



MNGT3500 Marketing

Assessment 3 – Marketing Report

Task: Evaluation of Marketing Activities for Birchbox

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Table of Contents

1. Company Overview.....	3
2. Environmental Scanning.....	3
3. Target Market.....	4
4. Competitors.....	4
5. Marketing Mix of Competitors.....	4
6. USP of Competitors.....	6
7. Marketing Objectives, Marketing Mix, and Measurement.....	7
8. Marketing Objectives.....	7
9. Segmentation, Positioning, USP.....	7
10. Marketing Mix.....	8
11. Evaluation.....	9
12. Conclusion and Recommendations.....	9
13. References.....	11

1. Company Overview

Birchbox is a New York based company that provides a monthly subscription service that delivers beauty and lifestyle samples to your door. The company originated with women's products but has since expanded with a men's box after the interest was there. Founded in 2010 by two Harvard Business School students, Birchbox looked to take on content marketing and take it to a whole new level. By offering its clients with a variety of sample size products it allows the customer to test many products that they have either wanted to try or have never seen before. They then offer full-size products of the samples on their website creating a relationship with the companies that provide the products. At a low price of \$10/month for women and \$20/month for men, Birchbox is a budget friendly option for consumers looking to try a range of products without commitment. (Birchbox)

Environmental Scanning:

In an environment that is ever changing, the beauty world is a hard environment to be successful in. For Birchbox, their biggest challenge in their environment is to stay relevant by sending out products that customers want to try and will go on to buy. Carefully watching and studying their environment will help Birchbox to stay ahead in the game, "...and since marketing is all about looking outwards and meeting the customer's needs and wants, the organization has to take into account what is happening in the real world. The marketing environment will present many opportunities and threats that can be fundamentally affect all elements of the marketing mix..." (Brassington and Pettitt). While researching the macro- and microenvironment for Birchbox it was seen that the external and macro environment relies heavily on the connection to the Internet and digital marketing. The innovation of technology as well as societies public opinion on the way Birchbox operates greatly affects their success. Additionally, Birchbox has a great relationship with their microenvironment and their customers. Starting as a small company based online the connection between the suppliers of the product, the company, and the customers is needed. (Chaffey and Ellis-Chadwick)

For the PESTEL analysis for Birchbox, research shows the importance of environmental scanning and the need for recognition of emerging trends. For Birchbox, a company that is based off of emerging trends and what is new for consumers. For the evaluation of STEEPLE/PESTEL, focusing on sociocultural environment, this is important because the trends of beauty are constantly changing and whom they are targeting. If they want to continue to target middle to upper class customers than the products involved can stay the same but if they want to target, for example, students they need to be conscious of the products they are promoting and cater them to a different budget and lifestyle.

Target Market:

The target market for Birchbox began with females in the 18+ age range but has expanded with the introduction of product catered toward men. They target customers that base themselves online and are incorporating content marketing into their plans. To begin they ask their customers a simply survey to get an idea of what kind of products they are interested in, and then base their specific boxes on those results. This allows the customers box to be semi-customized and makes the experience special for them. Birchbox used a differentiated targeting strategy in order to appeal various customer groups that have various product needs. Having a men’s box and a women’s box allows them to cater to two different markets and offer several product lines. (Solomon)

2. Competitors

Marketing Mix

Major competitors include popular beauty subscription boxes like Ipsy and Glossybox. As Birchbox continues to expand into new areas so does their competition. There ease of use, price, and uniqueness of product helps them to stay ahead in a new but very competition market. Here are the marketing mixes for two of Birchbox’s main competitors.

	Ipsy	Glossybox
Product	Monthly subscription box	Monthly subscription

	<p>4-5 “Deluxe” samples and full-sized beauty products</p> <p>Mostly Women’s makeup products</p> <p>Free shipping</p> <p>Comes with bag each month “Glam Bag”</p>	<p>box/one time purchase available</p> <p>Women’s beauty & wellness products</p> <p>Men’s box</p> <p>5-6 “luxury-sized” samples</p> <p>Semi-customized box – fill out a beauty profile and subscription model</p> <p>Premium packaging, paper, and ribbon that make it seem like a luxurious gift with high-quality products</p>
Price	<p>\$10 per month</p> <p>~\$40-\$50 value in each bag</p>	<p>\$21 per month</p>
Place	<p>UK and US</p> <p>Focused on 18-35 age range</p>	<p>Located in 10 countries</p> <p>Scouts in countries such as Paris, Milan, Tokyo, and New York</p> <p>Team of over 150 “beauty enthusiasts” working to source the best products</p> <p>Relationship between premier and niche brands worldwide</p> <p>Global customer service team</p> <p>Free shipping within US</p>
Promotion	<p>Created by</p> <p>YouTuber/Make-up Artist</p>	<p>Originated in Berlin, Germany</p>

	<p>Michelle Phan</p> <p>Focus a lot of their advertising on YouTube and though YouTubers trying and reviewing the product</p> <p>“Go-to destination for trend-setting Millennials”</p>	<p>Monthly press releases of what they are going to highlight in the boxes that month</p> <p>Newsletter</p>
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The competition for Birchbox varies from directly competing beauty subscription boxes with similar products like Ipsy and Glossybox but can even reach out so far to see lifestyle boxes like Naturebox and ConsiousBox. Monthly subscription boxes are popping up for every lifestyle and interest and are ultimately competing with everybody else. For Birchbox their appeal comes with their ease of access as well as range of products but that does not mean their competitors do not have something that sets them apart. Competitors have a USP (unique selling point) that helps them differentiate their product from the group, “A USP gives consumers a single, clear reason one product is better at solving a problem” (Solomon). For most products or companies their USP is a tagline of sorts that describes this point. As a competitor, Ipsy has the benefit of YouTuber Michelle Phan as a co-founder. Phan, with over 7 million YT subscribers, has a wide and dedicated audience that have already bought her “product”. She has sold her self and her brand and already has a trusted brand that will accept what she recommends. Being able to promote her product through her YouTube channel and to her subscribers is something that is unique to her product. For Glossybox, it is a product that was created in Germany and sees the benefit of European beauty culture. The brand is centered on research done all over the world and takes into account varying trends and popular products. Glossybox’s major unique selling point is that packing and delivery of its product. Set out to make it seem like an indulgence and elegant gift, Glossybox packages its product in fancy boxes and ribbon and uses the buzzwords of “luxury” and “elegance” to promote its product. Glossybox uses its elegance to set it

apart from the crowd of beauty boxes, but with a significantly higher price tag it sees these changes in its price. (Ipsy & Glossybox)

3. Marketing Objectives

For Birchbox as a young company their main goal is to reach the broadest audience they can and supply them with the products that they want. Focusing on content marketing and using their products to gain consumers. They are a brand that requires relationships with those providing their products and benefit from those brands promoting their services. They also take their content marketing to online resources encouraging YouTube personalities to share reviews of their boxes by providing them free samples or sponsoring their videos as well as encouraging hashtags on social media and the likes (Birchbox). As seen in an article about small businesses and content marketing they state a point that is relevant for Birchbox and their marketing strategy, “If you know what your target audience is interested in and—more importantly—you can provide the answers to the questions they are asking in a unique, engaging way, you don’t have to spend a fortune to make a success of content marketing” (‘Small Business And Content Marketing’). Birchbox capitalizes on knowing what their customers want and how to sell it without costing them a large sum of money.

Segmentation, Positioning, & USP

Birchbox as a company is unique in the sense that it is one of the first of its kinds and has rapid growth in both its national and international markets. It is somewhat customizable and the ease of accessing the sample products after receiving the box (straight from their website) is a huge benefit. Since marketing is most successful when “organizations aim to be something special to someone in particular, rather than serving entire populations” (Robson, Pitt and Wallstrom), Birchbox has created their boxes to target a certain audience and type of customer. They are unique to the beauty and subscription box market because they are customizable and have an ease of access to their products and company relations. In addition to their boxes they have also started opening stand alone “pop-up” stores that allow customers to make their own box and

test an assortment of the products that they partner with. They also offer a 'Home & Food' box that other beauty competitors have not yet offered.

Marketing Mix

	Birchbox
Product	<ul style="list-style-type: none"> -Beauty and lifestyle monthly subscription box -Assortment of beauty, skincare and lifestyle product sample (Men & Women) -Food, home, and lifestyle samples (Home & Food) -Online buying option – full size products -Newsletter/online video series with products from the boxes -Themed boxes/partnerships with companies – sponsorship of a box
Price	<ul style="list-style-type: none"> -Women's: \$10/month -Men's: \$20/month -Home & Food: \$10-\$50 depending on box -Specialty Boxes: varies on brand/type of box
Place	US, UK, France, Spain, Canada, Belgium
Promotion	<ul style="list-style-type: none"> -Youtube -Social Media -Newsletter -Personal YT Channel

	<ul style="list-style-type: none"> -How To/DIY Videos -Product collaborations
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Evaluation of Marketing Activities

After researching marketing strategies and how Birchbox takes advantage of these, it is shown that they are using their content marketing and the study of their audience and environment to their benefit. They are expanding to different markets without changing their product and the guidelines of how they want their company portrayed. They have managed to expand to difference categories of boxes and products as well as stores without losing their small business feel.

4. Conclusion & Recommendations

Concluding research on Birchbox and their marketing strategies has led to the findings that a small business with a simple strategy can compete with the big businesses. Birchbox has taken a unique approach with its content marketing as well as reached out to various platforms in order to optimize inexpensive promotion. The increase of the use of digital platforms and social media are having a huge effect on industries and Birchbox has managed to stay on top of this and create a successful business out of it instead of being pushed under the rug like many other small businesses. "Individuals are becoming more connected, with up to one third of U.S. adults now being always addressable (connected to the Internet most of the day) across multiple devices, platforms, and locations" (Roberts and Micken), if Birchbox continues to regulate the use of the Internet statistics like those seen in this journal by Scott Roberts and the correlation with business decisions being made they are likely to see profits increase. This success is already being seen in the increase in products purchased after customers have received boxes, for example makeup brand Stila, after sending a eye shadow palette to just 7% of Birchbox subscribers and saw 11.2% of the group purchase the full-size of the product. This happens to be 10 times more than the average success for the beauty industry (samples you would get from chain stores/brands). (Lutz) The only standing in the way for Birchbox is themselves and the

need to expand and become more profitable. It is seen through research and statistics that Birchbox has created a dedicated audience and can easily test products and different techniques on them. In conclusion, Birchbox, although a successful branch of the popular subscription style product, needs to be aware of its environment and audience in order to stay relevant and competitive. With its growing size and frequent opportunities, Birchbox is likely see improvements and growth in the future.

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