



Proposed Marketing Strategies to Increase Brand Loyalty and Sales of Cetaphil Indonesia

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ABSTRACT: The Indonesian skincare market is witnessing notable changes influenced by shifting consumer behaviour due to the Covid-19 pandemic, with consumers placing a greater emphasis on personal health and being more willing to switch brands for better prices or quality. Cetaphil Indonesia, a skincare brand, is facing challenges in increasing sales and enhancing brand loyalty in this competitive landscape. This study aims to analyze the market dynamics, identify factors affecting brand loyalty, and propose targeted marketing strategies to regain lost users and boost sales. To achieve these objectives, a mixed-method approach is used, combining qualitative and quantitative methodologies. Qualitative data is collected through interviews with key stakeholders within Cetaphil Indonesia, while secondary data sources provide additional context. Quantitative data is gathered through an online survey distributed to a sample representing Cetaphil's target demographic in Indonesia. The analysis reveals several opportunities for targeted marketing campaigns, such as leveraging social media influencers and partnerships to enhance brand visibility and credibility. Implementing customer loyalty programs and personalized promotions can incentivize repeat purchases and foster brand loyalty. Optimizing pricing strategies to offer competitive value propositions while maintaining quality standards is crucial. Expanding distribution channels to reach untapped market segments and enhancing the digital presence through E-commerce platforms and engaging content creation are also important components of the proposed strategy. These initiatives aim to address the challenges faced by Cetaphil Indonesia and capitalize on the opportunities present in the evolving skincare market landscape. By implementing these strategies, Cetaphil Indonesia can achieve sustainable growth and enhance brand loyalty.

KEYWORDS: Brand loyalty, Competitive Landscape, Consumer behavior, Marketing strategies, Skincare Market.

I. INTRODUCTION

The Indonesia Skincare market was valued at \$1.7 billion in 2021 and projected to grow at compound annual growth rate (CAGR) of over 8% during the forecast period (GlobalData, 2022). The Covid-19 pandemic has had an adverse impact on consumer purchasing behavior in the cosmetics and personal care product industry. According to Mckinsey, there has been a decline in the number of makeup users in Indonesia, with approximately a two percent increase in the number of people who stopped using makeup during the crisis. This shift could be attributed to a change in consumer priorities towards personal health care and preventive products. Post-Covid, behaviors like social media use, food delivery, and digital banking are anticipated to persist. Changes in consumer shopping patterns are evident, as individuals tend to switch retailers, brands, or products when stocks run out, with price being the primary driving factor. Most consumers are feeling the price increase across all categories, which prompts them to either pay a higher premium or switch brands, particularly among younger consumers. Value is identified as a key driver for brand or retailer switching, cited by 63-66 percent of consumers across different segments (Mckinsey, 2022). In the August 2022 Consumer Pulse Indonesia survey, findings revealed that 45 percent of consumers had chosen to switch brands since the start of the COVID-19 pandemic. The reasons cited for switching brands were primarily driven by better price or promotional offers (45 percent), followed by quality considerations (28 percent), and curiosity to try new products they had never experienced before (27 percent) (Mckinsey, 2022). Cetaphil, an established international skincare brand, faces challenges in maintaining market share and achieving sales targets. Price sensitivity, the need for innovative marketing strategies, and aligning product offerings with consumer preferences are critical issues. This study aims to explore the factors driving brand loyalty, consumer behavior, and market competition in the Indonesian skincare market. By analyzing these elements, the research seeks to propose effective marketing strategies to enhance Cetaphil's market position, regain lost consumers, and achieve sustainable growth.



II. THEORITICAL FOUNDATION

2.1 Marketing Strategy

Companies aim to increase their market share, profitability, and return on investment by targeting specific product markets that align with their offerings. This involves creating consumer value and establishing profitable consumer relationships. Marketing revolves around two key questions: identifying target consumers through segmentation, targeting, and meeting their needs through differentiation and positioning. The company analyzes the market, breaks it down into smaller segments, selects the most promising ones, and focuses on satisfying consumers within those segments. Guided by the marketing strategy, the company develops an integrated marketing mix, including product, price, place, and promotion. Activities such as marketing analysis, planning, implementation, and control help determine the most effective marketing strategy and mix. Companies must remain adaptable to the various factors and forces in the marketing environment. This chapter provides a detailed exploration of each of these components (Kotler & Armstrong, 2021).

2.1.1. Segmentation, Targeting, Positioning (STP)

Used to classify the market based on key variables or consumer characteristics. Its aim is to identify demand potential, differentiate products from competitors, and gain a competitive advantage. Segmentation involves dividing the market into distinct segments, targeting focuses on selecting the most suitable segments to prioritize, and positioning involves shaping consumers' perceptions by highlighting unique value propositions. STP helps companies understand consumers better, tailor marketing strategies, and stand out in the market (Kazmi & Panda, 2015).

Segmentation

Segmentation involves dividing the market into distinct segments, targeting focuses on selecting the most suitable segments to prioritize, and positioning involves shaping consumers' perceptions by highlighting unique value propositions. STP helps companies understand consumers better, tailor marketing strategies, and stand out in the market (Kazmi & Panda, 2015). Market segmentation involves dividing the market into distinct buyer groups based on their unique needs, characteristics, or behaviors. Different segmentation variables, such as geographic, demographic, psychographic, and behavioral, are used to understand the market structure and cater to diverse consumer requirements (Kotler & Armstrong, 2021).

Targeting

Targeting involves determining the number of segments to focus on and selecting specific segments to target. Marketers use statistical techniques and consider multiple variables to identify smaller and more precisely defined target groups, enabling them to create tailored marketing strategies (Kotler & Keller, 2019).

Positioning

Positioning is the strategic process of designing a company's product or service offering and its overall image to establish a unique and favorable position in the minds of the target market. Effective positioning creates a specific and memorable perception of the brand, clarifies its core essence, identifies consumer goals, and highlights the distinctive manner in which it delivers benefits. This enhances the company's competitive advantage and attracts target consumers (Kotler & Keller, 2019).

2.1.2. Marketing Mix (the Four Ps)

The marketing mix is a fundamental concept in modern marketing that involves combining different elements to promote and deliver products to consumers. It encompasses everything a company does to engage consumers and provide them with value. The marketing mix is commonly categorized into four groups of variables known as the four Ps: product, price, place, and promotion. These variables include the offering itself, its features, the assigned value, distribution channels, methods to make the product available, and communication and marketing activities to create awareness and stimulate demand. By strategically managing these elements, companies can position their products effectively, meet consumer needs, and achieve their marketing objectives (Kotler & Armstrong, 2021).

2.1.3. VRIO Framework

The VRIO framework is a valuable tool for evaluating the resource endowments of a firm, which is crucial in the resource-based model. This framework identifies specific types of resources that are essential for achieving superior firm performance. To serve as a basis for competitive advantage, a resource must possess four key attributes: it must be Valuable (V), Rare (R), costly to Imitate (I), and the firm itself must be Organized (O) in a way that enables it to capture the value of the resource. The VRIO framework,



coined by Jay Barney, a pioneer of the resource-based view of the firm, emphasizes the importance of meeting all these criteria for a firm to gain and sustain a competitive advantage (Rothaermel, 2020).

2.1.4. PESTEL Analysis

A commonly used tool to assess and track external influences on a company is the PESTEL analysis. Its primary aim is to gather insights guiding strategic decisions, aiding in threat mitigation and opportunity exploitation. By examining the origin or closeness of these external factors, a consistent method is applied to comprehend their impact on the firm. The PESTEL model offers a simple approach to scan, monitor, and assess significant external factors and trends that could impact the company. These factors, which can present both opportunities and threats, play a pivotal role in shaping the company's strategic direction and decisions (Rothaermel, 2020).

2.1.5. Porter's Five-Forces Analysis

Michael Porter introduced the Five Forces model to help strategic leaders understand the profitability potential of industries and guide them in positioning their organizations for competitive advantage. This model examines forces shaping industry competition, including the bargaining power of buyers and suppliers, the threat of new entrants, the threat of substitute products or services, and competitive rivalry intensity. By assessing these forces, leaders can make informed decisions and develop strategies to enhance their firm's competitive position. The Five Forces model identifies key competitive forces—threat of entry, power of suppliers, power of buyers, threat of substitutes, and rivalry among existing competitors—helping leaders analyze industry dynamics, assess competitive position, and devise strategies to mitigate risks and seize opportunities (Rothaermel, 2020).

2.1.6. Competitor Analysis

Competitor analysis involves conducting a SWOT analysis to evaluate the strengths and weaknesses of competitors. It's crucial to gather information on both real and perceived strengths and weaknesses. Once main competitors and their strategies are identified, defining a competitive frame of reference guides positioning. In stable markets, pinpointing major competitors becomes easier (Kotler & Keller, 2019).

2.1.7. Consumer Profile

Consumer profile is a vital part of a company's business or marketing plan, identifying target consumers, understanding their needs, and how the product satisfies them. Companies delve into consumer research, analyzing datasets, and observing offline and online interactions to understand consumer behavior (Kotler & Armstrong, 2021).

2.1.8. Customer Analysis

Consumer buying behavior is shaped by cultural, social, and personal factors, with cultural elements exerting significant influence. Culture, subculture, and social class influence wants and behavior. Marketers must consider these cultural values carefully, especially across different countries. Subcultures provide more specific socialization within cultures, leading to specialized marketing strategies. Social factors, like reference groups such as family and opinion leaders, also impact consumer choices. Personal factors such as age, occupation, and lifestyle further shape preferences and behavior, interacting with cultural and social influences (Kotler & Keller, 2022).

2.1.9. SWOT (Strength, Weakness, Opportunity, Threat) Analysis

The marketing function begins with a thorough analysis of the company's situation, conducted through a SWOT analysis, which evaluates internal strengths and weaknesses, as well as external opportunities and threats. Strengths encompass internal capabilities and favorable factors aiding the company's objectives, while weaknesses denote limitations hindering performance. Opportunities are advantageous external trends, while threats are unfavorable external factors challenging performance. To identify opportunities and threats, companies analyze their market and marketing environment, aligning strengths with opportunities and addressing weaknesses to minimize threats, ultimately aiming to capitalize on the most viable opportunities (Kotler & Armstrong, 2021).

2.2 Marketing Strategy and Sales Performance

According to Ferdinand (2000) the assessment of marketing performance is a crucial factor often used to gauge the effectiveness of a company's applied marketing strategies. These strategies primarily aim to generate measurable marketing outcomes, such as sales volume and sales growth (Kartawinata & Wardhana, 2015). Slater and Narver (1995) further elaborate on the results of marketing strategies, encompassing consumer satisfaction, the success of new products, sales escalation, and overall profitability (Kartawinata & Wardhana, 2015). Fandy et al. (2008) emphasize the importance of profitability analysis, which involves evaluating the impact of various strategies and marketing programs on competitiveness and the contribution of specific products or product categories

(Kartawinata & Wardhana, 2015). Craven (2009) concludes that marketing performance is the contribution resulting from the implementation of marketing strategies and the creation of value, manifested in corporate profits measured by sales, operating profit, and market share (Kartawinata & Wardhana, 2015).

2.3 Marketing Strategy and Consumer Loyalty

The company's marketing strategy focuses on providing value to its target customers and building strong relationships with them. The goal is to not only satisfy customers but also keep them loyal. Happy customers are more likely to stay loyal and recommend the company to others. Building lasting relationships with customers relies on delivering great value and satisfaction. However, retaining customer loyalty can be challenging due to the abundance of choices available. Understanding how marketing influences customer behavior is crucial. Keeping customers loyal brings significant economic benefits, as loyal customers tend to spend more over time. It is also more cost-effective to keep existing customers happy than to acquire new ones. Losing a customer means losing not just one sale but potentially many future sales (Kotler & Armstrong, 2021).

2.4 Conceptual Framework

The conceptual framework provides the rationale and structure for the research, ensuring its significance and adherence to high standards. In this study, the conceptual framework guides the data collection and analysis to address business challenges at Cetaphil. The goal is to propose alternative approaches and an implementation plan to boost marketing activities, regain lost users, and improve sales performance.

Sales performance is directly influenced by marketing efforts aimed at promoting and selling products or services. Improving sales is crucial for organizations as it impacts revenue, market share, and profitability. Effective marketing strategies can maximize sales potential, attract, and retain consumers, and achieve business goals. Segmentation, targeting, positioning, and marketing mix strategies have a significant impact on sales performance and consumer relationship management. Other factors such as corporate culture, innovation, product development, e-commerce, consumer relationship management, brand loyalty, and equity also contribute to marketing performance. A well-crafted marketing strategy drives business growth by increasing sales, marketing impact, revenue generation, and engagement with the brand.

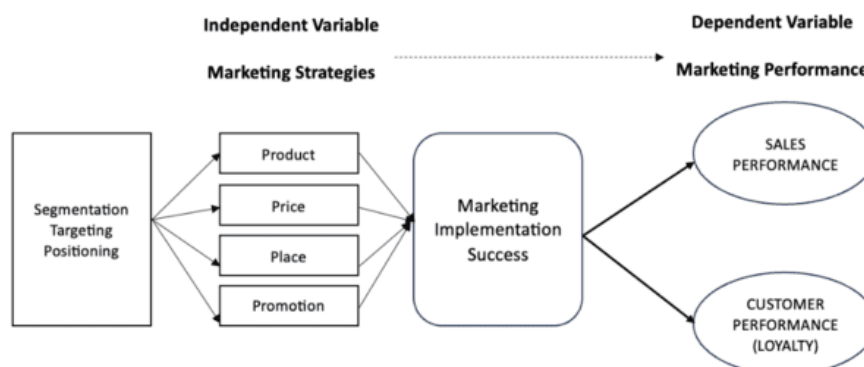


Figure 2. Conceptual framework, adapted from Kartawinata & Wardhana, (2015), Gatega (2017), and (Akilandeewari, Murugan, S, & Jansiranii, 2023)

RESEARCH METHODOLOGY

3.1 Research Design

In this study, a mixed-method approach will be used to address the overall business issues. This approach combines qualitative and quantitative research methods. The qualitative method involves in-depth interviews with relevant parties associated with Brand Cetaphil in Indonesia to gather primary data. These interviews will provide rich insights and perspectives. Secondary data sources will also be utilized to support any additional data or information that cannot be adequately obtained through the interviews. The quantitative method will involve administering questionnaires to collect data. The questionnaires will be designed to gather specific information related to the research objectives. The collected data will be analyzed using statistical methods. Purposive sampling



will be employed to determine the target sample, ensuring that selected participants possess the desired characteristics or attributes relevant to the research objectives (Malhotra & Birks, 2007).

3.2 Data Collection Method

Primary Data

Primary data refers to data generated by a researcher specifically tailored to address the current problem (Malhotra & Birks, 2007). This data is customized to provide targeted and exclusive assistance to decision-makers in organizations. Gathering and evaluating primary data may involve increased expenses and a lengthier process compared to easily accessible data from various sources. In this study, a mixed qualitative-quantitative methodology was employed to comprehend the industry or company's status (Kotler, Kartajaya, & Setiawan, 2017). The quantitative method, such as surveys and questionnaires, allowed data collection from a broad participant pool, providing insights into consumer preferences, skincare routines, purchasing behavior, and satisfaction with Cetaphil's products. The qualitative method involved in-depth interviews with internal Cetaphil employees to explore their perspectives, experiences, and insights into company operations, culture, and decision-making processes. Additionally, netnography, a method that immerses researchers in online communities, was used to observe natural human behavior and gain insights into consumer behavior and sentiments in market research.

Secondary Data

Secondary data refers to pre-existing information collected for purposes other than the current research problem. While this definition appears simple, it plays a crucial role in defining the marketing research problem and shaping the research approach. Before gathering primary data, researchers should analyze relevant secondary data. In this study, secondary data sources include Nielsen Data to understand the Indonesian market and social media insights for prevailing brand strategies. Additionally, journals, articles, websites, and literature were consulted to refine the research comprehensively.

3.3 Data Analysis Method

Quantitative Method

Cluster analysis is a method used in quantitative research to categorize data points or respondents into similar groups based on their characteristics or responses. The main goal is to create homogenous clusters, aiding in the development of segmentation and targeting strategies. This technique can be implemented through hierarchical or non-hierarchical methods, with hierarchical clustering forming a tree-like structure through agglomerative or divisive approaches. In hierarchical cluster analysis, objects are grouped based on proximity distance, resulting in a dendrogram. This method does not require prior knowledge of the number or structure of groups and was performed using SPSS software in this study.

Qualitative Method

Content analysis is a well-established method in qualitative research used to analyze textual material or communication. It involves summarizing and structuring data based on predefined rules, often derived from existing theory. Despite dealing with qualitative data, content analysis employs a quantitative approach by classifying and counting units of analysis, such as words or themes. This makes it an objective and systematic method for describing communication content.

In the context of analyzing in-depth interviews and netnographic data for Cetaphil Indonesia, content analysis can be applied to identify recurring themes and insights. By systematically coding and categorizing data, researchers can understand Cetaphil's market position, competitive landscape, challenges, and opportunities. This aligns with the theory that content analysis provides a structured understanding of narrative data, making it suitable for observing and analyzing communication content.

Overall, applying content analysis to both in-depth interviews and netnographic data for Cetaphil Indonesia supports its theoretical foundations. It provides a robust method for analyzing textual and communicative data objectively, enabling the extraction of actionable insights for informing marketing strategies and brand management efforts.

RESULT

4.1. Segmenting, Targeting, and Positioning (STP) Analysis

Cetaphil is a derma skin care product, and it has different STP compared to usual or high-end skin care products. The STP analysis below is related to Cetaphil Indonesia.



Segmentation

Table IV.1 Current segmentation Cetaphil.

Segmentation Variable Examples	
Geographic	Cetaphil was spread into all Indonesia regions, focusing health & beauty, independent pharmacies channel on urban cities such as JABODETABEK, Bandung, Surabaya, Medan. Cetaphil is also visible in the BALINUSRA area, Papua, Sulawesi and Kalimantan which focus on drug and general trade channels.
Demographic	<p><u>Gender:</u> Male and Female</p> <p><u>Age:</u> 21- 55 years old (Cetaphil Core & Special Benefits) newborn - 11 years old (Cetaphil Baby)</p> <p><u>Education:</u> high school graduate, college, college graduate, post college</p> <p><u>Occupation:</u> college graduate, entry level professionals, mid-top-level professionals, active working men and women, housewife, dermatologist, skincare enthusiast, influencers, travellers</p> <p><u>Social Class:</u> upper middles, upper uppers</p>
Psychographic	<ul style="list-style-type: none"> • Cetaphil caters to a holistic-skin health segment of people who are concerned about long-term skin health who are willing to do a skincare routine to maintain their skin health condition. • People who are struggling with signs of sensitive skin problems (dry skin, irritation, roughness, tightness, and weekend skin barrier) • People who like to keep their skin from the bad impact of aging, UV rays, pollution, cosmetics ingredients, side effect of medications.
Behavioural	<p><u>Needs and benefits:</u> People who purchase Cetaphil towards its harmless ingredients (no animal derivative, no SLS, paraben and fragrance free), usage, and brand reputation (global brand) in which most relevant to maintain their skin health and treats their skin problems.</p> <p><u>Decision roles:</u> People play five roles in buying decisions: Initiator, Influencer, Decider, Buyer and Users. In this case, Cetaphil segment roles are influencer and decider. Influencers are defined as people who already used Cetaphil and recommend Cetaphil to their relatives. Deciders are defined as parents who are aware of their new-born and kid’s sensitive skin so they will consider all the brand attributes and decide what products to be used by their kid.</p> <p><u>User and Usage- Related Variables:</u></p> <p><u>Occasion-based:</u> People who are struggling with their skin problems and need supportive products as their skincare basis after the treatment. Basically, they will choose Cetaphil because they need to avoid complex ingredients from a skincare in their treatment period.</p> <p><u>Loyalty-based:</u> People who already used Cetaphil and recommend it to their family and relatives. Moreover, Cetaphil consumers based on loyalty status can also be defined as lifetime-users meaning they only buy one brand all the time to maintain their skin health.</p> <p><u>Attitude toward product:</u> People with positive response towards Cetaphil product and have high excitement for Cetaphil products improvement.</p>

Targeting

Table IV.2 Current target market Cetaphil

Targeting Variable Examples	
Geographic	All Indonesia regions, focusing health & beauty and independent pharmacies channel on urban cities such as JABODETABEK, Bandung, Surabaya, Medan. In the BALINUSRA area, Papua, Sulawesi and Kalimantan focus on drug and general trade channels.



Targeting Variable Examples	
Demographic	<p><u>Gender:</u> Male and Female</p> <p><u>Age:</u> 25-55 years old</p> <p><u>Education:</u> college, college graduate, post college</p> <p><u>Occupation:</u> entry level professionals, mid-top-level professionals, active working men and women, housewife, dermatologist, skincare enthusiast, influencers, travellers</p> <p><u>Social Class:</u> upper middles</p>
Psychographic	<p><u>Lifestyle:</u> People who are concerned about long-term skin health are willing to do a skincare routine to maintain their skin health condition and solve their skin problems.</p> <p><u>Activities:</u> Actively socialize and enjoy outdoor activities</p>
Benefit sought	<p>People who purchase Cetaphil towards its high quality, harmless ingredients (no animal derivative, no SLS, paraben and fragrance free), safe for all skin types, safe to use every day, benefits them to maintain their skin health and treats their skin problems.</p>

Positioning

Cetaphil is positioned as a dermo cosmetic brand which offers skincare products designed to promote health and long-term beauty of skin, by combining properties of cosmetics products and those of dermatological products.

4.2. Marketing Mix (The Four Ps)

Cetaphil stands out for its wide range of products tailored to all skin types, including sensitive and problematic skin. Its flagship product, the facial cleanser, is driving its growth. Cetaphil offers cleansers and moisturizers for various skin types and ages, as well as specialized products for specific skin concerns like uneven skin tone. This comprehensive approach aligns with the 4P analysis of the marketing mix, which includes product, price, place, and promotion.

Table IV.3 Marketing mix of Cetaphil consumer products.

Marketing Mix	Cetaphil
Product	<p>Cetaphil consumers business is classified into three categories, which are Cetaphil CORE, Cetaphil Special Benefits, and Cetaphil Baby. Cetaphil in total has 28 product items with different functions, ingredients, and technology which is sold in the market. Cetaphil formulations are always tested under Dermatologist control and supervision. The products have clinical packaging with a medical look and feel, alongside medicinal language or a narrative with a focus on active ingredients, clinical backing, and safety.</p> <p><u>Cetaphil CORE</u> Cetaphil CORE has in total 10 items that offer basic skin care needs, namely cleansers, moisturizers, and sunscreens for daily use. Each product has been formulated for different skin types including normal, combination, oily, dry and even sensitive skin.</p> <p><u>Cetaphil Special Benefits</u> Cetaphil Special Benefits has a total of 10 items divided by function; First, Optimal Hydration with HydroSensitive Complex technology & contain Hyaluronic Acid designed for dry and extreme dry skin that needs instant and longer hydration. Second, Bright Healthy Radiance which is designed to brighten the skin and illuminates skin complexion which is designed using Gentle Bright Technology.</p> <p><u>Cetaphil Baby</u> Cetaphil Baby has in total 8 product items which are specifically formulated not only for baby's hair to toe care but also care for sensitive skin in the diaper area.</p>



Marketing Mix	Cetaphil
Price	The consumer price set by Cetaphil for all categories is adjusted to their target market, which are focused on middle to upper-class consumers. Cetaphil CORE price range is between IDR 55,500-665,500; Cetaphil Special Benefits price range is between IDR 204,000-410,000; Cetaphil Baby price range is between IDR 112,000-241,500.
Promotion	Cetaphil focuses more on in-store promotions, they implement different promotions on different channels. Promotions that are often carried out include price discounts, product bundling, buy one get one free, gift with purchase and free samples. Cetaphil also consistently advertises on digital platforms such as YouTube, TikTok, Facebook and Instagram. They also collaborated with Andien as a Brand Ambassador from 2019 to 2022 and influencers for endorsements. Cetaphil also co-branding with different brand categories, lately they collaborated with Jacqueline, a local cosmetic brand during the long-holiday period.
Place	Cetaphil is already distributed all around Indonesia and has been sold throughout the Modern Trade Channel, Health & Beauty Channel, Modern Pharmacy, Minimarket, Premium Supermarket, Cosmetics outlet and E-commerce.

4.3 VRIO Framework

The researcher has created a table outlining Cetaphil's competitive advantage based on the VRIO framework:

Table IV.4 VRIO framework.

Resource of Capability	Valuable (V)	Rare (R)	Costly to Imitate (I)	Organized to Capture Value (O)	Competitive Advantage
Strong Global Presence	YES	NO	YES	YES	Competitive Parity
Reputable and Reliable Corporate Image	YES	NO	YES	YES	Competitive Parity
High Quality Products	YES	NO	YES	YES	Competitive Parity
Large Brand Portfolio	YES	NO	YES	YES	Competitive Parity
Technology Integration & Advancement	YES	NO	YES	YES	Competitive Parity
Investment in R&D	YES	NO	YES	YES	Competitive Parity
Investment in Marketing	YES	NO	NO	YES	Temporary Competitive Advantage
Investment in Innovation	YES	NO	NO	YES	Temporary Competitive Advantage

Strong Global Presence

Cetaphil's strong global presence is undoubtedly valuable as it enhances brand recognition and market reach, providing significant advantages in terms of economies of scale and international marketing efforts. However, this attribute is not rare since many competitors also have a robust global presence. The difficulty and expense involved in building such a presence make it costly to imitate, and Cetaphil is well-organized to leverage this advantage effectively. Despite these strengths, the commonality of a strong global presence in the industry means that it results in competitive parity rather than a unique competitive advantage.

Reputable and Reliable Corporate Image

A reputable and reliable corporate image is crucial for building consumer trust and loyalty. This characteristic is valuable and challenging to imitate due to the long-term consistency and significant investment required in quality and consumer service. Nevertheless, it is not rare because many established brands in the skincare industry also possess strong reputations. Cetaphil's ability to organize and capitalize on this



image contributes to maintaining competitive parity.

High Quality Products

High-quality products are essential for consumer satisfaction and repeat purchases. This attribute is valuable and difficult to imitate due to the need for continuous investment in R&D, quality control, and premium ingredients. However, high product quality is a standard expectation among leading skincare brands, making it not rare. As a result, despite being well-organized to capture value from its high-quality products, Cetaphil achieves only competitive parity.

Large Brand Portfolio

A diverse brand portfolio allows Cetaphil to cater to various market segments, spreading risk and increasing market coverage. This capability is valuable and hard to imitate due to the extensive resources needed for product development and marketing. However, it is not rare because many competitors also have a broad range of products. Cetaphil's organization to maximize the value of its brand portfolio ensures competitive parity rather than a unique advantage.

Technology Integration & Advancement

The integration and advancement of technology within Cetaphil add value by improving product innovation, manufacturing efficiency, and consumer engagement. These advancements are costly to replicate, requiring significant investment and expertise. However, technology integration is not rare in the industry, as many companies employ similar strategies. Therefore, while Cetaphil is well-organized to capture value from its technological capabilities, it only achieves competitive parity.

Investment in R&D

Investment in research and development is crucial for driving product innovation and staying ahead of market trends. This capability is valuable and difficult to imitate due to the high costs and specialized expertise required. However, it is not rare because leading competitors also invest heavily in R&D. As a result, Cetaphil's substantial R&D investment leads to competitive parity, ensuring the company remains competitive but not uniquely advantaged.

Investment in Marketing

Effective marketing enhances brand visibility and consumer engagement. Cetaphil's investment in marketing is valuable and well-organized, but it is neither rare nor particularly costly to imitate. Consequently, this investment results in a temporary competitive advantage, providing a short-term edge but not a sustainable one.

Investment in Innovation

Innovation is essential for introducing new and improved products that meet evolving consumer needs. Cetaphil's investment in innovation is valuable and strategically organized to capture value. However, this attribute is not rare and can be matched by competitors, making it not particularly costly to imitate. Therefore, investment in innovation provides a temporary competitive advantage, offering short-term benefits without long-term differentiation.

Cetaphil Indonesia's VRIO analysis reveals that while the company has many valuable and difficult-to-imitate resources and capabilities, the lack of rarity in these attributes generally results in competitive parity. Investments in marketing and innovation provide only temporary competitive advantages. To achieve a more sustainable competitive edge, Cetaphil might need to focus on developing unique and rare resources or capabilities that are not easily imitated by competitors.

4.4. PESTEL Analysis

As Cetaphil is a global derma skincare brand, below PESTEL analysis is limited only for Cetaphil as a brand in Indonesia.

- Political

Political factors, as outlined by Rothaermel (2020), are heavily influenced by governmental actions and decisions, which can significantly shape corporate conduct. In Indonesia, the emergence of the Covid-19 pandemic in March 2020 triggered a global political and economic crisis. This crisis prompted the implementation of various measures by governments worldwide, including social distancing, quarantine protocols, and regional lockdowns, as directed by the World Health Organization (WHO). Research by Persada and Wisnaeni (2020) indicates that the political economy sector is particularly susceptible to the effects of Covid-19, potentially leading to trade conflicts. In response to the pandemic, the Indonesian Government enforced Large-Scale Social Restrictions (PSBB) from March 2020 onwards as a preventive measure to curb transmission. The PSBB mandated individuals to stay at home and limit outdoor activities, including



shopping. Consequently, Cetaphil's offline business, notably in minimarkets, health and beauty stores, and premium supermarkets, suffered adverse effects as consumers shifted towards online platforms like Shopee, Tokopedia, and Lazada to fulfill their skincare product needs.

- **Economic**

As inflation rates have risen recently, consumer confidence has taken a significant hit, reaching its lowest point in the past six or seven years. This surge in inflation has compelled households to prioritize spending on necessities like transportation, utilities, and education. Consequently, there has been a notable reduction in expenditure on non-essential items, including durable goods. Consumers have become more cautious with their discretionary spending and are choosing to prioritize essential needs due to the adverse effects of inflation on their purchasing power (Kantar, 2023).

Over time, consumers have adapted to price increases by making changes in their shopping behaviours. One common response has been to reduce the size of their purchases and opt for more affordable alternatives. Those with higher disposable incomes have managed to cope with price hikes by buying larger quantities or bulk packs, which offer better value for money. In contrast, middle and lower-income consumers have dealt with inflation by switching to cheaper brands to offset its impact. This trend has since declined, indicating a shift in consumer behaviour (Kantar, 2023).

- **Sociocultural**

Sociocultural factors, encompassing a society's cultures, norms, and values, are subject to continuous change and variation across different groups (Rothaermel, F. 2020). Indonesia's population, recorded at 276.4 million in January 2023 with a projected increase, displays a gender distribution of 49.7 percent women and 50.3 percent men, along with 58.2 percent residing in urban centres and 41.8 percent in rural areas. These demographic insights hold implications for market dynamics, consumer behaviour, and strategic decision-making for businesses (Kemp, 2023).

Consumer behaviour in Indonesia is influenced by economic polarization, with cautious spending habits and a preference for discounts. Online shopping is a popular strategy, reflecting affordability and cost-consciousness (Rogers, 2022). Market saturation in skincare has reduced customer loyalty, leading to consumer indecision and experimentation with various brands or products (Hadiwidjaja, 2022).

- **Technological**

The technology factor pertains to the utilization of knowledge to develop innovative processes and products. Ongoing advancements in artificial intelligence (AI) and machine learning have the potential to revolutionize various aspects of our work and personal lives. Furthermore, the concept of the Internet of Things (IoT) is set to interconnect a wide range of devices, including vehicles, airplanes, household appliances, computers, manufacturing facilities, power grids, and more, enabling seamless data exchange and holistic system management. The growing popularity of online shopping has resulted in the continuous expansion of the e-commerce channel, driven by consumers' pursuit of better deals. While upper and middle socioeconomic households have embraced the e-commerce landscape, lower socioeconomic households are also making efforts to adopt e-commerce to some extent. However, it is important to note that their utilization of the e-commerce channel remains restricted or limited in comparison (Rogers, 2022).

- **Legal**

Legal factors encompass the formal results of the political process, manifested in the form of laws, mandates, regulations, and court rulings. These factors have the potential to directly influence a company's profitability. Regulatory changes often exert a widespread impact on entire industries simultaneously (Rothaermel, 2020). Skin care commodities fall under the category of goods subject to the oversight of Indonesian customs. This poses a substantial hurdle for corporations and brands aiming to market their skin care merchandise within the Indonesian market. To achieve this, they are obligated to initiate the application or registration procedure with the Food and Drug Supervisory Agency (BPOM). This process requires detailed documentation from both raw material suppliers and manufacturers (Hadiwidjaja, 2022).

The subsequent obstacle arises from Indonesia's Government Regulation 39 of 2021 (GR 39/2021). This regulation, issued in October 2021, establishes the requirements for businesses to acquire Halal certification for their goods and services. It is expected to have a significant impact on businesses across various sectors. According to the law, products entering, circulating, and being traded in Indonesia must possess Halal certification. To obtain certification, businesses must initiate the application process with the Halal Product Assurance Agency. Subsequently, a Halal Inspection Agency will be appointed to conduct testing on the



products or services offered by the business. Indonesia holds the distinction of being the largest Halal market globally across various sectors, including food, tourism, cosmetics, and pharmaceuticals. Prior to the onset of the pandemic, the global expenditure on Halal products had surpassed US\$2 trillion. Within this global spending, Indonesian consumers alone accounted for over 10 percent, equivalent to more than US\$200 billion, dedicated to the consumption of Halal products and services (Medina, 2022).

- **Ecological**
Ecological factors involve broad environmental issues such as the natural environment, global warming, and sustainable economic growth. Organizations and the natural environment coexist in an interdependent relationship. Managing these relationships in a responsible and sustainable way directly influences the continued existence of human societies and the organizations (Rothaermel, 2020). Facing these complex ecological challenges, Galderma's Annual Report for 2022 outlines new aspirations aimed at positioning the company as the foremost global entity in dermatology. Furthermore, they are actively working towards achieving carbon neutrality across all their manufacturing facilities, with two factories having already accomplished this goal. Demonstrating a strong commitment to renewable energy, over 99% of their electricity consumption is derived from renewable sources. Galderma's commitment to innovation also encompasses sustainability considerations. For instance, they have introduced an enhanced iteration of a key brand, Cetaphil, featuring clean formulations that are easily biodegradable and devoid of parabens, sulphates, and animal-derived ingredients. The brand also showcases intelligent, paper-based packaging and predominantly mono-material containers that are fully recyclable (Galderma, 2023).

4.5. Porter's Five-Forces Forces Analysis

In this study, the Porter's five forces model will be employed to assess the potential for profitability within the beauty sector, with a specific focus on skincare. Furthermore, the application of Porter's Five Forces will extend to the examination of the strategic position of the brand Cetaphil within the Indonesian beauty industry. The five fundamental competitive forces that must consider analysing the industry as follows:

- **The threat of New Entrants: HIGH**
In the beauty industry, local entrants face comparatively lower barriers, given that product regulations and registrations often favour them over their global counterparts. On the contrary, global players in the beauty industry encounter challenges related to manufacturing and operating in Indonesia. Nevertheless, they can leverage the burgeoning e-commerce sector in the country for the rapid export and sale of their products. Despite Cetaphil, a global brand under Galderma, successfully securing a share in the dermo cosmetics market, it contends not only with challenges from other global entrants like La Roche Posay and Skintific but also contends with the entry of smaller-scale and local companies in the Indonesian market, which have managed to capture market share from Cetaphil. These competing brands offer similar benefits and employ effective pricing strategies, thereby heightening the threat of new entrants for Cetaphil.
- **Bargaining Power of Suppliers: LOW**
The influence of suppliers in the beauty industry is limited, primarily due to the uniformity of their products, allowing companies to switch to alternative suppliers easily as the raw materials lack distinctiveness. Additionally, the prevalence of substitute products or services from suppliers facilitates seamless transitions between offerings. In the skincare and cosmetic sectors, where a variety of suppliers is essential for formulation and packaging, the number of suppliers enlisted by a company holds considerable significance. Notably, Cetaphil's manufacturers have strategically embraced a form of backward vertical integration to mitigate the influence of suppliers, eliminating the potential for them to exploit Cetaphil or impose higher procurement costs on the company.
- **The Threat of Substitute Products or Services: HIGH**
The threat of substitute products is considered significant within the skincare sector, as there is a growing presence of alternative offerings capable of replacing existing products in the market. The beauty industry, known for its rapid evolution and continuous introduction of disruptive products, is facing intense competition with the entry of both local and global brands. These brands seek to provide consumers with a varied range of choices that not only offer similar benefits but also come at a more affordable price. Micellar water can serve as a substitute for cleansers, and facial serums, toners, or essences have the potential to replace moisturizers. Therefore, thriving in this dynamic industry requires companies to consistently adapt and innovate in their marketing strategies while maintaining their core competitiveness.



- Bargaining Power of Buyers: HIGH**
 Bargaining power of buyers in the skin care industry is considered as high due to tough competition among different manufacturers and a wide range of similar products available. Some well-known derma brands like La Roche Posay, Neutrogena, and Bioderma specialize in sensitive skin products. Local brands like Wardah and Somethinc also offer similar benefits at lower prices. Indonesian consumers are particularly sensitive to prices for skin care items. Regular products from local brands cost between Rp. 80,000 and Rp. 150,000, while specialized products for aging or hyperpigmentation can go up to Rp. 250,000. This is important because most consumers, mainly women, also buy cosmetics and personal care items as additional. Given all these choices, consumers can choose the right products for themselves with various considerations that suit their needs. The variety of options makes it difficult for them to pick what suits them best.
- Rivalry Among Existing Competitors: HIGH**
 The skin care sector in Indonesia is experiencing rapid growth, as indicated by the Food and Drug Monitoring Agency (BPOM), which noted a 20.6% surge in the number of participants in the beauty industry, rising from 819 in 2021 to 913 in 2022. Prominent industry giants are engaging in intense competition to secure market share. These major players boast multiple skin care brands targeting diverse consumer segments to capture a larger market share. Significant investments are consistently channelled into research and development, technology, sales, and marketing, facilitating innovation and catering to the demands of various market segments. Alongside these prominent contenders, there exists a tier of medium and small-scale domestic manufacturers, including names like Skintific, who competently compete and garner notable market presence within the skin care industry.

4.6. Competitor Analysis

In the derma skin care category in Indonesia, Cetaphil faces stiff competition from brands that also provide the same benefits. Here, Cetaphil will see itself competing not only with other donor brands but also with local brands that provide the same benefits, at a lower price.

Table IV.5 Summary of competitor analysis

BRANDS	La Roche Posay	Bioderma	Skintific	Cetaphil
PRODUCT	Face and Body, sensitive skin	Face and Body, sensitive skin	Face, sensitive skin	Face and Body, sensitive skin
POSITIONING	Life changing dermatology for oily & acne prone skin	Derma brand for dermatology and biosafety to protect the ecology and health of the skin	Skincare based on TTE Technology (Trilogy Triangle Effect) to protect and improve skin barrier	The advanced science of sensitive skin
HERO PRODUCTS	Effaclar range	Micellar water	5x ceramide moisturizer	Gentle Skin Cleanser
DISTRIBUTION	Health & Beauty, E-commerce, Pharmacy Chain, Ethical/ OTC/ hospital, Hyper super	Health & Beauty, E-commerce, Pharmacy Chain, Ethical/ OTC/ hospital, Hyper super	Health & Beauty, E-commerce, Minimarket, Hyper super, General trade	Health & Beauty, E-commerce, Pharmacy Chain, Ethical/ OTC/ hospital, minimarket, Hyper super, general trade
PRICE	IDR 160,000 - IDR 860,000	IDR 125,000 - IDR 595,000	IDR 89,000 - IDR 339,000	IDR 55,000 - IDR 665,500
PROMOTION	Digital advertising, collaboration with dermatologist, influencers and affiliate, offline event in Jakarta area, discount/ bundling/ gimmick program in e-commerce	Instagram advertising, collaboration with influencers, offline event in Jakarta area, discount/ bundling/ gimmick program in e-commerce	Digital advertising, collaboration with influencers and affiliate, offline event, heavy discount/ bundling/ gimmick program in e-commerce	Digital advertising, collaboration with dermatologist, influencers and affiliate, offline event in big cities, discount/ bundling/ gimmick program in e-commerce



BRANDS	La Roche Posay	Bioderma	Skintific	Cetaphil
SOURCE OF AWARENESS	Facebook, Instagram, Youtube, TikTok, Social Commerce, Influencer, Dermatologist	Most active on on Facebook, Social content	Facebook, Instagram, Youtube, TikTok, Social Commerce, Influencer	Facebook, Instagram, Youtube, TikTok, Social Commerce, Influencer, Dermatologist

4.7. Consumer Analysis

The consumer analysis in this study comes from the quantitative analysis presented in the research methodology section. Today's consumers are knowledgeable and tech-savvy, using the internet and reviews to thoroughly research products. Their evaluation centres on whether the product offers a fair value for money.

Customer Characteristics

According to Kotler and Keller (2009), a consumer's behaviour is affected by culture, social and personal factors. Cultural values, encompassing shared behaviours, beliefs, and symbols, profoundly impact individual desires and actions, with different cultures and subcultures influencing consumer preferences. Social factors, particularly reference groups like family and friends, significantly influence beliefs and choices, while personal factors such as age, occupation, and lifestyle contribute to consumer behaviour, often interacting with cultural and social influences.

• **Social Factors**

Social factors, including family, social roles, and reference groups, alongside cultural influences, significantly shape consumer behaviour. Reference groups, categorized as membership groups, particularly primary groups like family, friends, neighbours, and secondary groups such as religious and professional affiliations, exert influence through the presentation of new behaviours, attitudes, and the creation of conformity pressures impacting purchasing decisions (Kotler & Keller 2009). Moreover, according to Noel (2009) emphasizes the normative and informational influences of reference groups, highlighting how consumers may adjust their purchases to meet expectations or consider information provided by others, especially in the context of environmentally conscious behaviour. The role of word-of-mouth communication, particularly recommendations from friends and relatives, holds substantial value in consumer decision-making, with personal experiences serving as influential informational sources. This dynamic interplay of social factors and reference groups underscores their multifaceted impact on consumer behaviour.

Prior to trying a new brand, a number of participants stated that the recommendation provided by skincare experts or dermatologist influenced their contemplation of brand-switching. This aligns with the second-highest index score of 4.00, wherein the predominant motive for brand transition was the pursuit of a brand offering more extensive benefits, such as brightening, acne treatment, or addressing skin aging, registering the highest index score of 4.09.

Table IV.6 Reasons to try new brand.

Source: researcher's analysis.

Reason to Try New Brand	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Look for brands that offer more complete benefits (brightening/ overcoming acne/ overcoming skin aging)	2	3	14	52	36	4,09
Recommended by doctors/ dermatologists/ skin care experts	1	2	22	53	29	4,00
Recommended by family/ friends/ colleagues	1	8	28	56	14	3,69
Look for brands with cheaper price and offer similar benefits	4	12	24	49	18	3,61
I only use brands with Halal certification	8	14	43	27	15	3,25
Previous Brand were difficult to find/ buy	6	25	22	45	9	3,24
Recommended by selebgram or beauty bloggers/ vloggers	6	20	38	35	8	3,18
Want to try new brands that often offer promotions	7	26	43	28	3	2,94

Cultural Factors

Culture plays a significant role in shaping consumer behaviour, as consumption choices are influenced by the cultural context (Solomon, 2017). Culture encompasses shared societal memories, meanings, rituals, norms, and traditions. In this research, the focus is on the concept of rituals, which are symbolic behaviours and actions that occur in a fixed sequence and are often repeated within a specific time frame. Modern consumer activities, including grooming rituals, are a crucial aspect of culture. Grooming rituals, which involve transforming oneself from the private to the public self, hold particular significance. Daily beauty rituals, especially among women, reflect the cultural emphasis on personal beauty and youthfulness.

Out of the 107 participants, a significant majority, constituting 71.96%, incorporate facial care products into their routine more than five times per week, while 17.76% adhere to a five-times-a-week regimen. Only a minority, accounting for 10.28%, utilize facial care products less than five times per week. The diagram findings lead to the conclusion that regular use of facial care products has ingrained itself as a crucial aspect of the routine for most consumers.

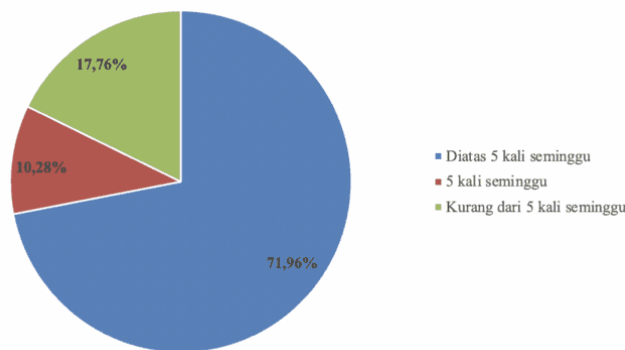


Figure IV.1 Frequency of using facial skincare in a week.

Personal Factors

This section will provide an overview of the 107 participants involved in this case study, who engaged through an online questionnaire survey disseminated in July 2023.

Gender, Age, and Occupation

Table IV.7 Respondent demographic profile.

Source: researcher’s analysis

GENDER	RESPONSES
Male	25,23%
Female	74,77%
AGE	RESPONSES
25 – 29 years old	37,38%
30 – 34 years old	41,12%
35 – 39 years old	10,28%
40 – 45 years old	6,54%
46 – 51 years old	3,74%
52 – 54 years old	0,93%
OCCUPATION	RESPONSES
Private Employees	75,70%
BUMN Employees	0,93%
Teacher/ Lecturer	2,80%
Doctor	1,87%



Freelance	2,80%
Influencer	0,93%
Entrepreneur	3,74%
Others, please specify	11,21%

The table above illustrates the demographic composition of the respondents, revealing a predominant representation of women at 74.77% compared to men at 25.23%. The age distribution indicates a significant presence of individuals aged 30-34 years at 41.12%, followed by those aged 25-29 years at 37.38%. Moreover, a substantial majority, comprising 75.7% of respondents, are employed in the private sector, signifying a stable monthly income and the capacity to devise monthly expenditure plans.

- Total Expenditure

Table IV.8 Respondent total spending profile

Source: researcher’s analysis

Total Household Expenditure	Responses
> Rp 7.000.000	37,38%
Rp 6.000.001 - Rp 7.000.000	8,41%
Rp 5.000.001 - Rp 6.000.000	12,15%
Rp 4.500.001 - Rp 5.000.000	6,54%
Rp 4.000.001 - Rp 4.500.000	5,61%
Rp 3.000.001 - Rp 4.000.000	11,21%
Rp 2.500.001 - Rp 3.000.000	5,61%
Rp 2.000.001 - Rp 2.500.000	7,48%
Rp 1.750.001 - Rp 2.000.000	3,74%
Rp 1.500.001 - Rp 1.750.000	0,00%
Rp 1.250.001 - Rp 1.500.000	0,00%
Rp 900.001 - Rp 1.250.000	0,93%
Rp 750.001 - Rp 900.000	0,93%
< Rp 750.000	0,00%
Total Expenditure on Skincare Products	Responses
<Rp 100.000	2,80%
Rp 101.000 – 200.000	10,28%
Rp 200.001 – 300.000	18,69%
Rp 300.001 – 500.000	28,04%
Rp 500.001 – 1.000.000	19,63%
Rp 1.000.001 – 2.000.000	15,89%
Rp 2.000.001 – 3.000.000	2,80%
>Rp 3.000.000	1,87%

As indicated in the table above, 37.38% of respondents allocate a monthly expenditure exceeding 7 million rupiah for essential household necessities, encompassing daily sustenance, utility bills, telecommunications, transportation, and various miscellaneous expenses. Concurrently, 28.04% of respondents specifically allocate monthly funds for facial care, with 28.04% spending between 300,001-500,000 rupiah, 19.63% within the range of 500,001-1,000,000 rupiah, and 15.89% falling within the 1,000,001-2,000,000 rupiah range.

- Personality and Lifestyle

The author assesses the consumer behavior associated with Cetaphil by scrutinizing and evaluating patterns of purchasing facial skincare products. This examination encompasses the predominant use of the brand, consumer perceptions and knowledge regarding facial skincare and the frequency of acquiring facial skincare products.



a. Most Used Products in The Last Three Months

Table IV.9 Most used products in the last three months.

Category	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Facial Cleanser	1	0	1	17	88	4,79
Sunscreen	5	3	6	16	77	4,47
Moisturizer	4	5	15	16	67	4,28
Serum	7	9	14	22	55	4,02
Toner	10	13	15	23	46	3,77
Makeup Remover	15	12	15	19	46	3,64
Day Cream	12	14	29	13	39	3,5
Night Cream	13	15	27	16	36	3,44
Face Mask	10	9	36	33	19	3,39

Source: researcher’s analysis

Facial cleansers maintain their status as the most used facial care products among consumers. However, an emerging trend is evident as the usage of sunscreens, moisturizers, serum, and toner are also important in skincare regimen. This shift in consumer preferences sheds light on evolving skincare routines and product choices. In exploring the products used by respondents in the last 3 months, it becomes evident that the skincare landscape is witnessing dynamic changes influenced by shifting consumer habits and preferences.

b. Most frequently purchased skincare brands

In reference to the frequently purchased facial care brands, as delineated in the aforementioned table, it is notable that 31.78% of respondents acknowledged a preference for Cetaphil. Concurrently, 20.56% cited local brands not explicitly listed, including Somethinc, Avoskin, Bio Beauty Lab, Cosrx, Whitelab, Nature Republic, Bhumi, among others. Additionally, 15.89% of respondents affirmed a propensity for purchasing Skintific.

Table IV.10 Most frequently purchased skincare brands.

Source: researcher’s analysis.

BRAND	RESPONSES
Cetaphil	31,78%
Other (please specify)	20,56%
Skintific	15,89%
La Roche Posay	6,54%
Biore	6,54%
Somethinc	5,61%
Erha	5,61%
Ponds	4,67%
L’oreal	2,80%

c. Importance in choosing a facial skincare brand.

The significance of selecting a facial skincare brand is underscored by the following data. Consumer preference is primarily driven by the quality of a product, which emerges as the most critical factor with the highest rating. Subsequently, brand reputation follows closely with a rating of 4.43 points. In conclusion, the figures highlight that consumers prioritize product quality when making decisions about facial skincare brands, with brand reputation also playing a substantial role.



Table IV.11 The importance in choosing facial skincare brands.

Source: researcher’s analysis

Importance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Quality	0	0	3	14	90	4,81
Brand reputation	0	1	9	40	57	4,43
Price	1	3	25	55	23	3,9
Halal	9	9	36	26	27	3,5

d. Place to Purchase Skincare

Place in the context of marketing refers to the location where the company anticipates sales, emphasizing the importance of making products accessible to customers. It involves activities aimed at ensuring product accessibility for end users and potential customers. Despite the prevalent trend of online shopping, particularly through Shopee with the highest index score of 4.29 in this digital era, there is still notable demand for offline health and beauty channels such as Watson and Guardian.

Table IV.12 Place to purchase skincare products.

Source: researcher’s analysis

Place to Purchase	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Shopee	3	5	10	28	59	4,29
Watson	7	5	17	44	31	3,84
Guardian	8	6	15	47	27	3,77
Tokopedia	8	14	19	31	31	3,61
Sociolla	13	12	28	19	31	3,42
Tiktok Shop	19	15	32	23	14	2,98
Pharmacy (i.e K24, Kimia Farma, Viva)	21	20	31	22	9	2,79
Minimarket (i.e Alfamart, Indomaret, Family Mart)	24	25	19	25	10	2,73
Hypermarket (i.e Carrefour, Transmart, Giant, Hypermart, Lotte Mart)	25	27	18	21	12	2,69
Lazada	23	22	36	11	11	2,66
Local cosmetics store	27	21	32	10	14	2,64
Supermarket (i.e Hero, The FoodHall, Ranch Market?)	23	29	24	21	6	2,59
Bli Bli	23	29	37	9	5	2,46

4.8. Netnography

Female Daily, a platform initially catering to a broad spectrum of women's interests, presently concentrates exclusively on beauty topics, excluding fashion and makeup. Notably, as of November 2023, Female Daily has achieved the foremost ranking as the most frequented beauty and cosmetics website in Indonesia, according to data from Similar Web. Female Daily provides a platform for consumers to acquire information about products through reviews and ratings contributed by other individuals who have utilized these products.

- Evaluation of Consumer Satisfaction through Product Reviews and Ratings
 - Enter the name of each Cetaphil product along with the specific variant used, ensuring individual verification and inclusion of the variant name.

- Consumer satisfaction is gauged based on the star ratings received for each product. Consumers often elaborate on their experiences and reasons for satisfaction or dissatisfaction in the review column while using the product.
 - 1-star rating: Signifying very dissatisfied
 - 2-star rating: Indicating dissatisfaction
 - 3-star rating: Marking a fair level of satisfaction
 - 4-star rating: Representing satisfaction
 - 5-star rating: Reflecting very satisfied
- If a product receives a star rating above four, it implies consumer satisfaction and contentment with Cetaphil. Conversely, if the rating is below three stars, it indicates consumer dissatisfaction, prompting valuable input for Cetaphil to enhance its products. Consumers have reviewed a total of 37 different Cetaphil products, with ratings ranging from the lowest at 3.5 to the highest at 5. The product range spans across various categories, including cleansers, moisturizers, sunscreen, toner, and night cream.

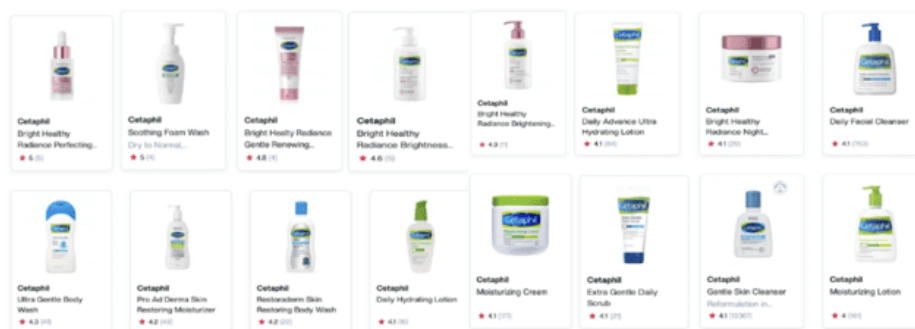


Figure IV.2 Cetaphil product rating above 4.
(Source: Female Daily 2023)

● Percentage of Users Likely to Recommend the Products

Female Daily's website includes a "recommended this" rating section, where the overall product score is determined based on the value assigned to each product and variant. This score reflects the likelihood that users would recommend the product to others.



Figure IV.3 Cetaphil product's rating on female daily website.
Source: female daily forum 2023

The author used the Cetaphil Gentle Skin Cleanser as a case study, and out of the 13,367 consumers who utilized and reviewed the product, only 37% recommended the Cetaphil Gentle Skin Cleanser product, despite its given rating of 4.1.

● Product Sentiment

The sentiment of consumers regarding products is available on the 'review' section of the Female Daily Website. While these assessments are qualitative, users have the option to individually search and read reviews. Each user profile comprises an ID name, age, skin type, information on where to purchase the product, and the duration of product use, enabling consumers to consider the reviewer's profile. Product reviews are not confined to Female Daily alone; they can also be sourced from other beauty websites

like Beauty Journal, Sociolla, and Popbela, as well as buyer comments on e-commerce platforms.

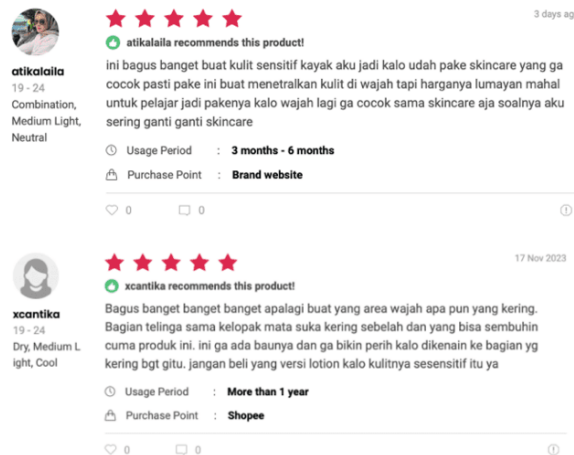


Figure IV.4 Cetaphil product’s review on female daily forum.
Source: female daily forum 2023

4.9. Analysis of Cetaphil Situation

I. Cetaphil’s Brand Awareness Analysis

To evaluate the level of Cetaphil brand awareness in comparison to similar competitors, researchers inquired about various facial care brands known to consumers. Subsequently, respondents were requested to assign ratings on a scale of 1 to 5 for these brands.

Table IV. 13 Brand awareness Cetaphil.

Source: researcher’s analysis

Brand	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Cetaphil	1	0	3	15	88	4,77
L’oreal	1	0	3	26	77	4,66
Erha	1	0	9	30	67	4,51
Bioderma	1	2	8	33	63	4,45
Avoskin	2	1	11	26	67	4,45
La Roche Posay	4	8	20	24	51	4,03
Neutrogena	6	15	27	25	34	3,62
Cerave	6	19	25	27	30	3,52

In this study, aided awareness was assessed by providing respondents with several options of skincare brands that compete closely with Cetaphil to determine if consumers are familiar with those brands. In aided awareness, Cetaphil leads with a score of 4.77, followed by L’Oréal at 4.66 in the second position, and Erha at 4.51. The study’s findings align with the Brand Health Study conducted by Kantar on the Cetaphil brand in 2022, which also indicated that Cetaphil’s awareness reached 95%. This figure below also demonstrates that the Cetaphil brand is considered familiar among Indonesian consumers. As many as 93% of consumers have heard or seen Cetaphil.

Have you seen, heard or read about CETAPHIL recently?

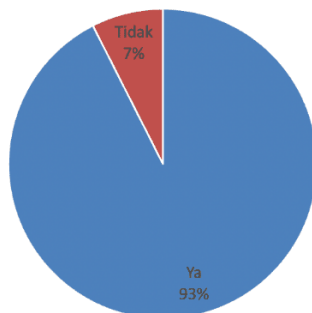


Figure IV.5 Consumer’s awareness towards Cetaphil.
source: researcher’s analysis

II. Cetaphil Purchase Conversion Analysis

To further understand the purchase conversion, the researcher will explain the consumer journey hierarchy based on customer path 5A theory. In the era of digital connectivity, the framework to describe the customer journey has shifted from AIDA (attention, interest, desire, action) to 5A which comprises aware, appeal, ask, act and advocate) (Kotler, Kartajaya, & Setiawan, 2017).

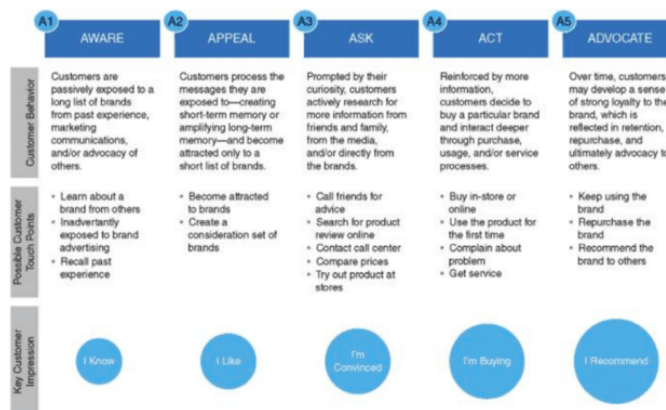


Figure IV.6 Customer journey hierarchy.

This study centres on examining strategies for consumer purchasing actions among those already familiar with Cetaphil, aiming to foster increased loyalty and future purchases. This section delves into the process of Cetaphil consumers transitioning from awareness to actual purchase, exploring the implications of this conversion. Among consumers who were aware, heard, or read about Cetaphil, constituting 92.52% of the total, 82.24% had reported using Cetaphil.

Have you ever used any Cetaphil products?

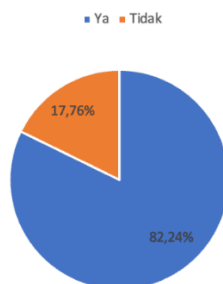


Figure IV.7 Percentage of Cetaphil users.



Reason to Buy Cetaphil

The researchers also inquired about various factors influencing consumers' purchases of Cetaphil products as shown in table below:

Table IV.14 Reason to buy Cetaphil.

Source: researcher's analysis

Reason to Buy Cetaphil	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Suitable for sensitive skin	2	1	14	31	59	4,35
Contains ingredients that are safe for all skin types	2	1	13	35	56	4,33
Light texture	2	3	21	36	45	4,11
Odorless	2	1	24	37	43	4,1
Is a global brand	3	3	40	24	37	3,83
Recommended by family, friends, relatives	4	6	34	35	28	3,72
Dermatologist recommended	4	12	37	27	27	3,57
There are promotions	5	11	43	28	20	3,44
Attractive packaging	4	12	54	21	16	3,31

Customer Satisfaction Towards Cetaphil

Among all respondents who have used Cetaphil, the customer satisfaction level with Cetaphil products achieved a rating of 4.16, signifying a notably high score of consumer satisfaction with Cetaphil products.

Table IV.15 Customer satisfaction towards Cetaphil.

Source: researcher's analysis

Customer Satisfaction Towards Cetaphil	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
The level of consumer satisfaction with Cetaphil is high	2	1	24	31	49	4,16

Barrier to Repurchase Cetaphil

Some individuals may encounter issues with Cetaphil. This prompts them to conduct further research before deciding whether to continue using Cetaphil or switch to another product. Respondents provided reasons for not considering future purchases of Cetaphil, with concerns about the perceived high price being a significant factor (score index of 3.21). Dissatisfaction with the product's texture was also mentioned (score of 2.96).

Table IV.16 Barrier to repurchase Cetaphil.

Source: researcher's analysis.

Barrier to Repurchase Cetaphil	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
The price is too expensive	9	16	36	35	11	3,21
Didn't like the texture	10	24	41	24	8	2,96
No smaller package that can be used as a tester	14	31	33	27	2	2,74
Other brands offer the same benefits at a lower price	13	29	44	16	5	2,73
Not sure how Cetaphil differs from other brands	13	41	30	18	5	2,64
Never recommended by friends/family	16	45	36	8	2	2,39



Barrier to Repurchase Cetaphil	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Never seen an ad from Cetaphil	23	42	23	17	2	2,37
Doesn't answer my skin's needs	16	50	32	7	2	2,34

Consumer's Perception on Cetaphil

The researchers want to understand how consumers feel about Cetaphil products and if Cetaphil's positioning aligns with their target audience. They will use a questionnaire to gather consumer ratings and feedback on Cetaphil. Cetaphil is known as a premium brand, but it also comes with a higher price tag.

Table IV.17 Consumer's perception on Cetaphil.

Source: researcher's analysis

Consumer's Perception on Cetaphil	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Brand with high quality	0	1	14	51	41	4,23
Well-known and premium brand	2	1	11	52	41	4,21
The brand that makes my skin healthy	1	1	19	51	35	4,10
A brand suitable for all skin types	0	2	19	56	30	4,07
Brands recommended by doctors/ dermatologists	0	4	27	49	27	3,93
A brand that provides a large selection of products	0	3	37	42	25	3,83
There are many reviews on women's media sites (female daily, sociolla)	0	7	38	41	21	3,71

Regarding its practical advantages for consumer skin, Cetaphil is perceived as a product that can enhance the skin barrier and is well-suited for sensitive skin. As illustrated in the table below, the highest score index for strengthening the skin barrier is 4.41, followed by 4.21 for sensitive skin. However, the current pricing followed by its offered benefits to consumers may not be sufficient enough to retain customer loyalty to the brand.

Table IV.18 Appropriate association with Cetaphil.

Source: researcher's analysis

Appropriate to be associated with Cetaphil	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Suitable for strengthening the skin barrier	0	0	13	37	57	4,41
Suitable for sensitive skin	0	2	15	49	41	4,21
Part of my facial care (skin care) in the morning	0	2	19	58	28	4,05
Part of my facial care (skin care) at night	0	1	34	43	29	3,93
Provides maximum benefits for maximum skin care	0	3	36	42	26	3,85
Quality facial care products that are balanced with the price	1	14	34	29	29	3,66
Friendly ingredients for all skin types	2	15	37	29	24	3,54

Despite Cetaphil's premium reputation and functional advantages, such as improving the skin barrier and being suitable for sensitive skin, the score index of 4.2 for Cetaphil's value and benefits, as shown below, indicates consumer agreement on the high value and benefits offered by Cetaphil.



Table IV.19 Cetaphil’s value.

Source: researcher’s analysis

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Cetaphil has very high value/benefits	1	0	20	42	44	4,2

Nevertheless, the combination of its relatively high price and benefits may not be captivating enough to ensure ongoing consumer loyalty. Further investigation is required to determine whether Cetaphil truly provides exceptional value and benefits to its consumers.

Cetaphil’s Pricing

The table presented below illustrates the amount consumers are willing to expend on purchasing Cetaphil facial care products categorized by type:

Table IV.20 Price that consumers are willing to pay for Cetaphil.

Source: researcher’s analysis.

Category	<Rp 100.000	Rp 101.000 – 200.000	Rp 200.001 – 300.000	Rp 300.001 – 500.000	>Rp 500.000
Cleansers	21,50%	43,93%	26,17%	5,61%	2,80%
Moisturizers	22,43%	49,53%	22,43%	5,61%	0,00%
Sun Protect	22,43%	47,66%	24,30%	5,61%	0,00%
Brightening	20,56%	45,79%	28,97%	4,67%	0,00%
Overall Facial Skincare	11,21%	52,34%	27,10%	7,48%	1,87%

Table IV.21 Cetaphil’s current pricing.

Source: Cetaphil Internal Data

Category	Range
Cleansers	Rp 55.000 – 404.000
Moisturizers	Rp 62.500 – 359.000
Sun Protect	Rp 226.900 – 289.500
Brightening	Rp 215.000 – 287.000

In summary, consumers believe that the suitable price range for each product category of Cetaphil, considering the benefits provided, falls within IDR 101,000 – 200,000. However, the current pricing by Cetaphil exceeds this range. This aligns with the earlier elucidation as to why consumers contemplate not repurchasing Cetaphil in the future, attributing it to the perceived high cost in relation to the benefits offered.

III. Driver to Purchase Cetaphil

When consumers encounter price-related barriers to Cetaphil purchases, the implementation of various promotional activities becomes crucial. Among these, discounts per product stand out as the most beneficial, facilitating future Cetaphil buying decisions, with the highest score index reaching 4.3.



Table IV.22 Driver to purchase Cetaphil.

Source: researcher’s analysis

Drivers to Purchase Cetaphil	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Discount price per product	0	2	12	45	48	4,30
Buy one get one free	2	2	14	37	52	4,26
Free delivery service	2	2	23	46	34	4,01
Gift with purchase	3	8	28	39	29	3,78
Free discount voucher program for your next purchase	6	12	26	34	29	3,64
Products sold on Live Streaming at the Tiktok Shop	8	12	40	27	20	3,36
Products sold on Live Streaming at Shopee	10	15	43	21	18	3,21
Products sold by KOL affiliates/influencers	8	15	48	22	14	3,18

Source of Information

In Indonesia, consumers gather information about Cetaphil products through various sources before making a purchase decision. Consumers often turn to online platforms and websites to access information about Cetaphil products. This includes the official Cetaphil website, e-commerce websites, and beauty forums where users share their experiences and reviews. Reviews and discussions on online forums and websites emerge as the most consulted platforms by consumers before making their ultimate purchase of Cetaphil products, indicated by a score index of 4.06, as illustrated in the provided table. In essence, consumers heavily rely on online forums, social media, and professional recommendations to gather insights, demonstrating the pivotal role these sources play in shaping their decisions before committing to Cetaphil purchase.

Table IV.23 Source information of Cetaphil.

Source: researcher’s analysis

Source of Information	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Index Score
Ulasan/review di forum online/website	3	5	11	52	36	4,06
Instagram	5	5	15	47	35	3,95
Dokter kulit / Klinik kecantikan	3	8	13	51	32	3,94
Keluarga atau teman	2	5	20	50	30	3,94
Website resmi dari suatu merek perawatan kulit	5	7	24	46	25	3,74
Youtube	6	7	30	36	28	3,68
Website kesehatan yang membahas kulit/ kecantikan	5	9	25	45	23	3,67
Selebriti Media Sosial (Selebgram/ Tiktok/ Youtuber)	9	11	19	43	25	3,6
Tiktok	13	11	21	32	30	3,51
Billboard	14	22	35	30	6	2,93
Iklan TV	15	26	33	27	6	2,84
Facebook	21	30	43	8	5	2,5

IV. Cluster Analysis

In this final project, the process of market segmentation involves utilizing cluster analysis. Cluster analysis is a technique used to categorize objects or cases into relatively homogenous groups referred to as clusters. This classification can follow either hierarchical or non-hierarchical methods. Hierarchical clustering specifically results in the development of a hierarchy or tree-like structure, and it can be implemented through agglomerative or divisive approaches (Malhotra & Birks, 2007).

The process of hierarchical cluster analysis involves grouping cluster data by measuring the proximity distance to each object, forming a dendrogram. Essentially, hierarchical cluster analysis doesn't rely on assumptions about the number of groups or group structure. It



can be described as a grouping method where the number of groups to be created is not yet known. The clustering process was conducted using SPSS, focusing on respondents and their questionnaire responses. In this study, the anticipated cluster division is four, yielding the following outcomes:

1. Grouping Respondents

Clustering was performed on respondents who participated in completing the questionnaire to identify groups with similar or homogeneous characteristics in each cluster. Based on the dendrogram, it can be seen that there was the formation of 4 clusters for the 107 respondents who participated. The following are the results of the cluster recapitulation of respondents which can be seen below:

Cluster 1 (19 Respondents):

- Profile:
 - Characteristics: This group may exhibit specific patterns in their skincare routines and preferences.
 - Age: 25-45 years
 - Occupation: Predominantly private employees
 - Total Household Spending: Distributed across various ranges, Rp 2.000.001 -7,000,000 and above range
- Key Insights:
 - Behaviour: This cluster might have distinct reasons for trying new brands and discontinuing product use.
 - Recommendation: Targeted marketing efforts can focus on addressing specific concerns or barriers identified in this cluster.
 - Respondents in this cluster may show patterns related to their reasons for trying new brands and discontinuing product use.
 - The specific reasons identified in this cluster can guide targeted marketing efforts.

Cluster 2 (84 Respondents):

- Profile:
 - Characteristics: This is the largest group, indicating a potentially broad range of preferences and behaviours.
 - Age: 25-39 years
 - Occupation: Predominantly private employees
 - Total Household Spending: Distributed across various ranges, Rp 1.750.000 -7,000,000 and above range
- Key Insights:
 - Behaviour: Members of this cluster could have a variety of reasons for choosing a facial care brand, reflecting diverse consumer preferences.
 - Recommendation: Tailor marketing strategies to accommodate a wide range of preferences within this cluster.
 - Due to the larger size, this cluster may exhibit diverse reasons for choosing facial care brands.
 - Tailoring marketing strategies to accommodate a variety of preferences is essential for this cluster.

Cluster 3 (3 Respondents):

- Profile:
 - Characteristics: A smaller group with potential shared characteristics.
 - Age: Mainly 25-39 years
 - Occupation: Predominantly private employees
 - Total Household Spending: Distributed across various ranges, with a majority in the Rp 7,000,000 and above range.
- Key Insights:
 - Behaviour: This cluster might share common factors influencing their brand choices and product usage.
 - Recommendation: Targeted strategies focusing on the unique needs of this smaller cluster could enhance engagement.

Cluster 4 (1 Respondent):

- Profile:
 - Characteristics: A very small group, indicating potential niche preferences.
 - Age: 46-31 years
 - Occupation: Freelancer



- Total Household Spending: Rp 6,000,000 - Rp 7,000,000
- Key Insights:
 - Behaviour: The behaviour of this individual might significantly differ from the larger clusters.
 - Recommendation: Consider personalized approaches or gather more data to understand the unique needs of this cluster.

4.10. SWOT Analysis of Cetaphil Indonesia

Conducting a SWOT analysis involves a detailed examination of a company's internal and external environments to identify its strengths, weaknesses, opportunities, and threats (Kotler & Armstrong, 2021). Below is SWOT analysis that reflect the actual situation of Cetaphil:

Table IV.24 Cetaphil SWOT analysis.

STRENGTH	WEAKNESS
1. Brand Reputation: Cetaphil is known for its dermatologist-recommended products, creating a strong brand image. 2. Product Quality: The brand is associated with high-quality skincare products that cater to sensitive skin, establishing trust among consumers. 3. Global Presence: Cetaphil is recognized internationally, contributing to a diverse customer base. 4. Research and Development: A commitment to ongoing research and development, leading to innovative and effective skincare solutions.	1. Pricing: Cetaphil products might be perceived as relatively higher priced compared to some competitors, potentially limiting the market. 2. Distribution: As a product positioned as premium, Cetaphil's extensive distribution, including sales in minimarkets and general trade at lower prices (around 50-60 thousand), contradicts its premium brand image. This strategy not only undermines the brand image but also hampers its ability to compete with mass-market brands that offer more affordable prices. 3. Limited Product Range: While Cetaphil is renowned for cleansers and moisturizers, a limited product range may result in missed opportunities for diversification and outdated. 4. Dependency on Dermatologist Recommendations: Heavy reliance on dermatologist recommendations might limit the brand's reach to consumers who prefer alternative sources of skincare advice.
OPPORTUNITY	THREAT
1. Market Expansion: Exploring untapped markets or introducing new products can contribute to increased market share. 2. Growing Health and Beauty Trends: Leveraging the rising demand for health and beauty products by introducing specialized skincare solutions. 3. E-commerce Growth: Expanding online presence to reach a broader audience and accommodate changing consumer shopping habits	1. Intense Competition: The skincare industry is highly competitive, with the presence of both established and emerging brands. 2. Changing Consumer Preferences: Shifts in consumer preferences and trends may impact the demand for certain skincare products. 3. Regulatory Challenges: Adherence to changing regulations in the skincare industry, both domestically and internationally.

In conclusion, Cetaphil Indonesia's current marketing strategy effectively raises brand awareness and drives initial purchases but falls short in maintaining consumer loyalty and repeat sales. To address these issues, Cetaphil needs to align its pricing with consumer expectations, enhance product features, and strengthen its unique value proposition to differentiate from competitors. By addressing these areas, Cetaphil can better leverage its strong brand awareness and reputation to achieve sustainable growth and loyalty in the Indonesian market.

BUSINESS SOLUTION

In this section, researcher will elaborate on the recommended business solutions formulated in response to the identified business challenges discussed in the previous chapter. The proposed business solutions aim to address key issues and assist Cetaphil in reclaiming former users while fostering consumer loyalty in the face of heightened competition within the skincare industry. Consumers' proclivity to switch brands



further emphasizes the need for effective solutions. The primary recommendation entails devising a new Segmentation, Targeting, and Positioning (STP) strategy for Cetaphil. This strategic adjustment aims to enable Cetaphil to precisely target relevant consumer segments, formulate an impactful marketing mix, and implement integrated marketing communication strategies. The overarching goal is to ensure that Cetaphil effectively communicates its benefits to the right target audience.

I. Proposed Segmenting, Targeting, Positioning for Cetaphil

The segmentation, targeting, and positioning (STP) strategy constitutes a conceptual framework for understanding the consumer perception of a product or brand, aligning it with the identified target market and segmentation criteria, and ultimately establishing a competitive advantage in comparison to industry counterparts. The proposed STP focuses on a more refined and specific target audience, honing in on individuals with distinct skincare requirements. Unlike the current STP, which may have a broader approach, the proposed strategy aims to create a stronger connection with consumers seeking specialized skincare solutions, thereby enhancing brand loyalty and market competitiveness.

Segmentation

Table IV.25 Proposed segmentation for Cetaphil.

Segmentation Variable Examples	
Geographic	Urban cities focused on bigger cities such as JABODETABEK, Bandung, Surabaya, Medan, Bali
Demographic	<p><u>Gender:</u> Male and Female</p> <p><u>Age:</u> 25- 39 years old</p> <p><u>Education:</u> college, college graduate, post college</p> <p><u>Occupation:</u> mid-top-level professionals, active working men and women, healthcare practitioner</p> <p><u>Social Class:</u> upper middles, upper uppers</p>
Psychographic	<ul style="list-style-type: none"> • Consumers with sensitive skin or those seeking skincare products suitable for delicate skin types. • Individuals with a weakened skin barrier in need of gentle and effective skincare solutions. • Consumers who prioritize the use of safe ingredients in skincare products, emphasizing no animal derivatives, no SLS, paraben-free, and fragrance-free formulations.
Behavioural	<p><u>Needs and benefits:</u> Cetaphil products consist of safe and pure ingredients, free from animal derivatives, SLS, parabens, and fragrances. These components are particularly beneficial for preserving skin health and addressing sensitive skin concerns.</p> <p><u>Decision roles:</u> Men and women consistently gather information through various channels, including consulting beauty websites, engaging with social media, seeking recommendations from beauty clinics or dermatologists, and learning from relatives' experiences, before deciding to purchase Cetaphil.</p> <p><u>User and Usage- Related Variables:</u></p> <p><u>Occasion-based:</u> People who are using facial skincare more than five times a week and struggling with sensitive skin problems</p> <p><u>Loyalty-based:</u> People who have made purchases of Cetaphil, utilized the product, and demonstrated their loyalty through retention, repurchase, and positive advocacy towards others.</p> <p><u>Attitude toward product:</u> People with positive response towards Cetaphil product and have high excitement for Cetaphil products improvement.</p>



Targeting

Table IV.26 Proposed target market Cetaphil.

Targeting Variable Examples	
Geographic	<ul style="list-style-type: none"> Urban cities focused on bigger cities such as JABODETABEK, Bandung, Surabaya, Medan, Bali Focusing on health & beauty channel (i.e. Watson, Guardian) and E-commerce channel
Demographic	<p><u>Gender:</u> Male and Female</p> <p><u>Age:</u> 25-39 years old</p> <p><u>Education:</u> college graduate, post college</p> <p><u>Occupation:</u> mid-top-level professionals, active working men and women, healthcare practitioners</p> <p><u>Social Class:</u> upper-middles, uppers-uppers</p>
Psychographic	<ul style="list-style-type: none"> Individuals who specifically identify with sensitive skin concerns and are seeking products tailored to address their unique needs. Consumers with compromised skin barriers, looking for products that provide effective yet gentle care. Individuals who value the importance of safe ingredients in skincare and prefer products that are free from certain additives. <p><u>Activities:</u> Actively socialize and enjoy outdoor activities</p>
Benefit sought	High quality, well-reputable brand, premium brand, safety ingredients

Positioning

Cetaphil aims to position itself as the go-to skincare brand in Indonesia for individuals with sensitive skin, weakened skin barriers, and those who prioritize the use of safe and clean ingredients. By emphasizing its commitment to providing gentle yet effective solutions, Cetaphil seeks to become the trusted choice for maintaining skin health and addressing specific skincare needs.

II. Proposed Marketing Mix

1. Product

Upon evaluating external factors influencing competitors, it is evident that Cetaphil Indonesia should differentiate itself by introducing a specialized line of skincare products tailored to address distinct consumer needs, particularly focusing on sensitive skin. This could encompass formulations targeting ultra-sensitive skin, offering intensive hydration, and featuring advanced anti-aging properties. It is also recommended for Cetaphil to develop product specifically designed for acne and oily skin, based on Cetaphil consumer sample profile on Kantar Brand Health Study 2022, the prevalence of consumer who has oily skin achieve 36% and acne prone 22%, the most type of skin based on Indonesian Consumer.

The brand will place a paramount emphasis on continuous research and development to maintain a competitive edge in skincare innovation, ensuring superior value compared to competitors. Prioritizing the use of safe ingredients suitable for all skin types aligns with the preferences of consumers who are discerning about meeting the specific needs of their sensitive skin. Cetaphil is recommended to undertake thorough local market research before introducing the product, gathering consumer feedback on aspects like fragrance, texture, absorption, and longevity. This step is crucial to ascertain the product's acceptance and align it with consumer preferences, ensuring that Cetaphil introduces products that effectively cater to the needs of the local market.

2. Price

Based on a survey involving 107 respondents, it is evident that consumers are comfortable spending between IDR 101,000 and 200,000 on Cetaphil facial care products. However, the current pricing of Cetaphil exceeds these expectations, which correlates with consumers expressing reluctance to repurchase the product. In response, it is crucial to develop a meticulous pricing strategy that considers market dynamics and competitors. Cetaphil is advised to offer competitive prices while justifying the premium quality of its skincare products. Price reduction adjustments can be implemented to align with the market and enhance affordability compared



to competing brands. Introducing promotional packages and discounts for bulk purchases will incentivize increased transactions.

To maintain price consistency across all Cetaphil sales channels, both online and offline, it is imperative for the brand to standardize prices and vigilantly monitor market trends. This ensures that consumers receive consistent benefits regardless of the purchasing channel, fostering a healthier overall environment for Cetaphil.

3. Place

Presently, Cetaphil has an extensive distribution network encompassing various channels, both online and offline, ranging from health & beauty outlets and general trade to minimarkets, hypermarkets, premium supermarkets, and E-commerce. However, this distribution strategy doesn't align with consumer purchasing patterns for skincare products. According to survey findings, consumers primarily turn to Watson, Guardian, and E-commerce platforms when buying facial care products. While this broad distribution enhances Cetaphil's visibility, it entails substantial costs. Consequently, a recommendation is made for Cetaphil to streamline its sales efforts by concentrating on specific channels, namely Watson, Guardian, and prominent E-commerce platforms. This targeted approach aims to optimize resources and enhance effectiveness in reaching the desired consumer base.

4. Promotion

Digital marketing is set to be a pivotal factor in Cetaphil's strategy, utilizing targeted advertising within the online beauty community and emphasizing social media platforms, notably Instagram. This approach presents a valuable avenue for Cetaphil to actively connect with its consumer base. The focus on educational content creation will serve to enlighten consumers about skincare concerns, ingredients, and optimal product application. Strengthening collaborations with dermatologists and skincare experts will heighten visibility and garner professional endorsements. Additionally, the introduction of a loyalty program aims to incentivize repeat purchases and foster brand advocacy. In conclusion, these initiatives collectively aim to fortify Cetaphil's position in the skincare market through enhanced digital engagement and consumer loyalty.

III. Proposed Integrated Marketing Communication

The coordination and integration of all marketing communication tools, channels, and sources in a company into a seamless program design to maximize the influence on customers and other stakeholders is known as integrated marketing communication (Pearson, 2019).

Set the communication objectives

Drawing from insights obtained through interviews with the Cetaphil team, it is evident that the brand heavily relies on its cleanser category in its communication strategies, potentially overlooking the promotion of other available products to consumers. However, questionnaire results reveal that, beyond facial cleansers, consumers predominantly utilize sunscreen and moisturizers in the past three months. This presents a strategic opportunity for Cetaphil to enhance its communication objectives by emphasizing a comprehensive skincare regimen that includes cleanser, moisturizer, and sunscreen. This approach can be complemented by additional messaging focused on promoting sensitive skin care. In conclusion, refining communication strategies to highlight the full skincare range and cater to consumer needs can contribute to a more effective and impactful marketing approach for Cetaphil in Indonesia.

Design the communication

Cetaphil has known as a dermo cosmetics product which suitable for sensitive skin and help consumer to strengthen their skin barrier and maintain skin health. Their products prioritize the safe and clean ingredients for its consumers. Based on the questionnaire results, consumers like to buy and use Cetaphil because it suitable for sensitive skin and its safe ingredients. Considering those factors, it is important for Cetaphil to ensure designed communication will be able to highlight their strengths to the targeted audience.

Cetaphil has a global campaign called "We Do Skin, You Do You" which means, Cetaphil takes care of consumer's skin, and consumers can do whatever they like, without restrictions, without worrying about their skin problems. This campaign is to encourage consumer confidence by having a healthy skin. Cetaphil is advised to use the "We Do Skin, You Do You" campaign as their umbrella campaign, followed by local hashtags and taglines to better engage with Indonesian consumers. A hashtag and tagline that leaves a long-lasting impression in the minds of consumers. Here are some tagline recommendations for Cetaphil:

- "Love Your Skin, Love Your Confidence."
Suggests that using Cetaphil products instills confidence in users, and each bottle of Cetaphil is associated with love and care for the skin. It conveys the idea that Cetaphil products are not just skincare solutions but also sources of confidence and affection for one's skin.
- #PowerOfHealthySkin
Implies the strength and impact of maintaining healthy skin through the use of skincare products like Cetaphil. It suggests that healthy skin



is powerful, and Cetaphil contributes to unlocking that power through its skincare solutions.

These hashtags and taglines aim to resonate with the Indonesian audience, conveying the essence of skin health, beauty, and self-care with Cetaphil products.

Select the communication channel

Two communication channels, mass (non-personal) and personal, differ in their interaction dynamics. Mass communication involves forms that don't necessitate one-on-one interaction, while personal communication requires at least one person participating, allowing for instant feedback and adaptable conversations. Although personal communication is more flexible, mass communication is generally considered more effective due to its ability to rapidly spread awareness on a broader scale. The analysis of questionnaire results the communication channels utilized by consumers before making purchasing decisions for Cetaphil products are diverse. It indicates that online forums and websites, with a score index of 4.06, are the most consulted platforms by consumers before purchasing Cetaphil products. Social media, especially Instagram, is also a significant channel, scoring 3.95, while recommendations from dermatologists or beauty clinics hold substantial influence in consumers' decision-making processes regarding Cetaphil.

Decide on the media mix

Determining the ideal media mix for integrated marketing communication involves understanding the target audience, setting objectives, allocating budget, selecting appropriate channels, considering the customer journey, blending online and offline strategies, using data for guidance, sustaining creativity, conducting tests, monitoring performance, and employing multiple touchpoints for a cohesive and impactful campaign. For Cetaphil Indonesia's media mix, the recommendation is a balanced approach that harnesses both online and offline channels.

Online and Social Media Marketing

- **Digital Marketing**
Implement a cohesive digital marketing strategy that includes educational content on skincare issues, ingredients, and proper product use. With the increasing digitalization trend, focus on online platforms, especially social media, particularly Instagram, which has been identified as a popular channel for consumers seeking skincare product information. Implement targeted advertising, engaging content, and collaborations with beauty influencers to enhance online visibility.
- **Influencer Marketing**
In addition to partnering with dermatologists and skincare professionals to secure professional recommendations and enhance Cetaphil's credibility, the author proposes a collaboration between Cetaphil and skincare influencers as a valuable avenue for educating consumers on daily facial care and sharing their experiences with Cetaphil products. Skincare influencers generate content based on genuine experiences with products, incorporating their unique touch, creating an organic and engaging narrative for their audience.
As consumers seek product information, skincare influencers serve as an alternative information source to introduce Cetaphil products and educate consumers about their ingredients.
- **Own Media Content**
To drive traffic and boost sales, Cetaphil should concentrate on creating content on its social media accounts, particularly Instagram. Given that its products are perceived as premium and high-quality, the content should highlight their value and educate consumers on how they benefit the skin. Collaborating with dermatologists and skincare professionals to provide scientifically based education on the ingredients in Cetaphil products can further enhance consumer understanding of their skin health benefits.
- **Join E-commerce Thematic Campaign**
To enhance conversion rates, participating in thematic e-commerce campaigns can be instrumental in boosting both traffic and conversions, especially during significant promotional periods like double date campaigns (9.9, 10.10, 11.11, or 12.12). During these thematic campaign days, E-commerce platforms typically offer support through incentives such as discounts, free shipping, or coin bonuses to entice consumers to make purchases on their platforms. Leveraging these opportunities, Cetaphil is also recommended to introduce distinct promotions compared to regular days, such as price reductions, gift-with-purchase promotions, or product bundling, to attract consumers to shop for Cetaphil products.

Offline Marketing

Utilize in-store promotions, product displays, and partnerships to enhance visibility in these offline channels. Implementing a loyalty program to reward repeat customers and encourage brand advocacy can foster consumer retention. Regularly monitor and analyses the performance of the media mix to make data-driven adjustments and optimize the effectiveness of the integrated marketing communication strategy.



- Events

Based on the quantitative analysis, consumer decisions are significantly influenced by recommendations from family, relatives, and friends. To effectively reach diverse consumer segments and offer first-hand product experiences, it is strongly recommended for Cetaphil to actively participate in at least one or two beauty events annually. This strategic move is justified by the fact that such events attract a large audience with a common interest in facial and body care products, enhancing the potential to connect with consumers. By engaging in these events, Cetaphil can incorporate various appealing activities, including promotions, product demonstrations, sample distributions, and complimentary skin consultations with dermatologists or experts. This comprehensive approach is expected to draw consumers to the Cetaphil booth, fostering both engagement and purchases.

- Beauty Consultant

Cetaphil is recommended to enhance its service provision by incorporating beauty consultant facilities strategically positioned in offline health and beauty channels, particularly those acknowledged and favoured by consumers, such as Watson and Guardian. Beauty consulting serves as a distinct form of personal selling and can be categorized as point-of-sale (POS) merchandising. POS merchandising necessitates direct, face-to-face interactions between primary sales representatives and the retail trade.

The incorporation of beauty consultant facilities within key offline health and beauty channels can serve as an effective strategy for Cetaphil to enhance its promotional activities and engage with consumers. By employing beauty consultants at points of sale, the brand can capitalize on personal selling approaches to effectively convey product benefits and foster positive consumer experiences. This personalized approach aligns with the principles of point-of-sale merchandising, contributing to heightened consumer engagement and potential sales growth.

CONCLUSION

The comprehensive analysis of Cetaphil's market positioning, competitive advantage, consumer perceptions, and marketing strategies in Indonesia reveals significant insights. Cetaphil has established a strong brand presence, particularly in the sensitive skincare market, by emphasizing top-of-mind brand awareness and strong ties with skin experts. The competitive advantage of Cetaphil is rooted in its commitment to providing safe, clean, and effective skincare products. The analysis underscores the importance of strategic marketing approaches, including a focus on differentiating existing attributes, introducing new attributes, and building a robust brand. While Cetaphil excels in several areas, there are opportunities for improvement, such as refining its pricing strategy to align with consumer expectations and enhancing communication about the value proposition of its products.

To sustain and enhance its market position, Cetaphil is recommended to consider a revised segmentation, targeting, and positioning (STP) strategy, emphasizing the development of products tailored to specific consumer needs. Additionally, aligning marketing communication objectives with consumer behaviours, particularly leveraging online platforms like Instagram, can further strengthen Cetaphil's engagement with its target audience. The findings also highlight the significance of consumer reviews, online forums, and recommendations from dermatologists in influencing purchasing decisions. Therefore, Cetaphil should continue to prioritize online channels, collaborate with skincare influencers, and actively participate in ecommerce campaigns to drive consumer engagement and conversions. By implementing strategic adjustments based on the identified opportunities, Cetaphil can navigate the dynamic skincare industry in Indonesia more effectively, fostering sustained consumer loyalty and market growth.

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