

MARKETING STRATEGY FOR WCKD, A NEW LOCAL COSMETIC BRAND

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ABSTRACT

WCKD is a local cosmetics brand for women from Indonesia. WCKD is made by PT Adonia Beautika Global and officially launched its product in October 2019. Carrying the tagline "Beauty Made Simple", WCKD emphasizes simplicity in beauty routines. For one year running, WCKD found out there were some problems with their business. From the sell data in the past three months, WCKD's monthly selling still did not meet the management target. This paper's research uses a qualitative (interview) approach for internal analysis. Internal analysis uses STP analysis, 7P's Marketing Mix, and VRIO analysis. The external analysis uses PESTEL analysis, Porter's five forces analysis, and competitor's analysis. The internal analysis found that WCKD has strong branding and positioning and weakness in minimum marketing activity. The external analysis found that more consumers buy cosmetics brands from online platforms, but the competition between local cosmetic products is high. Further analysis was formulated within the strategy using TOWS matrix tools, which accumulated with the marketing mix. The result is 13 different strategies for recommendation to WCKD. WCKD has to do those marketing strategies to increase sales; one of them is from social media for online and open pop-up stores for offline.

Keywords: beauty industry, marketing mix, TOWS matrix, WCKD cosmetics

INTRODUCTION

The national cosmetics industry recorded an increase in growth of 20% or four times the national economic growth in 2017 (Kemenperin, 2018). The domestic cosmetic industry increased by 153 companies in 2017, and in 2018 the number reached more than 760 companies (Kemenperin, 2018). From this data, as much as 95% of the national cosmetic industry is a small and medium industrial sector (Kemenperin, 2018). From the past five years until 2020, the most products registered in the National Agency of Food and Drug Control (BPOM) are cosmetics products that reach a total of 178.705 in five years (pom.go.id, 2020). However, the cosmetics market in Indonesia is considered a highly competitive place. Competition between local cosmetic products is getting tighter. Local cosmetic products are increasingly creative in promoting their products. Therefore, the creation of a good marketing strategy is recommended for substantial entry into the market. Generally, WCKD cosmetics has a problem with sales not meeting the target and WCKD social media activity still has minimum activity if compared with WCKD competitors. The purpose of the research is to conduct an analysis of WCKD's marketing strategy.

LITERATURE REVIEW

Marketing strategy is a concept that consists of selecting a segment of the market as the company's target market and designing the proper "mix" of product/service, price, promotion, and distribution system to meet the wants and needs of the consumers within the target market (Burns and Veeck, 2017).

PESTEL model provides a way to scan, monitor, and evaluate the important external factors and trends that might bump upon a firm, consists of political factors, economic factors, social factors, technological factors, ecological factors, and legal factors. (Rothaermel, 2017).

Porter's Five Forces is a framework for analyzing a company's competitive environment consisting of the number and power of a company's competitive rivals, potential new market entrants, suppliers, customers, and substitute products influence a company's profitability (Hooley, Piercy & Nucouland, 2017).

Segmenting, Targeting and Positioning Market segmentation involves the identification of segmentation variables by which the market could be divided into homogenous groups (Venugopal, 2010). Targeting is the decision to which segment to cater (Venugopal, 2010). Positioning means creating an image, reputation, or perception in the minds of consumers about the products relative to the competition (Hollensen, 2019). Segmenting means creating an image, reputation, or perception in the minds of consumers about the products relative to the competition (Hollensen, 2019).

The marketing mix consists of product, place, promotion, price, people, process, and physical evidence and each of the elements could be used to offer the customer added value or to induce switching (Hooley, Piercy & Nicouland, 2017).

VRIO is a tool that can be used to measure internal analysis, based on four questions about resources or capabilities, namely value, rarity, imitability, and organization (Barney and Hesterly, 2012).

The TOWS matrix defines how external opportunities and threats facing a particular corporation can match that company's internal strengths and weaknesses to result in four sets of possible strategic alternatives (Wheelen & Hunger, 2012).

METHODOLOGY

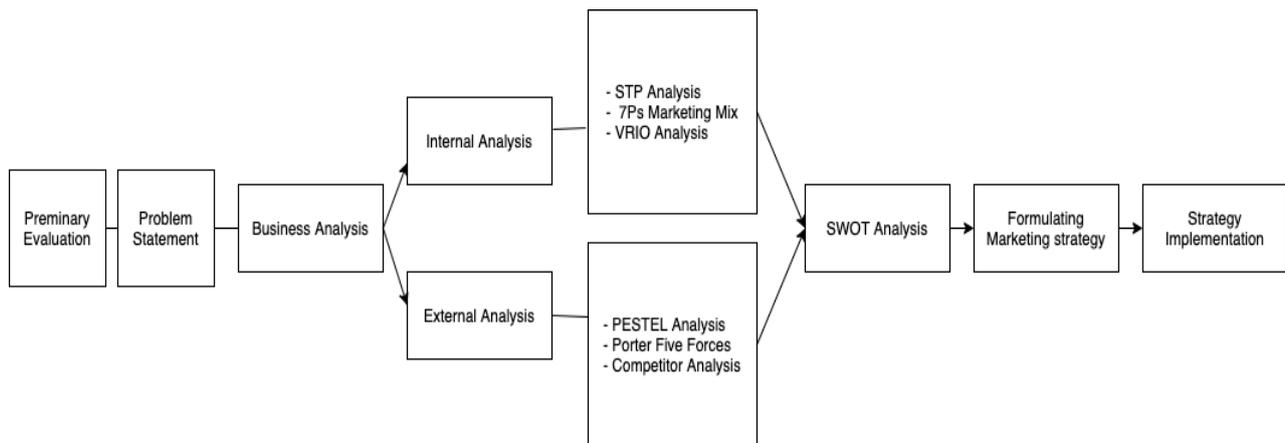


Figure 1. Conceptual Framework

Based on Figure one, The research will analyze internal and external analysis. The internal analysis will use frameworks from STP analysis, VRIO analysis, and 7P’s marketing mix. For external analysis, this research will use a framework from PESTEL analysis, PORTER five forces, and competitor analysis. This research is using the descriptive analysis to identify them and describe the current strategies the company is building on. To answer the research question, the author is using a literature review and a qualitative interview with WCKD management. The interview process uses the moderately scheduled interviewed type, which means that the author has big questions with a structured flow and can be free to do probing (Stewart & Cash, 2014). All of the internal interview questions are based on the 7P’s marketing mix of WCKD.

RESULT AND DISCUSSION

PESTEL Analysis

For political factors, the ASEAN-China Free Trade Area (ACFTA) agreement removes barriers to trade in goods to encourage economic relations between ACFTA Parties to improve the welfare of ASEAN and China (Kemendag.go.id, 2018). In Economic factor, The Indonesian rupiah in September was Rp. 14.740 per US Dollar (tradingeconomics.com, 2020). Though the Indonesia exchange rate decreased in recent months, it tended to increase from July until September 2020 (tradingeconomics.com, 2020). For sociocultural factors, In 2020, Indonesia's current population is around 270 million people (worldpopulationreview.com, 2020). For technological factors, according to research on the social media management platform HootSuite and social marketing agency We Are Social entitled "Global Digital Reports 2020", nearly 64 percent of Indonesia's population is connected to an internet network (Hootsuite, 2020). In ecological factors, A survey from Nielsen has found that 64% of Indonesian consumers are willing to spend extra for products and services that come from companies that are committed to making a positive social and environmental impact (The Nielsen Company, 2014). For legal factor, cosmetics that are imported, distributed, and traded in Indonesia from 2020 must be ratified according to the country's halal product law through the Halal Product Assurance Organizing Agency (BPJPH) under a Ministry of Religious Affair (MUI) referring to law No 33/44 (thejakartapost, 2019).

Porter's Five Forces model

The threat of new entrants is medium because customers have little brand loyalty, the products provided are not unique, switching costs are low, and access to customers is easy. The threat of substitutes is medium because WCKD products don't offer any real benefit compared to other products, it is easy for customers to switch and customers have little loyalty. The bargaining power of suppliers is medium because the input that WCKD requires is unique, making it costly to switch suppliers, and it is difficult to switch to another supplier, in that case WCKD recently invested in a unique information management system to work effectively with suppliers. The bargaining power of buyers tends to be low because the industry has many buyers and the products represent a small expense for the customers. Competitive rivalry is high because there are a small number of firms that have incentives to try and become the market leader, products are perishable and need to be sold quickly, products are not unique and homogenous, and customers can easily switch between products.

Competitors Analysis

Competitors of WCKD include local cosmetic companies that have prices starting from Rp. 130.000 for lip makeup. There are three brands that are head to head with WCKD such as ESQA, SASC, and BLP. These three local brands already have a strong position, market and also head to head with WCKD and these competitors are a WCKD threat. Seeing from their quality, range of product and price is not much different. However, the story, positioning and tagline is what makes these brands different and get their own market.

Segmenting, Targeting and Positioning Analysis

WCKD targeted women who live in big cities, age 25-40 years old, and has income more than Rp 7.500.000 per month. WCKD already knows its target market which is confident, independent, active, and modern women. The WCKD product can be a beauty made simple product for every busy woman out there.

Marketing Mix Analysis

For product, WCKD has three variants of cosmetic products, namely Lip Envy (Lip Cream), Power Flick (Eyeliner), and Liberty Palette (Face Palette). For place, WCKD did not have an offline store, they sell their product mainly from Tokopedia and Shopee. WCKD also has a website at www.wearewckd.com. For promotion, The main platform is Instagram. The price ranges from the lowest to the highest price is Rp. 119.000 to Rp. 269.000. Currently WCKD has seven permanent employees. For the process, Most of the WCKD’s production process from raw material to end product is done in the supplier’s factory. for physical evidence, Since WCKD sells on e-commerce sites, the customers can’t touch the product before they buy it. To prevent any complaints, WCKD takes quality control seriously for their product.

VRIO analysis

Labor, product and packaging innovation as a tangible resource is a sustained competitive advantage and it is WCKD’s strength. WCKD has great products and packaging. Branding is an intangible resource of WCKD currently has a strong image as easy to use cosmetics with good quality products. A firm’s knowledge and innovation are categorized as a temporary competitive advantage, but it could be considered as strengths to help the company achieve its objective. capital, supplies, building and equipment, website, and digital marketing is categorized as competitive parity and it is WCKD’s weaknesses since it still has not met the four criteria of VRIO analysis, but it could be developed to improve WCKD performance.

<p>STRENGTHS</p> <ol style="list-style-type: none"> 1. Strong branding and positioning 2. Great product and packaging 3. Fair competitive price 4. Efficient process, supported by third party 5. Qualified labor & firm’s knowledge 	<p>WEAKNESSES</p> <ol style="list-style-type: none"> 1. Main sell limited only in Tokopedia and Shopee 2. Main social media activity limited only in instagram 3. Still has no offline presence 4. Has similar website, and digital marketing to competitors 5. Has similar capital, supplies, and building and equipment to competitors
<p>OPPORTUNITIES</p> <ol style="list-style-type: none"> 1. Political stability in Indonesia 2. Positive atmosphere for importing finished goods 3. Demographic bonus in Indonesia 4. The growth of internet and social media user 5. Shifting consumer behavior to online shopping 6. Positive support from the government 	<p>THREATS</p> <ol style="list-style-type: none"> 1. Low customers purchasing power because of COVID 19 situation 2. Moslem majority consumer and Halal regulation 3. Big korean wave fan 4. Increasing in environmental friendly product awareness 5. Has many new and strong existing competitors 6. Strong OEM company in WCKD main suppliers

Figure 2. the WCKD’s SWOT

Based on internal and external analysis, the author built WCKD’s strengths, weaknesses, opportunities, and threats in figure 1 and built the TOWS matrix. Based on the TOWS matrix, the author then concludes 13 new marketing strategies. There are new 13 strategic marketing that can be applied by WCKD to improve its marketing strategy on 7P’s Marketing Mix.



Figure 3. New Marketing Mix

There are modifications to the previous WCKD marketing mix strategy as proposed in the new 7P's marketing mix.

Product

- **Development of new products derived from the 'beauty made simple' tagline**

One of the strengths WCKD has is they offer the right quality product. Even though the current product is already considered acceptable by the consumers, the author should propose a new product. The latest products can gain interest in customers. WCKD products have strong positioning, namely "beauty made simple". The new product has to be easy to use, compact and lightweight, travel-friendly, simple, and efficient in terms of shape and used on every occasion. On the other hand, the product must meet criteria such as the product can be applied if possible, with just one hand, and no need for complicated preparation or complicated tools. The author suggests launching a new product such as cream blush on and easy to use eyebrows product. The benchmark brand is Sunnies Face since the brand meets the criteria of "beauty made simple" product.

According to a survey by Statistica (2019) conducted among women in Indonesia in March 2019 with 978 respondents, around 85 percent of respondents said they owned face powder, while about 83 percent said they owned lipstick and others lip products. They were following with mascara, eyeliner, and eyebrow products. WCKD also already has face powder in its face palette, lip product, and eyeliner. It has a short expiration date for mascara, just less than six months (byrdie.com, 2019). So, mascara is hard to sell with a hundred minimum order quantity from the OEM company. It is expensive for the foundation to develop according to the OEM company price list, so it is still not possible and risky for WCKD to launch a foundation product. Therefore, the author recommends potential products as the blush on and brow product because it is still in Indonesia's good rank position most commonly owned makeup product.

Another suggestion is that WCKD could offer complementary products for customers to gain revenue. A complementary product means products that can be used with WCKD's main product. Complementary product has a shorter development period because it does not need to be registered in BPOM or halal certification. An example is from SASC. Other than makeup, SASC offers hand sanitizer products. They buy hand sanitizer from different brands and are labeled with the SASC brand. SASC and BLP also have a brush set. This brush set has the same strategy, bought from another vendor, and labeled it with our brand. BLP also has eyelashes from other vendors but with the BLP brand. The author's suggestion is makeup remover cleansing wipes because it meets beauty made simple criteria. This product has faster moving and has a low price so that WCKD can gain more revenue. WCKD also can launch hand sanitizer products or face masks from other vendors. This product will be carried anywhere by consumers and remind the consumer about WCKD brands.

- **Process halal certification to all product**

The company has to make sure they have a halal certification to get more trust from the consumer. In the survey of Jakpat (2017) that was conducted across Indonesia with 1919 total respondents who had a female majority that routine using make-up. Based on survey results, respondents are more concerned with logo halal on cosmetic products. From the last chapter also said that, the halal

label becomes an urgency and can attract the Moslem majority population in Indonesia. This label also can make WCKD easier to enter retail stores in the future.

- **Develop environment-friendly packaging**

WCKD has excellent packaging, and it makes WCKD stand out if compared with other local cosmetics brands. The packaging makes WCKD feel like a high-end product and expensive product. But since the rising of environmentally friendly awareness, WCKD should join this movement without sacrificing the expensive packaging brand image. While developing more environmentally friendly packaging but with an expensive impression, WCKD can offer environmentally friendly merchandise reusable bags and makeup pouches for the environmental movement. The reusable bag or makeup pouch could increase brand awareness because makeup pouch and reusable bags are usable in daily activities.

- **Create product collaboration with another brand or influencer**

To increase sales and brand awareness, WCKD could collaborate with another brand or influencer. The collaboration will create a mutual benefit among them. WCKD could be promoted; hence the partner could increase their revenue, sharing customer bases, and adding interest using other brands. It also can leverage both cost-effective marketing strategy and brand leverage. Collaboration can build trust between the brand and the consumers. WCKD needs to find, filter, and sort out the right partner's list to work with to make a product standpoint. WCKD can collaborate with skincare brands that have the same positioning, which is "beauty made simple". There are two influencer collaboration systems recommendations from the author. System number one is WCKD creates new product collaboration and puts the influencer name on the product. So, the influencer gets revenue per product sold by percentage. The other system is WCKD can use the influencer for online launching and create product photographs with the influencer or influencer artwork, the influencer gets paid just once.

Price

- **Create pricing as a seasonal promotion program**

WCKD's existing price is already competitive with its closest competitors, ESQA, SASC, and BLP. No need for price adjustment in the new strategy. So, the author's advice does not reduce the price. From Deloitte Consumer Insight Survey (2019) that held an interview survey to 1500 households in Indonesia, price is the number one most important consideration following with quality and trust for buying cosmetics. Moreover, there are many independent local cosmetic brands in Indonesia. To overcome the competitor, WCKD must create attractive promotions that can attract many customers and provide more benefits for WCKD that will be explained in the promotion section. This promotion includes price reduction such as discounts and bundles to attract Indonesian consumers.

Place

- **Joining an offline event as an effort to promote and build closer communication relations with customers**

To continue increasing sales, WCKD must exist offline too. Events and community activation can build a relationship with potential customers. Appearing at the events can allow people to touch and feel the products, and the company can contact the consumers. Appearing at the events is also an opportunity for asking for responses or input from customers for the WCKD product. The event should have the same STP strategy for WCKD. WCKD can also create its own event such as a makeup class, picnic event, sport event. The example list of beauty annual events that WCKD can participate in is JakartaXBeauty, Beauty Fest Asia Jakarta, International Makeup Artist Expo Jakarta, Cosmobeaute and BrightSpot Market Jakarta.

- **Opening pop up store or join with another existing store**

Since building a physical store costs a lot of money, the author recommends WCKD to look out for more consignment partnerships in retail stores such as the Goods Dept in Jakarta or Happy Go Lucky Store in Bandung. And slowly in the future, WCKD should join beauty retail stores such as Sephora, Watson, and Guardian with complete certification such as halal registration. Below is an example of a competitors' pop-up store namely SASC. WCKD can also adapt to the SASC temporary car store. The author recommends a temporary car store because it is less costly, no need to pay the backdrop installment, and it is eye-catching for consumers to come.

Promotion

- **Create interactive content more frequent by utilizing the existing product**

WCKD's main social media is Instagram, but the number of followers on Instagram is relatively small compared to competitors. From chapter two, we knew that the current marketing program from WCKD is still limited. WCKD should create a marketing program more frequently on their Instagram. WCKD needs to do activities that could gain customer engagement with Instagram tools. There are many new features on Instagram that WCKD can use to maintain relationships with customers, like asking questions, rating, polling, etc. WCKD should use these tools to improve engagement with customers. Social media maintenance is less expensive compared to another. Below is a promotion recommendation for WCKD. Moreover, just using Instagram is considered not enough. According to a Jakpat survey (2019) towards 1485 Indonesian female respondents, the highest source of information in seeking cosmetics products is from friends, Youtube, and social media ads. Currently in October 2020, WCKD

Youtube Channel only has 14 subscribers and limited beauty vlogger review. Currently, WCKD's main social media activity is still on Instagram. WCKD could use other social media beside Instagram such as Youtube and TikTok to promote their product.

- **Increasing effectiveness in using online advertisement to get more engagement to potential buyers**

WCKD has to utilize digital marketing tools to reach customers, such as google analytics, to analyze traffic. WCKD must utilize search engine optimization and Facebook and Instagram ads to make WCKD higher in search engines. WCKD can target new customers according to information such as geographic, demographic, and interest by using Facebook or Instagram ads. WCKD also can place advertising on e-commerce. E-commerce can make a specific target advertisement because the customer can directly buy in the same place.

- **Adopt Promotion Strategies from Competitors**

WCKD competitors often use campaigns to promote their products. For example, is a campaign about self-love or a campaign about gender equality in a career. BLP has done friendship campaigns and SASC has done International Women Day campaigns with influencers.

People

- **Has the regular hard skill and soft skill training for the employee to stay up to date**

For people, WCKD needs to improve its employee skills. Soft skills such as communication and management skills. Examples of hard skills are product photography skills and digital marketing skills. The regular training can boost employee performance and make the business process more efficient. WCKD can use available massive open online course platforms (MOOCs) to get the learning material in limited budget such as Coursera, or Future Learn.

Physical Evidence

- **Improve WCKD distribution channel**

Joining other e-commerce platforms besides Tokopedia and Shopee help WCKD raise brand awareness. WCKD can join and be active in other e-commerce such as Sociolla, the Shonet, Lazada Mall, Zalora, Lamida, and Kay Collection. WCKD also has to attract consumers to visit WCKD official web so WCKD does not rely too much on certain e-commerce to sell the products.

Processes

- **Has more than one vendor**

Currently, WCKD only has one OEM company to create the product from scratch until finished goods. Management needs to evaluate and do an assessment of suppliers and search for alternative suppliers to reduce costs and get more options. The company can set criteria by quality, quantity, and cost in the best condition to find a more profitable partner. WCKD also has to consider the delivery and geographical location for considering new suppliers such as Cosmar or Cedefindo.

CONCLUSIONS

The author concludes that WCKD has done several marketing activities. But WCKD current marketing strategies are still limited. From the past one year, WCKD only did one pop up store, one campaign, one product launch, and limited social media activities compared to their competitors. On the External factors, the author concludes that the local beauty industry has experienced growth, and the Indonesian government supports this sector. But the economic stability in Indonesia is still experiencing COVID-19 situation. Competitiveness at the beauty industry level is high. The head to head competitors are not much different from their quality, range of product, and the price and each brand has a different positioning to get their market. On the internal factors, The author found that WCKD has a strong product, price, process and people. The author found that WCKD has to improve certain areas like the place, promotion, and physical evidence. The WCKD makeup product range price is from Rp 119.000 until Rp 269.000. The author also found that there is still space for WCKD to grab the market by strengthening its resources and capabilities. There are 13 new strategies for WCKD to overcome problems that are faced by WCKD. the strategies are classified into seven characteristics of the marketing mix variable. The author hopes that WCKD can implement it in future marketing strategies to improve its sales.

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