

# Managing cosmetics technologies in dynamic environments

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## Purpose

Cosmetics, as products, are consumer merchandise with a great variety of impact to retail industry. Cosmetics is ranging from high-end, high fashion brands to private label supermarket “groceries”; and from dedicated fashionable specialty retailing to regular general retailers. The cosmetics markets are continuously growing despite ongoing criticism and challenges from consumer advocates, media campaigns and regulators. Consumer attraction contradicts the industry’s public challenges. The industry on its side is continuously working on deflating criticism by converting ingredients from artificial and processed chemicals to using so-called natural – even organic – ingredients. These factors are raising issues of requirements for an understanding of the technologies constituting cosmetics especially product design (formulation), supply chain relationships, and stakeholder’s influence on product management.

This paper is considering cosmetics to be a technology exposed to short as well as long term change requirements both related to the functional characteristics and to boundary / non-functional product and process circumstances. The purpose of this paper is to provide a technological innovation management model approach for cosmetics based on continuous innovation, quality function deployment and active stakeholder management.

## Design/methodology/approach

This study employs a mixed-method approach in order to embrace the multiplicity of views of engaged and involved parties. Methods include:

- (1) An insider’s view in the general cosmetics marketplace,
- (2) A private-label manufacturer of cosmetics,
- (3) A quantitative survey of 300 consumers using a cosmetics blog,
- (4) Experts interviews.

The private-label cosmetics manufacturer is distinguishing itself by being able to manufacture within a range of price categories ranging from competitive discount store private labels up to self-developed premium brands. The manufacturer is remarkable by being in a role of conversion between relatively strong ingredient manufacturers and the retailers with marginal opportunities to influence the products. However, it has maintained from early on a culture and later a practice of “free-of” products being approved by three national and international certification organisations for being allergy friendly, organic and “sustainable”.

## Findings

- Short cycles of innovation management tends to overcast long cycles; this can be described as a vicious cycle fuelled by all stakeholders but mainly kept spinning through marketing driven positioning from the manufacturers using “free-of” to confirm, support and excite the concerned consumer.
- Innovation is complex and ridden by paradoxes between product effect, product safety (mainly allergy), consumers engagement (on a more or less qualified basis), and regulators interventions
- Contrary to classical open innovation with collaboration across supply chains, cosmetics seems heavily to rely on innovation in the ingredients sector with ingredients characterized by being increasingly cross-functional, “green” and non-commoditised
- Quality function deployment is demonstrated as a viable methodology in organising and prioritising the complexities found within the technological product management
- The approach to cosmetics as a manageable technology is largely supported

### **Research limitations/implications**

Implications of the this research are broadly implying the ruptures between consumerism and consumer activism with the manufacturer as the mediating factor between the ingredients (vendors), the retailers, the consumers and with the NGO’s and regulators in oppositional roles. The technologically driven analysis of cosmetics emphasise the balance between product formulation, accreditation schemes and the external stakeholder requirements. Here it is interesting that product effect is coming second to regulator and NGO requirements; moreover the “free-of” movement is reducing the number of available ingredients and expose the consumer to more of the relatively few remaining ingredients. This creates a risk of increased sensitivity. The product design process of cosmetics in the private label sector is by itself relevant in a context of expectations for increased prevalence of private label merchandise in the retail sector; additionally the high degree of customisation to the retailer is interesting when this customisation furthermore includes a strongly organic profile and accreditation by the leading accreditors: Svanemærket (Nordic), Danish Asthma and Allergy Association and the pan-European ECOCERT organisation.

This study is not offsetting in the global, high-value cosmetics producers, but in private labels and smaller local/regional brands, this is expected to give some limitations to the conclusions.

This study did not aim at obtaining economic information and is not aiming a discussion this issue.

### **Practical implications**

The technological innovation management perspective is aimed at organizing change and development. In a highly regulated industry, it is beneficial for the producer to be able to document these processes, and consider product management less haphazard. This paper provides a discussion of the relationship between the product features and the guiding principles for formulation, good manufacturing practice (GMP) and the relationship with external stakeholders mainly represented by the retailers.

### **Originality/value**

Traditionally cosmetics have been analysed from a point-of-view of marketing or dermatology. The consideration of cosmetics as a technology is rarely used, but enabling of the producer to apply more distinctive governance models in planning and coordination of product development and innovation.

Keywords: Cosmetics, innovation management, management of technology, product safety, dermatology

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