

Curology Makeup

AEM 2601: Strategy Final Project

Meet the Team



Alyssa Yang
(ay282)



Angela Kou
(apk63)



Jessica Zheng
(jz856)



Willa Chen
(wc426)



Yinyin Chen
(yc725)

Agenda



Beauty Industry

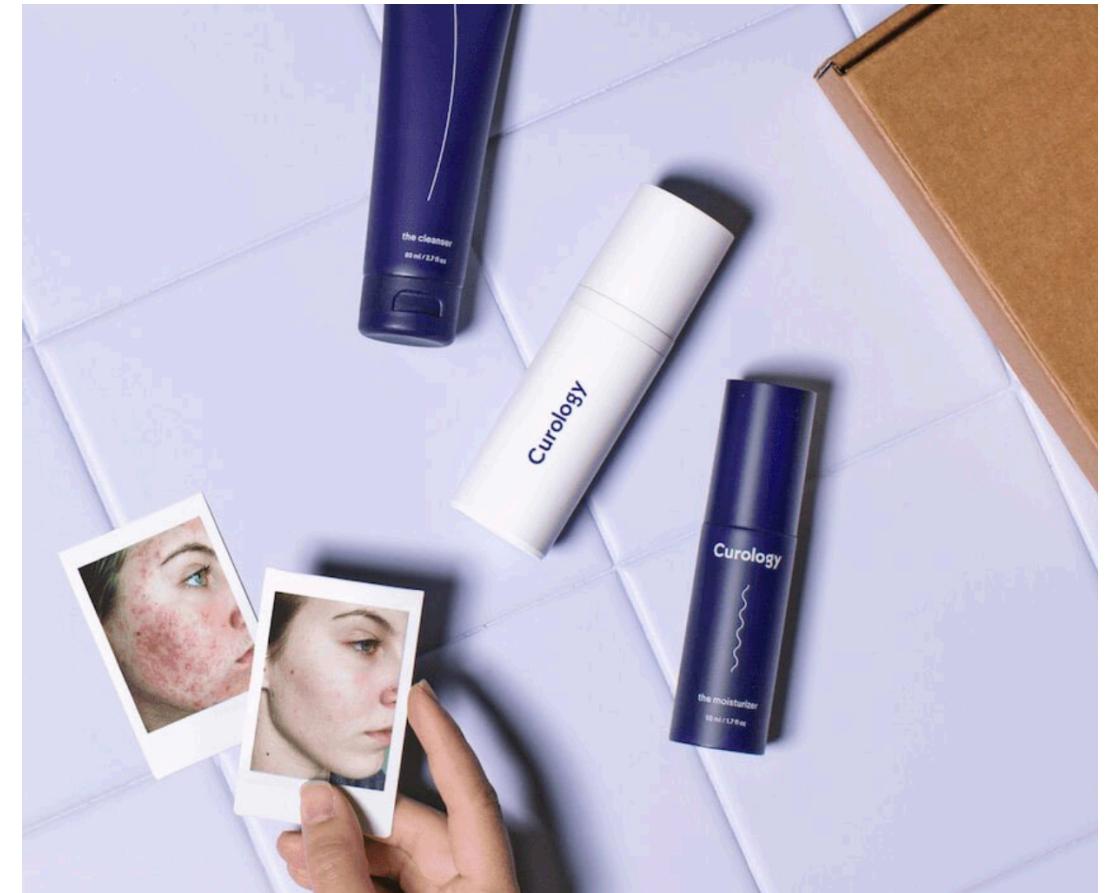
Curology Internal Analysis

Curology Makeup

Makeup Industry Analysis

Implementation

Risks & Mitigations



Source: Curology

The Makeup Industry



Trend shift towards more natural looks, with an emphasis on clear skin

\$500 B

Estimated size of global beauty industry

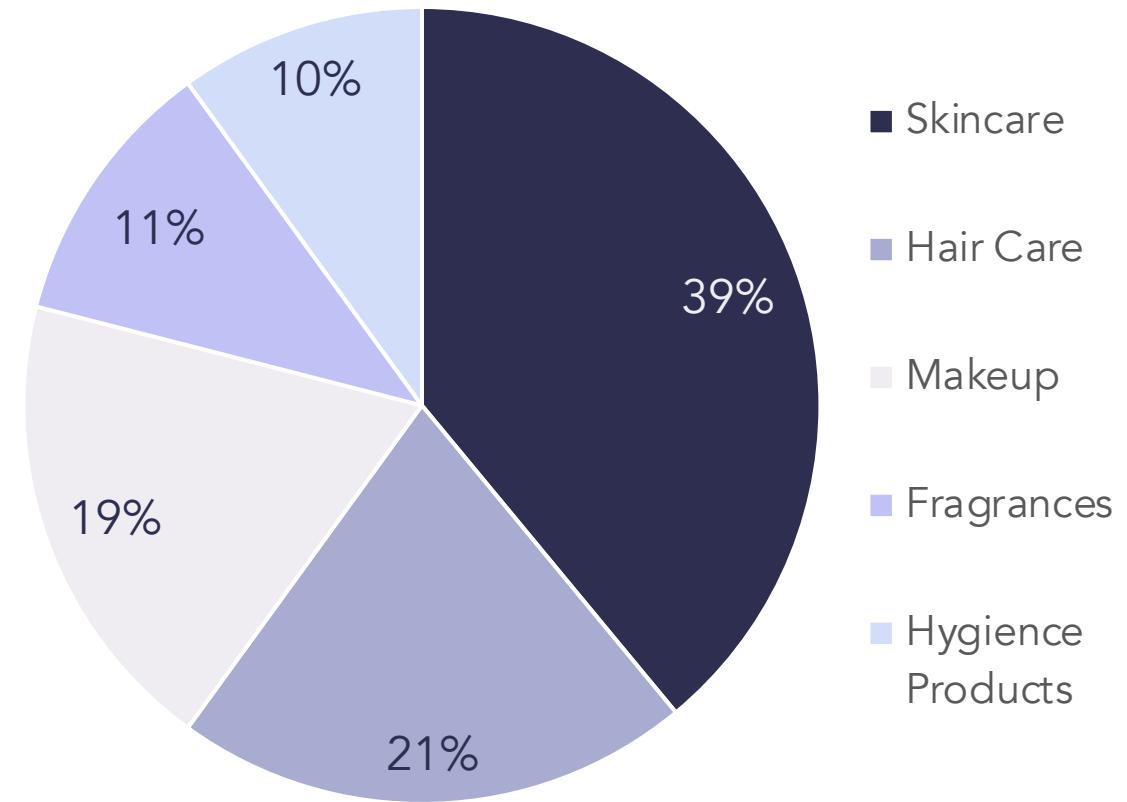
\$93.5 B

Estimated market size within the United States

8.2%

Forecasted expansion rate of the anti-acne makeup industry

Cosmetics Industry by Product Type

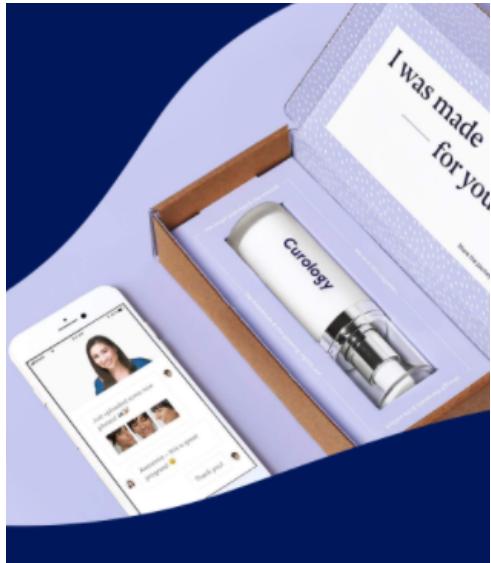


Source: L'Oreal, Cvetkovska, "Anti-Acne"

What is Curology?



"Skincare made simple, for your busy life "



Jaya

- Zits
- Firmness
- Clogged pores
- Skin texture
- Dark spots
- Wrinkles



Morning! I uploaded new pics 📸📸



Scheduled 2-month treatments starting at \$19.95

Customized ingredients based on individual's skin type and condition

3-step regimen with cleanser, moisturizer, and night cream

Option to chat one-on-one with customer's personal provider

Source: Curology

Curology Metrics & Business Model



Founded: 2014

CEO: David Lortscher

Curology runs on **online sales and services** to provide a **personalized skincare regimen** to consumers without an appointment to a dermatologist's office

Source: Curology

Skincare made simple, for your busy life



1
Answer questions
& snap pictures



2
Get your personal
provider



3
Your custom
formula arrives!

Key Financial Metrics

\$56M

Annual Revenue

\$50M

Valuation

\$20-60

Price Range

225

Employees

Source: Curology, Glowjo

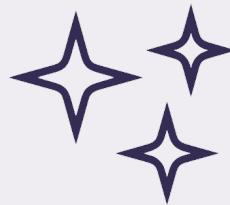
Curology Makeup



*"Skincare **and makeup** made simple, for your busy life"*

A product line of base makeup products such as primers, foundations, spot correction concealers, and setting powders curated to individual skincare needs

1



Users' skin conditions in the Curology database will assist with formulation
e.g. dry, oily, or combination skin

2



Choose from different finishes and coverage levels
Each priced at approximately \$20

3



Combine skincare and makeup regimen for the best results

Growth Opportunity: Makeup Line



Porter's Diversification Test

Attractiveness



- Third largest sector under the cosmetics industry
- Promising growth, especially in anti-acne sector
- Shift in beauty trends

Cost of Entry



- Low cost of entry through existing knowledge and resources
- Online operations cut costs

Better-Off



- Future growth opportunities in the makeup industry
- Profit on a current market gap

Need-to-Own



- More control over services
- Bundling to encourage clients to purchase
- Economy of scope

Relatedness



- Under the cosmetics industry
- Skincare and makeup both focus on skin appearance

Growth Opportunity: Makeup Line



VRIN Test

Valuable



Brand image of providing skincare services and prescription-based products

Rare



Limited number of tailored noncomedogenic products

Inimitable



Difficult to gather data and replicate the services

Non-Substitutable



Visit the dermatologist and online forums for product recommendations or order available skincare products from other companies

Capability: Unique customer experience with an online specialist at a drug-store price

Makeup Industry



Key Drivers



Changing lifestyles



Aging millennials



Rise of social media



Increase in disposable income



Surge in brand creativity

Source: Allied Market Research

Key Competitors

SHISEIDO

COTY

BEAUTY, CELEBRATED & LIBERATED



Procter&Gamble

L'ORÉAL



Johnson&Johnson



Unilever

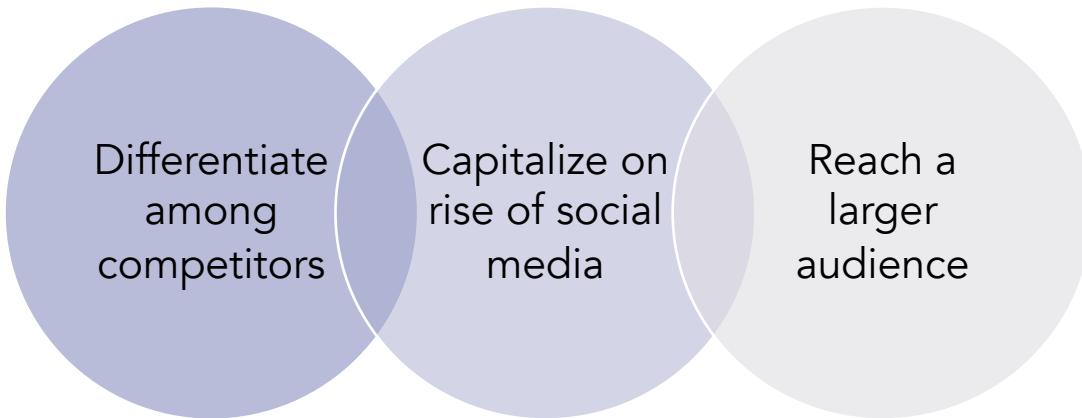
ESTĒE LAUDER

Source: Toptal Finance Blog

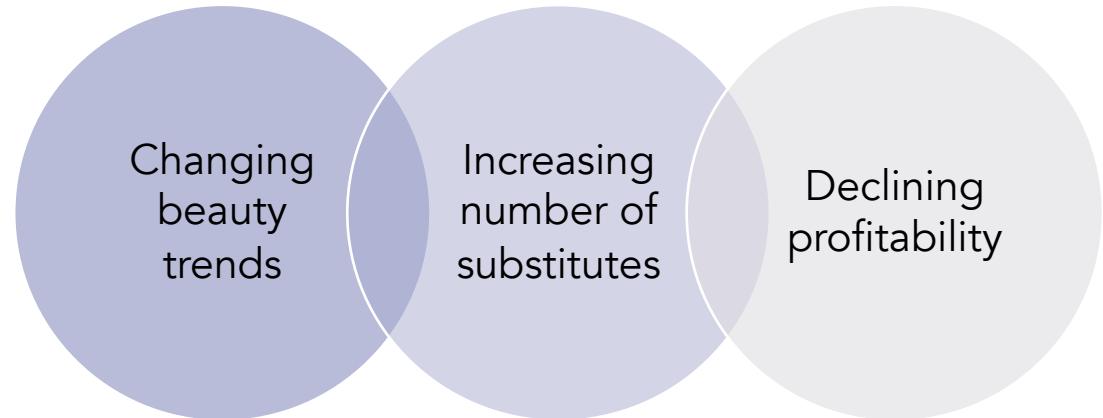
Industry Analysis



Opportunities



Threats



The global beauty industry is expected to grow at a compound annual growth rate of 7.14% from 2018 to 2023.

Source: Global Web Index

Five Forces



Rivalry	Substitutes	Buyers	Suppliers	Barriers to Entry
High	Low	High	Low	Medium



- Numerous competitors
- Highly fragmented
- Brands compete across all market segments and product types



- Skincare products
- Beauty-enhancing artificial makeup apps



- Low switching costs for all price ranges
- High accessibility to product reviews at no cost



- Many suppliers for abundant inputs
- Brands produce their own formulas and designs (trade secrets)



- Need brand recognition /unique selling point
- Investment in R&D and manufacturing
- Regulatory approval required

Source: FDA, Insider, Science.org

Target Market



Makeup Users

- Young to middle aged audience
- Those who enjoy makeup
- Unique or difficult to work with skin types

Current Curology Users

- Loyal Curology users
- Want makeup to work well with Curology skincare
- Enjoy Curology products

Source: Curology

Strategic Planning



Leverage Curology's existing research and data on skincare to implement Curology Makeup



Utilize current skincare data and research

Introduce incentives like bundling and a 30-Day Trial

First company to provide customized skincare and makeup

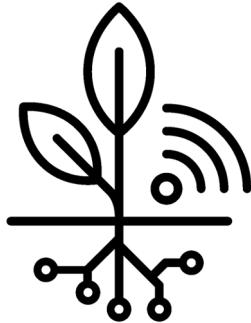
Customized makeup for all skin types and conditions

Authentic and ethical; Approval from professionals and the FDA



Source: Curology

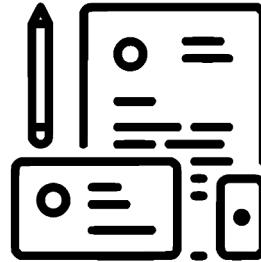
Risk & Mitigations



Production of Key Ingredients

MITIGATION

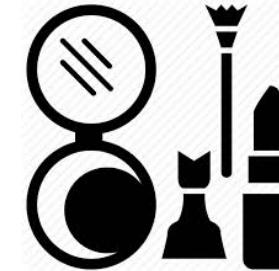
- Sourcing from transparent suppliers
- Require certification to guarantee compliance with ESG



Increasing Regulatory Actions

MITIGATION

- Department dedicated to the implementation and inspection of product labelling
- Limit excessive branding



Product Liability Claims

MITIGATION

- Purchase product liability insurance to protect against potential claims
- Strengthen formula and survey

Source: Rolling Out, Verisk Maplecroft



Questions?

Works Cited



- "Anti-Acne Cosmetics Market Size, Share & Trends Analysis Report By Product Type (Creams & Lotions, Mask, Cleansers & Toners), By End Use (Women, Men), And Segment Forecasts, 2019 - 2026." *Grand View Research*, July 2019,
<https://www.grandviewresearch.com/industry-analysis/anti-acne-cosmetics-market>.
- Australian Academy of Science. "The Chemistry of Cosmetics." *Science.org*,
<https://www.science.org.au/curious/people-medicine/chemistry-cosmetics>.
- Carter, Kiera. "The Best Foundations That Actually Conceal Acne Breakouts (Without Clogging Pores!)." *Prevention*, 12 Feb. 2020,
<https://www.prevention.com/beauty/makeup/pg22663367/best-foundation-for-acne-prone-skin/>.
- "Cosmetics Market." *L'Oréal Finance: Annual Report 2018*,
<https://www.loreal-finance.com/en/annual-report-2018/cosmetics-market-2-1/>.
- Cvetkovska, Ljubica. "45 Beauty Industry Statistics That Will Impress You." *LoudCloudHealth*, 3 Mar. 2020,
<https://www.loudcloudhealth.com/beauty-industry-statistics/>.
- Davis, King, et al. "Pros and Cons of Launching a Cosmetics Company." *Rolling Out*, 11 Jan. 2017,
<https://www.rollingout.com/2017/01/11/pros-cons-opening-cosmetics-company/>.
- FDA. "Small Business & Homemade Cosmetics: Fact Sheet." *FDA*, 4 Sept. 2018,
<https://www.fda.gov/cosmetics/resources-industry-cosmetics/small-businesses-homemade-cosmetics-fact-sheet#1>.
- Gould, Skye, and Megan Willett. "These 7 Companies Control Almost Every Single Beauty Product You Buy." *Insider*, 18 May 2017,
<https://www.insider.com/companies-beauty-brands-connected-2017-5>.
- Growjo. "Curology Annual Revenue, Number of Employees, Growth and Funding." *Curology Revenue, Number of Employees, Annual Growth and Funding*, growjo.com/company/Curology.
- Katabchi, Natasha. "Looks That Thrill - Inside the Booming Beauty Industry." *Toptal Finance Blog*, 22 Aug. 2019,
<https://www.toptal.com/finance/growth-strategy/beauty-industry>.
- Meagan, Norris. "The Supply Chain Risks That Can Blemish Cosmetic Reputations." *Verisk Maplecroft*, 19 June 2018,
<https://www.maplecroft.com/insights/analysis/supply-chain-risks-blemish-cosmetic-reputations/>.
- Rajput, Nilesh. "Cosmetics Market Size, Share, Industry Trends and Analysis." *Allied Market Research*, July 2016,
<https://www.alliedmarketresearch.com/cosmetics-market>.