

Subject:
Hair & Beauty

UCO90

Business and entrepreneurship in the hair and beauty sector

LO1: Understand the structure and concept of hair and beauty businesses.

| AO1 | AO2 | AO3 | AO4 | AO5 |
|---|-----------------------------------|--|--|---|
| Demonstrate knowledge and understanding | Apply knowledge and understanding | Analyse and evaluate knowledge and understanding | Demonstrate and apply relevant skills and techniques | Evaluate and draw conclusions to inform development |

The purpose of a Business: 'A business is an organisation which produces and sells goods, or which provides a service to earn a profit.'

| Type | Definition |
|------------------|--|
| Manufacturer | A person or company that makes/produces good for sale. |
| Distributor | An agent who supplies goods to retailers. |
| Service Provider | Provides a service to customers to earn a profit. |

Reasons for starting a business: Fulfilling a business opportunity, providing goods and services, personal aims and objectives, flexibility, independence, ownership, creative freedom, choice, identifying a gap in the market.

Skill and attributes: Attention to detail, personal presentation, confidentiality, customer service, creativity, communication skills, dexterity, initiative, integrity, punctuality, positive attitude, professional conduct, reliability, teamwork, honesty, discretion, personal hygiene.

| Self-Employed | Contracted |
|---|--|
| Choose your hours but may be determined by customer need. | Work to contracted hours set by the employer, these may be shift based. |
| Take holidays when you want but you will not get paid for time off, you are not entitled to employment benefits. | You will get paid for time off and are entitled to employee benefits including sickness, maternity pay etc. |
| Choose how much to pay yourself, pay is dependent on income to the business. | Pay is decided by the employer and part of your contract which states all terms and conditions of your job role. |
| You are your own boss and have greater control on what tasks you take on and the decisions you make but will need to manage this effectively. | You may be given specific tasks to complete by your employer. |
| Manage your own finances, You must register with HMRC and pay your own income tax and National Insurance | Your employer deducts income tax and National Insurance from your salary being paying you |

Business Structures:

Sole Trader: A business owned and operated by one person.

| Advantages | Disadvantages |
|--|--|
| Easy to set up. | Register with HMRC |
| Less red tape with accounting and records. | Personally liable for any debts. |
| Finances are private. | Personally responsible for the business. |
| Profits are not shared with shareholders. | It is all down to you, it can be very hard work. |
| Full control over the decision making. | Can be difficult to take time off. |

Partnership: A business owned between 2-20 people.

| Advantages | Disadvantages |
|--|--|
| Easy to set up. | Register with HMRC |
| Less red tape with accounting and records. | Personally liable for any debts. |
| Finances are private. | Personally responsible for the business. |
| Shared workload | Unable to make independent decisions, partners must agree. |
| Shared expertise and skills | Individual taxation |
| Shared set up and running costs | Shared profits |

Franchise: A business that gives the right to another person or business (franchisee) to sell goods or services using its name.

| Advantages | Disadvantages |
|---|--|
| Less risky as setting up with a proven business model | Operate under the name of the franchisor rather than your own. |
| Support from the franchisor | Follow the rules set by the franchisor |
| Brand awareness | Set up and ongoing fees paid to franchisor |
| Ability to own your own business | No creative freedom |

Charity: Not for profit organisation whose aim is to raise money for good causes, or to help people, animals and the environment.

Social Enterprise: Make money by selling products or services, but they use their profits to benefit society, e.g. The National Trust.

Public Limited Company: A business that is managed by directors and owned by shareholders.

| Advantages | Disadvantages |
|---|------------------------------------|
| The owners have limited liability | Complex to set up. |
| Finance can be raised through selling shared to the public. | Expensive to set up |
| Increased buying power. | Increased accounting and reporting |
| Shares are sold on the stock market. | Hostile takeover threat. |

Private Limited Company: A business where the owner's assets and income are separate to the company's.

| Advantages | Disadvantages |
|---|---|
| The owners have limited liability | There is often more paperwork to set up the business. |
| It gives individuals the opportunity to be their own boss | In some cases, other people are able to view the business's financial information |
| Any new shareholders need to be invited, which protects the business. | It can be very time consuming to set up. |
| Shares in the business can be sold to raise money. | The business may require outside professional help to manage its finances. |

Concession: A business is given the right to provide a service or sell goods, usually in a building belonging to another business.

| Advantages | Disadvantages |
|--|---|
| Lower rental costs due to smaller floor space. | Operate within the stores closing and opening times. |
| High footfall through the main store increasing brand awareness. | Follow the rules of the concession service agreement. |
| | Need to agree any promotions with the store owner. |

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Opportunities/Features for hair and beauty businesses:

- Beauty salons** - Improve the appearance of the face and body for aesthetic purposes.
- Hair salons/ barbershops - Cutting, colouring and styling the hair
- Spas** - Provide relaxation and rejuvenation using therapeutic health services.
- Nail bars** - Improve the appearance of the skin and nails on the hands and feet.
- Brow bars** - Improve the appearance of brows and lashes by shaping and tinting.
- Complementary therapy clinics** - Promote wellness through conventional or alternative therapies.
- Freelance hairdresser's /barbers/ beauty therapists** - Offers treatments and services in a client's own home.
- Aesthetic clinics** - Improve the face and body using semi-permanent techniques.

The common hair and beauty services and treatments:

- Hairdressing** - shampooing, cutting, colouring, perming, relaxing, styling, thermal styling, extensions, braiding
- Barbering** - shampooing, cutting, fading, patterns, beard shaping and trimming, shaving, colouring, perming, styling
- Beauty therapy/ Aesthetics** - facials, eye treatments, hair removal, tanning, make-up, manicure, pedicure,
- Spa therapy** - massage therapies, body wraps, hydrotherapy
- Nails** - manicure, pedicure, gel polish, nail enhancements, nail art
- Make-up artistry** - fashion and photographic make-up, camouflage make-up, occasion/bridal makeup, theatrical and media make-up, prosthetics.

Career Pathways:

- T Level** - 80% college training and 20% job placement. Equivalent to 3 A Levels and provide you with the knowledge and skills needed by employers.
- Apprenticeship** - 20% college training and 80% job placement earning a salary. Hands on experience in a workplace.
- Further Education** - Open to any person over the age of 16 through government funded courses. Range of courses include A Levels, T Levels, Level 3 vocational courses.
- Higher Education** - Open to any person over the age of 18. Often situated in university or specialist colleges or NHS placements. Funded through government loans paid back once earning a salary.
- Private Training Providers** - Usually offered to adult learners 19+ or apprenticeships. Can be government funded or private fee paying (16+). Roll on roll off programmes are usually used.

Career Opportunities: Hairdressing, barbering, colour technician, beauty therapist, nail technician, spa therapist, massage therapist, make up artist, retail sales consultant, educator

Career progression levels: Junior therapist/stylist, senior therapist/stylist, consultant, salon manager, salon owner.

Business Links and interdependencies:

- Businesses will link with one another across different industries to make the business viable and to create a more profitable business.
- Interdependencies are key areas where two or more businesses will rely on each other to make a business work effectively.
- Examples include** - leisure and tourism, education and training, photography, theatre and media, fashion design, retail, aesthetic nursing and manufacturing and distribution.
- Potential Benefits** - Mutual benefits to access client bases for multiple services, sharing overheads and costs, mutual marketing and promotional approach is cost effective, benefits multi-skilled employees, maintenance and business costs can be shared, supports growing sectors.

Sectors contribution to the UK economy:

- Gross Domestic Product:** When GDP goes up the economy is thought to be doing well and is measured every month. By employing staff in the industry, they will have the capacity to contribute to the economy by paying taxes and spending money. Represents 1 in every 60 beauty jobs in the UK economy.
- Increased spending:** Employees wages are used to support many different industries when spending money, e.g gym membership, travelling. Spending on hair and beauty products is increasing which encourages growth in the industry. Increased spending supports GDP, secures more jobs and encourages investment.
- Consumer choice of products and services:** competition within the market gives the consumer options and more products available has a positive effect on other industries. More choice is positive for the consumer as it can drive down prices.
- Related industries:** the sector supports and works with many different industries including product and equipment manufacturers, haulage and delivery, building contractors, advertising and marketing companies, accountants and lawyers, rental industry, catering, magazines.

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Legislation: Is 'a law or a set of laws that have been passed by Parliament'.

A **regulation** is a 'rule or directive made and maintained by an authority'.

Health and Safety at Work Act (1974) - requires businesses to provide a safe place of work, provide safe equipment, ensure staff are properly trained, carry out risk assessments, provide proper facilities, appoint a competent person to oversee health and safety.

Trade Descriptions Act (1968) - It is an offence for businesses or salespeople to sell a product or service based on misinformation using factors such as: the quantity or size of goods, how goods are made or processed, what they are made of and where, their fitness for purpose including information relating to testing or approval.

General Data Protection Regulation (GDPR)/Data Protection Act (2018) - Controls how your personal information is used by organisations, businesses or the government. It is to ensure information is used fairly, lawfully and transparently, used for specified purposes, used in a way that is adequate and limited to only what is necessary, accurate and kept up to date, kept for no longer than is necessary, handled in a way that ensures appropriate security including protection against unlawful or unauthorised processing, access, loss, destruction or damage.

Other regulations and legislations to consider: Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR 1995), Control of Substances Hazardous to Health (COSHH 2002),

Consequences of not meeting or non-compliance - Fines, loss of reputation, imprisonment, loss of staff, loss of productivity.

Working Practices:

Environmental factors - conditions in which people work e.g. temperature, ventilation and noise.

Occupational factors - At risk of certain illnesses and disorders.

Human Factors - people contributing to accidents through error or carelessness.

Working safely and hygienically:

Personal appearance - clean hair, clean nails and hands, good personal hygiene, accepted uniform/clothes, cover cuts and abrasions

Hygiene methods - cleaning, sanitising, disinfecting, sterilisation (autoclave, ultra-violet cabinet, chemical sterilisers).

Personal Protective Equipment - gloves, apron, visor/mask, eye protection, trolleys, client gowns, closed toe shoes.

Code of Practice - written by sector skills councils and set out industry recognised standards. Written to offer guidance on how to comply with the law.

Code of ethics - rules of behaviour to protect clients from improper practice.

The environmental influences on hair and beauty businesses:

Sustainability options - Refillable options, recycling, upcycle, laundry, chemicals, energy, plastic.

Ecological and economic factors - Pollution of local rivers and streams, impact of global warming, erosion of the ozone layer. Social cost of paying for damaging the environment.

Short and long-term effects - drought, deforestation, flooding, global warming, blizzards, pollution, urbanisation

Renewable and non-renewable sources - renewable sources can replenish itself (wind, solar, timber). Non renewable has a limited supply (oil, coal, natural gas)

Environmental laws - Climate Change Act (2008), Control of Pollution Act (1974), Environmental Protection Act (1974).

Positive Impacts of sustainability - Good health and wellbeing, clean water and sanitation, affordable and clean energy, economic growth.

Historical development of Hair and Beauty industries -

Hairdressing - hair stylists, hair salon owner, personal hair stylist, speciality salons, hair massage therapist, barber, hair vlogger, natural/human hair extensions, micro-link extension expert, freelance stylist, hair consultant, youtuber

Beauty industry - 1990s and 2000s there was a shift away from using animal products to more synthetics and man-made ingredients.

Benefits of technological advancements - hair replacement systems (hair transplant), nail enhancement systems (acrylic, hard gel, acrygel, fibreglass, silk wrap), eyelash and eyebrow treatments (lash lift, brow lamination, microblading), airbrush make-up, spray tanning, laser treatments, non-medical (to treat skin concerns such as mild acne, pigmentation issues, clogged pores, uneven texture), and clinical aesthetic treatments (botox injections, dermal fillers, facial skin peels, dermaplaning).

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|---|--|---|--|---|---|-----------------------------------|--|--|---|
| LO2: Understand enterprise and entrepreneurship in the hair and beauty sector. | | | | | Demonstrate knowledge and understanding | Apply knowledge and understanding | Analyse and evaluate knowledge and understanding | Demonstrate and apply relevant skills and techniques | Evaluate and draw conclusions to inform development |
| <p>Enterprise - <i>A project, a willingness to take on a new project, an undertaking or business venture.'</i></p> <p>Benefits to the economy and society - Boost economic growth by introducing innovative technologies, products and services. Creating new products and services which stimulate new employment. New businesses are developed for the local community and creates better employment opportunities. Increase of customer choice for services and products making people feel they have increased control of what they buy.</p> <p>Product innovation - development and launch of a new product or service. Develop improved versions of existing products, enhancing the item be taking customer feedback, discovering additional features and technology to add.</p> <p>Innovative services - focus on the customer needs, create great marketing materials, keep updated on new services as they become available, create new and exciting offers to customers.</p> | | <p>Entrepreneurship - <i>'A person who sets up a business or businesses, taking on financial risks in the view of making a profit.'</i></p> <p>The qualities of an entrepreneur - hardworking, organised, innovative, willing to take a risk.</p> <p>The characteristics of an entrepreneur - be charismatic, driven, hardworking, motivated, dedicated, risk taker, enthusiastic, organised, innovative, a good communicator, good analytical ability, decision maker.</p> <p>The objectives of an entrepreneur - be their own boss, oversee their own destiny, take risks, work flexibly, to pursue an interest, earn more money for personal profit, identify a gap in the market that could help expand a personal vision, job and personal satisfaction.</p> | | <p>Essential qualities for an opportunity - attractive to be appealing to the target market, durable to withstand pressure, timely and adds value to the customer by providing something people want.</p> <p>Identifying a business opportunity - Identifying gaps in the market, identifying consumer needs, initiating ideas, following an interest or a hobby, fulfilling a social or ethical goal, identifying supply and demand from competition in the area/industry, improving current products and services</p> <p>Factors to identify a gap in the market - play to your strengths, step into the mind of a customer, research market trends, take a global view, find inspiration from an existing idea, solve a problem, be clear on your purpose,.</p> <p>Market research - <i>'the action or activity of gathering information about consumers needs and preferences'</i>. Identify what competitors offer, identify supply and demand requirements, pricing, quality, availability, unique selling points (USP), how to make goods, products and services stand out from competition. Branding, competitor, customer and product research.</p> <p>Primary research - Research you collect yourself by going directly to the target market; focus groups, one to one interviews, surveys.</p> <p>Secondary research - The use of data which has already been collected, analysed and published; desktop.</p> <p>Qualitative research - non numerical in nature so it hard to measure.</p> <p>Quantitative research - numerical in nature and can be collected more easily.</p> | | | <p>Business planning:</p> <p>Common objectives – survival, profit, social responsibility, customer satisfaction, market share, enterprise.</p> <p>Business plan - a document containing the goals and objectives of a business and the timeframe and methods to achieve these goals.</p> <p>Benefits - To see the whole business, have a strategic focus, set priorities, manage change, develop accountability, manage cash, have strategic alignment and realistic reminders.</p> <p>Drawbacks - involving time and expense, loss of flexibility, execution of plans may have uncertainties</p> <p>Developing and writing a business plan - executive summary, business idea, business aims and objectives, target market, resources, sources of finance, simple cash budget.</p> <p>Types of finance - needed to set up, run and expand the business.</p> <p>Internal finance - retained profit, sale of assets.</p> <p>External finance - bank overdraft, bank loan, commercial mortgage, debt factoring, grant, share issue, crowdfunding.</p> <p>Marketing Mix - <i>'set of marketing tolls that the firm uses to pursue its marketing objectives in the target market'</i>.</p> <p>4 P's - Product, Price, Place, Promotion.</p> | | |

LO3: Understand marketing and its role in the promotion of hair and beauty products and services.

| AO1 | AO2 | AO3 | AO4 | AO5 |
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The principles of marketing: 'The activity or business of promoting and selling products or services, including market research and advertising.'

Role of marketing in achieving customer retention and satisfaction to create repeat clientele.

Key elements in marketing - brand awareness, consumer-driven benefits, advertising, target market, product placement, promotions.

Market segmentation - a tool used to select groups of consumers within a general target market so products can appeal more to their interests.

Geographic segmentation - based on location and geographic boundaries.

Demographic segmentation - based on age, gender, income.

Psychographic segmentation - based on behaviour, lifestyle, attitudes and interests.

Behavioural segmentation - based on specific reactions to purchasing processes.

Internal and external factors influencing marketing objectives:

Internal factors - can be controlled by the company itself. Includes financial, human resources, technology, company strategies.

External factors - not within the company's control and difficult to predict. Includes competitors, economy, market dynamics, legal factors, ethical factors, social demographics.

The Marketing Mix:

The 4 P's are the ingredients to create the ideal marketing campaign to meet specific customer needs or demands.

Product - nature of the product or service, unique selling points, key features and benefits, target audience.

Price - pricing strategies (discounted launch, competitor pricing/undercutting and seasonality).

Place - location (in-store, outlets, internet, exhibitions).

Promotion - methods (direct and indirect marketing, advertising, public relations, sales promotions, joint activities), materials (brochures, adverts, signs and displays, press releases).

Marketing communication methods -

digital marketing, public relations, advertising, social media, customer recommendations, direct marketing.

Market research:

Purpose of market research - used to identify competition in the market, business opportunities, gaps in the market, level of demand for products/services, clients' needs and preferences.

Business opportunities - can help businesses to expand, can help a company collaborate on a new product/service to ensure the joint venture makes a profit.

How secondary research findings can be effective - information can be processed and analysed to make informed business and marketing decisions.

Websites - contains information which can suit their business needs; blog posts, review articles, bibliographies, reference books, journals.

Published information - researchers can allow research to become public, it is advisable to check the sources of published information for reliability and validity.

The market types and their characteristics:

Mass market - when a high number of products in being manufactured, sold and a marketed to a large target market. Often at a reduced price with the ability to bulk buy. Relies on mass production using assembly lines or automation technology. Requires high volume of sales to keep the business running effectively.

Features of mass market - high number of sales, large number of competitors, wide customer base, low profit margins.

Niche market - Small and specialises in a particular field appealing to a small target market who require a particular product or service, demand is generally high but the number of customers in the market is limited.

Features of a niche market - sales volume low, small number of customers, specialised products, high profit margins.

Moving from the niche to the masses - expand products, expand target audiences, grow by expanding the niche audience.