



# Mobile Studio

## BUSINESS PLAN

### CRS MOBILE STUDIO

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427 Longman Blvd.  
Donnar Park, MI 48269

November 1994

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*This business plan describes a traditional business that takes advantage of mobility to create a niche for itself. This twist on a photography studio serves as an example of how an entrepreneur can compete in a field once thought too competitive. Look for a discussion of market potential and an easy way to perform demographic research.*

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- EXECUTIVE SUMMARY
- INTRODUCTION
- DESCRIPTION OF PROPOSED BUSINESS
- CUSTOMER ANALYSIS
- MEASURE OF POTENTIAL MARKET
- BREAKEVEN SALES VOLUME
- CONCLUSIONS AND RECOMMENDATIONS
- WORKS CITED

## EXECUTIVE SUMMARY

The purpose of this report is to determine the feasibility of opening a mobile portrait studio tentatively named CRS Mobile Studio, in the predetermined area of Donner Park, Michigan. An extensive study of area demographics, equipment cost, and expenses was performed to determine if the sales potential outweighs the breakeven point. Also, a sampling of the target market was taken to determine how consumers in the chosen trading area felt about a proposed traveling studio.

### Secondary Highlights

Market potential for the chosen area was determined through a demographic study. Statistics that were closely considered included 1994 total population and the number of competitors. These figures were then applied to a number of formulas to determine total market potential, total sales potential, capital needs, and sales volume needed to meet the breakeven point. All ending figures are based on a time period of one year. These secondary resources yielded the following results:

- Total market potential of 550 houses
- Total sales potential of \$154,550
- Breakeven point of \$109,292.64
- Jobs needed to breakeven: 388



- Capital needed for start-up: \$54,646.32

## Primary Highlights

A sampling of the Donnar Park area was taken by conducting a survey of 100 parents at Donnar Park Nursery School. Results were used to assess the potential market, and can be considered an accurate account of the target market's photography needs and wants. The most pertinent question posed to those surveyed was, "Does the idea of having a competitively-priced, professional portrait done in your home appeal to you?" The results proved more than satisfactory with 81% responding yes, and a mere 19% answering no. Other questions on the survey dealt with specifics such as types of backgrounds and portrait packages. These results were of great help in planning the equipment and retail strategy for CRS Mobile Studio.

## Conclusion/Recommendations

A considerable amount of time and effort went into assessing the true market potential of Donnar Park and the capability of it supporting another photography studio. After closely examining all the data compiled, and looking at what it would take for CRS Mobile Studio to succeed, it is the conservative opinion of this writer the CRS Mobile Studio would have a reasonable chance for success.

## INTRODUCTION

From as early as the mid 1800's, people have had their portraits taken in order to document themselves and their loved ones. This desire outweighed the personal discomfort often involved in having a portrait taken including wearing a head brace and sitting still for several minutes in the bright sun, without blinking. (Upton and Upton 10). This longing for personal documentation is still alive and thriving today, especially in households with young children. According to American Demographics, families with young children are avid picture takers. Eighty percent of households with children aged two and under are involved in regularly obtaining portraits. While this percentage does decrease as children age, seventy-five percent of families with three to eleven year-olds and seventy percent of households with teenagers still habitually solicit photographic services. (Judith Waldrop p10). The following is an in-depth business plan for a mobile portrait studio designed to capitalize on those households involved in picture taking.

## Purpose, Scope, and Limitations

The purpose of this document is to determine the feasibility of successfully opening a portable photography studio in the area of Donnar Park, Michigan. It closely examines the demographics of this area and determines possible market potential, sales potential, capital needed for start-up, and the breakeven point in dollars and jobs. Although extensive primary and secondary research and analysis of this target area has been conducted, this report is limited to some extent by lack of knowledge of certain formulas used to give a precise accounting of a market's potential. To overcome this limitation, certain figures have been conservatively applied to these formulas so as not to exaggerate the market's true potential.

## Sources and Methods

In the preparation of this report, three secondary sources were reviewed and cited. Specific area demographics were gathered from Metropolitan Neighborhood Market Information, distributed by Ameritech Pages Plus. In addition, 54 surveys out of 100 were totaled and analyzed to gain additional information on the want and need for this type of service. Together, these sources have been used to reach a "go or no go" decision for the mobile photography studio. Distinct figures have been readied to aid in the understanding and verification of the final decision.



## Report Organization

This report will begin with a description of the service to be offered. It will be followed by a look at the chosen community, including demographics and competitive pressures. From this examination of the targeted area, a complete market potential analysis will be formed, and will conclude with recommendations on how to proceed.

## DESCRIPTION OF THE PROPOSED BUSINESS

The business chosen for study is a mobile portrait studio referred to as CRS Mobile Studio or simply CRS. The basic operations of CRS Mobile Studio will be to travel to homes in the Donnar Park area, photograph household members, and then approximately three weeks later, furnish customers with finished portraits. CRS will travel with a complete studio that will provide the customer with a diverse choice of portrait style (formal or informal) and background.

## CUSTOMER ANALYSIS

### Customer Motivations

Since the beginning of portrait photography people have been enthralled with the ability to document their lives through the use of portraits. This is especially true for families who want to chart the growth of their children. The capability of having a seemingly permanent record of themselves, and those close to them, is the main motivation of the consumer seeking the services of a portrait studio. In most cases this means picking up the phone, making an appointment with a studio, getting the portrait subjects, usually children, to the studio without getting their clothes dirty, and approximately two to six weeks later picking up and paying for portraits.

CRS proposes to eliminate most of this hassle by providing the Donnar Park consumer with an in-home portrait studio. Results for the primary research revealed that out of those surveyed, 81% like the idea of a portrait studio coming to their homes, as opposed to a mere 19% who did not like such a concept.

### Buying Habits

The desire to document family history through photography leads directly to the buying habits of the portrait consumer. For example, a family with one child, seeking a record of his/her growth will have their child's portrait taken as early as the day he/she is born. This is soon followed by portraits taken when the child reaches three and/or six months, one year, eighteen months, and two years. The average consumer will follow with a yearly portrait of the child normally taken on or near a birthday or major holiday. As the child grows, the number of portraits decrease, but not to the detriment of the portrait studio. With age comes change, and new opportunities for the studio photographer. These would include school portraits, team pictures, dance class pictures, prom pictures, and the list goes on. Being a mobile studio, CRS could easily follow this progression.

### The Community

The area chosen to open the mobile photography studio is Donnar Park, Michigan. Many factors entered into this decision. To begin with, it will be the chosen residence of the photographer. Knowing that just because you live in an area isn't reason enough for opening a business there, many other factors have been considered. These include demographics, such as population by households, income and total retail sales captured on photographic finishing and supplies in the area. According to *1994/1995 Metropolitan Neighborhood Market Information*, published by Ameritech Pages Plus, the total population of the Donnar Park area is 47,952 persons, with 18,357 households. Dollars spent on photography finishing and supplies top out at 5,158,000



(12). These statistics alone are encouraging, and are the basis for further investigation.

## Competitive Pressures

A list of competitors within Donnar Park dealing with portrait photography are as follows:

- BF Collins
- Carol Carter Photography
- Glamour Portrait Photography
- JT Kennedy Photography

With the \$5,158,000 total dollars being spent on photography in the area, (Ameritech 12), divided by the four existing studios, gives an estimated sales volume per existing studio of \$1,289,500. With the addition of CRS Mobile Studio, the estimated sales volume ( $5,158,000/5$ ) is \$1,031,600 per studio.

The main advantage the existing studios have is their established customer base. However, after contacting them on the phone, it was discovered that when they do travel to peoples' homes, three out of four do not bring a complete studio. The main reason cited for this was the difficulty in bringing different backgrounds and lighting systems into individual homes. Contrary to what the competition said, this problem is easily solved at a minimal cost by purchasing a collapsible background specifically designed for on-the-road photography.

## Retail Strategy

For a new studio to succeed in this community, it has to differentiate itself from the existing studios. CRS will offer the advantages of total mobility, multiple backgrounds, and startup specials.

Capitalizing on the current studios' inability to travel with a complete studio, CRS will offer a collapsible background, specifically designed for on-the-road photography (refer to equipment list). The need for traveling with a complete studio is supported by the primary research conducted. The results revealed that the consumer likes the flexibility to choose among different backgrounds or simply a room in their home. Complete results can be found below.

CRS will also differentiate itself from its competitors by offering start-up specials that customers expect will accompany the opening of a new business. The logical choice for an opening special would be a portrait sale. Knowing that the price of printing a portrait decreases with each additional portrait purchased, the start-up special would offer a free  $8 \times 10$  portrait to each first time customer. The initial cost of giving a free  $8 \times 10$  portrait to each first time customer, would be \$4.36, with the price decreasing to \$2.37 after the first three ordered. The cost of this offer will be easily offset by the sale of additional portraits. For example, the average market value of  $8 \times 10$  portrait is \$35.00. This figure was obtained by calling 15 different studios within the metropolitan area. Some studios quoted prices as high as \$65.00 for one  $8 \times 10$ . The bottom line for success in the photography field is the ability to capture the "perfect" image on a negative. This is only achieved through knowledge, experience, and a love for the art form. All the specials in the world won't help if the studio does not have the ability to fill this very basic, but all important task.

## MEASURE OF POTENTIAL MARKET

### Trade Area

The trading area, Donnar Park, Michigan, is a community of people whose average household income is \$63,853 (Ameritech p. 12). The total household (i.e., residential) expenditure in photographic finishing and supplies is \$5,158,000 (Ameritech p. 12). Taking this figure and dividing it by the number of households in the area ( $\$5,158,000/18.357$ ) reveals that each household spends an average of \$281.00 a year in this classification. Taking the total number of households and dividing them by five (the four existing studios plus CRS), reveals a



market share for each studio of 3,671 homes.

## Market Potential for CRS Mobile Studio

Total Dollars Spent On Photography in Trade Area	\$5,158,000
Total Houses In Trade Area	18,357
Dollars Spent Per Household	\$281.00

Total Houses In Trade Area	18,357
No. of Studios in Trade Area	5
Total Market Potential in Households for CRS Mobil Studio	3671

Total Houses in Trade Area	3671
Dollars Spent per Household	\$281.00
Total Market Potential in Dollars	\$1,031,551

### Based on Demographics of Trading Area

*Donnar Park, Michigan*  
1994

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<b>Total Market Potential in Dollars</b>	<b>\$1,031,551</b>

## Sales Potential

Realistically, it would not possible for CRS to adequately service 3,671 homes initially. Also, leakage to other studios outside the selected trading area needs to be considered. Therefore, taking into account the probability of efficient service and the consideration of leakage, CRS's realistic market share will be based on 15 percent of the 3,671 homes or 550 homes. Using this figure, and multiplying it by \$281.00 (expenditure per household) reveals a potential earning of \$154,550 per year.

To realize annual earnings of \$154,550, the new studio would need to visit eleven houses a week. This figure is based on a fifty week year as opposed to a fifty-two week year.

## One Year Sales Potential for CRS Mobile Studio

Total No. of Houses in Trade Area	3671
Total Dollars Spent per Household	\$281.00
Total Potential Sales Volume for CRS Mobile Studio	\$1,031,551

Total No. of Houses in Trade Area	3671
% of Capable Coverage & Leakage Allowance	15%
No. of Remaining Houses for Basis of Sales Potential	550

No. of Remaining Households	550
Dollars Spent per Household	\$281.00
Total Sales Potential for CRS Mobile Studio	\$154,550

### Based on Demographics of Trading Area

*Donnar Park, Michigan*  
1994

Total No. of Houses in Trade Area	3671
Total Dollars Spent per Household	\$281.00



## Based on Demographics of Trading Area

*Donnar Park, Michigan*

1994

Total Potential Sales Volume for CRS Mobile Studio	\$1,031,551
Total No. of Houses in Trade Area	3671
% of Capable Coverage & Leakage Allowance	15%
No. of Remaining Houses for Basis of Sales Potential	550
No. of Remaining Households	550
Dollars Spent per Household	\$281.00
<b>Total Sales Potential for CRS Mobile Studio</b>	<b>\$154,550</b>

## Capturing the Market

To obtain the goal of eleven houses per week, CRS will have to be creative in its approach. As previously stated, primary research revealed that 81 percent of those surveyed liked the idea of a fully equipped traveling studio. Therefore, this will be one of CRS's main selling points. Survey results also show holidays and birthdays as the time of greatest consumer demand. Armed with this information and knowledge that these occasions are hot sellers for most retailers, CRS will focus marketing strategies accordingly.

Advertising in the beginning will be done through direct mail campaigns, initially targeted at the 48269 ZIP code area. Also, advertisements will be posted in the local newsletters of area churches. In addition to the above, CRS will make its services known to new parents at local hospitals by including in the baby packages distributed to these parents, coupons for 20 percent off portraits taken within the first six months of the babies life. The object of capturing this specific segment of the target market will be to create and foster a loyalty between CRS and the new family in hopes of achieving repeat business as the baby and/or family grows.

## BREAKEVEN SALES VOLUME

### Estimated First Year Sales Volume

Detailed below is a complete list of equipment, supplies, and expenses. Normally, these three would be separated into more specific categories to obtain a true breakeven point. However due to the limitations mentioned earlier (see "Purpose, Scope, and Limitations"), they have been compiled into one group, Expenses, on the Breakeven Point chart.

### Equipment

Hasselblad 501c 2 1/4 Camera	\$2400.00
Polaroid Back	440.00
Westcott Specialty Collapsible Backdrops	
1-Blue, 1-Grey	200.00
Paper 9ft. Backdrop	29.00
Backdrop Stand-Westcott	29.00
Novatron Pro Light Kit (1040)	1569.99
Minolta Flash Meter	329.00
Bogen Tripod No. 3036	209.00
Bogen Panhead No. 3047	72.99
FH-1 Universal Filter Holder	53.99
Smith Victor 12 x 12 Jells	17.99
Multi-Dome Soft Box	70.99
Camera bag	100.00
<b>TOTAL EQUIPMENT</b>	<b>\$5623.93</b>

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Polaroid Back	440.00





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Smith Victor 12 × 12 Jells	17.99
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Camera ag	100.00
<b>TOTAL EQUIPMENT</b>	<b>\$5623.93</b>

### Supplies and Expenses Based on One Years Needs

Account at North American Lab	\$2000.00
Film—negative (576 rolls)	2016.00
Film—polaroid	619.20
Gas (\$20 a week)	960.00
Answering Service Inc. (\$55 a week)	660.00
Advertising Expense	5000.00
Salaries	35,000.00
Insurance—Car	1754.00
Insurance—Equipment	36.00
Maintenance—Equipment	300.00
Depreciation—Equipment	100.00
Business License	100.00
Phone	100.00
Phone Line	600.00
Taxes	496.39
<b>TOTAL SUPPLIES AND EXPENSES</b>	<b>\$49,122.39</b>

Account at North American Lab	\$2000.00
Film—negative (576 rolls)	2016.00
Film—polaroid	619.20
Gas (\$20 a week)	960.00
Answering Service Inc. (\$55 a week)	660.00
Advertising Expense	5000.00
Salaries	35,000.00
Insurance—Car	1754.00
Insurance—Equipment	36.00
Maintenance—Equipment	300.00
Depreciation—Equipment	100.00
Business License	100.00
Phone	100.00
Phone Line	600.00
Taxes	496.39
<b>TOTAL SUPPLIES AND EXPENSES</b>	<b>\$49,122.39</b>

Total equipment, sales, and expenses equals \$54,746.32. As previously stated, these have been compiled under the grouping of Total Expenses. This figure was then divided by the sales-to-expense ratio of 50%, yielding a breakeven point of \$109,292.64. The breakeven point was then divided by \$281.00 (expenditure per household) to reveal a total 388 jobs needed in the first year of operations in order to breakeven. For a clear



breakdown of these figures, refer to the Breakeven Point for CRS Mobile Studio on the table below.

## First Year Capital Requirements

The total equipment plus total supplies and expenses equals \$54,746.32. CRS Mobile Studio will obtain this through the use of a private backer.

## CONCLUSIONS AND RECOMMENDATIONS

This plan has attempted to analyze the market potential of Donnar Park, Michigan and assess its capability of supporting a fifth portrait studio, CRS Mobile Studio. A considerable amount of time and effort has gone into a close examination of the market, and what it would take for a new studio to succeed in said area.

The decision to proceed with this venture has not been made lightly. After carefully assessing the market and examining what it would take for CRS to succeed, it is the opinion of this writer that the said studio could breakeven in the first of operation. Even taking into consideration the difficulty of capturing the market share needed to succeed, this studio has the necessary drive, commitment, and the education to venture out on its own.

### Breakeven Point for CRS Mobile Studio

Total Expenses	\$54,646.32
Expense to Sales Ratio	50%
Breakeven Point	\$109,292.64
Breakeven Point	\$109,292.64
Dollars Spent per Household	\$281.00
Total No. of Jobs in First Year Needed to Break Even	388

*Based on 1994 Expense Figure*

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Expense to Sales Ratio	50%
Breakeven Point	\$109,292.64
Breakeven Point	\$109,292.64
Dollars Spent per Household	\$281.00
<b>Total No. of Jobs in First Year Needed to Break Even</b>	<b>388</b>