

Make up art  
cosmetics or mac  
cosmetics marketing  
essay



**ASSIGN  
BUSTER**

For this assignment, our group chose to work with KIKO MAKE UP MILANO, an Italian professional cosmetics brand. KIKO operates through a chain of single brand stores of property (they are not franchised). There are over 450 points of sale in Europe. KIKO products, including make-up, creams and accessories with a creativity that is deeply entrenched in the motto “ Made in Italy”, also our products and services are made for every budget.

After analyzing various countries, we noticed that the cosmetics industry in Asia is a developing industry and that in recent years, the Western lifestyle is spreading amongst Asians. We chose to introduce our brand, KIKO cosmetics, in the world biggest continent, Asia, and selected a country with one of the continent’s fastest growing economy, India.

The goal of entering a new market doesn’t come without challenges. We have identified many challenges, along with us gaining extensive knowledge about the new market and feel that we can meet these challenges and be successful as a company entering a new market. Among these challenges in India we must adapt to include the economic, political, legal and cultural environment of the country, as well as maintain the quality and standards in doing so.

The entry mode that we will choose as a company to enter the international scene in will be as a joint venture. Our business that we will join forces in this venture will be Mother Herbs Limited of New Delhi, India. We think that their companies will be a big help to our success.

An important part of an international business venture is the staff that controls the nooks and crannies of the business, such as finances and

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operations. A part of our solution will involve looking at directors from other companies as they bring experience from working on the board in the past.

Concluding this summary, the market plan for this company will start off in product development. Our products will be made in both Italy and India based on the resources each company provides. With the production. Our distribution facilities will be wherever the product is made to avoid having to travel to distant countries. The packages we will use will be branded by our company. Our brand will occur at our facilities and it will consist of an Italian-related logo in order to honor the home country of our company.

By using this simplistic strategy we believe that KIKO will be able to maintain its core competencies, strategic vision, and successfully penetrate in the Indian marketplace.

## **THE ORGANIZATION**

KIKO MAKE UP MILANO was founded in Bergamo (IT) in 1997 by the Percassi Group. It is an Italian professional cosmetics brand that offers make up, creams and accessories with a creativity that is deeply entrenched in the “Made in Italy” values, also with Italy being the world capital of fashion, art, and design.

The name of the company that welcomes all activities relating to research, development and marketing of cosmetic products is Kiko Srl.

“ Be what you want to be”.

This is how KIKO summarizes its vision of loveliness.

The freedom to decide how you want to look, according to your age, skin type, complexion, fashion style, mood and the event, is made for every budget.

KIKO operates through an expanding chain of single brand stores (they are not franchised). With over 450 points of sale in Europe:

Italy

Spain

France

Germany

Portugal

United Kingdom

The success of KIKO, thanks to the long experience of the group Percassi, is mainly due to our flagship store as being a good “ window” on the market and an excellent beacon of customer loyalty. Going into more of the stores in the Milanese brand in Europe, the feeling of order is passed around throughout the stores with its obsessive arrangement of products that are placed along the walls of the premises which help put the customer at ease immediately. This careful arrangement of products and installations in general wants to encourage our customers to have a calm and relaxed shopping experience which will lead to our products being bought by them.

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Innovative concept of KIKO is reflected in each store as our customers can play and experiment with make-up along with them having the freedom to reinvent their look. Going in a KIKO store does not only mean treating yourself to a little shopping beauty but also it can treat you to a real sense-grabbing experience of well-being, pampering and fun.

Just to compare our company to something special, a little bit to the extreme, but the whole composition of everything that goes into experiencing our store from the outside, going into KIKO is like a child visiting Disneyland for the first time.

Today the range of cosmetics Kiko Make Up Milano are more accessible to consumers outside of Italy, thanks to the new online store:

[www.kikocosmetics.com](http://www.kikocosmetics.com)

This website will allow consumers outside of Italy to buy the products they need and receive them quickly at home, in seconds.

The multi-channel approach allows our brand to develop a strong action of cross-selling between channels distribution that are able to increase sales which then translates into allowing the consumer to choose their own preferred purchasing channel and then finally it results in the consumer to gain a greater loyalty to the purchase.

The lack of advertising in a way that gains more publicity, such as television or international promotion along other prosperous countries is one of the reasons why KIKO is very price friendly to consumers. Gaining clients is guaranteed based on them passing the word to other people mainly among <https://assignbuster.com/make-up-art-cosmetics-or-mac-cosmetics-marketing-essay/>

friends, which is like an international game of telephone or a social grapevine, as success can be achieved by our experiences that are being passed on from consumers at our stores.

SWOT ANALYSIS:

## **Strengths**

### **Weaknesses**

Quality levels

Innovation

Corporate communication system

Product reliability

Brand reputation

High initial cost

Distribution coverage

Difficult to enter to developing country

## **Opportunities**

### **Threats**

Rate of industry growth

Ease of industry change

Regulatory environment

Trade/tariff protection

Exchange rates effects on competition

Rate of change of customer tastes

## **PRODUCTS**

### **MAKE UP**

Face: Primer, Foundations, Concealers, Powders, Bronzers, Blush, Illuminating Powders, Fixing Products.

Eyes: Primer, Eyeshadows, Eye Pencils, Mascara, Eyeliners, Eyebrows.

Lips: Primer, Lip Glosses, Lipsticks, Lip Pencils.

Hands: Nail Polishes, Nail Care, French Manicure, Nail polish removers, Nail polish fixers.[i]

KIKO's Make-up line includes:

Colour: Hundreds of colors and textures for multiple combinations;

Innovation: Constantly updates;

Safety: careful, in-depth clinical testing to produce hypoallergenic products formulated to minimize allergy risks; they are non-comedogenic (face make up) and ophthalmologically tested (eye make up);

Range: seasonal collections up to date with the latest beauty trends;

Trends: fashion, design and art are a rich source of inspiration;

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Textures: pleasing and soft;

Fragrance: delicate and pleasant;

Quality/Price: high quality level, despite the low prices.

## **SKIN CARE**

Face: Cleansing, Moisturizing, Anti Blemish, Exfoliators, Wrinkles, Visible Wrinkles, Beauty Masks, Special Treatments.

Lips: Lips specifics.

Body: Specific Treatments, Pampering for the body.

Hands: Hand Cream, Sanitizers.

Solars: Self-tanning.[ii]

KIKO's creams are:

Technology: latest discoveries, unique and revolutionary;

Safety: formulated and tested to ensure that they are hypoallergenic and non-comedogenic; treatments for the skin around the eye area are ophthalmologically tested[iii];

Efficacy: The specific needs of women are the true source of inspiration;

Sensory Effect: Amazing, soft velvety textures, fresh and sophisticated fragrances;



Clarity: The efficacy treatments is proven, our directions are clear and our promises are corroborated by results.

Practicality: convenient sizes, modern and functional packaging are;

Luxury: purest and most precious ingredients are coupled with a long research process aimed at identifying the most effective, pleasing and safe combination;

Preparation of the Make up: skin care products are made to enhance the performance and staying power of makeup.

## **ACCESSORIES:**

Face Accessories: Applicators, Cleansing Sponges, Tweezers.

Eye Accessories: False Eyelashes, Eyelash Curler, Sharpeners.

Hand Care Accessories: Files, Manicure, Nail Polish Removers, Nail Polish Fixers.

Brushes: Eye Brushes, Face Brushes, Lip Brushes, Brush Cleanser, Brush Kit, Brush Holder.

Empty Travel Containers.

Make-up Cases.[iv]

KIKO does not carry out or order testing on animals, pursuant to the relative European laws.

Our targeted market in India is very similar to the European market.

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## **MARKET OPPORTUNITY ANALYSIS**

We considered many factors in deciding which market would be better to enter for KIKO.

The three countries that we took into consideration were India, Denmark, and Pakistan.

The factors we have found that were most important in deciding which country to enter in were: GDP per capita, Consumer income level, Internet penetration, IEF Index of Economic Freedom and Grooming habits.

GDP (Gross Domestic Product) per capita give an indication of what the host's development opportunities are and what the country's probability of success will be.

Income level determines the consumer's purchasing power of a specific country.

Consumer income level is the amount of money people has to spend, save or invest.

Internet penetration is a key in a global economy where almost every organization does business by internet. The Internet is a critical tool that KIKO must use to inform their consumers of their product offer.

Index of Economic Freedom is an annual index and a ranking which measure the economic freedom in the world's nations.

Grooming habits identify the level of reception for Western beauty products .

## MARKET EXPANSION SCREENING

### **Country**

### **GDP per capita**

(The world bank 2011)

### **Consumer Income level**

(The world bank 2011)

### **Internet penetration (Rank)**

(Wikipedia 2011)

### **IEF**

### **Index of Economic Freedom (Rank)**

(The Heritage Foundation and The Wall Street Journal )

### **Grooming habits**

(Euromonitor 2012)

INDIA

\$837. 75

Lower middle income

3

119th

Indian consumers add modern toiletries and cosmetics to the list of essentials products.

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In 2011 spending on cosmetics increased to Rs 314 (\$6) from Rs 177 (\$3) in 2006.

Increasing interest for western beauty products.[v]

PAKISTAN

\$672. 10

Lower middle income

26

121th

The high prices of necessity products urged families to allocate their budget to food, with reducing their expenditures on supplementary products like cosmetics.

Usage of cosmetics is still considered a luxury for the majority of the population.

The urbanization rate is helping laborers and slum dwellers gain an overall awareness of personal hygiene but the level of awareness is still low in the cities.[vi]

DENMARK

\$30687. 46

High

income

56

9th

Danish consumers are big spenders on personal and beauty products.

In 2011 the average spending on cosmetics, yearly, reached Dkr 197 (\$37).

Mass market brands by the likes of L'Oréal and P&G remain the mainstays of cosmetics in the Danish market.[vii]

After reviewing the above Information, India was selected as our target country. India has a lower middle income level, which means that the acquisition power of India is compatible with KIKO's prices. India is ranked third in the global list of countries by number of Internet users in 2011. The amount of people that connected to the internet is higher in India, than the other countries. We also took the Index of Economic Freedom into consideration as India was ranked higher than Pakistan. Also taken into consideration was us analyzing the grooming habits for each country, as a result, India stood out as being the most promising new market for KIKO.

According to analysis and data provided by the Confederation of Indian Industries, the Indian cosmetic market size is currently \$ 950 million and has a growth rate of 15-20% per annum. With around \$60 million in the market, the fastest growing segment is color cosmetics. Industry sources estimate a growth rate of 20% per annum among different segments of the cosmetics industry reflecting with a growing demand for all types of beauty and

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personal care products. Growth in the Indian Cosmetic Industry has come primarily from the low and medium priced categories which represent the 90 % volume of the cosmetics market.[viii]

## **COMPETITIVE LANDSCAPE**

Hindustan Unilever accounted for a 29% value share in color cosmetics in 2011, partly thanks to the leading brand Lakmé. It started with a long-lasting range of make-up under the brand Lakmé Absolute, with Kareena Kapoor, who is a leading Bollywood star, as the brand ambassador. Since Indian consumers attach a great deal of importance to the face of the brand, Hindustan Unilever brought a new face to the brand. To compete with the Lakmé Absolute long-lasting range, other manufacturers are also likely to introduce similar ranges of long-lasting color cosmetics.

In 2011, many companies launched new products and were successful in maintaining their value shares. Surprisingly, smaller players such as Faces Cosmetics India witnessed a rapid rise in value sales in line with Hindustan Unilever in 2011. L'Oréal witnessed a rapid increase in sales. Mass brands continued to dominate color cosmetics in 2011. Premium brands such as Estée Lauder and Elizabeth Arden have started to gain acceptance amongst urban consumers; however, they remain niche.[ix]

Currently in India the leading cosmetic brands are:

**Lakmé**

**Revlon**

**Oriflame Cosmetics S. A.**

**The L'Oréal Group**

**Chambor**

**Maybelline**

**Avon Products, Inc.**

**Make-up Art Cosmetics or MAC Cosmetics**

**ColorBar cosmetic**

**Street Wear[x]**

## **BASIC CHARACTERISTICS**

India (Republic of India) is a country in South Asia, with its capital being New Delhi.

It's the seventh largest country by geographical extension in the world with 3, 287, 263 Km and it is the second most populous with 1, 210, 193, 422 inhabitants.

Indian Standard Time zone (IST) is the time observed throughout India and Sri Lanka, is UTC/GMT +5. 30 hours.

The climate changes from temperate in north to tropical monsoon in south.

The official currency of India is the Indian Rupee (INR).

The official language of India is Hindi

English is an additional language for official work

Also are recognized several local languages.

Natural resources in India are: Manganese, mica, coal, iron ore, bauxite, titanium ore, chromite, natural gas, diamonds, rare earth elements, petroleum, limestone, arable land.[xi]

Demographics datas are:

MEDIAN AGE-Female: 27. 2 years -Male: 25. 9 years

POPULATION GROWTH RATE: 1. 312%

URBANIZATION: 30%

RATE OF URBANIZATION: 2. 4%

## **ECONOMIC ENVIRONMENT**

Some economics datas are:

india-gdp-per-capita. png

GDP per capita: US\$ 837. 75

india-gdp-growth-annual. png

GDP real growth rate: 4. 5%

LABOR FORCE: 487. 6 million

LABOR FORCE Agriculture: 53% Industry: 19% Services: 28%



UNEMPLOYMENT RATE: 3. 80%

INFLATION RATE (Consumer prices): 6. 84%

EXCHANGE RATE (Indian rupees per Dollar): 53. 17

EXPORT: US\$309. 1 billion

IMPORT: US\$500. 3 billion

EXPORTS PARTNERS: Ue 12. 7%, US 10. 8%, China 6. 2%, Singapore 5. 3%,  
Hong Kong 4. 1%

IMPORTS PARTNERS: China 11. 9%, Ue 7. 7%, Switzerland 6. 8%, Saudi  
Arabia 6. 1%, USA. 9%

Currently India is turning into an open market economy as an acute balance of payments crisis which occurred in 1991 forced the nation to liberalize its economy, emphasizing both foreign trade and direct investment influxes. Economic liberalization, which began in the early 1990s, served to accelerate the development of the country, which has an average of over 7% per year since 1997. India has been a WTO member since 1 January 1995.

Major agricultural products include rice, wheat, jute, oilseeds, cotton, tea, sugarcane, and potatoes. Major industries include textiles, chemicals, pharmaceuticals, biotechnology, food processing, steel, transport equipment, cement, mining, petroleum, machinery, telecommunications and software.

In 2006, the share of external trade in India's GDP stood at 24%, up from 6% in 1985. In 2008, India's share of world trade was 1. 68%. In 2011, India was

the world's tenth-largest importer and the nineteenth largest exporter. Major exports include petroleum products, textile goods, software, engineering goods, chemicals, jewelry and leather manufactures. Major imports include crude oil, gems, fertilizer, machinery and chemicals. In the last ten years, the contribution of petrochemical and engineering goods to total exports grew from 14% to 42%.[xii]

India's economic growth began to slow in 2011 due to a restrictive monetary policy aimed at addressing persistent inflation and a decrease in investments, caused by investor pessimism on domestic economic reforms and on the overall situation.

Custom Duty is imposed under the Indian Customs Act formulated in 1962 by the Constitution of India (Art. 265), which states that "no tax shall be levied or collected except by authority of law". The Custom Duties amount is calculated in the function of the domestic value of the imported goods. They are applied for many factors, but the most important ones are to restrict imports in order to conserve foreign exchange, protect Indian industry from undue competition, regulating exports, prohibiting imports and exporting goods for achieving the policy objectives of the Government.

High world oil prices have contributed to an increase in the fiscal deficit. At the end of 2012, the Indian Government announced reforms and measures to reduce the deficit to reverse India's slowdown.[xiii]

## **Key Strengths**

## **Key Weakness**

Future consumer market: in 2020 27% younger than 15.

Large population of world class competitive industries, which include a competent workforce.

Economic growth averaged: 8% since 2003.

Stable financial institutions.

Strong legal system.

Limited foreign investment.

Inadequate infrastructure.

Inadequate domestic savings that could fuel investment.

“ According to a 2011 PricewaterhouseCoopers report, India’s GDP at purchasing power parity could overtake that of the United States by 2045. During the next four decades, Indian GDP is expected to grow at an annualized average of 8%, making it potentially the world’s fastest-growing major economy until 2050. The report highlights key growth factors: a young and rapidly growing working-age population; growth in the manufacturing sector because of rising education and engineering skill levels; and sustained growth of the consumer market driven by a rapidly growing middle class. The World Bank cautions that, for India to achieve its economic potential, it must continue to focus on public sector reform, transport infrastructure,

agricultural and rural development, removal of labor regulations, education, energy security, and public health and nutrition.”[xiv]

## **POLITICAL AND LEGAL ENVIRONMENT, GOVERNMENT**

India is a member of the WTO which means that its participation in an increasingly rule based system of governance in international trade will lead to better prosperity for the nation. Various Indian trade disputes with other nations have been resolved through WTO. India has also played a determinant part in the effective formulation of some trade policies. Thanks to WTO several countries are now trading with India which will give a push to its economy.

India had over 5000 years of civilization with its culture being a mixture of many different cultures that translate into the country having more variety than any other country in the world. Progressively International Businesses want to either buy from, sell in or want to do both in India. It is vital for large international companies that plan on entering into India understand the Indian culture, its traditions and the peoples' mindset. Since these companies will be under the Indian jurisdiction and laws it's also necessary to be familiar with the basic legal environment.

In India, the government is led by a Prime Minister, but the President has supervisory power and is independent from the government. The Indian country has two chambers of assembly which are named the Rajya Sabha and the Lok Sabha.

In a similar way to the U. S. system of government, India has a federal system of government. This means that there is a central and state one inside the system. The federal constitutional republic has a multi-party system of government. The third arm inside the republic is the judiciary, which is independent of the legislature and the executive..[xv]

Recognizing India as a key to strategic interests, the United States has wanted to strengthen its relationship with India. Both countries are the world's largest democracies, are both committed to political freedom protected by representative government. Differences remain, however, including one difference involving India's nuclear weapons programs and the pace of India's economic reforms.

India has a Common law system based on the English model: separate personal law codes such as the judicial review of legislative acts apply to Christians, Muslims and Hindus. The Indian international law accepts compulsory ICJ jurisdiction with reservations and a non-party state to the ICt.

Corruption dangerously affects India's business and political environment. It's a big challenge to the economic growth. An increasing number of corruption scandals, since the late 2000s, has damaged the government's credibility causing social unrest and expanding income inequality.

On the other hand, India is one of the most exciting emerging markets in the world that guarantees foreign investors to have the security of their long-term investments and a transparent environment. The government has formulated guidelines listed on official government web pages as an online <https://assignbuster.com/make-up-art-cosmetics-or-mac-cosmetics-marketing-essay/>

business knowledge resource to facilitate trades and investments. The foreign trade policies are specified on the FTP (Foreign Trade Policy), they cover the two major objectives of the India's Ministry of Commerce and Industry which are to double India's percentage share of world trade and the use of trade as an instrument of economic growth and employments.[xvi]

## **CULTURAL ENVIRONMENT**

The cultural situation in India is particularly exclusive because India is densely populated, rapidly growing, and progressively modernizing. Indians are vastly different in culture, language, religion, and traditions.

Language is extremely diverse in India. Hindi is the official language of the country. There are 18 languages recognized in India, with several dialects or "mother tongues". However, many Indians located in central cities speak English.

The religion in India is just as diversified as the many languages spoken. The prime religion practiced in India is Hinduism, or Hindu. The fundamentals of the Hindu religion are entirely different than religions that dominant the western world. In the western world, traditionally, there is one god worshipped, depending upon your religion. Hindu originated in India that includes worshiping many gods such as Siva, Vishnu, and Ganesh. Other religious groups in India include Muslims, Christians, Sikhs, Buddhists, Jains.

The division of social class in India is a structural system, which is a caste system that has been practiced for years. India's caste system is an unpopular and complicated system that affects millions of people with no say. Caste is predetermined rules that apply to people right when they are

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born. These rules determine what an individual's power is, their amount of money, and their societal status. The caste system originated from Hinduism with millions of people falling into one of four classes: Brahmins, Kshatriyas, Vaishyas, and Sudras. These castes formally divide the society into a hierarchal ranking of upper class, middle class and lower class.

In India, thanks to improved economic conditions and increased consciousness of fashion, the cosmetic industry is having a huge growth in recent years. In addition, the cosmetic industry is coming to the forefront in an even greater way since 1991 with the coronation of many Indian women in international beauty contests.[xvii]

HOFSTEDE'S FRAMEWORK[xviii]

## **Cultural Orientations**

### **Contrasts Across Cultures**

Individualism vs. collectivism

With a score of 48, India is a collectivist society .

Hiring and promotion decisions are often made on the basis of relationships that are the key to everything.

Employee loyalty and protection of almost family are on the employer.

Masculinity vs. femininity

A score of 56 in this dimension identifies a masculine society.

Focus is based on gathering success and results, validated by material gains.

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Work is the center of their lives and visible symbols of success in the workplace is very important.

#### Uncertainty avoidance

A score of 40 in this dimension, shows a low preference to avoid uncertainty.

There is an acceptance of imperfection, nothing has to be perfect and should not go exactly as planned.

#### Power distance

High scores in this dimension, 77, indicate an appreciation for the structure and hierarchy

Top - Down in society and in organizations.

The attitude towards the manager is formal and communication is top-down.

#### Long-Term vs. Short-Term Orientation

The score 61 makes India a pragmatic long-term culture.

The concept of " karma" dominates the religious and philosophical thought.

Time is not linear, and therefore not as important as for Western companies that typically have a low score on this dimension.

## **ENTRY MODE**

The entry mode that we will choose as a company to enter the international scene in will be as a joint venture. Our business that we will join forces in this



venture will be Mother Herbs Limited of New Delhi, India. We wanted to choose an herbal company as our partner because as a company we need materials for our creation of our cosmetics, and given how India has progressed lately from an economic standpoint, we think that their companies will be a big help to our success. We are not a business that franchises its locations, as a franchise could raise the prices eliminating our competitive price edge on other worldly cosmetic enterprises.

We chose Mother Herbs because of where they started off as a company. Mother Herbs was established from nothing to now being a leader in the Indian field of Medicinal Plants. They have a good reputation with business as buyer retention and repeat orders are at or above 90%. It has been up to date with the latest technology and the best equipment and their company consists of highly qualified and well trained individuals. We also appreciate their preference on managing relationships with customers and their emphasis on product delivery as they pry their delivery on being timely and prestigious. Finally, Mother Herbs strives to improve their quality standards daily through innovation and hard work.[xix]

Our reasons for being a joint venture start off with us being a privately owned company, we don't really promote our business with advertising, more like our service and products inspiring consumers to let their friends and family know that our company will satisfy them personally. Us being a private business is also why our prices are pretty feasible as opposed to other cosmetic brands with raise the prices in order to even up their advertising expenses. This also makes sense for us as we are committing to

expanding to India, with expansion to a new market comes a huge  
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investment from our company but our reliance with a popular medicinal herb company will help even out the debt we will incur from taking this big risk (Wild & Wild, 2011). Also, joint ventures with nondomestic companies, in this case, our brand being