

Competitive Analysis for Fenty Beauty Liquid Foundation

Kamonchanok Suban Na Ayudtaya

Student ID Number: 300471606

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This short report considers the competition of Fenty Beauty in the liquid foundation product category. Five key competitors are analysed, Too Faced, Lush, Clinique, Maybelline and Dr. Dennis.

Key insights

- Too Faced poses a significant threat to Fenty Beauty, as it holds a strong position in the millennial and Asian segment. This is due to Fenty Beauty's weakness regarding its formula, and availability in Wellington.
- Lush is a growing threat, especially as the company's main weaknesses appear to be temporary. Fenty beauty should consider increasing its marketability to sustainability orientated consumers if they want to maintain their position in the millennial and ethnic segment.
- Clinique's BB cream is a moderate threat to Fenty Beauty, as BB creams are gaining shares in the premium and millennial market due to its convenience and affordability.
- Maybelline is a more appealing and affordable alternative to fenty beauty's foundation, especially for price and time conscious consumers. Although it operates in a lower product category.
- Dr. Dennis offers a long term solution to skin discolouration, unlike fenty beauty's foundation which only aesthetically improves a consumer skin tone. This is likely to be more appealing to high earning millennials, who Fenty Beauty is targeting.

Product Category: Liquid foundation, used as a makeup base to create an even complexion.

Company / Brand: Fenty Beauty, is a makeup company which is recognised for the producing the Pro Filt'R foundation. Aimed at millennial and ethnic consumers, Fenty beauty's foundation is a premium-priced (\$59) cosmetic product that is offered in 40 shades, has an extremely effective marketing campaign, produced using cruelty free methods and can be purchased by wellington consumers on Sephora's e-commerce website (Sephora, 2019).

Too Faced's Born This Way Foundation is a direct competitor to Fenty Beauty's Pro Filt'R Foundation. The product offers 35 shades of hydrating foundation, that is available to be purchased by Wellington consumers at Mecca; A premium cosmetic retailer located in Wellington's city centre (Mecca, 2018). As a result, the Born This Way Foundation's strengths are its cosmeceutical formula and luxury retail experience. Because Too Faced uses pharmaceutical ingredients, such as hyaluronic acid in its formula. It means that the Born This Way Foundation is more likely to appeal to consumers from the Asian segment, as they prefer cosmetics that benefit the skin and the millennial segment who are time conscious (Marketing Charts, 2017). Additionally, because Too Faced's foundation is sold in store at Mecca, it is likely to be more appealing to consumers, especially the millennial segment, as they enjoy experiential activities such as shopping for products at physical stores (TABS, 2015). Although Too Faced has a strong market presence, its weakness is that the company's marketing campaigns do not target specific niches, such as ethnic groups (Too Faced, 2019). As a result, when consumers, specifically the ethnic segment, make a purchase decision, Too Faced's foundation is less likely to be considered in this decision, although many of the foundation's strength would appeal to this segment. Too faced born this way foundation is Fenty Beauty's biggest competitor, as they are extremely similar due to both products sharing a target market of consumers in the millennial and ethnic segment. Therefore, consumers who are making purchasing decisions between these competitors, will compare them based on small differences. As a result, it is likely that Too Faced would hold more shares in the Asian and millennial consumer segment in Wellington, due to its formula and availability. Although fewer shares with other ethnic groups in New Zealand, especially when compared to Fenty Beauty due to its ambiguous marketing campaigns (Sephora, 2019).

A direct competitor, Lush's Slap Stick solid foundation is the second largest competitor of Fenty beauty's Pro Filt'R foundation. The foundation is offered in forty shades, is organic, and produced ethically using cruelty-free methods (Lush, 2019). Which means that Lush's foundation is more likely to be attractive to health, community and sustainability-conscious consumers such as the millennial and

ethnic segment (Nielsen, 2018). Additionally, these traits promote the Lush brand to be socially aware. This means that consumers are more likely to purchase Lush's Slap Stick foundation, as buyers, especially millennial consumers, prefer to support brands who share their ideals or appear to be authentic (Landrum, 2017). However, the Slap Stick foundation is only available on Lush's e-commerce site, due to the product currently still being developed (Lush, 2019). This is a significant weakness for Lush as 69% of consumers prefer to test foundations in stores (eMarketer, 2015). Additionally, one in two consumers claims that the cost of shipping is also a deterrent when purchasing a product on an e-commerce web platform (Moth, 2012). As a result, Lush may lose potential consumers due to the flaws of depending on an e-commerce platform. Especially as many online retailers like Sephora, where Fenty Beauty can be purchased, offer free shipping (Sephora, 2019). Therefore, Lush is ranked as Fenty Beauty's second largest competitor, as it operates in the premium market, has a strong position in the growing organic market, and possesses a unique social license. Similarly, both brands have weaknesses in the Wellington market due to its limited accessibility (e-commerce only). Although Lush is likely to be able to overcome this barrier in the near future, as once they have produced the final design for the foundation, it will be available to purchase at their speciality store, which is located in Wellington's city centre.

An indirect competitor to the Fenty Beauty's Pro Filt'R foundation, Clinique Acne Solutions BB Cream Broad Spectrum SPF 40, offers a lightweight multipurpose product which assists to correct skin discolouration, whilst concealing inconsistency of skin tones (Farmers, 2019). This is a strength for Clinique as it is an appealing alternative, especially for millennial consumers, as its multiple uses means that it is a time and money saving substitute for various products (Mordor Intelligence, 2019). However, Clinique's Acne Solutions BB Cream is only available in five shades (Farmers, 2019). This is a significant weakness of the product because it limits the marketability of the BB cream to a smaller ethnic segment as one in three New Zealander identify as non-European (Wisniewski, 2016). Additionally, millennial consumers prefer to purchase cosmetics from companies who are socially aware, especially in regards to ethnic diversity (Landrum, 2017). Therefore Clinique is ranked as Fenty Beauty's third largest competitor. This is because even though BB creams are gaining market shares in the premium market and the millennial segment (Future Market Insight, 2019), Clinique's limited shade range means that Fenty Beauty is able to market to a wider range of ethnicities in Wellington.

A direct competitor to the Fenty Beauty's Pro Filt'R foundation, Maybelline's 'Fit me!' foundation offers 40 unique shades of foundation at the inexpensive price of \$27, which can be purchased at various

convenient locations in Wellington such as supermarkets, department stores and pharmacies (Farmers, 2019). As a result, their main strengths are their shade inclusivity, affordability and accessibility. These traits are appealing to the ethnic segment in New Zealand, as this group tends to earn a lower income (Stats-NZ, 2014) and the Generation Z, and millennial segment who tend to be price sensitive and are time conscious (Marketing Charts, 2017). However, Maybelline's 'Fit me!' foundation is tested on animals (PETA, 2016). As a result, Maybelline's production method is a significant weakness for the company, as these factors are likely to repel the millennial segment, due to their preference for brands that are ethical and socially aware (Landrum, 2017). Maybelline is ranked as Fenty beauty's fourth largest competitor, this is because even though Maybelline is considered a drug store brand whereas Fenty Beauty is a premium brand, its affordability and accessibility make 'Fit me!' foundation an appealing alternative to Fenty Beauty's premium pricing and limited availability. Although it cannot be considered a stronger competitor to Fenty Beauty, as the Pro Filt'R foundation is produced using cruelty free methods, whereas Maybelline still test its product on animals (Sephora, 2019).

Dr. Dennis Alpha Beta Extra Strength Daily Peel is an indirect competitor to Fenty Beauty's Pro Filt'R foundation. Using diluted acid, Dr. Dennis Alpha Beta Extra Strength Daily Peel exfoliated the outer layer of the skin to reduce the appearance of skin discolouration and correct skin texture within two months (Mecca, 2019). Dr. Dennis Daily Peel main strengths are its effectiveness and usability. Whilst Fenty beauty's foundation is used to artificially conceal skin discolouration, Dr. Dennis's Daily peels exfoliates the skin chemically to physically improve the consistency of the user's skin tone (Mecca, 2019). Thus it is likely that this product will be more appealing to consumers who have significant skin discolouration or acne. Dr. Dennis's Daily peels are priced at \$258 for a full course of treatment, as a result, millennial consumers who have weak purchasing power are unlikely to be able to afford this product (Marketing Charts, 2017). Thus, they may instead purchase substitute products, such as Fenty Beauty's foundation, to conceal uneven skin tones. Additionally, Dr. Dennis Alpha Beta Extra Strength Daily Peel does not have a strong marketing program in New Zealand, as observed from its low media presence regarding advertisement (Mecca, 2019). As a result, many consumers are unaware of the availability of the product. Which means that Dr. Dennis's Daily Peels, are not often considered in a consumer's decision-making process when purchasing cosmetics. Whilst Dr. Dennis Alpha Beta Extra Strength Daily Peel is a premium product, much like Fenty Beauty's foundation (Mecca, 2019), Dr. Dennis is Fenty Beauty weakest competitor. This is because its price and ineffective marketing program mean that consumers are more likely to purchase Fenty Beauty due to its affordability and greater market presence.

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