

# Looks.com: a grey issue

Business



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Grey Market for Cosmetics The idea of grey marketing is one that has always been confused with other marketing practices such as illegal sales of counterfeit products. This practice, which entails trading one product at multifarious rates in dissimilar markets, did not contravene the existing laws on a global scale. Nevertheless, the exchange of products between markets in various parts of the world was normally conducted in a way that was in breach of the rules and regulations governing trade. In other words, the capacity to exploit the differences in prices that occur between different markets is what propels the grey marketing idea. As a matter of fact, grey marketing acquires its profits from the high-priced markets. It is this concept that Ian Smith, the brain-child of looks. com, is intending to utilize for reasons of parallel importation of cosmetic products to the markets in the Asia region.

#### Factors driving grey market cosmetics

Like any other business venture, the grey market for cosmetics is propelled by various factors. According to an article by the Richard Ivey School of Business, the level of unparalleled loyalty that customers show is fundamental to the grey markets for cosmetics. Statistically, 80 percent of the sales that are done on cosmetic products are accounted for by recurring purchases that are made by the same customers. The recognizability of these products is also another factor that drives the market for cosmetics products. This particular feature of the products is as a result of the extensive marketing strategies that are used by manufacturers.

Furthermore, the ease with which these products are imported due to their small sizes attract people to this line of business. This in turn ensures that managing inventories for them becomes an effortless task. Moreover, the <https://assignbuster.com/lookscoma-grey-issue/>

fact that their prices are consistently high ensures that there are high returns. For this reason, entrepreneurs engaging in this nature of business are assured of sustainability in the market.

#### Grey Markets in the Hong Kong Cosmetics Value Chain

Grey marketing is conducted by people who are out of the traditional marketing chain. In Hong Kong, the grey market consists of certain manufacturers who would like to sell previous season's products, either because they are close to their sale by dates or make a residual inventory. Additionally, the goods can be procured via legal purveyors or unlicensed merchants. The chain also involves purchasing the cosmetics at discounted prices from either an international or local insolvency of a retailer, as well as retail purchases in shops. The myriad channels of acquiring this product have ensured that entrepreneurs enjoy manifest advantages compared to their competitors.

#### Sourcing look. com's products: Pros and Cons

Products that are sold at looks. com are relatively economical. Because they are bought in bulk and always at cut-rate prices, it is obvious that customers will acquire it at a price that is relatively lower than the manufacturer's. There is also a wide assortment of products available at looks. com. The implication here for the consumer is that he/she will be able to acquire various products from this service. Nonetheless, the condition of the goods offered at looks. com can be debatable, due to the circumstances in which they are acquired or even how they are packaged by distributors. This can expose customers to sub-standard products.

#### Works Cited

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