

AVDIAN MANAGEMENT CONSULTING

Market Analysis And Product Proposal

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1. Introduction

Post 2020, the global skincare and cosmetics industry has experienced exponential growth driven primarily by the influence of social media. These online platforms are responsible for the popularization of health and wellness in the form of self-care and skincare. This has led to increased consumer awareness and has created demand for high quality and science-backed products. A market that was primarily dominated and reserved to dermatology has now expanded to not just wellness, but also cosmetology

With the market projected to grow further, companies are always searching for new business opportunities to meet demands. Due to the emerging trend of cosmetic and aesthetic treatments, a new area of demand arises for personalised skincare solutions. The trend of consumers prioritising their appearance continues to rise significantly, presenting various opportunities for businesses that are trying to venture into this sector. The UK is a leading market for cosmetics and skincare in Europe. Procedures like dermal fillers, laser therapies and chemical peels have become popular investments for consumers who are not only investing in procedures but also looking for solutions to maintain and enhance these results. The customer demographic for this market is widespread amongst different age groups with different groups demanding different solutions. From millennials aiming for anti-aging procedures to older age groups seeking rejuvenation, the marketing is generational.

Companies that understand the variety of needs of this customer base can capitalize on the potential needs of new and existing consumers. A strategic

entry into this market would cater to the present as well as future needs of the growing customer base.

2.Key Objectives

The objective of this report is to provide a detailed analysis of the UK Cosmetics industry, aiming to identify opportunities for the diversification of the client's portfolio and scope out an ideal market with a good business opportunity. The specifics of the objective are:

1. Exploring Consumer Trends - Identify the key body areas and their corresponding popular aesthetic treatments to recommend potential product lines.
2. Regional Analysis - Assessing the geographical areas of the UK to draw conclusions on market size, target markets and cosmetic trends. Identifying high business potential regions from the available data.
3. Demographic inferences - Results on the ideal target audience and their aesthetic preferences.
4. Outlining a Marketing Strategy - Suggesting a product line that would perform well in the targeted market and to suggest related sales promotion ideas. Offering branding and distribution solutions for the same.
5. Analysing Competition - Assessing the competitors, analysing key competitors and the opportunities that are arising to differentiate the products from those of competitors.

3. Methodology

To conduct the analysis, I utilized a dataset containing key customer and business information from previous years. The dataset was provided in Excel format and comprised the following columns:

- Customer ID
- Customer Age
- Customer Town/City
- Loan Value (in GBP)
- Business ID
- Business Postcode
- Treatment Catalog Titles
- Treatment Body Type Titles

The analysis was carried out using Google Sheets for preliminary calculations and Python for more advanced insights. Below are the specific steps taken:

1. **Data Preparation:**

The dataset was imported into Google Sheets for the initial analysis. Some data cleaning was done in order to check for accuracy and completeness, but also to eliminate anomalies or redundant entries.

2. **Age Group Analysis:**

- The age group to which most of the clients prefer to undergo treatment was determined through the mean age of the clients using Google Sheets.
- This information is very helpful in knowing the kind of people that make up the majority of the customers in the company.

3. **Revenue by City:**

- The total amount of loans that each city has produced was calculated using Google Sheet methods.
- Assuming London as the outcome, the top 10 cities that have produced the highest revenues were developed.

4. Body Part and Treatment Analysis:

- The treatment preferences were analyzed with the help of Python.
- The most commonly treated body part was the face, with 860 total treatments.
- Further analysis shows that most treatments performed on the face are "Fillers" or "Filler Treatments."

5. Customer Behavior Insights:

- The clients for filler treatment were majorly in the age range of 30-50. This mentioned age range does signify that the main requirement is more about anti-aging treatment than pure aesthetic enhancement requirements

6. Geographic Trends:

- This study checked if there were location-wise trends for this treatment. One conclusion made is that the cities of England house most of these treatments.
- Based on this analysis, recommendations to start the initial rollout of products, focusing first in England.

4. Analysis

➤ Initial Findings from Exploratory Data Analysis (EDA)

1. Geographic Revenue Distribution:
 - Most Revenue from England: Our study shows that most of our revenue comes from England, with London topping the list. This is an indication of good market potential for cosmetic products in these regions.
 - Top Cities: London tops the list in revenue generation, followed by other big cities in England. This is an indication that urban areas with higher disposable incomes are the primary markets for cosmetic treatments.
2. Customer Demographics:
 - Mean Age of Clients: The average age of our clients is 39 years. Such an age group is primarily concerned with the anti-aging solutions rather than merely aesthetic augmentations. Thus, this fact becomes very relevant to the process of designing specific product lines.
3. Treatment Preferences:
 - Most Frequently Treated Body Area: The most common body area that is being treated is the face, for which a number of treatments take place.
 - Popular Treatments: Filler treatments are the most opted-for treatments, indicating a high demand for procedures that address facial volume loss and wrinkles.

➤ Market Analysis

1. Growth Rate of the Cosmetic Product Market in the UK:
 - The market for cosmetic products in the UK has been growth-oriented. This market is reportedly going to gain a CAGR (Compound Annual Growth Rate) of 8-12% from 2023 to 2029 as per industry reports. The rising awareness among customers, the improvements in cosmetic products, and high demand for

min-invasive methods are some the key drivers responsible for this growth.

2. Market for Dermal Fillers:

- Dermal fillers are the most significant segments in the cosmetic product market. These have been rising in demand with the effectiveness to treat signs of aging, like wrinkles and loss of volume. Our data showed that most of our clients are already opting for dermal filler treatments, thereby giving a vast potential for the products that will complement these treatments.

3. After-Effects of Dermal Fillers:

- While dermal fillers are usually safe, after-effects can be bruising, swelling, and redness. These side effects may last several days to weeks depending on the individual. Managing these after-effects is important to ensure customer satisfaction and repeat business.

4. Top Competitors in Post-Treatment Care:

1. ZO Skin Health: Known for their comprehensive skincare solutions, including post-treatment care products.
2. SkinCeuticals: Offers advanced skincare backed by science, with products designed for post-procedure recovery.
3. iS Clinical: Provides a range of skincare solutions, including those specifically for post-treatment care.
4. AlumierMD: Known for medical-grade skincare products recommended by dermatologists.
5. NeoStrata: Offers innovative skincare solutions, including products for post-procedure recovery.

5. Sustainability and Eco-Friendliness:

- Lack of Eco-Friendly Practices: Most of the existing products in the post-treatment care market are not eco-friendly. They use

non-recyclable packaging and ingredients that are not sustainably sourced.

- Opportunity for Differentiation: Consumers are now more concerned with sustainability and eco-friendly products. By highlighting the use of eco-friendly practices, our company can be differentiated in the market.

6. Effectiveness of Arnica and Cica:

- Arnica: This is known for its anti-inflammatory properties and has been found to reduce bruising and swelling. However, this is not very commonly used in the currently available post-treatment care products.
- Cica (Centella Asiatica): This is an ingredient known to heal properties and can be useful in healing wound pains and reddening of the skin. Likewise, arnica is also underexploited in the market.
- Market Gap: No competitor is currently leveraging use of arnica and cica in their products thus offering our company an opportunity to innovate and satisfy the unmet needs of the target customers.

5. Results

➤ **Product Line Proposal**

To meet the identified market needs and opportunities, we will design a product line that will focus on after-care solutions to treat the after-effects of filler treatments. This product line will deal with the usual side effects of filler treatments while providing specialized packages for specific treatment areas such as lips, dermal fillers, and nose fillers.

Product Overview

1. After-Care Products for Filler Treatments

- Purpose: To provide effective solutions for the common after-effects of filler treatments, including bruising, swelling, and redness.
- Key Features:
 - Ingredients: Use natural ingredients with a proven track of work, such as anti-inflammatory and healing properties of arnica and cica.
 - Eco-Friendly: Their packaging can be made as sustainable and eco-friendly, which is now increasingly being demanded by consumers.
 - User-Friendly: Design products that are easy for anyone to use and incorporate into their post-treatment care routine.

2. Specialized Packages

- Purpose: To offer comprehensive kits tailored to specific filler treatment areas, providing customers with a complete solution for their post-treatment care needs.
- Key Features:
 - i. Lip Filler After-Care Kit:
 - Contents: Lip-specific cream or gel containing arnica and cica, cooling lip mask, and gentle lip exfoliator.
 - Benefits: Reduces swelling, bruising, and discomfort commonly experienced after lip filler treatments.

- ii. Dermal Filler After-Care Kit:
 - Contents: This package comprises arnica and cica-infused facial cream or serum, cooling facial mask, and a mild face wash.
 - Benefits: Reduces swelling, redness, and bruising of the facial skin; thereby speeds up the healing process.
- iii. Nose Filler After-Care Kit
 - Contents: Arnica and cica-enriched cream or gel to apply specifically to the nose area; a cooling nose strip and mild nasal wash.
 - Benefits: Target swelling, bruising, and discomfort at nose filler procedures.

➤ **Market Differentiation**

1. Leveraging Existing Customer Base:
 - Being a company with an existing client base that is already using cosmetic treatments. This puts the client in a very good position. Customers trust our brand and are most likely to embrace our new product line. A built-in clientele is a very good starting point for initial sales and word-of-mouth marketing.
2. Strategic Partnerships:
 - We can partner with cosmetic treatment providers to our loan clients. This will enable cross-promotion and bundled offers, where clients can get discounts on our after-care products when they undergo treatments through our loans. This synergy will enhance customer loyalty and drive sales.
3. Sustainable and Eco-Friendly Products:
 - Incorporating arnica and cica in our products allows us to bring sustainable and environmentally friendly solutions into the market. Although these might be more expensive, their organic nature and known benefits will definitely attract environmentally sensitive consumers. Our commitment to sustainability will make a difference in this market where synthetics and other less eco-friendly options dominate.

4. Geographic Focus:

- We now come to know the fact that almost all our income is coming from the North of England and London so we will definitely target our primary promotional efforts over these regions in order to invest our marketing money in the maximum profitable customer sectors.

5. Influencer Partnerships:

- We can engage the green influencers with our products. They have a following that is keen on sustainable and environmentally friendly products. Thus, by utilizing the reach and credibility of such influencers, we will be able to amplify the brand message, appealing to an audience much bigger than ourselves, who cares about being environmentally responsible.

6. Conclusion

Our deep analysis has revealed paramount insights to be our guiding principles for strategic expansion into the market of cosmetic products. The analysis shows that England, more particularly London and other metropolitan cities, is our highest revenue earner, and thus these regions shall be targeted for the initial rollout of our products. This translates into a mean customer age of 39, the segment whose main needs have to do with anti-aging. This should be the best approach in finding the right solution for their various needs. This is the primary body part which is treated-the face-and within this, it is the case of filler, emphasizing the need to provide products on the after-treatment effects of those procedures. The UK cosmetic product market is also emerging with good demand of dermal fillers, and our data also affirms the maximum clients are already choosing these treatments that would trigger a huge prospect for complementing products.

Currently, we therefore recommend formulating a specialized product line of after-care solutions for filler treatments. For that reason, we utilize natural and highly effective ingredients in such as arnica and cica, which give sustainable products in harmony with nature. Our previous customer base would be a more solid base because they already rely on our brand. Strategic relationships with businesses offering cosmetic treatments to our loan clients help cross-sell and bundle offers, so thereby increasing customer loyalty, and sales revenue.

Focusing our initial promotional efforts in North England and London, where a majority of our revenue is generated, will maximize our marketing budget and effectively reach our most profitable customer segments. In addition, partnering with green influencers will amplify our brand message and attract a wider audience that values environmental responsibility.

This initiative is more in line with our company values of innovation and customer satisfaction but, at the same time, places us at the helm of the growth in demand for sustainable and effective cosmetic solutions. Utilizing our existing customer base, strategic partnerships, focus on sustainability, desired geographics, and partnerships with green influencers will differentiate us in the market and position us as the premier provider of sustainable and effective post-treatment care products. Let's embrace this strategic expansion and pave the way for a successful, sustainable future in the cosmetic product marketplace.

7. References

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