

Individual Work Project Final Report presented as part of the requirements for the Award of a  
Master Degree in Management from the NOVA - School of Business and Economics

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## How to improve Biotherm's Beauty Advisor service?

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**BIOThERM**  


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## 1. List of abbreviations

e.g.	for example
i.e.	that is
POS	point-of-sale
SKC	skincare
BA	beauty advisors
P&C	Perfumes e Companhia
ECI	El Corte Inglés

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### 3. Introduction to Biotherm and its current challenges in Portugal

Biotherm is a French SKC<sup>1</sup> brand, founded by Jeanine Marissal, pioneer on providing products based on thermal plankton that moisturize and regenerates the skin. Biotherm belongs to L'Oréal company, namely to the L'Oréal Luxe division that detains, in total, 18 premium-to-luxury brands<sup>2</sup>, and four of them include SKC product lines<sup>3</sup>. In Portugal Biotherm is sold in the selective channel<sup>4</sup> through multi-brand exclusive distribution<sup>5</sup>, i.e. Biotherm department stores at ECI Lisbon and Gaia, and via multi-brand selective distribution<sup>6</sup>, i.e. in specialty stores (Kapferer, 2009). Specialty stores are selective retailers, such as P&C, Sephora, Douglas, and less representative, traditional retailers and beauty boutiques (Biotherm briefing, 2015). Therefore, Biotherm sell its products to those specialty stores and can only control the offering of cofretts. Specialty stores decide the final price and promotions to the end consumer.

Biotherm direct competitors are Clarins and Clinique, as they practice similar prices and products offerings. For that reason, it is extremely important to know what those competitors are doing in order to outdo them, in both SKC technology and consumers communication approach.

In 2015, Biotherm Portugal, with a SKC market share of 0,6% (Euromonitor, 2015), received a new management team which intended to solve the current Biotherm sales decrease in Portugal<sup>7</sup>. This project was born in order to clearly identify what is leading to this decrease, including study if Biotherm's current consumers in Portugal are aligned with the new positioning

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<sup>1</sup> Cosmetics to care for the skin, both face and body.

<sup>2</sup> Lancôme, Giorgio Armani, YSL, Biotherm, Kiel's, Ralph Lauren, Shu Uemura, Cacharel, Viktor&Rolf, Helena Rubinstein, Clarasonic, Diesel, Yue Sai, Maison Margiela, Urban Decay, Guy Laroche, Paloma Picasso, Proenza Schouler

<sup>3</sup> Biotherm and Kiehl's - sell only SKC products; YSL and Lancôme – sell SKC, make-up and perfumes

<sup>4</sup> Selective channel is related with selective distribution, concerning specialty stores that offer premium to luxury multi-brands to the end consumer.

<sup>5</sup> Products are displayed and sold in multi-brands stores in accordance with the brand's requirements in a corner.

<sup>6</sup> Products are sold at wholesale to dealers and retailers, including specialty stores, that will in turn offer them to the end consumer in their own way

<sup>7</sup> As the management team has been constantly changing in Portugal, there is no clear data about the sales' decrease.

or, if not, find who they are and how they behave. According the international new positioning, Biotherm will target the ‘winning hedonists’, the active, modern, health women, that takes care of her body and soul by living her life intensively. First, Biotherm management team met with the branding lab master students to share confidential information about the brand, and explain their expectation towards the project (see Appendix 1 with project time table). During the meeting challenges were outlined, namely understanding current Biotherm consumer, its purchasing drivers and behavior, and how they perceive Biotherm (i.e. brand image<sup>8</sup>). The group answered these questions after qualitative research. Qualitative research included in-store observations, namely in the specialty store P&C in Lisbon (Vasco da Gama, Colombo and CascaiShopping) and in Porto (NorteShopping); and in department store in ECI Lisbon (see Appendices 2 and 3 with observation grid and BAs<sup>9</sup> present during observation days). During these observations, many insights were gathered, namely how the Portuguese SKC consumers behave, what they purchase the most, the influence of the BAs during the purchase, the comparison between different brand BAs performance, the comparison of different brands’ consumers profiles and characteristics, their brand perceptions, consumer requirements and consumers’ purchasing drivers. BAs were also fundamental, once they provided valuable “inside” information, allowing the group to start drawing some patterns and conclusions. Issues became clearer after the in-depth interviews that were focused on the SKC consumer in Portugal who have already been in contact with the brand Biotherm (see Appendices 4 and 5 with pre-recruiting questionnaire and interview guide). After careful analysis, the group was able to depict the two main issues that lead to Biotherm’s current situation: service inefficiency at POS and consumer issues. The first is related with the current poor L’Oréal Luxe BAs performance at POS, as they deviate consumers from

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<sup>8</sup> General impression of a product held by real or potential consumers.

<sup>9</sup> BAs are sales representatives; further explain in literature review part. BAs account with both retailer BAs and L’Oréal Luxe BAs.

purchasing Biotherm (see Appendix 6), and motivate them to purchase other L'Oréal Luxe brands more expensive. The poor experience combined with the low investment in consumer educating platforms, e.g. presence in beauty and health blogs, developed social media as Portuguese Facebook page, or country-specific website, led consumers to have weak to no knowledge about the brand. This is the reason why, current consumers perceive Biotherm as group of products and not as a brand 'per se'. Additionally, there is no clear Biotherm consumer in Portugal, and the consumers who purchase Biotherm, mainly between 40 and 60 years, are not aligned with the brand's aspirational target, the young winning hedonists. Moreover, SKC consumer today shows, in general, a multichannel and multi-brand behavior, constituting a major obstacle to conquer their loyalty, requiring constant innovations and promotional activities. This becomes especially critical in Biotherm's case, once it is not a priority for L'Oréal Luxe and subsequently has a very limited budget.

Given this, four strategy areas of possible improvement were identified and assigned to each individual of the branding lab group, to be exact Branding, Digital, POS service and Sampling. The recommendation in each of these areas was based on the proposed positioning:

“To every active and health minded woman, living intensively her life while taking care of her body, mind and soul. She values natural ingredients, protecting her skin and leaving it pure and radiant (target). Biotherm is a premium skin and face care brand (frame of reference) with a focus on natural efficacy, pleasurable textures, pursuing a holistic approach to beauty, i.e. a combination of physical health, inner calm, and an attractive external appearance (point-of-difference). With more than 60 years of expertise, Biotherm is a pioneer in skin biology, providing advanced skincare solutions that use the force of aquatic ingredients, working deep in the skin (reason to believe).“ (Tybout & Sternthall, 2010).

This Individual Working Project Report derives from the development of POS service strategy. From now on, the following deepen analysis, primary and secondary research, issues development and approach to the solutions were created and developed individually by Teresa Sofia Ramos Fernandes, student number 2100.

#### **4. Objectives and organization of this subsection**

The main objective of this individual project is to conduct a deeper analysis of suggested problems of service inefficacy at POS in order to clarify critical points and to understand how and what to improve. As service is mainly made by Beauty Advisors (BA) the main question to be answered is: How to improve Biotherm's BA service? In order to do so, first we present further insights addressing service strategy at POS, drawn from literature, analysis of the current situation and deeper development of service at POS issues. Secondly, based on all information gathered, from both qualitative research, meetings with L'Oréal experts, and secondary data (literature review), we propose and describe feasible solutions that we believe would solve current issues. Finally, we present a conclusion, depicting the most important aspects of the individual Working Project Final Report, which includes the priority of the proposed solutions.

Overall, a plan to strengthen BAs-Biotherm relationship is presented, aiming in one hand to improve Biotherm's POS service strategy and L'Oréal Luxe BAs' code of service that shall lead to a better consumer follow up and increased consumers' satisfaction. The final goal is to develop long-term relationships with loyal consumers. On the other hand, the objective is to improve BAs connection with Biotherm values & lifestyle so BAs bond positively with the brand and even start a BA-Biotherm strong relationship that has never existed before. Story telling at POS improves and BAs positively influence Biotherm purchases, eradicating sales' deviation. Lastly, consumer becomes better educated and perceives a clear and consistent Biotherm identity.

## 4. Further insights to address service strategy at point of sale

### 4.1. Academic and business oriented literature review

To make a deeper development of Biotherm service at POS, it is important to first define the term. As business and management are dynamic areas, the definition of ‘service’ varies according to different sources, as described in the table below (table 1):

*Table 1: Service definitions*

Definition	Source
Service is the activities, benefits and satisfactions provided in connection with the sale of goods.	American Marketing Association, (2015)
A service is series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the consumer and service employees or service provider, which are provided as solutions to consumer problems.	Gronroos (1990)
“Service is an activity or an advantage which is given by one party to another party which is basically intangible and cannot affect any ownership.”	Philip Kotler & Amstrong (2012, pag. 383)
Service is the interaction process, the time when costumers and service provider meet, that will influence consumer’s satisfaction.	Handi Irawan D (2002)

*Source: Branding Lab, based on sources mentioned*

From now on we refer to service as the definition given by Gronroos (1990), once the service providers (BAs) interact with consumers and provide them with SKC solutions.

In the luxury industry, what really makes the difference is the emotion conveyed by the service, namely by the BA who has to provide the holistic experience<sup>10</sup> (Kapferer, 2009). In Biotherm’s case, the service is provided by L’Oréal Luxe Beauty advisors (L’Oréal Luxe BAs).

A BA is a cosmetic and SKC saleswomen, and she is the main company and brand(s) representative in the store. Sales representatives have multiple purposes once they have to meet sales goals, offer personalized consumer service and assist consumers finding products that meet

<sup>10</sup> Holistic experience is a high quality experience, filled with tangible and intangible aspects that arise consumers’ senses (Kapferer, 2012).

their needs. This involves full industry and brand products' catalogue knowledge as well as proper products demonstration techniques expertise. It is extremely important that BAs detain very well developed soft skills such as communication and persuasion. As a final point, BAs are meant to maintain long-lasting relationships with consumers (U.S. Bureau of Labor Statistics, 2015).

According to A.T. Kearney (2012, pag.1), "In beauty care and cosmetics, the customer's experience at POS is where the sale is won or lost, where the brand comes to life, and where the seeds of loyalty are planted". Hereafter, sales representatives, BAs, have to recognize brand's mission and values, know their consumers, balance brand knowledge with sales techniques and attract consumers with appealing store merchandising. Above all, BAs should not only capture the consumer and provide them with a holistic experience at POS, but also make them brand advocates<sup>11</sup>. Satisfied consumers purchase more, and allow link and cross selling, and once they become loyal, they positively share their experience through WOM, the best advertising a brand can have (Hesselink, Wiele, 2011). But in order to achieve that success, company brands have to make BAs feel engaged by providing them with wellbeing policies, listening to their ideas (brainstorms), and by reserving part of the annual budget to leisure activities. This leads to not only an increase of quality, because the company knows from BAs the consumers requests, but also enthusiasm from BAs that feel recognized and, more importantly, feel they are part of a community. As a result, the company creates a sustainable and friendly environment that nurtures motivation to sell delivering a great experience at POS (Nicollete Fox, 2013).

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<sup>11</sup> A Brand Advocate is a highly-satisfied customer, who recommends their favorite brands and products without being paid to do so.

## 4.2. Information Sources

Analysis of current situation, and data presented in this section, is based on two meetings that delivered the insights necessary to conclude what critical points should be altered and improved, and how it was possible to work through the service at POS system: the meeting with Biotherm product manager Sara Abreu, providing insights about 2016 plans; and the meeting with L'Oréal Luxe training directors Filomena Dias and Marta Raposo, providing knowledge of the entire service at POS system.

## 4.3. Analysis of current service strategy at point of sale

### 4.3.1. General L'Oréal Luxe BA strategy and Guidelines:

As L'Oréal groups all luxury brands in one department, named L'Oréal Luxe, the company presents a multi-brand sales strategy. Hence, one single L'Oréal Luxe BA sells:

- Different Product ranges (treatment - SKC, Perfumery and Make ups);
- Different Product types (each range has different product lines);
- Different Brands (inside specialty store BA sells in total 17 brands, three of them have SKC products: YSL, Lancôme and Biotherm).

As it is impossible for one person to fully memorize each brand 'code of service'<sup>12</sup>, there is a global service guideline for L'Oréal Luxe BAs, stressing that consumers should be provided with a unique, complete and unforgettable experience, and this stands for any L'Oréal Luxe brand. In order to do so, L'Oréal Luxe BAs first have to be careful with their appearance, specifically formally dressed in black, with simple make up and jewelry. Secondly, their approach to consumer should be with a smile, positive and friendly attitude, with a clear speech, available to help consumer in any situation and above all try to achieve emotional relationship with consumer to create a bond. To provide this bond, L'Oréal Luxe created the '360° service' described in Appendix 7. It mainly stresses the importance of L'Oréal Luxe BAs fulfilling all needs of the consumers, providing them not only with the most suitable choices but go even beyond, by

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<sup>12</sup> Guideline from a specific brand to

surprising the consumer with new necessities. It is intended to make consumer “fall in love” with the brand, conquer its loyalty that reflects in positive WOM. Finally, cross selling<sup>13</sup> and link selling<sup>14</sup> are an opportunity to explore, especially for a group as L’Oréal Luxe, that owns so many different brands and offerings.

#### 4.3.2. Promotional events:

There are two main promotional events organized by Biotherm that may occur at the same time presented below (table 2).

*Table 2: Biotherm promotional events*

<i>Animations in-store</i>	<i>Modelling</i>
Punctually, at the TOP 10 doors - best Biotherm selling specialty stores, one brand is chosen to have more ‘presence’ in-store through thematic decoration, and be the sales focus of L’Oréal Luxe BAs. These animations aim at reinforcing the connection between loyal consumers and the brand, by offering them SKC treatments (last on average of 30 mints). They might also aim to attract new consumers, by building a decorated brand stand, having modeling or celebrities supporting the event. L’Oréal Luxe allots each brand animation budget according to their sales volume and their significance. Biotherm has 5% of the total L’Oréal Luxe animation budget.	From time to time, at the TOP 10 doors, modellings work as sales reinforcement during promotional weeks, or at purchasing peaks (summer time and Christmas). Models demonstrate the products, engage consumers, educate them about the brand and try to sell.

*Source: Branding Lab, based on BAs training directors meeting*

#### 4.3.3. Specific Guides for Biotherm

As L’Oréal Luxe BAs sell many brands, they have guidelines to identify Biotherm consumer profile that includes characteristics such as: pragmatic, peaceful, relaxed, value texture, economic consumer, like comfortable things, active, social, strong, fit, modern, and energetic. All BAs are provided with Biotherm “bible” (see Appendix 8) that contains Biotherm’s heritage, values, culture, tips for storytelling and products description. During trainings, BAs are informed that the

<sup>13</sup> BA sells product from different ranges, e.g. selling from the same brand SKC and make-up products

<sup>14</sup> BA sells product from different lines, e.g. selling from the same brand an anti-aging serum and anti-cellulite

texture is one of the most appealing features, thus BAs are told to make specific demonstrations and provide samples. Furthermore, as Biotherm has loyalty card, BAs are informed to invite consumers, who end up purchasing, to create it and receive its advantages.

#### 4.3.4. Biotherm and BAs relationship

So far, there were two events that strengthen Biotherm relation with Bas (table 3):

*Table 3: Biotherm events to motivate BAs*

<i>Skin Best Challenge</i>	<i>The Biotherm day event</i>
Each 10 top doors <b>L’Oréal Luxe BAs</b> had to organize the animation for the Skin Best launch. The store who sold the most, given the most effective animation, won. The BAs allocated to the winning store got tickets to a concert at Meo Arena. BAs got really excited and had many ideas, e.g. creative t-shirts, spirulina shots, Biotherm related photography.	<b>Retailers’ BAs</b> , meaning they do not belong to L’Oréal Luxe, were invited to have Biotherm recycling training (review Biotherm values, products and story-telling) and experience Biotherm lifestyle activities such as: Workshop of cooking with “Biotherm ingredients” (components that are present in Biotherm SKC formulas were used to cook) followed by the “green challenge” that dare BAs to cook with “Biotherm ingredients”; Workshop of macrobiotic food to teach BAs to cook healthier; Finally, the event ended up with an Yoga workshop.

*Source: Branding Lab, based on BAs training directors meeting*

#### 4.3.5. Sales Objectives

Objectives can be: Non-mandatory, the case of mono-brand, such as Biotherm sales objectives; and Mandatory, in case of multi-brand, where a minimum value of sales has to be assured among all L’Oréal Luxe sales, as one third of BAs salary depends on it. In term of periods, objectives can be set daily, weekly and monthly. Objectives can increase on promotional days, sales’ peak periods, and are set differently to each store according to population density and commercial affluence areas. Objective structure is unchangeable as directives come from the international strategy.

#### 4.3.6. L'Oréal Luxe BAs Control

There are two systems that evaluate L'Oréal Luxe BAs performance: Coaching on the Job Program: Former trainers evaluate L'Oréal Luxe BAs performance, and identify main difficulties at POS, from two to three times a year; Mystery Shopper: Common consumer evaluates top 10 doors L'Oréal Luxe BAs at POS according to defined criteria. Both systems contribute for a plan of improvement, concerning the critical aspects found during the diagnosis. This plan is applied during the “recycling training”, especially during the “role-plays”. This helps to have a uniform and alight across team of BAs all across the country.

#### 4.3.7. Training

There are two separate types of training, based on the multi brand structure (table 4):

*Table 4: Biotherm trainings*

<i>Pillars &amp; News</i>	<i>Recycling training</i>
Technical training that provides BAs with updates of each brand ‘bible’, and review all products characteristics and how to sell them to consumers. It occurs cyclically, usually when new products are launched. It is done separately for both retailers’ BAs (more broad, just the main ideas) and for L'Oréal Luxe BAs (with a more detailed and specific training).	It is a multi-brand training with additional mono-brand focus, and is only provided to L'Oréal Luxe BAs. It takes place in January and September and each L'Oréal Luxe brand storytelling, technology and values are reviewed, as well as the general guidelines (technical part). Eight mono-brands “role-plays” (one from Biotherm), guided by a psychologist, are developed based on aspects to improve from L'Oréal Luxe BAs’ control reports, to understand what works better in different critical situation regarding consumer needs (behavioral related). Both trainings aim at creating homogenous BAs’ behavior at POS, and consistent knowledge.

*Source: Branding Lab, based on BAs training directors meeting*

#### 4.4. Deeper elaboration of the current ‘service at point of sale’ issues

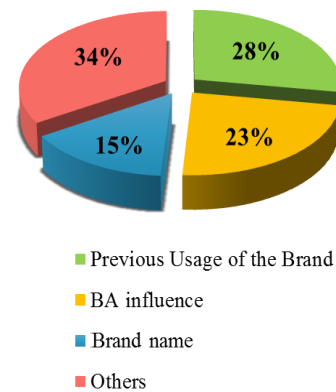
Given the deep analysis of the current situation it was possible to identify the issues currently interfering with Biotherm performance. They are briefly schematized in Appendix 9. We start with fact that L'Oréal Luxe has a multi-brand strategy which leads to brand prioritization. As Biotherm does not allow cross selling between SKC, perfumery and makeup (because it does not

have the two last ones), it is not a priority for the Luxe division, which becomes clear to BAs during L'Oréal Luxe trainings. Besides one BA representing all L'Oréal Luxe brands, in specialty stores there are less L'Oréal Luxe BAs than SKC competitors' BAs, resulting in less power at POS. This structure does not allow Biotherm to have its own BA, which would solve the problem of deviations, but even if it was possible Biotherm does not have the financial resources. As mentioned in section 'Background', the mandatory sales objective is multi-brand, it is logical that L'Oréal Luxe BAs try to sell the most expensive product brands that allow cross selling, in order to reach the objective faster. As 1/3 of L'Oréal Luxe BAs' salaries depend on sales objective if they surpass it they receive extra remuneration, reinforcing the deviation from the cheaper brand Biotherm. Furthermore, there is no mandatory Biotherm sales objective to avoid sales deviation, which combined with all the other factors mentioned above makes Biotherm not being a priority to L'Oréal Luxe BAs, causing poor story-telling at POS. This is the main reason why consumers have weak knowledge about the brand and do not trust it, which results in consumers refusing to provide their data to Biotherm sales representatives impeding the creation of a loyalty card. In the rare cases consumers make the loyalty card, the information collected from the CRM is not being used. As modeling events are not profitable, Biotherm animation budget decreased by 1/3 in 2015, leading to a lower promotional campaigns that are used to provide visibility. Combined with the fact that L'Oréal Luxe BAs poorly represent the brand, consumers rarely get to know the brand. Even if Biotherm management team tried to change BAs poor attitude towards the brand, by making the 'Skin Best Challenge' and 'Biotherm day event', there was no continuation in the so needed investment in the relationship between Biotherm and BAs. All this triggers meager consumers follow up. Without follow-up, pitiable story-telling at POS and lack of Biotherm presence in-store (through promotions) it is very unlikely that consumers become loyal or even purchase Biotherm at all.

Summing up, this becomes a vicious circle, presented in Appendix 10, depicting L’Oréal Luxe BAs indifference towards Biotherm, because they feel there is no obligation to sell it coming from L’Oréal Luxe directives, subsequently consumer is not educated and does not contact with the brand. As promotional events are rare, there is nothing that attracts new consumers. This combined with the fact that current sales volume is low, reinforces once again L’Oréal Luxe decision of decreasing the already limited Biotherm budget. Accordingly, one of the main problems is this circle, and it has to be broken. Since L’Oréal Luxe BAs have full knowledge about Biotherm, the way to please consumer as well as many hours of training and control systems, the problem is not their knowledge about the brand. The problem is that L’Oréal Luxe BAs have the freedom to sell what they like, as long as they fulfill the multi-brand sales objectives. Therefore, it is necessary to make L’Oréal Luxe BAs love Biotherm regardless the unchangeable fact that Biotherm is not a priority in the L’Oréal Luxe multi-brand structure.

Finally, based on in-store observations, it was possible to identify the most important purchasing drivers: Previous Usage of the Brand: Consumers feel more comfortable purchasing a SKC product that they have already tried and may confirm by themselves it worked. Hence, samples giveaway are crucial and they were rarely detected during observations, so this has to change; BA influence: BA’s opinion has extreme importance for consumers, they might come to the store expecting to acquire a specific product but BA easily dissuades them. So BAs have to positively influence Biotherm purchases; Brand name: Consumers are keener to purchase brands they have already heard about and find them prestigious. In-depth interviews highlighted consumers’ very weak knowledge about Biotherm. This means that brand’s values and presence

*Figure 1: Purchase Drivers*



*n=170*

*Source: Branding Lab Group, data from P&C and ECI store observations*

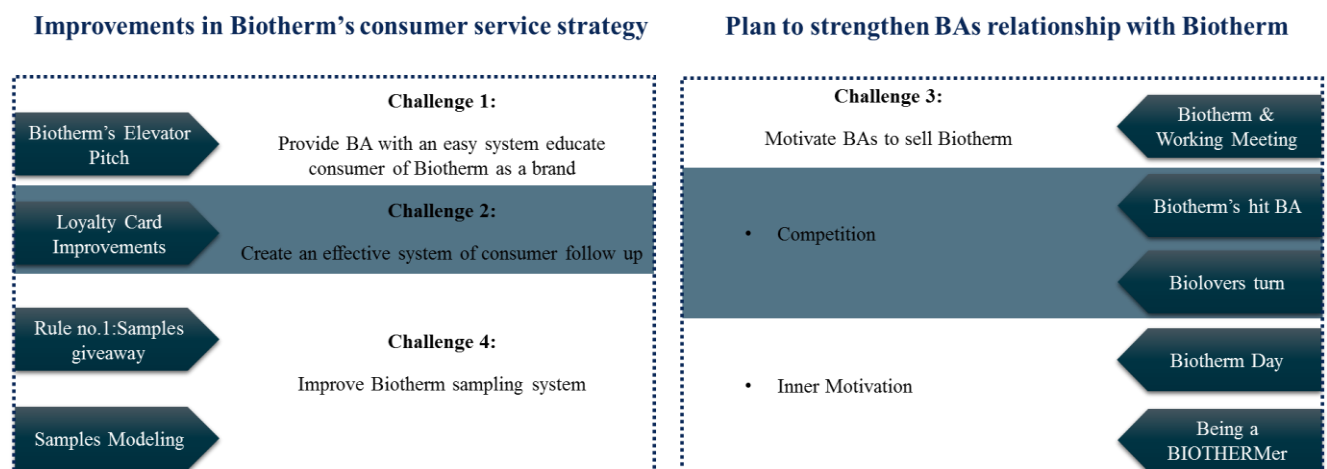
in-store (mainly represented by L’Oréal Luxe BAs), is crucial and therefore must be improved. BAs have to educate the consumer about what the brand stands for and its product offering.

From the data analyzed many problems arose, however we decided to focus on the most imperative, which lead to four challenges to be solved: Challenge 1: Provide BA with an easy system to educate consumer about Biotherm as a brand; Challenge 2: Create an effective system of consumer follow up; Challenge 3: Motivate BAs to sell Biotherm; Challenge 4: Improve Biotherm sampling system.

## 5. Recommendations to Biotherm addressing service strategy at point of sale

Given the challenges set based on problem identification, ideas are suggested to overcome critical points, namely the challenges set. Ideas were divided into two major recommendations: the improvement of Biotherm service at POS and how to create a love relationship between BAs and Biotherm. As L’Oréal Luxe BAs are the main Biotherm representatives they are a priority, especially because they are currently deviating. Even though, retailers’ BAs might also sell Biotherm, therefore they should be incentivized through some initiatives. In the table below is the overall organization of recommendations explained in detail (Fig. 2).

Figure 2: Recommendations organization



Source: Branding Lab Group

## **5.1. Improvements in Biotherm’s consumer service strategy at point of sale**

***Challenge 1: Provide BA with an easy system to educate consumer of Biotherm as a brand***

### **5.1.1. Biotherm’s Elevator Pitch**

It is a one page document to be presented in one to two minutes as a quick presentation of the brand (e.g. Appendix 11). All BAs and modeling have to memorize and tell it to any person who has potential to purchase Biotherm (including both current consumers and SKC prospects<sup>15</sup>). This is meant to eradicate the idea, found in the in-depth interviews, that Biotherm is a group of products, and to educate consumer to perceive Biotherm as a brand. “Coach on the job” and “mystery shopper” programs would control if the pitch is being correctly applied at POS.

***Challenge 2: Create an effective system of consumer follow up***

### **5.1.2. Loyalty card improvements**

Make clear during L’Oréal Luxe BAs training and ‘Service Guidelines’ that after a purchase they have to incentivize consumers to create the loyalty card, gather their information on CRM, by mentioning its benefits: 10% of the money spend on 10 purchases, are return to the consumer in the 11<sup>th</sup> purchase (card is stamped with products purchased by L’Oréal Luxe BAs) and that loyalty card consumers are sometimes invited to free treatments in-store. Moreover, it is suggested that other benefits should be added: on consumer birthday there is a special gift (e.g. one more stamp, 15Ml sample or a discount of 20% in any product). When a loyalty card has eight stamps, Biotherm should send a card with a sample, as the one in the Appendix 12, making clear that consumer is two products away from getting the 10% discount. This initiative is made by Clarins<sup>16</sup>, and is very successful among its consumers. For the most profitable consumers, Biotherm should be willing to provide even stronger incentives (e.g. consumers who spend more

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<sup>15</sup> Potential SKC consumers, i.e. shopper that approached SKC shelves looking for products

<sup>16</sup> Direct Biotherm competitor

than a “X” value per year receive a “Christmas basket”, with her favorite products). Biotherm should make a partnership with premium gymnasiums, so then a consumer who has “X” value of sales per year has “Y”% of discount in the gym. A suitable example for this initiative, given the target market, is Holmes Place or Virgin.

The ideas suggested come from the fact that to create loyal consumers, service provided must be rewarding. This means that value sharing through rewards (i.e. loyalty cards) has full potential to make consumers become sustainably loyal, which might require long term benefits for the consumer. These benefits might be attractive to consumer, hence partnering between brands might help achieving loyal consumers (O’Brien, Jones, 1995).

#### ***Challenge 4: Improve Biotherm sampling system***

##### **5.1.3. Rule no. 1: Samples giveaway**

Trainings and ‘Biotherm Guidelines’ should focus on emphasizing the importance of samples giveaways. Especially, because consumers get excited, feeling they are receiving something exclusive and special when receiving a sample. Getting a consumer to even try a product is the biggest part of the battle. With a free sample, a company gets the consumer to try a product without putting up a price barrier (Tuttle, 2011). Hence L’Oréal Luxe BAs are obliged to provide sample at the end of a purchase (enhancing link selling), and anytime a consumer is interest in Biotherm but reluctant to purchase because they do not know the brand. L’Oréal Luxe BAs must report samples storage, to guarantee samples availability in-store.

##### **5.1.4. Samples Modeling**

As texture is one of the most important Biotherm features attracting consumers, there should be an official calendar (one to two weeks in July, August, and December) for the modeling events where consumer try the product and get a sample. Basically at the top 10 doors, models – who had training and wear Biotherm “official” suit - would approach any women who enter in the

store. Then models would ask consumers to try the texture of the product (e.g. aquasource), and while they let the consumer spread the cream, models should gladly and in an honest and engaging way told shoppers Biotherm's Elevator Pitch. Afterwards, models explain the product characteristics, and then would find the most appropriate product according consumer's type of skin and age and offer respective samples. Even if sales increase, the main goal is letting consumers discover the brand, and one of its most appreciated features is the texture, so they immediately purchase or come back later to purchase.

## **5.2. Plan to strengthen BAs relationship with Biotherm**

### ***Challenge 3: Motivate BAs to sell Biotherm***

From my point of view, initiatives related with BAs motivation are a "must do" once service at POS is the essential aspect to ensure Biotherm's successfully performance. Effective and transparent communication is vital, as it may make L'Oréal Luxe BAs aware of Biotherm key information and the role they play within the brand.

As a result, L'Oréal Luxe BAs get deep understanding of the strategy and goals and realize they are a major asset for Biotherm, making them feel valuable and recognized. Therefore L'Oréal Luxe BAs become engaged and actively supportive (Weal, 2014). All L'Oréal Luxe BAs would become aware of the message being transmitted, which ensures consistency. Henceforth, everyone would be working towards the same goal, augmenting team work and the sense of community between all L'Oréal Luxe BAs and Biotherm management team. L'Oréal Luxe BAs shall work at optimum efficiency because there is a global positive attitude towards change (Timpe, 1986). The next two initiatives ensure this communication process towards brand success according to literature indicated.

### **5.2.1. Biotherm meeting**

First of all, a mandatory serious meeting would take place, with all L'Oréal Luxe BAs, in January. This meeting has two purposes: Be clear about the past: Admitting Biotherm mistakes in the past that led to a difficult situation in the present. Honestly and openly explained the current Biotherm situation in Portugal: the changing positioning, changing strategy, showing sales, showing conclusions from this report that consumer do not know the brand and rather perceive Biotherm as a product range; Be clear about the future: Clarify undoubtedly Biotherm's current positioning and the service strategy at POS, and deliver them as documents to L'Oréal Luxe BAs, (e.g. Appendix 13). Stress that L'Oréal Luxe BAs are the most important element for Biotherm success. Mention the fact that it is mandatory that BA talk about the brand to consumers who want to purchase Biotherm products. Above all make clear that Biotherm is reliable and have great quality, and eliminate the myths that Biotherm is a men's brand, or that only has products for young people, or even that it is not trustful to 'main' face treatments.

### **5.2.2. Working meeting**

It would be a meeting, between BA trainers or Biotherm managers with five to ten L'Oréal Luxe BAs at each time, but making sure all BAs are reached. These meetings should take place in January, right after the Biotherm meeting. Aligned with previous meeting, it would be explained in a cozy and friendly environment that if L'Oréal Luxe BAs do not make that extra mile to "save" Biotherm, the brand will probably not survive in Portugal. Make them understand that the future of the brand is in their hands. They would feel valued and engaged to help the brand. This is probably the best way to break the vicious circle and eradicate sales deviation.

### **Compensations**

The next two ideas to eradicate deviation are connected with extra compensations gained depending on the success in competitions between L'Oréal Luxe BAs. Competition between sales

persons might be tremendously motivating, leading in this case, L’Oréal Luxe BAs to feel challenged and to prove their quality towards Biotherm sales. This leads to sales increase (Hedges, 2015).

### 5.2.3. Biotherm’s hit BA

This contest is to incentive L’Oréal Luxe BAs to sell more, but it is important to make the contest fair. It is due to the fact that L’Oréal Luxe BAs are allocated to different stores that have different consumer traffic due to the surrounding population density, local holidays, etc. Therefore, ideas take into account these factors. We propose two ways (table 5) of doing this competition that should be then chosen by Biotherm management team. Both have the same goal of attracting consumers and increase sales volume.

*Table 5: Proposed Biotherm hit BA contest*

OPTION 1	OPTION 2
Chose clusters of BAs (that work for L’Oréal Luxe at least for the last 2 years). Inside each cluster are L’Oréal Luxe BAs with similar past monthly revenues. This consists of a monthly ranking concerning the sales made by each L’Oréal Luxe BA of each cluster (e.g. 1 cluster of 10 BAs working in different stores that have 1,000 euros from Biotherm sales every month, another cluster of 10 BAs that sells 1,500 euros/ month, etc.). The winning L’Oréal Luxe BAs of each cluster receive 100 euros Biotherm voucher.	Objective is to make L’Oréal Luxe BAs increase their monthly % of sales by comparing current month sales with the same month sales of last year (e.g. sales of February 2015/ sales of February 2014)-1= % of increase). Then L’Oréal Luxe BA shall be rewarded according to their % increased: <ul style="list-style-type: none"> <li>• Increased % &gt; X → BA receives 100 euros Biotherm voucher.</li> <li>• Increased X &gt; % &gt; Y → BA receives 50 euros Biotherm voucher.</li> <li>• Increased Y &gt; % &gt; Z → BA receives one Biotherm Lait Corporel.</li> </ul> At the end of the year there should be a final ranking, concerning the average monthly increase %. The L’Oréal Luxe BA who had the highest average % increase, wins a one-year gymnasium contract (e.g. Homes Place club membership for a year, ≈ 720 euros / year).

*Source: Branding Lab Group*

### 5.2.4. Biolovers turn

It shall take place at top 10 stores whenever a product is being launched. L’Oréal Luxe BAs from each store are challenge to organize the animation at POS for the launch of the product,

given they have a budget and one month to structure a plan to deliver to Biotherm management team. Then they decide who has the best animation idea, evaluating creativity and connection with Biotherm values and culture. The winning idea would be used in every store during the launch. The winning team of L'Oréal Luxe BAs ought to receive one day at the Spa (e.g. Magic Spa, Pestana group). BAs have a lot of insight on what works best with the consumer, and they have full knowledge of Biotherm, so this program can be very effective to Biotherm in terms of brand awareness and capture of new consumers. Correspondingly, this engages L'Oréal Luxe BAs once they feel they are valued and rewarded due to the prize (pleasant experience), which would result in a positive bond with Biotherm - team work and professional recognition.

### **Inner Motivation**

The initiatives in this part mainly intend BAs' to dive into different aspects of the Biotherm World: be healthy inside out by "living" Biotherm lifestyle. It would make them feel closer to the brand and build a sense of commitment, which would lead them to start loving the brand. Hence, the story telling at the POS with the consumer improves. Finally, the message is spread, consumer become aware of the brand, and Biotherm purchasing transformation increases (Mitchell, 2002).

#### **5.2.5. Biotherm Day**

It starts by sending an invitation to BAs, asking their presence to Biotherm Day, on the 8<sup>th</sup> of June (World Ocean's day) at L'Oréal building. It is worth mentioning that the day shall be full of surprises, and that BAs should dress as a "Biotherm Women". This would create mystery and buzz around the event among BAs. On the day of the event the path since the front door till the conference room has to be fully decorated with the theme 'Biotherm world': pictures, advertisings, Biotherm perfume have to be spread all over the place and cards with Biotherm's

slogans/ culture/ values sentences should be falling from the ceiling (e.g. Appendix 14). In addition, the decoration should be predominantly blue and green, and include water fountains, many plants, and nature sounds music. As the event might occur the entire day, food and drinks must be available. Following this line of reasoning, the alimentation should highlight Biotherm Lifestyle, not only be healthy but also contain Biotherm formulas ingredients and have an appealing look, e.g. Milkshake with spirulina, Menth detox juice, Soya soup, lemonade, etc. The full plan description of the event can be read in Appendix 15. The event day is divided into two parts (table 6). Ideally, the event should be made first with L’Oréal Luxe BAs and then with retailers’ BAs because it has a fundamental aspect in terms of long-term relationship with the brand. All ambassadors would have time to talk to BAs, about her job, life and connection with Biotherm, to reinforce BAs engagement and positive association with the brand.

*Table 6: Two facets of ‘Biotherm’ day event*

BAS TRAINING	BIOTHERM LIFESTYLE
<p>Morning of recycling training about Biotherm as a brand and its products. Also takes into account the sales volume change from Biotherm meeting till the event day. Enhance team building and two way feedback, meaning listening to BAs and what they think should be improved, which is crucial to keep effective communication and BAs engaged (Scott, 2012). Role plays would be made, applying ‘mystery shopper’ and ‘coach on the job’ programs feedback. If Sara Matos is an ambassador, she would play different clients during the role-plays.</p>	<p>Decoration, food and drinks would be aligned with the Biotherm lifestyle, but there would also be some activities to stimulate BAs: <u>Healthy cooking workshop</u>, with the ambassador Isabel Silva; <u>Home exercises workshop</u>, with the ambassador Carolina Patrocínio; <u>Biotherm Basket</u>: range of products provided at the end of the event to each BA.</p>

Source: Branding Lab Group

### 5.2.6. ‘Being a BIOTHERMer’

It shall be an outdoors event, in September, where L’Oréal Luxe BAs, Biotherm management team and ambassadors would be invited. If possible C’Womanity members might also apply and pay their respective fee. As a result, participants would create buzz and raise

awareness, especially for the people who walk by the beach and see the event. Biotherm would make posts on social media, and to have higher visibility, spread Biotherm flags, and provide all participants with T-shirts of the BIODERM event, projected in Appendix 16. The three ideas we proposed are connected with water, the most important element to Biotherm, and they are: Surf at Carcavelos; Scuba Diving at Cascais Beach; Stand up paddle boarding (SUP) at Cascais Beach. After the event, L'Oréal Luxe BAs would go to a "symbolic Biotherm lab" where they could make some experiences with the formulas, look in the microscope to some of Biotherm components and simulate investigation. This would be a memorable event to L'Oréal Luxe BAs.

## **6. Conclusion**

Given the initial challenge set by Biotherm, to understand how the brand could grow in Portugal, the main factors that have been preventing that growth were identified. The main issue is that the brand representatives, meaning the service at POS L'Oréal Luxe employees, who are supposed to sell the brand, were not doing it. In general, from the observation in-store conducted, L'Oréal Luxe BAs were in fact doing the exact opposite, by deviating SKC prospects from Biotherm purchases.

Even if Biotherm's textures, scents and formulas efficiency are appreciated, there is no brand 'per se' supporting its qualities. This was specially detected during in-depth interviews, which depicted the fact that the poor experience at POS, led to weak-to-no knowledge about the brand. Hence, the main objective, and ultimate priority for Biotherm as a premium brand, is to improve L'Oréal Luxe BAs performance towards Biotherm sales. It would not be an easy task, given that for L'Oréal Luxe Biotherm is not a priority, consequently the brand is provided with limited budget, emphasizing its poor performance and continuously decreasing its importance to the company, creating a vicious circle. The answer to break the vicious circle is by interfering in one

of its stages. As it is not feasible to change L'Oréal Luxe structure and strategy, the only stage that can be changed is the one related with L'Oréal Luxe BAs. They have the freedom to sell what they may, as long as they achieve a monthly sales objective. Therefore we pretend, as the main priority of this dissertation, to bond BAs with Biotherm in a way never done before. Given secondary research, it is possible to recognize that transparent communication and valorization of employees is crucial to motivate employees. That is exactly what we pretend Biotherm to do, by undertaking 'Biotherm' and 'Working meetings' to clarify L'Oréal Luxe BAs about Biotherm management and strategy matters, to listen to their ideas and feedbacks, and to show them their importance to achieve success. Moreover, as a result of Biotherm being constantly changing its positioning in the past, and therefore its target, there is no Biotherm consumer profile in Portugal. Essentially, L'Oréal Luxe BAs ought to have a clear idea of Biotherm aspiring future, and objectives to strive for its growth in Portugal. However, to efficiently break the circle, L'Oréal Luxe BAs have to go deeper into the brand, so 'Biotherm day' and 'Being a BIODERMER' events have to take place. They must spur an emotional bond between the brand and BAs, that shall improve their story telling, engage consumers, and consequently their performance selling Biotherm. As Biotherm is not considered a brand, the first objective is to bond with current consumers, given there is evidence that the rate of advocates among consumers is directly correlated to the growth rate of the brand. The 2% of consumers that are advocates account for 20% of the sales. They drive 80% of total volume via their recommendations (Reicheld, 2006). So improving consumer follow up by making samples giveaway a number one rule, and make improvement in the loyalty card are elemental. Only after establish a relationship with current consumers, Biotherm should focus on acquiring new ones. To do so, L'Oréal Luxe BAs should feel involved and rewarded by working with Biotherm to reach more consumer. At this stage 'Biotherm's hit BA' and 'Biolothers turns' should be implemented. Finally, there should be

undertaken improvements at Biotherm’s initial touchpoints, namely implement ‘Product’s trial in-store modeling’ and Biotherm ‘elevator pitch’. This last one would be useful even with the current consumers, as they shall get to know, even if briefly, more about the brand. This helps dissuading the idea that Biotherm is a bundle of products, and helps starting to create a clear brand image. Ideally all measures would be taken. However, Biotherm has a limited budget which leads us to propose first, aiming at consumer retention, to focus on ‘L’Oréal Meeting’, ‘Working meeting’, ‘Biotherm day’, and ‘Being a BIODERMER’ events. Secondly, target new consumers, through the implementation of ‘Biotherm’s Hit BA’ and ‘Biotherm’s elevator pitch’. Only after sales increase, ‘Biolothers turn’ and product trials in-store through modeling should be applied. We believe this way Biotherm will growth in the SKC selective channel.

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