

Clinical Formulations
with Integrity.

The
Ordinary.



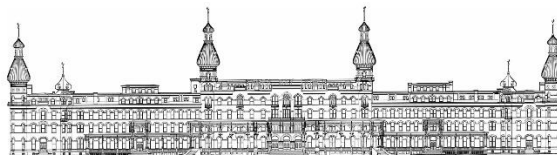
COSRX
EXPECTING TOMORROW

MKT 657- Buyer Behavior

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T A M P A

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INTRODUCTION

The skincare market segment is rapidly growing in our present world which is heavily drawn toward healthy and glowing skin. In the United States, the sales of makeup products rose by 1% while skincare product sales grew by 13% in the last year (Automat, 2022). This paper focuses on two brands, namely The Ordinary and COSRX which have gained popularity in the U.S. in recent times. First half focuses on analyzing each brand's skincare segment and respective promotional strategies. In the latter half, the paper revolves around product positioning with regard to the target audience, followed by analysis and recommendations.

PRODUCTS AND MARKET SEGMENTS

This section of the paper talks about both the brands and their target audience.

THE ORDINARY

The Toronto-based beauty company, Deciem, in August 2016, launched The Ordinary. The company had 27 products on its line and sold products only online, without any physical store. It believed in transparency and decided to introduce products only with single ingredient that is beneficial to the skin and inexpensive to produce. Since its launch, the brand had taken the skincare world by storm selling 43,000 products within a span of two weeks. One of their top sellers Niacinamide 10% + Zinc 1% serum bottles were claimed to be sold every three minutes.

The brand believes in honesty, authenticity, and tries to bring integrity to the skincare industry. The Ordinary has customer-specific products that cater to their concerns. For example, if they are looking to reduce dark spots, they just need to pick vitamin C serum. The brand well researched the ingredients and did not extensively conduct any marketing campaigns to convince customers to purchase its products. The brand ensured that the logo, packaging, and communication to the target audience were as simple as possible to reduce costs. The Ordinary's products cost less than \$10 as the company creates skincare products by themselves using the purest form of ingredients and by removing the middlemen. This helped the company to remove all the overheads and give the customers exactly what they wanted and something that worked best for them (Indigo digital, 2022)

Their target market is divided into two categories. First, consumers who know what they want and the second consists of consumers who want to learn more about skincare and can benefit from the company's products. Consumers from the first group are already familiar with the ingredients' effectiveness and have done a fair amount of research to solve their skin related problems. While the second group needs more attention as the company only provides the ingredients, incorporating these ingredients without understanding their effects can be overwhelming. Keeping these in mind the company communicates with its customers in a way that convinces the pro customers that their products are legitimate while also carefully instructing the baby customers. The brand not only builds trust but also informs the customer of the right product to use (The Ordinary, 2022 & Gritty pretty, 2022).

COSRX

COSRX, derived from COSmetics and Prescription (Rx), is a Korean skincare brand founded in the year 2013, in South Korea. The company believes that *“Cosmetics should give more than just outward beauty.”* Hence, the company focuses equally on the external appearance as well as the health of the skin. They help customers to find solutions based on their personal skin conditions. Researchers at COSRX experiment and carefully study the ingredients that go into the solution from different perspectives like product types and concerns at their own laboratories. The company also ensures that the products created are free from Parabens, Artificial fragrances, and dyes that are harmful to the skin (COSRX, About us).

To find solutions that fit everyone's skin conditions, the founder of COSRX, conducted an intense study over a decade to understand the needs and wants of the customers. Their target market includes individuals who have skin concerns. Individuals with acne, blackheads, textured skin, scarring, discoloration, dullness, and dry, flaky skin are the ones on which this company focuses its products on. As the products have gentle and non-irritating formulas, they best suit people with sensitive skin (Martelino, 2020).

The brand uses high-quality and high-concentration ingredients like vitamin C, salicylic acid, hyaluronic acid, and glycolic acid to design a highly effective product that makes skincare more manageable. The motto of the brand is “Expecting tomorrow” where they believe that their

products will ensure that customers are excited to see the positive changes they will have tomorrow while using these products. All their products are easily accessible and affordable (below \$30).

SELLER'S COMMUNICATION STRATEGIES

The following section of the paper discusses how the two skincare companies communicate their brand with their customers.

THE ORDINARY

Most skincare addicts consume information while surfing the internet. Many of them investigate beauty communities to understand the latest beauty trends and to know what works for them. Hence, this brand communicates with its target audience through social media like Instagram, Facebook, Tik Tok, and Twitter. It also uses its blog and other beauty communities like Makeup alley, and Reddit to provide more information related to its products. During the pandemic, the brand reached high popularity with having a high social media presence on TikTok and Instagram which helped customers from all demographics over the world to become aware of the products.

To build trust among the customers, The Ordinary uses digital media to show them how the product works, how the ingredients are derived, and how effective they are. They ensure that they converse with their customers in a friendly way and even follow a guidebook to do so. The Ordinary connects with its audience through a unique brand image that focuses on an aesthetic, chemistry lab-like platform (refer to Appendix B).

The approachable and simple packaging design complements their simple ingredients. Following a neutral color scheme and using minimal words on the packaging, help the brand to visualize its main goal of being simple and honest. They clearly state the active ingredients on their product packaging without any fancy names. These clinical ingredients are often confusing for newbies, keeping this in mind, the brand has clear guides on its websites, which mention the products that best fit their skincare regimen. The website also helps customers reach out for custom product recommendations based on their skin concerns.

The brand massively relies on its loyal customers for promoting its products. It did not partner with any celebrities or even models to promote its products. But celebrities like Kim Kardashian

have used these products and posted their reviews online which created a high buzz for these products (refer to Appendix B). The valuable long-term relations with their customers transform them into their brand ambassadors. Advice from the customers is always seen as a credible, reliable, and non-marketing source of information by the newbies. The brand is propelled by word of mouth and with the help of micro-influencers online. This helps in earning their trust.

The price point of most of the products also helps the brand clearly state that the product focuses only on the active ingredients that help with skin textures and does not have any other additional unnecessary ingredients.

COSRX

In recent years, Korean beauty (K-Beauty) brands have created a strong market presence around the world, by focusing on unique innovations and specific skincare needs. COSRX entered the global market when people all over the world were obsessed with K-Beauty.

The company uses social media to bring awareness among its target market about the various products they offer. They post content that gives customers a detailed explanation related to the products and the ingredients in them, the methods of use, and even expert reviews. They rely on influencer marketing to communicate with their customers which has helped in gaining recognition enormously. The company believes in selling products that enhance customer satisfaction rather than focusing on marketing materials. Word of mouth has majorly helped them gain more attraction and widen their customer base.

The brand uses Amazon's Early Reviewer Program to release new products, which gathers reviews from customers at the initial stage and helps them analyze and update products according to the needs of the customers.

COSRX usually uses Koreans as its brand ambassadors. Koreans are known for their flawless skin and using top Korean actors like Kim Soo Hyun who gained popularity worldwide with his new Netflix series, helps the brand to be recognized globally (refer to Appendix C).

The brand ensures that it eliminates unnecessary ingredients and includes only the ones that are very essential, natural, and healthful ingredients. Their packaging also reflects this as it is simple

and avoids the length of ingredient labeling (refer to Appendix C). The logo of the brand is a shape of a water drop that portrays the products are based on natural water rather than purified water which helps in amplifying the effect of the natural ingredients that are being used in the products.

The affordable pricing strategy has made new customers try something different and check if it works for them. They launch products in a way where they are easily communicated with customers, thereby reducing trial and error. Content is created in such a way that helps customers navigate their skin concerns. Influencers like James Welsh, Bella Poarch, and Loren Gray took to Instagram to talk about COSRX and show their followers the results after using products from this brand.

POSITIONING HYPOTHESES

This section of the paper highlights how the brands portray themselves in front of the target customer base.

THE ORDINARY

The Ordinary is inclined towards consumers who are energetic and passionate about skincare and have sufficient knowledge about chemicals that are good for their skin. Moreover, it focuses on using single ingredients that are effective and high quality, but also budget-friendly for beginners. After thoroughly considering the communication strategies maintained by The Ordinary, it is quite evident that it aims to target customers who want simple yet highly effective products. With this, it is clear that the brand's overall positioning statement is *“For skincare enthusiasts, The Ordinary is the sole brand that provides high-quality and effective products that are affordable given that they leverage minimal ingredients required by the skin.”*

COSRX

COSRX tends to target individuals who want beautiful skin. It blends cosmetics and dermatology primarily focusing on providing natural and high-quality products at an affordable price. After carefully analyzing the communication strategies followed by COSRX, they clearly focus on individuals who have skin concerns and most importantly sensitive skin. With this, it can be

inferred that the overall positioning statement for this brand is *“For individuals with sensitive skin, COSRX is a skincare brand that delivers formulated high-performance products that are not only safe but also free of any side effects as they only use natural ingredients.”*

Subsequently looking at both the positioning statements it is quite clear that both the brands are similar, and they believe that they have the same target customers. Hence, I felt it would be interesting to see how the customers view the brands. The survey results would help assess if there is an overlap between how the brands want their customers to perceive their products versus how the customers actually view the products.

DATA COLLECTION AND ANALYSIS

A qualitative analysis was conducted to understand and test the statements mentioned above about the brands, The Ordinary and COSRX. A survey questionnaire was sent to 16 respondents who were asked to answer a series of close-ended and open-ended questions about how they perceive the brands and position their products in their mind. Most of the respondents were aged between 20-25 years and a few of them were between 26-30 years. About 80% of the sample was very interested in skincare and mentioned that they used both products at least once in their skincare journey.

From the respondents' perspective, The Ordinary and COSRX both cater primarily to the age group of 18-25 years (about 68.75%). A few believe that The Ordinary is quite beneficial for people between 26-30 years (5%) while COSRX is more valuable for people between 26-35 years (31%). Based on the survey, we can see that people feel The Ordinary is a simple and affordable brand and describe it using adjectives like accessible, reliable, and safe. Whereas for COSRX, people perceived it to be more reliable and a product of high quality, and also believed the products to be safe, simple, and affordable. Similarity seen between both brands is that the respondents perceive both brands as simple, reliable, and most importantly affordable.

When respondents were asked about how they decided to purchase products from The Ordinary, they stated that reviews on social media (45.45%) and the description on the product (36.36%) played a major role in their purchase decision. Whereas, for COSRX, most of them said that their purchase decision was influenced by reviews on social media (65%) followed by description on

the product (25%). This response was not surprising as most of the respondents belonged to the younger generation, who primarily get influenced by social media.

The survey clearly stated that most of the respondents preferred The Ordinary (56.25%) over COSRX (43.75%). When asked the reason, most responses were dependent on the fact The Ordinary was more affordable, accessible, and well-known. A few of them also stated that this brand is more likely to cater to individuals who have just started their skincare journey. Looking at the respondents' age group, it seems like they have just started focusing on a skincare regime, hence they are more likely to prefer The Ordinary as it is more reliable and inexpensive.

When respondents were asked to rate both brands based on which brand felt good on their skin, many of them said both brands equally felt good on their skin. They also mentioned that both (43.75%) of them cater to their needs equally. It is believed that COSRX (43.75%) was the brand that had given them the results as promised. Lastly, while most of them said The Ordinary (50%) is more affordable than COSRX (6.25%).

Finally, when asked which brand they are likely to recommend to others, surprisingly, more than 50% of them said they would recommend COSRX (56.25%) over The Ordinary (43.75%). The main reason being COSRX has a diverse line of products compared to The Ordinary. Respondents also believe that the formulation is more sophisticated and advanced. It worked well for them, and the results were promising. Many of them stated that they would recommend COSRX to individuals who are into skincare since a decent amount of time and can afford a higher price point.

CONCLUSION AND RECOMMENDATIONS

Based on the qualitative analysis, there was some overlap observed between how the brands tried to position themselves and the way the consumers perceived them. For instance, brands claim to be simple, reliable, and affordable. The customers described the brands by using those same adjectives. However, there are some differences between how the brands portray themselves versus how the consumers perceive these brands. For example, both the brands when communicating with their target audience try to involve all age groups irrespective of their gender. But the consumers believe that The Ordinary is more suitable for the beginners, while COSRX works better for individuals in their late 20's and early 30's. It is also seen that though both the

brands describe themselves as high quality, consumers feel that COSRX is of higher quality than The Ordinary.

From pricing perspective, it was interesting to see that individuals personally prefer The Ordinary over COSRX largely because its comparatively affordable and can be used as trial-and error component. Although, COSRX communicates that it prices its products at a low point to provide the customers an option of trial and error, consumers perceive that The Ordinary is a better option.

In conclusion, both the brands have proved the power of social media in our current generation given how successfully they built a loyal customer base with minimal marketing strategies. If they continue to manage their low pricing strategy and leverage the social media platforms, they can broaden their customer base.

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APPENDIX A: SUREVY QUESTIONNAIRE

1) What is your age?

- 20-25 years
- 26-30 years
- Above 30 years

2) How interested are you in skincare?

- Very interested
- Somewhat interested
- Neutral
- Not really interested

3) Have you used any of the following brand's products before?

- Yes, The Ordinary
- Yes, COSRX
- Yes, Both
- No, none of these

4) What age group do you think The Ordinary is made for?

- 18-25 Years
- 26-30 Years
- 31-35 Years
- Above 35 Years

5) What age group do you think The Ordinary is made for?

- 18-25 Years
- 26-30 Years
- 31-35 Years
- Above 35 Years

6) When you think of The Ordinary, what adjectives come to your mind?

- Simple
- Reliable
- Accessible
- Safe
- Affordable
- High-quality

7) When you think of COSRX, what adjectives come to your mind?

- Simple
- Reliable

- Accessible
- Safe
- Affordable
- High-quality

8) Based on what did you decide to purchase The Ordinary products?

- Description on the product
- Product description on the website
- Social media
- Salesperson Recommendations

9) Based on what did you decide to purchase COSRX products?

- Description on the product
- Product description on the website
- Social media
- Salesperson Recommendations

10) Which brand do you prefer more?

- The Ordinary
- COSRX

11) Why do you prefer the above chosen brand more?

12) Please choose the appropriate option for the following questions

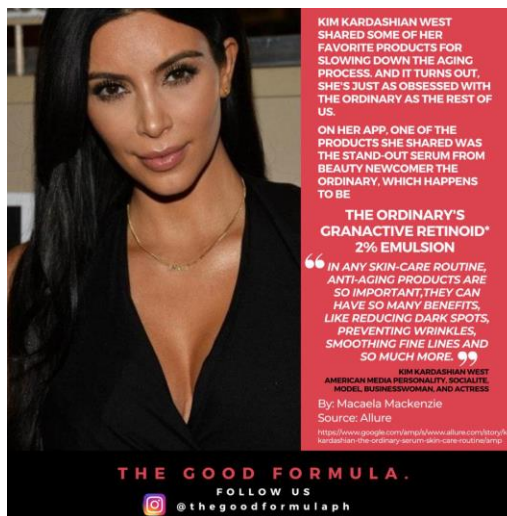
	The Ordinary	COSRX	BOTH	NONE
Which brand feels good on your Skin?				
Which brand caters to yours needs?				
Which brand is more affordable?				
Which brand has given you good results as promised?				

13) Which product are you likely to recommend to other?

- The Ordinary
- COSRX

14) Why would you recommend it?

APPENDIX B: THE ORDINARY



APPENDIX C: COSRX

