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Growth Strategy for Gliss Portugal in the Retail Hair Treatment Market
&
The Importance of Focus Groups in Marketing Research

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Gliss has been facing some market share downturns in the Portuguese hair treatment market. This decline is partially explained by the socio-economic conditions of the country, increasing competition efforts and lack of brand knowledge by the Portuguese consumers. To overcome this problem, Gliss must focus on retaining and developing its current customer base and gaining new customers from other brands, specifically from brand switching consumers.

To target these consumers, Gliss needs to expand its relevancy, develop superiority points and improve brand knowledge, through actions in the marketing mix, specifically product, price placement, and specially promotion.

Keywords: Retail Hair Treatments; Segmentation; Growth Opportunities; Focus Groups.

Table of Contents

1. Brief Context

Gliss – The Brand

Gliss is a hair care brand owned by Henkel, a multinational company operating worldwide with leading brands and technologies in three business areas: Laundry & Home Care, Beauty Care and Adhesive Technologies.

Gliss was launched in Germany in 1952 as a hair treatment brand for damaged and dry hair. Later on, it expanded its core business into the shampoo & conditioner category. In 2008, Gliss was launched in Portugal as the first retail brand endorsed by Schwarzkopf, positioned has the hair repair specialist, for women who seek effective repair care. The brand has always been praised by bringing innovation into the category regarding product benefits, high-performing ingredients, new application formats, among other advantages. Internationally, Gliss operates under five different names, offering multiple products with distinct benefits.

Ever since the brand was created that its focus has been hair repair, however, there has been a recent shift in Gliss with the introduction of a broader and more general range of products (e.g. "Million Gloss" line). Most of Gliss products promise benefits such as repair, soften, illumination and repair of split-ends and each line of products has at least one (but generally two or three) treatment products.

In Portugal, Gliss's best selling lines are either more general ones such as "Million Gloss" or extremely specific ones, such as "Ultimate Repair". These results might be correlated with the fact that these are the lines advertised on TV, even though the communication plan and creative strategy has not been updated since 1991.

Hair Care Market

Hair Care is a FMCG segment, comprising shampoos, conditioners, treatment, colorants and styling products. The market is usually divided in retail (targeted to end-consumers), professional (addressing hairdressers, stylists and professional users), and medical (for end-users with special conditions, sold in pharmacies). The present report excludes colorants and styling products since they are out of the project's scope, and focuses on the retail market since it is the one where Gliss operates.

After reaching its peak in 2010, the value of the hair care retail market has experienced a substantial fall, driven by changes in the competitive landscape, unfavorable macroeconomic trends and shifts in consumer behaviors. Based on Euromonitor International, the outlook for the market remains negative for the near future.

To fight the fall in the market, manufacturers are progressively moving marketing and sales resources from advertisement investments in more aggressive price promotions through temporary discounts, which might explain the recent diminishing sales value. Nevertheless, from analyzing recent trends of a hair care sample of products sold during 2013 and 2014, it emerged that retail prices overall increased in the studied period. According to Euromonitor International and Nielsen, the change is observable not only in average prices per item (+3.6%), but also in prices per liter (+2.8%). This appears to be caused by a change in the packaging formats.

The 2008 Economic Crisis deeply affected Portuguese consumers. The decrease in disposable income contributed to the decline of sales value, confirming the market cyclicality. However, the progressive divergence between sales and disposable income reveal two important trends. Firstly, regardless of the modest income recovery, the level of expenditures in personal care remains week, stressing a persistent negative attitude of consumers. Secondly, hair care is one of the most affected segments by the crisis and reveals weaker signs of recovery, revealing a shift in purchasing behavior.

Even though the aggregate consumer expenditure in personal care has been increasing (from 158€ per capita in 2000 to 295€ in 2013) (Euromonitor International, 2014), ever since the beginning of the new millennium that the relative expenditure in hair care retail products has been suffering a progressive decline. This fall does not seem to be caused solely by price competition and the economic crisis, but also by a shift in the Portuguese consumers' preferences, that have been progressively reducing the quota of their personal expenditures for hair care.

Hair Care Market - Treatment Segment

The treatment segment comprises rinse-out and leave-in products, complementary to shampoos and conditioners, that deliver repair and in general, a more intensive care. Within the segment, there can be found two different types of promises: repair and protection, covering specific needs with a problem-solving approach; and beauty and style, covering more general "wishes" and offering complementary solutions to styling and colorants.

Contrasting with the remaining hair care segments, the treatment segment demonstrates a counter-cyclical behavior, experiencing a positive growth in 2014 with a 6.8%

increase in sales value (from 2013 to 2014) (Nielsen, 2014). Taking into account the negative performance of the remaining hair care segments, this trend provides additional confirmation of the shift in consumers' preferences. Regardless of the present growth, the treatment segment is still a small fraction of the total market (14% of retail sales value and 10% of units sold) (Nielsen, 2014).

In terms of development of the hair treatment segment in Portugal, it is visible that neither the availability of treatment products, the accessibility in retail channels and the attractiveness of products in terms of pricing, are a problem. The limited size of the segment does not seem to depend on the degree of maturity and differentiation. Compared to more mature international markets (e.g. USA), Portuguese consumers can choose among a large and diversified offer, catering several types of hair. Products are broadly accessible on the retail distribution channels (mainly supermarkets and hypermarkets), at different price points, making it attractive for a large audience.

Competitive landscape

Throughout 2013 and 2014 the six major players in the retail treatments category remained the same, with no change except for Pantene (19.3% of market share in 2014), which took over the leading position sending Elvive (19.2%) to the 2nd place. Gliss (14.4%) was holding the 3rd position followed by Fructis (13.8%), Ultra Suave (7.8%) and Tresemmé (7%) (Nielsen, 2014). In 2014 these brands controlled alone 82% of the treatments market sales value.

Concerning product portfolio, Gliss offers a higher number of treatments than any of its competitors. The strongest competitors of Gliss in terms of product range and promises are Elvive and Pantene.

The share of voice and the media spending of all brands highly influence share of market in the hair treatment segment. Gliss does not invest exclusively in treatment advertisement, and the overall TV advertising spending is far below its main competitors, threatening the competitiveness of the brand.

Regarding the distribution channels, Gliss treatment products as well as the ones from its main competitors have an absolute presence in hypermarkets, a solid presence in big supermarkets, and a smaller presence in small supermarkets and traditional stores. However, Gliss's weighted distribution proves that the brand is quite effective in selecting the right distribution channels, as it is present on those that generate more sales.

The Business Project Challenge

Shortly after its launch in Portugal, Gliss achieved the #1 market position in hair treatments (Nielsen, 2014), offering a wide variety of repair products at a premium price in the retail market. The brand has been successfully performing on the global retail hair care markets for decades, however, its recent performance in the Portuguese market falls short of expectations. Partly, it can be explained by the particularities of the Portuguese context, yet another reason could be that Gliss has still to find a successful strategy for the local market and to create an effective marketing plan.

Competitors have been increasing investment spending in treatments regarding new product development, media spending, point of sales support and promotional activities. As a consequence, Gliss's market share has been seriously threatened.

Promotion has been intensely increasing within the segment, with trade promotions being mostly used by all players. This type of promotion is a threat for the category value and makes it crucial for Gliss to be a top-of-mind brand, so that even with strong price-off discounts, Gliss continues to be a preferred brand when it comes to hair treatments.

Together with the strong competition that Gliss is facing, the Portuguese market is also believed to suffer from low penetration of hair treatments. The hair treatment segment still represents a small share of the total hair care market, reaching only 14% of the total sales value.

With this being said, in order to increase Gliss's market potential and re-gain leadership in the treatment segment, it is necessary to build a strategy that increases the consumption of treatments, and consequently, the market penetration of the category.

2. Reflection on the work done

Problem definition

Henkel perceived the recent decrease in Gliss's market share as an issue of penetration of the hair treatment segment in Portugal. To accompany this issue, there has also been the increase of competitiveness from other players, which represent a serious threat for Gliss's success.

In order to tackle these two issues, there is the need to identify which factors impede the development of the brand and which steps should Gliss take in order to drive growth, gain competitive advantage and get new customers, while retaining the existing customer base and maintaining their current positive brand attitude.

Methodology

The main objective of the project is to develop a Growth Strategy for Gliss Portugal in the hair treatment segment. Nonetheless, a secondary and related goal is to increase the understanding of the market, with a specific focus on treatments' users' and non-users' behavior.

To do so, the project has been developed in five steps:

1. External Audit: Analysis of the Portuguese hair care market, industry and macroeconomic trends in Portugal, with a particular focus on the hair treatment category (already analyzed above).
2. Competitive Landscape: Analysis of the brand Gliss and other major competitors in the treatment segment. Development of a benchmark on the main competitors' performances (already analyzed above).
3. Customer Insights: Investigation of consumers' behavior and preferences through interviews, focus groups and surveys (qualitative and quantitative research). Followed by a behavioral segmentation of the market.
4. Growth Opportunities: Mapping and assessing customer segments in terms of growth potential and attractiveness accompanied by a prioritization of the most relevant and attractive target.
5. Final Recommendations: Development of a new positioning and marketing mix to exploit the targeted opportunity and drive sales growth.

Customer Insights

Once the Portuguese hair care market, Gliss and its competitors were scrutinized, it was fundamental to understand customers of the hair care market, particularly, treatments' consumers.

To do so, there was first conducted a qualitative research to come up with hypotheses about the market and then a quantitative research to confirm or dismiss the hypotheses found, and to quantify them.

The chosen qualitative method was five focus groups, of 1.5 hours to 2.5 hours, with five or six people each. The interviewees were all female with ages from 20 to 56 years old, with a university degree in the most diverse areas. The quantitative method has been online *Qualtrics* surveys, distributed through Facebook, email and University campus, to family, friends, peers and colleagues. From the total 246 responses obtained, 135 have been used since they have been fully completed by women. The majority of respondents (78%) have between 16 to 34 years old and 93% have either a bachelor or a master degree.

With the customer insights, the market was segmented in a behavioral way into four segments: non-users (women who never use treatments, 6%), occasional users (women who use treatments only occasionally, seasonally or rarely, 17%), light users (women who use treatments once every week, once every two weeks or once per month, 9%) and heavy users (women who use treatments every time they wash their or women who use treatments two or more times a week, 68%). 94% of respondents use/have used hair treatments, meaning that there is only 6% of people who never used them, translating into a much lower penetration issue than expected.

Other relevant conclusions attained from customer insights are:

- When it comes to treatments, Portuguese women give in general most importance to promises related to repair (general repair scored an average of 3.76 out of 4 while split ends scored 3.72).
- The most relevant purchasing factors for the four types of treatments' users are recommendations and brands.
- The most used brands among Portuguese women are Pantene (49%), L'Oréal (41%), Schwarzkopf (38%), TRESemmé (34%) and Garnier (30%).
- In general, consumers are loyal to a set of brands (67% of respondents are loyal).
- Portuguese women considered having treatments from the same brand as their shampoo and conditioner of little importance (72% of respondents considered not important or of low importance).
- There is moderately high brand recognition of Gliss among Portuguese women (70% of respondents know the brand, at least by name).
- 17% of all respondents use Gliss in treatments, and 70% of them consider themselves to be loyal to the brand.
- The strongest reasons for low-usage (by occasional users) is the perception that their hair only needs extra care during certain seasons and time required to apply treatment products.

- The main driver for non-usage is the perception that hair does not need extra care (63% of non-users select this reason as an important factor).

Combining the findings from the external audit of the market and customer insights, it became evident that the real problem Gliss is facing is not low penetration of the hair treatment market in Portugal, since only 6% never used treatments, but a lack of knowledge and brand preference for Gliss. Portuguese women are, in general, aware that Gliss exists and that it is a hair care brand (70% of respondents), but have no real knowledge and positive attitude towards the brand. In such a competitive market, this lack of brand knowledge towards Gliss is a strong barrier to the success of the brand.

Growth Opportunities

Once consumers were segmented by level of usage, it was also needed to characterize them regarding their relationship with brands and categories to have a strong enough segmentation to develop possible growth opportunities.

There are two distinct growth paths for Gliss, either it goes for new customers by investing in category expansion (converting women outside the category into users of retail hair treatment products) and/or brand switching (acquiring customers currently using other retail brands for hair treatments); or it goes for the current customer base and transforms them into "better customers" by retaining and developing them (retain women already using Gliss treatment products and increase frequency of usage, amount used per occasion or occasions of consumptions).

Within category expansion, Gliss could invest on attracting non-users. Nevertheless, this segment represents a small fraction of the population (6% that have never used, plus 7.4% that are dropouts, 13.4%). The option of non-usage is a rational choice considering that these people know the category but do not believe their hair needs treatments, or have tried them and decided not to use them anymore. Moreover, there is also the risk of a potential return of shifting the perception of the category diluted by competition due to retention issues. With this being said, non-users do not represent an attractive target for Gliss's growth.

Besides non-users, a second prospect to expand the category is to address users of professional hair treatment products. Almost one quarter of the survey respondents buys treatments only at the hairdresser, pharmacy or in other specialty stores. These consumers are characterized by higher expenditure in personal care than the average. However, these women perceive retail brands has low quality brands, pay much attention to recommendations from hairdressers and doctors (who hardly advocate retail brands) and there is also the potential risk of cannibalization and jeopardy of current business from repositioning Gliss to address users of professional lines since Henkel operates in this segment with other brands. Given these factors, users of professional lines do not represent an attractive target for Gliss's growth.

Considering the low attractiveness of non-users and users of professional treatments, it is recommended for Gliss to focus its efforts on users of retail treatments.

The market of retail treatments can be segmented into Gliss loyals (currently using Gliss products and who consider themselves loyal to the brand, 15.1%), favorable switchers (non loyal to a specific brand, who tried and continue to use products from Gliss, 5.8%), other brands switchers (who are not loyal to a specific brand and do not use Gliss, 26.7%) and other brands loyals (currently not using Gliss products and who consider themselves loyal to other brands, 52.3%).

Gliss loyals are already heavy users who tried several solutions and are satisfied with one to three of them. These women think they do not need more products and increasing consumption could damage their hair. This might lead us to think that the development of Gliss's current customer base does not seem to be a highly promising direction for growth. However, retaining current customers must remain one of the top concerns of Henkel's management. The weak brand awareness and brand association that Gliss holds justifies this concern. Even for Gliss loyals, the brand is never the top of mind brand, but rather Pantene, L'Oréal and Kérastase. Less than half of the loyals, recalled the brand name when asked about hair treatment brands. Moreover, Gliss users have difficulties associating the brand to any qualification, besides relating it to its source brand, Schwarzkopf, or occasionally, to a single product. Another justification not to disregard Gliss loyals is the high confusion about brand positioning. Several users think they are buying Schwarzkopf products, and Gliss is either a brand line or is not associated with the product at all. In addition, when mentioning single products, Gliss users highlighted a diverse set of benefits (e.g. shiny hair, Asian straight, against split-ends), but never referred to using Gliss in order to avoid cutting the hair (current brand positioning). Lastly, for this segment, there is low differentiation between Gliss and its main competitors. Gliss users easily relate the brand to its competitors (Pantene, Garnier, Elvive and Tresemmé). The survey confirmed these brands are considered of similar or slightly inferior quality, and often more affordable than Gliss (except for

Tresemmé). These three factors, make it imperative for Gliss to invest on retaining and developing its customer base, otherwise, there is a big risk of losing it.

Analyzing now the opportunity of growing by focusing on brand switching, Gliss should look at loyals from other brands, favorable switchers and other brands switchers.

Loyals of other brands is a heterogeneous category that presents quite high difficulties. This segment has the tendency to be loyal to one line (hair care products must be of same line and brand); it is very satisfied with the current brands used; and even though they perceive Gliss as a good quality brand, it is of inferior quality than their brands of choice (Tresemmé, Pantene, Garnier or Elvive). Nevertheless, it exists a significant share of loyals unaware of Gliss but who are Schwarzkopf lovers (one fourth of other brands loyals, 12.8% of the all retail treatment users). Equally to Gliss loyals, these loyals are mostly heavy users, highly valuing treatments for split-ends and repair. They thus represent a highly interesting growth opportunity.

Favorable switchers are Gliss users, highly satisfied with its quality (highest score among retail brands), but who do not consider themselves loyal to any brand and buy treatments from a set of preferred brands (Tresemmé, Pantene, Garnier and Gliss). The reason for switching from Gliss to other brands is their higher sensitivity to prices and promotions, combined with a lower budget for personal care. Buying Gliss is perceived as pricey compared to Pantene and Elvive. Therefore boosting sales within this segment would require discounts and promotions and considering the limited size of this segment, a more aggressive strategy to target them seems highly risky. Gliss share of wallet in current users would increase, but the total value of sales and brand perception among loyals faces a high risk to be eroded.

Lastly, other brands switchers are characterized by their heavy usage of products from many different brands, incessantly trying and using different treatments. The reasons for switching are either: high interested in novelty - experimenters influenced by brands and recommendations from magazines, hairdresser, friends and family; or need - customers who perceive their hair as more complex and in need of extra care (generally they are less satisfied with retail brands). Considering the high consumption of hair treatments, and relevant size in the retail market, these experimenters and complex customers appear to be a great growth opportunity for Gliss. Nonetheless, there are three main obstacles when targeting this segment that need to be addressed: high name recognition but lack of brand knowledge - during focus groups and interviews, these women were generally not able to associate the brand to any qualification, positive or negative and in few cases there was weak association to the source brand Schwarzkopf; perception of low quality and no benefit from endorsement - other brands switchers generally rank Schwarzkopf as a very high quality, professional brand, with rather expensive products but these perceptions are not projected on Gliss, which is seen as a commercial and mediocre quality brand; and risk of low relevance - even if switchers, and especially those with complex hair, value hair repair solutions, that is not the only or main driver of purchase. For example, softening and strengthening the hair are considered important factors for the use of treatments, which makes Gliss, that positions itself mainly as a repair brand, a less appealing option.

Based on the assessment of the different segments, it is recommended for Henkel to prioritize the retention of Gliss's current customer base. Loyals represent a relevant share of the market, and the largest source of business of Gliss. Their loyalty is however susceptible to high rivalry in the industry, with key players (Tresemmé, Garnier) aggressively spending on media and product innovation to gain market share. Unless addressing underinvestment in promotion, lack of retention programs, and in general without reinforcing positioning and relationships with current users, any benefit generated by alternative strategies will be undercut by the erosion of Gliss customer base.

Nevertheless, the ultimate goal is to increase sales, and the present analysis does not indicate a strong potential in the development of current customers, at the moment.

If Gliss aspires to gain again leadership in the Portuguese treatment market, it needs to develop a more ambitious retention program that intents to cause other brands switchers to reassess Gliss.

The last strategy is compatible with the retention strategy since it shares common pain points with Gliss loyals (insufficient brand knowledge, limited relevance of current positioning and lack of strong points of superiority). The switchers from other brands might be considered a "low hanging fruit" since they represent a large share of the market with high consumption of treatments and that are actively looking for new products and brands (in contrast to other brands loyals). Quality perception in this case is an achievable obstacle, considered that there is limited brand knowledge, and that Schwarzkopf is considered a high quality brand in hair treatment. Addressing these issues seems to be an attainable mission.

Recommendations

In order to effectively retain Gliss loyals while attracting other brands switchers, there is the need to: expand the relevancy of Gliss - reformulate the current positioning that is now too narrowly focused on hair repair, to increase the relevancy of Gliss products for current users and attractiveness for other brands switchers; develop superiority points – strengthening the differentiation of Gliss from other retail brands to retain its customer base and increase perceived value of product portfolio; and improve brand knowledge - invest to clarify the endorsing relationship between Schwarzkopf and Gliss and to generate awareness not only of Gliss's name, but its essence.

1. Positioning Statement

Gliss's current positioning statement is: "For women aged from 25 to 55, who seek effective repair care, Gliss is a retail hair care brand that is the best in repairing effectively inside the hair cell and reconstructing a healthy hair surface because of its liquid keratin which reconstructs the hair and renews its quality by repairing damaged areas deep inside the hair and on its surface.".

Given that the proposed new target is mainly composed by heavy users who put an extra effort in their hair care but have more diverse needs to repair, in order to increase relevancy, Gliss needs to satisfy a broader audience of women, with a clear, strong positioning on treatment and extra care. Consistently with the broader focus, the competition-based point of difference should expand the concept of repair, to include different complexities and finally, to retain the current customer base, the bond with Schwarzkopf needs to be clarified and maintained. However, it should be integrated with customer advocacy, as a unique advantage point to create credibility and push switchers reassessing the brand.

Taking into account the factors mentioned above, a new positioning statement had to be built: "For active urban women who care about their appearance and seek effective treatments to achieve visible results, Gliss is a retail hair care brand that provides extra care solutions to fulfill the needs of, even, the most complex hair. Gliss is the best in repairing all kinds of hair damage and dealing with different complexities, delivering high-quality results at a reasonable price; because of the more than a hundred years of Schwarzkopf's expertise, recommendations by other women and professionals for its proven results and its effective, scientifically developed formula of Liquid Keratin."

Considered the nature of the retail industry, competition-based points of difference are not sufficient to build a distinguishing positioning. For this motive there is the need to unfold the *essence* of Gliss that makes it relevant and unique for its customers:

- **Attributes**: Wide range of products, pleasant fragrance, professional-looking packaging, explanatory picture of a hair on the packages, Schwarzkopf quality guarantee, glow, formula (liquid keratin);
- **Benefits**: Easy to apply, repairs the core of the hair, comprises complementary products, tackles beauty and health of the hair, fulfills its promises;
- **Values**: Effectiveness, quality, professionalism, functionality, accessibility, innovation, beauty;
- **Personality**: Reliable, direct, trustworthy, feminine, independent, confident, smart, honest;
- **Essence**: "Tailored care for your hair"

Once the new positioning is built, there is a strong basis to construct the new marketing mix tailored to Gliss's needs.

2. Product

Henkel's line of products is currently very widespread. However, the firm should take into account Gliss's new positioning and adjust its product portfolio accordingly.

In the treatment category, the two most important promises for current consumers and switchers of other brands are repair in general and repair of split ends. For these two needs, Gliss already offers numerous solutions. The next two most important needs for both segments are to disentangle and to soften the hair and Gliss offers few products that tackle these needs. To overcome this issue, the brand must offer a suitable variety of products for a diverse group of consumers.

Thus, the suggestion is to launch Gliss's already existing "Liquid Silk" line, present in several other countries since the line's features are aligned with the needs of the target market. The "Liquid Silk" line is particularly similar to "Liso Asiático". In other countries the launch of the first line caused the disappearance of the second. For Portugal, it is believed that both lines should be maintained simultaneously for the short-term and then, according to the market's reaction, "Liso Asiático" will be withdrawn or not.

3. Price

Current consumers perceive Gliss as a brand of moderate price, while switchers of other brands perceive it as acceptable. Since the target market is satisfied enough with the current pricing, there is no strong incentive to adapt pricing. Nonetheless, price is the second most important factor influencing purchase for current consumers and the third most important factor for switchers of other brands. Promotions are the second most important purchasing factor for current consumers, which means that Gliss needs to keep offering sales promotions that do not damage its brand image and satisfy its target preferences.

4. Placement

Henkel must ensure that Gliss products are present in all distribution channels where both current consumers and switchers of other brands buy their treatment products. Given that Gliss is a retail brand and that Schwarzkopf is present in hairdressers, Gliss products can only be sold at retail stores.

Both for current consumers and switchers of other brands, hypermarkets are the main point of purchase of treatment products, where Gliss is already fully present (100%). Supermarkets are also an important point of purchase to the target market, mainly for the current costumers (57% go to supermarkets compared with 27% of switchers). Gliss's weighted distribution reaches 99% in big supermarkets and 80% in small supermarkets. Its closest competitors have higher percentages of weighted distribution: Pantene – 94%, Elvive – 89% and Ultra Suave – 97%. Therefore, Gliss should increase its weighted distribution in small supermarkets, in order to be as present as its close competitors.

5. Promotion

In order to achieve the goals of the present strategy, the scope of recommendations will mostly lay on promotion. With promotional efforts in advertising, price promotion, events and digital marketing, Gliss is expected to align brand image with the new positioning, and clearly communicate the brand essence, its relevance and uniqueness for customers; develop brand knowledge and association, when there is currently mostly brand name recognition; and incentivize the trial of Gliss products from other brands switchers, as well as to encourage repurchase together with building a stronger relationship with Gliss loyals.

5.1 Advertising

Henkel has been under spending regarding communication investments for Gliss (SOV<SOM). This fact has been causing a lose relationships with the current customer base, which eventually in time will dilute even more the positioning of the brand. From non-Gliss users, there is no brand awareness whatsoever, solely name awareness. To reverse this issue, Gliss must launch a new and effective advertising campaign.

In practical terms, the desire from the communication strategy is for people to:

- **See**: a wide range of products from Gliss
- **Believe**: that Gliss is the trusted way to take care of their hair
- **Feel**: relieved and attracted to the brand

In the advertisement, the emphasis is on communicating the brand and not a specific product or line of products, since the primary goal is to create a positive brand attitude.

Advertising Brief:

Target & source of business: The communication targets women with ages from 25 to 45, which are users of hair care and treatments products. The sources of business are switchers from other brands and the current customer base.

In order to attract switchers, the communication needs to be competitive, while assuring that the loyal customers stay with Gliss.

Benefits to emphasize: Gliss must be perceived as a brand that addresses all kinds of hair complexities and that is much more than just an intensive hair-repair brand.

Communication objectives: The main goals for the campaign are to increase brand awareness and create a positive brand attitude for both the current and potential customers. The present relationship with customers needs to be strengthened and new relationships with non-Gliss users need to be positively created.

5.2 Price Promotion

Gliss should stop using trade promotions since those might be damaging brand's image and diluting the value of the brand. Since the target market affirms to be price sensitive, these promotions need to be replaced by others that compensate the price-cutting. Not all at once in order not to be too disruptive but at a steady pace.

Gliss could have sales representatives in store occasionally, distributing coupons that encourage people to buy Gliss. These coupons would have very limited lifespan (eg. "Buy Gliss today/during this week and have a 30% discount in the entire Million Gloss line") in order to incentivize purchasing at the moment. With the coupons Gliss encourages trial from people that have never used the brand and repurchasing from current users.

Another pricing initiative is seasonal and occasional packs of products that complement each other regarding a specific complexity. These packs will have a lower combined price than if products were bought separately. For the summer season, Gliss should do a pack with "Elixir Diário" and "Oil Nutritive" since they protect and repair the hair from the Sun. For winter there could be a pack with a "Liquid Silk" treatment product and the "Total repair" mask since these products strengthen the hair and protect it from humidity.

5.3 Events Sponsorship

Event sponsorship represents an important part of a brand's marketing mix. Even with the rise of social and digital media, a personal, face-to-face setting is vital to relationship building. Gliss must associate itself with events that fit within the brand's identity and values, such as:

Moda Lisboa and Vogue's Fashion Nigh Out: In both events, Gliss can do some sampling distribution and have a "corner" where hairdressers perform hairstyles with Gliss's products on people attending the events. After the hairstyles are done, people are invited to post *selfies* on Instagram, *tagging* Gliss in order to create a bridge between the events and social media, as well as fomenting the relationship with Gliss's users and potential users.

Ladies Night at the Cinema: Gliss could create an event where it invites loyal users (that make usual reviews on the website) for a "girly" cinema night with a cocktail before the movie and a lottery of products based on the seats' numbers. This event is a great opportunity for Gliss to display specific products and analyze the reactions.

5.4 Website and Review System

Gliss's current website needs to be re-structured to provide an easier navigation to reach a specific product. Currently this is not a direct process and people might quit on the way to look for something.

One feature that should be implemented is products' reviews by users (exhibit 1). The target market pays close attention to peer evaluation, which creates the need of product reviews. Gliss's loyal users are big advocates of the brand, they believe on the quality of its products. Taking this into account, Gliss might expect a good amount of positive reviews and by engaging customers in a co-creation initiative, Gliss is able to strengthen the relationship with them.

In order to have users writing reviews, there is the need of incentivize them to go on the website. A way to do it is creating a campaign to increase website traction. In this campaign, stickers are glued to every Gliss package with a unique number on the verse (exhibit 2) which consumers will insert on the website in order to have the chance to win a limited edition line of products. In order to insert the code, people register on the website with their email and password, which will enable Gliss to create direct marketing campaigns. Once in the code is submitted, people are invited to write reviews on the products they use.

5.5 Social Media: *Instagram*

By February of 2014 there was 48% of Social Media Penetration in Portugal and 5.2M of Social Media users (WRAC, 2014). 70% of Portuguese Internet users, use social media, a value above the average of the 28 EU countries, which was 57% (WRAC, 2014).

In the second semester of 2014, *Instagram* was the 6th biggest social platform in Portugal with spontaneous notoriety. Moreover, it was the one with the highest increase in active usage comparing with the previous six months (25%) (Almeida, 2014).

Gliss Portugal is not currently present on *Instagram* and these facts help to explain why is it so important for Gliss to create an account.

By being present on *Instagram*, Gilss can engage its consumers to be active on its social platforms. The first initiative on *Instagram* would be a contest, the “Miss Gliss” contest, giving the chance to win a limited-edition basket of Gliss products. To participate, users take a *selfie* with a Gliss product and post it with the *hashtag* #MissGliss. The pictures will be voted with “likes” on *Instagram* and the winner is announced on Gliss’s website in order to foment website traction.

5.6 Social Media: Facebook

By February 2014 there were 5,200,000 active Facebook users in Portugal. At the date, there was a 48% of Facebook penetration (WRAC, 2014) and Facebook was the second most visited website by the Portuguese population, only after google.pt (WRAC, 2014).

90% of smartphone's users search for local information via their phone and 79% of them research products via their phone (WRAC, 2014). This corroborates how crucial it is for Gliss to have a strong presence on Facebook.

Gliss in currently included in Schwarzkopf's Portugal Facebook page, which has currently 1.4M likes (Facebook, 2015). Schwarzkopf Portugal page includes the brands working under its sponsorship in retail: Gliss, Palette and Keratin Color.

Gliss would then continue to be incorporated in Schwarzkopf's Portugal Facebook page. Henkel already tried to have a unique Gliss page but dropped it, which shows that it was not advantageous for Gliss to have an individual page. Integrating Gliss's page in Schwarzkopf's, allows cross-selling and it is easier for Henkel to manage. Nevertheless, there is the need of re-structuring the current page and highlight the three brands, with a special focus on Gliss (exhibit 3). Relating revenues with the quantity of posts published, Gliss should be in more than 50% of the posts, being the biggest revenue source among the three brands. An internal calendar should be developed to manage the amount of posts of each brand and organize the dates when to post.

Using only one page with the source brand has many advantages but there is the need to create a clear differentiation among brands to avoid confusion and build correct knowledge of each brand. All the posts about Gliss must have Gliss's logo visible for people to instantly understand to which brand the post relates. Gliss could post tutorials on how to do specific hairstyles with its products, news about the brand (eg. Prémio 5 Estrelas), launches of products, etc. By doing so, it ensures that Facebook users are updated regarding any novelties about the brand and that Gliss becomes a relevant brand in their minds.

By implementing these recommendations within a correct time frame (exhibit 4), Gliss is expected to better connect with both its current customer base and the potential one, correcting the issue of low brand knowledge. The brand is also estimated to ensure an expansion of its relevancy and to develop differentiator superiority points.

With all three goals being successfully achieved and all other factors constant, Gliss is predicted to re-gain market share and overcome its past weaknesses.

Project Constraints

For the development of this project, the framework for marketing strategy formation developed by Professor Dolan (Dolan, 1990) was closely followed. However, aware of the timeframe and resource constraints for the project, in the execution phase there was the need to prioritize determined research areas. In particular, considered the brief provided by Henkel, the natural decision was to focus on the preliminary steps of the strategy formation process: marketing analysis and aspiration decision. These decisions entail that the project's findings are subject to limitations and contingencies that must be taken into consideration by decision-makers.

Strong Focus on Hair Treatments

Most of the research has been focused on the treatment segment. Trends in complementary segments (e.g. repair promises in hair styling products) and possible implications for the segment were therefore not explored.

Rationale: Different hair care segments present fundamentally different characteristics. Narrowing down the scope to hair treatment was reputed essential to reach sufficient depth of analysis.

Strong Focus on the Retail Market

The present research did not concentrated on medical and professional hair treatment products. Considered the significant overlapping in terms industry, exploring the interrelations between the different channels would have increased understanding of the market.

Rationale: Retail sales comprises for the largest share of the overall treatment segment, and the most relevant for the analysis of growth opportunities for GLISS. Nonetheless in the analysis of consumers behaviors, all consumers of treatments products (including professional and medical) were assessed and segmented. Therefore most the significant insights did not suffer from focus on retail market.

Prioritized customers over collaborators

Regarding collaborators, the focus has been on the current relationship between Gliss and its source brand Schwarzkopf. As a consequence, the report does not include any research on current and potential partners for the company.

Rationale: Prioritized customer insights to build enough knowledge for segmentation and targeting.

Sampling biases and size risk affecting the study validity

The survey was exposed to a self-selection bias (e.g. it was distributed on Facebook groups), pre-screening (e.g. other CEMS students were aware of the study) and general sampling bias (e.g. mostly female students in Lisbon area). For certain segments the number of respondents is very low (e.g. only 8 never used treatments). As a consequence, representativeness of the study could be limited.

Rationale: The group was not provided with the means to undertake more sophisticated sampling methods. To mitigate the risk specific insights (e.g. usage rate) were tested to control for age, gender and education.

Smaller Focus Groups than ideal

The focus groups were composed by 5 or 6 people, while ideally they would have 8 to 12 people. This might cause less rich and insightful discussions than they would have been with the right number of people.

Rationale: Given the difficulty on getting people to participate in the focus groups in the short time-period we had, discussing with our Academic Advisor, it was concluded that it would be enough to have 5 or 6 people if the focus groups were conducted properly and this contingency was taken into account when analyzing the answers. Moreover, there is also a practice called "Mini-Groups" (Malhotra, 2010) composed by 4 or 5 respondents, used when the issue of interest require more extensive probing than is possible with the standard group of 8 to 12.

Prioritized Major Retail Competitors

Other providers of hair treatment products and services from the major retail brands were not included in the research. Consequently, the report might have failed to notice important trends and industry dynamics.

Rationale: Given the industry consolidation (6 brands control over 80% retail sales value), depth over breadth of analysis seemed appropriate.

Stronger Focus on Aspiration Decision

The research focused mainly on marketing analysis to build critical knowledge necessary for the aspiration decision. The priority of the analysis has been to "set the direction", mapping opportunities, defining target and elaborating a relevant positioning. These recommendations are complemented by an action plan that illustrates how to create more value for the targeted segment. Nonetheless, the project scope precluded us access to critical information, and for the elaborations of these actions, there was the need to rely mainly on an "external perspective". In particular, the assessment of Henkel capabilities, structures, processes, and resources was outside the scope of the project.

It must be stressed that a comprehensive internal audit and integrated analysis of marketing and sales management at Henkel is fundamental to verify feasibility and quantify the expected benefit of the proposed actions.

3. Reflection on Learning

Previous Knowledge

The scope of this project relies mainly in Marketing Research and Brand Management. To conduct a successful assignment within these matters, there are multiple theories and models from the Brand Management and Marketing Planning courses that were applied. In the present case, the first step to take was an external audit of the Portuguese hair care market to understand the external implications on Gliss and then to run a brand audit of Gliss and its main competitors to provide a current and comprehensive profile of how the products are marketed and branded. In order to directly understand what consumers think and feel about the brand and how do they use Gliss in comparison with its main competitors, we had to develop the brand exploratory. The brand exploratory is done through the collection and analysis of primary data (data generated by the researcher for the specific purpose of addressing the research problem) from qualitative (focus groups) and quantitative research (surveys). Once this step was completed, the marketing concepts of brand image, brand awareness and consumer behavior could be applied for a comprehensive view of consumers' relation with the brand. Once the hypotheses were inferred and quantified by the surveys, and a growth opportunity was chosen, it was time re-structure the "4 P's" of Marketing in order to develop a recommendation strategy. Most of the recommendations focused on Promotion but there were also changes in Place and Product, and a reflection on the current Price.

The importance of Focus Groups in Marketing Research

Within the Masters content applied on the project, the implementation of Focus Groups played a crucial role.

Qualitative research is a major methodology used in exploratory research. In developing an approach, qualitative research is often used for generating hypotheses and identifying variables that should be included in the research. Qualitative research in the form of focus groups and individual in depth interviews is used to discover what sensory feelings are important for customers and such feelings cannot be uncovered by quantitative research.

There are several reasons to use qualitative research, such as, not always being possible or desirable to use fully structured or formal methods to obtain information from respondents; people may be unwilling or unable to answer certain questions and people may be unable to provide accurate answers to questions that tap their subconscious.

Within qualitative research, there is the direct (focus groups and depth interviews) and the indirect approach (projective techniques). In the direct approach, the purpose of the project is not disguised, being disclosed to the respondents through the questions asked. In contrast, the indirect approach disguises the true purpose of the project, using associations, completion, construction and expressive techniques.

According to Naresh K. Malhotra (Malhorta, 2010), focus groups are the most important qualitative research procedure, corroborating the choice of this method for the present project, instead of depth interviews. A focus group is an interview conducted by a moderator in a non-structured and natural manner, with a small group of respondents with the main purpose of gaining insights by listening to a group of people from the appropriate target market talk about issues of interest to the researcher. The value of this technique lies in the unexpected findings often obtained from a free-flowing group discussion.

A focus group should comprise 8 to 12 members to generate the momentum and the necessary group dynamic for a successful session. These groups should be homogeneous in terms of demographic and socioeconomic characteristics since commonalty avoids interactions and conflicts among group members on side issues. Also, participants should be carefully screened to meet certain criteria and the interviews should last between one to three hours. The moderator plays a key role in the success of the focus groups since he/she establishes rapport with the participants, keep the discussion moving forward, and probe the respondents to elicit insights.

The procedure for planning and conducting focus groups starts with an examination of the objectives of the marketing research problem. Given the problem definition, the objectives of the qualitative research should be clearly specified before conducting any qualitative research. The next step is to develop a detailed list of objectives for the focus group, which might take the form of a list of questions to be answered by the researcher. Then, a questionnaire to screen potential participants is prepared including product familiarity and knowledge, usage behavior and attitudes toward, and standard demographic characteristics. Moreover, a detailed moderator's outline for use during the focus group interview should be constructed since he/she must understand the client's business, the focus group objectives and how the findings will be used. Once the outline is formulated, participants are recruited and the focus group interview conducted. Following the focus group, either the moderator (the case of Gliss project) or an analyst reviews and analyzes the results, reporting specific comments and findings, looking for consistent responses, new ideas, concerns and other hypotheses that may or may not have received confirmation from all the participants.

Focus groups offer several advantages over other data-collection techniques:

1. Synergism: putting a group of people together will produce a wider range of information, insight and ideas than individual interviews;
2. Snowballing: a bandwagon effect often operates in a group interview, in that one person's comment triggers a chain reaction from other participants;
3. Stimulation: usually after a brief introductory period, the respondents want to express their ideas and expose their feelings as the general level of excitement increases in the group;
4. Spontaneity: since participants are not required to answer specific questions, their responses can be spontaneous and unconventional and should therefore provide an accurate idea of their views;
5. Serendipity: ideas are more likely to arise out of the blue in a group that in an individual setting;
6. Structure: the group interview allows for flexibility in the topics covered and the depth with which they are treated;
7. Speed: since a number of individuals is being interviewed at the same time, data collection and analysis proceed relatively quickly.

Nonetheless, in order to perform a critical analysis of this tool, it is also important to mention its possible disadvantages. Focus groups might be misused and abused by considering the results as conclusive rather then exploratory, and the results can be more easily misjudged than the results of other data-collection techniques since they are particularly susceptible to the client and research biases. Other than this, the quality of the results depends heavily on the moderator's skills. Moreover, the unstructured nature of responses makes coding, analysis and interpretation difficult, what causes the data to be messy. Finally, focus groups results are not representative of the general population and are not projectable, which makes the findings from the groups not enough to be the basis of decision making.

The importance of focus groups in Marketing Research derives from its multiple applications and relevance concerning crucial hypotheses that would not be revealed otherwise. This type of qualitative research can be used to understand consumers' perceptions, preferences and behavior concerning a product category; obtain impressions of new product concepts; generate new ideas about older products; develop creative concepts; secure price impressions; and obtain preliminary consumer reaction to specific marketing campaigns.

There are also numerous methodological applications of focus groups. With this method, researchers are able to define a problem more precisely, generate alternative courses of action, develop an new approach to a problem, obtain helpful information in structuring consumer questionnaires, generate hypotheses that can be tested quantitatively, and interpret previously obtained quantitative results.

For this project, focus groups were especially important given the complexity of the issue in question. Once it was understood that there was no problem concerning penetration of the hair care market in Portugal, it was necessary to find the real problem behind Gliss's loss of market share. Only by performing focus groups were we able to collect the necessary insights about the brand that, together with the surveys' results, were the basis to develop the new growth strategy.

New Knowledge

For this project I learnt and applied a different model to develop a brand's positioning, the Customer-Based Positioning Model (Tybout and Calder, 2010), that reveals a brand's positioning through the Brand Essence. Until then, I have always used the Competition-Based Positioning Model (Keller and Kotler, 2012) that distinguishes brands through benefits that are important to consumers. In the Competition-Based Model a brand is positioned through its target, frame of reference, points of difference and reason to believe.

Since it has been considered that Gliss did not have strong enough points of difference to develop a convincing positioning based on competition, we had to develop a customer-based positioning that focuses on the relevance to consumers' life of the consumption of the category and a brand. This model uncovers the abstract meaning associated with a brand or a category. It starts by stating the brand's attributes, then its benefits, its values, and the brand's personality, to finally reach a brand's essence, usually characterized by a very short sentence describing the core of the brand. This model is very useful when dealing with brands that have similar offers to its competitors at a first sight. By developing the brand's essence, one is able to have a deeper understanding of the "heart" of the brand and not only the part that is visible to the eye. Once the brand essence is found, the uniqueness of the brand can be developed through the new positioning.

Personal Experience

This project covers marketing fields that are of much interest to me, personally and professionally. With this being said, my key strengths in the development of this project were marketing skills.

Since I consider that I am stronger in marketing issues, during the project I had a major role in the performance of the focus groups, the surveys, the interpretation of the data gathered, the elaboration of growth opportunities and the restructuration of the 4 P's. I was able to put in practice the lessons from the marketing courses I have been attending throughout University and share them with my peers.

I also believe that I had an active leadership role when needed, what can also be considered one of my strengths. Sometimes it is necessary to unite the group around a common objective, motivate people, control the evolution of the project, set milestones and deadlines, among other actions. By frequently doing so, and having the group respecting me, I consider that my leadership skills have been important for the project.

On the other hand, my weaknesses focused mainly Excel skills. When interpreting the results from the surveys, I had to exhaustively use Excel and gain expertise in a matter that I was not fond of. I started by not knowing how to do a pivot table and I am now able to do that and much more than that.

Also, with this project I was able to develop my weakness in terms of presentation skills. I have been working with PowerPoint for many years now, but I have never been able to put together visually pleasant presentations. Since some people that composed my group have very good skills in this matter, I was able to improve mine and start to overcome this weakness.

In order to develop my areas of improvement I plan to attend some extra-curricular courses on Office and continue to practice the skills I learnt by being in this project. In the present days, it is essential to master PowerPoint and Excel and this project showed me that I still have many things to learn in this area.

Benefit of Hindsight

Personally, this project had an enormous value to me, regarding the understanding of an entire marketing restructuration of a brand. Until the date, the majority of projects I have been in, focused on a specific step/issue, while this one was a complete analysis of the brand, its competitors, the market and consumers.

It was very rewarding to learn the process of developing a growth strategy. This project taught me the importance of deeply understanding all the stakeholders involved in a brand, as well as the economic and social conditions surrounding it. I now know a model that gives me the tools to deal with a real issue of a brand with few resources.

I believe that the cultural diversity in my group has also played an important role to the results of the project, as well as the different backgrounds. It was very rewarding and enriching to work in such an environment.

On the other hand, what should have been done differently was the planning at the beginning of the project. As a group, we had many meetings at the start to plan and brainstorm while no one was really into the subject, ending up losing time that could have been used in a more productive way. Nevertheless, we understood that this was happening and made an effort to change by meeting more times with our Academic Advisor to guide us (for example).

Summing up, being in this project was an extremely rewarding and enriching experience, personally and professionally, that I am sure I will take with me for the rest of my life.

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5. Exhibits

Exhibit 1 – Prototype of Gliss's website with customer's reviews

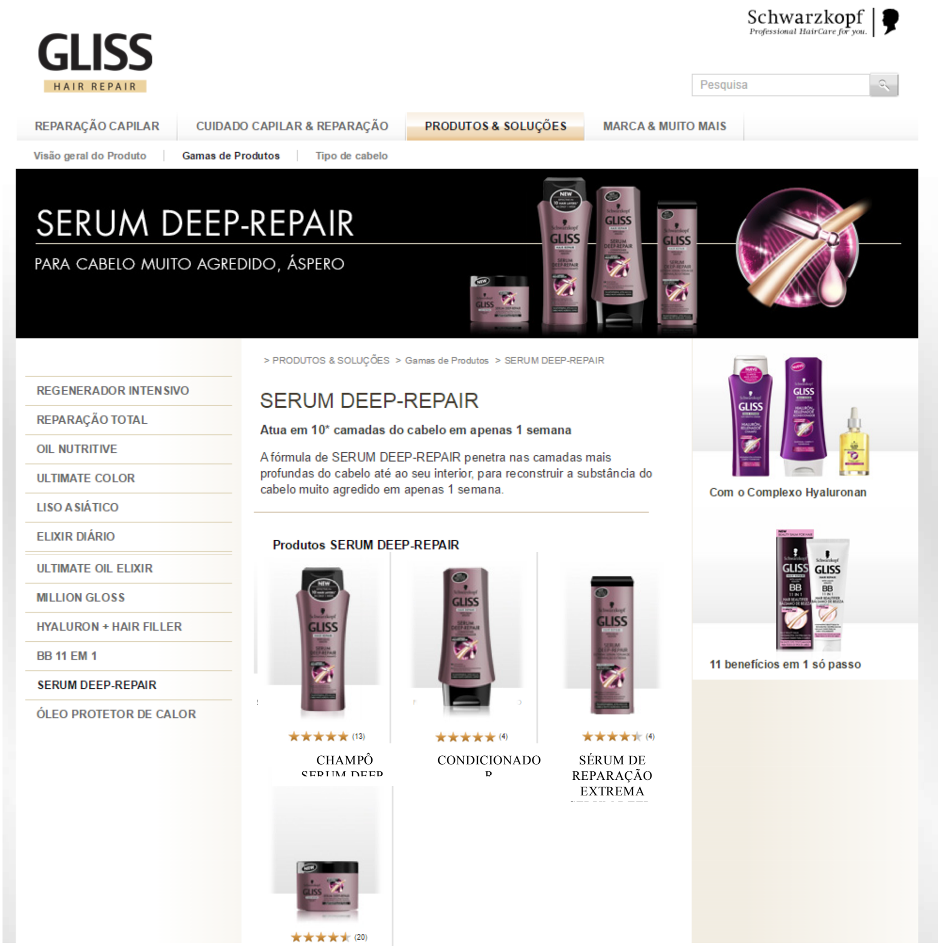

Exhibit 2 – Example of a product with the competition sticker

Exhibit 3 – New layout suggestion of Schwarzkopf's Facebook page

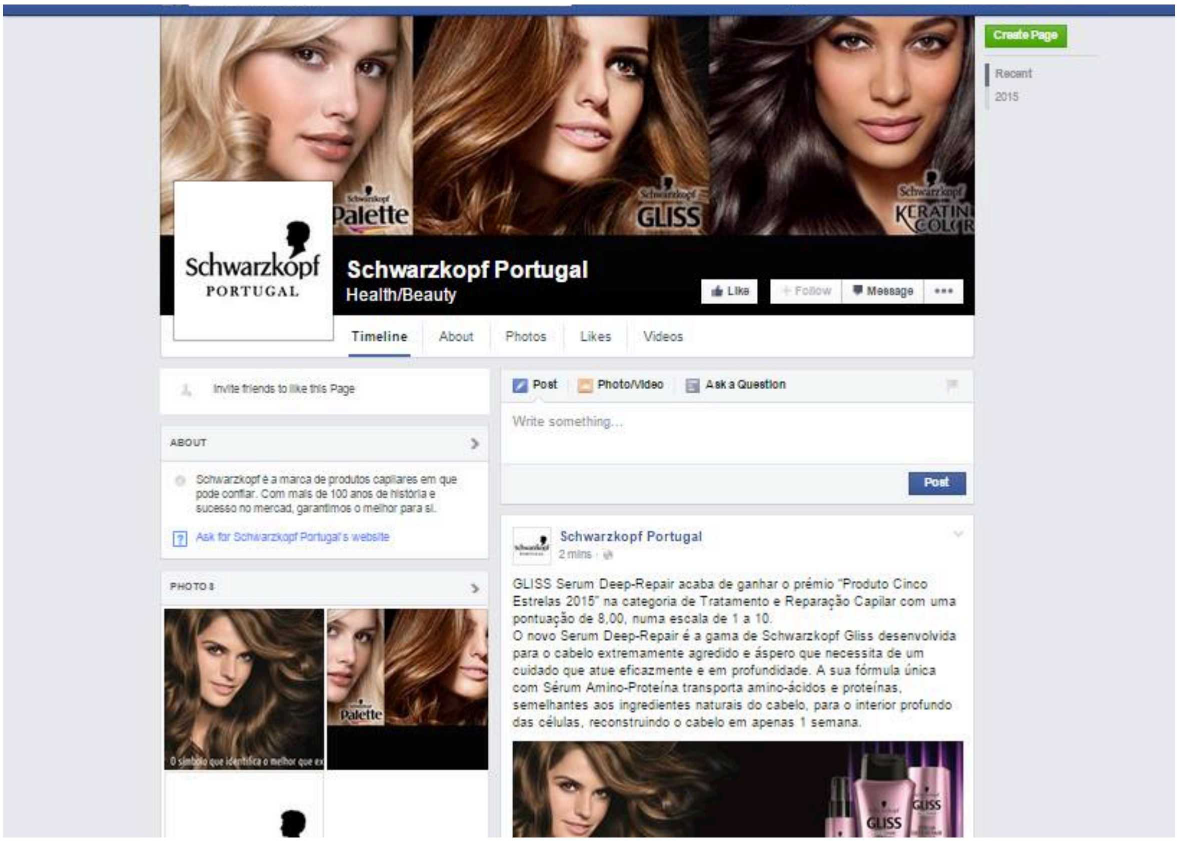

Exhibit 4 – Time-frame suggestion for the recommendations