

Ipsy.com case study

Business



After completing the survey, makeup news and tutorials that match your survey will appear on your home page.

According to the type of stories you read, Pips will prepare a “Glam Bag” with full makeup samples only for you. The “Glam Bag” costs 10 US\$ and can be shipped to your home. Later, you can create your own makeup tutorials, blog about your own makeup experiences and chat with other “pesters” on the website. The contents you create would appear on the lower half of the home page. What’s the problem solving? “What are the right products for me?” and “Can I try this product before buying it? Are the two problems solved by Pips. Choosing the best makeup items for needs” is a challenge to most women.

Females have to choose products among “follow the fashion trends”, “look good on me”, and “provide efficient skin care”. Pips.com solved the problem. Pips professional stylist team would choose unique products for different users to try by analyzing these users’ survey results and page viewing histories. Michelle Pan, 2015 Forbes 30 under 30, co-founded Pips.com.

Before starting the website, she was a self-made YouTube celebrity by uploading makeup tutorials.

Pan’s YouTube channel has over 7 million subscribers. The question Michelle gets asked the most is “What are the right products for me?” “Full-sized and not expensive makeup samples” provided by Pips solved another problem. Pan witnessed young women being depressed after spending a lot of money on makeup products that were later found not suitable for them.

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She also saw women fighting with each other to purchase very expensive makeup samples.

She then decided to launch Pips to provide full-sized makeup samples for women to try before buying them.

The price of the samples in Glam Bags is lower than market price. Where does the content come from? How the website communicates news, gather data and engage discussion? The website has two sources of content creation: “ stylists” and “ pesters”. The stylists are company employees who upload makeup trends news, makeup tutorials and makeup blogs daily. The contents created by stylists appear on the upper half of the home page. Pestors are the active users of the website who create makeup looks, tutorials and stories.

Contents of pestors appear on the lower half of the home page.

I OFF (Appendix A) “ Extreme targeted” Is ten Theatre AT ten contents approver Day stylists They communicate news to their audiences by analyzing data. Stylists, or more accurately, the computer systems, analyze survey results and page viewing history of spy users, and then deliver news and tutorials to the audiences’ preferences. For example, if I put “ I prefer natural look makeup” in my survey and read contents only related to this topic, the news and tutorials I get on my home page would be “ the latest natural look trend” or “ makeup tutorials of natural look”.

The website would later prepare a “ Glam Bag” with natural look makeup products for me to purchase. Minutes style engagement” is the feature of the contents created by pesters.

Firstly, each pester could create “ a look-a picture”, “ a tutorial-a video” or “ a blob-text” and post them on the home page. Other pesters could comment under the content and chat with the creator. The home page and comment format are the same as the Youth format. “ Pips points” stimulate and engage discussions. Every time a user creates contents, comments on other contents and reviews makeup products, she could earn points.

And points lead to receiving free makeup products from the company. THE BUSINESS Who’s the primary audience? Who’s the targeted audience? The primary audiences re young women, age 15 to 30 years old, lower middle class and live in The United States and Canada. Most of them are active Youth users. The founder Michelle Pan was a Youth celebrity before starting pips. She has over 7 million Youth subscribers.

Pan successfully transferred her Youth followers to pips users with promotions of pips on her Youth channel. Pips is targeting the low-end income level groups.

The partnership brands of pips are mostly low-end makeup brands. “ It will only cost you 10\$ for a Glam Bag”-low price is the strategy of pips. The targeted audience of pips is “ young women around the world”.

Pan visited China in January 2015. She hopes to extend pips in China market where Youth is banned and young women don’t know about her. What’s the

revenue source? Is the business model sustainable? “ Sharing news online and selling products offline” is the business model for pips. Com. The major revenue source of the company comes from offline products selling-the “ Glam Bag”.

By analyzing data of its users, pips would prepare a cosmetic bag with makeup products that match the preferences of its users.

Users could also register for a year and get bags every month with different makeup products that attach their preferences. Pips is partnering with several makeup lines and only selling makeup products from these companies. Pips also launched their own product line named ME-Cosmetics and this brand often appears in the Glam Blab. Advertising revenue of the company only accounts for a very small amount of the income.

Bloomberg has a similar model. The company reports financial news online and sells Bloomberg terminals offline.

“ News and contents” is a cost section of Bloomberg Business. The cost of contents creating is smaller in ‘ spy than Bloomberg, since half of the contents AT Pips were created Day users. Slice ten makeup Tattoos Is canalling every clay, Pips and its users will keep creating contents and make the cite an ongoing project. The “ pips business model” is more sustainable than “ relying heavily on advertising revenue model” used by traditional media companies.

Marketing budgets of the business world are limited. Marketers relocate advertising spending every year from less popular media to more popular ones.

If a news media company could not keep itself among the most popular ones, its advertising revenue would be either flat or decreasing. In the internet world, with thousands of new media platforms emerging overnight, it's not easy to stay on top and occupy the limited advertising shares for a long time. What's the cost? WOWS the website funded? Human resources, rent fee and product supplies are the major costs of the company.

Human resources and rental fees are funded by venture capital. Pips has now approximate 100 employees including seasoned beauty, e-commerce, and tech professionals. The pips office is now located in Bay Area, NYC.

Partnership solved the problem of the initial cost of product supplies. Pips signed partnership contract with several makeup lines and these companies are now responsible in supplying reduces to pips almost without payment. It's possible that some makeup lines would pay for pips to put their products in " Glam Slag's". What Technology does it use?

Data tracking and analyzing, e-commerce managing, and contents posting and commenting are the major technology concerns of the company. Data analyzing is essential of the website to achieve its mission " exclusive beauty finds Just for you. " The website involves e-commerce.

Users can only purchase the " Glam Bag" online. Credit cards payment and security technology would all be necessary for the website. The technology

related to content posting, sharing and reviewing could be similar to the technology used by Youth. How would you measure success?

Revenues and impacts should be the measurement of success. Although non-profit journalism model (MONGO) could be an outlet for traditional media, “making money’ model would be more sustainable for start-ups.

The website has two major revenue sources: sales revenue and advertising revenue. The most direct and significant revenue source comes from the sales of “Glam Bags”. Since selling offline is the business model of the company, the growth of the sales often indicates the growth of the company. Advertising revenue counts for a very small amount of the income.

Pips receives advertising income by featuring other cosmetic brands in news, tutorials and even Glam Bags. Traffic and impact could also measure the success of the website.

Huge traffic means a huge number of audiences. What will happen when other companies discover that you have a great number of customers they want to target at? Business opportunities will come. Since “Inspire women around the world to express their unique beauty’ is the mission for pips, focusing on growing customer base could be a good strategy.