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# MASTER THESIS

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Miss

**Maryia Larchanka**

**Studying customers' behavior  
of a skin care brand**



## **MASTERARBEIT**

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# **Untersuchung des Kundenverhaltens einer Hautpflegemarke**

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# **Studying customers' behavior of a skin care brand**

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## **Abstract:**

This master thesis covers the topics of Studying customers' behavior on the example of skin care brand Nivea. There are presented theoretical basis for the following research about marketing, customers' behavior and conducting marketing research properly. Then, there is the analysis of German market. Since Nivea is the brand of Beiersdorf company, there is a description of Beiersdorf's activity and operation work. The main idea of the paper work is to analyze customers' behavior of Nivea. Therefore, the work contains huge research about the brand along with its' micro- and macroenvironment. There also were conducted an in-depth interview and a survey to understand customers' current needs. With all the results the author of the work proposed some ideas for Nivea brand.

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## List of abbreviations

JTBD	Job-to-be-done
CJM	Customer Journey Map
VPC	Value Proposition Canvas
BMC	Business Model Canvas
AI	Artificial Intelligence

## Introduction

Marketing is currently one of the most successful and dynamically developing area. The purpose of marketing is to help businesses grow efficiently and reach their highest potential. When people are well-informed about your product, your sales will increase. Marketing is a great help for many business establishments to create revenue options. Customers play vital part in marketing. If a marketer can define a customer group/target group correctly, then it will help the business to understand the real needs of their clients.

## Relevance of the study

Effective use of marketing strategies is associated with understanding the transformation of the basic complex and identifying additional elements that allow the organization to function more productively in the market. Marketing strategies are related to determining the target audience, assortment policy, price, location, atmosphere, and promotion of the organization. Consequently, there recently has been an increasing interest in studying consumers in organizations.

Understanding consumer behavior is essential for a company to find success for its current products as well as new product launches. Every consumer has a different thought process and attitude towards buying a particular product. If a company fails to understand the reaction of a consumer towards a product, there are high chances of product failure.

Due to the changing fashion, technology, trends, living style, disposable income, and similar other factors, consumer behavior also changes. A marketer has to understand the factors that are changing so that the marketing efforts can be aligned accordingly.

The development and implementation of customers' behavior contributes to improving the effectiveness of the organization and its development in the near future, so the topic of master's research is relevant.

## Structure and aim of the paper

The purpose of the paper is to study customers' behavior of a famous skin care brand and to identify areas for improvement.

In accordance of this goal, the following tasks were defined:

- consider the theoretical basis of marketing and consumers' behavior and evaluating its' importance for a company;
- analyze a famous skin care company and evaluate its' impact on the effectiveness of the organization;
- develop directions for improving marketing strategy.

This thesis is divided into three main parts. The first part covers the theoretical basis for marketing in general and evaluating its impact on the effectiveness of an

organization. It starts with defining the essence and peculiarities of the marketing theory. In addition to that, the author of this paper touches the rules for conducting marketing research and its' importance.

The second part of the paper related to the analysis of the customers' behavior of a famous skin care brand and assessment of its impact on the effectiveness of the organization. Organizational and economic characteristics of the company's activity are touched, as well as the micro and macroenvironment are being analyzed on the example of „Beiersdorf” company and its' brand „Nivea“.

The third part provides directions for improving the marketing strategy of „Nivea”. Finally, in the conclusion author sums up all the findings of the thesis.

# 1 Theoretical basis of studying consumer behavior of a skin care brand

## 1.1 Marketing theory in the consumer study model

There is a great amount of Marketing definitions. The basic definition says: "Marketing is a set of processes aimed at creating, promoting and providing a product to customers, as well as managing relationships with them". Translated from English, marketing is a market activity. That means, that marketing is the company's activity to meet market needs. The main task is to make a profit.

The tasks that marketing activities can solve include the following:

- ✓ Market analysis – current situation, supply and demand, trends, etc.
- ✓ Analysis of the target audience – its needs, "pains", signs, features.
- ✓ Competitor analysis – prices, assortment, identification of strengths and weaknesses, development of strategies for "overtaking" market leaders.
- ✓ Competent development of the company's pricing policy, study of the pricing system.
- ✓ Creation and improvement of the assortment.
- ✓ Improving the quality of service and services provided.
- ✓ Establishing relationships with the client, increasing consumer trust and loyalty.
- ✓ Promotion of their products and services in the offline and online space.
- ✓ Increase brand awareness, business reputation and image.
- ✓ Increasing the company's conversion rates.
- ✓ Increase in production and sales.

As it was mentioned before, there are different definitions of marketing. In order for marketing activity to be effective, it is necessary to understand the meaning of the concept of "marketing". Despite the large number of studies devoted to marketing, there is no generally accepted definition of this term yet. Depending on the object and subject of the

study, several of the most common approaches to the interpretation of the term "marketing" can be distinguished below.

<b>Author</b>	<b>Definition</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>F. Kotler</b>	Marketing is a type of human activity aimed at satisfying needs and needs through exchange.	There is a good point in the phrase: "satisfying needs and needs through exchange".	No specific information about which exactly human activity the definition is. The "needs" are not specify as well.
<b>Lamben Zh.- Zh.</b>	Marketing is a social process aimed at satisfying the needs and desires of people and organizations by ensuring a free competitive exchange of goods and services of value to the buyer, etc.	More clear and accurate definition, than the Kotler's one. The author pointed not only at people's needs, but at organizations. Moreover, the definition sounds more contemporary by using "social process".	Using "social process" for describing Marketing might be incorrect, since it literally describes people's interactions. However, nowadays it's acceptable.
<b>P. Drucker</b>	Marketing is the whole business, viewed from the point of view of its final result, that is, from the point of view of the consumer.	The author used "final result" and "consumers" as synonyms. It means, that he considered customers' satisfaction as a final result of a business. Also, P. Drucker was one of the first authors, who said that Marketing is a business.	Only the final results are described in the definition. There is no point of view of a process.
<b>E. Golubkov</b>	Marketing is a management system of the organization's production and sales activities aimed at obtaining an acceptable amount of profit	More economic sounded definition. The author pointed, that marketing is both the organization's production and sales activities.	"Acceptable amount of profit" is an extensible concept.

	through accounting and active influence on market conditions.		
<b>F. Kotler, W. Wong, L. Saunders, G. Armstrong</b>	Marketing is a social and managerial process in which individuals and groups of individuals receive everything they need to meet their needs through the creation and exchange of goods and values.	First mention, that marketing is managerial process. The definition has better correction of using word "individuals".	Not mentioned, who create all the goods, which satisfy individuals.... The individuals themselves?!

**Table 1.1 – Interpretations of the term “Marketing” from the author’s own view**

As we can see, almost all authors has the same understanding of marketing as a process. As ones of the first founders of marketing, F. Kotler and P. Drucker have very general definitions. Others, on the contrary, gave more specific definitions with some details.

F. Kotler, Lamben Zh.- Zh., W. Wong, L. Saunders and G. Armstrong pointed that marketing process aims at satisfying the needs of individuals through the exchange of goods and values.

The only author, that considered marketing as its result is P. Drucker. He meant, that the result of any business is customers and this is the most important. He was also the first one, who mentioned, that marketing is a business.

It can also be noted that not all of the authors mentioned profitability/economic effect.

*Peter F. Drucker once said: “The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.”* And only marketing can help to find out how to do this, using its tools and methods. So, we can see that marketing is also about deep psychological understanding of customer needs.

Thus, the main definitions related to the marketing process can be formulated as follows:

**Marketing** is a process aimed to satisfy your customers and their needs to get profit by socializing a product/service. Marketing defines business, its future, its customers and so that, its result and profit.

The basic principles of marketing include:

1. customer orientation;
2. complexity;
3. flexibility and adaptability;
4. concentration of efforts on the most important tasks facing the company;
5. focus on the future;
6. combination of adaptability with impact on consumers;
7. program-target approach.

Marketing strategy involves topics such as defining goals, selecting strategies, and designing tactics in accordance with a specific schedule and budget.

**Marketing theory** states that to maximise sales, a company should position its products or services within the marketplace in a way of how buyers believe they have a selected product for service or that a product or service they need features a particular benefit.

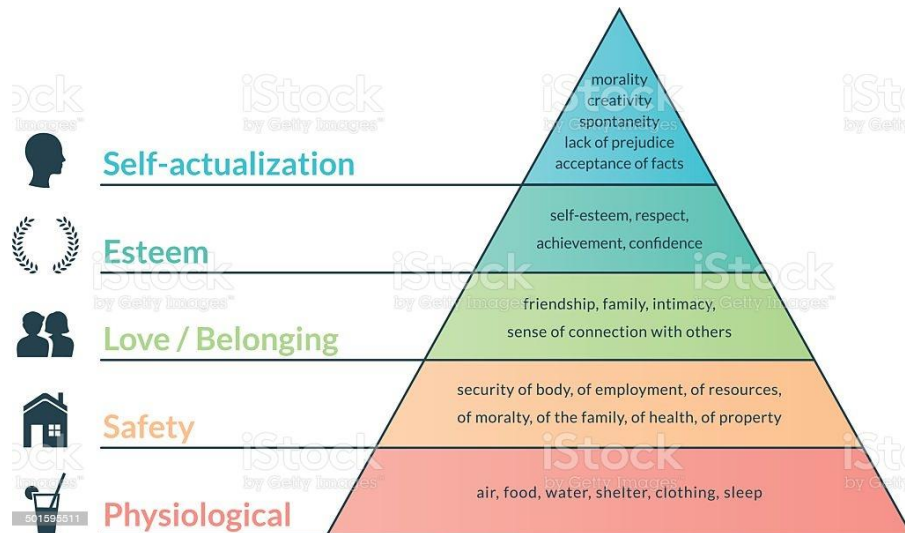
Marketing theories cover all you would like to understand about client behavior. The theories are anchored in psychological principles that are tried and tested as they relate to selling. In alternative words, sensible marketers know that marketing isn't as regards to having internetsite an internet site, a web site that follows the most recent web style trends. It needs an understanding of their customers – and their needs, goals, and motivations – to be effective.

The goal during this section is for understanding these six key marketing theories thus to be able to understand your audience and improve your marketing efforts. This will enable a person to approach an email selling campaign the correct means and gain those desirable conversions.

Below will be listed the most popular marketing theories.

1. *Maslow's hierarchy of needs.*

A. Maslow's Hierarchy of Needs is a psychological theory. It means that in order to reach self-actualization or one's full potential, humans must satisfy their needs at each level in the "hierarchy of needs". Here's how it looks in the table:



**Figure 1 – Hierarchy of needs**

The bottom of the pyramid is the basic human needs, such as food, house (shelter), sleep, physiological needs. The higher the level of the pyramid, the less vital the need is.

If marketers know the wants and needs of their target market (which every good marketer should!) then this can be used as a selling point to influence them.

A great deal of research is undertaken to segment, target and position customers by various criteria such as demographics, social class, geographic and so on. From this marketers will have a very specific idea about who their target customers are and tailor their marketing strategy accordingly.

## 2. 4P (7P)

The concept started as the 4Ps — product, place, price, and promotion — in 1960. But two scientists expanded the theory in 1981 to include three more elements—physical evidence, people, and processes.

The 7Ps are the elements around which businesses should structure their marketing campaigns. According to the theory, for your business to be successful, you need to tick off at least three of the 7Ps:

- Product: the item being sold;
- Place: where you distribute the product;
- Price: cost of the product;
- Promotion: Marketing, advertising, and sales;
- Physical evidence: Proof the product exists;
- People: your employees;
- Process: How your product is delivered to the consumer.

## 3. SWOT analysis

SWOT analysis is a methodology and a tool for assessing external and internal factors that confirm however an organization or a private product can develop within the market.



There are 4 main parameters researchers can use:

- S – strengths;
- W – weaknesses;
- O – opportunities;
- T – threats.

Strengths and weaknesses relate to internal factors, the company is able to influence them on its own. Opportunities and threats are external environmental conditions. These conditions cannot be influenced (or they may not happen at all), but they must also be taken into account.

SWOT analysis is useful both for large enterprises that are launching a new product or service, and for young startups as well.

#### *4. Five forces of Porter*

The model examines the various factors which will have an effect on a complete and its social selling strategy. It's the same as the SWOT analysis technique, however it considers solely external problems or threats.

Michael Porter's theory of competition says that there are five driving forces in the market that determine the possible level of profit in the market. Each force in the Michael Porter model represents a separate level of product competitiveness:

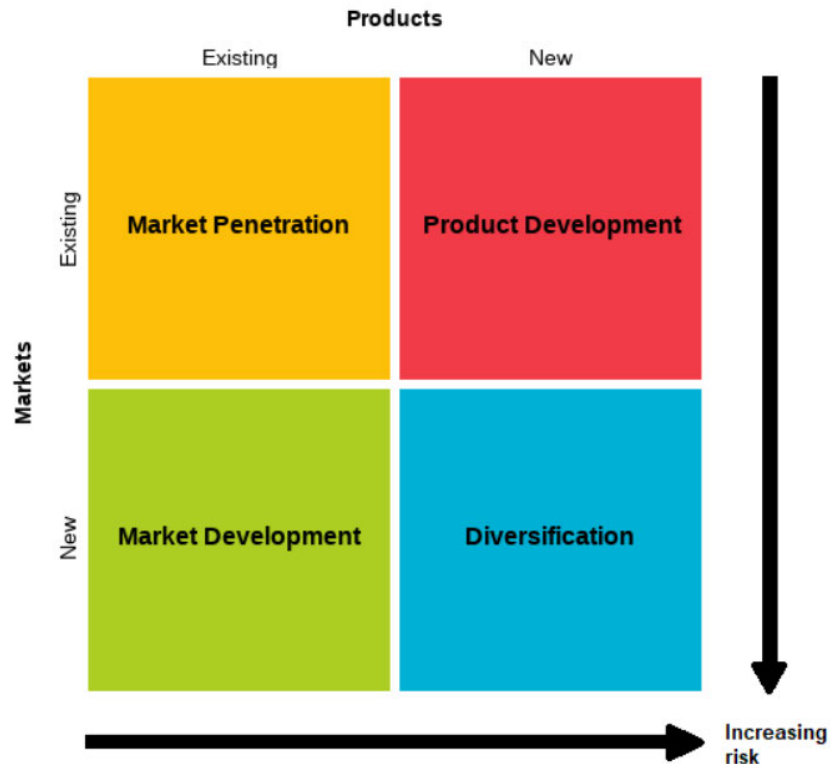
- the market power of buyers
- the market power of suppliers
- threat of the invasion of new participants
- danger of the appearance of substitute products
- level of competition or intra-industry competition.

Michael Porter's competitive analysis of the industry helps to determine the intensity and severity of competitive forces in the industry, to find a position in which the company will be maximally protected from the influence of competitive forces and will be able to influence them on its part.

The golden rule of Michael Porter's theory is as follows: the weaker the influence of competitive forces, the more opportunities a company has to make high profits in the industry. Conversely, the higher the influence of competitive forces, the higher the probability that no company will be able to ensure high profitability from capital investments. And the average profitability of the industry is determined by the most influential competitive forces.

#### *5. The Ansoff matrix*

The Ansoff matrix is a marketing strategic analysis tool that provides management of the development of any company by choosing the optimal variant of its business activity. You can see the example of the Ansoff matrix below.



**Figure 2 – Ansoff Matrix**

The Ansoff matrix has a dimension of 2x2 and consists of four fields. Each part represents a specific strategy. Structurally, the matrix is formed from two axes:

- horizontal, on which the company's manufactured and planned products are presented;
- vertical, on which the market sectors or target audiences used and intended for development are presented.

Now there is an explanation of each part of the matrix.

*Market penetration.*

This strategy involves increasing the sales of existing merchandise to associate existing market. Corporations aim to extend their market share, and that they are able to do this within the following ways:

- a decrease in costs to draw in new customers
- increasing promotion and distribution
- feat a contender in the same marketplace

Usually brands who are new a marketplace have interaction a penetration strategy through providing lower introductory prices.

*Product development.*

This strategy focuses on developing and introducing new product to existing markets, involving intensive analysis and development to expand its product range. Corporations

sometimes use this technique if a firm encompasses a sturdy understanding of their current market, giving them the flexibility to fulfill the prevailing market's wants by providing innovative solutions.

#### *Market development.*

Entering a brand new market with existing product is named a market development strategy. This strategy might be increasing into new geographic areas, either domestically or internationally, or that specialize in new client segments (groups of consumers with similar needs).

#### *Diversification.*

Using the introduction of recent merchandise as a technique to enter a brand new market is named diversification. This strategy is that the riskiest within the Ansoff Matrix, as each market and merchandise development is required. However it additionally offers the foremost important potential for gain by accessing shopper outlay in {an exceedingly|in a very} market they antecedently had no access to.

There are 2 styles of diversification: connected diversification and unrelated diversification. Connected diversification means that there's an overlap between a business and therefore the new product or market. For example, an organization that produces plastic lunchboxes may begin making plastic bumpers for automobiles.

Unrelated diversification is wherever there's no overlap between the core business and therefore the new product or market.

### **Consumer study model**

Consumer study is the part of marketing research. This model helps businesses to understand their customers to explain why and how customers make purchasing decisions. Till a decade ago, people didn't know much about their customers and didn't understand the importance of this model. Business owners and researchers had very different psychology with no emotions or mood. They didn't understand that such criteria as "emotions" can influence their buying decision.

For now, the world has changed. Consumers are well aware of brands. A loyal client is that the one who wouldn't solely come to repeatedly purchase from a brand however also, suggest his/her family and friends to shop for from identical brand although the costs are slightly higher but provides an exceptional customer service for merchandise purchased or services offered.

The purpose of marketing is to satisfy needs. To develop marketing programs and strategies, it's necessary to study consumer demand, trends in changing consumer preferences, understand and analyze how consumers make purchasing decisions and what factors influence this process.

The quality of understanding consumer behavior required the construction of models of consumer behavior. The two main tasks of building such models are predicting future behavior based on measuring significant variables, and explaining behavior using theoretically meaningful constructs.

Any enterprise or company cannot succeed, if it ignores clients' requests. Therefore, it's no coincidence that among the framework of marketing, analysis is conducted on consumer behavior.

The model makes it possible to reflect the behavior of the client when he chooses a company that provides services. To do this, they study how individual consumers evaluate certain goods and sets of goods (i.e. preference systems), analyze purchase plans, demand for certain goods and services, as well as changes in demand under the influence of various factors, depending on the size of the population's property, the structure and volume of services and goods sold. They find out exactly how consumers react to various marketing techniques (prices, the nature of the services provided, advertising arguments, etc.) used by the firm.

The motivating factors of marketing (the nature of the product, the price, to some extent the methods of distribution and stimulation) and other stimuli penetrate into the consumer's consciousness, causing a certain reaction and responses. Other stimuli are the main forces and events of the political, economic, scientific, technical and cultural environment that surrounds the client.

There are few **modern theories**, which are used for describing a consumer model.

The first one is called Jobs-to-be-done theory. The method was invented by Harvard's Professor Clayton Christensen.

**Jobs-to-be-done theory** tells us that the more jobs a product can help a customer get done, the more valuable that product is as a product platform in that space. For example, a smartphone helps customers get thousands of jobs done, because it has multiple functions for this.

The theory states that markets grow, evolve, and renew whenever customers have a Job to be Done, and then buy a product to complete it (get the Job Done). This makes a Job to be Done a process: it starts, it runs, and it ends. The key difference, however, is that a JTBD describes how a customer changes or wishes to change. Markets aren't defined around products, they are defined as groups of people trying to get a job done. So, customers aren't buyers, they are job executors, and for their job they need tools. In this model the target audience is segmented not by traditional criteria (gender, age, interests, etc.), but by actual needs and stages of making a purchase decision.

Any owner of business should ask himself: “Who are the potential users of Jobs-to-be-Done Theory and what are the jobs they are trying to get done?” There are four jobs of particular interest:

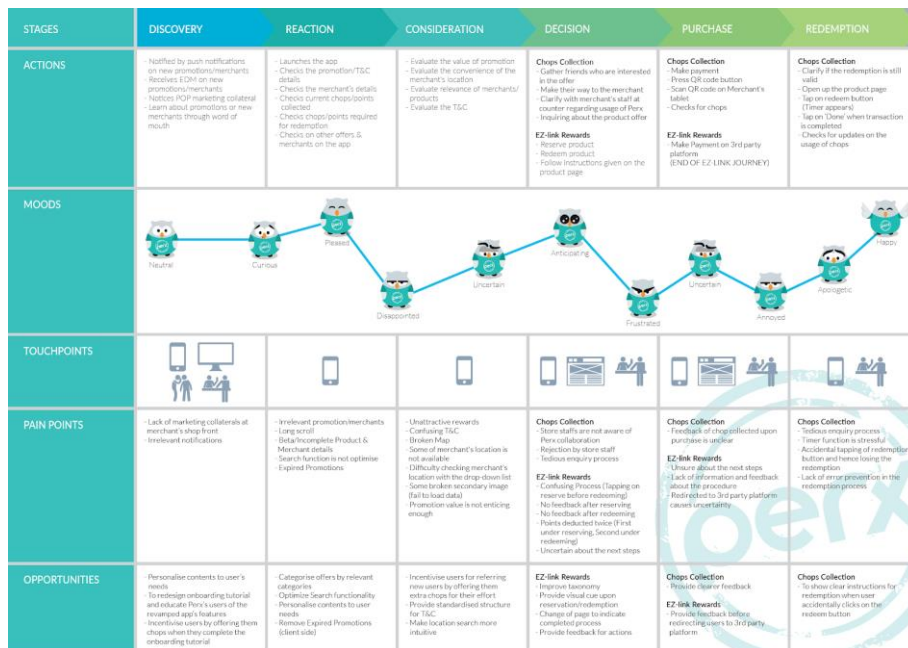
- market selection (deciding what markets to enter),
- product planning (deciding what products to create),
- product development (deciding how to best design a product),
- buying process (deciding how to improve the customer’s buying process).

The next theory is called **Customer Journey Map (CJM)**. CJM - a schedule drawn up on behalf of the buyer of his interaction with the company or product. It shows all points of contact of the consumer with the product or brand from the moment of the first contact. Such a map displays the client's actions, thoughts, emotions and problems that he faces.

The map includes:

- portrait of the client (collective image of the client and patterns of his behavior);
- points of contact (where the client intersects with the product: search engine, social networks, forum, SMS mailing);
- barriers to interaction (problems that arise in the process of interaction and make it difficult to purchase);
- thoughts, feelings, fears of the customer (from the emergence of interest in the product to price comparison and reasons for refusing to buy).

It is compiled on the basis of web analytics data, surveys, questionnaires and personal passage of the client's path by the company's employees.



<https://www.unisender.com/ru/blog/sovet/customer-journey-map/>

Figure 3 - The example of Customer Journey Map

**Value Proposition Canvas (VPC)** or **Business Model Canvas (BMC)** is a strategic management tool used to describe the business models of new or already operating enterprises. The method was developed by Alexander Osterwalder in 2004 and has since conquered the world.

The model consists of **9** connected among each other **blocks**:

#### 1. Customer segment

Customers - all people or organizations for whom your business wants to create value with your offer. The business model is then carefully developed based on the needs of the target groups.

For this block you need to ask yourself such questions as:

For whom am I creating value with my offer?

Who are my most important customers?

#### 2. Value proposition

Determine why consumers should buy your product (product, service), and not turn to a competitor. A value proposition should solve some customer problem or cover one of the needs. As a rule, it is a collection of goods or services for a specific segment.

Think about what is the main value of your product for consumers. If there are problems with this, contact the audience, let them tell you what specific problems they managed to solve after the purchase / order. In general, the task is to determine how you are better than your competitors.

The answers to the questions will help in filling out the block:

What value do we provide to consumers?

What problems do we help them solve?

What needs do we satisfy?

#### 3. Channels

Sales channels are points of contact with consumers. These include everything from information to after-sales service.

The answers to the questions will help in filling out the block:

What channels of interaction will allow you to communicate with our customers?

How do we interact with them now?

Which of them are the most effective?

#### 4. Customer relationships

The block describes the types of embedded relationships with individual consumer segments: ways to attract, retain and interact. There are several types of customer relationships:

- Personal support: direct interaction of the client with a representative of the company, accompanied by assistance during the purchase process and after it;
- Special personal support: fixed interaction of the company representative with the client;
- Self-service;
- Automated maintenance: self-service with process automation;
- Collaborative Value Creation: Engaging customers to create product design or content.

Questions to ask yourself:

What kind of relationship do I have with customers?

What do I do to build, maintain and expand the relationship?

Does the form of the customer relationship fit my business model?

#### 5. Revenue streams

In this section you need to describe how the business makes money. For example, license, rent, selling goods, advertisement and etc.

The answers to the questions will help in filling out the block:

What are customers willing to pay for?

What are they paying for now?

How do they pay?

How would they prefer to pay?

What part of the total profit does each stream bring?

#### 6. Key resources

The block describes the resources necessary for the functioning of the business model. Types of resources: financial, material, intellectual, personnel. They allow an organization to create and deliver an offer to the consumer, enter the market, keep in touch with segments and make a profit. Create a list of key business assets that support its operation and provide the ability to scale. Determine the priority for investment. As a result, you will get an idea of which resources are optional, which will lead to cost savings and reduce risks.

Questions to ask yourself:

What resources is my value proposition based on?

Which key resources do I need to fulfill the customer benefit?

What resources do my distribution channels/customer relationships/revenue sources require?

#### 7. Key activities

Now think about it and describe the main work carried out to implement value propositions - answer the question "how?". In other words, describe the operational activities of the business.

Questions to ask yourself:

What should be done to maintain the value of the product?

Without what the company cannot exist?

What needs to be done regularly to continuously improve the quality of work?

#### 8. Key partners

Key partnerships are a network of suppliers and partners that complement each other, thereby ensuring the functioning of the business model and the creation of a value proposition. The main reasons for creating partnerships: optimization of resource allocation and operation; reduction of risks and uncertainty.

Questions to ask yourself:

Who are my key partners, who are my most important suppliers?

For which key resources/activities do I depend on partners?

#### 9. Cost structure

The last block is very vital. You should consider all the costs that the company incurs when creating value propositions. Fill in the block based on previously defined resources, main activities and partners.

The answers to the questions will help in filling out the block:

What are the important costs we incur for the production of the product?

What resources are most dear to us?

What types of activities require the most expenses?

At the planning stage of a startup, the use of Canvas is difficult. Filling in all the blocks is possible when suppliers and partners are found, sales channels are determined and costs are calculated.

What does the Canvas Model bring to you? The Canvas Model helps to focus on what really drives the business – listening to what customers want. It also shows you which activities are not so important and tend to get in your way. In this way, you can sharpen your business model if necessary and concentrate on the essentials.

Of course, the Business Model Canvas cannot replace the business plan. Nevertheless, you can use this method to identify weaknesses in the business model and you will be guided to consider all relevant points in the business model. And finally, the Value Proposition Canvas will help you create a framework for the business plan.

The next model, which is closer to BCM and even looks almost the same, is **Lean Canvas**.

The **Lean Canvas** model is a lean methodology, a flexible model for fixing opportunities at any stage of business development (startup or operating company). Compared to Osterwalder's business model, Lean Canvas describes a more problem-oriented



approach and focuses on one group of customers: a separate schema is created for each segment. Blocks of problems, solutions, key metrics and hidden advantages replace key partners, activities, resources and customer relationships from BMC.

## 1.2 Marketing research

All businesses are built on the summary of some particular information, for instance, targeting group, preferences of your customers, analysis of a market, etc. Businesses use this information to create better products, improve user experience, and develop a marketing strategy that attracts quality leads and improves conversion rates. Without all this, without marketing research, it's impossible to understand your customers and their needs.

So, basically, **marketing research** is the method by which a corporation gathers data concerning its ideal client and bigger market, so as to tell the organization's go-to-market strategy.

Customers are the most vital part of a business, because the satisfaction of your customers is the result of your business.

That's why, when looking at your product or service, it's important to consider questions such as:

Who will use your product or service?

What is the age range of your customers?

What is their income level, marital status, and geographical location?

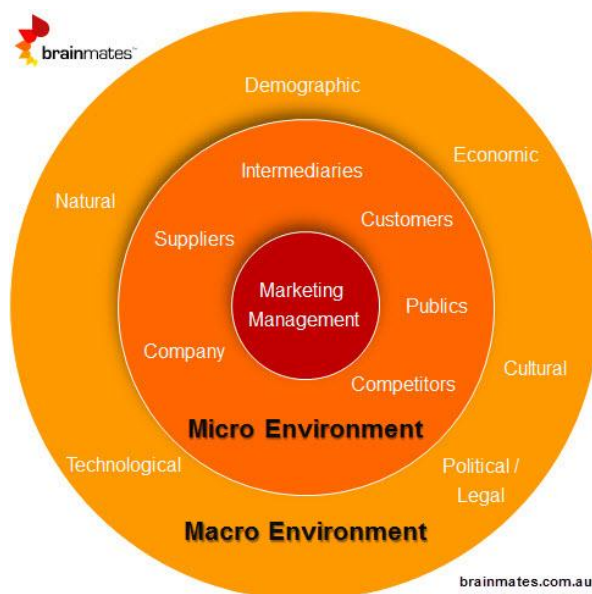
Understanding these factors will enable you to target customers more effectively.

All the marketing research explores macro- and microenvironment of a company.

A *microenvironment* is a set of relationships that develop within the organization itself. These are relationship between a company and its' suppliers, shareholders, employees and consumers.

The *macroenvironment* is a set of factors that the company's management cannot influence and must take them into account in order to establish and maintain cooperative relationships with customers. It includes political, social, economic, scientific and technological, cultural and environmental factors.

Below there is a visual picture of a company's environment.



**Figure 4 – Environment of a company**

Micro factors:

- ✓ **Suppliers:** Suppliers control the success of the business when they have power. The supplier holds the power when they are the only or the biggest supplier of their goods; the buyer here is not vital to the supplier's business; the supplier's product is a core part of the buyer's finished product and/or business.
- ✓ **Resellers:** If the product the organisation produces is taken to market by 3<sup>rd</sup> party resellers or market intermediaries such as retailers, wholesalers, etc. then the marketing success is impacted by those 3<sup>rd</sup> party resellers. For example, if a retail seller is a reputable name then this reputation can be leveraged in the marketing of the product.
- ✓ **Customers:** It is needed to know who the customers are (B2B or B2C, local or international, etc.) and their reasons for buying the product will play a large role in how you approach the marketing of your products and services to them.
- ✓ **The competition:** Those who sell the same or similar goods and services as your organisation is your market competitor, and the way they sell needs to be taken into account.
- ✓ **The general public:** A company has a duty to satisfy the public. Any actions of your company must be considered from the angle of the general public and how they are affected. The public has the power to help you reach your goals; just as they can also prevent you from achieving them.

Macro factors:

- ✓ **Demographic factors:** Different markets' segments are differently impacted by such factors as age, ethnicity, country (region), lifestyle, level of education and etc.
- ✓ **Economic factors:** The economic environment can impact both the organisation's production and the consumer's decision-making process.
- ✓ **Physical / natural forces:** The Earth's renewal of its natural resources such as forests, agricultural products, marine products, etc must be taken into account. There are also natural non-renewable resources such as oil, coal, minerals, etc that may also impact the organisation's production.
- ✓ **Technological factors:** Technology and innovations are needed for the production of goods.
- ✓ **Political factors:** Political factors, such as government laws, should be always included into marketing plan.
- ✓ **Social and cultural factors:** Society has an impact on your firm as well. A company should know the opinion of society. Any elements of the production process or any products/services that are harmful to society should be eliminated to show your organisation is taking social responsibility.

Micro and macro environments influence significantly on the success of marketing activities, and therefore such environmental factors must be considered in-depth during the process of creating a strategic marketing plan. Considering these factors will improve the success of a company's marketing campaign and the prestige of the brand in the long term.

Marketing research helps to identify and solve a problem.

There are 6 steps of conducting marketing research.

1. *Problem definition.* You need to understand and describe a problem of a company.
2. *Developing a research approach.* That means identifying factors that influence research design.
3. *Research design.* Research design is a framework or plan for conducting the marketing research project. It specifies the details of the procedures necessary for obtaining the information needed to structure or solve marketing research problems.
4. *Data collection.* In this step you need to collect all the secondary data and analyze it through quantitative or qualitative researches.
5. *Data analysis.* This includes the editing, coding, transcription and verification of data.
6. *Research finding.* Presenting results and key points.

Defining the *marketing research problem* is the most important step in a research project. Given the problem definition, research questions and hypotheses should be used to create a method either to measure or elicit an understanding of target participants.

*Research design* divides into 2 different types: exploratory research and conclusive research.

Exploratory research – design, characterized by a flexible and evolving approach to understanding marketing phenomena that are inherently difficult to measure.

Conclusive research – design, characterized by the measurement of clearly defined marketing phenomena.

For the fourth step of research a researcher needs to *collect* primary and secondary *data*.

Primary data are data originated by a researcher for the specific purpose of addressing the problem at hand.

Secondary data are data that have already been collected for purposes other than the problem at hand. This includes existing research reports ranging from census data to scientific studies, experiments other companies ran, peer-reviewed studies, infographics, and more.

While primary data is more difficult to collect, secondary data has a lot of advantages. For example, it's much easier to find it in different sources; it does not require a lot of time and can be accessed absolutely free. Moreover, secondary data helps to define a research problem, formulate a research design, test some hypotheses, analyze more deeply primary data and conduct qualitative research. However, secondary data has a few disadvantages as well: it might not be very accurate and appropriate or the information may not be the latest one.

Then you finish your research by some final analysis, editing and etc. and present results.

To build an effective marketing research study, most marketers will follow some combination of the following market research steps or categories:

- ✓ Qualitative marketing research explores a topic from a descriptive or conceptual lens. With this type of marketing research, participants describe from their perspective how something is or behaves, rather than putting numbers to it.
- ✓ Quantitative marketing research is a purely numbers-driven approach. This type of research gathers data from responses that can be counted or quantified.
- ✓ Ethnographic marketing research is any effort that attempts to gauge the marketing initiative or product in a natural environment or with anthropology as its basis.
- ✓ Business to business (B2B) marketing research is any of the above or other methods or steps applied in a B2B context. This category has a new set of challenges: getting any responses at all can be difficult, and getting honest ones can in some situations be challenging.

Qualitative research collects primary data. Primary data can be collected through interviews, focus-groups, observations and projective techniques.

Qualitative research helps to define a problem and understand people's behavior. It explores the reason why people behave in the way they do.

There are lots of alternative ways you may conduct research and collect client data, however you don't get to limit yourself to only one research method. There are few common market research methods.

#### 1) Surveys.

Surveys are a form of qualitative research that ask respondents a short series of open or closed-ended questions, which can be delivered as an on-screen questionnaire or via email.

These surveys are easy and inexpensive to conduct, and you can do a lot of data collection quickly. Moreover, the data is pretty straightforward to analyze, even when you have to analyze open-ended questions whose answers might initially appear difficult to categorize.

#### 2) Interviews.

Interviews are one-on-one conversations with members of your target market. Nothing beats a face-to-face interview for diving deep, but if an in-person meeting isn't possible, video conferencing is a solid second choice.

Many interview techniques rely on the assumption that you need only to ask people and they will tell you what you want to know. But this is not always like that. People may respond differently to how they would act. They can also tell you what they think you want to hear or give a different answer because their true answer may reflect badly on them or because they consider it too personal.

#### 3) Focus group.

Focus group is a group of people, which was selected as a target audience of people, who fit the market. A trained moderator conducts a conversation about the product, user experience, and/or marketing message to gain deeper insights.

#### 4) Observation.

During a customer observation session, a responsible authority from the company takes notes while they watch an ideal user engage with their product (or a similar product from a competitor).

### **Little conclusion on this part**

As was said before, satisfied customers are the result of any business. If your goods or services don't match your consumers expectations, then there is a high risk, that they will start writing negative reviews and buy goods from your competitors. In any case, you might lose them.

Marketing research helps you to find and solve a problem, define your target audience and get to know their preferences and, obviously, maximize their satisfaction.

Marketing research is useful, when a person starts new business. I will not only give you a basic plan of your business, but will help you to identify your competitors; how your target customers describe their needs or pain points; the price, your potential clients are ready to pay; decision-making process.

Marketing research will help you, when your business is growing. You can use MR, when introducing a new product or services or when changing the price of your products / services.

Additionally, MR can be used, when running a new marketing campaign.

You'll get insights to define your:

- **Message:** Which words, phrases, statements, and questions do your customers use to describe the topics you're tackling with your campaign?
- **Design:** What colors, shapes, illustrations, and other visual and branding elements does your target market resonate with?
- **Channels:** Where does your target market spend their time online, and which content formats do they engage with? What about offline channels?
- **Targeting:** How can you narrow your target audiences for your ad campaigns? Which interests, behaviors, and demographics can you use?
- **Frequency:** How much time does your target customer need to see or hear about you to take action?
- **Spend:** What's your potential budget to reach the number of people you need to hit your goals?

Finally, once you collect all your market research data, it's time to organize it and present it to your team and the rest of your company.

### 1.3 Customer behavior and its' importance

This section focuses on the patron behavior field of study and can explore the origin of a consumer focus in marketing. Since the term "consumer" are used often, it's necessary to initial outline the term "consumer". Walters provided such a definition: "A **consumer** is an individual who purchases, has the capacity to purchase, goods and services offered for sale by marketing institutions in order to satisfy personal or household needs, wants, or desires."

Walters defined consumer behaviour as: " ... the process whereby individuals decide whether, what, when, where, how, and from whom to purchase goods and services."

John C. Mowen provides a distinct definition by explaining client behaviour as: "... the study of the shopping for units and therefore the exchange processes concerned in acquiring, consuming, and taking away goods, services, experiences, and ideas". This definition focuses on buying units in an effort to incorporate not solely the individual however also teams that purchase merchandise or services.

Consumer behavior is regarded as a relatively new field of study with no historical body of research of its own.

Consumer behavior, as well as factors influencing the purchase decision, is what the marketing policy of most companies is based on today. By influencing people with the help of various marketing tools, organizations build a whole system.

To determine consumer behavior, marketers use numerous consumer behavior models.

✓ **Theory of reasoned actions.**

Theory of Reasoned Action focuses its analysis on the importance of pre-existing attitudes in the decision-making process. According to this theory, consumers act on behavior based on their intention to create or receive particular outcome. Consumers act in their best interests.

There is some risky time between a consumer, making a decision, till the end of his/her actions. In this time a customer can change their mind easily.

✓ **Engel, Kollet, Blackwell (EKB) Model**

The EKB Model expands on the Theory of Reasoned Action, and has a five-step process that consumers use when making a purchase.

1. Awareness - During this stage, consumers view advertisements from a business and become aware of their need, desire, or interest, to purchase what they've just discovered.
2. Information Processing - After discovering a product or service, a consumer begins to think about how the product or service relates to their past experiences or needs and whether it will fulfill any current needs.
3. Evaluation - At this point, consumers will research the product they've discovered and research options from competitors to see if there is a better option or if the original product is the best fit.
4. Purchasing Decision - A consumer will follow through with a purchase for the product that has beat out competitors to provide value. A consumer may also change their mind.
5. Outcome Analysis - After making a purchase, a customer will use what they've bought and assess whether their experience is positive or negative. After a trial period, they'll keep a product and maybe decide to become repeat customers or express dissatisfaction and return to stage three.

✓ **Motivation-Need theory**

Under his theory, people act to fulfill their needs based on a five-part priority system. The needs include, in order of importance: physiological (survival), safety, love, esteem, and self-actualization.

Consumers are motivated to prioritize purchases toward the base of the hierarchy, so it is vital that companies draft a message that instills a sense of need or urgency in consumers.

✓ **Hawkins Stern Impulse Buying**

Hawkins Stern badly believed in the idea of impulse behavior. Stern established four categories of impulse buying.

1. Escape Purchase - Sometimes called pure impulse, this involves purchasing an item that isn't a routine item or on a shopping list. Consumers are drawn to these items through appealing visuals.
2. Reminder Purchase - A consumer makes a reminder impulse purchase when they come across a product through in-store setups, promotional offers, or a simple reminder that a product exists, like a strategically placed ice cream scoop in the freezer aisle of a grocery store.
3. Suggested Purchase – This occurs when a consumer is made aware of a product after a recommendation or suggestion from an in-store salesperson or online algorithms. For example, seeing an ad that says, "Other people who bought this shoe you're about to buy also purchase these socks." The consumer didn't know the socks existed, didn't plan to buy them, but now the suggestion has told them that they need them.
4. Planned Purchase - Although planned is the opposite of impulse, these purchases occur when a consumer knows they want a particular product but will only buy it if there is a deal involved. An unexpected price drop could lead a customer to make a planned impulse purchase.

✓ **Nicosia Model**

This model displays the reciprocal relations between the corporate and therefore the client and originates among them for bilateral communication. firms act with customers through promotional exercises, though customers communicate by buying products.

In Nicosia model, the decision-making process is divided into four areas; they are:

1. Consumer Attitude: Consumer attitudes are formed by news and data gathered from the market. In this way, information flows from the origin of their formation to the recipient.
2. Research and evaluation: In this way, consumers expect news about products and provide them value. At the time of evaluation, the consumer assigns relevant emphasis on every news.



3. Act of purchase: After analysis, when a customer is delighted with a product than they are motivated to buy that product, then they purchase the product and use it.
4. Feedback: Feedback is a form of response which comes after consuming the product. It may be either positive or negative.

Decades ago consumers' behavior and their needs were not counted. For instance, in Soviet times, people's opinions and interests were not taken into account, and all activities were based on a certain state plan. Currently, companies are striving to attract attention to their product, despite the wide assortment diversity represented on the market by competitive firms.

The important thing is, that customers' behavior as a study help all the companies or individuals create their businesses.

Usually, a consumer is guided by the following concepts:

- own interests, tastes, needs;
- interest in the product;
- benefit;
- financial opportunities and prices.

Moreover, the comprehensive part is that all consumers are different. They have different tastes, interests, financial status and etc. They have different age.

The good example of this is new and old generations. There is a new science especially for this called *theory of generations*, which has been making a huge influence on consumers' decision-making process and behavior.

**Theory of generations** is the description of time cycles in history and the characteristic features associated with them, as well as the views of people born in certain chronological periods.

The sense of the theory is that every 20-25 years, people whose worldview is not similar to the beliefs of their predecessors are born.

During any generation process the usual level of people's comfort is changing, professions and industrial companies appear or disappear, economy, fashion, art, people are changing. The personality of each person is also formed under the influence of various factors: family, society, everyday environment and work.

A good example of this is people born before or during the war 1941 - they finish their food until the plate is empty, do not throw out broken things, but fix them and always have reserves for a rainy day, in the form of: finances and products.

And new generation, vice-versa, know that there are more opportunities right now, they never stay without job or money. That's why they don't afraid to spend money and enjoy life.

There are few generations, that people use these days: X, Y, Z, baby boomers and alpha.

The generations by years:

- the greatest generation (1901 - 1925);
- the silent generation (1925 - 1944);
- the baby boomer generation (1944 - 1967);
- Generation X (1967 - 1984);
- Generation Y - Millennials (1984 - 2000);
- Generation Z (2000 - 2011);
- alpha generation (since 2011).

In digital marketing, we need to understand the differences between generations so that you we can build a business for people from different backgrounds. Otherwise, the sales figures will leave the best.

Good marketer knows, that he/she needs to sort a company's target audience by age. For instance, if you need to sell a product or service for Generation Y, you need to be able to communicate in their slang.

If you are a boss and you have employees of different ages working under you, knowing the strengths and weaknesses of each employee will help you develop a concept for the overall development of the team. Of course, it's not possible to try on the people framework for each person. We are all different in our own way and some part of Generation X is trying to keep up with young people Z, using modern technologies no worse than teenagers and speaking a modern language. On the contrary, many representatives of Z try to live according to the principles of the 90s.

Let's consider each generation's behavior in marketing.

#### **Silent generation (1925 - 1944).**

The silent generation is used to save money "for a rainy day", even to the detriment of the quality of life. They may have decent savings, but they will still try to save money, buy goods at a special offer or at a discount. They are very skeptical about new products, prefer what they have already tried.

Most of the spending goes on food and medicine. There may be expenses for gifts to grandchildren and great-grandchildren, household goods, building materials for repairs and cottages, vouchers to sanatoriums. Less often they buy clothes, shoes, household appliances, real estate.

The silent generation is conservative, that's why it trusts only trusted sources of information. For this audience, it is better to place advertising on radio, central television channels, in newspapers. Mailing lists, flyers, information stands work as well.

#### **Baby boomers (1944 - 1967).**

For boomers it's important to prove that your products have high quality and will be useful for a long time. They are very loyal to a brand they have known for a long time. Thus, if a brand that an older generation consumer trusts offers him a more expensive service, while promising higher quality or greater benefits, it is likely that the buyer will accept the offer.

The boomer generation is most loyal to traditional marketing methods. Before making a purchase, they prefer to communicate with a real person. However, they negatively

accept methods that can be considered as interference in personal life, for example, insisting phone calls. They are also more likely to mark an advertisement on social networks as spam, because for them it is primarily a platform for communicating with old friends and family members.

Baby boomers go to markets and stores, take some time, compare characteristics and functionality. They are ready to try new things and learn how to use modern gadgets.

### **Generation X (1967 - 1984).**

"X's" are constantly in a hurry, they like to buy everything at once. They have a tendency to compare offers before making a final choice. They want to know what they are buying, carefully study the composition and information on the packaging.

They have experienced the peak of the shortage of goods, so material values are important for them. With the help of different things, the "X" express their individuality, because in childhood they wore the same clothes and played with the same toys. They often take loans to get what they want here and now. They appreciate comfort and are willing to pay for additional services.

Generation X is the most susceptible to advertising. They willingly try new products, trust brands. To win their favor, you need to show:

- uniqueness of the product or service;
- quality and reliability;
- the possibility of choice;
- convenience.

### **Generation Y - Millennials (1984 - 2000).**

Millennials consume less than previous generations and it's not just about their beliefs. They are not ready to go to an unloved job, even if it pays more. They prefer a lower income if they are offered something interesting. Therefore, they are objectively poorer than their predecessors, they cannot afford much, and the global financial crisis has taught them to be more careful with loans.

Millennials can do without a car and postpone the purchase of real estate for later. But they definitely won't save on gadgets. They enjoy buying clothes, shoes, cosmetics and sporting goods. They like to travel, prefer healthy food, count calories. "Y" like to pamper their children, pay great attention to early development.

Millennials often shop online. When choosing, they carefully read reviews and ratings. They come to the shopping centers "y" with friends, here they are interested not only in shopping, but also in entertainment.

They don't believe in traditional advertising and are skeptical about brands. They would rather buy things from local little-known brand or show room, rather than from famous mass-market.

### **Generation Z (2000 - 2011).**

Z generation are called “digital natives” – they do not remember life without the Internet and gadgets. They don't communicate much with the outside world, they are independent, they want to grow up faster. They clearly represent their future and worried about global problems, and they strive to change the world.

There are no territorial and national borders for Generation Z. Thanks to the Internet, they grow up in a multicultural environment and are tolerant of any interlocutor. They actively participate in volunteer programs and are interested in environmental issues.

The "Zetas" think about health and are less depend on bad habits than other generations. They like to spend money on entertainment, gadgets, clothes and shoes. They usually invest in their own education, purchase real estate and want to travel a lot.

Z generation are annoyed by traditional advertising and, just like millennials, they do not recognize the authority of brands. The Zetas are used to perceiving information visually. They rarely use search queries, so they get their information from YouTube videos. It takes a long time to make a purchase decision for them. Mostly, they order goods and services through the Internet, while most often using a smartphone.

### **Alpha generation (since 2011).**

Alpha generation is millennials' children. They are the youngest, therefore they can't really say what they want and like exactly, because they are still in the process of understanding themselves.

Alphas are very fond of fashionable and functional things, they grew up surrounded by an endless number of toys, clothes and modern gadgets. They instantly lose interest in anything, they are difficult to impress or make happy.

They are knowledgeable and competent in many issues beyond the control of children's perception 10 years ago, such as: the relationship of parents, the causes of financial problems in the family and why, in principle, money is needed.

Theirs mind is so different from another generations and it is believed, that Alphas will change the world!

Now you can see, how different all generations from each others and all of them need an individual approach.

It is already difficult to attract the attention of consumers, but when you have to appeal to fundamentally different demographic groups, the task becomes even more difficult. After all, representatives of the older generation are rather cool about modern technologies, and young people have a completely different set of values. And the most effective communication requires marketers to pay attention to the "age" characteristics of the audience.

The theory of Generations is not the only topic we should point at in customers' behavior. In 2019 **COVID-19** started and it has still been influencing people all over the world.

This has also led to the next changes in consumer behavior:

- Restrictions in physical movement have initiated interest in a remote way to make purchases in a variety of areas;
- Restrictions on natural physical activity have aroused interest in a healthier, dietary and balanced diet, as well as in the organization of home (or not requiring visits to crowded places) ways to maintain physical fitness;
- Distance learning has dramatically expanded the offer in this service sector, as well as partially occupied the leisure niche.

Right now, instead of taking any risks of going somewhere, people prefer to buy clothes, food, gadgets online. This is convenient, it has the same price, and no need to go somewhere.

As people are much more often staying home, they start gaining some weight. This gives them the understanding of implementation gym to home fitness. That's why the demand for fitness marathons online has been increasing.

As was said before, instead of going out for lectures and courses, people now have a tendency to buy courses for theirs' development online as well.

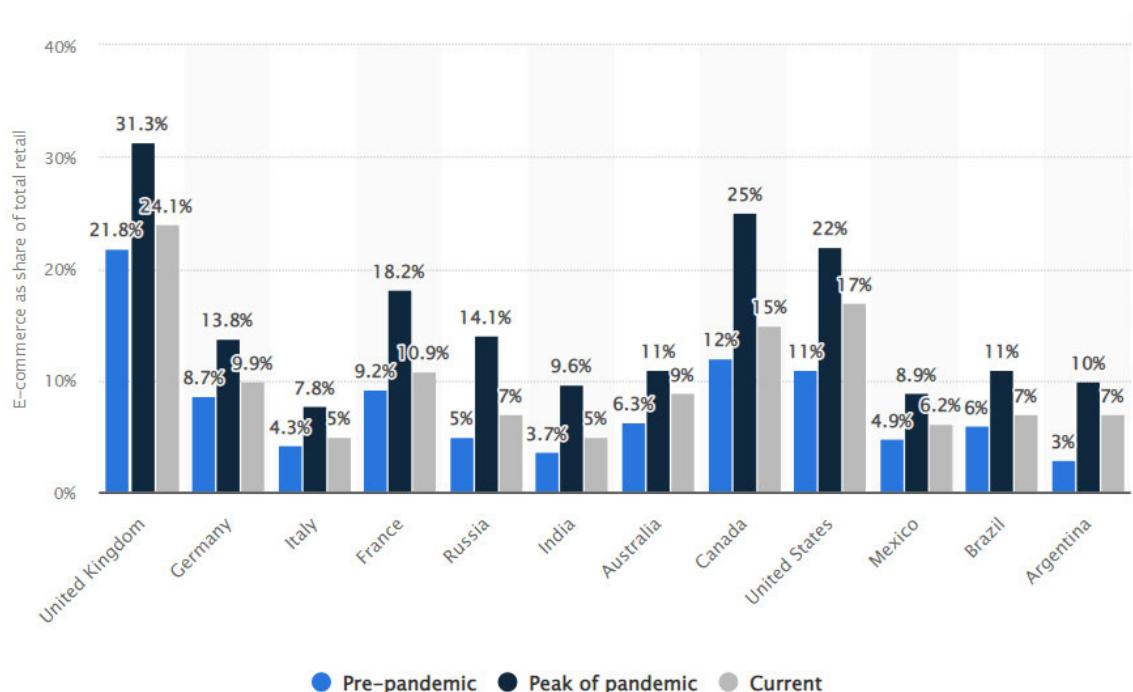
COVID-19 gave people the understanding that we can do everything online: buy groceries, "go" shopping, "attend" some lectures, do sport and develop themselves.

The sad point of it is that a great amount of people lost their jobs. On the other hand, people started to search for other different ways of how to earn money, and they started developing themselves in finance and investments, which is a good point.

People are getting smarter and more confident in their opportunities!

What else influence on customers behavior these days? Contemporary **E-commerce**, which had started developing little by little before COVID-19, but the pandemic contributed to much faster growth. The sudden rise in popularity of e-commerce, especially in the field of food, consumer goods, healthcare and pharmaceuticals has happened all over the world.

Let's see on the graph, how e-commerce has been developing during the covid time.



<https://www.statista.com/statistics/1228660/e-commerce-shares-development-during-pandemic/>

**Figure 5 - Development of e-commerce shares in total retail sales in selected countries before and after the coronavirus (COVID-19) pandemic as of January 2021**

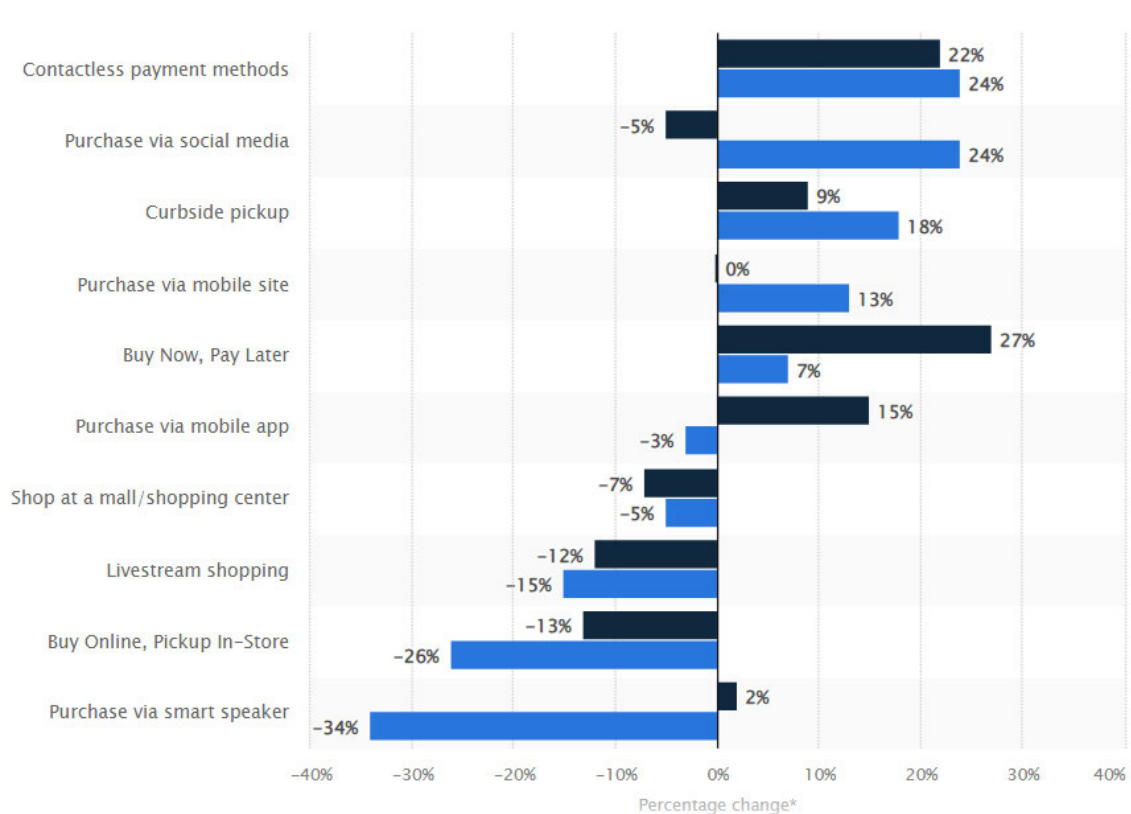
On the graph we can see the development of e-commerce shares in different periods of covid time, which allows us to analyze it better.

During the peak of the coronavirus (COVID-19) crisis (March-April 2020) when many countries worldwide introduced lockdown measures, e-commerce share in total retail sales saw proportions that were not seen before. United Kingdom had the biggest rate of using e-commerce at the peak of the pandemic with 31.3 % of share. Unfortunately, as Germany not an advanced country in electronic commerce, it had only 13.8 % of share.

Absolutely all countries had raised their awareness in e-commerce during the pandemic. On the graph we can also notice, that current situation in using e-commerce is much different than it was at the peak of the pandemic. As lockdown measures went less strict nowadays and people's lives are going back to normal pre-covid time, the e-commerce share went down as well.

Now, as we know about changes in customer behavior among generations, let's see how the pandemic influenced it as well.

On the graph below there is a change in Gen Z and millennials shopping habits after covid-19.



<https://www.statista.com/statistics/1276845/post-pandemic-change-shopping-habits-generation/>

**Figure 6 - Change in Gen Z and millennials shopping habits after covid-19 in 2021**

According to a 2021 study, various technologies and services whose popularity rose during the COVID-19 pandemic were forecast to become embedded in people's shopping habits once the health crisis is over. That is the case, for instance, of contactless payment methods, with an expected increase of more than 20 percentage points among Generation Z and millennial shoppers. The option to buy now and pay later would also be part of the new shopping practices of younger consumers across the globe. In contrast, live shopping intention would likely decrease among these two age groups after the spike experienced during the pandemic, dropping by more than ten percentage points.

The other thing, which people call a “trend” these days and which influences customer behavior, is **environmental protection**. Environmental protection is a very general phrase.

Let's refer to this concept such things as:

- sustainable consumption,
- recycling,
- cruelty-free fashion,
- zero waste lifestyle,
- waste disposal and etc.

Sustainable consumption - the principle of conscious and economical use of natural and any other resources to meet the necessary needs. The goal of responsible consumption is to do more and better with less.

Waste disposal - the technological process of garbage disposal is aimed at ensuring an ecological balance in the environment and consists of three main stages: The formation and accumulation of garbage; Garbage collection and its further transportation; Placement or disposal of waste.

Recycling - multiple use of resources by recycling waste into new materials and products. Recycling of old and out-of-fashion clothes is one of the main concerns of the recycling industry.

Upcycling is the reuse of finished material without attempts to recycle it. The term originated in Germany, where already in the 90s the locals realized how useful and profitable it was to reuse quite expensive, but already obsolete things and materials. By the way, vintage, commission and second-hand stores are part of the upcycling process.

Cruelty-free fashion - is clothing and accessories made from cruelty-free sources, i.e. NO animal products were used in making the garments and gear, and no animal was harmed.

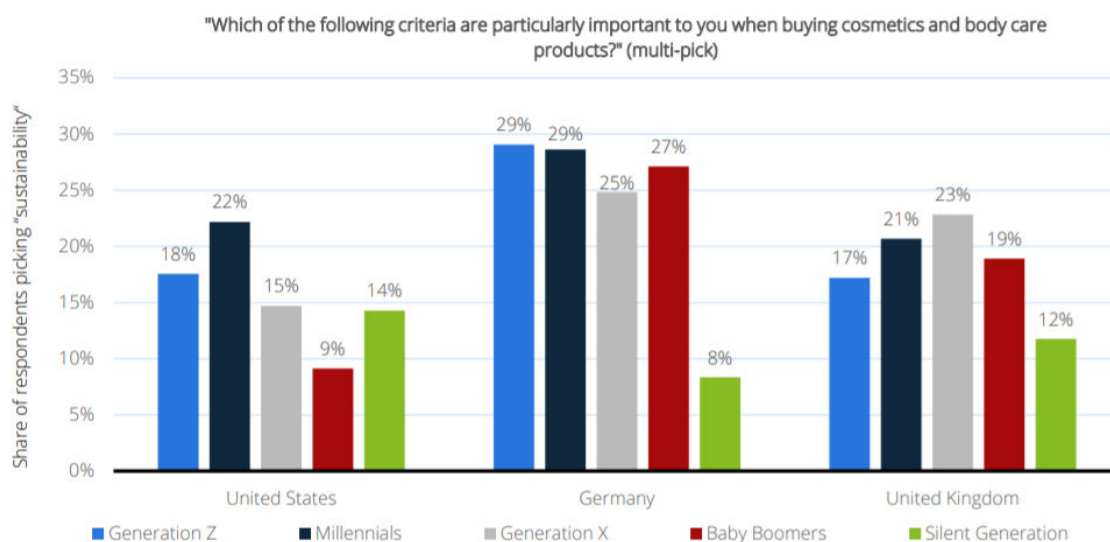
As consumers become cautious of potential toxicity in cosmetics, market segments offering products manufactured using natural and organic ingredients and essential oils are likely to report strong growth. Additionally, consumers are becoming more aware of the impacts of their beauty decisions on the environment and are trying to purchase more sustainable products. This reveals an inevitable shift of the beauty market not only to natural and organic but also to "clean" and "green" beauty.

Cosmetics are considered natural with respect to two important dimensions: ingredients and processing. Certified natural cosmetics are required to follow the production guidelines. The products are made of natural or organic ingredients and plant-based oils and do not contain harmful chemicals. The idea of natural cosmetics and beauty products, especially when it comes to skin care, body care, and anti-aging products, is to avoid interfering with biological skin functions. The raw materials used in natural cosmetics aim to work in harmony with one's skin in order to support the physiological processes, while conventional (non-natural) products could damage the skin's natural functions, such as self-moisturizing or self-repairing, in the long term. Less waste with few chemicals processes, limited or no animal testing, and the use of only nature-identical preservations are sustainable practices in the production guidelines.

The Statista Global Consumer Survey found that over half of Germans surveyed considered their purchasing habits and other behaviors to have an impact on the environment, making Germany the most green-minded.

By using the results of the survey below, we can imagine, how environmental protection influences people's behavior.





statista.de

**Figure 7 - Share of respondents for whom sustainability is an important criteria when buying cosmetics and body care products, 2021**

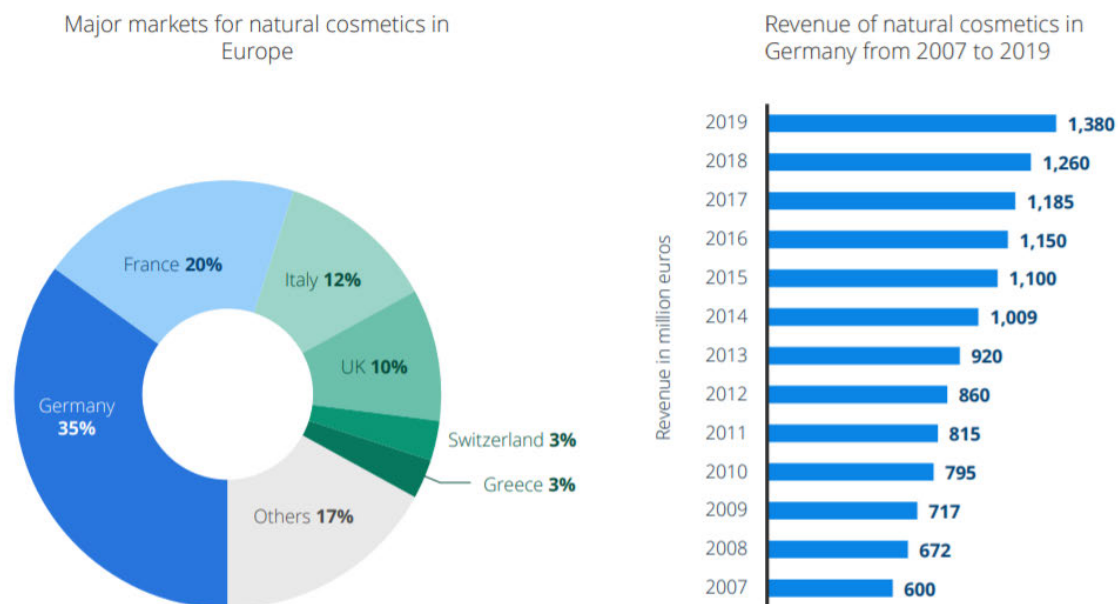
As we can see from the graph, nearly all generations in Germany are concerned about sustainability, except of silent generation, which is pretty obviously.

Much of this can be based on the differing priorities of different consumers regarding different products. Some may prefer to buy locally sourced cosmetics to reduce carbon emissions from transport, while others focus on buying products with organic certifications or preventing animal testing.

Among the generations, young consumers (Gen Z) most reported purchasing natural and organic beauty and personal care products, followed by Millennials, and Gen X. While mass merchandisers and drugstores remain the top channels for shopping for beauty products, younger generations are shifting their spending to other channels. According to Linkage Research, Millennials and Gen Z reported that they shopped from more channels on average than their generational counterparts and were significantly more likely to prefer shopping for beauty products through online channels and beauty specialty stores.

Consumers are spending higher amounts of their disposable income on cosmetics than ever before. In recent years, as Millennials have entered the job market, they have become a big driver of the cosmetics market. These two youngest generations Millennial and Gen Z care about what is inside of their beauty products and they are willing to pay more for the natural and sustainable options.

Germany is the leading market in Europe for natural and organic beauty and personal care products, accounting for 35 percent of the market in the region in 2018. France and Italy were the second and third largest natural cosmetics markets, respectively. This market share we can see on the next graphs:



Source: NaturKosmetik Konzepte

**Figure 8 – Revenue of natural cosmetics in Germany 2007 – 2019**

Every year the consumption of natural products only grows and the revenue is proof of that. According to NaturKosmetik Konzepte, Germany's natural cosmetics market has roughly doubled in value over the past decade and has continued growing approximately 10% each year.

Sustainability and environmentally conscious shopping have become increasingly important with the increasing pressure regarding global climate change.

Globally, analyst Persistence Market Research estimates that the organic cosmetics sector will be worth \$22 billion by 2024, growing at between 8-10% annually.

A combination of factors is driving this growth: increasing consumer demand for short ingredient lists and strong eco credentials; an expectation that beauty products should be 'cruelty-free'; and more attention to what we put *on* our bodies and etc.

### **Conclusion.**

Consumer Behaviour is the customer's response towards the product; it may be a single person decision or a group decision whether to buy a product or not, which depends on the customer's actual need and sometimes because of good services customer purchases product.

The main directions of a comprehensive analysis of buyers, as well as factors affecting their behavior in the marketing system, include the following:

- Needs analysis. The main goal is to understand what the buyer needs at the moment, which of his desires are not satisfied.
- Analysis of expectations. This is where the standards of service that customers expect to see are studied.

- Perception research.
- Quality of service. For example, it may be technical or organizational aspects.
- Complaints. Often, this source of information about the company's work is considered positive, as it helps to understand the main problems, eliminate them or, if possible, avoid their recurrence.

Important to know, that theory of Marketing is a new science, therefore marketers are still discovering and improving the ways to understand consumers' behavior. Also, for understanding customers' behavior there several models were created by marketers. However, there different generations, which influence customers' behavior as well.

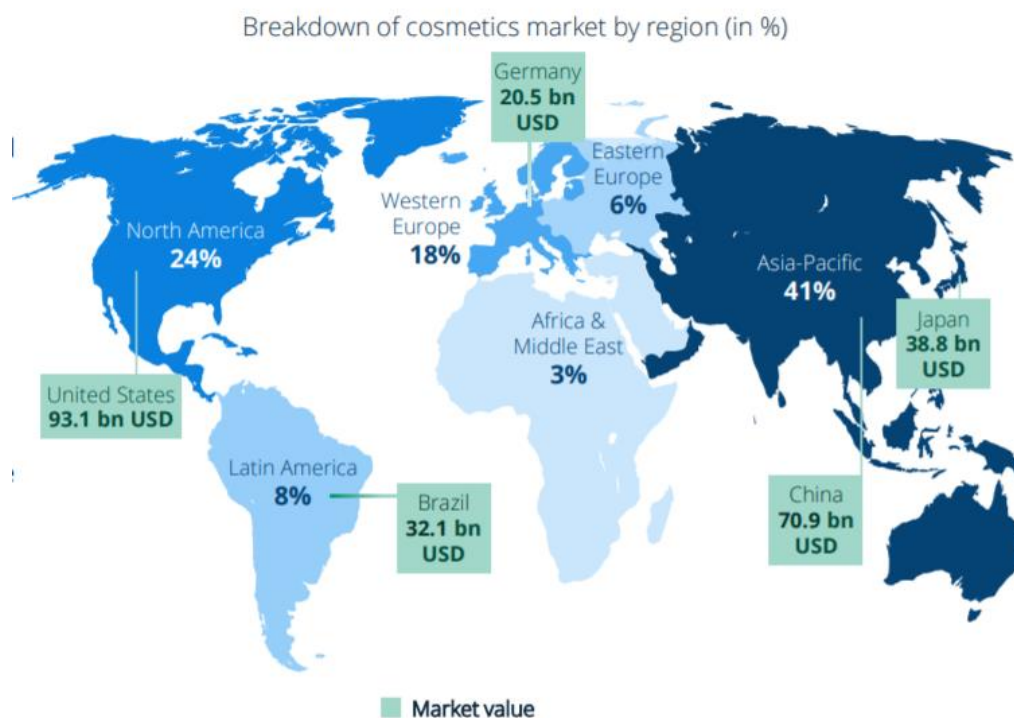
So, we can say, that the pandemic has created a priority for local purchases. The availability, the origin of the product and the availability of the goods in stock are key for buyers who no longer want to go far to get their favorite products. At a time when many consumers are trying to avoid crowds as much as possible, promotions and big discounts are not enough to attract visitors to previously visited stores.

Another factor relevant to many consumers is that the products they buy are not only free from chemicals, such as parabens, ammonia, sulphate formaldehyde, and polyethylene, but also produced in a green and sustainable way. Claims such as "green", "not tested on animals", and "eco-friendly" have become more and more important for beauty shoppers especially among younger generations. Natural/organic beauty consumers most commonly report looking for such claims because they believe it is healthier for their body and they feel better about purchasing these products due to the perceived benefit for environmental preservation.

## 2 Analysis of customers' behavior of skin care brand Beiersdorf

### 2.1 German market of skin care

First of all, to start with the analysis of the company, let's see how relevant skin care today in general.



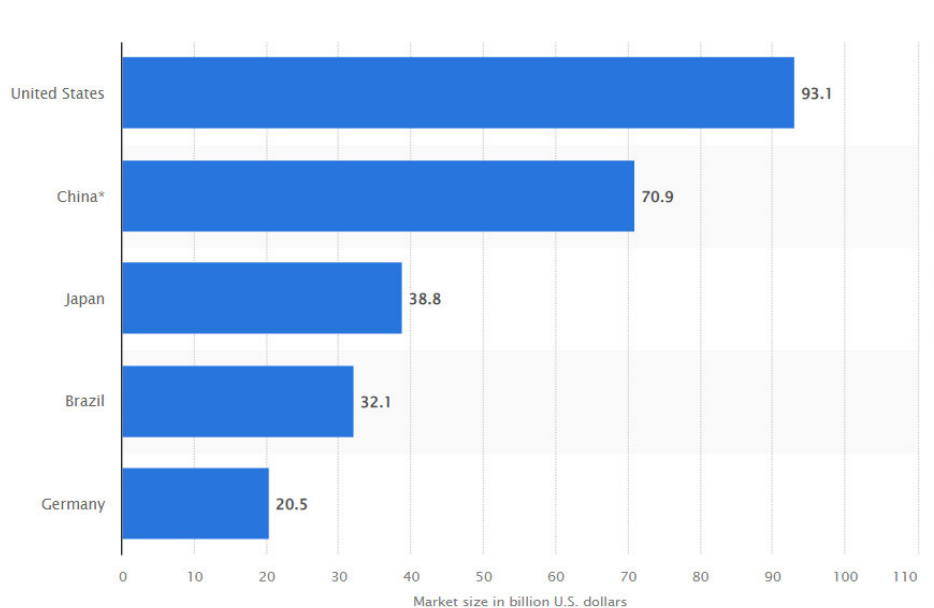
<https://www.statista.com/study/81197/natural-and-organic-cosmetics-market-worldwide/>

**Figure 9 - Breakdown of cosmetics market by region**

Globally, the Asia-Pacific region made up the largest share of the cosmetic market, accounting for more than 40 percent, followed by North America and Europe with a market share of 25 percent and 18 percent, respectively. These three regions have been the main drivers of growth for years, starting global beauty trends, and setting standards that are followed around the world.

Germany is the leading European country in beauty and personal care markets. Germany is witnessing a growing demand for natural products as consumers seek less harmful and healthier offerings featuring ingredients which can enhance one's wellbeing. Furthermore, people in the country are stifled by high relative costs of treatments and a shortage of time. This is where new product lines are adding disruptive innovations through DIY home usage packets which take care of all treatments. Apart from this, the market in the country is driven by the presence of global players such as Beiersdorf AG,

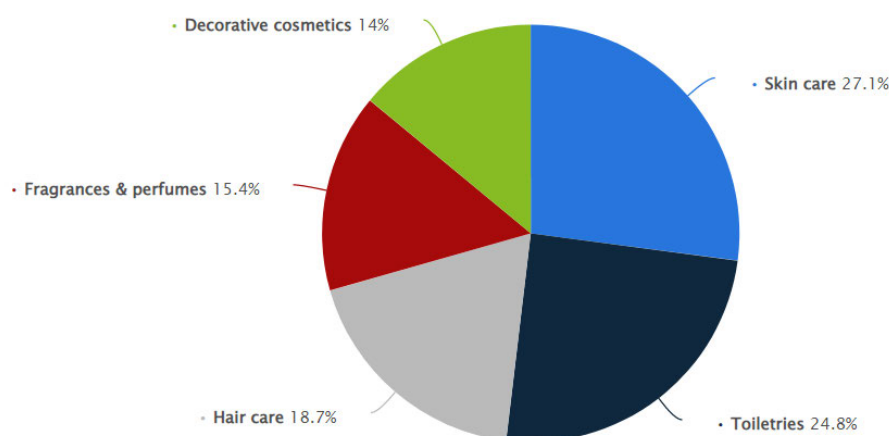
Henkel, and various others. Being local, these companies are well aware of the consumer preferences in the country, and are launching new products at a regular interval.



**Figure 10 - Value of the beauty and personal care market worldwide in 2020, by leading country**

In 2020, the United States was home to the largest beauty and personal care market in the world, valued at over 93 billion U.S. dollars. But the first European country in this graph is Germany, which takes the 5th place worldwide.

German beauty and personal care continued to be led only by 2 companies: by international giant L'Oréal in 2020 as the only player to hold overall double-digit value share. It was followed by major local company Beiersdorf which maintained a stable position.



<https://www.statista.com/statistics/1029251/cosmetics-market-share-in-european-market-by-product/>

**Figure 11 - Share of cosmetics in the European market in 2019, by product**

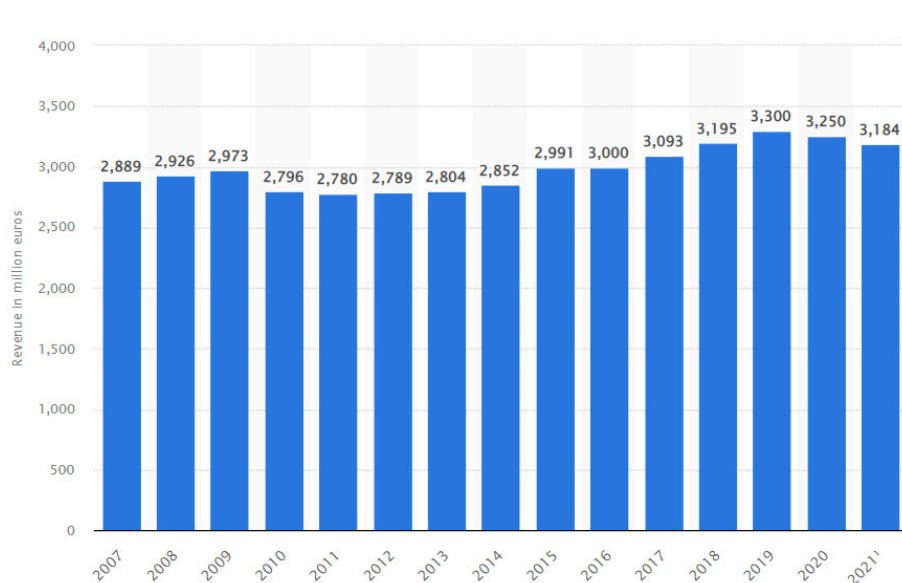
The most dominant cosmetic forces in the European market are skin care with 27.1% and toiletries (perfumery) with almost 25%.

The German cosmetics and toiletries market is mainly driven by women and younger consumers, as they are willing to spend more money on such offerings.

The Germany Skin Care Products Market is segmented by type into facial care, body care, and others. Based on Distribution Channels, the market is segmented into supermarkets/hypermarkets, conveniences stores, specialist stores, and other distribution channels.

The German skin care products market currently stands first in terms of market revenue in the European market. German consumers are known to make informed product choices based on their skin type and preferences. Men and women alike continue to seek product formulations that meet their needs in terms of product quality and associated side-effects.

So, the next graph shows us the revenue from skin care in German market.



<https://www.statista.com/statistics/577381/skin-facial-care-product-revenue-germany/>

**Figure 12 - Revenue from skin and facial care products in Germany from 2007 to 2021 (in million euros)**

This statistics represents the revenue from skin and facial care products in Germany from 2007 to 2021. The highest indicator was 3.3 billion euros in 2019, but due to the pandemic, by 2021 the indicator went down to 3.18 billion euros.

Beiersdorf company is a very famous skin care brand, who introduced the first ever moisturizing face-cream. The company, which is known everywhere in the world, and you know one of its brand – Nivea, Eucerin, Hansaplast and Labello.

## 2.2 Analysis of Beiersdorf company in German market

### 2.2.1 History

Beiersdorf was found in 1882 by a pharmacist Paul C. Beiersdorf in Hamburg. Strangely enough, the Paul started his business not from face-creams or other skin care products, but from plasters. He produced healing plasters from the mass of the gutta-percha tree and thus lays the foundation for modern plaster technology. Paul also patented his plasters.

In 1890 Beiersdorf sold his company to Oskar Troplowitz. Troplowitz modernized the production processes, made the first international contacts and expanded the business considerably.

In 1909, their first lip care stick, named Labello, was launched. The care pen in the new sliding sleeve is quickly becoming an international success and a synonym for lip care products.

As Troplowitz wanted to create something moisturizing for face, he kept working with his scientific consultant Paul Gerson Unna and the German chemist Isaak Lifschütz on a new skin care cream. Lifschütz found the emulsifier Eucerit (= "the beautiful wax") - the basic ingredient of the Nivea Crème, and they started selling the skin care cream in December 1911. It had a yellow can. A simple yet elegant blue and white design was introduced in the middle 1920s. That essential design is still used today. Numerous studies have confirmed the high quality of the product. The cream helped to retain moisture in the skin, preserving its elasticity. Thanks to the proven formula, the product remained fresh for a long time, preventing the reproduction of microorganisms.

The company had a great growth and its' products became famous in 34 countries in 1914.

After the death of Dr. Oscar Troplowitz and his brother-in-law and co-partner Dr. Otto Hanns Mankiewicz Beiersdorf's legal form is changed several times. On June 1, 1922, the company P. Beiersdorf & Co. AG was founded.

Around 1925 the advertising campaign changed. It focused on sport, leisure time and nature. The company grew so fast. For instance, in 1918 it had 500 employees and in 1932 it already had over 1400 employees worldwide.

During the Nazi regime, Carl Claussen was chairman and led the company through the difficult time. Elly Heuss-Knapp, married to Theodor Heuss and after the war the new First Lady of the Federal Republic of Germany, was a freelancer at Beiersdorf and responsible for important parts of the Nivea advertising. She took care of keeping the advertising messages free from Nazi ideology. After the war, most of the production sites and the administration building in Hamburg lay ruined. Furthermore, most of the international subsidiaries had been expropriated and Beiersdorf lost the Nivea trademark rights.

In the year 1972, Beiersdorf employed more than 10.000 people worldwide. In 1974, the company established a divisional organization, divided into cosmetics, medical, pharma and Tesa. Also, Max Herz' heirs (Tchibo) took over a share of 25 percent of the company. In 1981 Beiersdorf generated a turnover of 2 billion Deutsche Mark. A few years later, in 1989, the company started to change its strategic orientation to focus on three key areas: skin care, adhesives technology and wound management.

As part of the range expansion at NIVEA, special products for facial care are coming onto the market. New product categories such as shower, men's and hair care round off the portfolio.

In 1991 Beiersdorf takes over the La Prairie brand, which goes back to the renowned clinic of the same name in Montreux. The Swiss skin specialists are pioneers in cellular therapy against skin aging.

By expanding to new fields of cosmetics, global standardization of brand policy and the recovery of the missing brand rights in countries such as Great Britain, South Africa and Australia, NIVEA has become the largest skin care brand in the world.

But in 1997 the worldwide repurchase of all NIVEA brand rights has been completed with the acquisition of a majority stake in the Polish company Pollena-Lechia in Poznan - today NIVEA Polska.

A few years later the cosmetics company Florena from Waldheim in Saxony becomes a wholly-owned subsidiary of Beiersdorf AG.

In 2003, a 2-year bidding war ended. Procter & Gamble, an American competitor, had sought to purchase Beiersdorf and proposed a take-over deal to Allianz insurance, which then held 19.6% of Beiersdorf's stock. Fearing that Procter & Gamble was interested only in Beiersdorf's brands and not in the company as a whole, many in Hamburg preferred to retain local ownership. The city of Hamburg and its state-owned holding company HGV created such a solution. The Herz family, owner of the German company Tchibo, who already had a stake in Beiersdorf, increased their holdings to 49.9%. Allianz still held 3.6%; Beiersdorf AG bought up 7.4% of its shares, of which 3% were given to the Beiersdorf pension fund. Another share holder, a private family, retained their share. This public-private alliance ensured that Beiersdorf's headquarters would remain in Hamburg and continue to provide hundreds of jobs, while paying taxes of approximately 200 mn euros annually. In June 2009 Allianz reduced its holdings from 7.2 to 2.88 percent.

The 2011 is a significant year of Beiersdorf brand – it developed deodorant NIVEA Invisible for Black & White, which is the most successful market launch of a deodorant in the company's history. Beiersdorf continued development, opened new branches, offices and etc.

Since 2011 Beiersdorf started to go much deeper in environment. For example, “Stop the water while using me!”



Today the number of international companies has risen to over 160. The successful brands NIVEA, Eucerin and La Prairie are the key to this international success and make Beiersdorf at home all over the world.

All Beiersdorf's brands: NIVEA, Eucerin, La Prairie, Labello, Hansaplast, Florena, 8X4, Coppertone, HIDROFUGAL, tesa, SKIN STORIES, OWN, GAMMON, CHAUL, STOP THE WATER WHILE USING ME!

Vincent Warnery is taking over the chairmanship of the board from his predecessor Stefan De Loecker, who has headed the company as CEO since 2019.

The core values of the company were built on 4 components:

- Care - taking responsibility for colleagues, consumers, brands, society and environment.
- Simplicity - clarity and consistency, make decisions quickly and pragmatically and focus on the essentials.
- Courage - set ambitious goals, take the initiative, learn from mistakes and see change as an opportunity.
- Trust - keep promises and treat others with respect.

Beiersdorf is organized in two separate business segments: *consumer business* and *Tesa*. In the consumer business the main focus goes on skin and body care.

In the tesa Business Segment, they concentrate on developing high-quality self-adhesive systems and product solutions for industry, craft businesses, and end consumers. Since 2001, Tesa has been managed as an independent subgroup.

Beiersdorf AG is responsible for the German Consumer business and provides typical holding company services to its affiliates. In addition to its own operating activities, Beiersdorf AG manages an extensive investment portfolio and is the direct or indirect parent company of over 170 subsidiaries worldwide. The company also performs central planning/financial control, supply chain, treasury, and human resources functions, as well as a large proportion of research and development activities for the consumer business.

As it was mentioned before, Beiersdorf has a great amount of subsidiaries, such as NIVEA, Eucerin, La Prairie, Labello, Hansaplast, Florena, 8X4, Coppertone, HIDROFUGAL, tesa, SKIN STORIES, OWN, GAMMON, CHAUL, STOP THE WATER WHILE USING ME!

Let's take a look at them:

### **Nivea.**

Nivea basically is the "face" of Beiersdorf company. Nivea produces facial care products, products for body, like moisturizing body cream, deodorants, hair care, products for sun protection. The brand also has skin care for men. Nivea in Hamburg and Berlin has a special house ("Nivea house"), where customer can not only buy any product they need,

but the house offers them special treatments from face and body care to manicures and massage.

### **Eucerin.**

The company offers a range of highly effective care series under the name Eucerin. The dermocosmetic products are based on the latest scientific findings and ensure healthy and radiantly beautiful skin. The company approaches good quality dermatological products for blemished, extremely dry skin, hyperpigmentation, wrinkles and anti-aging products.

### **La Prairie.**

La Prairie has been researching anti-aging care products for almost four decades. The products that are created from it set new standards in terms of innovation, luxury and effectiveness. The exclusive and patented Cellular Complex effectively prevents the visible signs of aging.

### **Labello.**

Labello brand cares about lips. It produces lip balms, lip gloss, lip butter and lip peeling. Around 160 million care pens come off the production line every year and give Beiersdorf first place in Germany and many other countries when it comes to lip care. The interesting fact, that Labello's first lip balm is 2 years older than Nivea's.

### **Hansaplast.**

Hansaplast has promised fast healing. With a variety of products, Hansaplast treats, alleviates and remedies bruised knees, back pain, foot problems and many other ailments. In the world, Hansaplast is also known as Elastoplast and Curitas and enjoys the trust of a great many people in Europe and beyond.

### **Florena.**

Florena offers their customers gentle care from mother nature. The selected natural ingredients are developed in the Florena natural laboratory in Hamburg. The brand has also been addressing the needs of male skin since the 1980s. Florena fulfills consumer demands for natural and skin-friendly care – with products of the highest quality and safety.

### **8X4.**

8X4 was the first company in Germany, which offered deodorants in 1951. The brand offers premium fragrances and strong deodorant protection for freshness. The 8X4 range includes a variety of fragrances from floral and fruity to masculine and fresh.

### **Coppertone.**

Coppertone – sun protection brand. Coppertone is the first brand, which produced sun protection product on the US market in 1944. Scientific research knowledge, high quality

standards and strict product tests are the basis for the wide range of sun protection products.

### **Hidrofugal.**

In 1926, Dr. Kurt Bode Hidrofugal as a pharmaceutical anti-perspirant that was initially only prescribed by doctors and sold in pharmacies. The goal: to help people who suffer from underarm wetness and body odor. Since then, it has been continuously improved and the product range expanded in a targeted manner in order to reliably protect against sweat in every situation. This is already in the name Hidrofugal.

### **Tesa.**

The tesa success story begins with the unsuccessful development of an adhesive plaster. The pharmacist Paul C. Beiersdorf worked on this when Dr. Oscar Troplowitz took over the company's founder's laboratory in 1890. The patch stuck perfectly, but irritated the skin. Troplowitz made a virtue out of necessity and in 1896 brought the first technical adhesive tape for patching bicycle tires onto the market, the Cito sports adhesive plaster.

Tesa creates adhesive solutions for improving customers' lives. It has a great amount of industries: automotive industry; handyman; home office; electronics, constructions industries; print and paper; general applications and products; domestic appliances; industrial partner.

Tesa has more than 7000 products and approximately 100 tape solutions (some of them with patents). Today tesa is one of the world's leading manufacturers of self-adhesive product and system solutions for industry, craftsmen and end users.

### *Interesting fact about brand's name:*

The name tesa<sup>®</sup> goes back to the secretary Elsa Tesmer, who worked from April 1903 to the end of October 1908 as clerk and head of the office for the Beiersdorf company in Hamburg. She put the term together from the two first letters of her surname (Te-) and the last two letters of her first name (-sa).

### **SKIN STORIES.**

The brand wants to keep all the tattoo and piercing stories, that has our bodies, that's why it offers care products. In addition to after care to regenerate the skin after the piercing, the system care also offers daily care products for radiant colors as well as sun care to protect the tattoo colors from fading. The formula with the unique InkGuard technology was specially developed for tattooed skin. The skin compatibility on tattooed skin has been dermatologically confirmed.

### **OWN.**

The main goal of the brand is to help their customers to feel healthy and beautiful. OWN algorithm is based on a scientific foundation, powered by artificial intelligence and the data of over 10,000 women who measured their skin parameters every day, and was

combined with the in-depth knowledge of our research and development experts, so that the skin care routine could fit to any individual. The brand also creates creams, which will fit each customer individually, moreover, it uses personalized cream jars, to make you feel more special.

### **GAMMON.**

The brand produces high-quality men's perfume with 20% perfume oil. They made the world's first high-tech flacon in a suit made of robust aerospace aluminum. The suit protects your perfume from all adversities, from UV radiation to falling and it can fit in a pocket.

### **CHAUL.**

The reason why Beiersdorf paid attention to fermented tea is because of 7 years of research on fermentation. Finally, with the conclusion that the active skin ingredient formed by the Hadong traditional fermented Sunshine Jakseol tea is a skin-friendly solution to solve the skin problems of Korean women, Chaul was finally born.

The products are natural fermented and have vegan formular.

### **Stop the water while using me!**

Th brand wants to save, protect and donate our precious resource - water. Simply by appealing to people not to waste it - no matter where they are in the world. By not polluting the environment and the water cycle with our 100% natural, biodegradable products. And by supporting clean and safe drinking water worldwide.

The brand has products for body, face, oral care, gift sets and some merch.

In February 2019, Beiersdorf established its' C.A.R.E.+ business strategy – a multi-year investment program setting clear strategic priorities for action. The goal of C.A.R.E.+ is to ensure competitive, sustainable growth and respond to a fast-changing environment defined by for example increasing digitalization, growing consumer awareness of sustainability, and ever intensifying competition.

C.A.R.E.+ strategy now encompasses the following strategic priorities:

- Strengthen our brands by enriching their purpose;
- Fast forward digital transformation (previously “Accelerate digital consumer connection”);
- Win with skin care;
- Unlock white spot potential;
- Fuel the growth through increased productivity;
- Build on strong foundations: Culture – Core Values – Capabilities – Care Beyond Skin.

## 2.2.2 Problems of Beiersdorf

As any other company, Beiersdorf also has some weak sides, which could be analyzed and improved. In this part we will take a look on the main problems of the company.

1. The **COVID-19 pandemic** caused a dramatic slump in large parts of the world economy in 2020.

In Germany, there was an unprecedented slump in output in the first half of 2020. Much of the lost ground from the spring was recouped following the strong economic rebound in the summer. However, stricter public health measures particularly affecting the service sector have since slowed the re-recovery.

According to preliminary figures Beiersdorf stock company in Hamburg, posted a decline in Group sales of like-for-like -10.7% year on year to €3,513 million in the first half of the fiscal year due to the global coronavirus pandemic.

The COVID-19 pandemic had a significant impact on consumer behavior as well as on the global cosmetics market in 2020.

Important skin care categories for Beiersdorf, such as sun care products and premium cosmetics, had a particularly challenging year in 2020.

The tesa Business Segment was also heavily affected by the COVID-19 pandemic in 2020. Global industrial production dropped, as well as tesa.

2. **Slow growth in particular markets.** Some of Beiersdorf brands, which has been existed for a long time, stopped being interesting anymore. They have the same products, barely producing something new and great. In this case, customers has started to lose their interest in it.
3. **Competition.** There is everywhere competition, especially in skin care / cosmetics markets. Main Beiersdorf's competitors are also the most powerful in the world - Johnson & Johnson, Procter & Gamble and Unilever.

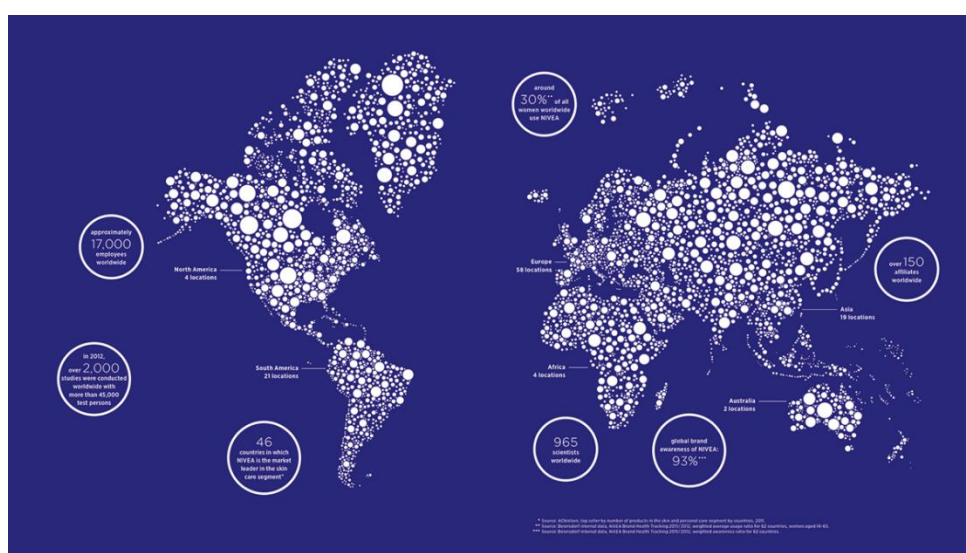
### Hypothesis to the problems

1. It is very obvious, that people can not cancel the Covid pandemic, because this disease behaves itself unexpectedly. After it started, lots of people lost their jobs, which caused a lack of money. People started to buy only necessities, such as food or medicine. They started to save money and refused from other things, which bring them happiness and satisfaction, for example, cosmetics, clothes, gadgets and etc. However, cosmetic and skin care brands can be more flexible in this situation, so that these companies don't lose money as well and help their loyal customers. For instance, Beiersdorf could produce their own sanitizers, masks, tissues.

2. Some of Beiersdorf's brands has been existing long ago, barely changing something in its products, so that customers got bored and changed their tastes to other substitutes or competitors. Beiersdorf is a huge company with a great history and experience. The company can improve the product, package, advertisement, so to intrigue their customers again.
3. Cosmetics and skin care markets are easy to entry, and there are a huge number of big players in the market as well. This is why it's complicated to stay stable in this market. To succeed in this situation, company needs to have something unique. But even this is not enough. Even though Beiersdorf is unique, that created the first ever moisturizing cream, this is never be enough to stay stable. Development is the key factor, otherwise the company can aggravate problem 2 from the list above.

### 2.2.3 General analysis of Beiersdorf

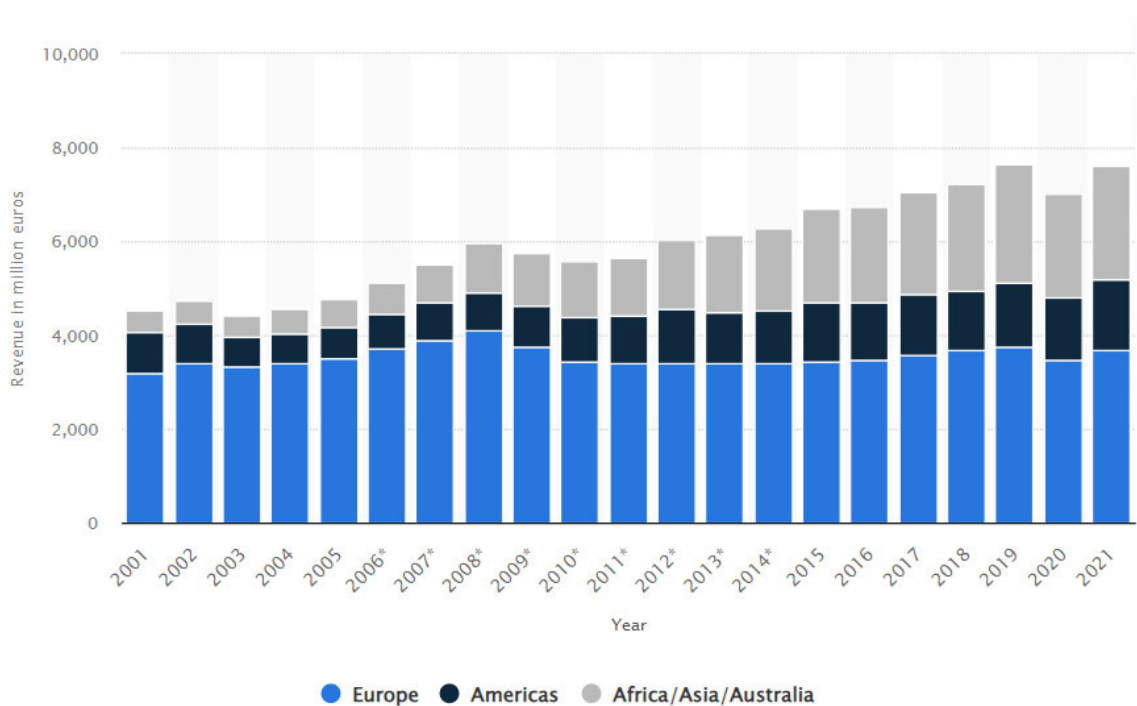
Since we observe Beiersdorf company from the outside, there is a picture below, where are the stores presented in the whole world. There are over 170 affiliates worldwide.



**Figure 13 – Spread of Beiersdorf's stores worldwide**

From the picture we can see, that Beiersdorf covers every continent. In addition to a large skin research center in Hamburg (Germany), their global research and development network includes two large innovation centers in Shanghai (Mainland China) and the US as well as four development centers in Mexico, Brazil, India and Japan. These enable the company to respond to cultural, aesthetic, and climatic conditions, and to develop products specifically for local needs and preferences.

On the graph below you can see Beiersdorf's revenue worldwide (by region), in million euro.

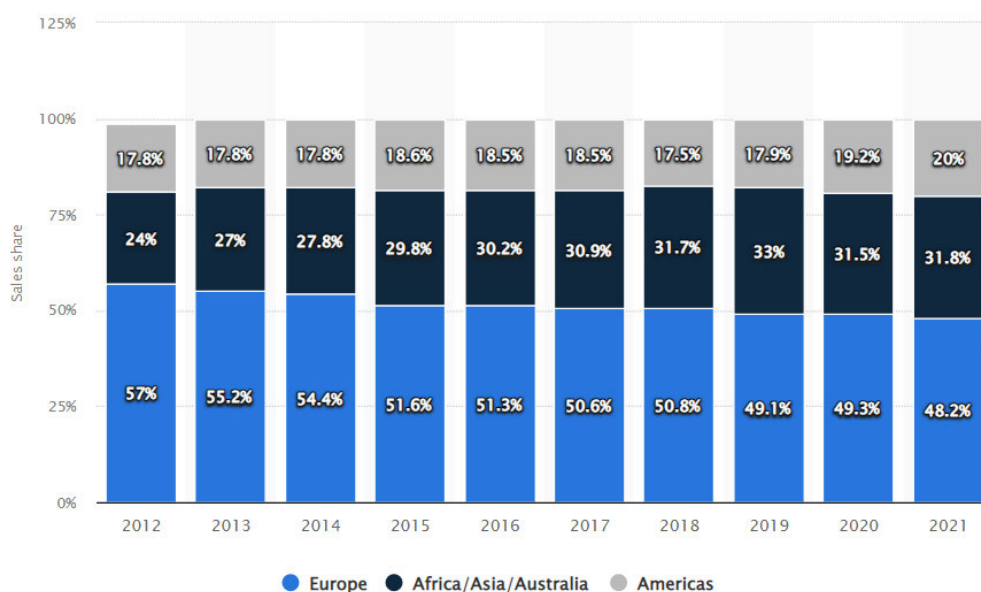


<https://www.statista.com/statistics/273025/revenue-of-beiersdorf-ag-worldwide-by-region/>

**Figure 14 - Beiersdorf's revenue worldwide (by region), in million euro**

This statistic shows the generated revenue of Beiersdorf's in selected regions from 2001 to 2021. In 2020, revenue of Beiersdorf's European region reached about 3.5 billion euros. In 2021, revenue of Beiersdorf's European region raised to approximately 3.68 billion euros.

The next graph shows sales share of Beiersdorf worldwide (by region).



<https://www.statista.com/statistics/261920/sales-share-of-beiersdorf-ag-worldwide-2012-by-region/>

**Figure 15 - Sales share of Beiersdorf worldwide (by region)**

This statistic shows the sales share of Beiersdorf AG worldwide from 2012 to 2021, by region. In 2020, 49.3 percent of Beiersdorf AG's sales were generated by the European region. We can see, that over some time the percentage of Beiersdorf's sales share in Europe has been decreasing because of the Covid-19 pandemic. Eventually, the sales reached 48.2% in the last year.

On the other hand, the sales share in Africa and America has tendency to expand.

## **PEST analysis of Beiersdorf**

### **Political factors.**

**Brexit.** Right now specialists can not predict for sure, how Brexit influenced the company, because there were not noticed any huge changes. However, they always might happen. Therefore, it's better to be prepared for such political situations like Brexit. Some of the impacts of Brexit may influence customers and their behavior, which can cause changes in sales.

**Government regulations and law.** Beiersdorf's taxes are not high, so the trade policies have not had serious impact on the company. German regulations are very strict, but stable. But there are some tensions between USA and China for Beiersdorf. This may increase the cost of raw materials and taxes for the firm.

### **Economic factors.**

**Infrastructure.** Germany has been investing in infrastructure for decades and now it remains their high quality. This allow consumers to get to the companies' stores or offices easily.

**The inequity of incomes.** Even though the consumer disposable income has remain stable, the growing inequality in the society will negatively impact consumer sentiment and thus impact consumer spending behavior.

### **Social factors.**

**Usage of social media, Mobile Apps and games.** The social factors such as high internet penetration, usage of social networks, mobile Apps and video games have actually shifted the kids' focus from visiting regional parks to hanging out on their devices. This has impacted the company's business domestically and worldwide. In addition to which, the kids' choices and requirements have altered from visiting regional parks to going to theme and theme park, such as: Nivea's theme park. On the other hand, e-commerce gives a very good understanding of its brands. For example, children are getting aware about famous brands from very young age.

**Trends.** Nowadays trends influence people most of all. It can be trends in fashion, technologies, cosmetics, environment, entertainment and etc. For instance, as soon as any



famous blogger shows (give an advertisement) any product of the company, people (it may not be only customers) are going to a store and buy it.

There is also another example of trends. For now there is a huge trend on environment protection, which made customers to buy products in reusable package only.

**Demographics.** Demographics of Germany is complicated and has not very good prognosis. Mortality prevails over fertility; accordingly, the population growth is slowing down, that means that Germany has more old people than young. For the cosmetic brand its not a plus, because usually people at the age of 50+ don't use a lot of skin care or don't use it at all.

And if earlier the influx of population of Germany was due to the influx of migrants, now this indicator has decreased from 294 000 to 209 000 migrants from 2019-2020.

### Technological factors.

**Usage of social media, Mobile Apps and games.** We met this factor previously as an influence on customers as social factor, and now there is a description of this factor as an influence on the company as technological. The interface of the website is important for customers. The simpler the interface, the better. As well as for apps. Social media, such as Instagram and Facebook allow customers to get to know fast about new products and services of the company.

**Research and development.** Beiersdorf has been developing a new innovative testing system. By collaborating with various universities and across the industry, particularly through Cosmetics Europe's LRSS Consortium, Beiersdorf achieved new findings relevant to safety assessment in the reporting year.

Research and development in Beiersdorf involve the use of pioneering technologies – from microbiome research to artificial intelligence – and the development of sustainable, environmentally friendly solutions to promote a sustainable circular economy. With this work, they aim to ensure the innovative strength and competitiveness of the company.

### Swot analysis of Beiersdorf

Strengths	Weaknesses
Trustworthy brand	Changes in consumers' behavior
Environment protection	Customer dissatisfaction
Interest in consumers' opinion	
Global distribution network	
Opportunities	Threats
Investing in start-ups	Culture of sticky prices
Increasing digitalization	IT-security
	High Competition
	Covid-19 pandemic
	International Geo-Political Factors

**Table 2.1 – SWOT analysis of Beiersdorf**

## Strengths

**Trustworthy brand.** Beiersdorf is the most trusted brand in the world with 130-year history. Its' brand Nivea is the most successful brand in the global market. Beiersdorf has a trust of so many different customers' segments, which helps the company to distinguish its customers and give them feedback immediately.

**Environment protection.** Beiersdorf particularly follows the debates on avoiding certain packaging and raw materials. This includes monitoring the "European Green Deal". They regard the risks from changes in consumer behavior as critical and probable. The company also believes that the voluntary commitments they are following through on, e.g. climate target of reducing greenhouse gas emissions or the development of further concepts for limiting the impact of climate change, will help them to generate significant market opportunities.

**Large customer base.** As its very trustworthy brand, which exists more than 100 years, it has different kinds of customers throughout the world, which is very wide because of differences in age, generation, skin type and etc.

**Interest in consumers' opinions.** Beiersdorf always speaks to its customers. They regularly talk to consumers about their usage habits and expectations, and analyze and track them. In their German research center, they even have specially equipped bathrooms in which employees can observe how consumers use our products. This closeness to consumers gives valuable insights into how the company can optimize its products and their packaging and how they can develop products that are appealing to the touch, optically and practically.

**Global distribution network.** The company distributes its' products all over the world. You can find the products in every country. It has over 160 subsidiaries worldwide.

## Weaknesses

**Consumers' behavior.** Consumers' wishes change constantly. For instance, if 5 -7 years ago consumers didn't care about, if the packaging is plastic or not, today there is a boom on environmental protection and people have started to show interest in it. There are big changes in fashion, mentality, age, generations and etc., which Beiersdorf should mind more accurately.

**Customer dissatisfaction.** Even though the demand for product haven't gone down, however there's a simmering sense of dissatisfaction among clients of Nivea Beiersdorf. It's shown on the reviews on varied on-line platforms. Nivea Beiersdorf ought to focus on areas wherever it will improve the customer purchase and post purchase experience.

## Opportunities

**Start-ups.** Beiersdorf actively screen new business areas and invest in start-ups (including through accelerator programs), allowing them to quickly capitalize on specialist expertise.

**Increasing digitalization.** The digital transformation is a key factor for Beiersdorf's business success both now and in the future.

The coronavirus pandemic has highlighted the importance of e-commerce and digital dialogue, bringing historic transformation to the consumer goods industry. In this context, Beiersdorf needs to invest in new technologies and data-driven capacity and enhance the digital skills of its employees. The aim should be making the brands and products visible at all times, accessible via e-commerce channels and integrated online shopping.

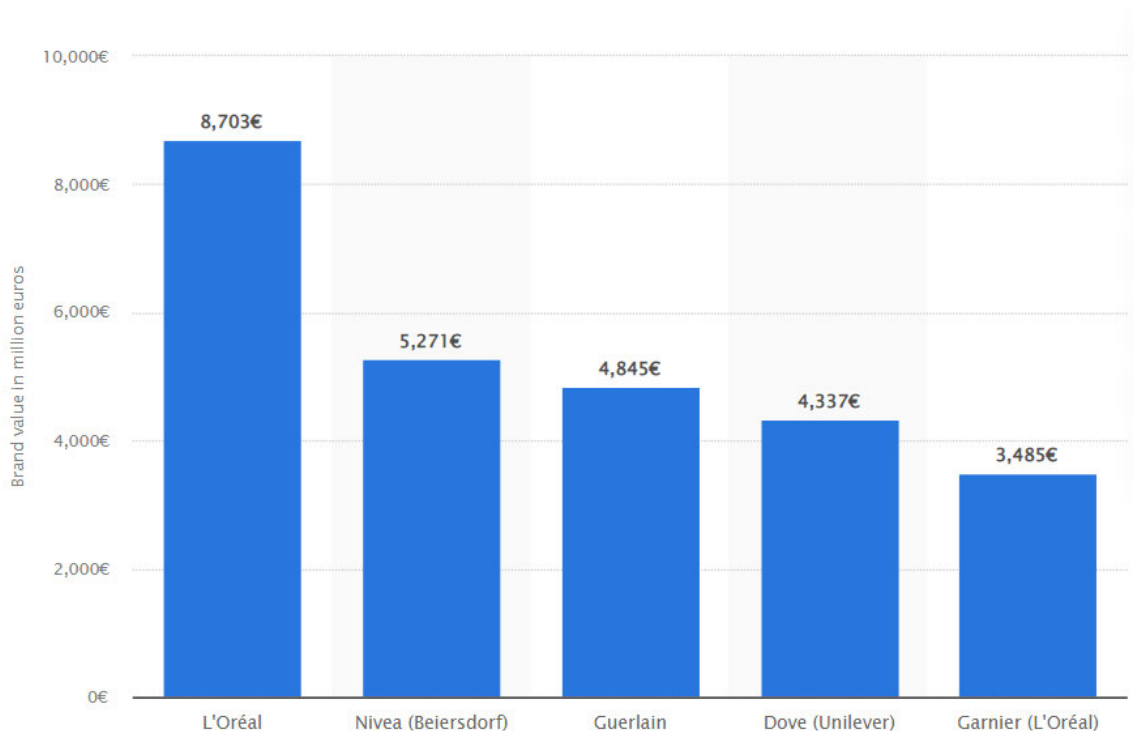
## Threats

**Culture of sticky prices.** Beiersdorf operates in an industry where there is a culture of sticky prices. It means, that company usually don't raise their prices on the products.

**IT-security.** Beiersdorf has started to work more intensively on their IT-system. For example, they want to increase the security, availability, reliability, and efficiency of IT systems against internal and external attacks, as well as on measures relating to the Group-wide business continuity management system to secure operations at all times.

**International Geo-Political Factors.** There were international events, which can lead to some consequences for the company. For instance, exchange crisis, Russian sanctions, elections in America, Brexit and etc.

**High competition.** Except of Beiersdorf, there are some other gigantic companies, who produce skin care products. These are Johnson & Johnson, Proctor & Gamble, Unilever. Moreover, there is a threat, that a new company might enter the market. Below, there is the rank of leading cosmetic brands in European market.



<https://www.statista.com/statistics/761444/cosmetics-brand-value-europe/>

**Figure 16 - Ranking of leading cosmetic brands in Europe in 2021, by brand value**

From the graph we can see, that the biggest Beiersdorf's competitor is L'oreal. That year, the L'Oréal Group also registered a higher global revenue than Beiersdorf.

**Covid-19 pandemic.** Covid-19 influenced a lot of companies all over the world. Beiersdorf is not an exception. The first year the company struggled a lot, because the demand for skin care was minimal.

Covid-19 changed people's habits, activity and life in general. After a lot of people lost their jobs, they didn't allow themselves to spend extra money on cosmetics and skin care.

Even though, when the company rehabilitated itself in some time and increased its sales, there is still a risk of new lockdown.

### Trends in Germany

**Wearing medical masks.** As a matter of fact, people in Germany have to wear medical masks everywhere because of the Covid-19 pandemic. Wearing masks all the time causes problems with skin, because the circulation of air in a mask is not good, therefore, skin sweats. It gets irritated, with pimples and acne. Thus, people have tendency to care more about their skin that before the pandemic. They started to buy more dermatological products.

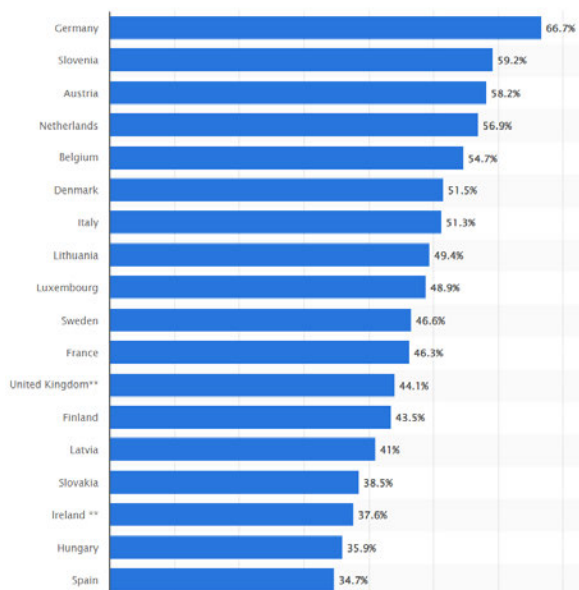
**Environment protection.** As you may know, European countries are very environmentally friendly, and Germany is not an exception. German people have great environmen-

tal awareness. This is because the environment has become a long-term issue and because it affects all sections of society. It is an amazing development, one that has provided a real impetus for environmental awareness overall.

For customers of any cosmetic brand it's a good opportunity to buy a product without animal testing. Likewise, animal testing is important for a great amount of consumers. At Beiersdorf, there is a commitment to make animal testing obsolete worldwide. They are convinced that animal testing is not necessary to prove the skin tolerability and effectiveness of its cosmetic products. This is why Beiersdorf does not conduct any animal testing for its cosmetic products and their ingredients, and do not have any animal testing done on its behalf – unless, in the very rare case, this is specifically required by law, for instance, China.

**Recycling.** We can consider recycling as environment protection in general, but Germany chose this way to make environment “healthier”. And the country has been very successful in its fight against growing garbage heaps. Germany's waste management success really comes down to two things: strong government policy and its citizens embracing recycling. The renewable energy success has come primarily from strong government policy and action. This clever system has led to less paper, thinner glass and less metal being used, thus creating less garbage to be recycled. The net result: a drastic decline of about one million tons less garbage than normal every year.

Nowadays, almost all known and unknown brands have started to make packaging recycling only. Usually, they create the whole new line of their products just in recycling packaging. Or some other system of cosmetic brands is to sell their products in usual plastic bottles or packaging, but when a product finishes, instead of throwing a bottle and buy a new one, a customer can go to their stores, where employees fill in these bottles with the same product. The second example showed us, that instead of recycling a consumer can simply reuse a product.



<https://www.statista.com/statistics/1219551/municipal-waste-recycling-eu-by-country/>

**Figure 17 - Recycling rate of municipal waste in the European Union (EU-28) in 2019, by country**

As it shown on the diagram, Germany was on the first position of recycling rate of municipal waste in 2019. This was followed by Slovenia, which had an estimated recycling rate of 59 percent. The recycling rate of municipal waste in the EU has been steadily growing since the turn of the century, and averaged approximately 47 percent in 2019.

## 2.3 Conducting Marketing research of Nivea brand in German market

The greatest “art” and the greatest impact on Beiersdorf has its Nivea brand.

**Nivea** - a German brand of personal care products specializing in skin and body care. It belongs to the Hamburg-based company Beiersdorf AG.

The development of the NIVEA Creme around 110 years ago marked the beginning of a unique success story and the birth of the world's No. 1 in skin care. It is the result of a brilliant interplay of research, creativity and entrepreneurial foresight. Dr Oscar Troplowitz acquired the laboratory founded by Paul C. Beiersdorf in Hamburg in 1890. Troplowitz' scientific adviser, the renowned dermatologist Prof. Paul Gerson Unna, drew his attention to the completely new type of emulsifier Eucerit (ancient Greek: "beautiful wax"). With his help it was possible in 1911 to develop the world's first stable fat and moisturizing cream suitable for industrial production: NIVEA.

In 1914 ocean liners and the first flying boats connect countries and continents, making long-distance travel easier and enabling expansion into international markets. The newly founded company Beiersdorf uses this opportunity: just three years after its market launch, NIVEA Creme is available on every continent. 42 percent of sales are already being made abroad. The stable formula of NIVEA Creme enables long transports to other climatic zones. Today, NIVEA is available in over 200 countries around the world.

Not only the fashion-conscious women of the 20s and 30s shaped the image of the time: the man of the world wears a moustache. NIVEA recognized the need to care for men's facial skin before and after shaving and offered the first special product for men with shaving soap. Sports and leisure activities are gaining in importance in society. The elegant pallor is replaced by the desire for vitality and a light tan. By chance, Juan Gregorio Clausen, advertising manager at Beiersdorf, discovered three happy, cheeky young brothers with fresh faces. In 1924 the NIVEA boys became the new stars of NIVEA advertising. At the same time, a new design concept is celebrating its premiere: NIVEA is appearing for the first time in the famous blue can – which is still characteristic of the NIVEA brand today.



**Figure 18 – Nivea’s creme**

Despite the of the lack of raw materials and the difficult post-war years: In the 1950s, NIVEA Creme had achieved the status of a brand classic worldwide. Growing prosperity in the 1950s and 1960s enabled more and more people to travel. Holidays in the south or skiing holidays were in fashion. Beiersdorf picked up on this trend and catered to it with a wide range of NIVEA sun protection and sun care products. And that’s how Nivea became a pioneer of sun protection.

In the 1970s, the supermarket boom, the end of price maintenance and new competitors intensified competition. Beiersdorf responded with the self-confident and effective “Creme de la Creme” advertising campaign. It focused on the unique quality, unrivaled effectiveness and honesty of NIVEA Creme.

Studies in the 1980s had shown that consumer confidence in the NIVEA brand was extremely high. Beiersdorf therefore used its growth potential and launched a large number of new NIVEA skin care products in the usual high quality. For example, the NIVEA MEN After Shave Balm was introduced for men's sensitive skin.

In the 1990s, NIVEA was expanded to become a global brand with globally standardized names, products and packaging. In just 10 years, sales quadrupled and NIVEA became Beiersdorf's largest brand by far.

A great charisma and a well-groomed appearance are becoming increasingly important. However, the lifestyle is becoming increasingly faster and more hectic. Thanks to NIVEA, however, nobody has to do without nurturing moments of well-being. Because NIVEA invents a range of innovative products that offer first-class care in a minimum of time. In 2011, NIVEA Invisible Black & White was the first deodorant series that hardly left any white residue on dark fabrics and yellow stains on light-colored fabrics. A true revolution! Another innovation highlight followed in 2014: the in-shower body lotion was launched. It is perfectly tailored to the daily routine of modern women and men and saves a lot of time because it can be used quickly and easily while showering.

At the same time, Beiersdorf began to standardize the brand identity of the large NIVEA family, which today includes around 500 products. At the center of all NIVEA packaging,

which has been gradually launched on the market since 2012, is the new logo, which is the NIVEA trademark: the blue can.

Today, Nivea offers different kinds of services for its clients.

Apart from offering great number of discounts and loyalty programs, the brand has its own app, ambassador program, Nivea house.

With the help of the app customers can easily collect points and redeem them in the rewards.

In the ambassador program ambassadors are the first to try out new NIVEA products exclusively and free of charge and can also share them with friends and acquaintances.

At Nivea house clients can enjoy such treatments as spa, facial procedures, massages, and etc.

### Problems

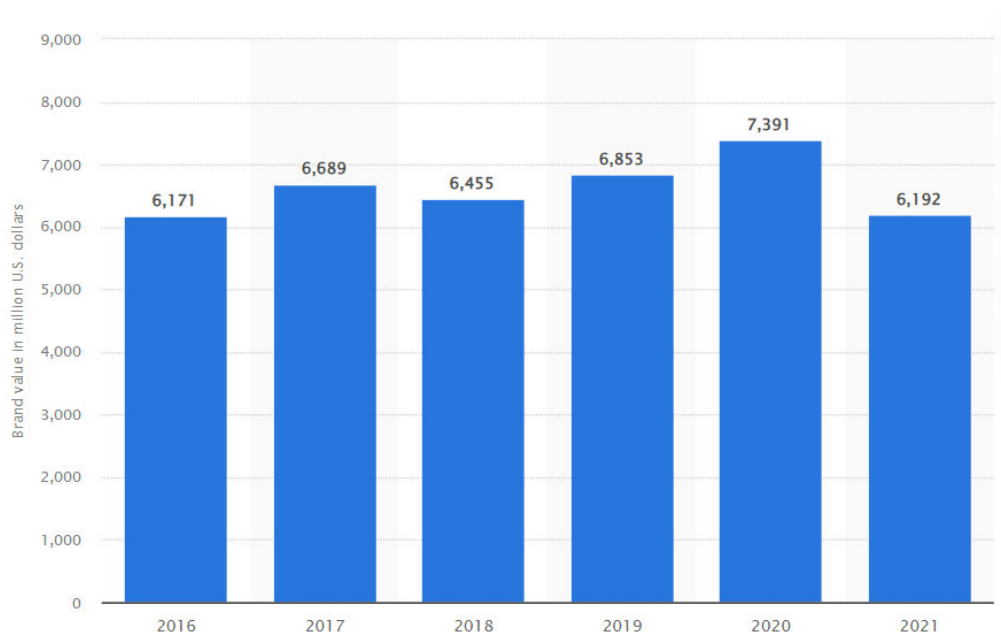
- ✓ **Competition.** Where Nivea is absolutely dominating in the cream segment and not allowing others to enter, others are not allowing Nivea to enter in their territory. Hence Nivea is finding it hard to establish itself in personal care segment with body care and facial care products because there is huge competition in this segment already.
- ✓ **Transparency of ingredients.** Despite the fact, that Nivea claims on having all the ingredients written on the packaging and that all the ingredients are harmless, there are still a lot of people (with medical education), who say, that there are some not safe ingredients in its creams.
- ✓ **Out-of-fashion product.** Nivea has not changed their products for decades. The marketing strategy has been the same for a long time and customers are getting bored from it.

### Hypothesis to the problems

- ✓ Even though Nivea brand produces a lot of products for its clients, people are still getting bored by the same products, because Nivea manufactures new products not quite often and the brand hasn't made any global changes in decades. If Nivea continues not doing anything, it will go worse. To avoid this situation, Nivea needs newer diversity.
- ✓ Nivea should think about, how to explain its customers the ingredients' content more clearly, so that all the gossips and talking disappear.
- ✓ Nivea must find a way to allow itself to continue to grow without sacrificing its core principles, while embracing the needs and cultures of the societies in which it wishes to expand. We present a number of possible options that will allow Nivea to do just that.



### 2.3.1 Macroenvironment of Nivea



<https://www.statista.com/statistics/1010903/nivea-brand-value-worldwide/>

**Figure 19 - Brand value of Nivea worldwide from 2016 to 2021(in million U.S. dollars)**

This statistic presents the brand value of Nivea worldwide from 2016 to 2021. In 2021, the Nivea brand was valued at approximately 6.19 billion U.S. dollars.

In 2019 Nivea was in the list of Forbes with the brand value 8.1 billion U.S. dollars and took 92 position out of 100. Unfortunately, in 2020-2021 there were no information about Nivea in Forbes.

Nevertheless, Nivea was always and is German number one skin care brand. And we can see this on the next table.

Characteristic	2017	2018	2019	2020
Nivea	17.6%	18.1%	27.5%	25.7%
Nivea Body	-	-	12.4%	12.7%
Balea	6.7%	7%	12.4%	12.5%
Dove	6.3%	6.7%	13.3%	12.4%
Nivea Soft	6.8%	7.4%	7.2%	6.5%
bebe (young care)	3.2%	3%	5.2%	5.2%
Florena	4.7%	4%	5.6%	5%
CD	2.4%	2.9%	4.9%	4.7%
Garnier	2.5%	2.5%	5%	4.7%
Weleda	1.9%	2.4%	4%	4.4%
Neutrogena	1.9%	1.9%	4.8%	4.2%
L'Oréal Paris	1.9%	1.9%	3.2%	4.1%
Handsan	-	-	-	4%

<https://www.statista.com/statistics/577558/most-popular-skin-cream-brands-germany/>

**Figure 20 - Ranking of the most popular skin cream brands (used in the last three months) in Germany from 2017 to 2020**

German consumers take their skincare seriously, investing research, time and money into picking products. In comparison to other European countries, Germany has the highest sales value for facial skincare in particular, with sales reaching 3.3 billion U.S. dollars in 2017. Considering that the German market offers a wide selection of skincare brands made in Germany itself, product interest and sales may be additionally boosted by consumer trust. Finally, several long-established and thriving drugstore chains also offer easy access to affordable skincare. Revenue from skin and facial care products in Germany has generally been growing over the last few years. It looks to be a thick-skinned market, well positioned to continue with stable sales in the 2020s.

### PEST analysis of Nivea

**Political factors.** These are the Nivea A forces that tends to be altered by the influence of government on the infrastructure of country. The political factors may involves environment regulations, employment law, tariffs, tax policy, trade restrictions, political stability and reforms. It is noteworthy, that the charities needs to be included where a government are not willing services and goods to be provided.

**International trade and taxation policies.** Different countries have diverse regulations on trade, which hinders quick adaption to the international environment. For instance, Nivea for men is required to produce high quality products that do not cause any harm to the consumers. According to the safety assessments, the manufacturer is required to test the products thoroughly before availing them to the market. Nivea for men faces

challenges on expanding its market share in countries, such as Iraq, where there are high taxes on imports. Other countries may not allow the company to use some chemicals in producing its products, which limits its success. Nivea for men follows the regulations relating to labor laws to ensure its activities are ethical.

**Political conflicts.** Uncertainty in the political environment refers to the frequency of changes in government policies and regulations. Frequent policy changes affect business performance and make decision-making more challenging due to prevailing uncertainty. Nivea should actively scan the political environment to ensure quick adaptation with changing policies and reset the strategic priorities accordingly.

### **Economic factors.**

**Financial Markets.** Nivea needs to choose markets with strong financial markets. By keeping an eye on the financial market efficiency, Nivea can successfully stay ahead of the competition.

**Inflation.** The rising inflation rate can have a negative impact on the revenue growth of Nivea as it decreases the purchasing power of money and discourages consumer spending on goods and services.

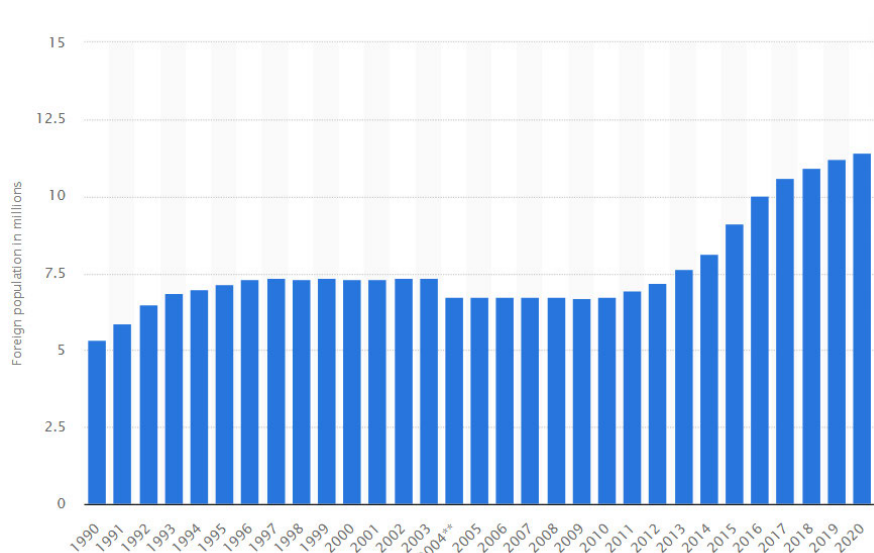
### **Social factors.**

#### **Demographics.**

- **Obsolescence of the population.** The birth rate deficit is the main demographic problem in Germany. The death rate annually exceeds the birth rate, and only immigrants allow us to hope that the number of residents of the country will not decrease until 2030. 150-200 thousand more people die a year than are born.

How does it affect Nivea? That's a very controversial issue. It definitely affects the brand both sides. On the one hand, the older are people getting, the less they care about cosmetics and skin care, and since Germany has obsolescence of the population, in other words, the older generation prevails over the youth, so there are not much customers and potential customers, who are interested in buying skin care cosmetics. However, a lot of people at the age of 50+ trust such brand as Nivea, because these people were growing with Nivea.

- **Migrants.** On the other hand, Germany always had inflow of migrants, which we can see on the graph below.



<https://www.statista.com/statistics/886209/foreigner-numbers-germany/>

**Figure 21 – Number of foreigners in Germany from 1990 to 2020(in millions)**

In 2020 the population of foreigners in Germany was more than 11 million. And the population in Germany in general in 2020 was 83.16 million. It means, that Germany has 12 % of foreigners.

Usually, migrants are not acquainted with national or famous brands of a country, so of course they will use a well-known worldwide brand – Nivea.

### **Cultural and social norms.**

Each country has its unique cultural norms, values, and traditions, which reflect consumer behavior. Inability to adapt the product/service offerings according to local cultural traditions can cause serious harm to the business. Nivea must conduct extensive research to gain local consumer knowledge. Being an international firm from a culturally distant home market, it could be difficult for Nivea management to understand the delicate cultural nuances. For this purpose, Nivea can develop a business partnership with local market players that could offer in-depth information about cultural norms and values that influence consumers' perceptions and attitudes towards the brand.

**Covid-19.** During the pandemic the brand was not “destroyed”. Obviously, it had some decreasing in sales in 2019, but in general, it didn't have great loss. On the contrary, Nivea even launched a new campaign called #CareForHumanTouch. The reason, why the brand decided to create it, was “Every second person stated that the isolation during the pandemic has made them feel lonelier than ever before in their lives”.

NIVEA surveys more than 11,000 people worldwide every year. An important result: Many people hardly experience any physical contact. The site serves as the launch pad for the global, multi-channel brand campaign, showcasing rich content in the form of moving stories, studies and projects about the vital importance of touch. Also, a good idea for Nivea would be the production of sanitizers.

**Trends.** Trends influence people's minds, they want to have the same things and start buying it.

Nowadays, there is a huge concern about environmental protection. People are getting more aware about consequences and starting to buy products in recycled packages. This also influenced Nivea, because they started to produce sustainable packagings.

There is also "health" trend, which means, that people started to get more concerned about their health. Its not only inside health, but your appearance look health. For example, how good looking your hair are, or how health-glowing your face is.

### **Technological factors.**

**Digitalization and E-commerce.** This is very vital part of any modern business. E-commerce started developing at a great pace. Now, every self-respecting company should have at least a simple, understandable and stylish website and an app. Nivea has this all. For better promotion, would be good for Nivea to have an online customer support on its website.

Also, **strong R&D department and good technological awareness.**

## **2.3.2 Microenvironment of Nivea**

Nivea's strategy is called Umbrella branding.

**An umbrella branding** is a brand that covers diverse kind of products which are more or less related. It applies to any company that is identified only by its brand and history. An umbrella is a place brand used by a locality to attract the attention of different kinds of audiences eg: students, investors etc.

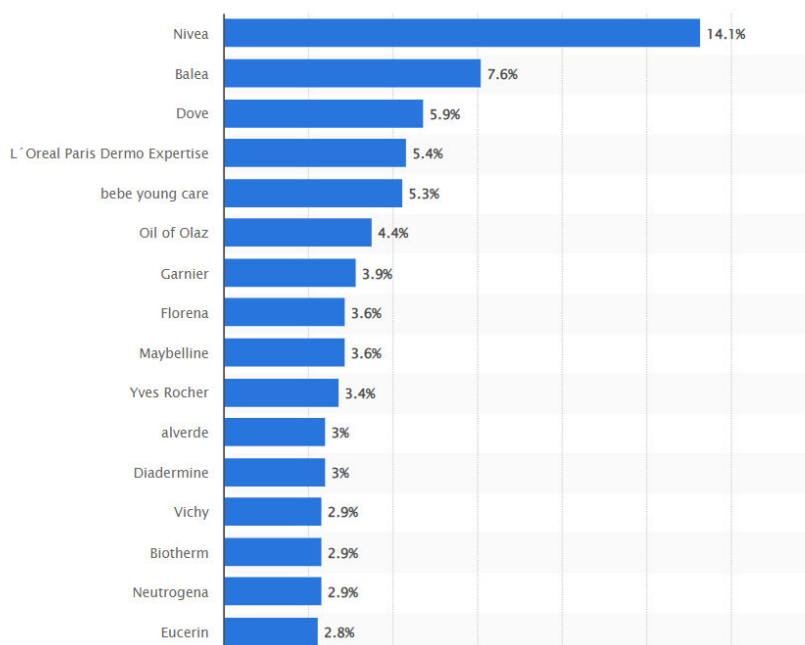
**Advantages** of umbrella branding: an umbrella branding strategy allows the core brands to be nurtured by association with products with which it is previously associated. Secondly, it also helps companies to reduce the promotional and advertisement cost.

**Disadvantages:** if the brand is not managed well there is a threat for it's associated brands. If the core brand is not stronger than it may destroy the brand image.

- **Product strategy:** Over a period of time, Nivea has branded itself as a skin care solution for both men and women. It contains a wide range of products which serve multiple skin care market segments. The brand has body care products, sun screen products, hand care products, men and women face care products, talcum powder and deodorants, shower soaps and body wash and lip care.
- **Target Market:** Nivea serves wide market which includes people of almost all age and gender.
- **Motive:** Nivea's only motive is to be the world's no.1 body and skin care brand via its wide range of products portfolio. The brand focuses on taking initiatives to be a brand that delivers its customers high class, best quality and innovative products.

## Competitors analysis

The main Nivea's competitors are skin care brands with approximately the same price range and target group. The competitors to analyze are Balea, Dove, Garnier and Neutrogena.



<https://www.statista.com/statistics/577527/most-popular-facial-cosmetics-germany/>

**Figure 22 - Ranking of the most popular facial cosmetics in Germany in 2020 (according to Germans)**

Almost 14 percent of the German population aged 14 years and older had purchased Nivea products that they used in the last three months of 2020, as of 2019. Skin and facial care are some of the most lucrative parts of the beauty and personal care industry, with annual revenues amounting to 3.3 billion euros in Germany alone. Advertising spending on facial care has certainly gotten a lift in recent years, with as much as 341 million euros pumped out in 2017. Across the EU, generally a high share of women tend to use facial care products, with Germany in third place after Poland and France.

Germany leads the facial care sector in Europe, with sales reaching 3.3 billion U.S. dollars in 2017. In comparison, in France sales totaled 2.7 billion U.S. dollars the same year. Globally, China and South Korea are the leading skin care markets in terms of growth, with the United States and Germany bringing up the top four.

**Balea** is a German cosmetic brand owned by dm-drogerie markt (or simply dm), a popular chain of retail stores. Balea products are popular both in Germany and in other European countries due to their rare combination of quality and affordability. Besides, dm-drogerie markt is Germany's largest retailer and one of the largest retail store chains in Europe, no wonder it has a good reputation.

Dm was founded in 1973 and its first brand Balea – in 1986. The brand offerses huge amount of products – over 450, which is a lot for a local brand.

The list of Balea cosmetic products includes, but is not limited to, various skincare products, body care products, hair care and styling products, hair removal products, make up, sunscreens, and deodorants.

Despite the fact, that Balea is a strong and popular brand, it doesn't have its own website, but customers can find the products almost in every popular German online website, for example, the dm website itself, notino.de, amazon.de and etc.

**Dove** is an American personal care brand owned by the British multinational consumer goods company Unilever. Dove products are manufactured in countries around the world. The products are sold in more than 150 countries and are offered for both women, men, and babies.

The most famous and the first product of the brand is the famous white color soap with a dove on it. The patent for the soap was introduced in 1950s.

Dove cares about environment, it has lots of programs. The products are PETA approved, which means no animal testing on the products, however Dove uses salts of animals' fats; also Dove uses recycling packaging.

The strange point is that Dove has its own website with all the products and prices on them, but a customer can not buy anything from there, instead a consumer has to visit other cosmetic websites for purchasing.

**Garnier** is a French brand, which was founded in 1904 and belongs to L'oreal company.

In the 1930s, Garnier was the first company to produce tanning oil, and in the 1960s, household hair dye.

The first product to have ever been produced and launched by the Garnier Company was La Lotion Garnier, which was a plant-based hair lotion, which got a patent.

Promotions and campaigns in Garnier's marketing mix are dynamic and aggressive to stay in line with and counter the effects of its rivals and competitors and to create and maintain a global consumer base.

The brand has its own website, but a consumer can only buy it from such dealers, as Dm or Amazon – the same as Balea and Dove.

Garnier aggressively positioning itself as a brand, which uses almost 96% of natural ingredients. There is the same story as with Nivea. A lot of doctors, people with medical education and dermatologists don't approve this brand as a brand with safe ingredients. Nevertheless, Garnier launches a lot of „go green“ campaigns. There are cruelty free campaigns, ocean cleaning.

Also, Garnier website provides for consumers such tools and services as finding a matching color for your hair (test coloring online), and tips for dying hair.

**Neutrogena** is an American company that sells skin, hair and cosmetics products owned by the parent company Johnson & Johnson, headquartered in Los Angeles, California. According to the product advertisement on their website, Neutrogena products are distributed in more than 70 countries. Neutrogena was founded in 1930.

The company has launched product lines in the field of acne and anti-aging. Inspired by the highest quality, skin-friendly formulas and based on numerous clinical studies + patents for results you can feel and see. For Neutrogena, beauty means keeping the skin healthy and improving its appearance.

Customers can also buy the products only from the dealers.

Neutrogena, as well as other competitors, tries to protect environment. Except from recycling packaging, the brand works on a reducing CO<sub>2</sub> emission.

For ingredients, Neutrogena also has some doubts. It does have natural and safe ingredients, but there are some products, which contain not safe ingredients.

All the comparisons among the competitors were written in the table below.

	Nivea	Balea	Dove	Garnier	Neutrogena
<b>Brand equity</b>	very strong	low	medium	medium	low/medium
<b>Own website</b>	yes	no	yes	yes	yes
<b>Purchasing online</b>	yes	yes (from other websites)	yes (from other websites)	yes (from other websites)	yes (from other websites)
<b>Delivery</b>	3-5 work. days. Cost: 3.95	Depends on the website	Depends on the website	Depends on the website	Depends on the website
<b>Quantity of services</b>	low	No services	No services	Low/medium	low
<b>Price</b>	Low and average	Low	Low	Average	Average
<b>Ingredients</b>	doubtful	natural	safe	doubtful	some doubts
<b>Eco-friendly</b>	Only packaging	Recyclable packaging; natural ingredients	PETA approved; Recyclable packaging, aluminum and nice ingredients	Cruelty Free international	Recyclable packaging
<b>Skin care for men</b>	yes	yes	yes	yes	no
<b>Brand presence in cosmetic stores or any other stores</b>	Everywhere, even in supermarkets	Only cosmetic stores	Everywhere, even in supermarkets	Everywhere, even in supermarkets	Everywhere, even in supermarkets
<b>Variety of products</b>	medium	huge	medium	huge	medium
<b>Followers on Instagram</b>	167 K 303 K (Nivea Deutschland)	759 K	715 K	20,3 K 113 K (Garnier Deutschland)	911 K 24,1 K (Neutrogena Deutschland)

**Table 2.2 - Competitors' analysis of Nivea**



Nivea's competitors are strong and demanded. All of them are mass market brands. They all have pretty strong brand equity. All the competitors have their own website, except of Balea, because Balea is a dm-doggeries' brand.

In the category "Purchasing online" consumers can buy its products only directly from Nivea's website. Although the other "participants" have their own websites, customers can not buy anything from there, only through their dealers. Accordingly, delivery time and price will vary among competitors.

The quantity of services everywhere either low or no at all, which considered as disadvantage for all the brands. The quality of ingredients inside the products has some doubts almost in every brand. The least number of eco-friendly policies have Nivea and Neutrogena.

Men line of skin care misses only in Neutrogena. It is difficult to say, if it's an advantage or disadvantage, because, generally, skin care cosmetics don't have any gender. Men and women have the same skin, and skin divides into 3 categories: dry, oily or combined skin. These are the main criteria for choosing face/body skin care. But, of course, the most part of men buy their cosmetics from men line only due to gender stereotypes and marketing.

All the products of the competitors you can buy everywhere, even in groceries stores, except from Balea, because it doesn't have its own brand/company, its dm's brand. The variety of products of all the "participants" are almost the same: either huge or medium.

The next question to discuss is "Is there any alternative to skin care?" Not all people support using any skin care on their faces and bodies. But they want to take care of it as well. So, what these people should use? Some substitutes. What can be an alternative for skin care?

Searching for any **substitutes** to skin care is difficult, because it's almost impossible. Before skincare came to us, people had used natural raw ingredients, such as milk, animal fat, beeswax, herbs and many other things. Some very dependent on beauty ladies even used the blood of virgins. So, basically, skincare, which people use now, is a first adequate care of skin/body in history and to find a substitute is unthinkable, because there is nothing better than what we have today.

However, there is one substitute, which a lot of people prefer to use and it is folk remedies. Some people call it "traditional remedies".

Basically, traditional remedies from ancient times are almost no different from today's. The thing is, in 21 century it's much easier to get it and there had been invented a great variety of natural ingredients.

	Nivea	Traditional remedies
<b>Packaging</b>	Nice and convenient	Simple pharmacy packaging
<b>Retail</b>	Everywhere, even in supermarkets	Specialized stores; droggeries
<b>Smell</b>	Perfumed	Natural, sometimes might be not pleasant
<b>Ease of use</b>	easy	medium
<b>Price</b>	Low and average	Very low
<b>Ingredients</b>	Doubtful	Natural

**Table 2.3 – Substitutes' analysis**

Traditional remedies are the set of knowledge, skills (ability to employ empirical knowledge), and practices based on theories, beliefs, and experiences of different cultures, whether they are explicable or not and used for the maintenance of health and for the prevention, diagnosis, improvement, or treatment of physical or mental illness.

So, basically, to use traditional remedies properly and get an efficient results, you need to know at least basic theory about this. The result will depend on how accurately you mix remedies, which exactly remedies to use, what can be mixed with what and how. Once you make a mistake, firstly, you won't see any results, secondly, you can harm yourself, which is dangerous, for example, you might burn your skin or have a serious allergy.

Using Nivea is much simpler, because there is no need to have some special knowledge. A consumer can find Nivea products everywhere. For folk remedies a consumer has to go to pharmacies or some special stores.

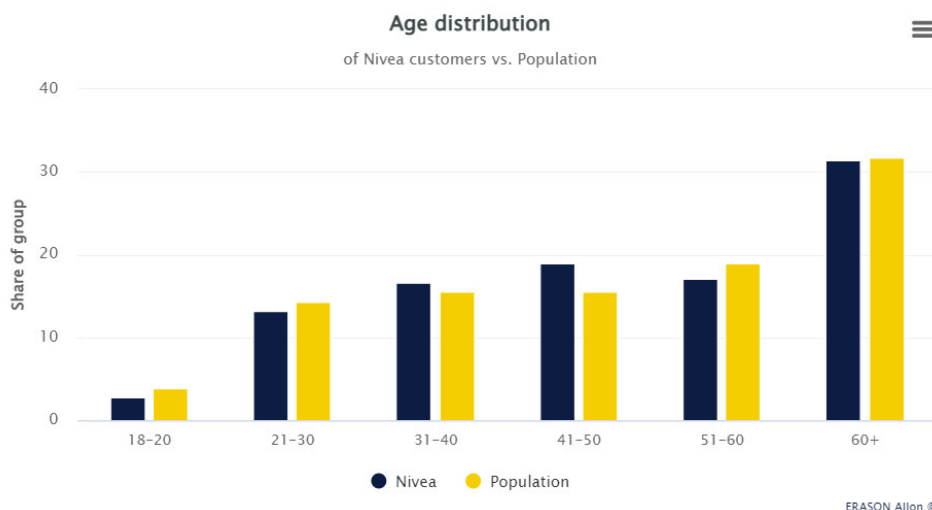
Nivea's packaging is designed nicely and its convenient to use for customers. Traditional remedies are usually packed in very simple pharmacies packaging and look like medicine. The smell of remedies is natural, without any perfume and flavors and sometimes may not be pleasant in comparison with Nivea, especially when you mix few substances.

The next analysis to be conducted is **customer analysis**.

The point is Nivea serves wide market which includes people of almost all ages and genders, which makes more difficult to define the customer.

Customers of the brand are those who give care to their skin tone, cleaning, softening and tanning. The target market of NIVEA is **women aged 18 - 80**. They have middle to high income. They are self-empowered. They take care of their skin well for their own goodness and to boost confidence.

Let's see in the next table the age distribution of Nivea customers and German population.



<https://www.ailon.io/en/statistic/age-distribution-of-people-who-like-nivea/>

**Figure 23 - Age distribution of Nivea customers in comparison to German population in 2021**

This statistic visualizes the age distribution of that part of the German population, with a high affinity for the cosmetics brand Nivea, in comparison to the total population. The values for 60+ years are decreased. Also the values for 18-20 years are decreased in comparison to the total population.

This bar chart compares the Nivea customers to the total population with regard to a selected attribute. The chart is to be understood as follows: The attribute: 60+ years is applicable to 31.39% of the Nivea customers, in contrast to 31.8% for the total German population.

From the previous table there was built a new table with 3 main target groups of Nivea.

	<b>Students and young people (18 – 30)</b>	<b>Adults (31 – 45)</b>	<b>Middle aged and older people (46 – 60+)</b>
<b>Needs</b>	Moisturized healthy skin without acne	Elastic skin without wrinkles	Moisturized skin without wrinkles
<b>Want</b>	<ul style="list-style-type: none"> <li>- Affordable</li> <li>- For everyday use</li> </ul>	<ul style="list-style-type: none"> <li>- Qualitative product</li> <li>- Noticeable result</li> <li>- For everyday use</li> </ul>	<ul style="list-style-type: none"> <li>- Trusted skin care</li> <li>- For everyday use</li> </ul>
<b>Perception</b>	Good cheap skin care	Good quality skin care with noticeable effect	Good quality trusted skin care

**Table 2.4 - Customers' analysis by age**

This was a general customers' analysis, but today's world has been going through a lot of changes, for instance, we can see how customers' behavior has changed when people are different age. Here we should point at the "theory of generations" and make the customers' analysis according to it. Alpha generation (2011 – present days) is not included into the research, since people of this generation are very young right now and don't have their own money, moreover, their tastes and preferences are not formed yet.

Nowadays **baby boomers** right now are at the age of 55 – 78. They have been growing up together with Nivea, they have known this brand all their lives. Baby boomers had very difficult and poor childhood during some historical events. They don't like changes in life very much, that's why they are very loyal customers. They don't want any innovations and "cool" products, what they want is a simple product with simple description for all type skin to moisturize it. A product, the baby boomers will trust and use for a long period of time – Nivea is a perfect fit.

**Gen X** were growing while there was a lack of products in stores. This generation experienced the emergence of new products, stores, Internet, and the most important – choice, which they didn't have in their childhood. So, now these people try a lot of new and interesting for them products, however, this generation is also very loyal. People of this generation already have families and children, so they are interested in products, which are affordable and can be used by all family members.

**Millennials** came to everything ready. They didn't struggle in life like two previous generations. Millennials are adjustable to all new technologies, programs, operating system and etc. They know how to work and live in virtual and real life, especially when they went through hard 90s. Even though Millennials are very dependent on the Internet for learning how to do things, it's likely they do not really understand how the internet works. However, they take all the information only from the Internet and the minute there is an advertisement of a new product, they want immediately go and buy it, because some famous bloggers have already started using it. Also, in today's world millennials started to pay attention on their type skin, because its important to know, while choosing a skin care product.

**Gen Z** doesn't have any troubles working with technologies and the Internet. They know, that any problem they can solve with the help of their smartphone or laptop: order food or fresh groceries, pay for rent, take a loan, hang out with friends. Gen Z is even more dependent on the influence of so-called influencers. Any new product, which had been tested by a blogger, they want to try and write their own review about it. For them, it's like gambling. As millennials had started to be more concerned about skin type, gen Z went even more crazy: they need one product for only one exact problem. For example, if for baby boomers and gen X only one face cream was enough for them, gen Z needs few products for their skin problems: reddish skin, acne, post-acne, black spots and etc. So, in general,

Gen Z uses in average more than 3 products only for their faces.

The summary of the generations' comparison is presented in the next table.

	<b>Baby boomers (1944 – 1967)</b>	<b>Gen X (1967 – 1984)</b>	<b>Millennials (1984 – 2000)</b>	<b>Gen Z (2000 – 2011)</b>
Needs	Moisturized skin	Elastic anti-aging skin	Care for a certain type of skin	Moisturized skin; Get rid of acne, post-acne, reddish skin, black spots and etc.
Want	Cheap product; Simple in usage; Long-term usage; Easy to find;	Affordable product; Information about the brand/product;	Affordable product; Transparent ingredients; New and modern products/offers;	Advertised product by a famous influencer; Transparent ingredients; New and modern products/offers;
Perception	A simple and affordable product for a daily use.	A trusted and affordable product for a family.	New and interesting affordable products.	Advertised product, which will get rid of all skin problems.

**Table 2.5 - Customers analysis by generations**

As we can see from the table, from generation to generation there is a tendency for changing in consumers behavior, including, that customers requests keep growing. If baby boomers needed moisturized skin, gen Z needs get rid of acne, post-acne, reddish skin, black spots, they need more collagen, more acids and other nutrition. As well as for consumers “wants”. From affordable and simple product, the now want a trend product.

### **Conclusion.**

Germany is the largest cosmetic market in Europe, followed by France and the United Kingdom. Drug stores are observed to be the largest distribution channel in the beauty and personal care industry in Germany, owing to their convenient location and wide selection of mass-market beauty brands.

Beiersdorf company is one of the most famous companies in the world with a lot of other brands, including famous Nivea brand. Nivea’s main problem is competition – its very high. Except competitors, the other threat, which influences Nivea a lot is customers behavior. The time’s been changing very fast and customers’ habits has been changing due to worldwide trends in cosmetics and skin care, lifehabits, environment, generations gap, gadgets and many other.

As a conclusion, there is presented the table of SWOT analysis of Nivea.

Strenghts	Weaknesses
Trusted brand with history	
Worldwide location	Transparency of the ingredients
Strong distribution network	Low quantity of services
Strong brand equity	The same products as 10 years ago
Affordable prices	
Wide range of customers	
Opportunities	Threats
Enhancement of „go green“ policy	Extremly high competition
Making the ingredients more transparent	Popularity of other skin care brands
Creart more services for customers	Stronger marketing from competitors
Develop a new program/product	Consumers behavior (changing fast)

**Table 2.6 – SWOT analysis of Nivea brand**

As we can see from the Swot analysis, Nivea company has a lot of strenghts and the most vital strenghts for the brand is that it's a trusted brand, a lot of people were growing up together with the development of Nivea. However, the trust in the brand among young generations is going down and threats with weaknesses have very serious consequences. For instance, decrease of demand means that customers are bored from the same products, which haven't been changed for decades.

Although, Nivea launched some new products, the hype and customers reaction was not anticipating. And that is because the main target group of Nivea is 31-60+ year old people (adults and older generation), which means that the target group of „18-20“ and „21-30 has been left without attention.

Nevertheless, Nivea still has great potential for growth, if the brand starts to do something about it now. For example, Nivea can launch new programs, create new cervices for customers, develop a product. It has a lot of opportunities, which can help to attract new consumers and hold the trusted ones.

### 2.3.3 Primary data

#### In-depth interview

#### Customers' portrait (qualitative research)

For the in-depth interview we designed a qualitative research. All the participants were offered to answer 21 open questions about the Nivea skin care products. The aim of the in-depth interview discussion is to understand younger generation better.

For our research we asked 18 participants aged from 20 to 30 years old who live in Germany and use or have ever used Nivea products in order to understand what the younger generation wants.

#### Questions:

1. How do you feel about skin care in general?

Most of the answers described positive attitude towards skin care and added, that it is vital for their skin.

**2. Do you use any skin care products?**

Most of the participants use any skin care products.

**3. Which skin care products do you use?**

All the participants use different skin care products, which means the great demand in the items. The products our participants use are shower gel, soap, face wash, shampoo, face masks, lotions, body cremes and etc. Moreover, all the participants use few products for skin care.

**4. Have you ever used any of Nivea skin care products?**

Most of the interviewees have ever used Nivea skin care cosmetics.

**5. What was your reason for NOT choosing Nivea's skin care?**

Most of the participants mentioned ingredients as a reason for not following Nivea brand. There was also mentioned price as a reason of not using Nivea brand.

**6. What was your reason for choosing Nivea? (Website convenience, price, effect, ingredients, etc.)**

There were mentioned different reasons for choosing Nivea brand, but the most frequent reasons were result/effect, price and ingredients (quality of ingredients).

**7. Do you see Nivea as a replacement of other skin care brands?**

Some of the respondents answered "yes", because Nivea has good prices and the brand equity, but the majority went for "no", because there are other products with much better quality than Nivea.

**8. Which listed skin care brand would you choose in a store: Nivea, Balea, Dove, Garnier, Neutrogena? Explain why?**

From 14 answers "Nivea" was present in 10 answers, but with addition to other listed brands, which means, that Nivea has strong competition.

**9. Have you ever tried using traditional remedies?**

Most of the participants have tried using traditional remedies.

**10. What do you think: can traditional remedies replace skin care products? Why?**

The answers on these questions were 50/50. One half of the people thinks "yes", it's replaceable, because it's chemical free and has good effect. Other part thinks "no", because you can't expect which effect it will give on different types of skin + you need time for preparations. And the third part had difficulties with the question. Sometimes it's better to use traditional remedies, but sometimes – usual cosmetic products.

**11. Please, describe positive sides of using Nivea.**

A lot of good sides were mentioned by interviewees: smell, sometimes has effective result, affordable price and a good moisturizer.

**12. What are the negative experiences you've had with Nivea?**

Some of the participants had negative experiences using Nivea, for instance, hard result on skin, allergies, has a lot of fat and some products are ineffective. Some people also didn't like the same design of the brand, which was performed for a long time without any changes.

**13. Please, write the most vital factor in skin care for you.**

The most common answer is result/effect and no toxic ingredients.

**14. Which skin care products are you interested in most?**

The most popular answers are wash gel, face wash, crèmes, lotions and mask sheets.

**15. What do you think about the prices of Nivea products?**

Some answers tell us that the prices for some products are reasonable, but for other products they are too overpriced. However, for most of the respondents the prices are average and reasonable.

**16. Have you ever had any positive results of your skin/hair after using Nivea? Explain, please.**

The interviewees pointed, that their skin became moisturized, soft and fresh. They also added, that the Nivea cremes work good for very dry skins or in winter, as they contain a lot of fat.

**17. Do you think, that Nivea products are getting more old-fashioned? Why?**

9 answers from 15 says that the brand is still relevant, but other 6 people think that Nivea gets old-fashioned, especially the design of packaging and marketing strategy.

**18. If Nivea launched a new modern product for skin care, different from its previous ones, would you like to try it?**

Most of the participants would like to try a new Nivea product.

**19. If you suggested to your friend to take a Nivea product instead of other skin care brands, how would you explain it?**

The answers are very different, however they all have positive recommendations, such as, "it's trusted brand with average price", "It's a personal choice but I would point out the heritage of Nivea and how they are still here for over a century", "It is one of the best as store bought skin care (not pharmaceutical or professional)".



## **20. How do you see an ideal skin care product for you?**

The main characteristics of an ideal skin care from the interviewees are not very expensive products, good natural ingredients and effectiveness with desired expectations.

## **21. Would you say, that Nivea is an ideal skin care brand for you? Why?**

According to 9 answers from 15 Nivea is not an ideal skin care brand for our participants, because there are much better and attractive products on the market with safer ingredients.

### **Conclusion.**

There are 3 main groups of customers, defined by age:

1) **Young customers aged 18 – 30.** The smallest customers' group of Nivea.

The young customers have low-average income of 190 – 1490 EUR, because they are mostly students, employed students, or students, who work part-time.

They have known the brand from their childhood, because their parents were using it almost all their lives. For this generation Nivea is a trusted brand and, what is most important, affordable according to their income.

The young customers' preferences are moisturized skin without skin imperfections such as black dots and acne.

This generation choose skin products accordingly not only price, but ingredients. Since eco-friendly products nowadays have a huge popularity, the young generation became more aware of what they apply on their skin.

Young people are very picky these days, that's why they need more than 5 minutes to choose a right product in a store.

They like trying new products, especially if they were recommended by famous influencers on social media. It was discovered, that the young customers are more likely to buy a new product advertised by an opinion leader, rather than they see this new product in a store.

As was mentioned before, this group of customers has a very small number of followers, that's why Nivea brand is not quite popular among the youth. However, Nivea has a great opportunity to develop itself in this particular area, for example, a new line of products for the youth.

2) **Adult customers aged 31 – 45.**

Adult customers have average-high income.

This generation consists of gen X and early Millennials. They have been known and using Nivea brand all their lives, because their parents also had known the brand. Right now this generation already has their own families and children or has just started having them, which means that their usual expenses raised and they are trying to keep them a little lower. And Nivea brand suits them a lot, because it is affordable and can be used by the whole household and children.

Adult generation's preferences are to have elastic skin without wrinkles.

This generation is also concerned about ingredients, but not as much as the previous one.

They don't have much time for shopping, that's why these customers already know what they need and don't waste time choosing a product.

Opinion leaders can also influence this generation, especially the one in their early 30s. They use social media actively. But they are influenced by their friends and people who also have families and children. They like to share opinions and practical lifehacks about family life.

3) **Middle aged and older customers 46 – 60+.** One of the biggest customers' groups together with the previous one.

Their income is average-high.

Nivea had a great place in their lives and middle aged and older customers appreciate and trust the brand.

It is also very affordable for these customers, since a lot of them have pension, which is not very high.

The middle aged and older customers' preferences are to have moisturized skin without very visible wrinkles.

This generation doesn't like changes much, doesn't like innovations, that's why they trust proven products, which are simple to use. They don't like to change their usual products on something new and different, therefore they prefer use the same products or brand for the whole life. It's much easier for them.

Older customers don't use social media, except Tv, newspapers, radios. Thus, they do not know about famous Internet influencers and do not care about other people opinions.

Nivea brand can be very sure not to lose this group of customers, because they are the most trusting.

Overall, adults, middle aged and older customers are not enough for Nivea. There is a great opportunity for the brand to attract younger customers, position itself not only as skin care for adults, but as a skin care for the youth. It will help Nivea to get more audience, to "socialize" on social media and platforms and to give more advertisement.

### **Customers' portrait (quantitative research)**

The aim of this survey was to analyse Nivea customers' needs in a process of finding a new skin care product. For this research we asked 46 people, both men and women, aged from 20 to 30 years old who live in Germany. The survey consists of 20 closed questions of different types like multiple choice questions, rating scale choice questions, rank order choice questions and others.

#### **Questions:**

##### **1. What is your occupation?**

Most of the respondents are employed (30.3%); 28.3 % of people are currently students and 21.7 % are students who work part-time; 13 % of people are also students, who work full-time.

##### **2. What is your income per month (Euro, netto)?**

The respondents have different amounts of incomes. Most of the participants earn less than 1000 Euro, which is an average salary for a working student.

23.9 % of the participants earn 200 – 490 EUR.

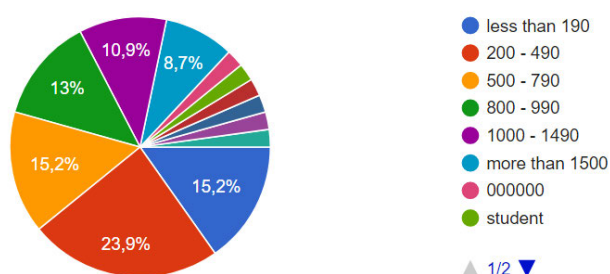
15.2 % of the participants earn 500 – 790 EUR.

15.2 % of the participants earn less than 190 EUR.

13 % of the participants earn 800 – 990 EUR.

10 % of the participants earn 1000 – 1490 EUR.

8.7 % of the participants earn more than 1500 EUR.



### 3. How did you know about Nivea for the first time?

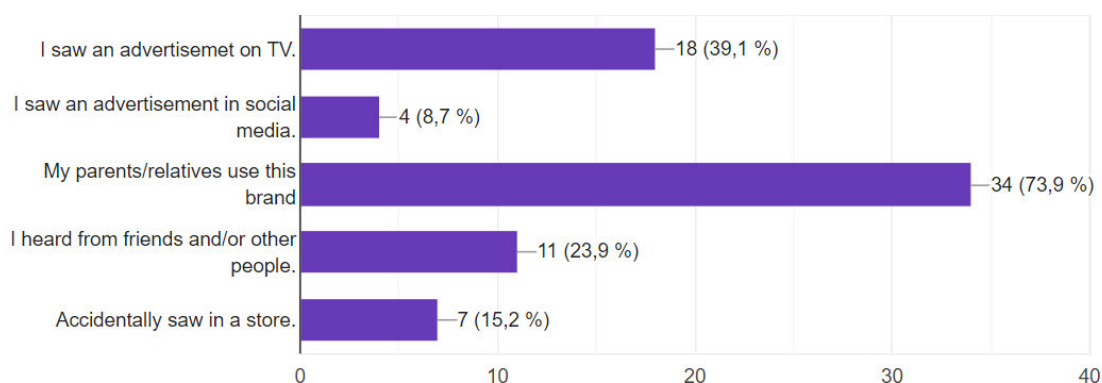
73.9 % of the respondents have known the brand since childhood, as their parents were using it.

39.1 % of the respondents saw the Nivea brand on TV.

23.9 % of the respondents heard about Nivea from other people.

15.2 % of the respondents accidentally saw the products in stores.

8.7 % of the respondents saw the advertisement on social media.

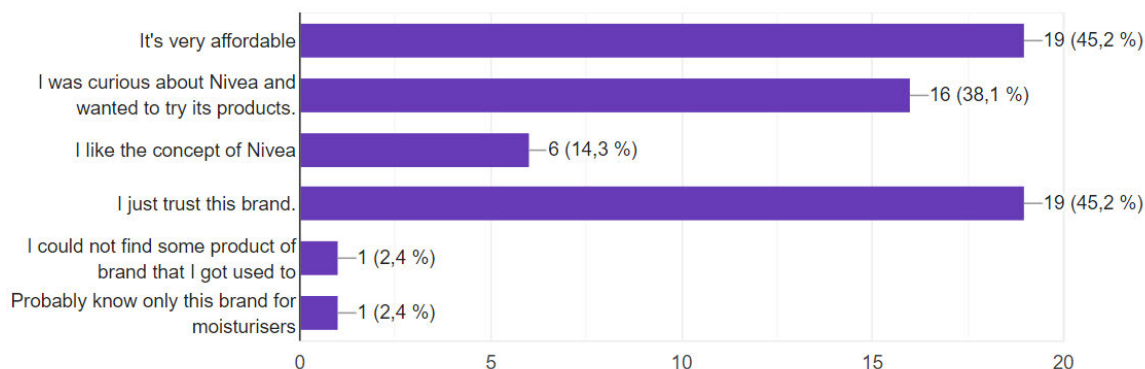


### 4. Have you ever bought any of Nivea's products? (if No, please, do not go further with the questions).

91.3 % of interviewees have ever bought any Nivea product.

### 5. What are your reasons for using any of Nivea's products?

The most frequently encountered answer is that the products of Nivea are very affordable (45.2 %). The others 45.2 % trust this brand and 38.1% was curious about Nivea.



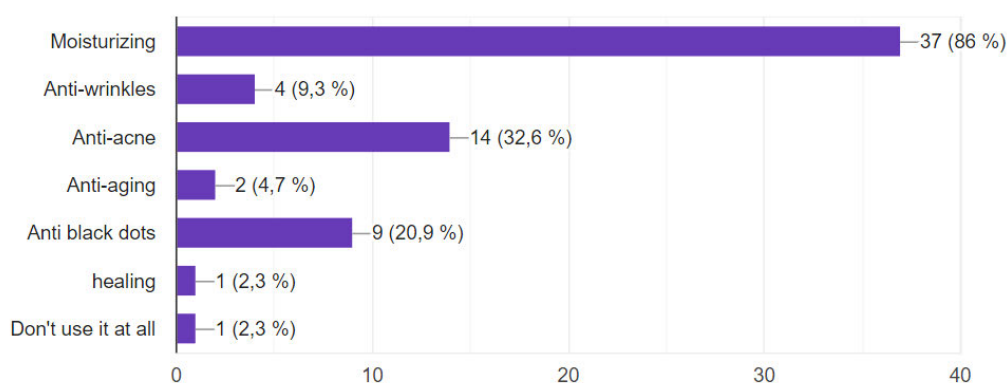
## 6. What are your preferences in face skin care?

The most demanding preference is moisturizing, according to 86 % of the interviewees.

And the second preference is anti-acne care (32.6 %).

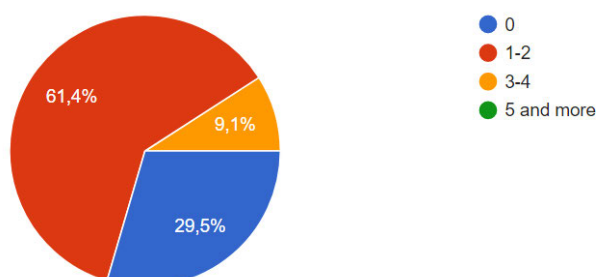
The third preference goes to people who are dealing with black dots (20.9 %).

The rest of the interviewees need products with anti-wrinkle, anti-aging or healing effect.



## 7. How many of Nivea products do you use right now?

In average, 61.4 % of participants use 1-2 products from Nivea. However, 29.5 % of people currently do not use any of Nivea products . And 9.1 % of people use 3-4 products.



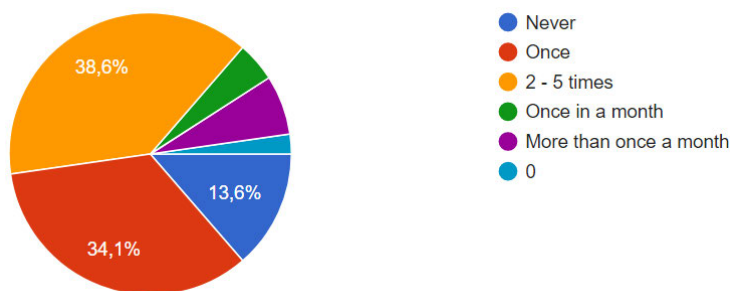
## 8. How often did you buy Nivea products LAST YEAR?

In average, a participant bought a product 2-5 times last year (38.6 %).

And 34.1 % made only one purchase of Nivea cosmetics.

However, 15.9 % of the interviewees did not buy any Nivea product last year.

11.3 % of the interviewees bought Nivea product every month once in a month or more.

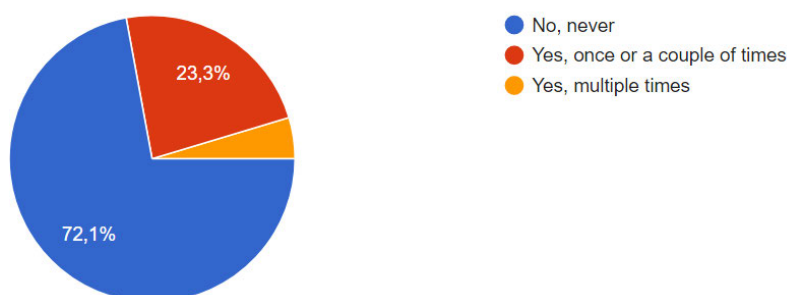


#### 9. Have you ever had bad experiences with Nivea?

72.1 % of the people have never had bad experiences with Nivea.

23.3 % of the people had bad experience once or a couple of time.

4.7 % had bad experiences with Nivea multiple times.



#### 10. How important are the following points in skin care products for you? 5 - very important, 1 - not important.

The are listed the following points: price, ingredients, variety of products, online store, services and programs for customers, eco-friendly products and brand equity.

As we can see from the histogram, the participants are quite neutral towards to prices. Only 20 people out of 43 think the prices are important or very important for them.

The point "Ingredients" has the hugest number of "followers". 32 people out of 44 consider "Ingredients" important or very important.

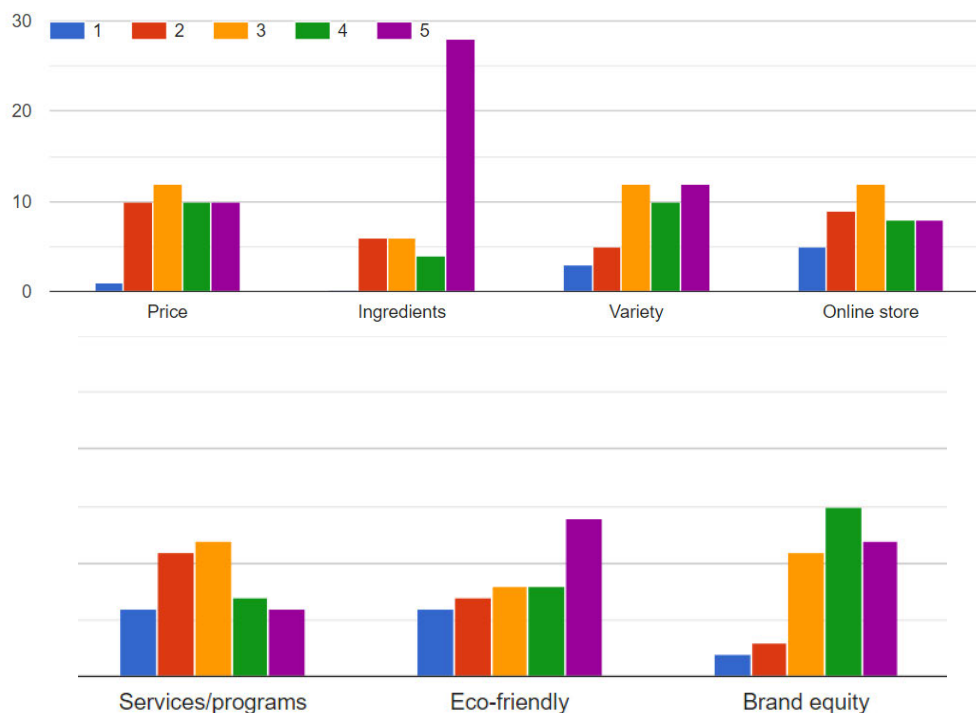
22 people out of 40 think that variety of products are important or very important. 10 people are neutral about variety. And the rest 8 people don't consider it important.

Most of the respondents are quite neutral about a brand having an online store.

23 people out of 42 are neutral or consider programs and services for customers are not really important. This point is not important for our respondents.

22 people out of 43 appreciate a brand having eco-friendly products. 8 people are neutral about it. And the rest 13 don't care.

27 people out of 43 think that brand equity is important or very important. 11 people are neutral about it. Only 5 people think it's not important at all.



### 11. Would you rather use traditional remedies, than any other skin care product?

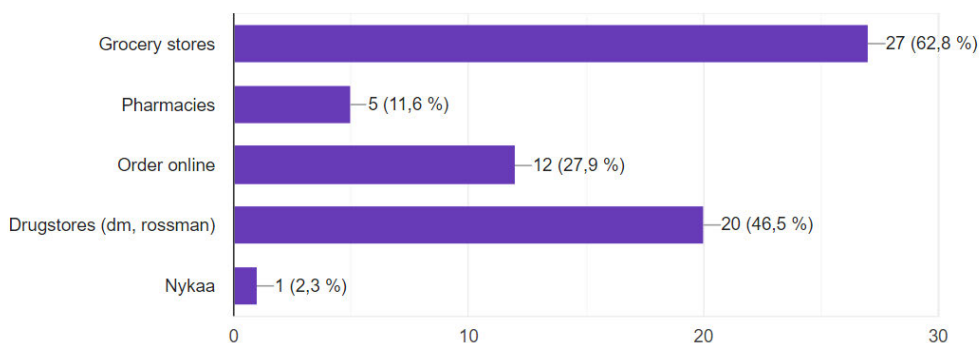
55.8 % of the participants would not use traditional remedies instead of ready cosmetics.

### 12. Where do you usually buy Nivea products?

The respondents buy Nivea cosmetics mostly in grocery stores (62.8 %) or drugstores (46.5 %).

Some people prefer to order it online (27.9 %).

Ans some people usually buy it from pharmacies (11.6 %).

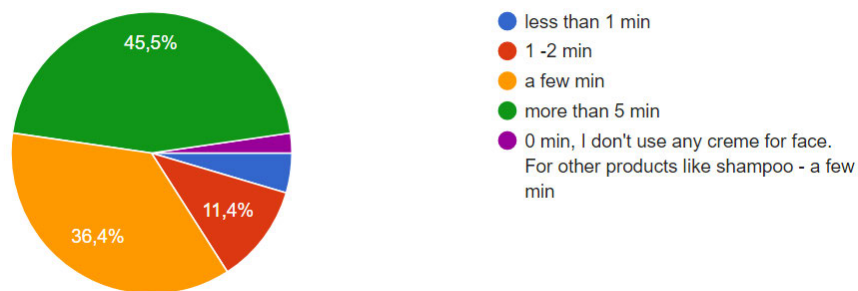


### 13. How much time do you usually need to decide which skin care product to buy?

45.5 % of the respondents need more than 5 min. to take the decision.

36.4 % of the respondents need a few min. to take the decision.

11.4 % of the participants need 1 – 2 min. to take the decision.



#### 14. Do you like buying and using new products?

Most of the interviewees answered “Yes” (79.5 %). And only 20.5 % of people don't like buying new products.

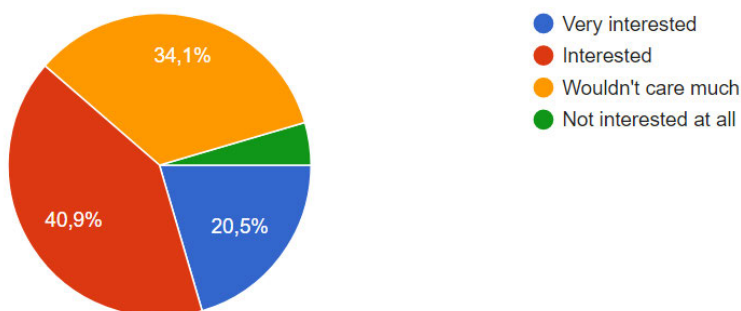
#### 15. How interested you would be, if Nivea created a new modern product?

20.5 % of the interviewees would be very interested in a new Nivea's product.

40.9 % of the interviewees would be interested in a new Nivea's product.

34.1 % of the interviewees would not care much about a new Nivea's product.

4.5 % of the interviewees would be not interested at all in a new Nivea's product.



#### 16. What is the probability, that you will buy a new Nivea product?

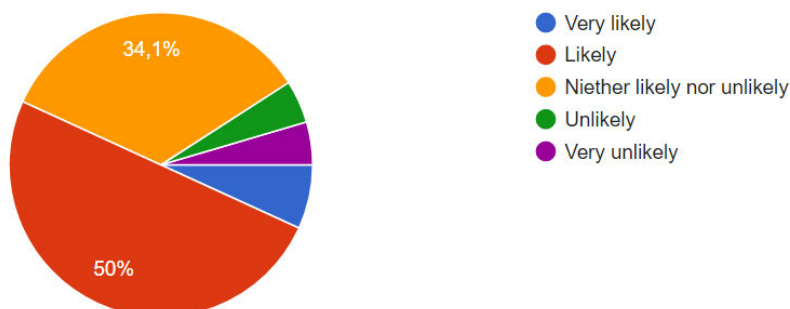
6.8 % of the participants will buy a new Nivea's product with a high possibility.

50 % of the participants will likely buy a new Nivea's product.

34.1 % of the participants are neutral about buying a new Nivea's product.

4.5 % of the participants unlikely will buy a new Nivea's product.

4.5 % of the participants are very unlikely to buy a new Nivea's product.



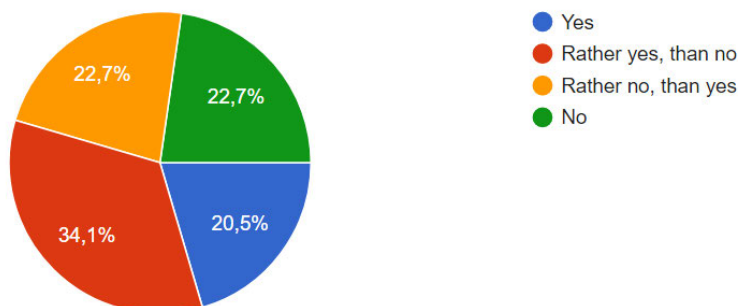
### 17. Do you follow trends in skin care cosmetics?

20.5 % of the participants follow trends in skin care cosmetics.

34.1 % of the participants rather follow trends in skin care cosmetics than not.

22.7 % of the participants rather not follow trends in skin care cosmetics than follow.

22.7 % of the participants do not follow trends in skin care cosmetics.



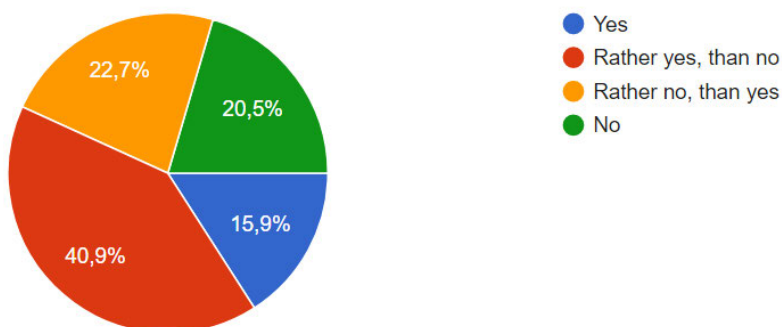
### 18. Would you rather buy a skin care product suggested by a blogger/influencer than if you saw it in a store?

15.9 % of the participants would buy a new product suggested by an influencer.

40.9 % of the participants would rather buy a new product suggested by an influencer than not.

22.7 % of the participants would rather not buy a new product suggested by an influencer.

20.5 % would not buy a new product suggested by an influencer.



### 19. How likely is that you would recommend Nivea products to your friends or colleagues?

11.4 % of the interviewees are very likely recommend Nivea products to their friends.

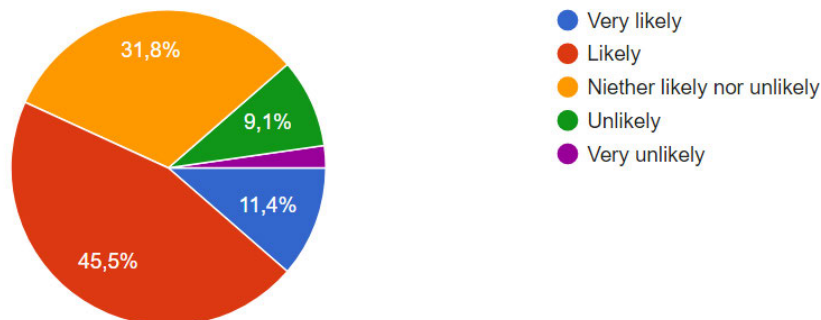
45.5 % of the interviewees would likely recommend Nivea products to their friends.

31.8 % of the interviewees are neutral of recommending Nivea products to their friends.

9.1 % of the interviewees would unlikely recommend Nivea products to their friends.

2.3 % of the interviewees would very unlikely recommend Nivea products to their friends.





## 20. Overall, how would you rate Nivea products?

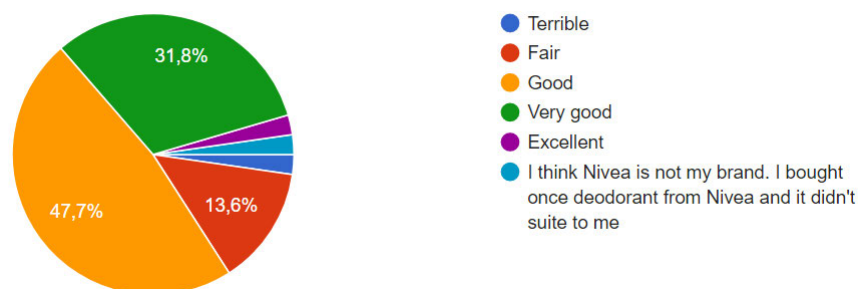
2.3 % of the participants would rate it as “Excellent”.

31.8 % of the participants would rate it as “Very good”.

47.7 % of the participants would rate it as “Good”.

13.6 % of the participants would rate it as “Fair”.

2.3 % of the participants would rate it as “Terrible”.



## Conclusion.

For the past years Nivea has aimed at middle aged and older generation 40+. That's why there was created this research to understand, if younger generation need new products from the brand.

In the quantitative research participated 46 people aged 20-30 with low-average income who live in Germany.

Most of them are already employed, but the other half of the participants are students, students who work full- or part-time. The income varies differently mostly from less than 190 EUR up to 990 EUR. Very few people have the income of 1000 to more than 1500 EUR.

73.9 % of the interviewees have known Nivea brand from the childhood, since their parents were using Nivea all their lives.

Because of low-average incomes the young generation prefers Nivea brand, because its quite affordable for them. Moreover, they also trust this brand because of their parents and the history of the brand in general.

Our young generation prefers products for moisturizing, with anti-acne and anti-black dots effect. However, there are around 14 % of the interviewees who prefer anti-

aging and anti-wrinkles effect, perhaps, the youth in their late 20s already has first aging signs.

The most important thing in a skin care cosmetic for our participants is the quality of ingredients. Also, quite high level of importance has such indicators as “Variety of the products”, “Eco-friendly products” and “Brand equity”.

Most of the interviewees like to buy Nivea products in stores or drugstores (dm, Rossman). Since the young generation are being very careful and picky about what they apply on their skin, they usually spent in stores more than 5 min. to choose the right product.

79.5 % of the participants like buying and using new products and they would be very interested/interested in buying it, if Nivea created one.

Around 55 % of the young people follow current trends in skin care area and they would likely or very likely buy a new Nivea’s product. 56.8 % of our participants would buy a new Nivea product suggested by a blogger/social media influencer than if they saw this product in a store. This means, that social media has a very huge influence on young generation aged 20 – 30.

Since the research showed us high demand in new products among the young people, it would be reasonable for Nivea to create new products for the youth particularly.

### 3. Directions for increasing the audience of Nivea brand

Expansion of the NIVEA product range began some 50 years ago – a corporate strategy, that Beiersdorf based on the consumers' changing requirements and wishes as demand for special care products increased.

Aggressive marketing strategies of international companies and significant investments to inundate the global market with innovative products have also led to a significant increase in sales in all regions in the world, but not much for Nivea.

Nivea knows that market position can always be improved. The brand is currently considered a strong and modern company, but remains concerned about ways it can improve itself. Nivea must maintain its **quality differentiation strategy** in order to offer superior products and increase sales and profits. Nivea must find a way to allow itself to **continue to grow** without sacrificing its core principles, while embracing the needs and cultures of the societies in which it wishes to expand. There are presented a number of possible options that will allow Nivea to do just that.

#### 3.1 Main directions for finding a new customer group for Nivea brand

Despite the generation X, who actively use Nivea brand for the whole family, Millennials have started to create their own families too. This means that millennials-parents have now more expenses and they need to lower it. In this case parents usually substitute their every-day products with cheaper ones. And Nivea is a good family brand with average prices.

The other thing is that gen X and Millennials are a huge consumer group for a cosmetic brand, so they are the primary customers, and these 2 generations are getting older. That's why cosmetic brands, including Nivea, keep up with them, getting older together. Nivea creates more products with anti-aging effect. However, this trend has a vital problem – cosmetic brands and Nivea have forgotten about younger generation – gen Z.

Anti-aging products have been showing a strong growth, which is caused by the increasing number of women in workforce and growing importance of appearance. The social pressure men and women are exposed to through television, movies and magazines causes them to want to look good and young at all times. The overall skin care industry has been experiencing a shift in the main consumer group, from older consumers to younger consumers. More and more people are starting to get concerned about the visible signs of aging on their skin, so they start using antiaging products at an earlier age in order prevent these signs before they appear.

While the brand strategy has remained unchanged for decades across the product categories and communication, its implementation is getting modernized.

Also, since Nivea has never changed its' texture, smell, packaging and product in general, people, especially young generation, got bored from it. In economics it is called "the property of decreasing marginal utility". There is also a good phrase to describe this:

“The greater the consumption of a certain good, the smaller the increment of utility received from a single increment of consumption of this good”.

However, there are options to increase the value/utility. The value increases due to how your offer looks. Everything affects. Photos, text, design, printing. The better and more expensive your printed or electronic presentation looks, the better the customer's opinion of a brand.

Since the aim of the analysis is to understand better younger generation, and the [results](#) has shown the interest of consumers to see new products from Nivea, there is one of improvement – create a **new sub-brand for young generation** called, for example, “Nivea young”.

It may include the creation of totally **new formula** for young skin, also according to different types of skins; **trendy design of packaging**; **advertisement** on social media and attraction of **famous influencers**.

#### New formula

The new sub-brand's skin care must be suitable for young skin and solve all the skin problems.

It doesn't have to be a huge line of products in the beginning, 3 - 4 products are enough for start, but they all already must be suitable for all skin types and problems.

The new products must adapt to all different types of skin: normal, dry, oily, combination (both oily and dry skin) and sensitive. All of the types have its' own problems, therefore any skin requires an individual approach. It is also known that young skin has a lot of skin problems, such as: acne, black dots, irritated skin, dermatitis, first wrinkles ant etc. So, the new sub-brand will require a lot of research and testing.

#### Trendy design

The Nivea's original design haven't been changed for decades. The design looks old-fashioned, like back from 2000s. It is not attractive for younger generation. Nowadays younger generation prefers simple “minimalism” design, meanwhile Nivea has a lot of unsuitable to each other's colors and a lot of texts on their package.

Differentiation using the design and shape of the packaging one of the most common ways to differentiate a product. Nivea can create a unique design that will attract attention and highlight the product on the shelf. Nivea can also give its' product an interesting memorable shape, release the product in a unique volume, etc.

Product packaging is, above all, a practical tool, but it also means much more than that for the product and brand it represents. It is the packaging that, through its design, convinces a consumer to purchase a product or not.

#### Advertisement

Nowadays **social media** has a great influence on people, especially teenagers and young people. Social media is important because it allows you to reach and engage with your target audience — no matter their location. When a business can use social media to connect with its audience, it can use social media to generate brand awareness, leads, sales, and revenue.

The most obvious change is that social media has provided a wealth of new ways to target more refined segments of consumers — and not all of them cost a fortune, some cost nothing at all.

Any social media has its' own opinion leaders. Opinion leaders are individuals who exert a significant amount of influence within their network and who can affect the opinions of connected individuals. They have established authority in a given area, market, or industry. Some may make a career out of influencing their audience on everything from industry trends to current events and consumer behavior. Others may simply be active and trusted in a given community, whether that community corresponds to a physical area, industry, or online community.

Because opinion leaders can validate a company's product or idea, marketers often seek out opinion leaders for collaborations, advertising campaigns, or product endorsements. This kind of partnership both increases a brand's visibility and builds trust between the business and the influencer's audience.

As younger generation aged 20 - 30, gen Z and Millennials, prefers using social media these days, then it makes sense for Nivea to use it as well.

After the research it was discovered that Nivea is not active in social media, such as Instagram and Tik Tok. And in the following table we can see Nivea's and other competitors' data.

	Nivea	Balea	Dove	Garnier	Neutrogena
<b>Followers on Instagram</b>	167 K 303 K (Nivea Deutschland)	759 K	715 K	20,3 K 113 K (Garnier Deutschland)	911 K 24,1 K (Neutrogena Deutschland)
<b>Followers on Tik Tok</b>	7,6 K (2 videos only)	No personal account	40 K	By countries 2,5 – 464,6 K	68,3 K

**Table 3.1 - Social media followers of Nivea and its' competitors**

As we can see from the table Nivea has penultimate place in quantity of followers on both Instagram and Tik Tok. That confirms the unactive position of Nivea in social media.

It was also researched that no one from famous German Instagram bloggers and influencers advertise Nivea products. However, Nivea's competitors are getting advertised by German opinion leaders. For example, there is a unique thing about Balea products: Balea doesn't have its' own account on Tik Tok, but the brand still has a lot of advertisements from bloggers or even just not famous people. It is believed, that the brand has this popularity, because it has bright and interesting packaging, great variety of goods with different smells and a very affordable price which is a good fit for the youth.

If we are looking to tap into a younger audience, TikTok is notoriously known to be associated with Gen Z and millennials. In fact, its users are aging up, with over 50% older than 30, which will work good for Nivea, if it creates a Tik Tok account. In this case it can cover the younger generation and a part of adults.

The use of influencers/celebrities as marketing shows no signs of slowing down. The beauty industry has adopted this tactic more fervently than any other. Influencer marketing on social media has clearly become one of the most effective ways to build brand awareness and helps to bring beauty products to life, which is what exactly Nivea needs.

The results of the research might be used by Nivea's marketers for analysing to improve the current situation.

Except of new sub-brand, there are some **additional suggestions**.

**Artificial Intelligence.** Artificial intelligence can dramatically improve the efficiencies of our workplaces and can augment the work humans can do. When AI takes over repetitive or dangerous tasks, it frees up the human workforce to do work they are better equipped for—tasks that involve creativity and empathy among others.

A good example of using AI in beauty industry is online shops. For instance, a woman wants to choose a lipstick for herself, but she can't do it online, obviously. In this case she might choose a color which won't suit her and she will have to return it back. But with the help of AI she could simply download her photo/selfie in to the website and try different colors of the lipstick on her own photo.

Moreover, as with many other industries, the Covid-19 pandemic was an inflection point for the beauty industry. The sudden closure of stores and factories highlighted specific weaknesses, such as supply chain rigidity. And this gave people an understanding of importance of AI in beauty industries.

### **Personalization.**

Beauty and cosmetics is one area where individual customer preferences are varied and significant. Everyone has their own unique combinations of needs.

Without helpful store assistants and the luxury of actually trying out products on their own bodies, customers end up having to spend a lot of time on research. AI can help shorten that research time, recommending relevant products based on customer information and existing trends. Capturing, organizing, and utilizing customer data is no small feat and would be next to impossible without AI.

This technology is proving both popular and successful in the beauty industry because it can offer shoppers a personalised experience, which aims to make shopping much more targeted and easier for consumers.

Whether it's through a skincare diagnostic selfie experience or a shade matching try-on, AI and AR provide a wide range of solutions to fit in with the needs of a beauty brand and its customers.

For instance, if a customer is searching for a product on the website, Nivea could use a **popup**, which asks a customers a few questions about things like skin type and preferences. Based on their answers and also based on what other customers have liked, the algorithm recommends a product most suitable for our clients' specific needs.

Since Nivea doesn't have any online consultant, it would be a good idea for the company to create this **popup windows** about your preferences and evaluation of your skin type and needs.

Moreover, this popup window can attract the younger generation on the website.

### **Conclusion.**

After carefully conducted research of famous Nivea brand, there were proposed some suggestions for promoting Nivea brand among young customers.

Nivea should understand that it doesn't have the attention of the most trendy and fast development generation – the young generation aged 20 – 30. So, to attract it there were made the main direction for expansion of Nivea's audience – create a sub-brand called „Nivea young“.

A quality made sub-brand can attract the younger customers and set the product apart from the competition. The visual presence represents not only the quality of the product, but should also suggest a clear personality – whether it be quirky, authentic or charming.

The creation of the new products' line will include the establishment of new formula, packaging design and promotion/advertisement on social media.

Besides from the sub-brand idea, there was proposed to use AI on Nivea's website, which will allow its' customers to choose the product they need more precisely for their needs, and will help to attract the youth to the website with this new tool.

## Conclusion

The goal set at the beginning of the work and the tasks defined for its achievement were achieved and solved in the process of analyzing and writing the work. In general, based on the results of the research, the following conclusions can be drawn: the success of marketing research and analysis of customers depends on preventing erroneous actions that can lead to decrease in the effectiveness of the company, comparing the past, present and future state of the company, cutting off inappropriate options. Therefore, the marketing research should be considered no less important part of the business than the production of high-quality and competitive goods and services.

In a highly competitive modern market, customers play an important role in the activities of any company, because it allows you to establish the optimal relationship between the organization and its' clients. Today, customers' behavior is understood as the analysis of how consumers make decisions about what to buy, when to buy it, and how to do so.

The analysis, which was used in the work to understand customers, is called Marketing research. Marketing research helps you to find and solve a problem, define your target audience and get to know their preferences and, obviously, maximize their satisfaction.

Beiersdorf company is a very famous skin care brand, which introduced the first ever moisturizing face-cream to the world.

Beiersdorf has a great number of subsidiaries, such as NIVEA, Eucerin, La Prairie, Labello, Hansaplast, Florena, 8X4, Coppertone, HIDROFU-GAL, tesa, SKIN STORIES, OWN, GAMMON, CHAUL, STOP THE WATER WHILE US-ING ME!

Since Nivea has the greatest success among other Beiersdorf's subsidiaries, it was decided to conduct marketing research and analysis of customers of this brand.

**Nivea** - a German brand of personal care products specializing in skin and body care. It belongs to the Hamburg-based company Beiersdorf AG.

The development of the NIVEA Creme around 110 years ago marked the beginning of a unique successful story and the birth of the world's No. 1 in skin care.

The target market of NIVEA is women aged 18 - 80. They have middle to high income. They are self-empowered. They take care of their skin well for their own goodness and to boost confidence.

Nivea has always been popular among people, especially in the period 2000 – 2015, when the brand had a “boom” with new unique for those times products.

However, as any other company or business, Nivea has its' own problems and threats.

Entering the skin care cosmetic market is very easy, but to stay stable on this market is difficult. That's why Nivea has an extremely high competition, which can cause a great



threat to the brand. The main competitors of Nivea are Balea, Dove, Garnier and Neutrogena, which are also very strong and trusted brands in Germany.

The second problem that the author considered relevant is that the products of Nivea are getting old-fashioned and less popular, especially among the youth. While the brand strategy has remained unchanged for decades across the product categories and communication, its implementation is getting modernized.

Also, since Nivea has never changed its' texture, smell, packaging and product in general, people, especially young generation, got bored from it.

There was conducted customers' analysis, in which were found out current preferences of young generation and made some decisions.

Nowadays, the youth is very important not only for societies, but for businesses. Young people have authoritative influence on almost everything these days, especially with the help of the Internet and social media.

According to the customers' research we got to know that Nivea didn't pay a lot of attention to young people aged 20 – 30. Therefore, to attract this generation the author made some proposals such as creating a new sub-brand for young people. It may include the creation of totally new formula for young skin, also according to different types of skins; trendy design of packaging; advertisement on social media and attraction of famous influencers.

Overall, adults, middle aged and older customers are not enough for Nivea. There is a great opportunity for the brand to attract younger customers, position itself not only as skin care for adults, but as a skin care for the youth. It will help Nivea to get more audience, to "socialize" on social media and platforms, to give more advertisement and to get back its' success.

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## Statement of Authorship

I hereby certify this master thesis presented here has been composed by myself and is the result of my own investigations, unless otherwise acknowledged in the text. All references and all sources of information have been specifically acknowledged. This thesis has not been submitted, either in part or whole, for a degree at this or any other University. This work has not been published.

Mittweida, 8 May, 2022



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