Drunk Elephant
Competitive Strategy

Team:
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The Team

Alessia

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Agenda
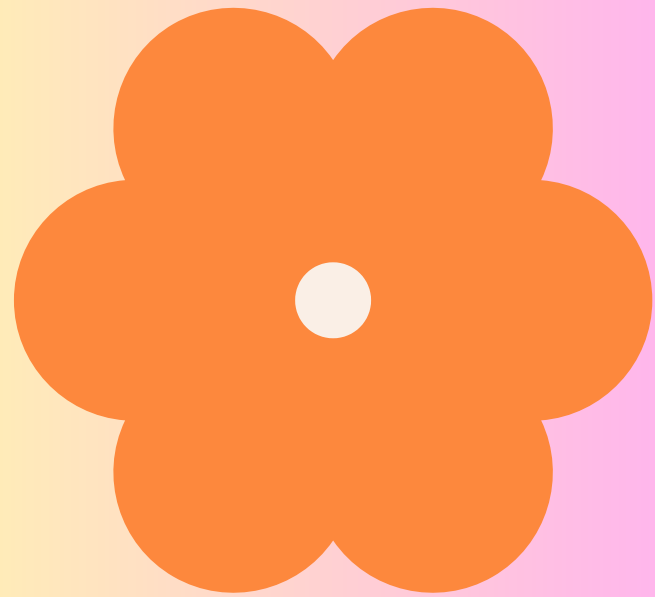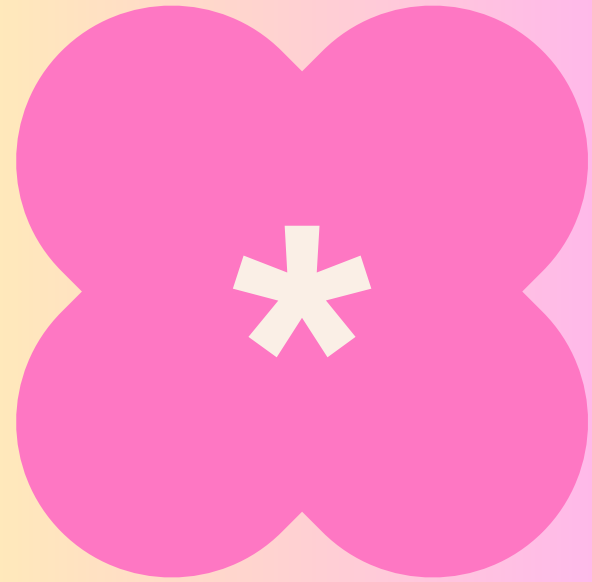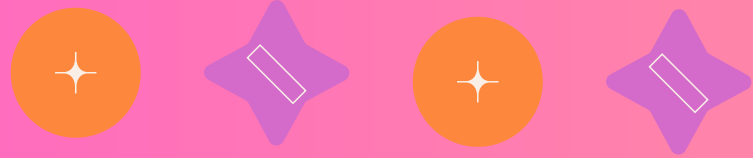
Introduction

- Drunk Elephant is a female-founded Vegan skincare brand with a colorful, youthful, and playful aesthetic
- The brand focuses on using clean, non-toxic ingredients in their products
- Avoiding the use of the "Suspicious 6": essential oils, drying alcohols, silicones, chemical sunscreens, fragrances/dyes, and SLS.
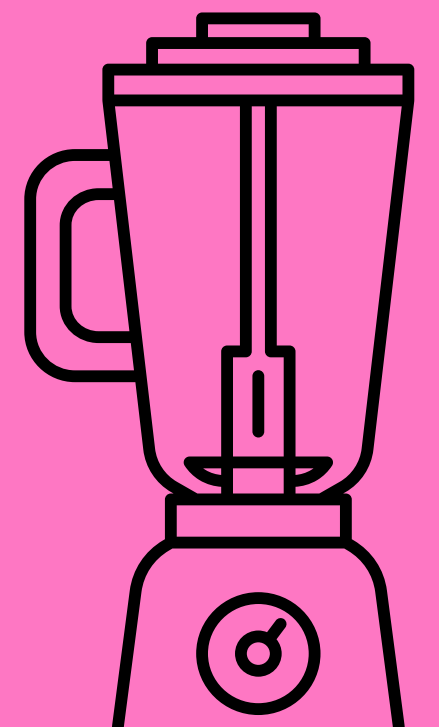
Company Background

Mission

Provide clean, effective, and non-toxic skincare products that promote healthy and balanced skin. The brand is committed to using high-quality natural ingredients and avoiding the use of harmful ingredients like sulfates, silicones, and fragrance.

Additionally, Drunk Elephant believes in educating customers about their skin and providing transparency about their ingredients and product formulations. The brand aims to create products that are safe and beneficial for all skin types and tones.

DRUNK ELEPHANT™

Company Background

"Get rid of anything that is irritating, sensitizing, disruptive, or inflammatory, and replace it with smart, biocompatible ingredients that the skin recognizes and embraces."

Serum **Moisturizer** **Bronzing drops** **Cleanser** **Eye Cream**

Internal Analysis

Drunk Elephant primarily sells its products through its website and high-end retailers like Sephora which this distribution strategy allows the brand to maintain control over its messaging and brand image. Drunk Elephant has experienced significant growth since its launch in 2012, and the brand was acquired by Shiseido in 2019 for $845 million.

Drunk Elephant's products are priced higher than many other skincare brands, which may make it less accessible to some customers. The brand justifies the higher price point by using high-quality, natural ingredients, which can be more expensive than synthetic alternatives.

Drunk Elephant has a strong social media presence, with a large following on platforms like Instagram and YouTube. The brand frequently posts content featuring its products, as well as before-and-after photos and testimonials from satisfied customers. The brand also partners with influencers and beauty bloggers to promote its products.

External Analysis

Technological

- New technology is accelerating development in the cosmetics industry, adapting to consumer needs for inclusivity and personalization.

- Digital assets remain of interest to consumers, driving tech evolution.

- Personalization and sustainability are also key trends as cosmetics move beyond traditional products.

Social

- Male cosmetics have gained more visibility in the past decade.

- There is a growing demand for natural, organic, and environmentally friendly skincare products.

- The global organic personal care market is expected to expand at a compound annual growth rate of 9.1% from 2022 to 2030.

- The skin care industry needs to consider cultural differences between different countries when developing products and marketing strategies.

- Consumers expect companies to be socially responsible, with a focus on cruelty-free, vegan, and sustainable products.
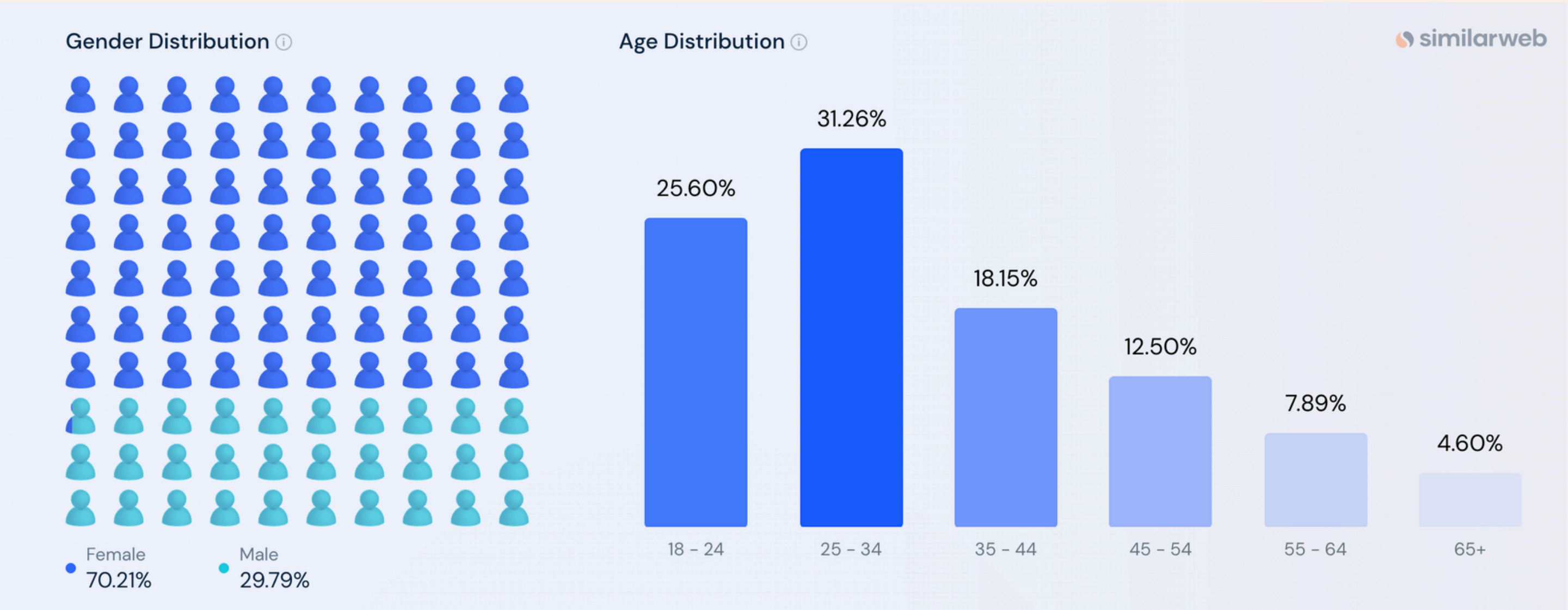
Environment

- The skin care industry is facing scrutiny for its environmental impact, especially in packaging, animal cruelty, and waste disposal.

- There is a growing demand for sustainable and eco-friendly products in response to this scrutiny.

- The beauty industry may move towards sourcing environmentally-friendly ingredients and improving packaging materials.

- 72% of consumers are demanding more transparency from makeup and skincare brands according to a NielsenIQ and FMI report.
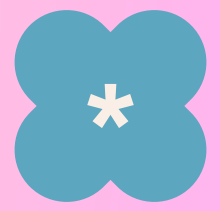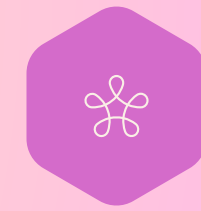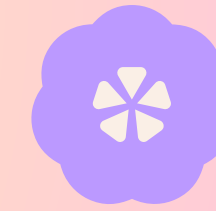
Target Market

- Target market = Millennials and Gen Z
- Value transparency of the brand and their non-toxic ingredients
- Value effectiveness and quality
- Consumers are appealed by the strong brand identity and aesthetic of the product

Gender Distribution ⓘ

Age Distribution ⓘ

similarweb

Female
70.21%

Male
29.79%

25.60%	31.26%	18.15%	12.50%	7.89%	4.60%
18 – 24	25 – 34	35 – 44	45 – 54	55 – 64	65+

Target Market

Primary Market

Sarah

- Females 18-35 yrs old
- Full-time employment
- HHI $100K+

Secondary Market

John

- Metrosexual men 18-35 yrs old
- Full-time employment
- HHI $100K+

Target Market Persona
Primary Market

Profile:

Gender	Female
Age	24
Education	Bachelor's Degree
Job	Marketing Manager
Income	$100K+

Goals:

- Find skincare products that work for her skin type
- Find clean ingredients in skincare brands
- Value quality and effectiveness

Hobbies:

- Follows wellness influencers on social media
- Enjoys cooking healthy recipes
- Going to museums and exploring the cities
- Practicing yoga with girlfriends

Frustrations:

- How to choose the right product for her skin type
- So many products and brands to choose from.

Sarah

Target Market Persona
Secondary Market

Profile:

Gender	Male
Age	32
Education	Masters Degree
Job	Investment banker
Income	$100K+

Goals:

- Find skincare products that use non-toxic ingredients
- Being able to test out products in store
- Values quality and effectiveness in his skincare products

Hobbies:

- Enjoys hanging out with his friends
- Enjoys grooming and self-care
- Going to the gym
- Likes fashion and new trends
- Eating out with friends

Frustrations:

- Skincare brands lacking transparency on the ingredients in their products
- Finding a skincare routine that suits their necessities

John

current strategies
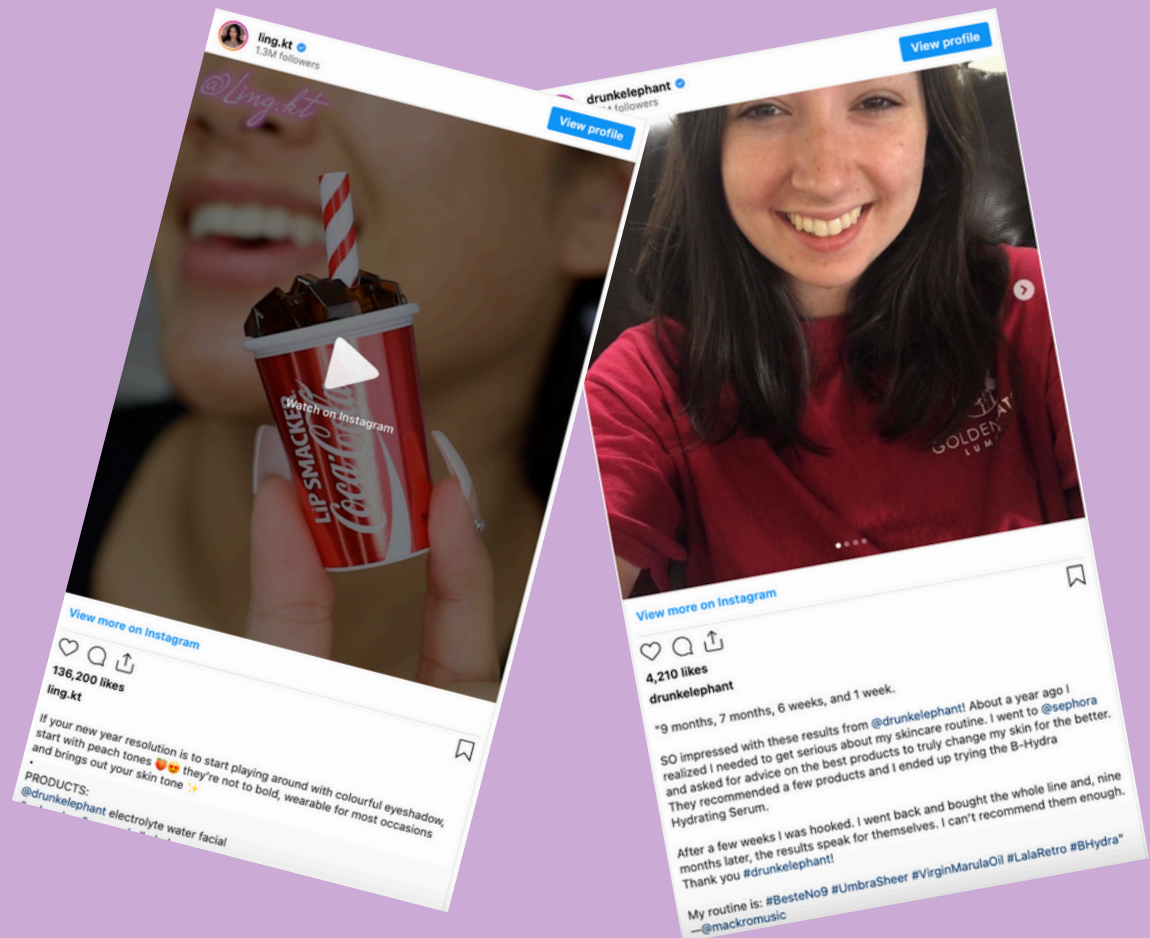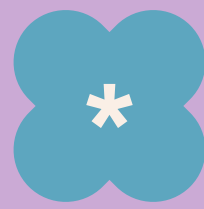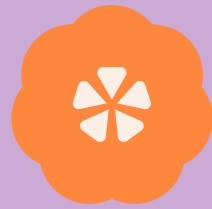

Consumer-driven Strategy

Drunk Elephant's success lies in its open communication with customers, resulting in the creation of clean, stripped-back skincare products that meet their audience's needs.

Word of mouth

Share real customer stories of product success, building a genuine bank of successful user scenarios, and participating in online forums to engage with their audience.

Cross-Voice Strategy

Drunk Elephant Initially saw success through media mentions and continues to generate 56% of its media impact value today, while also utilizing influencer voices as the second-highest value-earner for the brand.
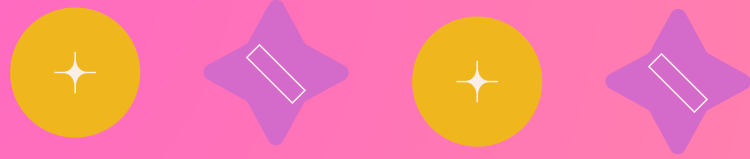
Strategic Recommendation Differentiation Niche

Drunk Elephant should leverage its brand image and unique brand experience. We recommend a focus on three categories

Channel strategy: Enter new markets
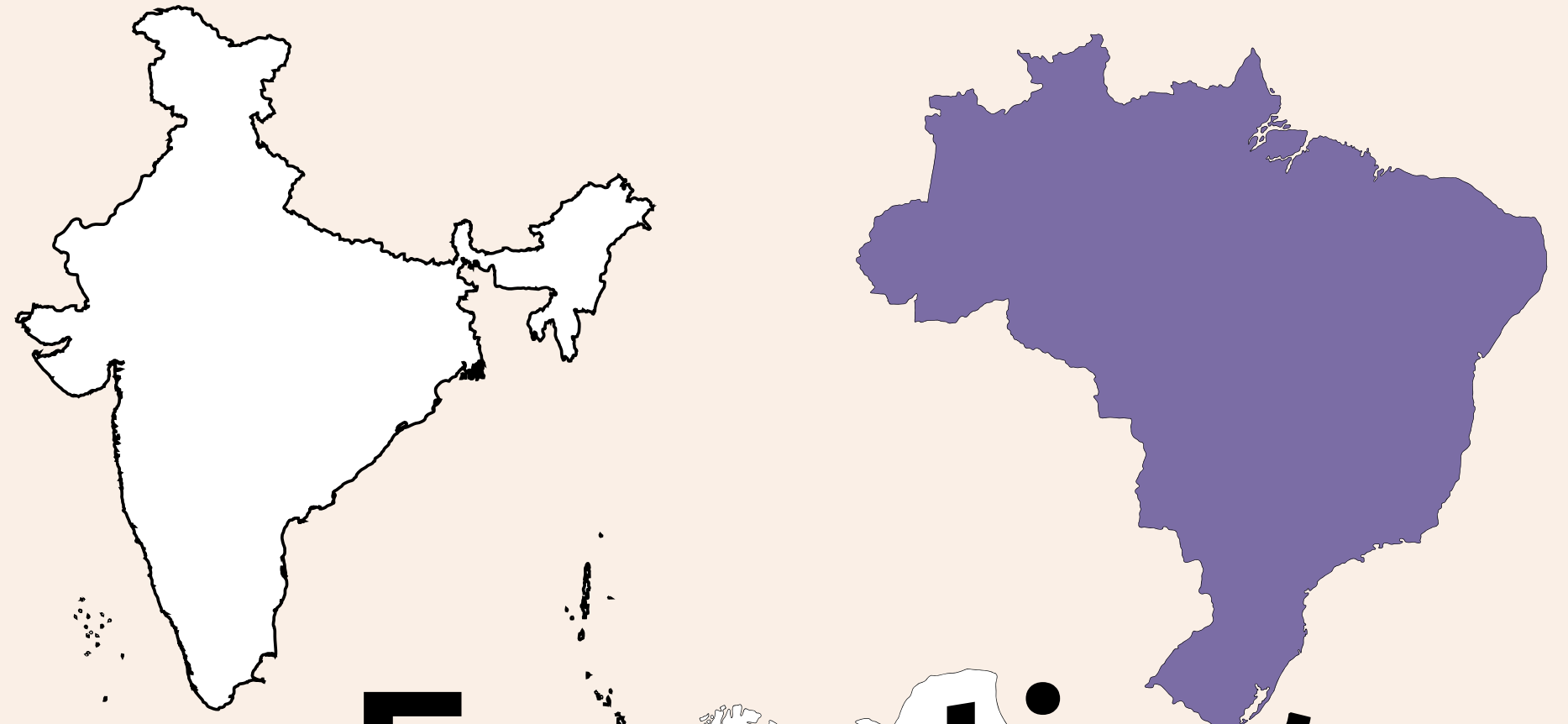
Generic Strategy: Personalization

Design thinking: Inclusive design

Differentiation

Niche Market

Enter New Markets

Exporting

Limited Global Reach: The brand fails to be present in the EU, India and Brazil .

Entering New Markets
European Union

Follow successful launch in France

- Customers liked the brand and the product offerings
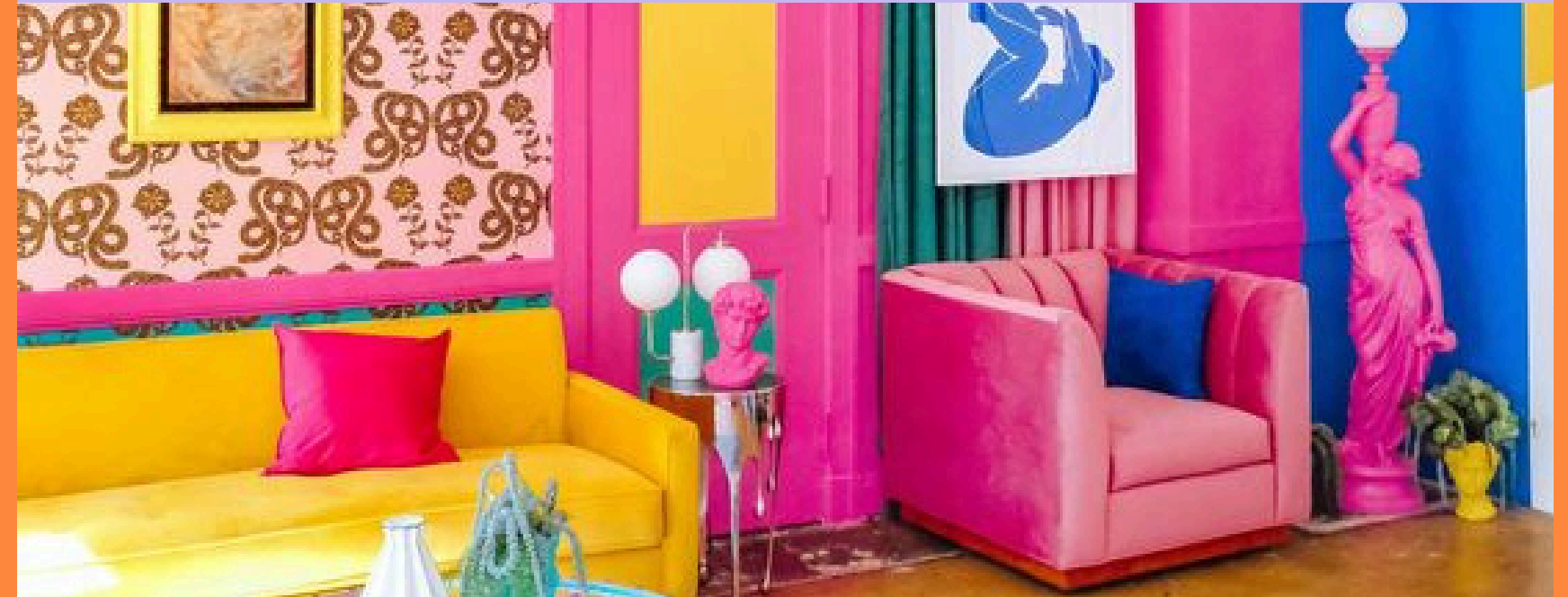- Mimic the successful Entrance into France

Culture

- Score high on indulgence

Consumer behaviour

- Enjoy shopping in person
- When shopping for skincare Europeans tend to like sniffing, slathering and swatching in person

House of Drunk

- Home-themed Design with Quirky Interiors
- Experience: Product trials, snack & drinks station, music & brand ambassadors

Entering New Markets

India

	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Long Term Orientation	Indulgence
	77	48	56	40	51	26

Brazil

	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Long Term Orientation	Indulgence
	69	38	49	76	44	59

https://www.hofstede-insights.com/product/compare-countries/

Conduct a cross cultural analysis

Adapt product offering and buying experience accordingly

Anticipate ambiguous threats and opportunities

Hire local management and partnerrs
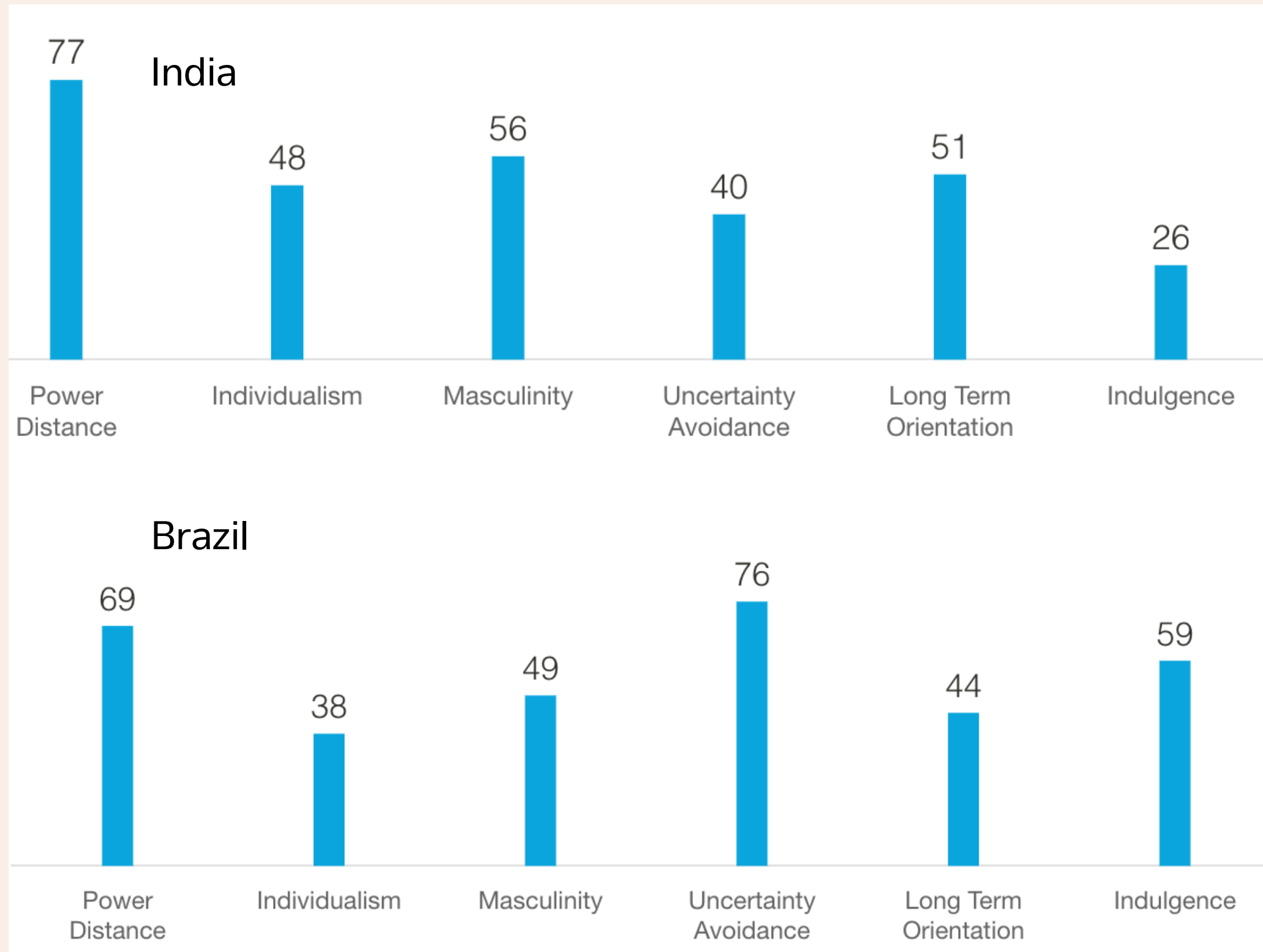
Entering New Markets
India

The Culture Significance of Elephants

Elephants: A traditional symbol of divinity and royalty

For centuries, India has regarded the majestic royal beast, the elephant, as its cultural symbol. The highly revered Hindu God, Lord Ganesha, is said to be a remover of obstaclesand a provider of fortune and good luck

Entering New Markets
## Brazil

Symbols and translation

- Drinking is celebrated in the culture during the world-famous Brazilian Carnival celebrations

Product offerings

- Include more products with SPF to adapt to the local climate
- Cleansing and hygiene are very important and more bubbles are added to skincare products

Cultural dimensions

- Scored high on ambiguity: Selling in Sephora will help establish credibility
- Scored high on Indulgence meaning they would use self-care products
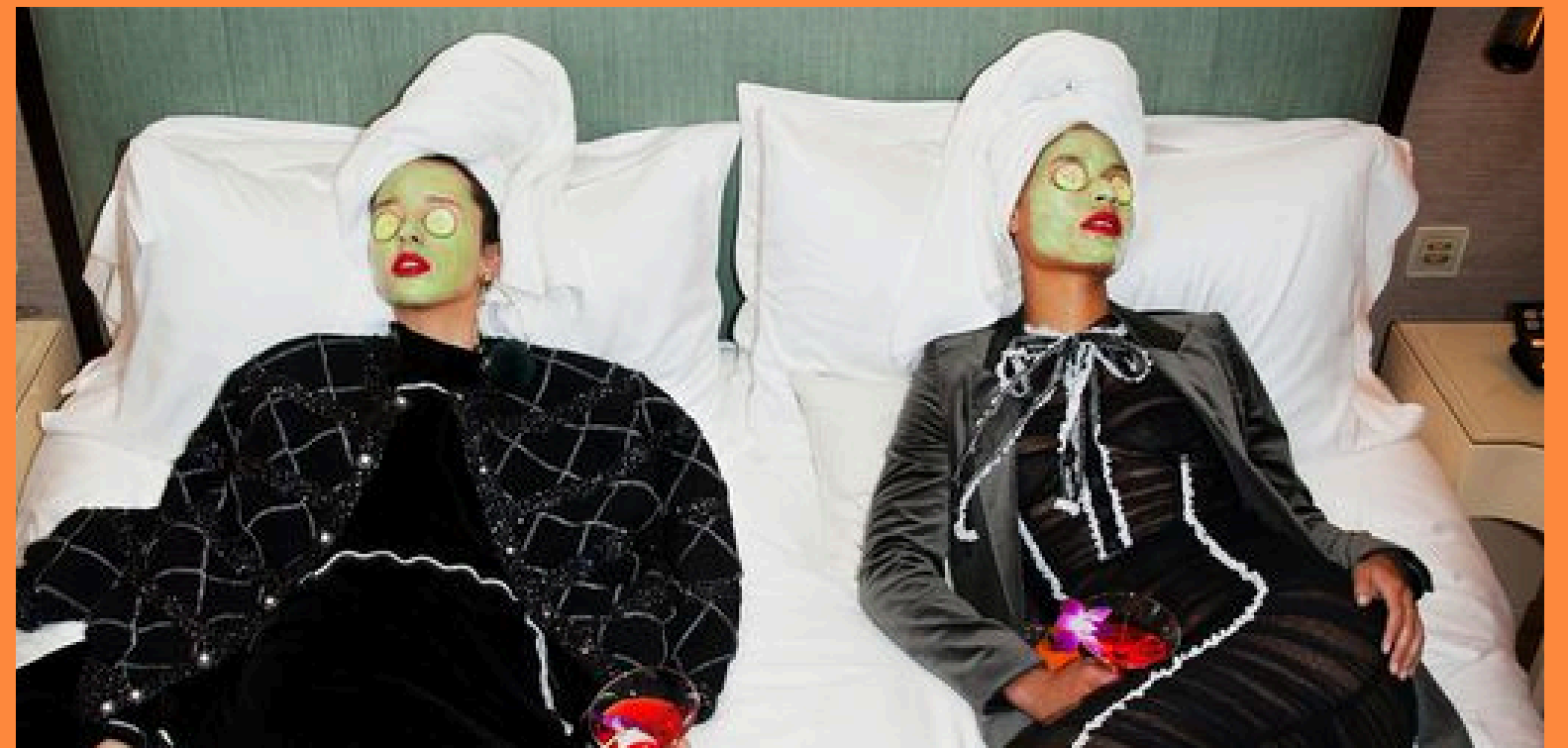
https://reports-mintel-com.proxy.library.nyu.edu/trends/#/observation/1182427?
fromSearch=%3Ffilters.region%3D13%26filters.strategic-
topic%3D110%252C82%252C73%252C86%252C89%26last_filter%3Dstrategic-
topic%26resultPosition%3D9%26resultPosition%3D6

AI and Personalization Strategy
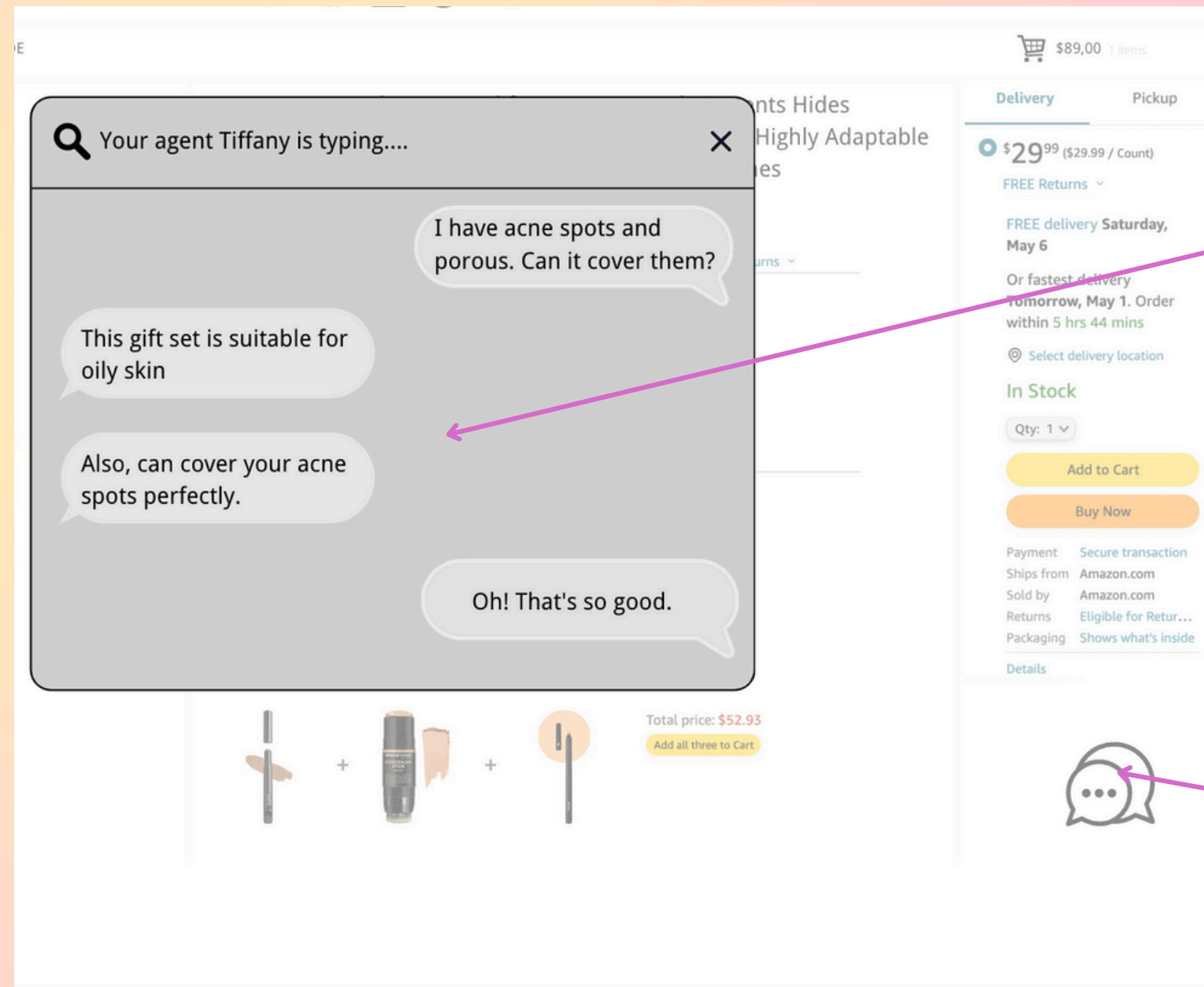
Step 1

- Data Collection
  - Where you live
  - What you do
  - Your lifestyle

Step 2:

- AI-backed recommendation tools
  - An upcoming vacation
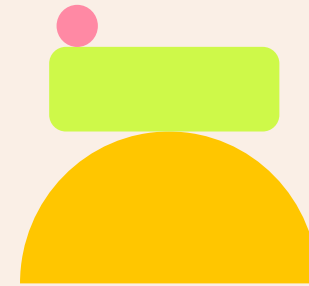 - A big event coming up
  - A "drunk" night

Step 3:

- Refillable options
  - Personalised
  - Cheaper for both parties
  - Environmental friendly

Based on your skin type and skin problems, recommend the customized set for the customers

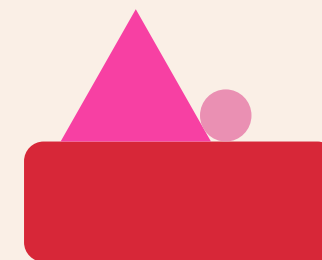**24-hour live agent waiting for your consulting**

Inclusive Design

Accessible online shopping

Website and E-Commerce platform accessible to individuals with disabilities

- Accessible design principles:
    - **Alt text for images**
    - **Captions for videos**
    - **Customer support option**
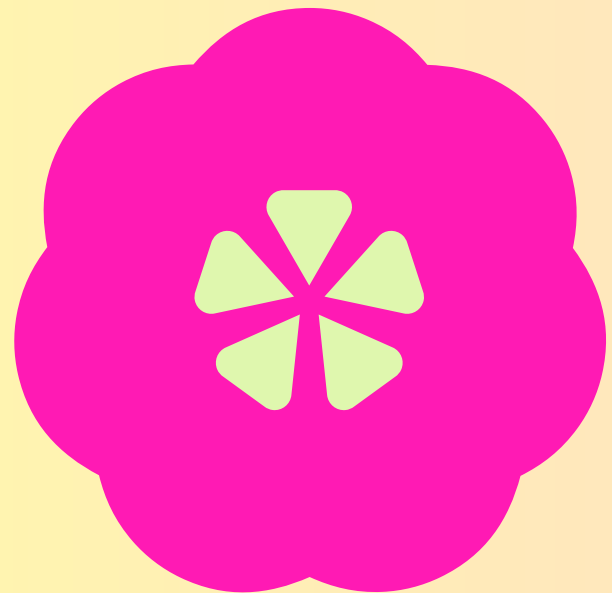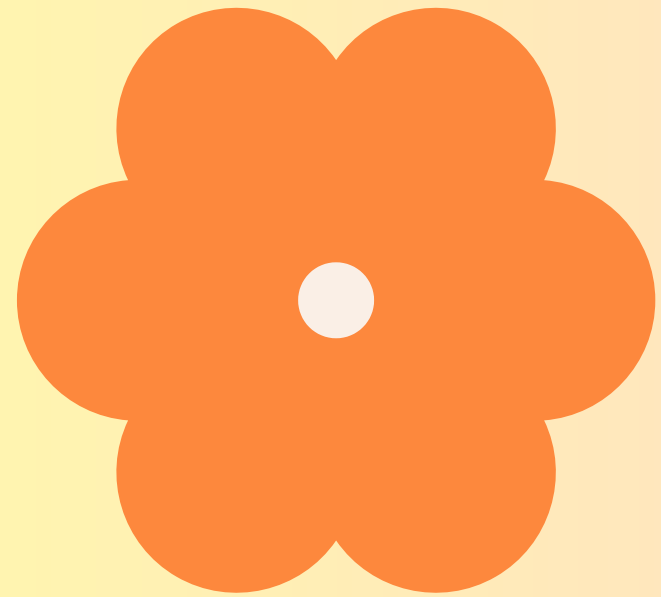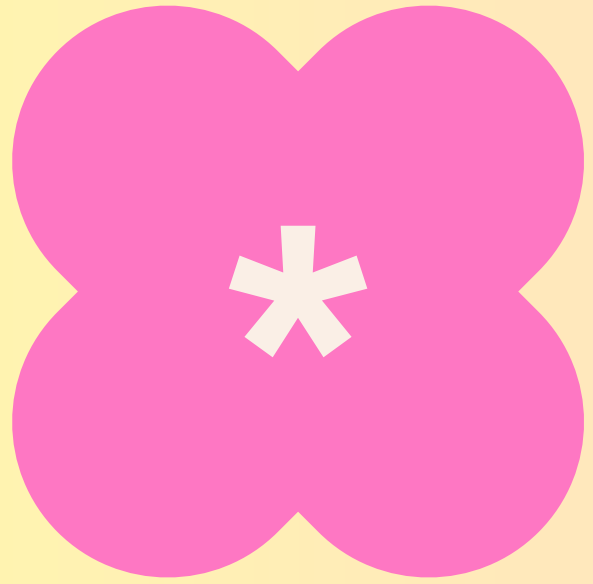   - E.g, **chatbots, phone support, or video calls**

Expand product lines

Drunk Elephant can expand its product line to cater to individuals with disabilities

- **Larger font sizes on labels**
- **Braille packaging** for those with visual impairments
- **Easy-to-grip bottles and containers** for people with mobility issues

Available in all sales platforms

Thank You!
Any Questions?

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Appendix

VRIN Analysis

Competency	Valuable	Rare	Inimitable	No substitute	Conclusion
Brand Recognition	Yes	Yes	No	No	Strong brand recognition, moderate competitive rivalry
Organic Product Offerings	Yes	No	No	No	Not a big differentiation, no competitive advantage
Complementary Offerings	Yes	Yes	No	No	A differentiation however other companies can replicate it
Customer Experience	Yes	No	No	No	No differentiation from other brand's experience

External Analysis

Political

- The cosmetic industry must prioritize product safety due to skin-to-skin contact.

- The FDA Act of 1938 was the first regulation for the cosmetic industry.

- The recent Personal Care Product Safety Act allows the FDA to ensure product safety.

- Companies are required to report ingredient statements, recalls, and register manufacturers.

- Companies importing or selling foreign ingredients must comply with political regulations.

Legal

- Cosmetic and skincare products are regulated by the FDA to ensure product safety

- Companies operating without FDA approval must cease operations

- The Food and Drug Omnibus Reform Act of 2022 was passed by Congress and signed into law by President Biden

- The Omnibus Reform package includes the Modernization of Cosmetics Regulation Act of 2022 (MOCRA)

- MOCRA aims to bring cosmetics more in line with other FDA-regulated consumer products

- The cosmetics industry must develop pharmacovigilance systems, facility registration and product listing, good manufacturing practices, and adhere to FDA's new mandatory recall authority

Economic

- Per capita disposable income and consumer spending are key external drivers in the beauty and skincare industry.

- Consumer spending is considered discretionary.

- The emergence of COVID-19 in 2020 caused industry revenue to decrease by 17.8% that year due to reduced consumer spending.

SWOT

Brand Story: The brand's name is inspired by the myth that elephants get drunk when they eat the fruit of the marula tree.

Social Media Presence: The brand's social media strategy is focused on sharing information about its products, educating consumers on the benefits of its ingredients, and engaging with its followers.

Strong Financials: Drunk Elephant has experienced significant growth since its launch in 2012, and the brand was acquired by Shiseido in 2019 for $845 million.

Brand Awareness: Strong brand name and reputation can help support new products

Lack of Storefront: Through a storefront, the brand can create a better relationship with its customers (and potential customers), as well as, have retailers specialize in their products specifically and have control on how the products and lines are displayed.

Lack of Ambassadors: By not using beauty influencers/celebrities (brand ambassadors) to push their products, they fall short from attaining a larger portion of the market.

Limited Global Reach: The brand fails to be present in the EU and in countries like India and Brazil (4th and 5th biggest beauty and cosmetic markets).

Lack of advertisement and PR: The brand relies on WOM without implementing a more effective strategy. PR and lack of spokesperson reduce visibility of the brand.

Men's skincare: The growing popularity of men's cosmetics and beauty products may represent a potential new industry.

New Revenue streams: Since the pandemic consumer interest is shifting toward monthly subscription boxes for skincare products.

Threat of competitors: Increase of the growth of competitors in the market offering organic products.

Threat of losing brand value: Acquisition by Shiseido could lead to a change in the brand mission and value.

Threat of consumer attitudes: Consumers are shifting towards natural ingredients however Drunk Elephant products still include synthetic ingredient