a gift seller during the holiday months, but in order to do that we must offer a catered product geared towards the gift-buyer. We feel it would be beneficial to offer gift sets, consisting of hair products, shampoos, beauty products, nail polishes, etc. A popular gift around the holidays is a trial size gift set, so that people can try different products and pick a favorite. One option would be to offer a set complete with different trial size versions of shampoos. The gift sets will be displayed separately at the front of the store. We believe this could draw more traffic in store, and has the potential for increasing units per transaction during the winter months.

#### **Tax-Free Weekend**

Since tax-free weekend has been successful in the past, we want to remind consumers as well as businesses that it is a great time to stock up on beauty gear. This promotion would be targeted mainly towards the business side, offering promotions for stocking up on bulk items.

### **Conclusion**

Sally Beauty Supply is a unique company catering to business and everyday consumers. They dominate the B2B beauty supply market, so only minor changes will be added to reinforce their current position. We don't want to lose our main target of consumers, but we want to capture a new segment. To achieve this we found a happy medium focusing on a new tagline "beauty never goes out of style" that spans through all aspects of our IMC plan.

# Measurement and Evalution

The three distinct strategies for Sally Beauty Supply include remaining the leading #1 leading beauty supplier in the industry, reminding the the current market it's the same store with the same quality with a facelift and positioning SBS to our new target as a trendy and up-to-date store that offers high quality hair products. The measurement and evaluation of our IMC plan is necessary to accurately measure success. The proposed means of evaluation for each goal below will be done exactly one year after the initial launch of our "Beauty Never Goes Out of Style" campaign.

### Goal #1: Remain dominant in the beauty supply industry among B2B

Strategy: To remain the #1 leading beauty supplier in the industry.

Measurement

Quantitative: 0-3% sales increase in the last fiscal year.

Qualitative: Present our B2B clients with surveys quarterly to gauge opinion

and customer service.

### Goal #2: Enhance the current experience of the B2C market

Strategy: Remind the current market that it's the same store with the same quality, but with a face lift.

Measurement

Quantitative: 0-3% sales increase in revenue after the implementation of the IMC plan. Qualitative: Use the same focus group and interview format used in the beginning of the situational analysis to build a perceptual map and measure top of mind awareness.

### Goal #3: Capture the new B2C target segment

Strategy: Positioning Sally Beauty Supply as a trendy and up to date store offering high quality affordable products.

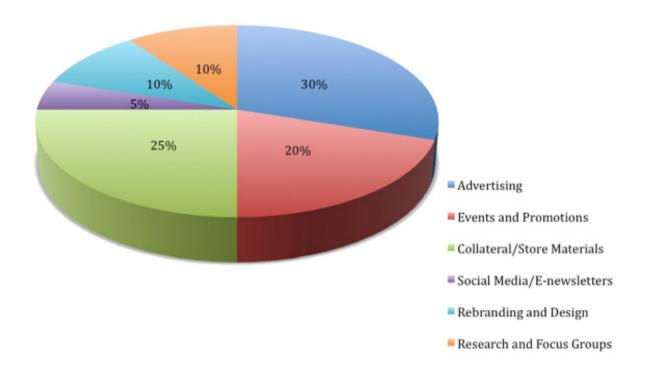
Measurement

Quantitative: Increase sales revenue 0-3% among our new target segment before the implementation of the IMC plan.

Qualitative: Use the same focus group and interview format used in the beginning of the situational analysis to build a perceptual map and measure top of mind awareness.

All promo events will incorporate the new branding and imagery associated with the campaign, serving as a "soft launch" before the actual campaign is fully released in April of 2013.

# **Budget Allocation**



| 2012-2013          |           |     |      |           |      |       |           |      |      |           |      |       |
|--------------------|-----------|-----|------|-----------|------|-------|-----------|------|------|-----------|------|-------|
| Actions            | Quarter 2 |     |      | Quarter 3 |      |       | Quarter 4 |      |      | Quarter 1 |      |       |
|                    | April     | May | June | July      | Aug. | Sept. | Oct.      | Nov. | Dec. | Jan.      | Feb. | March |
| Focus Groups       |           |     |      |           |      |       |           |      |      |           |      |       |
| Evaluate Results   |           |     |      |           |      |       |           |      |      |           |      |       |
| Website Beta Test  |           |     |      |           |      |       |           |      |      |           |      |       |
| Review Analytics   |           |     |      |           |      |       |           |      |      |           |      |       |
| B2B E-newsletters  |           |     |      |           |      |       |           |      |      |           |      |       |
| B2C E-newsletters  |           |     |      |           |      |       |           |      |      |           |      |       |
| "New You" Event    |           |     |      |           |      |       |           |      |      |           |      |       |
| Holiday Promotion  |           |     |      |           |      |       |           |      |      |           |      |       |
| New store material |           |     |      |           |      |       |           |      |      |           |      |       |

| 2013-2014          |           |     |      |           |      |       |           |      |      |           |      |       |
|--------------------|-----------|-----|------|-----------|------|-------|-----------|------|------|-----------|------|-------|
|                    | Quarter 2 |     |      | Quarter 3 |      |       | Quarter 4 |      |      | Quarter 1 |      |       |
| Actions            | April     | May | June | July      | Aug. | Sept. | Oct.      | Nov. | Dec. | Jan.      | Feb. | March |
| B2B E-newsletters  |           |     |      |           |      |       |           |      |      |           |      |       |
| B2C E-newsletters  |           |     |      |           |      |       |           |      |      |           |      |       |
| "New You" Event    |           |     |      |           |      |       |           |      |      |           |      |       |
| "Hair Care" Event  |           |     |      |           |      |       |           |      |      |           |      |       |
| Holiday Promotion  |           |     |      |           |      |       |           |      |      |           |      |       |
| New store material |           |     |      |           |      |       |           |      |      |           |      |       |
| Rebranding launch  |           |     |      |           |      |       |           |      |      |           |      |       |
| Ad campaign        |           |     |      |           |      |       |           |      |      |           |      |       |
| Website redesign   |           |     |      |           |      |       |           |      |      |           |      |       |
| Sales Analytics    |           |     |      |           |      |       |           |      |      |           |      |       |
| B2C surveys        |           |     |      |           |      |       |           |      |      |           |      |       |

### **Final Timeline**

# 2012

May

Separate focus groups for current and new target in major metropolitan areas evaluating the potential new ad campaign.

June

Evaluate results from the focus group in order to better target market.

July

Back to school promotion "New Hair, New You" campaign for new B2C audience.

# August:

### September:

Have current and new target market try beta version of the new website. Qualitative opinions gained after beta testing and analytic information (such as amount of time spent on certain pages and what was most popular) will be reviewed.

#### October

Email newsletters to B2B clients and shareholders of Sally Beauty Holdings explaining the new IMC plan detailing the new positioning strategies and image revamp at the start of the month.

November:

Monthly newsletters to B2B clients

End of initial research

December:

Offer gift packages in store and online

## 2013

Quarter 1

January

Incorporate new IMC plan in-store by hanging signs with the aisle sections that match the campaign (to retain consistency)

Send out B2B online surveys to measure our services. Provide an incentive to facilitate action.

### April

Hard launch of redesign and rebranding, including website, print campaign, and complete new imagery of associated materials (member cards, shopping bags, etc.)

Offer survey option after someone makes a purchase on the website that allows them to rate the user experience of the new website and store. Provide an incentive to facilitate action. 1st annual "Care for Your Hair" promo event

June:

End of B2B online survey period

July

August:

Offer back to school promotion "New Hair, New You" campaign for B2C audience. Evaluation of B2B survey results

September

October

November

### December:

Offer gift packages in store and online

# 2014

January

Go through 2013 Fiscal year income statement to accurately measure sales and ROI Evaluation internet analytics for 2012

### February:

Qualitative surveys released to B2C targets. This survey will measure top-of-mind awareness and perception of Sally Beauty Supply.