

Case. skin- tique corporation



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Financial Data and Projections 7. Conclusion Executive Summary The case is
about skin- tique corporation, the case study covers the company description
an overview of what they produce there objectives and the companies core
competencies. This aims to provide a fair understanding of the company and
the line of business it is in. The situation analysis covers the swot analysis
the internal and external environment of the company. The case study then
does an analysis on the questions faced by the product manager and the
different options she has.

A study of financial data and projection is done to reach a conclusion for the
case Company Description Skin- Tique Corporation, a manufacturer of
womens personal- care products with sales of \$ 225 million in 2002. The
company's line of products includes facial creams, hand and body lotions,
and a full line of womens toiletries. Products are sold by drug and food- and-
drug stores through rack jobbers. Product Description Soft and Silky Shaving
Gel was introduced in the spring of 1988. The product was viewed as a
logical extension of the company's line of hand and body lotions and
required few changes in packaging and manufacturing.

The unique dimension of the introduction was that Soft and Silky Shaving Gel was positioned as a high- quality womens shaving gel. Strategic Focus and Plans Objective- whether to introduce a new package design for the company's Soft and Silky Shaving Gel. Core competencies, sustainable competitive advantage- -Soft and Silky Shaving Gel was positioned as a high-quality womens shaving gel. The positioning strategy was successful in differentiating Soft and Silky Shaving Gel from existing mens and womens shaving creams and gels at the time. – Rack jobbers were able to obtain product placement in the womens personal- care section of drug and food- and- drug stores, thus emphasizing the products positioning statement. Placement apart from mens shaving products minimized direct price comparisons with mens shaving creams, since Soft and Silky Shaving Gel was premium- priced with a suggested retail price of \$ 3.

95 per 5 – ounce tube. Situation Analysis SWOT Strength Positioning of the product- High quality Product Placement in the womens personal care section. Utilize existing production capacity Profitable from the time of its introduction. – Constant change – Prior to 1993, the product contained only aloe. In 1993, three additional moisturizers were added to the product, including lanolin and vitamin E. These ingredients were emphasized on the package and in- store promotions and media advertising.

– Women considered shaving necessary, therefore there will always be a need for the product. Weakness Seasonal product – sales vary form season to season. Unit sales volume for Soft and Silky Shaving Gel had slowed and then plateaued in recent years. The growth of Soft and Silky Shaving Gel had strained manufacturing capacity.

Skin- Tique Corporations ability to supply quantities requested by retailers had dropped, leading to out- of- stock situations and lost sales. The company had no manufacturing capacity expansion plans for the next three years. The aerosol packaging had become the dominant design for womens shaving creams and gels which they did not manufacture. Expenditures had increased each year since 1995, reaching 31 percent of sales in 2002. Opportunities Different packaging They can get into making razors for women.

Skin-Tique can look into ‘ after shave’ moisturizers for women. New market development- overseas Expand into men shaving gel and razors. Threats Direct competition – S. C Johnson, Gillette etc Companies producing aerosol packaging Companies manufacturing mens shaving products getting into women’s shaving products Laser hair removal technology The changing of product volume.

5. 5 or 10 ounce Cannibalization of there own product Industry Analysis U. S. dollar value of womens wet shaving products – \$ 400 million in 2002. Sales growth-3 to 5 percent per year since 1997.

Razors and blades – 72 percent of womens wet shaving products. (\$288 million in 2002) Shaving creams and gels-28 percent of annual sales. (\$112 million in 2002) Women spend, on average- \$ 11. 00 for razors, blades, and shaving preparations per year.

Trends Women had few products to choose from 1993- Only 2 competitive products available 1997 – womens shaving cram and gel category emerged Improvement in shaving technology Late 2002 several competing brands

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Increase in advertising and promotion budgets. Competition Analysis First mover advantage -S. C. Johnsons Skintimate , Soft Shave.

Satin Care (Gillette) – A 7 oz Gel costing \$ 2. 99 is the lowest priced shaving gel. Soft Shave (White Labs)- A 9 oz. Lotion costing \$ 1. 82 is the lowest priced shaving lotion in the market.

Inverness Ultra- Lubricating Shaving Gel (Inverness Corp.)- A6 oz. Gel costs \$ 6. 95 is the highest price shaving gel, they offer ultra lubricant.

The only three products sold in a tube-Inverness Ultra- Lubricating Shaving Gel, Soft Shave lotion and Soft and Silky Shaving Gel. Company Analysis- Skin Tique Sales of \$ 225 million in 2002 Line of products includes facial creams, hand and body lotions, and a full line of womens toiletries. Retail price of \$ 3. 95 per 5 – ounce tube. Retailers received a 40 percent margin.

(\$ 1. 58)- Retailer's Price- \$2. 37 Rack jobbers – receive a margin of 20 percent off(\$. 47) the sales price to retailers- \$ 1. 89 Customer Analysis Women use a variety of methods for hair removal.

– Most popular method – shaving with soap and water Shaving with razors and shaving cream and gels is the next most used method. Third is shaving with electric razors. Women have their own razors, purchase their own supplies of blades. Approximately 90 million women (age 13 and over) shave with a blade and razor 5 million women use electric shavers. 80 percent of women shave at least once per week Women who work outside the home shave more frequently Women shave about eleven times per

month They shave nine times more skin than men Shaving frequency varies by season, with the summer months producing the greatest shaving activity.

Women view shaving as a necessary evil. Women want a product that contains a moisturizer, reduces irritation, and makes shaving easier. Four out of five women use a moisturizer after shaving. Product-Market Focus

Marketing and product objectives- -Whether to introduce a new package design for the company's Soft and Silky Shaving Gel. -Whether a 5 - ounce or a 10- ounce aerosol container should be introduced.

-Whether additional funds should be approved for a market test. Points of difference Total cost of producing and delivering 10- ounce aerosol can – \$ 0.

29. -A minimum order of 100, 000 10- ounce cans would be required. -Retail price would be set at \$ 4.

25 per 10- ounce can -The total cost of producing and delivering to jobbers a

5 - ounce aerosol can – \$ 0. 24 -The retail price – \$ 3. 50 A 100, 000- unit

minimum order would be required A one- time set- up charge for the Soft and Silky Shaving Gel production line and package graphics was \$ 10, 000.

Positioning Positioning of the product remains the same as a high quality womens shaving gel only change would be the change in

packaging Conclusion Strategy- Masters should introduce a new package design for the company- (a) Most of the market packaged gels is aerosol.

(b) Study showed that customers prefer shaving gels in aerosol than tubes.

(c) Sales of the company are dropping. (d) The growth of Soft and Silky

Shaving Gel had strained manufacturing capacity. (e) Skin- Tique

Corporations ability to supply quantities requested by retailers had dropped,

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leading to out- of- stock situations and lost sales. (f) The financial analysis has estimated higher dollar sales due to new packaging. Masters should introduce a 5.

oz aerosol in the market (a) Even a low estimate shows a higher gross profit. (b) The customer is used to the 5. 5 tube by the company for \$3. 9 (c) The customer will see this as a discount and a upgrade to be able to purchase a 5. 5 oz aerosol for \$3. 5 She should approve of additional funds for test marketing as the cost of test marketing is not huge and it is a safe indicator of the success and failure of the product , the analysis indicates a successful strategy but before getting into high quantity production it is safer to do a a test marketing.