

Thrive Causemetics SWOT Analysis Audience Segments: Current or Potential Customers and Giving Partners.

Background: The beauty industry is a growing market in consumer goods. Spending in 2020 was \$483 billion, and the annual total is expected to top \$716 billion by 2025 (Manager). Brick and Mortar stores have dominated the industry for decades, but that is changing rapidly and has only accelerated due to the COVID-19 pandemic. Ecommerce and online direct-to-consumer brands are continuing to grow at an impressive rate with online sales projected to make up 48% of the total by 2023 (Manager).

A leading beauty trend in recent years is a focus on “clean beauty.” Clean beauty is a submarket within the beauty industry that encompasses a broad range of skincare and cosmetics with varying definitions, including beauty products described as developed using natural, cruelty-free and sustainable methods.

Thrive Causemetics is marketed as a luxury, direct-to-consumer, beauty brand that focuses on the greater good - in its business practices and in its products. All sales are online through the company-owned website.

Thrive Causemetics makeup and skincare products are marketed on their website at “vegan, 100% cruelty-free formulas containing ingredients without the use of parabens or sulfates,” two ingredients that are purported to be harmful to the body and the environment. The company develops its cosmetic line at Thrive Causemetics Lab where they control the product and development process. The lab is based in Los Angeles, CA.

Thrive Causemetics has a well-established corporate social responsibility campaign beginning from its inception. Karissa Bodnar, the founder and CEO of Thrive Causemetics, was a burgeoning makeup artist and cosmetic product developer for another established beauty brand. She created Thrive Causemetics after a close friend passed away from cancer in her early 20's. After the cancer diagnosis, makeup became a form of artistic expression and defiance that solidified their friendship. This passion for makeup in the face of adversity inspired Bodnar to develop a cosmetic brand that was free of toxic chemicals and ingredients that are safe for all women to wear and give back to women facing life-altering challenges. Thrive's motto is beauty with a purpose.

Thrive matches every product purchased online with an in-kind donation of product or a donation of funds to one of its Giving Partners – nonprofit companies across the nation that are focused on Thrive's Four Pillars of Giving: women battling cancer, women surviving domestic violence, women struggling with homelessness, and women transitioning from military service. The brand's trademark is Bigger Than Beauty.™

Thrive's direct-to-consumer approach does not rely on traditional brick-and-mortar stores, outside e-commerce sites, or celebrity social media influencer endorsements. The company focuses many of its outreach and communication efforts by engaging directly with consumers on social media – everything from reviews to product development. A large part of Thrive's success is through earned media – especially amateur beauty bloggers who create video tutorials and reviews about Thrive Causemetics products on their own social media platforms and then share these reviews with their own followers.

Thrive Causemetics directly position itself to its customers and Giving Partners as a safe, socially conscious and environmentally friendly luxury beauty brand for the greater good.

SWOT Analysis Current and Potential Customers:

STRENGTHS:

- Up-and-coming beauty brand with an environmental impact: Thrive Causemetics is founded on beauty with a purpose. Its cosmetics are comprised of vegan and cruelty-free ingredients - garnering a loyal following of consumers seeking sustainable business models over profit margins.
- Control of production: The company develops its cosmetic line at Thrive Causemetics Lab in Los Angeles, CA where they control the production and development process assuring customers about the validity and quality of its products.
- Brand with a purpose: Customers are told that for every product sold, the company matches the sale by donating to women facing challenges in communities throughout the United States.
- Simple routine: the brand markets makeup products that have a versatile use. One makeup product for eyes, cheeks and lips, etc... Thus, creating a line that appeals to women looking for a simple beauty routine at a lower price point.
- Trust in the product: Thrive Causemetics has garnered industry awards for the quality of its beauty products. Including Allure's coveted beauty brand award for Thrive's Liquid Lash Extensions Mascara.

WEAKNESSES:

- Fledging company: Established in 2013, must compete with larger, more established beauty brands in retail stores
- Strong competition in startup beauty brands like glossier that started online and have a loyal following, as well as rapidly growing celebrity beauty brands – like Fenty Beauty and Kylie Cosmetics - with heavy-hitter endorsements and loyal following of fans.
- Products are relatively new: Company must establish cosmetics as reliable with the consumer in a competitive market.
- Only sells cosmetics on the company-owned website. Does not sell cosmetics on other retailer websites or in department stores.
- Growth in development: small companies can have a hard time keeping up with product demand.
- Relies heavily on user reviews from outside sources since it does not invest in celebrity endorsements or robust marketing campaigns. Does not have control over the review of the products.

OPPORTUNITIES:

- Beauty industry continues to grow with subgroups of clean and inclusive beauty trend on the rise. Clean beauty encompasses a broad range of skincare and cosmetics with varying definitions, including beauty products described as developed using natural, cruelty-free and sustainable methods.
- Product development: Thrive is a small company that can increase growth with new product developments in growing trends of DIY beauty that sparked out of the COVID 19 pandemic. At-home skincare routines are among the leading trends for this segment - beauty peels, face masks and scalp treatments are on the rise.
- Men in beauty: More men wear makeup than ever before, there is evidence in consumer data and the rise of prominent male beauty blogger. Men are a growing segment that Thrive beauty can look to in its pursuit of inclusivity and sustainability.
- Maximize social media: Youth-orientated social media, like TikTok, is only growing stronger in followings. The company should explore other social media platforms to increase its generational appeal to younger categories of potential customers.

THREATS:

- Cruelty-free is not well defined in the beauty industry leading to ethical consideration of trusting in brands making this claim.

- Emerging competition: during COVID -19 online sales shifted and increased in the beauty industry due to the shutdown of stores. Sales were down for the beauty industry during COVID. Now that restrictions are fading for in-person shopping, this issue could lead to an increase of consumers who prefer a tangible shopping experience that in-person retailers can offer.
- Product saturation: there has been a rise in consumers shopping for beauty brands in mass retail markets – big chain stores like Target and CVS – who offer a large variety of brands at discount rates.
- New Trends: according to new beauty industry data, fewer teens are wearing makeup than from generations before – this could hurt the company's appeal to younger generations as they look to build the brand for longevity in its consumer base.

SWOT Analysis Giving Partners:

STRENGTHS:

- Philanthropic giving as a foundation: Thrive Causemetics has donated to non-profit charities from its inception. Giving Partner collaborations are a core mission of the company's sustainable model and directly tied with brand identification. Giving Partners are promoted throughout Thrives marketing – including new product lines – which gives increased visibility to Thrives Giving Partners charitable work.
- Responsive Giving – Thrive not only gives products or monetary donations to Giving Partners, but also works with Giving Partners to ensure their donations make an impact in their mission.

- Variety and ease in partnership: Thrive makes it easy to apply as a Giving Partner with its online application. They also ask for input from their online community of followers. This idea was especially evident when the brand celebrated Juneteenth and asked for community input on where to donate funds to impact charities addressing racial disparities – something that is not a foundation of its regular Giving Partners.
- Loyal following: Thrive is a smaller beauty brand with a robust online following. This intimate partnership between company and consumer can only help Giving Partners aligned with Thrive, promote their message to an audience that is invested in the brand.

WEAKNESSES:

- Privately owned: Thrive is a privately-owned company with no plans to go public soon. Because of this, the company's financials are hard to determine, especially when determining what portion of profits is given to its Giving Partners. Since Thrive markets its charitable giving as one of its core missions, the lack of financial statements could create doubt in Giving Partners looking to quantify how committed Thrive is to its non-profit partnerships.
- Lack of promotion: Smaller non-profits may not receive the recognition or attention on Thrive-owned media channels as other larger national non-profits.

OPPORTUNITIES:

- Growing industry: Thrive is a growing brand in a growing submarket in the beauty industry. This growth potential can increase the message of Giving Partners to new audiences.

- Educate consumers about philanthropic work: Giving Partners have an opportunity to amplify their voice and mission among their own audiences by partnering with consumer brands and creating new initiatives -thus increasing interest in the non-profit.
- Diverse audience: partnering with a consumer brand allows Giving Partners the opportunity to reach new audiences that may not know about their work and could lead to increased recognition.

THREATS:

- Market saturation: Thrive is a small beauty brand with a lot of competition from larger companies. Because of this, Giving Partners may not trust that their partnership is mutually beneficial in a crowded industry focused on marketing consumer goods.
- Ethical consideration of “clean beauty” trend: Thrive markets itself as a clean and inclusive beauty brand. Giving Partners must rely on the reputation of the company for the partnership to be mutually beneficial. Without an honest disclosure of what legally constitutes “clean beauty,” the Giving Partner must trust the reputation of the brand among its customers in the industry.
- Mission alignment: Giving Partners must align with Thrive Cosmetics mission. If not, the collaboration may alienate members of the Giving Partner or the broader public.