

It Cosmetics: A Step Towards Racial Inclusivity

PROPOSAL: It Cosmetics would offer an additional 15 shades to their ‘CC+ Cream Full Coverage Foundation with SPF 50+.’ This will allow for underserved consumers, especially ethnic minorities with darker complexions (African American, Hispanic, Asian) to purchase and use their product.

Introduction

With the cosmetics industry expanding, makeup has become widely accessible for consumers to purchase due to their needs. Along with increasing minority populations (African American, Hispanic, Asian), the need and demand for these minority consumers to find proper products to fit their skin tone has risen. Many consumers of minority races however struggle to find makeup products that complement their skin tone (Werle, 2019). In the 1800s, much of the makeup offered were skin lightening products, products that made someone's skin lighter, to portray the then standards of “beauty.” (Geoffrey, 2010) It is apparent that these practices are no longer in effect, and many brands are beginning to release and create products that cater towards all skin tones and types.

As more and more companies continue to diversify their shade ranges to their products and embark on marketing campaigns that intend to address diversity and inclusion, it is becoming the new norm to release face cosmetic products with wide shade ranges. In 2017, celebrity Rihanna released her makeup brand Fenty Beauty, whose products had diverse shade ranges; the infamous Pro Filt’r foundation was initially released with forty shades. Ever since Fenty Beauty has been released, they set a new standard for the cosmetic industry through its commitment to inclusivity and diversity; by creating the ‘Fenty Effect,’ many brands are incorporating marketing techniques with their unique, inclusive products to promote growth to their brand (Research and Markets, 2020). Fenty Beauty is now a model for other brands by reinforcing the importance of inclusion.

Many brands now are releasing wide shade ranges at the initial launch for everybody to try, as well as a marketing technique to reach a larger market and create a brand connection.

The brand in question, It Cosmetics, is a skincare and makeup brand initially launched in 2008 by Jamie Kern Lima. Their brand was acquired by cosmetics giant L’Oreal in 2016 for approximately \$1.2 billion. Their most popular and best selling product is their ‘CC+ Cream Full Coverage Foundation with SPF 50+’ which was initially released with only seven shades available for consumers.

Initial Product Issues and Dissatisfaction

Currently, It Cosmetics is facing backlash from ethnic consumers who state that many of their face makeup products (eg. foundation, concealer) do not carry their skin tone. Popular beauty magazines such as Allure, Refinery29, and TeenVogue are criticizing It Cosmetics for not accommodating to ethnic consumers who have darker skin complexions despite being in the business for almost ten years and now being owned by L’Oreal . At the end of 2021, L’Oreal reported revenues at \$33 billion with a gross profit of \$23 billion (gross margin for year 2022 was 77%) (Yahoo Finance, 2022). L’Oreal also owns drugstore cosmetic brands such as Maybelline and NYX Cosmetics, whose products have balanced, diverse shade ranges selling at affordable prices. In 2017, L’Oreal campaigned for diversity and inclusion while promoting L’oreal’s True Match foundation. The foundation, which has 45 shades, was marketed using a diverse set of social media influencers of different skin tones wearing the foundation, using the slogan ‘we are all worth it.’ The campaign changed L’Oreal’s brand perception and compelled consumers to associate different “faces” with the brand (WARC, 2017). Regardless, many consumers believe that It Cosmetics, which is owned by L’Oreal, contradicts and adds hypocrisy to L’Oreal’s promotion of diversity and inclusion (Independent Co., 2018).

The It Cosmetics 'CC+ Cream Full Coverage Foundation with SPF 50+' is marketed as a CC cream: CC cream stands for 'color correcting' cream, where its main function is to clear away blemishes on the skin and remove discoloration by using a formula of thin, tinted moisturizer with sun protection. The success of CC creams has been attributed to its multifunctionality. Many cosmetic brands are attempting to create their own CC creams mostly to attract a wider range of consumers due to its wide range of benefits (Euromonitor, 2013). However, many say that CC (color correcting) creams are, as a whole, not developing deep enough shades for people of darker skin who have hyperpigmentation problems (Shapiro, NYTimes, 2014). One of these includes It Cosmetics.

Initially at launch, the It Cosmetics CC+ Cream was only offered in seven shades: 'Fair,' 'Light,' 'Medium,' 'Medium/Tan,' 'Tan,' 'Rich,' 'Deep.' In 2017, in response to backlash for the exclusive shade range, It Cosmetics decided to add five new shades: 'Fair/Light,' 'Light/Medium,' 'Neutral Medium,' 'Neutral Tan,' 'Rich Honey.' It Cosmetics explains that there are now 3 shades for fair and light skin, 3 shades for medium skin, 3 shades for tan skin, and 3 shades for deep skin (total of 12 shades). Many consumers however are still disappointed with the shade range despite adding 5 new shades; many say that the five new shades all cater to people with light skin (Insider, 2018). A shade can be named 'deep,' but the color itself can still be light for dark skin.

Because this product is marketed as a 'full coverage foundation,' many consumers instead see the product as a foundation with added skin benefits instead of a natural 'CC cream.' In order for the product to be competitive with other 'full coverage foundations,' It Cosmetics needs to expand their shade range. In a cosmetics study, one researcher concluded that 80% of the shades in *all* It Cosmetics' products have shades that fall in between light to medium shades (The Pudding, 2021). Very few shades are offered for tan, deep, and very fair skin tones in all It Cosmetics products. The proposed 15 additional shades will assist in balancing the shade range that this

specific product currently provides. Nine of the fifteen additional shades will be allocated to darker skin tones (tan and deep), two shades allocated for very fair skin, and the remaining four shades will be distributed across the shade range (preferably two new medium and light shades each). For example, some additional shades can be named ‘Neutral Deep’ which will cater to dark skin with neutral undertones, and a ‘Warm Deep’ which will favor dark skin with a yellow undertone.

Target Audience / Target Market

The It Cosmetics CC+ cream is currently marketed at \$48 on their website, stating that the product has “anti-aging serum, SPF 50+, and a color correcting agent.” The It Cosmetics brand focuses on combining skin care with makeup, for most of their products are cited to consumers as dermatologist and plastic surgeon created and recommended. Due to the functionality of CC creams, mature women who are older in age, such as women older than 35 years old, are more likely to be interested in purchasing this product in hopes to hide wrinkles and fine lines in the skin. Consumers who are also simply seeking a skincare and makeup alternative to prevent or hide acne breakouts, as well as balance skin tone/color, are catered to this product.

COVID-19 has also had a lot of impact on the cosmetic industry and consumer needs. Due to most people staying at home to lessen the spread of the virus, demand for cosmetics products has dropped overall; people found less of a need and opportunity to wear makeup. However, because of the overuse of masks, many people found themselves with skin issues such as acne, and therefore skincare product sales have dramatically increased over the past couple of years. While the It Cosmetics foundation is considered to be ‘makeup’, marketing it as a combined skincare *and* makeup product will be useful in targeting consumer needs especially during these times (Choi, 2022). Because the additional 15 shades will mostly be for ethnic minorities with darker skin complexions, this product will be targeting minorities with these skincare specific needs.

Minorities are purchasing more than non-minority groups in the colored cosmetics market. Hispanics are spending more than 13% of the average consumer on personal care and beauty products. Similarly, African Americans are known to regularly outspend other ethnic minority groups in spending for cosmetic products (NielsenIQ, 2021). Minority groups are now driving beauty sales and take up a large percentage of the cosmetics market, which makes it even more important for It Cosmetics to be inclusive and release products that have a large shade range to target the majority of cosmetics consumers and drive in sales.

Consumer Search, Involvement, and Category Knowledge

Most makeup companies divide their shades into broad terms based on skin tone; for example, It Cosmetics divides their shades using the names fair, light, medium, tan, deep. Typically for each of these sections there are subsections that correlate to a skin's undertone (skin undertone refers to the natural colors that are underneath the skin). Skin undertones can be warm, cool, or neutral. For example, someone can have tan skin with a yellow undertone, meaning their foundation shade must be a 'tan' color with additions of yellow to create a warm hue. Hence, there must be a lot of options for consumers to choose their 'best fit.' For an average consumer, purchasing makeup is a high involvement process. Many consumers of makeup are concerned about how the product will perform and how it will react to their skin, meaning they will search for a long time for the right product and get information using external search tools.

The first step consumers might engage in when considering a makeup brand or product is problem recognition. Age and ethnicity play a role in what consumers need in a cosmetics product. In a study conducted, the quality of a cosmetic product had a positive correlation with age, meaning that women over the age of 35 considered the quality of the product when determining which brand to purchase more significant than other age groups (Agyekum, 2020). White or Caucasian consumers value the quality of the product less than African American and Asian consumers.

African Americans also seem to value affordable prices more than the brand name, unlike other minority groups. Asian consumers held the most significance on brand name and quality. Hispanic consumers looked at quality, low prices, and media while buying cosmetic products (Statista, 2018). Minorities are less likely to focus on the brand name and instead, apply more focus on quality products for a good price during the information search process. It Cosmetics should focus on marketing their product as a 'high quality product' and leverage their new diverse shade range as a benefit to new consumers. The It Cosmetics CC Cream is a high-end makeup product as indicated with its high price of \$48 (drugstore brand CC creams or foundations average around \$8). While the product is high in price, its quality and value has been proven to be successful towards consumers, for in fact it is a best seller on Sephora and Ulta online stores. A product makes it on the best seller page from large positive reviews on the product.

Most consumers turn to beauty advisors, social media influencers, or close friends and relatives to make decisions on which brand foundation to purchase. In fact about 26% of consumers do not know what cosmetic brands to purchase and therefore turn to external search for decision making. Influencers have a large amount of power with influencing beauty trends and quality cosmetic products (WARC, 2021). Many beauty influencers on YouTube would post video reviews testing and wearing the beauty product and usually leave their remarks on whether consumers should buy the product or not. It only takes a few people to get others talking, especially on mass platforms like YouTube or TikTok, until products and brands get recognition.

Similar to L'Oreal's True Match campaign, It Cosmetics should also follow a similar campaign to get their product promoted when they diversify their shade range. Involving ethnic and minority influencers or celebrities can target Millennials and Generation Z consumers whose social media consumption use is very high. Word of mouth is typically more successful with consumers older in age. Because the product has already been released and is simply being enhanced through

additions to its shade range, consumers who already use the product will notice the next time they purchase it that additional shades were added. Makeup comes up in daily conversations quite often: a woman might compliment or comment on another woman's lipstick in a face to face conversation and might ask where she purchased the product from (Bughin, 2017).

If it is a consumer's first time purchasing makeup or foundation, they will most likely be more comfortable shopping in stores rather than online. Returns for makeup is usually a difficult process because most of the time, in order for items to be returned, they cannot be used. Makeup, in order to figure out if it will be a good fit, consumers will need to try it and wear it. This is why loyalty to a brand is important in the cosmetics industry; many consumers do not want to go through the hassle of trying new products that may or may not work and be unable to return them. Once they find a product that works, it is difficult for them to venture off and try a new, different brand. Consumers will only switch brands if they want to experiment with another brand, if their product is out of stock, or if others recommend other brands to them .

Some consumers are also more likely to buy cosmetics online, due to the rise of e-commerce and technological advances. It Cosmetics offers a new AI 'foundation finder' which allows consumers to find their foundation shade by uploading an image of their face to see how the color matches on their skin tone. This eliminates a lot of the buying and trying phase of shopping, where customers no longer have to walk in store to try a sample, all they have to do is stay online (Vogue Business, 2022). Returns of cosmetic products will decrease and the opportunity to purchase face cosmetic products that require skin matching generates more sales. This new AI feature is exclusive only to some cosmetic brands.

The It Cosmetics product has a very long name with a lot of keywords for search online: 'CC cream,' 'full coverage foundation.' If a consumer were to search online for a "CC cream," it is highly likely that this product will be at the top of the results, simply due to the keywords in the

product's name. The product is offered in stores at only "high-end" cosmetic stores such as Sephora and Ulta. Unlike large retailers like Target or Walmart, Sephora or Ulta typically hold all shades of a brand's product and shelf space is typically not an issue. If a consumer were to want to shop in person, they will be able to find and see the full range of selection of shades to choose from, similar to shopping online.

Competition

Due to the cosmetic market exponentially expanding and society's shift to focus on diversification and inclusion, It Cosmetics faces harsh competition from numerous brands. Drugstore brands like Maybelline and NYX Cosmetics have already offered affordable foundations with inclusive shade ranges. On the other hand, high end brands such as Fenty Beauty and Estee Lauder are direct competitors to It Cosmetics who also offer inclusive shade ranges of their products. As the cosmetic market continues to expand, brands will need to continue to provide unique products with unique distinctions as more brands become inclusive and diverse to consumers. Diverse shade ranges are no longer becoming an exclusive characteristic to a product, but rather quite popular in the beauty industry. Because It Cosmetics primarily focuses on providing their consumers with 'skin-friendly and skin-healthy' makeup, they offer unique characteristics in their foundation that aid in consumers differentiating their brand from others. If It Cosmetics is able to expand their shade range, they will gain an upper hand on providing healthy skincare makeup for every skin tone, which is something unique and can add to customer value.

The It Cosmetics' CC+ Cream shade range is currently lower than some brands who offer similar characteristics (anti-aging, color correcting) in their own CC creams/foundations. Drugstore cosmetics brand ELF retails their CC Cream at \$15 and offers 15 shades. Estee Lauder's CC Cream is also offered at \$48 but offers 28 shades. If It Cosmetics expands their shade range from 12 to 27 shades, they will be competing with their most direct competitor Estee Lauder. Foundations (not CC

creams) are even more competitive with their shade ranges, with most brands creating foundations that have 45+ shades. In order for loyal consumers of beauty brands such as Fenty Beauty or ELF (brands who have already established their product shade ranges to be diverse) to switch to using It Cosmetics, they must see the value to price benefits. Additionally, depending on the consumer and their need for high-end makeup products, consumers are most likely to buy these high-end products simply for the name of the brand even if consumers are aware that the quality difference between different priced products is miniscule. It Cosmetics can promote their brand name through social media and make consumers believe it is a high-end brand through elaborate advertising.

Ethical Issues

On social media, It Cosmetics CEO is receiving backlash for her decision to not include a diverse range of shades in her products. However, some think that this decision was intentional. To create buzz about their product, they decided to not listen to consumer feedback and instead create controversial topics in the beauty community to get their brand talked about on social media. Engaging in unethical marketing practices is risky, however it does get people talking about the product and brand name (Ho, 2016). In the long term however, continuous unethical marketing techniques can hurt the brand's reputation and status as a trusted provider of products or services.

Conclusion

Expanding the It Cosmetics 'CC+ Cream Full Coverage Foundation with SPF 50+' shade range from 12 to 27 shades will be a very competitive venture. However, due to the immense popularity and success of the product, providing an inclusive shade range will be beneficial in targeting new consumers and a new market: minority cosmetic buyers. As CC creams become more in demand due to COVID-19 skincare needs, It Cosmetics might find financial success in delivering customer value through a quality product very few in the cosmetic market have been able to achieve.

The enhancement of this product might alleviate a lot of the current backlash It Cosmetics and L'Oreal faces, for a change like this will promote diversity and inclusion, something many brands are already doing. It Cosmetics might be able to recover and transform their brand to be valuable for everyone, and a beauty representative for all people of all skin tones.

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