

Research Paper on the Beauty Supply Industry

The Beauty Supply Industry

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## 1. Beauty Supply Industry

2a. The Beauty Supply Industry is characterized as an Oligopoly market structure. The reason for this is because the top 5 competitors of the beauty supply industry control 47.03% of the industry in which there are over 50 companies (Top Cosmetics Manufacturing Companies in the USA and Worldwide). These top five companies are dominating the beauty supply industry company.

Continually, many of the companies within the beauty supply industry are interdependent of one another because many of their prices are similar when it comes to the similar products they sell.

The companies within this industry find it difficult to raise its prices because some of their customers will go to the company's competitors. Additionally, the beauty supply industry is difficult to enter the market because many consumers are loyal to the brands of these companies. It is difficult to persuade a consumer to try your new product, because they are comfortable with the product they have used for years. Not only that, but it is expensive and time consuming to enter the beauty supply industry because the products must be tested, and FDA approved before going onto the market.

## 2b. The top 10 companies:

Company:	Market Share:	Annual Revenue:
Johnson & Johnson	15.3%	81.3 billion
Procter & Gamble	12.7%	67.7 billion
Unilever	10.6%	56.3 billion
L'Oréal	5.85%	31.1 billion
Kao	2.58%	13.7 billion
Estée Lauder	2.07%	11 billion
Shiseido	1.86%	9.9 billion

Beiersdorf	1.67%	8.9 billion
Coty	1.62%	8.6 billion
AmorePacific	1.03%	5.5 billion

\*Market Share was calculated by dividing company annual revenue with industry annual revenue, in which the industry annual revenue was 532 billion. Information was found from Top Cosmetics Manufacturing Companies in the USA and Worldwide.

2c. After the top ten beauty industry companies there are approximately 40 more companies within this industry. The other beauty companies that follow after the top ten companies are well-known companies such as Avon, Chanel, and L Brands in which L Brands is known for Bath and Body Works (Beauty Packaging). The majority of the beauty industry companies are well-known and not small companies.

### 3a. First Group of Products: Facial Moisturizers

Company:	Brand:	Product:	Size:	Price:
Johnson & Johnson	Aveeno	Face Moisturizer	4fl oz	\$13.99
Procter & Gamble	Olay Regenerist	Face Moisturizer	1.7oz	\$24.99
Unilever	St Ives	Face Moisturizer	1.8oz	\$5.99
L'Oréal	L'Oréal Paris	Face Moisturizer	1.7oz	\$24.99
Kao	Jergens	Face Moisturizer	2 oz	\$8.69

Sources:

<https://www.aveeno.com>

<https://www.lorealparisusa.com>

<https://www.target.com>

<https://www.ulta.com>

### 3b. Second Group of Products: Shampoo

Company:	Brand:	Product:	Size:	Price
Johnson & Johnson	Maui Moisture	Shampoo	13fl oz	\$6.97
Procter & Gamble	Herbal Essences	Shampoo	11.7fl oz	\$5.99
Unilever	Dove	Shampoo	12fl oz	\$3.49
L'Oréal	Garnier Fructis	Shampoo	12.5fl oz	\$4.49

<b>Kao</b>	John Frieda	Shampoo	8.45fl oz	\$13.49
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Sources:

<https://www.mauimoisture.com>

<https://herbalessences.com/en-us/>

<https://www.dove.com/us/en/washing-and-bathing/body-wash.html>

<https://www.garnierusa.com>

<https://www.target.com>

### 3c. Third Group of Products: Face Cleansers

<b>Company:</b>	<b>Brand:</b>	<b>Product:</b>	<b>Size:</b>	<b>Price:</b>
<b>Johnson &amp; Johnson</b>	Neutrogena	Face Cleanser	6.7fl oz	\$10.99
<b>Procter &amp; Gamble</b>	Olay Regenerist	Face Cleanser	5fl oz	\$6.99
<b>Unilever</b>	St. Ives	Face Cleanser	6fl oz	\$3.99
<b>L'Oréal</b>	Garnier	Face Cleanser	13.5fl oz	\$8.99
<b>Kao</b>	Biore	Face Cleanser	6.7fl oz	\$6.49

Sources:

<https://www.neutrogena.com>

<https://www.garnierusa.com>

<https://www.ulta.com>

<https://www.target.com>



Johnson & Johnson is a company that owns Maui Moisture in which they are a hair product brand who prides themselves in being natural with their product, so this is how they differentiate themselves from other products.



Procter & Gamble is a company who owns the brand Olay Regenerist, in which they are a skincare brand. They state they are the #1 Anti-Aging face moisturizer. This is an advertising tactic they use to convince their customers their product will make them youthful. Their advertisement also states that using their face crème is similar to have cosmetic surgery.



Unilever is a company who owns the brand Dove in which they utilize diversity within their advertisements in order to stand out from other brands. In the advertisement above, Dove is using women of all hair types to show that their shampoo is for everyone.



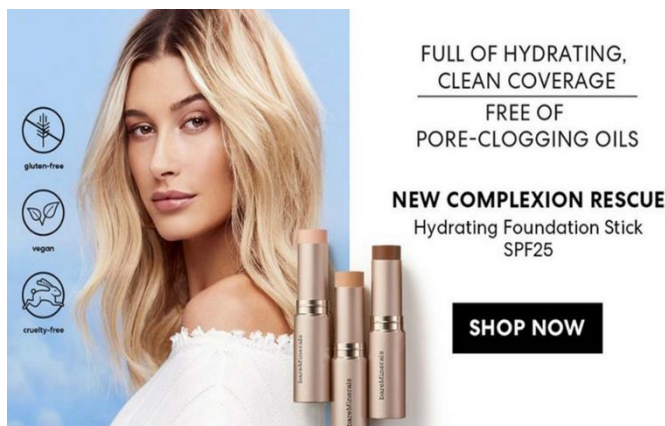
L'Oréal Paris is a brand from L'Oréal in which they use their advertisements to show support for women in the workforce. Moreover, they are conveying the idea that women should be able to dominate the workforce field instead of men.



Kao is company who owns Bioré in which is a skincare brand. They promote their products by using celebrities in their advertisements. When consumers see that celebrities are using these products, they are more prone to purchase these products.



Estée Lauder is using diversity in their advertisements to illustrate to consumers that their foundation is for every skin color because they are diverse. They are also marketing within their advertisement by stating that their makeup lasts “24 hours.”



Shiseido is a company who owns Bare Minerals, in which Bare Minerals is a cosmetic company. Their tactic of advertising to stand out from other companies is that Bare Minerals includes that they are a gluten-free, vegan, and animal cruelty free company. This is important because people love to

support brands that do not test on animals.

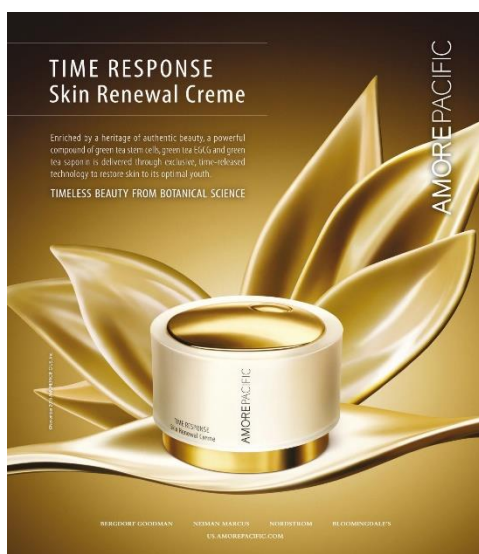




Beiersdorf is a company who owns the brand Eucerin, which is a skincare brand. The brand Eucerin uses medical terminology and references in their advertisements to be credible with their products. By using credibility, the consumers trust the brand and buys their product.



Coty is a company who owns the brand Covergirl, in which Covergirl is a cosmetic brand. Covergirl stands out from other brands by using diversity of gender and religion within their advertisements. Covergirl was the first cosmetic brand to feature a male in their advertisements.



Amorepacific is a high-end Korean company that specializes in skin care. In order for Amorepacific to stand out from other brands they promote youthfulness with their natural ingredients.

4a. The elasticity of demand within the beauty supply industry is that it is highly elastic. The reason as to why it is very elastic is because there are substitutes to the products. It all depends on whether the consumer would like to buy a high-end facial moisturizer from Amorepacific for \$160 (Sephora.com) in which the facial moisturizer provides youthfulness or if the consumer wishes to purchase a more economical option such as Olay Regenerist which retails for \$24.99 (Target.com) and who states they are the “number 1 anti-aging creme.” Continually, another factor that makes the beauty supply industry highly elastic is whether the products are animal cruelty free and vegan such as products within Bare Minerals from Shiseido. Additionally, many people support companies who show diversity in their products such as Covergirl from Coty, in which their advertisement shows they work with male cosmetic models and they embrace people’s cultures. Overall, within all these companies there is a variety of products that fit the need for any and every consumer.

4b. Within the beauty industry, the companies or firms respond well to change. Continually, there have been many beauty brands that have been around for many years. For example, a brand such as Pantene is well-known for their shampoo. In recent times, consumers are more concerned for the chemicals that are being put in their shampoos, not only that, but they also question if these products are vegan or cruelty free. With that being said, not so long-ago Pantene adapted to this change by creating a line that includes natural shampoo that is free of sulfates and parabens. Additionally, cosmetic brands are adapting to change by making their makeup cruelty free, vegan, and gluten free. These cosmetic brands are also adapting by collaborating with celebrities or influencers in which they design their own makeup lines, and the majority of these consumers buy the products. Many of these beauty supply companies make production decisions by deciding which markets work for them and which ones do not. Many of the companies such as



Johnson & Johnson have entered the Baby Market to sell their beauty personal care products there in which they have a really great business within the baby industry. Continually, many other beauty companies sell personal care items such as bandages, but these companies tend to focus more on their brands that sell more which would be their beauty supply brands because that is where they make the most money.

4c. Within the beauty industry there are plenty of substitutes. There are many companies in which their brands are considered high end such as Amorepacific, on the other hand there are companies that have economical brands such as Unilever with their brands of Dove and St. Ives. It depends on whether a customer is loyal to their brand and would like to purchase a luxury shampoo for \$20 or an economical shampoo for \$3.99. Continually, there are also compliments within the beauty industry such as the company Procter & Gamble in which they own the brand Olay Regenerist. Olay Regenerist has many compliments within their brand in which they have a facial moisturizer for the morning and a facial moisturizer for the night. Another example of this would be the company Kao who owns the brand John Frieda in which they have shampoo, conditioner, hair mousse, and hairspray which are all products that complement one another. The presence of substitutes affects the beauty supply industry because if the price of Facial Moisturizers within the L'Oréal Paris brand gets too expensive then the consumer would go to the L'Oreal Paris' substitute which can be Olay Regenerist. Additionally, the presence of compliments affects the beauty supply industry as well because companies such as Johnson & Johnson are able to make great sales because their brands such as Aveeno have complements in which they sell face cleanser, moisturizers, and oils that can be used all together when a consumer is doing their daily skin care regimen. All in all, it is good for consumers to have many options such as the company's substitutes because there are affordable products for those who

cannot afford the expensive products. However, this is an issue for companies because they want to gain as many consumers as they can, but they can trick consumers to spend more money on their brands by adding complements to their products.

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