M.A.C

Situation and SWOT Analysis

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CRS 560

September 15, 2009
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**Introduction to the World of the Make-up Art Company**

MAC cosmetic, Makeup Art Company, is a brand of Estee Lauder and was founded in 1984. MAC has been able to advertise itself unconventionally by the company giving away its products to makeup artists who worked with celebrities. MAC was invented specifically for the achieved look wanted of fashion models in certain lighting conditions. This makeup brand is considered to be “Brand Positioning of Makeup for all ages, all races,” and all skin types. “MAC makeup is attitudinally hip, artfully irrelevant, dedicated fully to the art of self-decoration and the realization of the individual.” In 1994 MAC was the first cosmetics brand to bring a charity, which was for AIDS, into the retail environment. This was the great beginning to the company marketing strategy, as with the AIDS fund, whenever anyone bought their VIVA GLAM lipstick, which first came in a luscious red of representation, they gave all of the profits to their charity which helped lead their sales as well as rose up to $95 million in charity profit. MAC also gives out their new products to be reviewed to Youtube makeup gurus and beauty bloggers. This keeps to the traditional always-works promotional strategy of word-of-mouth advertisement. New products are given out to be reviewed every
couple of months, especially during seasons, and new charity information is promoted at least once every year.

**Situation Analysis: Internal Environment**

*Current Marketing Objectives, Strategy, and Performance*

The current marketing goals and objectives of MAC cosmetics as stated in their 2008 annual report, is “maintaining unwavering commitment to bringing the best to everyone they touch while continually expanding into new regions, new distribution channels and new brands.” The CEO of Estee Lauder, owner of MAC cosmetics, Leonard Lauder, states that his company can and will be able to grow even during these economic troubles with “unparalleled multi-national, multi-channel and multi-brand strategy;” this meaning their overseas retail establishments and online shopping. William Lauder highlights the strengths that Estee Lauder currently has, which is their ability to listen to their customers as well as their thirty-two thousand dedicated employees. These marketing goals and objectives are consistent with their corporate mission as they are branching out to other sources, such as opening multi-national stores around the world in order to continually open up their brand name to new places and being able to still make a comfortable profit. Estee Lauder as the overall company also plans to “capitalize” it’s strengths by prioritize their investments, “exercise greater financial discipline”, and begin to “operate in a more closely aligned manner across the business units and borders.” Already noticing within the year of 2009, this marketing strategy has been a success. “MAC continues to be the leading prestige makeup line in North America and its global net sales rose by double digits,” states William Lauder. With makeup accounting for thirty-eight percent of the net sales for Estee Lauder in the year of 2008, MAC is responsible for two-thirds of those sales.
Estee Lauder expects to see “double-digit growth” in Brazil’s beauty market with MAC and Clinque alone. The makeup line has also raised $31 million in their AIDS fund and breast cancer research charity for the year 2008. Make-up Art Cosmetics has expanded into Korea and Indonesia keeping to individual retail locations instead of the traditional department store. As with expanding, MAC has created specific foundations and blushes that are “carefully designed to bring out the natural beauty in Indian skin tones.” MAC in India reflects the company aiding to its Indian market trend, which is becoming more tech-savvy and adequate towards better quality makeup, just as everywhere else globally. Placing in second as “American’s Most Admired Companies” by Forbes, it was a tremendous accomplishment for MAC and they intend to stay in the “triple bottom line” for the future. MAC has become more and more globally aware to new consumers with their sales constantly booming and exceptional marketing strategy now going international.

**Situation Analysis: Customer Environment**

**Current and Potential Customers**

Make-up Art Cosmetics’ demographic is simple. It’s for fashion forward women...and men. It is targeting toward professional make-up artists; however, most of it is sold publicly so anyone can buy the products. There is a MAC Pro collection where only professional access is available, but their public line has almost as many colors and tools available to work with. MAC’s purpose is very customer oriented and was designed for all ages, all sexes, and all races. Even though MAC does not necessarily have a set demographic, being a MAC consumer, I the average age of their consumer is, in my opinion, between twenty and thirty-seven. I say this because I have never seen anyone older than their late thirties in a MAC store, then again, I’m
not including the celebrities or anyone that is famous that has been introduced to the product before it is sold to the general public. I have seen every race and gender in the stores so it proves that their cosmetic colors can work for everyone with any skin type and tone. The major influences of me personally buying MAC have been word-of-mouth and Youtube make-up gurus. I like that I can see what the colors look like on and know that there are a lot of people who like the brand as well.

*Customer Purchase Patterns and Behavior*

One MAC eye shadow is sold every two seconds around the world (Estee Lauder Companies, 2008). One MAC lipstick is sold every four seconds around the world, and eighty percent of women wear it. Every time a person goes into MAC expecting to purchase one item, they come out with three and spend an average of forty-five dollars. The average customer who shops at Make-up Art Cosmetics makes an average income of two-hundred and fifty thousand dollars annually or more. With statistics like this, MAC must be doing something right. About eighty-three percent of people who come into a MAC store were referred to by a friend. When I go into a MAC store for example, I assume that they have good products because I have only heard good things about them; however, I want that personal one-on-one time with their beauty consultants to see what they can do to my face, and too see if I can recreate it. Besides Make-up Art Cosmetics having retail locations world-wide, they also have an online store with “live chat” ability for personal advice. Makeup how-to videos have become very popular with cosmetic companies today, however MAC has been the first of its kind to have the ability to have an actual online conversation with a makeup artist. Online shopping has become extremely popular
in today’s society because it is easier for the consumer to see what the company has to offer in the privacy of their own home, and with today’s society being on the move all the time it is a much faster process. Even though online sales are booming, in my experience of listening to beauty Youtube bloggers and reading online blogs about MAC, I have come to notice that a lot of customers prefer to go into the store itself, alone, because of the personal one-on-one contact. Make-Up Art Cosmetics is not your typical cosmetic company that has their associates battling with their commission goal and is pressuring you to buy their product, no, this will not happen. MAC’s consultants are paid a high hourly wage so they can concentrate on their relationship with the customer and make sure they give everyone their own “authentic artistic experience.” This “authentic experience” has lead to Estee Lauder opening up more freestanding stores around the world and helped achieve that personal pamper time that every women loves.

*Customer Selection and Purchase Criteria*

The difference between MAC make-up and other cosmetic companies goes as follows: cruelty-free, a very large variety of eye shadows and lipsticks, has make foundation shades for every skin color, provides large portions of profit to charities, encourages recycling their packaging (so much so that you can get a free lipstick, lipglass, or eye shadow if you bring in six shopping bags), and has excellent personal consulting without the purchase hassle. Many cosmetic consumers have trouble finding certain shades, whether it is foundation or eye shadow. Some companies do this solely for the purpose of persuading their customer to buy two shades to up their profit. However, this does not sit well with most customers; they want to be able to know that they can have one shade that matches their skin tone. Other competitors such as NARS, Dior, and Makeup Forever have the foundation shades down-pat, however lack in the eye
shadow collection. The color selection of MAC’s eye shadows is their strongest selling point because there is so much that a customer can work with. Most cosmetic companies sell their eye shadows in a four color palette. Now, this can be seen as a great idea or an irritating one. The idea of a palette, which usually comes in four, is so that the customer can see what colors to coordinate with. Most traditional makeup companies make eye shadow palettes to coordinate with the season’s colors, and MAC followed this trend in the beginning, however it did not take into effect very long due to the company selling single eye shadow pans from the start of the company. Make-up Art Cosmetics has traditionally sold single eye shadow pans and has had a large black fifteen eye shadow palette available for sale, however never had coordinated palettes available for sale until recently. The good thing about palettes is you can get four eye shadows that all coordinate together. The bad thing about palettes is that you cannot always choose different colors if you wanted to...until now. With MAC’s new four shadow palettes available, you can buy the four colors available or you can choose the four colors you want. Another great thing about the new four color palette from MAC is that it only cost thirty-six dollars, which is much cheaper than buying them individually considering each eye shadow cost around fourteen dollars apiece. Makeup palettes from Dior cost around sixty dollars which is the cost of all four eye shadows combined.

Potential Customers and Their Lack of Purchase Behavior

The basic needs of non-customers that MAC’s products and services do not meet would probably have to be price. Some people just simply cannot afford their make-up. There are good drugstore brand cosmetics available that they know they can get for a cheaper price and could work just as well. Through my experience, I know that L’Oreal’s H.I.P eye shadow collection is
around the same quality as MAC and that they use to cost around nine dollars for an eye shadow duo, however, their marketing team has realized that their consumers know this and have now raised their prices to thirteen dollars per duo to stay below MAC’s pricing. Personal option is up in the air for good quality make-up comparable to MAC. It is up to the consumer if they want to pay for the personal service of MAC or they want to pay a little under the same amount for a somewhat cheaper route.

Situation Analysis: External Environment

Current Economic Conditions, Legal, and Regulatory Issues

With Estee Lauder taking their brands into foreign countries, this raises the issue of interest rates, foreign exchange, and each countries individual issue, such as terrorism and war. Interest rate contracts for Estee Lauder in the year of 2008 were thirty-one million dollars. Estee Lauder also had one million dollars to put towards currency forward contracts in which Euro’s were the most expensive. Consequences that pose a threat to opening up stores in the Middle East are “terrorist attacks, retaliation, and the threat of further attacks or retaliation.” However, according to Estee Lauders 2008 fiscal annual report, sales were up by twenty-two percent throughout the Middle East and almost half of their net sales came from foreign countries. This increase in profit is possibly due to the people wanting and being able to have their own personal pampering. Also considering this increase in sales, the consumers of Make-up Art Cosmetics seem have a very optimistic opinion of the economy in its current condition and with this MAC has still been growing financially and regionally.
Technological Advancements of Importance

With MAC have tremendous success with their word-of-mouth strategy; boosting their online environment will help their sales significantly. According to a study by McKinsey & Co./Jupiter Media Metrix that was published in BazaarVoice Industry Statistics, “users who contribute product reviews or post messages visit sites nine times as often as non-contributors do. Contributors also make purchases nearly twice as often.” With more brand recognition MAC could have more of a positive name and more ability to have a larger range of free standing stores. Since MAC is already known widely by word-of-mouth, adding more online concentration will be very beneficial for the promotional aspects of the company. Having more online shopping available, this will mean more advertising expenses; however that should be an investment that Make-up Art Cosmetics can make.
SWOT Analysis

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<th>Strengths</th>
<th>Opportunities</th>
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<td>- Bac to MAC HIV/AIDS Charities – raised $95 million in charity profit</td>
<td>- Boosting online shopping experience</td>
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<tr>
<td>- Made for all ages, sexes, races.</td>
<td>- International expansion – India &amp; Brazil (working on blushes and foundations to fit India’s skin tone specifically)</td>
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<td>- Named #2 as Forbes “America’s Most Admired Company”</td>
<td>- Free standing stores rather than spots in department stores</td>
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<td>- Already known brand image</td>
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<td>- Cruelty-Free</td>
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<table>
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<th>Weaknesses</th>
<th>Threats</th>
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<td>- Price is more that some people can afford</td>
<td>- A lot of other cosmetic companies have Eye shadow and lip palette combinations throughout each season.</td>
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<td>- Only professionals can get their PRO colors.</td>
<td>- Would their online shopping boost take away from their known-for personal service?</td>
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Solutions for Each SWOT

Make-up Art Cosmetics definitely has more strengths than weaknesses. The direction that the company is going is very promising to a future of increase in brand name and an increase financially. This increase can be used in their advantage to create more wanted products, such as eye shadow and/or lip shade palettes. Even though MAC is a company that was made for makeup artists, it is sold to the general public and Estee Lauder, the owners of MAC, needs to remember their statement of “wanting to touch everyone.” NARS, a competitor of Make-up Art Cosmetics, wins the competition when it comes to palettes and this is because when palettes are sold, consumers feel like they are getting more and the consumers like that it is compact.

Even though their online shopping has a great opportunity for the company, it could be a threat to their personal pampering service. Customers of MAC want to be able to buy online; sure, however, they also want to try the product first. Individuals who are interested in makeup want to make sure that the makeup company products actually work with their skin and they need to have confirmation of that. The company should continue to promote their online store; however, MAC could promote celebrity posters on their free standing stores so they keep that personal experience that every consumer wants.
Works Cited


