



## **Business Plan for a K-Beauty Shop Establishment in Finland**

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## Abstract

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<p>This bachelor's thesis discusses a business plan for establishing a K-Beauty shop in Helsinki, Finland. The goal is to assess the feasibility of opening a physical store selling Korean products in Finland and to find out the necessary components of the business plan for this venture.</p> <p>The thesis consists of an introduction, theoretical framework, empirical part, and discussion. The introduction starts with background to the topic and continues with project objectives, sustainability, and key concepts. The theory section discusses an overview of what a business plan is, what should be considered when creating it, how market analysis and financial planning are essential in a business plan, how SWOT and competitor analyses are used to analyze the market, and what financial analyses should be included in the financial planning process. The empirical section begins with an explanation of how the thesis was planned and implemented, followed by analyses of the market and financials for the business. The final outcome was a complete business plan for this project. The discussion part includes the thesis's key findings, recommendations and ends with the author's reflection on learning.</p> <p>Through the findings and analyses, it is feasible to establish the business idea in real life. The project to open a K-beauty store in Helsinki shows great potential, especially when combining a reasonable price strategy with environmentally friendly products that keep up with the current consumer trends. Despite strong competition, the market is not yet saturated, which creates opportunities for new brands to enter. The financial analysis shows that the plan is feasible, although it may face difficulties in the first year, the ability to make a profit and make up for losses in the following year is completely possible. The research methods used in this thesis have been selected appropriately and effectively, contributing significantly to the success of the thesis. These findings can be useful for other startups and businesses planning to enter the Finnish market with international products. The thesis can be a valuable reference for startups when creating a business plan to secure funding.</p>
<b>Key words</b> business plan, business planning, market analysis, financial planning, startup, entrepreneurship

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# 1 Introduction

This is a product-based bachelor's thesis for the Degree Programme in International business in the major specialization of Finance and Accounting in the Haaga-Helia University of Applied Sciences. The main purpose of this chapter is to provide a background for the subsequent detailed planning and analyses by providing an overview of the K-beauty trend, the reasons for choosing this topic for the thesis, and outlining the plan for its implementation.

This chapter will provide readers with the necessary background information and explain the reasons for undertaking this thesis. After the assessment of the background, the purpose and key objectives of the thesis will be introduced. The international aspect will also be included in this chapter. Finally, the chapter will go through the key concepts of this thesis.

## 1.1 Background to the topic

The Korean Wave, also known as "Hallyu", has become a global phenomenon, significantly growing in various countries. For the youth, the generation commonly referred to as Gen Z (born between 1995 and 2012) has become the most impacted group by this wave. (Bennett April 2024). From music, dramas, beauty, and fashion to lifestyle and thinking, Hallyu has remarkably influenced their daily lives. (Adams September 2022).

Driven by the rising popularity of Hallyu, the global beauty industry has experienced a large surge in demand for Korean beauty products. This trend has been followed because of the desire for glowing skin and youthful appearance often seen in Korean actresses and K-pop idols. Celebrity influence has spurred interest in K-beauty products and techniques that promise similar results. (Wong August 2024). K-Beauty has captured the hearts of consumers worldwide and its influence has extended far beyond Asia. (Forsberg July 2024). Finland, with its discerning clientele and thriving beauty market, is no exception to this trend while Helsinki, a city known for its appreciation of quality and wellness, presents an ideal canvas for introducing K-beauty.

The motivation behind this thesis is to seize the growing popularity of K-Beauty as a business opportunity in the Finnish market. While local and other European brands dominate this market, there is a demand for international products that have superior results. K-Beauty, with its reputation for high-quality and innovative products, is the most suitable in this trend. Also, Korean cosmetics companies' partnerships with local influencers and beauty bloggers have attracted attention to these products, making them more noticeable and appealing to the Finnish audience. (Camilla 2022, 10-12).

With a major in Finance and Accounting and a minor in Marketing, the author will combine these areas of expertise to evaluate the feasibility of her business plan for opening a K-beauty store in Helsinki. The thesis seeks to determine the potential profitability of the business by integrating financial analysis with marketing insights. This evaluation will help the author decide whether to establish a physical store or an online webstore, guide her decision-making process and ensure her venture's success.

The international aspect required by the degree programme lies in its exploration of a commercial transaction that involves importing products from one country to another. The business plan can serve as a valuable reference or template for businesses or startups considering a similar venture, providing insights into the necessary planning and preparation required to make such a venture profitable. The international aspect of this thesis is also covered by exploring the potential adaptation of Korean beauty products to the Finnish market. The thesis includes analyzing the business's competitive landscape and its potential partnerships with South Korean suppliers. The goal is to provide a business plan that ensures the successful launch of a K-beauty shop in Helsinki, thereby enhancing brand recognition and customer loyalty from both local and foreign consumers.

## **1.2 Project Objectives**

This thesis aims to develop a business plan for establishing a K-beauty shop in Helsinki, Finland. The main goal is to build a successful and sustainable business that meets the growing demand for K-beauty products in Finland. These findings can also be useful for other startups and businesses looking to enter the Finnish market or similar international markets with beauty products. The thesis can be a valuable reference for startups in creating a business plan to secure investment and financing.

The project objective (PO) of this thesis was to create a detailed business plan for establishing a Korean skincare and makeup products shop in Helsinki, Finland. The project objective was divided into project tasks (PT) as follows:

PT 1. Preparing the theoretical framework.

PT 2. Conducting a market analysis.

PT 3. Financial planning for the business.

PT 4. Evaluating project management and project outcomes.

Table 1: Overlay matrix

<b>Project Task</b>	<b>Theoretical Framework</b>	<b>Project Management Methods</b>	<b>Outcomes</b>
PT 1. Preparing the theoretical framework.		Literature review Other information sources	Theoretical framework (Chapter 2)
PT 2. Conducting a market analysis.	Competitor analysis SWOT	Document analysis Other information sources	Target market analysis (Chapter 4)
PT 3. Financial planning for the business.	Pricing Cost analysis Sales budget	Document analysis Ms Excel Other information sources	Financial planning and analysis (Chapter 5)
PT 4. Evaluating project management and project outcomes.		Review of thesis report and product	Evaluation of project outcomes and project success (Chapter 6)

### 1.3 Sustainability

Companies operating in the current competitive landscape should promote sustainability in order to outperform others. The concept of sustainability, as defined by the World Commission on Environment and Development (WCED) in 1987, means meeting present needs without compromising future generations' ability to meet their own. This principle has been widely adopted in the business world, guiding companies towards sustainable practices related to economic, environmental, and social factors. (Braun & Tiezt 2015, 895). All analyses in this thesis are conducted with the goal of supporting business sustainability and ensuring successful operations from the first year onwards. If the startup performs well, the author can develop more sustainable practices in the future.

In this thesis, a SWOT analysis is done to find what the startup should capitalize on or avoid to grow sustainably. For example, by knowing the company's core strengths, the author can understand what it should concentrate on for growth. Recognizing weaknesses helps identify areas where it needs to improve to become more sustainable. Opportunities, such as the growing green consumer trend, can be the main idea for the company's sustainable practices. Threats, such as intense competition, reveal what the business need to prepare for potential challenges and develop plans to maintain its sustainability. Therefore, a competitor analysis is also carried out to study the competitors and identify market gaps that have not been filled. This can present opportunities to develop new products or services that meet unmet customer needs. In addition, comparing competitors can reveal their strengths and weaknesses. This allows the author to learn from the

competitors and develop solutions that ensure the startup operates successfully and sustainably after its launch.

When opening a store in a shopping mall, costs for rent, interior design, and other fixed expenses can be quite high. A cost analysis will help understand each expense and optimize them. By controlling costs, the business can increase its profits and ensure the long-term sustainability of the store without facing excessive financial pressure. The author can identify unnecessary expenses or areas that can be cut back. This saves money and helps to use the resources more efficiently. A sales budget will help set revenue goals based on the products planned to sell and the number of customers expected to acquire. The author can determine whether the business will generate enough revenue to cover the costs and see if it is financially sustainable. With a clear budget, the author can also think about investing in eco-friendly cosmetic products, such as recycled packaging or natural ingredients. Sales budget and cost analysis are used to identify financial risks and develop countermeasures. For example, if sales are not meeting expectations, the company will need to reduce costs or generate new revenue streams to keep the store stable.

#### 1.4 Key concepts

In this paper, a number of specific terms are being used. To make it easier for readers to understand the meanings of them, all of the main concepts are briefly explained below. This chapter will serve as a mini dictionary for the readers.

**K-Beauty**, short for Korean beauty, is a trend originating from South Korea, emphasizing achieving healthy, glowing skin through a multi-step skincare routine. It focuses on achieving healthy, radiant skin through the use of products with natural ingredients and cutting-edge technology. The “glass skin” look, characterized by a clear and luminous complexion, is the ideal that K-Beauty strives to achieve. (Martin September 2022).

**Business plan**, is a written document outlining how a business idea will be implemented and developed. (Uusyrytyskeskus 2024, 22). It includes detailed descriptions of the business’s products or services, industry analysis, target market, competitive landscape, company resources, basic financial condition, budgets, and financial projections. (Tiffany & Peterson 2022, chapter 1). A well-written business plan is used as a roadmap for both new and existing businesses and in negotiations with potential investors and business partners. (Pinson 2013, 1-2).

**Startups**, are newly established businesses that are in their initial stages of development. They are characterized by rapid growth, innovation, and a focus on scaling their operations, whether domestically or internationally. (Lahtinen et al. 2016, 19).

**SWOT analysis**, stands for Strengths, Weaknesses, Opportunities, and Threats. A company's strengths are what it does well and the advantages that make it stand out. Weaknesses are limitations that need to be addressed to improve performance. Opportunities are favorable external factors contributing to a company's growth and success. Threats are the difficulties and obstacles that can hinder progress. A business must monitor both its internal (Strengths and Weaknesses) and external (Opportunities and Threats) environment. (Kotler & Keller 2016, 71-72).

**Budget**, is a financial planning tool for managers to fulfill their responsibilities of planning, directing, and controlling operations. The budgeting process should embody the expectations of the company's management, anticipate future events, adapt to changing conditions, and offer feedback. (Davies 2011, 484). A budget enables better financial decision-making, goal-setting, and contingency planning by identifying areas of efficiency and inefficiency. (Davies 2011, 486). It can highlight areas where costs can be reduced and ensure that spending aligns with financial goals. Budgets are typically reviewed and adjusted regularly to reflect changes in financial circumstances and priorities. This enables organizations to take corrective measures and if needed, adjust their strategies in order to remain aligned with their financial goals and adapt to changing circumstances effectively. (Braun & Tietz 2015, 520).

**CVP analysis**, also known as Cost-Volume-Profit analysis, examines how total revenues, total costs, and profits are affected by variations in the number of units sold, the selling price, variable costs per unit, and fixed costs. (Ramagopal 2008, 168).

## 2 Theoretical framework

This chapter will outline the theoretical foundations essential for developing a business plan and cover more in-depth details of the key concepts in the research. The theoretical framework provides a comprehensive overview of the essential components of a business plan, including its primary areas and in-depth details of each key concept. This will help readers to understand the connection of each concept and how they will be utilized in this thesis. Figure 1 illustrates the theoretical framework of this thesis.

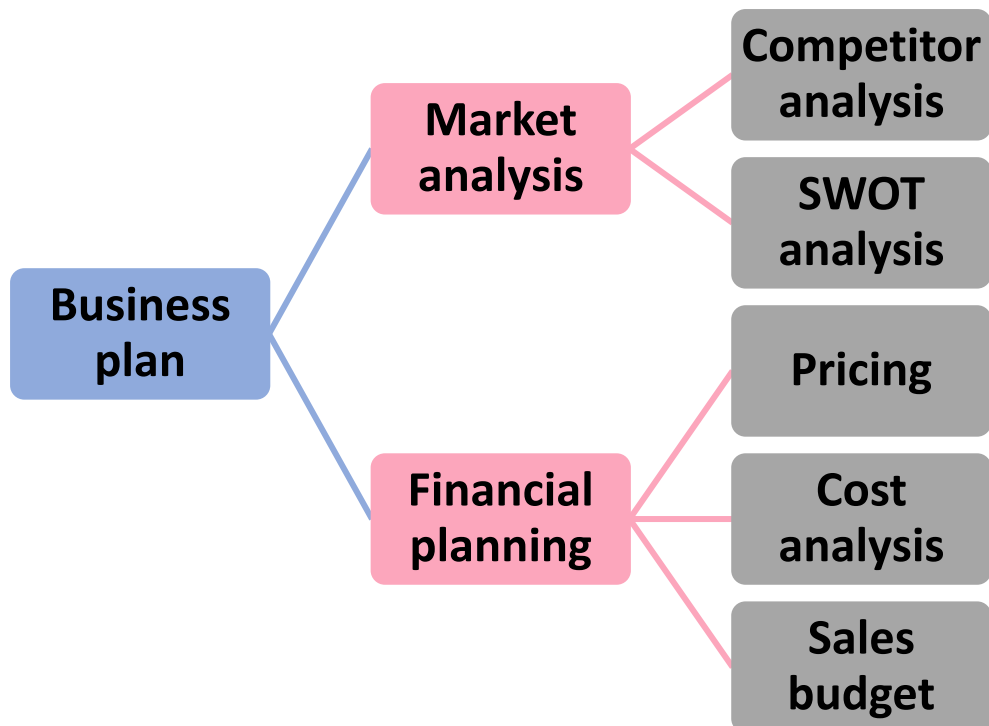


Figure 1. Theoretical framework

### 2.1 Business plan

A business plan is a formal document that outlines the goals, strategies, financial projections, and other operational details of a business. It serves as a roadmap for the business, guiding its operations and assisting in securing funding from investors. (Pinson 2013, 1-2). It also provides a structured and concise way to convey the business idea to stakeholders including high-quality partners, investors, and regulatory bodies. Writing a business plan compels entrepreneurs to thoroughly consider all aspects of the venture and set key milestones to guide its early stages. (Barringer & Ireland 2016, 47-48).

The foundation of any business plan is the business model, which describes how a company creates, delivers, and captures value. According to Osterwalder and Pigneur (2010, 15-17), a business model is essential for understanding the core aspects of a business. As illustrated in Figure 2, this includes a company's value proposition, customer segments, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. This comprehensive approach ensures that all critical elements of the business are considered and aligned with the overall strategy.

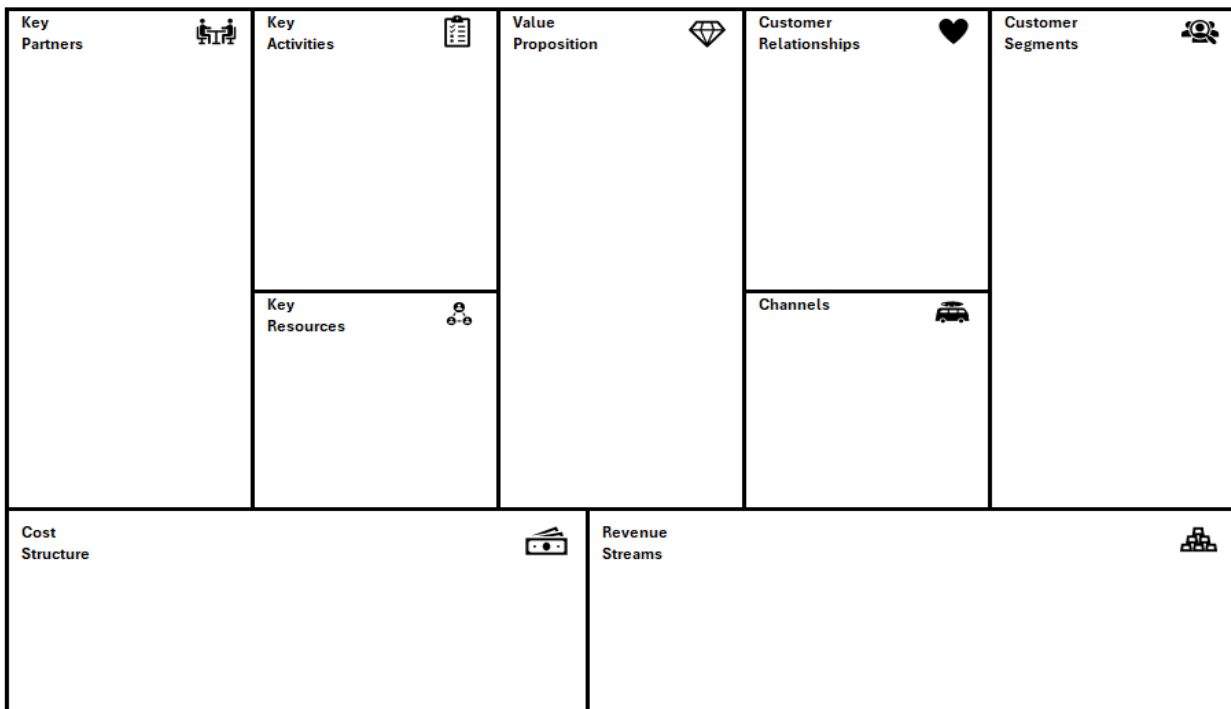


Figure 2. The Business Model Canvas (adapted from Osterwalder & Pigneur 2010, 44)

There are certain elements that companies need to show in their business plans. The first one is strategic management. It involves formulating, implementing, and evaluating a company's decision, considering its internal and external factors. (David & David 2017, 33). This approach emphasizes the importance of constantly analyzing the market, assessing a company's strengths and weaknesses, and adapting to external opportunities and threats. Businesses can use tools such as SWOT (Strengths, Weaknesses, Opportunities, Threats) and PESTEL (Political, Economic, Social, Technological, Environmental, Legal) to understand their environment. (Johnson, Scholes & Whittington 2008).

A business plan is essential for entrepreneurs to conceptualize, develop, and present their innovative ideas. (Hisrich, Peters, & Shepherd 2023, 126). It includes market research to find opportunities and operational planning to organize the resources needed for innovation. Stevenson

and Gumpert (1985) argue that entrepreneurship is fundamentally about seizing opportunities without worrying about the resources ones currently have. Therefore, a business plan must reflect an entrepreneur's ability to spot opportunities in the market and develop strategies to use available resources effectively.

The company's target market and marketing strategies need to be clearly outlined. Understanding customers and how to reach them is crucial. Kotler and Keller (2016, 78-79) stress the importance of market research to gather information about the target market, competitors, and industry trends. Porter's Five Forces model is a commonly used framework for assessing the competitive landscape by analyzing potential entrants, buyer power, supplier power, substitute products, and the intensity of rivalry. (Kotler & Keller 2016, 285-286). The marketing mix, also known as the 4 Ps (Product, Price, Place, Promotion), is a fundamental marketing concept that helps businesses create value for customers and communicate that value effectively. (Kotler & Keller 2016, 47-49).

Another required part of a business plan is financial planning, which involves projecting future financial performance and identifying funding needs. According to Brigham and Ehrhardt (2019, 499-501), financial planning includes budgeting and financial forecasts, which are used to assess sustainability in the long run. A business plan typically contains financial statements such as budgeted income statements, balance sheets, and cash flow projections to demonstrate the company's potential profitability and liquidity. Entrepreneurs often need to secure funding, thereby this is vital for them to attract venture capital or bank loans. (Sahlman 1997). Gitman and Zutter (2012, chapter 4) also highlight that accurate financial planning is necessary for determining capital requirements, cost structures, and pricing strategies. These financial tools and techniques are necessary for making informed decisions and managing financial risks.

## **2.2 Market analysis**

Market analysis is a compulsory element of business planning, offering insights into market dynamics, customer preferences, and the competitive landscape. It is the process of determining the attractiveness and dynamics of a specific market within an industry. By evaluating a market to understand its structure, competition, and potential for growth, businesses can identify not only their customers' needs and preferences but also the overall market size, segmentation, and potential for profitability. (Kotler & Keller 2016, chapter 1). In the Business Model Canvas (Osterwalder and Pigneur 2010, 44), market analysis helps businesses pinpoint their value proposition. This understanding empowers them to identify the key activities and key resources needed to deliver that value. Then, they can define the customer segments they target to create value for and establish the desired customer relationships and distribution channels to reach their target audience effectively.

Understanding customer behavior is one of the key components of market analysis. By studying consumer demographics, purchasing habits, and preferences, businesses can tailor their products, services, and marketing strategies to meet the needs of their target audience. This customer-centric approach helps companies strengthen customer relationships and gain a competitive advantage by creating more personalized and relevant experiences. This will not only enhance customer satisfaction but also foster loyalty and long-term engagement. (Kotler & Keller 2016, 168-171).

Competitor and SWOT analyses, as part of the market analysis, will help the business articulate the value proposition by choosing to position its products or services as low-cost, differentiated, or niche-focused and specify its target market.

### **2.2.1 Competitor analysis**

A business exists within its industry by offering a value proposition that customers perceive as better than that of its competitors. (Babette 2015, chapter 9). A competitor analysis involves examining a firm's competitors in detail. It helps the firm understand where its main competitors stand and identify opportunities to gain a competitive edge. This is especially crucial for new businesses. (Barringer 2016, 187).

Competitor analysis begins with identifying key competitors and evaluating their strengths and weaknesses. This includes direct competitors who offer similar products or services, indirect competitors who offer alternatives that satisfy the same customer's need, and future competitors who are not yet direct or indirect but could be at any time (Barringer 2016, 188).

To compete successfully, a firm must understand its competitors and anticipate their future actions. A competitive analysis grid is a tool that organizes information about competitors, helping a firm evaluate its position relative to them. For a new venture to be viable, it must have at least one distinct competitive advantage over its major competitors. The competitive analysis grid aids in this by providing a clear comparison and highlighting areas of strength and opportunity. (Barringer 2016, 190-191). Figure 3 shows an example of how a competitor analysis grid is done.

	Customer Awareness	Product Quality	Product Availability	Technical Assistance	Selling Staff
Competitor A	E	E	P	P	G
Competitor B	G	G	E	G	E
Competitor C	F	P	G	F	F

Note: E = Excellent, G = Good, F = Fair, P = Poor

Figure 3. Competitive analysis grid (adapted from Kotler & Keller 2016, 300)

### 2.2.2 SWOT analysis

According to Grant (2018, chapter 1), effective market analysis requires a holistic approach, where both internal and external factors are considered. This approach ensures that businesses not only respond to competitive pressures but also find new growth opportunities.

SWOT analysis is a method for evaluating a business's internal and external environment, which enables companies to identify their core competencies and areas for improvement, as well as external factors that could impact their success. Internal factors are those the business has control over, while external factors are beyond its control. (Sarsby 2016, 8).

SWOT summarizes the key elements from both the business environment and the company's abilities that are likely to influence the strategy development. This analysis can also serve as a foundation for creating strategic options and evaluating future actions. (Johnson et al. 2008, 119). Figure 4 illustrates the interconnections between the elements of SWOT and how these elements are utilized for business development.

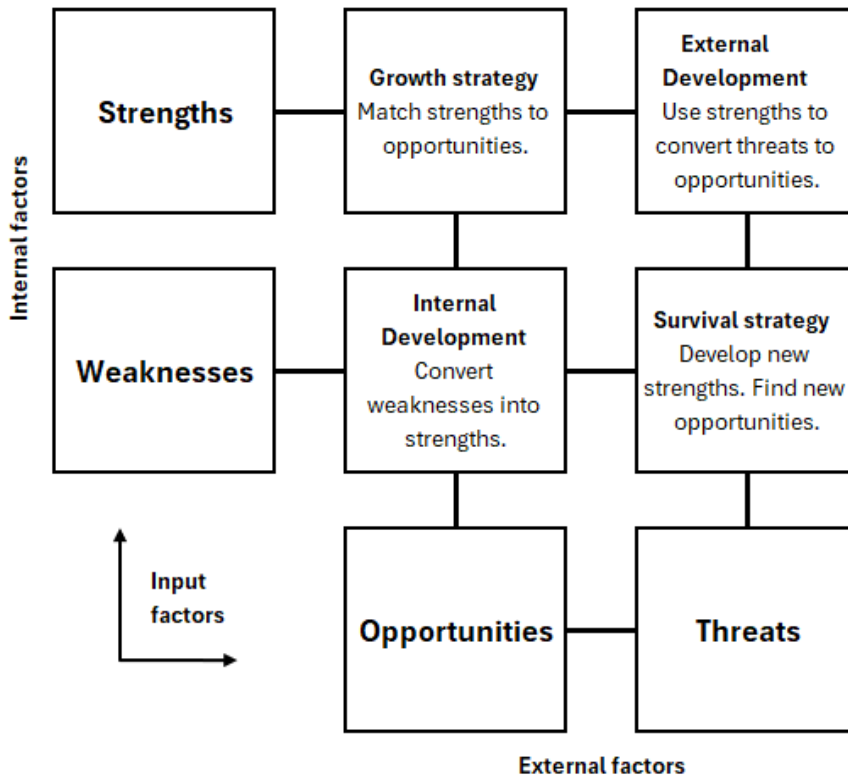


Figure 4. Specific types of response to the SWOT input factors (adapted from Sarsby 2016, 19)

Strengths refer to internal factors that provide an advantage over competitors and contribute to the successful accomplishment of goals. These could include a company's resources, capabilities, or attributes such as brand reputation, financial stability, product quality, geographical coverage, strong management, etc. (Kotler & Keller 2016, 73). Richard Rumelt (2011, chapter 12) argues that to sustain a competitive edge, it is essential to shift focus from products, customers, and competitors to the unique capabilities and assets that form the foundation of competitive advantage. In essence, it is crucial to leverage and enhance inherent strengths. By doing so, firms can build sustainable competitive advantages that enhance customer loyalty and drive financial success.

Weaknesses are internal attributes that place the business at a disadvantage, such as limited resources, high stocks, poor quality, and lack of expertise. (Hill & Westbrook 1997, 49). The ability to identify and address weaknesses is crucial for developing strategies that minimize their impact. Organizations that fail to recognize and mitigate their weaknesses often underperform because they cannot capitalize on market opportunities. (Robert, Kaplan, & Norton 2000, 2). Acknowledging weaknesses also aligns with continuous improvement processes. It is important to address systemic problems in order to improve organizational health. (Senge 2006, chapter 10).

Opportunities refer to external factors or trends that can provide growth potential or a competitive edge if exploited properly. These include conditions in the market that a company can capitalize on, such as changes in market demand, technological innovations, shifts in regulatory environments, or increasing demand for a particular product. (Kotler & Keller 2016, 71).

Businesses must recognize and leverage these competitive advantages to outperform competitors. (Porter 1985, 2). In addition, identifying and capitalizing on opportunities enables organizations to expand, innovate, and create new revenue streams. Understanding external opportunities is crucial for adapting to changing environments and ensuring long-term success. (Johnson et al. 2008, 13).

On the contrary, threats are external challenges that could cause problems or negatively impact an organization's performance. These are elements outside the business's control that could be tangible or intangible. Tangible threats could be theft, economic downturns or new competitors, while intangible threats could be loss of brand recognition, changing regulations or brand-damaging factors. (Sarsby 2016, 10). While opportunities are essential for growth, failure to recognize and neutralize threats could cause firms to collapse. In this case, environmental scanning is often recommended to identify opportunities and threats, which are later used in tools like SWOT analysis. (Hitt, Ireland, & Hoskisson 2003, 446). Identifying threats helps organizations develop defensive strategies and mitigate potential risks.

### **2.3 Financial planning**

Looking at the Business Model Canvas by Osterwalder and Pigneur (2010, 44), there are two important components which are cost structure and revenue streams. This shows that financial planning is an indispensable part of the business plan. The objective of financial planning is to provide and advance information to help individuals run the business and achieve their financial goals. (Alexander 2018, chapter 1). It involves assessing current financial standing, setting short- and long-term objectives, and developing strategies to meet those goals.

A solid financial plan is a vital tool for a business to manage its resources and ensure its long-term sustainability by mitigating risks. It typically includes projections of income, expenses, and profits, as well as detailed budgets for various departments and operations. Effective financial planning allows businesses to attract potential lenders and investors. (Scarborough, Wilson & Zimmerer 2009, 210).

In addition to helping businesses manage resources and risks, financial planning is essential for supporting growth strategies. A financial plan provides the foundation for making strategic investments in new markets or products. By accurately projecting future financial needs,

businesses can secure the necessary capital to fund expansion plans and seize new opportunities. (Barrow, Barrow & Brown 2008, phase 5).

### 2.3.1 Pricing

Pricing is one of the most important decisions for any business, as it directly influences demand, competition, and profitability. According to Horngren, Datar & Rajan (2015, 539-540), three major elements impacting pricing decisions are customers, competitors, and costs. Customers impact prices through demand, competitors influence pricing through alternative products, and costs determine the supply of products.

There are three key questions for setting prices: the target profit, customer willingness to pay, and whether the company is a price-taker or price-setter. (Braun & Tietz 2015, 470). A price-taker operates in a competitive market with less unique products, while a price-setter has unique offerings and less competition. (Miller-Nobles & Mattison 2022, chapter 10). Sometimes, raising prices can attract more customers, contrary to the belief that lowering prices always boosts sales, as higher prices may attract customers who perceive the product as more valuable. (Kaufman 2020, 122-123).

To determine optimal pricing, Sotiriadis (2018, 179) suggests businesses analyze demand and their target market, evaluate operational features like fixed and variable costs, review competitor pricing, consider cost increases and inflation, assess the general economic environment, and choose the appropriate pricing method.

Osterwalder and Pigneur (2010, 32-33) also differentiate between two main pricing mechanisms: fixed and dynamic pricing. Fixed pricing is based on predefined variables, including list price, product features, customer segment, and purchase volume. Dynamic pricing changes with market conditions and includes negotiation-based pricing, yield management (where prices fluctuate based on time and inventory), real-time market pricing (driven by supply and demand), and auctions.

Furthermore, businesses can set their pricing by using the three most common pricing models: cost-based pricing, value-based pricing, and market-based pricing.

- Using a cost-based approach means businesses add a profit margin to their costs to determine the selling price. Variable costs are multiplied by a pricing factor to calculate the prices. This method ensures that all costs are covered, and a profit is generated. When selling directly to consumers, the final price should include VAT. However, for business customers, the price exclusive of VAT is typically preferred, as they can reclaim the VAT paid on purchases.

- In value-based pricing, the price should reflect the value that a product or service provides to the customer. Businesses should carefully consider the added value that customers are willing to pay for, such as brand image, product quality, excellent customer service, warranties/guarantees, or location.
- Market-based pricing is influenced by supply and demand dynamics. Competitors play a crucial role in shaping market prices. While offering significantly lower prices may initially attract customers, it can be challenging to raise prices subsequently. Temporary promotions can be effective for customer acquisition, but permanent price reductions can erode profit margins and damage the brand's perceived quality. Therefore, it's essential to strike a balance between competitive pricing and maintaining profitability. (Uusyrityskeskus 2024, 31).

### 2.3.2 Cost Analysis

In order to make accurate financial projections and cost analysis, it is important to understand what cost behavior is. Cost behavior refers to how a company's costs change in response to changes in its level of business activity. (Jiambalvo 2012, chapter 4). Two main types of cost behavior are fixed costs and variable costs.

Fixed costs remain constant regardless of the level of production or sales. Examples include rent, salaries, and insurance. Total fixed costs do not change despite changes in the level of activities. (Hussey, Ong & Ong 2018, 110). This means they are incurred even when the production output is zero. For example, a company pays €10,000 per month in rent, whether it produces 100 units or 1,000 units.

Variable costs incurred in direct proportion to the level of activity or production. These costs increase as production increases and decrease as production declines. As a result, total variable costs change directly with changes in the level of activity. (Hussey et al. 2018, 110). Examples include raw materials direct labor costs, and utilities used in production.

CVP analysis helps businesses understand how costs, sales volume, and profits are interconnected in the short term. (Drury 2012, 168). This analysis examines how total revenue, total costs, and income are affected by changes in the number of units sold, the selling price, the variable cost per unit, and the fixed cost of a product or service. (Horngren et al. 2015, 88). Managers and entrepreneurs use CVP analysis to figure out the volume of sales needed to cover all costs and break even. They also use it to determine the sales volume required to achieve a specific profit target. (Jiambalvo 2012, chapter 4). CVP analysis is important as it equips managers to prepare and deal with economic fluctuations, such as rising costs and price pressures. As a result, companies can maintain competitiveness and profitability. (Braun & Tietz 2015, 416).

Components of a CVP analysis are sales price, volume, variable costs, fixed costs, and the business's operating income. This also helps determine how many units needed to be sold to breakeven. The breakeven point (BEP) is the level of sales at which a company's total revenue equals its total costs, resulting in zero operating income. (Bhattacharyya 2010, chapter 10). In other words, it is the point where the business neither makes a profit nor incurs a loss.

### **2.3.3 Sales budget**

A sales budget is a crucial component of financial planning which estimates the revenue a company expects to generate over a specific period. It focuses on predicting the number of units that will be sold and the price at which they will be sold. (Davis & Davis 2011, chapter 5). A sales budget helps businesses manage and control their selling activities and resources effectively. Drury (2012, 358-359) highlights the vital role of accurate sales budgets in business success. Such budgets guide business decisions, resource allocation, and strategic planning process. Overestimating sales can result in excess inventory and increased costs, while underestimating them can lead to lost revenue and missed opportunities. According to Horngren (2015, 225-226), an accurate sales budget is important as it directly influences other budgets such as production, marketing, and cash flow. By delving into the theoretical foundations of sales budgeting, businesses can predict future revenue and allocate resources efficiently.

To develop an effective sales budget, businesses must analyze historical sales data, identify trends, and consider external factors such as economic conditions, industry growth, and competition. (Shim and Siegel 2008, chapter 1). Therefore, with the support of market analysis in the sales budgeting process, it ensures that the budget is aligned with market realities and the sales targets are realistic and achievable. This analysis also supports the sales budget by highlighting potential opportunities and threats. These external factors can significantly impact demand. For example, threats such as a sudden economic downturn or a shift in consumer preferences could affect sales, making it essential for businesses to remain flexible and adjust their budgets accordingly. (Thompson, Strickland & Gamble 2015, 216).

According to Shim and Siegel (2008, chapter 1), forecasting is a fundamental starting point in creating a sales budget as it involves predicting future events based on past data, market conditions, and expert judgment. This enables companies to anticipate demand and adjust their sales budgets accordingly. Accurate forecasting is critical for setting realistic sales targets and avoiding overproduction or stockout. (Drury 2012, 405). Forecasting can be conducted using qualitative or quantitative methods. Qualitative methods rely on expert opinions and market research rather than numerical data while quantitative methods are measured in numerical terms which involve statistical analysis and modeling based on historical data. (Horngren 2015, 448-449).

Both approaches have their strengths, and many businesses combine them to create more accurate sales budgets.

A sales budget must not only forecast revenue but also account for the associated costs. This includes direct costs such as production and distribution, as well as indirect costs such as marketing and administrative expenses. Understanding cost behavior is essential for effective budgeting, as it allows businesses to allocate resources more effectively and avoid overspending. (Drury 2012, 608). By integrating sales forecasts with cost analysis, businesses can develop a solid financial plan that optimizes their profit margins, ensuring that the projected sales revenue will cover all production and operational costs. This process provides businesses with better control over their financial health, allowing them to identify potential cost-saving opportunities and improve operational efficiency. (Braun & Tietz 2015, 415-417).

#### **2.3.4 Other financial analyses**

An investment budget is needed in a business plan as they are purchases that a company needs in order to function. Businesses need money for both short-term and long-term needs. The type of financing they choose usually matches the purpose of the funds. Long-term financing (more than one year) is typically used for big investments such as buying equipment and funding large projects. Short-term financing (less than one year) is used to cover day-to-day expenses and working capital needs. (Davies 2011, 550-551). In addition, significant investments should be planned early, as they can impact depreciation, interest expenses (if borrowing is involved), and dividend payments (if new stock is issued). (Braun & Tietz 2015, 537).

A budgeted income statement and a budgeted balance sheet are also included in the financial plan. A budgeted income statement resembles a standard income statement but uses budgeted data instead of actual ones. It allows managers to predict if their plans will achieve an acceptable income level. If not, they must explore ways to reduce costs or boost sales revenue. (Braun & Tietz 2015, 531-533).

Similarly to the budgeted income statement, a budgeted balance sheet resembles a standard balance sheet but uses budgeted data instead of actual ones. A budgeted balance sheet is a financial statement that projects a company's financial position at the end of a future period, such as a fiscal year or quarter. It includes estimates of the company's assets, liabilities, and equity based on various assumptions and supporting calculations. (Alexander 2018, chapter 13). This tool helps managers anticipate the company's financial health and make informed decisions about borrowing or investing. By comparing the budgeted balance sheet with actual results, companies can adjust their strategies to stay on track financially.

Cash budget helps businesses see ahead of time when they might run out of money and need to borrow, or when they might have extra money to invest. (Braun & Tietz 2015, 541). This helps them make smart financial choices, keep things running smoothly, and use their resources wisely. By knowing their cash needs and surpluses in advance, managers can plan better for unexpected events and take advantage of investment opportunities. This tool is crucial for keeping enough cash on hand and staying financially stable.

### 3 Project Management Methods and Report Structure

Figure 5 describes how the project is planned and implemented. The methods are chosen to be suitable for solving each development task.

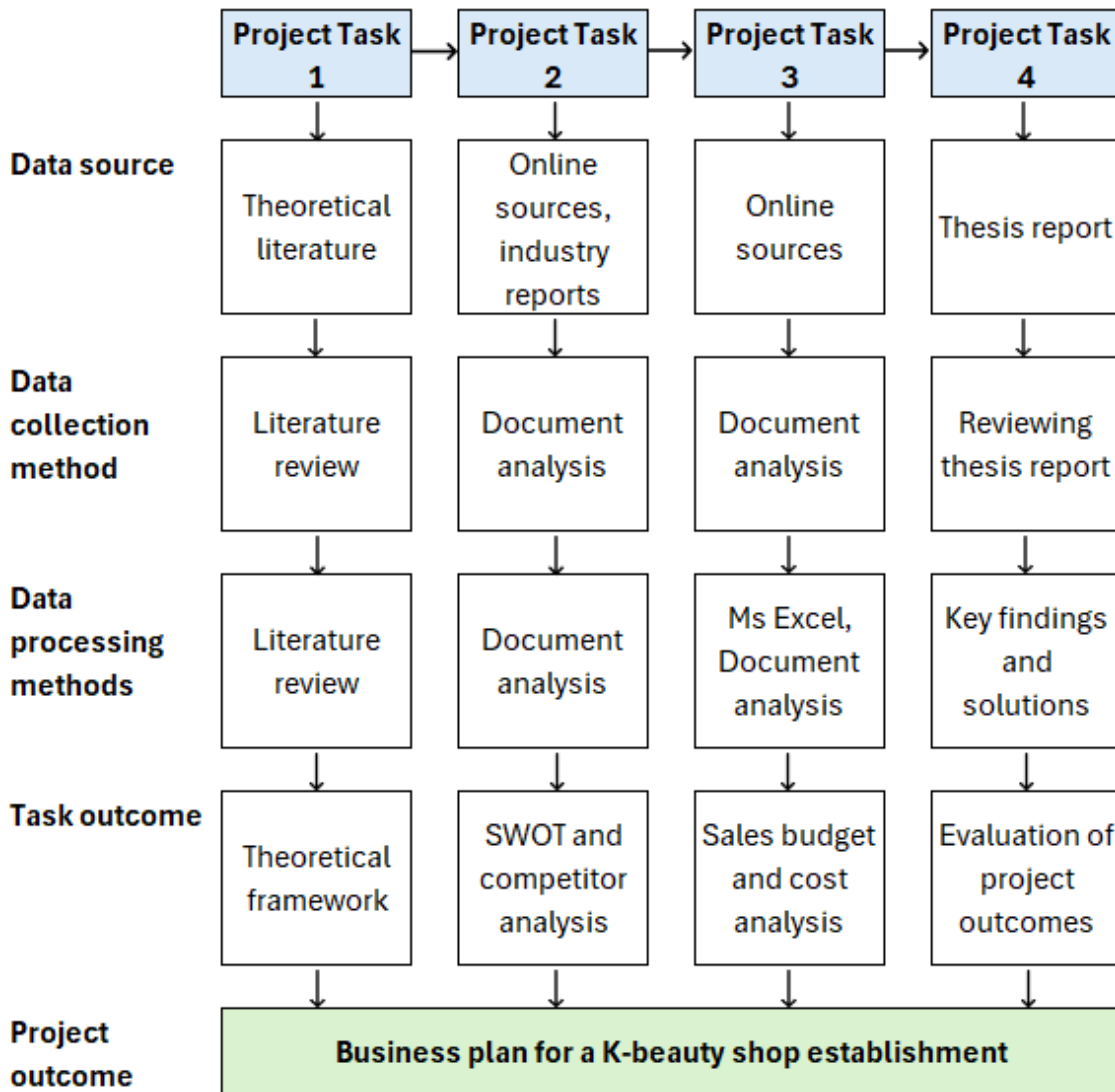


Figure 5. Project Management Design

After completing the theoretical framework, the project will continue with the analyses. A market analysis was conducted to identify the target market for this business. The thesis will not dig deep into the industry analysis. The market analysis in this thesis will focus on two key areas: competitor analysis and SWOT analysis, and the outcomes will be solely based on them. These analyses will be completed with the use of online sources and industry reports if available. After that, the author will use those findings to decide on the brand positioning the business aims for, the target customer segment it wants to reach, and propose its competitive advantage. Deeper execution of strategies such as marketing or operational strategies will not be carried out in this thesis.

The thesis will then continue with financial analysis. Once the target customer is identified, the author will determine the appropriate price that is both attractive to consumers and competitive within the market. However, it is important to ensure the prices are enough to generate profit and cover all the costs. Therefore, costs will be analyzed and the sales budget will be calculated to see whether the prices have been chosen reasonably or not. All will be done in Microsoft Excel. The pricing strategy will be chosen based on the competitor pricing and the potential profitability of the business. Logistics and importing procedures will not be analyzed in this thesis.

The final project task of this thesis is to evaluate the whole project. The project's outcomes will be concluded based on all the findings from the analyses and the author will give some recommendations. The last thing of this project task will be the self-reflection of the author's learning process. Everything will be presented in the last chapter.

## 4 Market analysis

### 4.1 Competitor analysis

The purpose of this competitor analysis is to understand the current landscape of K-beauty stores in Helsinki, identify the main competitors, and determine the business's competitive advantage. The K-beauty market in Helsinki is growing, with increasing consumer interest in Korean skincare and cosmetics. As K-beauty gains more popularity in Finland, several established competitors have carved out market share in the region. This analysis will focus on the direct competitors of the business and provide insights into the strengths and weaknesses of each competitor, which will help position the business effectively.

Table 2. Sources used for analyzing competitors


						
<b>Internet sources</b>	✓	✓		✓	✓	
<b>Website</b>	✓	✓	✓	✓	✓	✓
<b>Facebook</b>		✓	✓		✓	✓
<b>Instagram</b>	✓	✓	✓	✓	✓	✓
<b>TikTok</b>	✓	✓	✓		✓	✓
<b>LinkedIn</b>	✓	✓		✓	✓	✓

Table 2 lists the company's direct competitors and sources used to gather information and analyze them. The criteria for identifying these competitors are having at least one store in Finland, preferably in Helsinki or holding the highest reputation in this market. The final selection is Yeppo & Soonsoo, Bearel, JBEAUTY Japanese & Korean Cosmetics, Beautyko, Glow Station, and Kosmos Beauty Lab. These competitors were then analyzed from internet sources, including any articles written about them, their websites, and the social media platforms they use.

Yeppo & Soonsoo has become the most popular K-beauty brand in Finland in recent years, surpassing other competitors in terms of store numbers and customer recognition. They currently have three stores in Helsinki (Mall of Tripla, Itis, and Forum) and numerous stores in other cities across Finland. With multiple locations, Yeppo can reach a broader customer base. Yeppo's diverse product range appeals to a wide audience. They offer ranges from skincare to makeup and haircare products. Yeppo also specializes in trending, cult-favorite brands like Beauty of Joseon, Roundlab, and SKIN1004. These brands are highly popular with customers who follow K-beauty trends on social media, giving Yeppo a youthful, trend-forward image. They also have leveraged

online sales promotions and frequent discounts to capture a segment of price-conscious customers. Yeppo is extremely aggressive in social media marketing. They often engage with beauty influencers and frequently post content about skincare routines, product tips, and user reviews. They actively build their brand awareness by using all trending social media platforms such as TikTok and Instagram. Yeppo engages directly with customers via social media and responds promptly to queries, creating a more personal connection. They also use content marketing through their blog, providing many articles about skincare knowledge and beauty trends. This not only educates their audience but also drives traffic to their website. However, the overhead costs associated with maintaining physical stores may lead to higher prices compared to other competitors.

Bearel is the pioneer of K-beauty in Finland and has opened the first online K-beauty shop in here since 2016. This has helped them build a loyal customer base that has remained steadfast ever since. Bearel only has one physical store in Kamppi, however, this still can attract a steady flow of customers due to its prime location. Similar to Yeppo, Bearel offers a wide range of products. Their strategy is to attract customers by offering niche K-beauty products that are difficult to find in other local stores. Their website is well organized, offering detailed information about the ingredients in each product. They have positioned themselves as a trustworthy source of skincare knowledge, and their customer base appreciates the detailed product descriptions and ingredient breakdowns. Bearel has also shown an ability to engage customers through Instagram campaigns and collaborations with local beauty bloggers. Bearel is known for its customer-friendly policies, offering free shipping for orders over a certain amount, and hassle-free returns.

Beautyko is one of the leading K-beauty distributors in the Nordic and Baltic regions, working with major retailers such as Stockmann, Prisma, and Yliopiston Apteekki. Unlike the other above businesses, Beautyko only distributes five brands, which are Etude, Cosrx, Mixsoon, Some By Mi, and its own brand Smuuti Skin. Beautyko has chosen to be a marketing-focused distributor. Therefore, they take their marketing seriously by doing social media marketing, influencer marketing, PR, fairs, and pop-ups. Their strength lies in distribution to large retailers, making their products widely accessible. In 2021, Beautyko acquired Bearel Ltd, which is known as the first and oldest K-beauty e-commerce platform in Finland. This acquisition allowed Beautyko to expand their reach in the K-beauty market, and they now operate both B2B and B2C distribution channels.

JBeauty (Japanese & Korean Cosmetics) offers a wide range of products from Korean and Japanese brands. Although it has a store in Helsinki, its location outside major shopping malls could lead to lower customer traffic compared to the above brands. Additionally, although their website is user-friendly for product purchases and information, it lacks additional content such as







beauty knowledge to engage customers further. JBEAUTY is trying to promote their brand through Instagram and TikTok and sometimes provide small discounts to attract more customers. However, as a relatively small brand, they have not launched any promotional campaigns and collaborations to boost brand awareness. The lack of partnerships may also limit their reach. In addition, their social media content should be improved in terms of engagement and quality. Their dual-market approach (Japanese and Korean cosmetics) also influences their customer base and product range compared to stores that focus purely on K-beauty.

GlowStation, through its parent company Orien Trade Finland Oy, is a big importer of K-beauty products. GlowStation currently has two stores in Finland, which are located in Hansakortteli, Turku and Sello, Espoo. The in-store experience allows customers to physically test products before buying, which enhances customer engagement and trust. They also offer a diverse range of products from over 30 Korean brands. Their website is easy to navigate but offers no additional content other than product details. The design is quite plain and visually unappealing. Therefore, compared to competitors like Bearel or Yeppo, GlowStation may not have the same online presence or e-commerce strength. Moreover, not having a store in Helsinki could limit their customer base in that area. However, as GlowStation's warehouse is in Estonia, they allow customers in the EU to receive their orders without customs or VAT. They also offer free shipping on orders over €20 via HRX or Omniva. This means customers can easily order skincare and makeup products without worrying about extra costs, making the shopping experience more affordable. Yet, since their warehouse is not in Finland and many products are only available online, Finnish customers may experience longer delivery times compared to competitors with local warehouses.

Kosmos Beauty Lab is a Finland-based company offering a wide selection of Korean skincare and cosmetic products, giving consumers access to both popular and niche brands. They cater to both individual customers and businesses by offering wholesale services, allowing for B2B growth across Europe. With the rising global interest in Korean beauty products, Kosmos Beauty Lab is positioned well to capture more market share across Europe. In addition, with warehouses across Europe, they ensure efficient deliveries and provide competitive shipping rates. Their website is also up-to-date and informative, providing a wealth of information on skincare, different skin concerns and detailed explanations of skincare ingredients. This can attract more users to their website and build trust in their products and brand. However, same as GlowStation, Kosmos Beauty Lab has only one offline store in Vaalimaa, which could limit their customer base in Helsinki.

In terms of price, JBEAUTY, Bearel, and GlowStation offer slightly lower prices than other shops. However, all the companies' prices are generally comparable. It is because some products might be cheaper here, while others might be cheaper elsewhere. Given the slight variations in product pricing, customers may take into account shipping costs and delivery times when making their online purchases. A comparison among the competitors is presented in Table 3.

Table 3. Competitor Analysis Grid

						
<b>Price</b>	Medium-High	Low-Medium	Low	High	Medium	Medium
<b>Product range</b>	Extensive	Extensive	Medium	Limited	Extensive	Extensive
<b>Location (in Helsinki)</b>	Mall of Tripla Itis Forum	Kamppi	Uudenmaankatu 31	Bearel	no	no
<b>Marketing strategy</b>	Social media marketing, Influencer marketing, Events & workshops	Social media marketing, Influencer marketing, Events & workshops	Social media marketing	Social media marketing, Influencer marketing, Events & workshops	Social media marketing, Influencer marketing, Events & workshops	Social media marketing, Influencer marketing
<b>Reputation</b>	5	5	3	4	4	4
<b>Organization size</b>	Large	Large	Small	Large	Medium	Medium
<b>Partnerships</b>	B2C	B2C	B2C	B2B B2C	B2C	B2B B2C
<b>Free delivery</b>	over 50€	over 50€	over 59€	no delivery	over 20€	over 50€
<b>Website content</b>	5	4	3	3	3	5

## 4.2 SWOT analysis

In this thesis, a SWOT analysis is conducted to find out the position of the business compared to the competition. The opportunities and threats as well as strengths and weaknesses are gathered from the competitor analysis. The SWOT analysis is done on the company level for the existing competitive situation. Figure 6 provides a summary of the SWOT analysis.

Despite being a small startup, this business has clear strengths that enable it to compete with larger competitors. Firstly, the business can offer personalized customer service by carefully analyzing market trends and customer preferences, thereby choosing the product selection to focus on in-demand or trendy K-beauty items. This personalization may appeal to customers who are overwhelmed by the broad selection of larger stores and attract a specific segment of beauty enthusiasts who are looking for unique products not widely available. This can create a loyal customer base for the business. Secondly, the author's knowledge of marketing, especially social

media, is a big advantage. By creating engaging content, using trending social media platforms such as TikTok and Instagram for promoting, and communicating with online customers effectively, the business has the potential to attract a diverse audience and draw widespread attention. In addition, establishing a physical store in Helsinki could enhance the customer experience by allowing them to try products in person. This combined with online presence could provide a well-rounded experience. The store is planned to be located in Itis Shopping Center, so being in a busy, highly visible location can help attract new customers and increase foot traffic.

There are some weaknesses that place the business at a disadvantage. Due to limited initial funding, the startup will have to restrict its product offerings and inventory levels, which may limit its market reach. A smaller variety of products might not meet customer needs, potentially driving them to competitors with a broader selection. Customers might prefer larger stores that offer a one-stop-shop experience. Another weakness is brand recognition. Established competitors already have brand recognition and customer loyalty, making it difficult for the business to stand out in the initial phase. Building a customer base from scratch is challenging when larger players already have a foothold. Additionally, the company will not hire additional employees in the early stages. Limited resources could create certain difficulties as managing all aspects of the business, from inventory, marketing to customer service, can be challenging and time-consuming. Importing products from South Korea can also lead to higher costs and potential delays, impacting inventory levels. Competitors with more robust logistics and stronger relationships with suppliers might have better inventory management.

Opening a K-beauty shop in Helsinki presents several compelling opportunities. The increasing global interest in K-beauty provides a growing market for the business and many Finnish customers might already be familiar with K-beauty trends. The company might attract both locals and foreigners living in Finland. This can also lead to increasing brand visibility and collaborations with local influencers or beauty bloggers. Finnish customers, particularly the younger generation, are highly engaged on platforms such as Instagram, TikTok, and YouTube. Leveraging beauty trends to make content could quickly boost brand awareness and draw attention from influencers to make a collab. Moreover, the business could differentiate by specializing in certain K-beauty segments that are not heavily represented by competitors, such as eco-friendly or cruelty-free products. Offering sustainable K-beauty products can appeal to environmentally conscious consumers.

A major threat to this business venture is the competitive landscape. In terms of physical stores in Helsinki, the presence of established competitors such as Yeppo & Soonsoo, Bearel, and Jbeauty means that the business will need to differentiate its offerings and in-store experiences to attract

customers. In addition, all the competitors have already been known and trusted for a long time. Their strong customer loyalty may make it hard to compete. Customers may prefer the convenience of online shopping where they can access a broader range of products. The growing popularity of K-beauty might also give rise to new competitors in the market. Furthermore, the beauty industry is fast-paced, and staying ahead of trends requires constant adaptation and innovation. Some K-beauty trends may die down quickly, so staying on top of trends and updating inventory accordingly could become a challenge. Economic downturns can also affect consumer spending on non-essential items like beauty products. Other threats may come from supply chain issues such as shipping disruptions and logistical challenges due to weather, or changes in import regulations or cosmetic product standards in Finland.



Figure 6. The business's SWOT analysis

### 4.3 Market analysis outcomes

Based on the above findings, the target customers of the company will be categorized into three groups. The first group is Gen Z and Millennials living in Finland who are passionate about K-beauty and Korean culture. These individuals are aged between 18 and 30, usually students and young professionals. This group loves to explore new trends and has a special interest in K-pop, dramas, and Korean culture. They are actively seeking out unique skincare and makeup products that are popular among Korean youth or highly recommended on social media platforms. The

second group is working professionals with steady incomes, aged between 30 and 50, who will choose products that align with their values and outlook on life. The third group is expats living in Helsinki, especially Asians who are too familiar with Korean cosmetics.

To gain a competitive edge over competitors, the unique selling point of the company is not making Korean cosmetic products look as if they are too expensive to afford. This is suitable for young customers, students, and those who like to try new cosmetics but do not want to spend too much money. The prices will be set lower than the current competitors but still maintain profitability. This is possible as other bigger competitors are spending heavily on marketing expenses, such as influencer marketing while the startup will focus on organic marketing, create social media content on its own, and only allocate a modest budget to paid advertising. Also, located in a shopping mall, the shop is expected to attract a steady stream of customers.

Safe products that meet the Finnish standards when importing can be a competitive advantage for the company. Therefore, the brand positioning of the business is to be an authentic K-beauty shop in Helsinki that provides eco-friendly and sustainable products. Firstly, the shop will focus on the prestige and quality of genuine Korean products by importing directly from a famous and reputable Korean wholesaler, ensuring standard and reliable products. Customers do not have to worry about fake or poor-quality goods and can rest assured that they are using products that meet both Korean and Finnish standards. Secondly, the shop will concentrate on clean, safe, and environmentally friendly skincare products, in line with Finnish sustainable consumption trends. Products are chosen based on requirements such as being natural, not tested on animals, and having environmentally friendly packaging. This is to target customers who love clean cosmetics and are environmentally conscious. The author wants to show that this is not only a cosmetics shop, but also part of the movement to protect the planet. The store will also sell trending products that other companies might not have imported yet, making it the one and only option for customers seeking those.

## 5 Business Plan Financials

### 5.1 Cost analysis and pricing

The business form is a limited liability company set up by one person. This is chosen as a limited company provides a distinct legal entity in which the owner's personal assets are separated from the company's liabilities. This limited liability structure offers significant protection against potential financial risks. Limited companies are easier to scale up and grow than sole traders and corporation tax on profits is also usually lower than the income tax rates that sole traders pay. (HSBC UK 2024). Therefore, looking at the long-term goal of the business, limited liability is the best option for company form in this case.

The first thing to be examined is the fixed costs required to run the company. Table 5 shows the detailed breakdown of fixed costs (excluding VAT) incurred during the first year of operation. Rent and electricity expenses are 1500 euros a month for a 30m<sup>2</sup> store in Itis Shopping Center (Helsinki), which is seen in advertising in the shopping mall's elevator.

The entrepreneur's salary is estimated at 20,000 euros and no employee is hired. The average salary in Finland is much higher, around 4,112 euros a month (Statistics Finland 2024). However, if the shop becomes profitable, a portion of that profit can be considered as additional income for the owner. This means the salary is likely to increase over time.

The YEL pension insurance (self-employed person's pension insurance) is for entrepreneurs over 18 years old and must be taken out within six months of starting a business. In this case, the YEL insurance is calculated based on the entrepreneur's YEL income of 20,000 euros per year multiplied by the YEL contribution of 24.10% for people aged 18-52, including a discount of 22% for the first 48 months for a new entrepreneur. (Uusyrityskeskus 2024, 14). Another insurance required to run the business is 100 euros per month.

The registration fee of a limited liability company in the YTJ service costs 240 euros for alternative A, the "guided set-up package". (Uusyrityskeskus 2024, 44). The company will spend 200 euros per month on marketing and advertising, a sufficient amount to invest in the first year and assess the effectiveness of the marketing efforts. The company will also spend 12,000 euros on furniture and equipment in the initial year. The costs of telephone and internet, bookkeeping services, and repairs, maintenance and software updates are 50, 100, and 20 euros per month, respectively. (Uusyrityskeskus 2024). The total fixed cost is 61,136 euros for the first operating year and 5095 euros a month.

Table 4. Estimated fixed cost of the K-beauty shop, first year

<b>Fixed operating costs (excluding VAT)</b>	<b>Per Month</b>	<b>Per Year (12 months)</b>
Rent and electricity	1500	18000
YEL insurance	313	3756
Other insurance	100	1200
Registration fee	20	240
Salary	1667	20000
Furniture & equipment	1000	12000
Marketing and advertising	200	2400
Telephone and internet	50	600
Bookkeeping	100	1200
Repairs, maintenance and software updates	20	240
Website	125	1500
<b>Total fixed costs</b>	<b>5095</b>	<b>61136</b>

Table 5. Sources of funding

<b>Sources of funding</b>		<b>€</b>
Equity	Personal capital investment	20,000
Loan capital	Finnvera loan	10,000
<b>Total sources of funding</b>		<b>30,000</b>

Table 5 shows the funding sources for the startup. The owner's personal capital investment is 20,000 euros and will borrow 10,000 euros from Finnvera. This is enough for the business to cover costs for the first six months.

The business choose Olive Young as its wholesaler. Olive Young is known as Korea's leading health and beauty retailer. The company has built a strong reputation for offering high-quality and authentic products. (CJ 2024). Sourcing from Olive Young can be assured of the authenticity and quality of the products, reducing the risk of counterfeit items and enhancing customer trust. They also have a list for trending and top-selling products updated every month. This will help the author decide on which products have the potential for import. They often have exclusive deals, promotions, and a robust rewards program, which allow the business to manage costs and offer competitive prices to customers. Olive Young is known for its efficient logistics and fast shipping, which ensures that buyers can receive their products in a timely manner. They are trying to expand its presence globally by doing international B2B partnerships, so registering as a B2B member with them brings several benefits in terms of prices, discounts, gifts, guarantees/warranties, shipping

fee and delivery speed. (Olive Young s.a.). Olive Young will also handle the delivery process and have free-shipping for a certain price of goods, which leads to a much lower purchase cost for each product.

As stated above in the market analysis outcomes, the business strives to provide customers with high-quality K-beauty products at competitive prices, giving them a compelling reason to choose the brand over others. In addition, as this is a startup and small-scale business, it is important to establish a pricing strategy that not only attracts customers but also ensures a sustainable profit margin. Therefore, the pricing for products of the K-beauty shop is based on a mixed method of market-based pricing and cost-based pricing. A quick comparison of the opponents' price markup strategy is identified by comparing the price of the product Cosrx AHA/BHA Clarifying Treatment Toner as an example. The estimated purchase price offered by Olive Young is 14 euros for the product. Table 6 shows the current selling prices of each competitor and the price markup calculated based on the price without VAT of 25.5% and the purchase price.

Table 6. Comparison of competitors' selling price and price markup

Company	Selling price	Price without VAT	Purchase price	Price markup
Yeppo & Soonsoo	24.99	19.91	14	42%
Bearel	24.90	19.84	14	42%
Jbeauty	22.90	18.25	14	30%
GlowStation	24.99	19.91	14	42%
Kosmos Beauty Lab	23.90	19.04	14	36%

As the pricing strategy is to set the price lower than other big competitors such as Yeppo and Bearel but still ensure a profit margin, the author decided to choose a 30% price markup. The EU-South Korea Free Trade Agreement (FTA) removes almost 99% of all import duties on goods of EU or South Korean origin, reducing the customs duty to 0. (European Commission s.a.). The final selling price includes 25.5% VAT as a standard rate for imported goods in Finland. (Tulli 2024).

The business will initially introduce 20 popular and trending Korean products from well-known and reputable brands in Korea. Some of these products have already been introduced to Finnish consumers through Korean beauty shops here. However, a few others have not been imported yet, and this shop will be the first to sell them. The plan is to sell products ranging from skincare to makeup, providing customers with a complete beauty routine. All products are carefully selected based on eco-friendly criteria, featuring natural ingredients and high efficacy. This aligns perfectly with the brand positioning, the growing eco-conscious and sustainable lifestyle of Finnish people. Product selection also prioritizes customer benefits by considering the Finnish climate and local

preferences. The price of each item from the list of 20 selected products for import and sale is presented in Table 7.

Table 7. Price per product

Item	Purchase price per unit	Sales price (excluding VAT)	Sales price (including VAT)
D'alba White Truffle First Spray Serum	15	21.4	26.9
D'alba White Waterfull Tone-Up Sun Cream	14	20.0	25.1
Torriden Dive-In Soothing Cream	16	22.9	28.7
Beauty of Joseon Dynasty Cream	18	25.7	32.3
Beauty of Joseon Sun Cream	12	17.1	21.5
Jumiso Have A Good Cream Snail & Centella	10	14.3	17.9
Roundlab 1025 Dokdo Toner	9.5	13.6	17.0
Roundlab Birch Juice Moisturizing Cream	19	27.1	34.1
Goodal Green Tangerine Vita C Dark Spot Serum	16.5	23.6	29.6
Goodal Green Tangerine Vita C Cream	15.5	22.1	27.8
Medicube Red Erasing Cream	15.5	22.1	27.8
Medicube Zero Pore Pad 2.0	17	24.3	30.5
Manyo Factory Pure Cleansing Oil	17.5	25.0	31.4
Manyo Factory Bifida Biome Ampoule	12	17.1	21.5
Fwee Lip & Cheek Blurry Pudding Pot	8	11.4	14.3
Fwee Cushion Egg-Fit Cover	12.5	17.9	22.4
Hince True Dimension Radiance Balm	12.5	17.9	22.4
Hince Mood Enhancer Lipstick	7.5	10.7	13.4
Dasique Melting Candy Balm	7.5	10.7	13.4
Dasique Shadow Palette	16.5	23.6	29.6

## 5.2 Sales budget

The company will sell 10 Korean natural-based skincare and makeup products in its first year of market entry to see market response and consumer preferences. As located in a shopping mall, the store will maintain continuous operation throughout the month. Sales are projected to grow steadily by 10% each month, reaching a peak in October after 9 months of marketing. Sales are expected to be the highest in November and December, driven by Black Friday and Christmas. Figure 7 demonstrates unit sales per month after one year of operation.

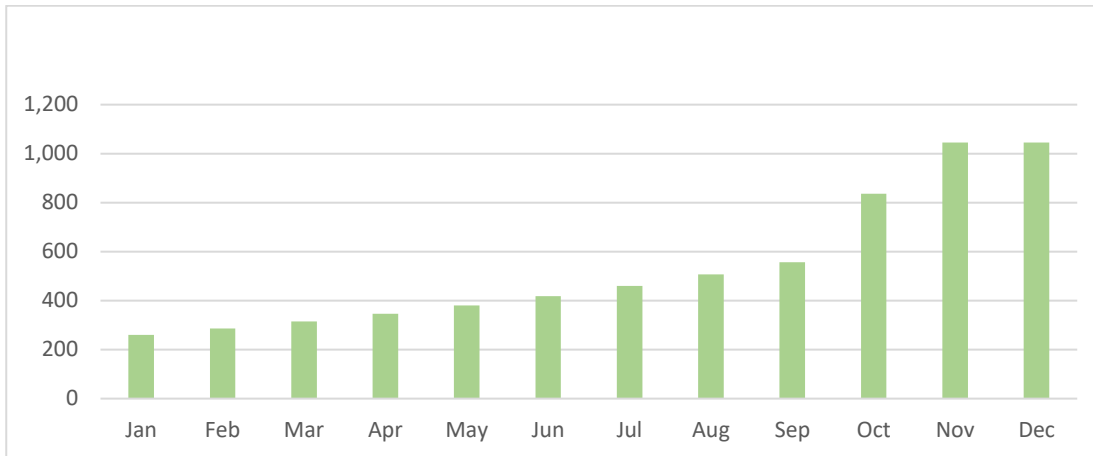


Figure 7. Unit sales per month

Table 8. Sales budget for the first three months

<b>SALES BUDGET</b>	<b>January</b>	<b>February</b>	<b>March</b>
D'alba White Truffle First Spray Serum	643	707	778
D'alba White Waterfull Tone-Up Sun Cream	500	550	605
Torriden Dive-In Soothing Cream	686	754	830
Beauty of Joseon Dynasty Cream	643	707	778
Beauty of Joseon Sun Cream	429	471	519
Jumiso Have A Good Cream Snail & Centella	429	471	519
Fwee Lip & Cheek Blurry Pudding Pot	343	377	415
Hince Mood Enhancer Lipstick	321	354	389
Hince True Dimension Radiance Balm	268	295	324
Dasique Shadow Palette	471	519	570
<b>Revenue</b>	<b>4,732</b>	<b>5,205</b>	<b>5,726</b>
<b>PURCHASE BUDGET</b>			
D'alba White Truffle First Spray Serum	450	495	545
D'alba White Waterfull Tone-Up Sun Cream	350	385	424
Torriden Dive-In Soothing Cream	480	528	581
Beauty of Joseon Dynasty Cream	450	495	545
Beauty of Joseon Sun Cream	300	330	363
Jumiso Have A Good Cream Snail & Centella	300	330	363
Fwee Lip & Cheek Blurry Pudding Pot	240	264	290
Hince Mood Enhancer Lipstick	225	248	272
Hince True Dimension Radiance Balm	188	206	227
Dasique Shadow Palette	330	363	399
<b>-Variable costs</b>	<b>3,313</b>	<b>3,644</b>	<b>4,008</b>
<b>= Gross profit</b>	<b>1,420</b>	<b>1,562</b>	<b>1,718</b>

The sales budget for the first year is made after having unit sales for each month and each product. Table 8 shows the revenue, variable expenses, and gross profits for the first three months of operation. For each product, its monthly revenue is calculated by multiplying its unit sales with

its selling price without VAT, and its monthly variable cost is calculated by multiplying its unit sales with its purchase price. The gross profit margin for each month is calculated by subtracting the variable cost from the revenue. Applying those formulas to calculate for the whole year, the total revenue is 117,515 euros, total variable cost is 82,260 euros, and gross profit is 35,258 euros. The gross margin is 30% in the first year. The full calculations of the sales budget in 12 months are shown in Appendix 1.

Table 9. Income budget, first year of operation

<b>Income budget</b>	
Revenue	117515
-Variable costs	82260
= Gross profit	35254
- Fixed costs	61136
= EBITDA	-25882
- Depreciation	3000
= Operating profit	-28882
- Financial income and expenses	325
- Income taxes	144
<b>= Result</b>	<b>-29351</b>

Table 9 is the income budget for the first year of operation. The EBITDA is -25,882 euros, calculated by subtracting the total fixed costs of 61,113 euros from the gross profit of 35,254 euros. The depreciation rate for furniture and equipment is 25% using the declining-balance method. (PwC 2024). Therefore, the yearly depreciation cost of the store is  $12,000 \times 25\% = 3000$  euros. The operating profit is calculated by subtracting the depreciation cost from the gross profit, resulting in -28,882 euros. The operating profit margin is  $-28,882 / 117,515 = -24.58\%$  (operating profit / revenue).

The company will secure funding from Finnvera. They offer a Start Guarantee with the minimum amount of 10,000 euros, with no interest rate but a guaranteed commission of 1.75% per annum charged at a 3-month interval and a service fee of 1.0% of the guaranteed amount, minimum 150 euros. (Finnvera s.a.). The startup will borrow 10,000 euros from Finnvera, so its financial income and expenses will be 325 euros per year.

The income taxes assessed on limited liability companies is 20%. (Vero 2024). However, because operating profit was negative for the first 10 months, the company will only pay income taxes in

November and December. The result for the first year is -29,351 euros. The breakeven point is  $61,113 / 30\% = 203,787$  euros (fixed costs / gross margin).

The business is expected to have a negative result in the first year and the breakeven point is nearly double the revenue, which means that it will suffer a loss and revenue is not enough to cover costs. However, as seen in Appendix 1, the company is projected to start making profit in November and for a startup, it is quite common to operate at a loss in the first year due to large initial investments. For example, Baestyle Oy, the company of Yeppo & Soonso, also started making profit since their third year of operation. (Finder s.a.). Therefore, the business has the potential to become profitable in the near future and this project is still worth pursuing.

The negative result may be due to the high fixed costs, so the author will make another scenario where fixed costs are reduced to see if the business's performance will be better. To boost sales, the company will also expand its product line to 15 items.

Table 10. Fixed operating costs for the first year of the second scenario

Fixed operating costs (excluding VAT)	Per Month	Per Year (12 months)
Rent and electricity	1500	18000
YEL insurance	313	3756
Other insurance	100	1200
Registration fee	20	240
Salary	1667	20000
Furniture & equipment	917	11000
Marketing and advertising	150	1800
Telephone and internet	50	600
Bookkeeping	100	1200
Repairs, maintenance and software updates	20	240
Website	100	1200
<b>Total fixed costs</b>	<b>4936</b>	<b>59236</b>

Table 10 shows the new total fixed costs for the second scenario. The cost of marketing and advertising is reduced by 50 euros each month. The author will invest less in furniture and the website, which results in less than 1,000 euros and 300 euros per year, respectively. This leads to a total difference of 1,900 euros from the first scenario.

Table 11. Income budget of the first year in the second scenario

<b>Income budget</b>	
<b>Revenue</b>	<b>152459</b>
<b>-Variable costs</b>	<b>106721</b>
<b>= Gross profit</b>	<b>45738</b>
<b>- Fixed costs</b>	<b>59236</b>
<b>= EBITDA</b>	<b>-13498</b>
<b>- Depreciation</b>	<b>2750</b>
<b>= Operating profit</b>	<b>-16248</b>
<b>- Financial income and expenses</b>	<b>325</b>
<b>- Income taxes</b>	<b>1046</b>
<b>= Result</b>	<b>-17619</b>

Table 11 shows the result for the second scenario. The net result is still negative, but the loss has almost halved compared to the first scenario. The depreciation cost is also lower due to the reduction in furniture and equipment costs. The bright spot here is the increase in revenue, which is much closer to the breakeven point of  $59,236 / 30\% = 197,453$  euros. The operating profit margin in the second scenario is  $-16,248 / 152,459 = -10.66\%$ , experienced a twofold increase compared to the first one. Also, the business is expected to start making profit in October, one month earlier than the first scenario (Appendix 2). All of this indicates that the business is possible to be profitable in the second year of operation.

The second scenario proposes better business performance in terms of revenue, net income, growth rate, and profitability. Nonetheless, both scenarios predict the startup's growth and early return on investment. Therefore, it depends on whether the author wants to reduce costs, such as marketing, because investing more in the startup in the first year also has its own advantages, for example, faster recognition from customers. However, it is also possible to follow the second scenario because it allows for slightly lower initial investment, but with earlier profitability, enabling more money to invest in subsequent years.

## **6 Discussion and Conclusions**

The outcome of this thesis is a business plan for opening a K-Beauty store in Helsinki, Finland. The author conducted SWOT and competitor analyses using the document analysis method to assess the market and identify factors that create a competitive advantage for the store. Based on the results, the author proposed competitive pricing strategies, along with a focus on trendy and eco-friendly products to attract customers. A financial plan is then developed using Microsoft Excel to build budgets for selling prices, expected sales, and income. Through these calculations, the author created two financial scenarios that show the store is expected to start making a profit from the last three months of the first year and achieve profitability in the following year. This thesis is completed through the effective use of market and financial analysis tools to build the foundation for a sustainable and viable business in a competitive market.

### **6.1 Key Findings**

In this thesis, the author conducted a market analysis and developed financial calculations to predict the feasibility of opening a K-beauty shop in Helsinki. The SWOT and competitor analyses provided a clear view of the opportunities and challenges in the Finnish market. Although the company faces some formidable competitors, the market is not yet saturated, and the popularity of Korean cosmetics, especially with the Korean wave, is still on the rise. This is a positive factor as it creates opportunities for new businesses like this to enter the market and establish a position. The project of opening a K-beauty store in Helsinki is seen as a timely opportunity.

The decision to provide trending and eco-friendly products is a strength, in line with current sustainable consumption trends that is popular in Finland. This caters environmentally conscious customers in Helsinki, helping the company build a positive brand image and stand out from competitors who have not focused much on this area.

The author has built a more competitive pricing strategy than the competitors, which is an attractive factor that helps attract price-sensitive customers. By keeping the prices more reasonable, the business not only attracts new customers but also motivates customers to return. It is important to note that a low-price strategy will require a large enough customer base to ensure long-term profitability. However, offering the same quality and eco-friendly products but at competitive prices will meet the increasing K-Beauty demand and differentiate it from others.

After building a strong brand and loyal customer base, the business can diversify its product offerings or scale up operations to meet growing demand. Especially if the market responds

positively to eco-friendly products, the company can invest more in these product lines or partner with brands sharing the same values.

The financial scenarios show potential for future profitability, although there may be some difficulties in the first year. The company is likely to incur losses and high fixed costs in the first year of operation. However, with the gradual growth in sales, organic marketing, and the attraction of a prime location as a shopping mall, the business is expected to start making profits from the last months of the first year. This is a positive sign, as it shows that the startup has the potential to recover initial costs and continue to grow. It is also quite common that most new businesses struggle in the early stages as they need time to build a customer base and increase revenue. Financial analysis shows that the business model will become profitable in the second year, which can help it continue to invest in new products and expand in the future.

A weakness of the thesis is the lack of in-depth analysis of the K-beauty industry and consumer trends in Finland, which can miss out on some important factors that influence the market. One of the major risks is competition. Although the market is not saturated, new competitors can reduce the potential market share of the business. In addition, if competitors also introduce trending and eco-friendly products, the business will face further pressure to offer discounts or spend more on marketing to maintain its attractiveness. Financial risk is the next important consideration. With losses expected in the first year, the business needs to have enough capital to sustain it through this difficult period. Financial projections may vary depending on many external factors and market fluctuations. Operating costs can be higher, and revenue can be lower than expected. Product prices may be affected by economic fluctuations or changes in import costs. At the time of writing this thesis, the VAT had been raised from 24% to 25.5%, which affected the store's operating costs and product prices. This may also impact consumer purchasing power.

This venture is feasible as, overall, the study still shows a positive sign, and the author is willing to take the initial risk. Being in a growing and in-demand industry like K-beauty is a huge advantage. With the market's strong move towards sustainability, the author believes the startup's direction will lead it to succeed. There will be initial challenges, from positioning the brand to building customer trust, but what this project brings is a deep connection with the real needs of the market: quality products, environmentally friendly, and affordable prices. These factors not only attract customers but also foster long-term loyalty, an essential factor for sustainable development. Although the first year is expected to be a loss, the financial plan is well prepared and in line with market realities, with the prospect of recovering losses soon and generating stable profits. Patience and adaptability will be the key to ensuring long-term success.

## 6.2 Recommendations

The author of this thesis recommends conducting a detailed marketing plan to increase business visibility. A specific marketing strategy is necessary to create the right marketing content for the market segment, develop what is suitable for the Finnish market, and choose the right marketing approaches such as social media, email marketing, influencer marketing, and promotional programs. Making a survey to investigate consumers' attitudes towards Korean cosmetic products and their purchasing patterns is also beneficial. Understanding customers' needs and preferences will help develop effective product and marketing strategies.

Besides SWOT, the author recommends applying PESTEL and Porter's Five Forces to better understand the beauty industry in Finland. For example, PESTEL helps analyze factors such as the Finnish government's policy on importing foreign cosmetics (Political), the growth trend of K-beauty in Finland (Economic), and customer demand for eco-friendly products (Social and Environmental). Porter's Five Forces can help assess the competitiveness and profitability of a market by analyzing the following factors: the level of dependence on suppliers, consumer power in Helsinki, the threat of substitute products and new entrants, and the current level of rivalry. This tool will help to see clearer and further the risks and opportunities in the K-beauty industry in Finland.

In terms of financials, the author recommends making a profitability plan for 3 years. This will give an overview of the development of the business and the company's performance and determine the minimum turnover target. Creating financial statements such as a financing statement, budgeted income statement, budgeted balance sheet, and cash flow statement is recommended. For example, a cash flow statement helps track cash inflows and outflows, ensuring the business has enough cash to maintain day-to-day operations. A budgeted balance sheet can evaluate the company's ability to pay its debts, particularly during the startup phase.

## 6.3 Ethics

During the process, the author has ensured that all information, figures, references, and data are taken from reliable and authoritative sources such as industry reports, academic papers, books, official websites of the Finnish government, and statistics from reputable organizations. In addition, the author has carefully conducted document analysis to synthesize data from various sources, avoiding verbatim copying and always clearly citing the source of the reference information. The author also adhered to the principles of personal data protection and information security, ensuring that all personal information is handled securely and in compliance with applicable laws.

This thesis not only complies with ethical rules but also ensures high reliability and accuracy. The analytical methods and tools used, such as document analysis and Microsoft Excel, have been applied in a scientific and systematic manner. This helps to ensure that the results and conclusions in the thesis are well-founded and verifiable. Compliance with ethical rules and the use of reliable research methods have helped to enhance the reliability and value of this thesis.

#### **6.4 Reflection on learning**

Through the process of conducting and writing this thesis, the author has gained practical experience in research methodology, data analysis, and academic writing. These skills will be invaluable in pursuing further studies and higher degrees. When creating the business plan, the author had the opportunity to apply theoretical knowledge and learn a lot from practice, especially in developing analytical skills and building business strategies.

The most important lesson learned from this process was how to combine analysis tools to come up with an effective strategy. During the market research phase, the author realized the importance of understanding consumer needs and trends thoroughly and then building a strategy that fits the target market. This skill will be extremely useful if the author plans to run a startup in the future that requires developing new products or services.

Creating the financial calculations and scenarios for the business plan directly benefits the author's current role as a student with a Finance & Accounting major and knowledge gained from writing the thesis could be immediately applied to work in the future.

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## Appendices

### Appendix 1. Scenario 1

Item	Purchase price	Sales price (excl. VAT)
D'alba White Truffle First Spray Serum	15	21.4
D'alba White Waterfull Tone-Up Sun Cream	14	20.0
Torriden Dive-In Soothing Cream	16	22.9
Beauty of Joseon Dynasty Cream	18	25.7
Beauty of Joseon Sun Cream	12	17.1
Jumiso Have A Good Cream Snail & Centella	10	14.3
Fwee Lip & Cheek Blurry Pudding Pot	8	11.4
Hince Mood Enhancer Lipstick	7.5	10.7
Hince True Dimension Radiance Balm	12.5	17.9
Dasique Shadow Palette	16.5	23.6

Unit sales	January	February	March	April	May	June
D'alba White Truffle First Spray Serum	30	33	36	40	44	48
D'alba White Waterfull Tone-Up Sun Cream	25	28	30	33	37	40
Torriden Dive-In Soothing Cream	30	33	36	40	44	48
Beauty of Joseon Dynasty Cream	25	28	30	33	37	40
Beauty of Joseon Sun Cream	25	28	30	33	37	40
Jumiso Have A Good Cream Snail & Centella	30	33	36	40	44	48
Fwee Lip & Cheek Blurry Pudding Pot	30	33	36	40	44	48
Hince Mood Enhancer Lipstick	30	33	36	40	44	48
Hince True Dimension Radiance Balm	15	17	18	20	22	24
Dasique Shadow Palette	20	22	24	27	29	32

Unit sales	July	August	September	October	November	December
D'alba White Truffle First Spray Serum	53	58	64	96	121	121
D'alba White Waterfull Tone-Up Sun Cream	44	49	54	80	100	100
Torriden Dive-In Soothing Cream	53	58	64	96	121	121
Beauty of Joseon Dynasty Cream	44	49	54	80	100	100
Beauty of Joseon Sun Cream	44	49	54	80	100	100
Jumiso Have A Good Cream Snail & Centella	53	58	64	96	121	121
Fwee Lip & Cheek Blurry Pudding Pot	53	58	64	96	121	121
Hince Mood Enhancer Lipstick	53	58	64	96	121	121
Hince True Dimension Radiance Balm	27	29	32	48	60	60
Dasique Shadow Palette	35	39	43	64	80	80

<b>SALES BUDGET</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>
D'alba White Truffle First Spray Serum	643	707	778	856	941	1,035
D'alba White Waterfull Tone-Up Sun Cream	500	550	605	666	732	805
Torriden Dive-In Soothing Cream	686	754	830	913	1,004	1,104
Beauty of Joseon Dynasty Cream	643	707	778	856	941	1,035
Beauty of Joseon Sun Cream	429	471	519	570	627	690
Jumiso Have A Good Cream Snail & Centella	429	471	519	570	627	690
Fwee Lip & Cheek Blurry Pudding Pot	343	377	415	456	502	552
Hince Mood Enhancer Lipstick	321	354	389	428	471	518
Hince True Dimension Radiance Balm	268	295	324	357	392	431
Dasique Shadow Palette	471	519	570	627	690	759
<b>Revenue</b>	<b>4,732</b>	<b>5,205</b>	<b>5,726</b>	<b>6,298</b>	<b>6,928</b>	<b>7,621</b>
<b>PURCHASE BUDGET</b>						
D'alba White Truffle First Spray Serum	450	495	545	599	659	725
D'alba White Waterfull Tone-Up Sun Cream	350	385	424	466	512	564
Torriden Dive-In Soothing Cream	480	528	581	639	703	773
Beauty of Joseon Dynasty Cream	450	495	545	599	659	725
Beauty of Joseon Sun Cream	300	330	363	399	439	483
Jumiso Have A Good Cream Snail & Centella	300	330	363	399	439	483
Fwee Lip & Cheek Blurry Pudding Pot	240	264	290	319	351	387
Hince Mood Enhancer Lipstick	225	248	272	299	329	362
Hince True Dimension Radiance Balm	188	206	227	250	275	302
Dasique Shadow Palette	330	363	399	439	483	531
<b>-Variable costs</b>	<b>3,313</b>	<b>3,644</b>	<b>4,008</b>	<b>4,409</b>	<b>4,850</b>	<b>5,335</b>
<b>= Gross profit</b>	<b>1,420</b>	<b>1,562</b>	<b>1,718</b>	<b>1,890</b>	<b>2,078</b>	<b>2,286</b>

<b>SALES BUDGET</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
D'alba White Truffle First Spray Serum	1,139	1,253	1,378	2,067	2,584	2,584	<b>15,964</b>
D'alba White Waterfull Tone-Up Sun Cream	886	974	1,072	1,608	2,010	2,010	<b>12,417</b>
Torriden Dive-In Soothing Cream	1,215	1,336	1,470	2,205	2,756	2,756	<b>17,029</b>
Beauty of Joseon Dynasty Cream	1,139	1,253	1,378	2,067	2,584	2,584	<b>15,964</b>
Beauty of Joseon Sun Cream	759	835	919	1,378	1,723	1,723	<b>10,643</b>
Jumiso Have A Good Cream Snail & Centella	759	835	919	1,378	1,723	1,723	<b>10,643</b>
Fwee Lip & Cheek Blurry Pudding Pot	607	668	735	1,102	1,378	1,378	<b>8,514</b>
Hince Mood Enhancer Lipstick	569	626	689	1,034	1,292	1,292	<b>7,982</b>
Hince True Dimension Radiance Balm	475	522	574	861	1,077	1,077	<b>6,652</b>
Dasique Shadow Palette	835	919	1,011	1,516	1,895	1,895	<b>11,707</b>
<b>Revenue</b>	<b>8,383</b>	<b>9,222</b>	<b>10,144</b>	<b>15,216</b>	<b>19,020</b>	<b>19,020</b>	<b>117,515</b>
<b>PURCHASE BUDGET</b>							
D'alba White Truffle First Spray Serum	797	877	965	1,447	1,809	1,809	<b>11,175</b>
D'alba White Waterfull Tone-Up Sun Cream	620	682	750	1,125	1,407	1,407	<b>8,692</b>
Torriden Dive-In Soothing Cream	850	935	1,029	1,543	1,929	1,929	<b>11,920</b>
Beauty of Joseon Dynasty Cream	797	877	965	1,447	1,809	1,809	<b>11,175</b>
Beauty of Joseon Sun Cream	531	585	643	965	1,206	1,206	<b>7,450</b>
Jumiso Have A Good Cream Snail & Centella	531	585	643	965	1,206	1,206	<b>7,450</b>
Fwee Lip & Cheek Blurry Pudding Pot	425	468	514	772	965	965	<b>5,960</b>
Hince Mood Enhancer Lipstick	399	438	482	723	904	904	<b>5,587</b>
Hince True Dimension Radiance Balm	332	365	402	603	754	754	<b>4,656</b>
Dasique Shadow Palette	585	643	707	1,061	1,326	1,326	<b>8,195</b>
<b>-Variable costs</b>	<b>5,868</b>	<b>6,455</b>	<b>7,101</b>	<b>10,651</b>	<b>13,314</b>	<b>13,314</b>	<b>82,260</b>
<b>= Gross profit</b>	<b>2,515</b>	<b>2,766</b>	<b>3,043</b>	<b>4,565</b>	<b>5,706</b>	<b>5,706</b>	<b>35,254</b>

Income Budget	January	February	March	April	May	June
Revenue	4,732	5,205	5,726	6,298	6,928	7,621
-Variable costs	3,313	3,644	4,008	4,409	4,850	5,335
= Gross profit	1,420	1,562	1,718	1,890	2,078	2,286
- Fixed costs	5,095	5,095	5,095	5,095	5,095	5,095
= EBITDA	(3,675)	(3,533)	(3,377)	(3,205)	(3,016)	(2,808)
- Depreciation	250	250	250	250	250	250
= Operating profit	(3,925)	(3,783)	(3,627)	(3,455)	(3,266)	(3,058)
- Financial income and expenses	27	27	27	27	27	27
- Income taxes	-	-	-	-	-	-
= Result	(3,952)	(3,810)	(3,654)	(3,482)	(3,293)	(3,085)

#### Break-even Point

16,982	16,982	16,982	16,982	16,982	16,982
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#### Safety margin

(12,250)	(11,777)	(11,256)	(10,684)	(10,054)	(9,361)
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Income Budget	July	August	September	October	November	December	Total
Revenue	8,383	9,222	10,144	15,216	19,020	19,020	117,515
-Variable costs	5,868	6,455	7,101	10,651	13,314	13,314	82,260
= Gross profit	2,515	2,766	3,043	4,565	5,706	5,706	35,254
- Fixed costs	5,095	5,095	5,095	5,095	5,095	5,095	61,136
= EBITDA	(2,580)	(2,328)	(2,052)	(530)	611	611	(25,882)
- Depreciation	250	250	250	250	250	250	3,000
= Operating profit	(2,830)	(2,578)	(2,302)	(780)	361	361	(28,882)
- Financial income and expenses	27	27	27	27	27	27	325
- Income taxes	-	-	-	-	72	72	144
= Result	(2,857)	(2,605)	(2,329)	(807)	262	262	(29,351)

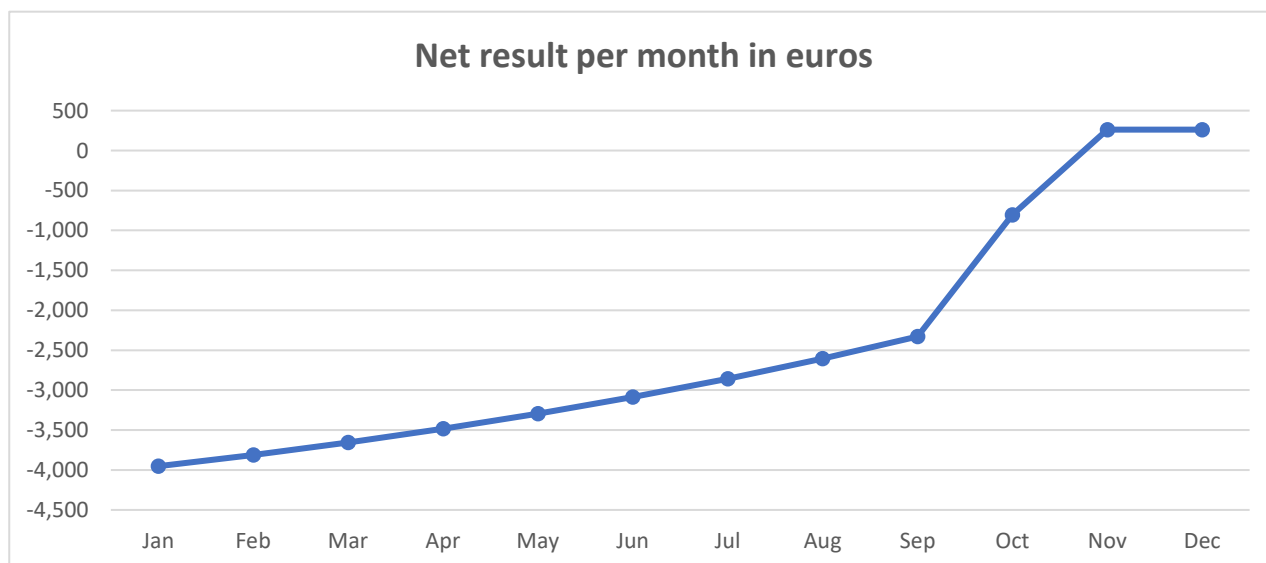
#### Break-even Point

16,982	16,982	16,982	16,982	16,982	16,982	203,787
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#### Safety margin

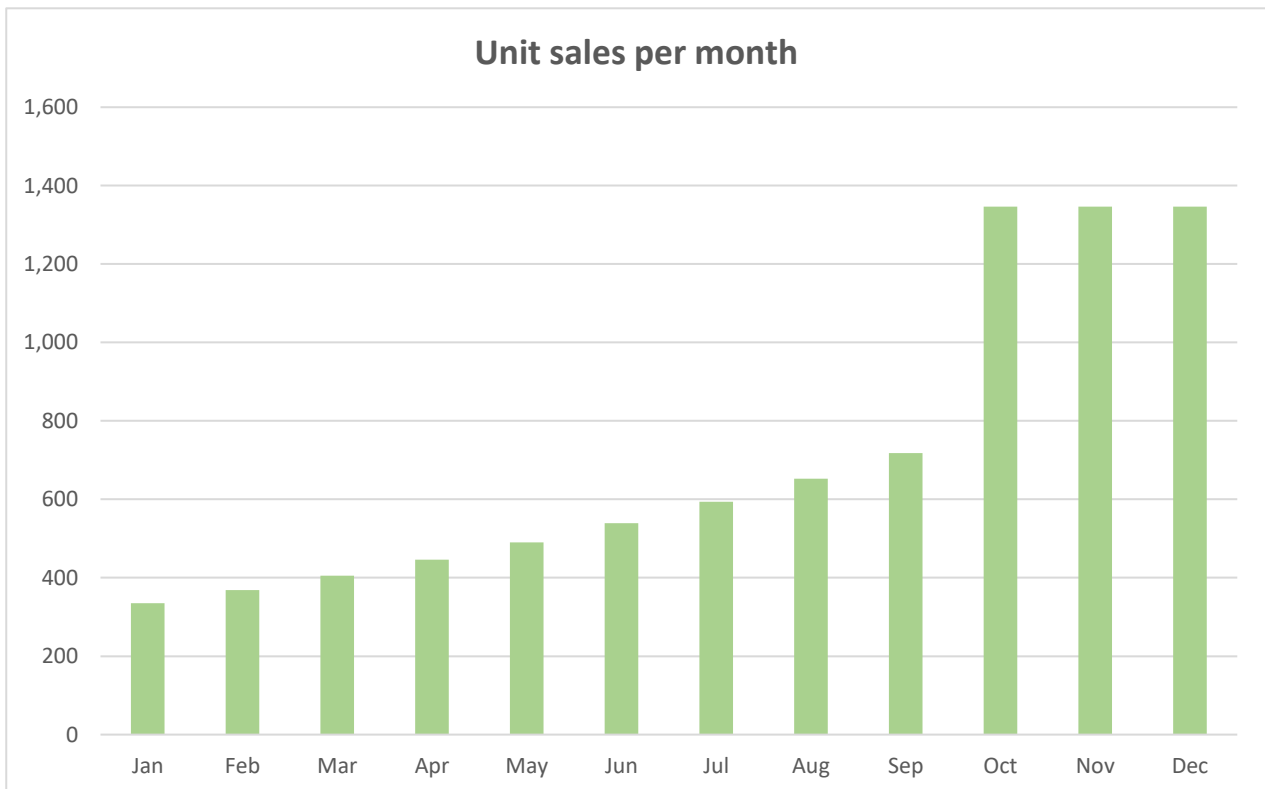
(8,599)	(7,761)	(6,838)	(1,767)	2,037	2,037	(86,272)
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Gross margin	30.00%
EBITDA	-22.02%
Operating profit	-24.58%



## Appendix 2. Scenario 2

Item	Purchase price	Sales price (excl. VAT)
D'alba White Truffle First Spray Serum	15	21.4
D'alba White Waterfull Tone-Up Sun Cream	14	20.0
Torriden Dive-In Soothing Cream	16	22.9
Beauty of Joseon Dynasty Cream	18	25.7
Beauty of Joseon Sun Cream	12	17.1
Jumiso Have A Good Cream Snail & Centella	10	14.3
Roundlab 1025 Dokdo Toner	9.5	13.6
Roundlab Birch Juice Moisturizing Cream	19	27.1
Goodal Green Tangerine Vita C Dark Spot Serum	16.5	23.6
Fwee Lip & Cheek Blurry Pudding Pot	8	11.4
Fwee Cushion Egg-Fit Cover	12.5	17.9
Hince True Dimension Radiance Balm	12.5	17.9
Hince Mood Enhancer Lipstick	7.5	10.7
Dasique Melting Candy Balm	7.5	10.7
Dasique Shadow Palette	16.5	23.6



<b>SALES BUDGET</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>
D'alba White Truffle First Spray Serum	643	707	778	856	941	1,035
D'alba White Waterfull Tone-Up Sun Cream	500	550	605	666	732	805
Torrident Dive-In Soothing Cream	686	754	830	913	1,004	1,104
Beauty of Joseon Dynasty Cream	643	707	778	856	941	1,035
Beauty of Joseon Sun Cream	429	471	519	570	627	690
Jumiso Have A Good Cream Snail & Centella	429	471	519	570	627	690
Roundlab 1025 Dokdo Toner	271	299	328	361	397	437
Roundlab Birch Juice Moisturizing Cream	407	448	493	542	596	656
Goodal Green Tangerine Vita C Dark Spot Serum	354	389	428	471	518	569
Fwee Lip & Cheek Blurry Pudding Pot	343	377	415	456	502	552
Fwee Cushion Egg-Fit Cover	268	295	324	357	392	431
Hince True Dimension Radiance Balm	268	295	324	357	392	431
Hince Mood Enhancer Lipstick	214	236	259	285	314	345
Dasique Melting Candy Balm	214	236	259	285	314	345
Dasique Shadow Palette	471	519	570	627	690	759
<b>Revenue</b>	<b>6,139</b>	<b>6,753</b>	<b>7,429</b>	<b>8,171</b>	<b>8,989</b>	<b>9,887</b>
<b>PURCHASE BUDGET</b>						
D'alba White Truffle First Spray Serum	450	495	545	599	659	725
D'alba White Waterfull Tone-Up Sun Cream	350	385	424	466	512	564
Torrident Dive-In Soothing Cream	480	528	581	639	703	773
Beauty of Joseon Dynasty Cream	450	495	545	599	659	725
Beauty of Joseon Sun Cream	300	330	363	399	439	483
Jumiso Have A Good Cream Snail & Centella	300	330	363	399	439	483
Roundlab 1025 Dokdo Toner	190	209	230	253	278	306
Roundlab Birch Juice Moisturizing Cream	285	314	345	379	417	459
Goodal Green Tangerine Vita C Dark Spot Serum	248	272	299	329	362	399
Fwee Lip & Cheek Blurry Pudding Pot	240	264	290	319	351	387
Fwee Cushion Egg-Fit Cover	188	206	227	250	275	302
Hince True Dimension Radiance Balm	188	206	227	250	275	302
Hince Mood Enhancer Lipstick	150	165	182	200	220	242
Dasique Melting Candy Balm	150	165	182	200	220	242
Dasique Shadow Palette	330	363	399	439	483	531
<b>-Variable costs</b>	<b>4,298</b>	<b>4,727</b>	<b>5,200</b>	<b>5,720</b>	<b>6,292</b>	<b>6,921</b>
<b>= Gross profit</b>	<b>1,842</b>	<b>2,026</b>	<b>2,229</b>	<b>2,451</b>	<b>2,697</b>	<b>2,966</b>

<b>SALES BUDGET</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
D'alba White Truffle First Spray Serum	1,139	1,253	1,378	2,067	2,584	2,584	<b>15,964</b>
D'alba White Waterfull Tone-Up Sun Cream	886	974	1,072	1,608	2,010	2,010	<b>12,417</b>
Torriden Dive-In Soothing Cream	1,215	1,336	1,470	2,205	2,756	2,756	<b>17,029</b>
Beauty of Joseon Dynasty Cream	1,139	1,253	1,378	2,067	2,584	2,584	<b>15,964</b>
Beauty of Joseon Sun Cream	759	835	919	1,378	1,723	1,723	<b>10,643</b>
Jumiso Have A Good Cream Snail & Centella	759	835	919	1,378	1,723	1,723	<b>10,643</b>
Roundlab 1025 Dokdo Toner	481	529	582	873	1,091	1,091	<b>6,740</b>
Roundlab Birch Juice Moisturizing Cream	721	793	873	1,309	1,636	1,636	<b>10,111</b>
Goodal Green Tangerine Vita C Dark Spot Serum	626	689	758	1,137	1,421	1,421	<b>8,780</b>
Fwee Lip & Cheek Blurry Pudding Pot	607	668	735	1,102	1,378	1,378	<b>8,514</b>
Fwee Cushion Egg-Fit Cover	475	522	574	861	1,077	1,077	<b>6,652</b>
Hince True Dimension Radiance Balm	475	522	574	861	1,077	1,077	<b>6,652</b>
Hince Mood Enhancer Lipstick	380	418	459	689	861	861	<b>5,321</b>
Dasique Melting Candy Balm	380	418	459	689	861	861	<b>5,321</b>
Dasique Shadow Palette	835	919	1,011	1,516	1,895	1,895	<b>11,707</b>
<b>Revenue</b>	<b>10,876</b>	<b>11,964</b>	<b>13,160</b>	<b>19,740</b>	<b>24,675</b>	<b>24,675</b>	<b>152,459</b>
<b>PURCHASE BUDGET</b>							
D'alba White Truffle First Spray Serum	797	877	965	1,447	1,809	1,809	<b>11,175</b>
D'alba White Waterfull Tone-Up Sun Cream	620	682	750	1,125	1,407	1,407	<b>8,692</b>
Torriden Dive-In Soothing Cream	850	935	1,029	1,543	1,929	1,929	<b>11,920</b>
Beauty of Joseon Dynasty Cream	797	877	965	1,447	1,809	1,809	<b>11,175</b>
Beauty of Joseon Sun Cream	531	585	643	965	1,206	1,206	<b>7,450</b>
Jumiso Have A Good Cream Snail & Centella	531	585	643	965	1,206	1,206	<b>7,450</b>
Roundlab 1025 Dokdo Toner	337	370	407	611	764	764	<b>4,718</b>
Roundlab Birch Juice Moisturizing Cream	505	555	611	916	1,145	1,145	<b>7,077</b>
Goodal Green Tangerine Vita C Dark Spot Serum	438	482	531	796	995	995	<b>6,146</b>
Fwee Lip & Cheek Blurry Pudding Pot	425	468	514	772	965	965	<b>5,960</b>
Fwee Cushion Egg-Fit Cover	332	365	402	603	754	754	<b>4,656</b>
Hince True Dimension Radiance Balm	332	365	402	603	754	754	<b>4,656</b>
Hince Mood Enhancer Lipstick	266	292	322	482	603	603	<b>3,725</b>
Dasique Melting Candy Balm	266	292	322	482	603	603	<b>3,725</b>
Dasique Shadow Palette	585	643	707	1,061	1,326	1,326	<b>8,195</b>
<b>-Variable costs</b>	<b>7,613</b>	<b>8,375</b>	<b>9,212</b>	<b>13,818</b>	<b>17,273</b>	<b>17,273</b>	<b>106,721</b>
<b>= Gross profit</b>	<b>3,263</b>	<b>3,589</b>	<b>3,948</b>	<b>5,922</b>	<b>7,403</b>	<b>7,403</b>	<b>45,738</b>

<b>Income Budget</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>
<b>Revenue</b>	6,139	6,753	7,429	8,171	8,989	9,887
<b>-Variable costs</b>	4,298	4,727	5,200	5,720	6,292	6,921
<b>= Gross profit</b>	1,842	2,026	2,229	2,451	2,697	2,966
<b>- Fixed costs</b>	4,936	4,936	4,936	4,936	4,936	4,936
<b>= EBITDA</b>	(3,095)	(2,910)	(2,708)	(2,485)	(2,240)	(1,970)
<b>- Depreciation</b>	229	229	229	229	229	229
<b>= Operating profit</b>	(3,324)	(3,140)	(2,937)	(2,714)	(2,469)	(2,199)
<b>- Financial income and expenses</b>	27	27	27	27	27	27
<b>- Income taxes</b>	-	-	-	-	-	-
<b>= Result</b>	<b>(3,351)</b>	<b>(3,167)</b>	<b>(2,964)</b>	<b>(2,741)</b>	<b>(2,496)</b>	<b>(2,226)</b>

**Break-even Point**

16,454	16,454	16,454	16,454	16,454	16,454
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**Safety margin**

(10,315)	(9,701)	(9,026)	(8,283)	(7,466)	(6,567)
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Income Budget	July	August	September	October	November	December	Total
Revenue	10,876	11,964	13,160	19,740	24,675	24,675	152,459
- Variable costs	7,613	8,375	9,212	13,818	17,273	17,273	106,721
= Gross profit	3,263	3,589	3,948	5,922	7,403	7,403	45,738
- Fixed costs	4,936	4,936	4,936	4,936	4,936	4,936	59,236
= EBITDA	(1,673)	(1,347)	(988)	986	2,466	2,466	(13,498)
- Depreciation	229	229	229	229	229	229	2,750
= Operating profit	(1,903)	(1,576)	(1,217)	757	2,237	2,237	(16,248)
- Financial income and expenses	27	27	27	27	27	27	325
- Income taxes	-	-	-	151	447	447	1,046
= Result	(1,930)	(1,603)	(1,245)	578	1,763	1,763	(17,619)

**Break-even Point**

16,454	16,454	16,454	16,454	16,454	16,454	16,454	197,453
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**Safety margin**

(5,578)	(4,491)	(3,294)	3,286	8,221	8,221	(44,994)
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Gross margin	30.00%
EBITDA	-8.85%
Operating profit	-10.66%

