

# SUSTAINABILITY-RELATED MARKETING STRATEGY FOR BEAUTY PRODUCTS START-UP



## IN A NUTSHELL

### Basic client question:

Can we increase sales by including sustainability in our marketing?

### IMPACT recommendation:

The client can increase sales by creating a peripheral role for the community and process benefits of sustainability in their marketing strategy, and should test new messages in social media posts before changing products and packaging.



## EXECUTIVE SUMMARY FOR PROSPECTIVE CLIENTS

A leader in customizable haircare and beauty products, the client hired IMPACT students to determine how they should market the sustainability benefits of their offerings to increase sales. After completing primary and secondary research, as well as competitive, price sensitivity and max/diff analysis, the team recommended that the sustainability benefits related to “community” (i.e. social awareness and responsibility) and “process” (i.e. eco-conscious manufacturing) were the most important to the client’s target segments. They also found that while those benefits were important, they were secondary to more traditional drivers of consumer choice. Therefore, the team advised the client to include sustainability messages in a peripheral (i.e. add-on or bonus), but not central (i.e. brand-defining) role. Further, they recommended that the peripheral messages about community and process should be included in product, packaging and social media platforms. Important first steps toward making the transition should include creating an inventory of all sustainability assets at the company, connecting that inventory to the team’s research results, and piloting the new messages on social media first, before changing the product and packaging.



## BACKGROUND

The client is the leader in customizable hair, skin, and body care products, enabling individual customers to formulate their own shampoo, conditioner, cleanser, moisturizer, etc. by choosing specific ingredients that work best for their unique hair and skin types. As a newer company, co-founded in 2015 by a PhD in the field of sustainability, the client had consistently made environmentally-conscious decisions with respect to product ingredients, manufacturing, and packaging. Sustainability had been a core value for the company from its inception. Despite this fact, the company had not included related themes in their marketing messages. From the client’s perspective, the sustainability benefits of their products simply went without saying.

By 2020, however, company executives began noticing a significant and growing interest in sustainability among beauty consumers, who were paying more attention to the sustainable attributes of the products they were buying and of the companies who made them. Competitors were already responding, emphasizing on product packaging, in advertising, and on social media the various environmental and social benefits of their offerings. Concerned, but not ready to adjust their marketing approach without proper research and analysis, the client hired IMPACT students to help them understand in depth the trend of marketing sustainability in beauty products and to advise them on how best they could capitalize on the trend to increase sales.



More specifically, the IMPACT student team was asked to:

- Identify the various benefits related to sustainability, e.g. environmental, community, process, product and promotion, that matter most to the client's target segments
- Define the precise role, e.g. absent, peripheral, central, those benefits should play in future marketing strategies, e.g. messages, product, packaging
- Outline 2-3 recommendations for changes the client should make in the next six months to get them started



## RESEARCH & ANALYSIS

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The team designed and conducted significant primary research, including a survey to the general haircare market with nearly 1,400 respondents, a max/diff analysis, and a price sensitivity analysis. They also completed a competitive analysis, examining 6 months of social media content from 7 competitive beauty brands to understand the role sustainability played. Lastly, they analyzed the client's transaction data from 2020 to better understand consumer behavior.

The survey measured the relative importance of twenty-five drivers of choice in haircare, with half being traditional, e.g. meets hair goals, price, etc., and half being sustainability-related, e.g. ethical production, ethically-sourced ingredients, fights climate change, etc. The team determined that, on average, the top five drivers of choice were still traditional and that the client's products did well in those areas. Looking more closely, however, they were able to identify three groups – Activists (30% of respondents, most likely to purchase based on sustainability), Advocates (17% of respondents, sustainability played a limited role in purchasing decisions), and Bystanders (53% of respondents, unlikely to purchase based on sustainability).

The team quantified the percentage of Activists in each of the client's target segments, showing that the "New Mane-Stream" segment had the most, at 29%. Sustainability was 40% more important to this segment than to others. They also boasted a much lower price sensitivity, willing to pay 10% more than the next highest segment and over double the lowest.

Considering the important but secondary role sustainability played in purchasing decisions for most of the client's customers, the team concluded that a peripheral role, where sustainability is messaged as an add-on or bonus, would be the client's best approach.

The team then considered the various benefits of sustainability – environmental (conserving resources), community (social awareness and responsibility), process (eco-conscious manufacturing), promotion (active investment in social causes), and product (reducing waste). They found that competitors' social media posts tended to focus on environmental and community, and that the latter drove more interactions with consumers.

They also found that process attributes, such as ethical production, ethically-sourced ingredients, and green manufacturing, were 41% more important than other sustainability benefits overall and that the New Mane-Stream segment valued them the most. Further, they discovered that these same highly-valued process attributes were absent from competitors' social media messages.

The team therefore recommended that the client focus on both community and process in their marketing.

The team next considered what the proper "peripheral" role for community and process messages should look like. They advised using subtle nods, such as catchy hashtags on social media posts and add-on messages on products and packaging. They also advocated maintaining one voice, i.e. the same tone and brand messaging, across all marketing efforts to drive the biggest impact. Lastly, they suggested that the client should create more opportunities for consumers to choose sustainable options when ordering their customized products.



## SUMMARY RECOMMENDATIONS

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The team recommended that the community and process benefits of sustainability were the most important to the client's target segments, and that sustainability should play a peripheral, not central, role. They advised the client to strengthen related messages on the product, packaging and social media platforms. To make progress toward this position in the short-term, they recommended creating an inventory of all sustainability assets at the company, connecting that inventory to their research results, and prioritizing social media messaging pilots over product and packaging changes.

