Eye Slices

Introduction

In this case study we take a look at current market trends and challenges, new competitors, market changes and recession strategies faced by Eye Slices. We will explore local strategies and successes, as well as international export strategies.

Background

The company, I-Slices Innovations (Pty) Ltd was registered as a private South African company in July 2004 in order to develop and globally commercialise the eyeSlices® products. Kerryne Krause-Neufeldt, the founder and CEO of the company in 2000, exclusively licensed a patented cryogel technology from the CSIR in order to develop a product that would fill a major gap in the market. From 2000–2006 the technology was further developed, tested and developed into its first commercial brand. A special manufacturing process was developed and a factory built to mass produce the product. The product was officially launched into the salon and spa market in September 2006.

I-Slices Manufacturing (Pty) (Ltd) (trading as I-Slices SA) was registered as a private company in South Africa in 2006 as the first licensee company of I-Slices
Innovations. This company has the sole and exclusive license from I-Slices Innovations to manufacture the eyeSlices® products for South Africa and the global markets. I-Slices Manufacturing makes use of the patented and tested manufacturing process and procedures developed and owned by I-Slices Innovations in order to produce large volumes of eyeSlices® within the quality, quantity and time requirements of the cosmetic industry for local and international markets.

The concept
The entrepreneur identified a gap in the market and went looking for a technology in order to develop a quick-fix solution that really works within five minutes of use to eradicate all of the five major eye-related symptoms that the majority of people suffer from: puffiness, dark circles, tiredness, redness and wrinkles. Focus group studies and market research revealed that these symptoms were on the increase due to stress, lifestyle, late nights and bad diet (a symptom of our modern day); and 100% of the study recipients said that there was no solution available on the market to address this need. Eye creams and gels work on ageing mostly (and very few give results); the original cucumber slices slide off the face and offers a cooling sensation only; and the cotton pad eye patches dry out too quickly and don't deliver any real results!

This product, trademarked eyeSlices®, is a unique formulation of ingredients functioning in a slow-release, patented cryogel dermal delivery treatment pad that effectively releases active ingredients and moisture into the area around the eye to treat a variety of symptoms including: tired eyes, puffiness, redness and irritation, dark circles and wrinkles. After use, the slices can be re-inserted into their packaging for re-use and disposed of after a few days.

The brand essence
Kerryne has this to say about the brand, ‘With eyeSlices® you can Relax, Restore and Revive. Five minutes of pampering and an opportunity to escape from the busyness and demands of the day. A chance to restore what life and stress has taken out of one. Five minutes that recharges and refreshes and gives a complete and utter sense of well-being. The brand needs to be “sexy”. The confident man or woman is sexy. Confidence is sexy! The brand design always needs to include curves because curves are sexy. If we target men and change the design, the curves need to be fast curves as opposed to slow/soft curves for the ladies. Everything we design or make needs to express our sexy/curvy/confident brand.’
Our brand is SEXY because we are
✓ Confident about our results
✓ Confident about our technology
✓ Confident about our people
✓ Confident about our future
✓ Confident about our values
✓ Confident about our service

The product ranges

<table>
<thead>
<tr>
<th>eyeSlices® Professional</th>
<th>eyeSlices® Biotanix</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Image" /></td>
<td><img src="image2.png" alt="Image" /></td>
</tr>
<tr>
<td>Benefits</td>
<td>Benefits</td>
</tr>
<tr>
<td>All-in-one relaxation</td>
<td>Four variants, targeting specific symptoms</td>
</tr>
<tr>
<td>Ingredients</td>
<td>Ingredients</td>
</tr>
<tr>
<td>Aloe Ferox</td>
<td>InVogue eyes: Tired, red eyes</td>
</tr>
<tr>
<td>Regu Age® – Protein peptides</td>
<td>Alpine Skullcap</td>
</tr>
<tr>
<td>Biodynes® – live yeast lysate extract</td>
<td>Bioskinup™ Contour</td>
</tr>
<tr>
<td>Pentavitin® – D-glucose</td>
<td>eyeCandy eyes: Wrinkles</td>
</tr>
<tr>
<td>Peptamide 6 – Hexapeptide complex</td>
<td>English Ribwort Plantain</td>
</tr>
<tr>
<td></td>
<td>Liftonin®</td>
</tr>
<tr>
<td></td>
<td>Bright eyes: Puffiness and dark circles</td>
</tr>
<tr>
<td></td>
<td>Black Elder (Sambucus Nigra)</td>
</tr>
<tr>
<td></td>
<td>CellActive®</td>
</tr>
<tr>
<td></td>
<td>Cleareyes: Symptoms of allergens</td>
</tr>
<tr>
<td></td>
<td>White Horehound (Marrubium Vulgare)</td>
</tr>
<tr>
<td></td>
<td>Aloe Ferox</td>
</tr>
</tbody>
</table>
The market

Kerryne has what she calls ‘Our big hairy audacious goal: To build a global brand – “if you have a fridge, you will have one of our products in it”.’

The beauty business is a $160 billion-a-year global industry, encompassing make-up, skin and hair care, fragrances, cosmetic surgery, health clubs, beauty salons, spas and diet pills. The beauty market has responded to skin and eye care products in particular over the last decade. Of the sales in the cosmetic industry, skin and eye care products made up 62% of all sales. For consumers wanting to fight the signs of aging without resorting to drastic measures, there are countless professional anti-aging products on the market to meet every need. Whilst the overall skin care market is growing at a relatively stable 7%, anti-aging product sales rose 11% in 2008.

Skin care companies are in fierce competition trying to discover the latest, most advanced ingredients to help fight aging and consumers, particularly the baby boomer generation, are more educated. Many major manufacturers in the beauty industry are currently developing new product lines to keep up with the growing needs of consumers. This has given rise to a new category of products that blurs the line between cosmetics and non-prescription drugs — so called ‘cosmeceuticals’ as traditional beauty companies try a new marketing tactic, by making even more of their scientific credentials.

Within the beauty industry, the fastest-growing segment is in ‘well-being’ i.e. whole treatment systems that cover beauty, exercise and diet. This segment includes visits to spas, salons and clubs. People are increasingly seeking natural cures rather than turning to chemicals. This trend is expected to continue with growth being attributed to the increased discretionary spending in the West, the baby boomers’ aging crisis, the youthful and image conscious population, and the commercialised awareness of organic benefits. International statistics estimate that this category is growing at around 17–20% per annum.

Customers in this market segment however expect more from their treatments and products than just pampering and clients want results-oriented treatments. They want luxury and relaxation, but they also want performance-based treatments. The spa industry always has room for innovative products with new ingredients and advanced technology, as it takes full advantage of every opportunity.
to tap into new and niche markets with treatments, programmes and products specific to age and gender.

eyeSlices® are ideally suited to the rapidly growing spa and beauty salon segment of the beauty industry. The consumers experience a relaxing and pampering treatment whilst at the same time achieving therapeutic results. The product's packaging will be an integral component of the product's image in the market place as it is a unique design that combines aesthetic good looks as well as practical functionality. The functional design of the packaging makes the product re-usable and adds extra value to the consumer.

eyeSlices® is a niche market product with enormous potential to capture substantial market share within a short period of time. Within its category, it will be a market leader from the outset, as there are no other disposable eye care products available that provide the benefits at the price retails for.

The marketing strategy is to penetrate and saturate carefully selected market segments as rapidly as possible before other competitors try to copy the product concept and attempt to gain market share with inferior quality copies of the product. I-Slices Innovations will secure strong marketing alliances and distribution channels, build strong relationships with the distributors, build an excellent brand through marketing efforts and entrench the brand's image in the consumer's mind as the 'original', like Coca-Cola in the soft drinks market.

Target markets
The company's primary target market is divided into two predominant segments: the professional and retail segments, let's look at those in more detail.

The professional segment that caters for spas and salons
In each country, eyeSlices® is launched first into this segment in order to profile the brand, build credibility, educate the customer through the therapists and create demand and exclusivity.

Internationally
The company's strategy is to partner with wholesale distributors in each country who are awarded the exclusive rights to import, sell, promote and distribute the eyeSlices® Professional Range of products to their existing (and newly-targeted) database of customers in their country. These companies already market, sell and distribute other complimentary products into the industry and have existing relationships within the market place. The company supports the distributor with marketing through free samples, promotional material, in-house design services and launching at trade shows in their country. Thereafter it is the sole responsibility of the distributor to grow and build the eyeSlices® brand in their country through sales and marketing.
In South Africa

Research shows that all brand houses that export their products globally, own the sales and distribution channel in the home country. For this reason, as well as the need to obtain first-hand feedback directly from the market place, the company sells the Professional Range directly to salons and spas in South Africa and manages the relationships with customers, sales, PR, advertising, consumer exhibitions, trade exhibitions and promotions in-house.

The retail segment that caters for the mass public

In each country, eyeSlices® is launched next into this segment in order to generate volume sales and reach a wider market. The success of the business depends on volume sales. This segment of the market is also carefully selected to cover LSM 7–10. Stores such as Clicks, Edgars, Foschini and Dischem in South Africa are the targeted market; and Boots and Lloyd’s Pharmacy group in the UK are examples of chains targeted internationally.

Internationally

The company’s strategy is to partner with wholesale distributors in each country who are awarded the exclusive rights to import, sell, promote and distribute the eyeSlices® Biotanix Range products to their existing (and newly-targeted) database of customers in their country. These companies already market, sell and distribute other complimentary products into the industry and have existing relationships within the market place. The company supports the distributor with marketing through free samples, promotional material, in-house design services and launching at trade shows in their country. Thereafter it is the sole responsibility of the distributor to grow and build the eyeSlices® brand in their country through sales and marketing.

In South Africa

The company sells the Biotanix Range directly to pharmacies in South Africa to create demand and learn about consumer behaviours, use of the products and obtain direct feedback. The company is currently dealing directly with Clicks and negotiating the trade terms and deal structure directly. The company will also manage the relationships with customers and manage the marketing plan roll-out in-house. Only the sales and merchandising of Clicks stores will be outsourced to a professional company who will manage this on behalf of the company. It has been agreed that Clicks will have exclusivity for a defined period of time before other retailers are approached.
The company's secondary target markets

Professional Range
- Beauty therapists
- Plastic surgeons
- Spa managers and owners
- Receptionists

Biotanix Range
- Pharmacists
- Front shop staff
- Sales staff

The company's tertiary target markets

LSM 7–10 lifestyle
- Ladies (80%) and men (20%) who frequent salons and spas
- Travellers who visit day spas on their trip
- Travellers who take holidays or breaks at spa resorts
- People who travel on business
- People who enjoy taking care of themselves
- People who use cosmetics on an ongoing basis
- Ambitious people with a fast-paced lifestyle and high-powered careers
- People who know where they are going and who they are
- People who have big dreams and goals
- People with a growth plan for their lives
- People who strive for balance, who have spiritual beliefs of some sort
- Professionals, mostly married
- Mothers

Positioning statement

Kerryne says, 'The process of our positioning is to take the current brand perception in the market (A) to the desired brand positioning (B). The strategic marketing task is then to establish how we take our brand from point A to point B.'

Position A: 'I have heard people talk about eyeSlices® but I know very little about it. From what I have heard it sounds very interesting.'

Position B: 'eyeSlices® are fantastic. For me they are an integral part of my beauty and relaxation programme. With my eyeSlices® I make time each day to relax and use them. They are wonderful and my eyes look and feel amazing.'
Marketing objectives
Kerryne would like to:
• establish eyeSlices® as a leading beauty and wellness product
• build a globally successful brand that is profitable for all
• establish national and international distribution through partnerships
• build a globally consistent brand image
• consistently deliver on the brand promise.

Marketing strategy
Kerryne would like to develop and implement:
• a programme that ensures image transfer across all forms of communication, from packaging to advertising and editorial promotion. The message and visual execution must be consistent.
• a promotional programme with a view to encouraging trial of the product and increasing distribution through demand.
• a PR programme that will create awareness, encourage trial and educate the consumer through editorial promotion.
• a sales programme to stimulate and establish distribution and, as a result, increase availability.
• training programmes for salons and the retail market with a view to supporting all the brand's objectives and assisting with the sales and marketing efforts.
• an advertising campaign that creates awareness, stimulates trial and supports the sales effort.

Competitors
The competitive landscape for the billion-dollar beauty industry is extremely dynamic. New products and services that tap into growing health and wellness trends are fairly easy to 'invent' – although the efficacy of many beauty treatments is questionable. Within the specific space of eye care, eyeSlices® indirectly competes with cosmetic surgeries, spa treatments, and eye care creams/lotions, the last of which is estimated to represent 50% of the global eye care market. Because eyeSlices® are built on new technology, the direct competitors – those using dermal delivery systems in masks or pads – are few. A sample of these direct competitors is listed in the table on the next page.
### Company Description

**Company** | **Description** | **Strengths** | **Weaknesses** | **Price**
--- | --- | --- | --- | ---
Natragel | Chemically created unstable water hydrogel | Effective penetration into the medi-spa market in the USA | Not a natural product and losing market share due to niche segment focus (only medi-spa) Extremely expensive and not re-usable | R200–R500 (US$25–$65)

Various (products from Korea) | Material masks and eye patches | Low cost | Gimmicky and ineffective Not re-usable | R30 (US$4.00)

Estée Lauder | Electro pad with magnets | Trusted brand Product can be re-used | Very expensive and delivers unimpressive results No longer on the market | R250,00 (US$32)

---

eyeSlices has the edge for a number of reasons:

**Innovative technology**

The patented cryogel polymer technology that forms the base of eyeSlices® is the only stable water-based hydrogel dermal delivery system currently on the market globally. This enables the product to effectively deliver complex active ingredients into the skin and is also re-usable. The patented technology has created an opportunity for collaboration, licensing and private label manufacture for other companies. So although the product has no direct competitors when comparing technology, the company has the opportunity to create customers out of competitors by manufacturing a private label brand for them under their own name.

**Pioneering production process**

The company has developed a unique and complex manufacturing process and is the only company in the world that can produce cryogel technology-based products commercially. Qualified as a trade secret, this production process puts the company in a position to be a world leader in the manufacture of cryogel polymer products. It would likely take several years for a company to copy the technology
and processes and this has resulted in companies like L’Oreal and Proctor & Gamble showing an interest in potential collaboration.

Managing the recession
In order to create turnover, maximise the manufacturing capacity and fill in the sales gaps created by the credit crisis, the company conducted a full feasibility study on creating private label products from the I-Slices Innovations technology for other companies. This new revenue generator that has now been implemented is conditional upon:

- **Customer size/type**
  Ethical, professional, serious players in their industry

- **Geographical location**
  The Far East is favoured as the company has no immediate plans to launch their own eyeSlices® brands into the market. Also lots of customisation is required before being able to sell products into that market.

- **Order size**
  Minimum of 10 000 pairs to be ordered.

- **Certain restrictions**
  The eyeSlices® clam packaging, certain terminology, names and colours are excluded.

- **Industry channel**
  Direct selling companies are favoured.

The company is exciting about collaborating with other dynamic cosmetic houses and moving the company from being only a brand house, to a serious technology company as well.

Conclusion
The credit crisis has given companies a great opportunity to re-invent themselves; to find creative and innovative new ways of doing business as well as the opportunity to get rid of the ‘fat’ i.e. unnecessary expenses, staff who don’t add value and product lines that don’t sell. Through this process, unethical companies; companies with weak products, systems and service; and those whose foundations are shaky get sifted off the playing field to make room for the newer and better. It is the world’s way of having a clean out and it is not a bad thing. Those companies, who stand the test of time, lean down, get innovative in all areas and come through the crisis, will be the ones who will add the most value to the consumer. The game has changed. The future is about:

- ‘value for money’ – consumers and retailers want high-quality products at affordable rates
MARKETING SUCCESS STORIES

• ‘going green’ – businesses doing business with ethical companies, using renewable resources, limiting preservatives and chemicals in products and going organic
• ‘telling your story’ – marketing campaigns that tell a story, consumers sharing testimonials and experiences, blogs and social media
• ‘wellness’ – products and services that deliver results and de-stress at the same time; or products that are holistically orientated and preventative medicines.

Discussion questions
1 Discuss the adoption curve and the importance of innovators and early adopters for a new product such as eyeSlices®.
2 Do you think the objectives of I-Slices Innovations meet all the requirements of good objectives? Explain your answer.
3 Discuss the steps in market analysis that I-Slices Innovations had to take before they could release their product. How would you have done it?
4 Discuss the branding strategy used by I-Slices Innovations. What are the advantages and disadvantages of using this strategy? How would you have done it?

Reference
1 This case study was written by Kerryne Krause-Neufeldt and procured by Michael Cant.