A Work Project, presented as part of the requirements for the Award of a Master's Degree in Management from the NOVA – School of Business and Economics.

ARE THE L'OREAL HAIR CARE BRANDS CURRENTLY OPERATING IN THE KENYAN MASS MARKET ADEQUATELY POSITIONED AND ADAPTED TO THE KENYAN CONSUMERS?

A RECOMMENDATION TO THE NEW L'OREAL EAST AFRICA OFFICE CONCERNING THE HAIR CARE BRAND POSITIONING AND PORTFOLIO IN KENYA.

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A Marketing Project carried out under the supervision of:

Professor Catherine da Silveira

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INTRODUCTION

The African continent is seen as a green field by international investors, comprising 7 of the 10 fastest growing economies in the world. Accompanying this growth are rapid improvements in income levels, urbanisation, infrastructure and the business environment. For the beauty and personal care market, Africa is now the new eldorado drawing attention from all major consumer goods players all looking to cash in on a beauty and personal care market that is expected to double over the next decade.[1]

The L'Oréal Group sees Africa as the last remaining continent to conquer and it will have a key role in the company's strategy to win 1 billion new consumers by 2020. This is reiterated by Jean-Paul Agon, CEO of the L'Oreal Group, in this statement, "Soon, emerging countries will become our first market, before the United States and Western Europe".[2] Within the last three years, the company has established three commercial hubs in the Sub-Saharan Africa; Kenya, Ghana and Nigeria. This expansion resulted in sales growth of almost 120 million units in 2013 (+52% vs 2012). There are also offices and a plant in South Africa (Established in 1963) and new plant in Egypt.

The focus of this work project will be the new L'Oreal East Africa hub (hereafter L'Oreal E.A), and its operations in the premium and mass hair care market in Kenya.

Research context: My interest in this topic is two-sided. On one side, it is fuelled by my experience as an intern at the L'Oréal Group in France where I developed an instinctive curiosity into the strategic moves the company is making in Africa. On the other side, I have a particular interest in the beauty industry in Kenya, my native country.

[1] Roland Berger Strategy Consultants. 2013. "Beauty and personal care market in Africa: one billion people to care for!"
[2] Roland Berger Strategy Consultants. 2013. "Beauty and personal care market in Africa: one billion people to care for!"

L'Oreal E.A. was established in 2011. Prior to this, the L'Oreal Group had most of its international hair care brands on the Kenyan market distributed through export agents of L'Oreal South Africa. The South African export agents had no real obligation to see sales through to the consumers outside the major Kenyan cities. This means that in the past there have been no well-established countrywide positioning strategies.

L'Oreal's E.A, is located in Nairobi, Kenya from where the company will also cover the neighbouring countries. In 2013, L'Oreal E.A. acquired *Nice and Lovely* from Interconsumer Products Limited's (hereafter ICP) a local Kenyan health and beauty company. The *Nice and Lovely* brand portfolio consists of hair care and body care products targeted at the low income consumer.

Table 1 below shows the current organisation and brands available from L'Oreal E.A

Table 1: L'Oreal Group organisation and brand structure in East Africa

<table>
<tr><th colspan="6">L'OREAL GROUP</th></tr>
<tr><th colspan="6">L'OREAL EAST AFRICA</th></tr>
<tr><th colspan="2"></th><th>HAIR CARE</th><th>SKIN CARE[3]</th><th>MAKE-UP</th><th>BODY CARE [4]</th></tr>
<tr><td rowspan="2">INTERNATIONAL BRANDS</td><td>EUROPEAN ROOTED BRANDS</td><td>L'Oreal Paris
Garnier</td><td>L'Oreal Paris
Garnier</td><td></td><td>Garnier</td></tr>
<tr><td>AMERICAN ROOTED BRANDS</td><td>Mizani[5]
Dark And Lovely
(From the SoftSheen-Carson brand)</td><td></td><td>Maybelline New York</td><td>Dark And Lovely
(From the SoftSheen-Carson brand)</td></tr>
<tr><td>LOCAL BRANDS</td><td>KENYAN ROOTED BRANDS</td><td>Nice And Lovely</td><td></td><td></td><td>Nice And Lovely</td></tr>
</table>

Source: 1. Own personal research. 2. Interview with MD of L'Oreal East Africa

[3] Including Cleansing

[4] Including Deodorants

[5] Mizani falls under the L'Oreal Group's professionnel products division and was created in partnership with hairdresser for their afro-textured hair clientele. It is salon-exclusive and thus not available on the mass market channels. As such, it is not a focus of this work project.

From Table 1 we can see that L’Oreal E.A has several brands present within the hair care category. This is a unique culture at the L’Oreal Group. The company would rather have its brands compete against each other than compete against outsiders.

Kenyan women have afro-textured hair, which means the hair care routines are very different from those of Caucasian or Asian hair routines. It is important therefore that products support and are tailored to the needs and problems faced by women with afro-textured hair. Failure to do so may lead to a poor response from the market. To give an example of this issue from a different market, in January 2014, the L’Oreal Group announced the pulling of the Garnier brand from the Chinese market. Experts say that the failure in China was due to weak and poor positioning. Garnier was positioned as a mass market brand in a market where ‘premium’ brands sell better because they are trusted more by Chinese consumers. Furthermore, the Internet had redefined the market giving smaller and niche brands greater access to China's consumers.

We are aware that this problem may happen in Kenya if the hair care brands are not properly positioned. The objective of this work project is to propose recommendations on how L’Oreal E.A. should take lead of its hair care brands on the Kenyan market to avoid another incident such as that of Garnier in China.

Research questions: L’Oreal E.A is faced with a grand opportunity to grow and penetrate the highly lucrative Kenyan hair care market – one that has a unique hair care culture, very fragmented, and lacking in an established distribution network – This work project will seek to answer the following research questions, **1.** ***“Are L'Oreal E.A’s mass market hair care brands, operating in the Kenyan, market adequately positioned and adapted to the Kenyan consumers?”*** and ***2. “How can we improve the positioning of L’Oreal E.A.’s mass market hair care brands?”***

For this, it is imperative that we understand the dynamics of the hair care market in Kenya, which we explore in Chapter 1, the current positioning of the L’Oreal E.A. brands on the market, their global brand identities, and portfolios on offer which is covered in Chapter 2. It is also imperative to understand the consumer usage and purchase behaviour and brand perceptions which we analyse in Chapter 3 before we provide our final recommendations in Chapter 4.

CHAPTER 1: THE HAIRCARE MARKET IN KENYA

1.1.The Kenyan demographics profile

The strongest economy in East Africa: With a strong economy of annual predicted GDP growth of 5.2%, Kenya is positioned as the largest and strongest economy in the East African region.

A young female population: Kenya offers a large and young consumer base. There are approximately 23 million women in Kenya, with a median age of 19.2 years old.

A growing, urban middle class: According to the African Development Bank, about 16.8% or around 6 million Kenyans are now in the middle class. This growing urban, middle and upper class consumer is more and more conspicuously affluent, with markedly more people buying luxury goods. [6]

1.2.Consumer attitudes and behaviour

1.2.1. Afro-textured hair and the Kenyan woman’s haircare routine

Afro-textured hair is black, coarse and ‘kinky’ as each strand of hair grows in a tiny spring-like shape. This makes it more fragile and susceptible to breakage and tangling.

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[6] Standard Digital. 2014. “Is there really a growing middle class or are loans driving increased consumption?” https://www.standardmedia.co.ke/business/article/2000104915/is-there-really-a-growing-middle-class-or-are-loans-driving-increased-consumption?pageNo=2

As such, the hair routines in Africa, and subsequently Kenya, are extremely different from Caucasian and Asiatic hair routines.

To better elaborate on the Kenyan woman's hair routine, we will begin by first introducing the main hair care products used in Kenya in the Table 2 below. We will then introduce the most common hair styles in Kenya and later, the main facets of Kenya's unique hair care culture.

Table 2: Hair Care products in Kenya

Product Type	Functional Benefits	Frequency
RELAXER	Smoothens & chemically straightens afro-textured hair. It comes in the form of a chemical cream carefully applied to the hair and washed off with a neutralizing shampoo after approx. 20 minutes.	Every **2 to 3 month** depending on the thickness/coarseness of the hair.
SHAMPOO	Cleans and nourishes	Every **two weeks.** (Minimum 3 washes before conditioner)
CONDITIONER	Softens and detangles	Every **two weeks** after shampoo.
HAIR TREATMENT	Softens, deep conditions and nourishes. It is a more intensive conditioner, usually in the form of a cream. Consumers sometimes substitute with natural blends of eggs, avocado, honey, mayonnaise and natural oils.	Every **two weeks** after shampoo or conditioner.
HAIR FOOD	Moisturises, enriches and strengthens the hair with vitamins. It is applied directly onto the hair and/or on the scalp and massaged in to avoid dryness. Usually contains natural oils and herbs and is thick in consistency (similar to Vaseline).	Everyday
HAIR LOTION	Hair lotion is similar in consistency to body lotion and is used to help style the hair in the salon but can also be used at home as a substitute to hair food. It moisturizes and nourishes.	Everyday
HAIR OIL	Hair oil can be (1) similar to Hair food in consistency however it is mainly used to give shine to the hair or (2) in liquid form such as coconut or olive oil mainly used to add shine and enrich the hair.	Two times a week

HAIR SPRAY	Hair spray is usually used in the salon to give a shiny salon finish to the hair. At home, it can be used instead of hair oil for shine.	Up to three times a week for high income earners and on special occasions for lower income earners.
HAIR GEL/ WAX/ MOUSSE	These are all used for styling the hair usually during salon visits.	Occasionally
HAIR DYE / COLOR	Hair color is not as frequently used and is mainly used to change up ones looks. The process is mainly done in the salon.	Occasionally

Source: Adapted from A Usage and Attitude study: Hair Care in Kenya, 2013

Hair styling in Kenya: When it comes to the choice of hairstyle in Kenya, it is mainly driven by the **state of the hair** and the **salon recommendation**. Below are the 4 main types of hair styles: **(Please see visuals in appendix 1 to 4 for more details)**

Cornrows: A traditionally African style of hair grooming where the hair is braided very close to the scalp into 'lines' which can be straight or more complex. Maintenance of this short-term hair style involves the use of hair food and/or hair oil applied directly onto the scalp.

Permed/Relaxed Hair: Permed/Relaxed hair involves the use a chemical hair relaxer that straightens and smoothens the hair. Use of this style begins when girls are very young. **Appendix 2** illustrates the effect of relaxing the hair. To maintain this style, the hair is shampooed, conditioned and treated with hair treatment every two weeks. It is also oiled using hair food/oil/hair lotion every day.

Braiding: Braided hair involves attaching human hair or synthetic hair to the hair shaft, by intertwining it with the woman's own hair into single plaits or twists. It is a cost effective and durable hair style that can take between 2 to 7 hours to complete. Braids are maintained by using hair food/oil and hair spray.

Weaving: Weaving involves attaching wefts of artificial or natural human hair onto a woman's own hair. The woman's own hair is first braided into cornrows and then the wefts of hair are sewn onto the cornrows using a needle and weaving thread. **(Appendix 4)** Weaving hair is generally much more expensive to do than the other three common hair styles. Its maintenance involves minimum attention using shampoo, conditioner and treatments, much less often than is used for Relaxed/Permed hair. **(Please see hair styling summary in Appendix 5)**

The natural hair embrace: From what I have personally seen in Kenya, there are also a lot of women who are choosing to transition back to their naturally coarse afro-textured hair from chemically straightened permed/relaxed hair. The women usually cut off all their hair to allow their natural hair to grow back afresh. These women usually follow a different set of experimental and unique routines, with many choosing to do a lot of their own hair at home and avoiding anything that is damaging to the hair including heat styling and any chemical based products. As this is still a relatively new but growing trend in Kenya, women usually turn to online sources to get information on how to maintain their coarse and kinky afro-textured hair. YouTube videos, recommendations from friends and even online blogs are favourites as a source of this information.

The salon-going culture: Research shows that majority of women in Kenya invest as much money in beauty and personal care as they do on school fees for their children.[7] Women visit the salon on average two times a month where visits can last from 2 up to 6 hours. Research also shows that there has been an increased demand for weaves as

[7] Business Daily Africa. 2013. "Kenyan women spend big on food and personal care" http://www.businessdailyafrica.com/Corporate-News/Kenyan-women-spend-big-on-food-and-personal-care/-/539550/1989198/-/10ocm4u/-/index.html Accessed April 2014.

[6] The Star. 2013. "Women spend a fortune for the love of hair" http://www.m.the-star.co.ke/news/article-136136/women-spend-fortune-love-hair Accessed April 2014.

well as hair relaxers. Hair relaxers account for Sh4 billion (€33.3million) of hair care market value. Both weaving and hair relaxing require salon visits for maintenance and styling. It is not surprising then that Kenya's hair industry alone is worth 20bn Kenya shillings, approximately €166.5million euros.

In Kenya, the hair dresser plays a pivotal role in the hair care market. This is because he/she is considered a very highly trusted advisor about hair and its maintenance and is very influential as a consumer driver of purchase.

Another dynamic of the salon going culture is that consumers purchase their haircare products before and take them with them for use in the salon. Although some consumers do the basic hair routines at home – shampoo, conditioner and treatments, salon hair care is still more prevalent among the high and middle income consumers.

Kenyan women's hair problems: The main hair care problems are:

Damage from chemical relaxers: Chemical hair relaxers alter the biological structure of coarse afro-textured hair to make it straight, soft and smooth. However, this makes the hair weaker and more susceptible to damage, breakage and split ends.

Hairline thinning: Thinning hair lines occur due to braiding and weaving as both hair styles involve the pulling and tugging of the weaker and shorter hair along the hairline.

Dandruff and Itching: The heat from the tropical climate of Kenya leads women to face problems with dandruff, dryness of the hair and scalp, and itching.

1.2.2 Overall perceptions of hair in Kenya

In Kenya, women see the hair as a symbol of beauty. Their definition of beautiful hair is, thick hair that is shiny, bouncy and easy to comb. To achieve this desired look as well as to combat their hair problems, high and middle income consumers seek high quality products, usually international brands which are more trusted to be able to solve their hair problems.

1.3 Key characteristics of the Kenyan hair care market

According to Euromonitor, *(Euromonitor International "Hair Care in Kenya" August 2013)*, the overall haircare market grew by +7% value share in 2012 with a projected annual constant value growth of 2% until 2017. Salon hair care grew the fastest in 2012. With rising incomes, middle class consumers can afford to change their look and hair styles more often.

Consumers are becoming more attracted to products that offer health benefits and natural or herbal products. At the same time, there is a growing threat in the hair care market as some consumers opt to using home-made hair treatments using natural ingredients such as avocado and raw eggs which are cheaper compared to modern manufactured hair treatments.

Mass market hair care brands are stronger players on the market than Premium brands, 70.6% and 29.4% retail value share, respectively. In the mass market, standard shampoos performed well with value share growth of 7.5% in 2012. Hair color is the smallest hair care category and only contributes 7.8% value share to total hair care sales.

1.3.1 Key players in the hair care market (% market share in retail value)

According to Euromonitor, *(Euromonitor International "Hair Care in Kenya" August 2013)*, the haircare market in Kenya is highly fragmented with only one company accounting for more than 5% retail value share of the market. The leading hair care companies include Revlon South Africa (SA) – 8.7%, (with *Flex* and *Aquamarine* brands), Haco Industries Kenya Ltd – 4.7% (with *Motions*, *TCB* and *Miadi* brands) and

Sara Lee Household & Body Care – 4.5% (with the *Hair Glo Curl* brand). The L'Oreal Group's SoftSheen-Carson Inc.*(*with the *Dark and Lovely* brand) and Interconsumer Products (with the *Nice and Lovely* brand*)* – prior to acquisition – come in at 4th and 5th place with 2.7% and 1.9% retail value share respectively. This fragmentation of the market is further seen within brand shares where no single brand has more than 5% retail brand value share. **(Please see Appendix 6 for more information)**

1.3.2 Kenya's retail distribution channels in hair care

Distribution of hair care products in Kenya occurs through 5 main channels, Supermarkets (32.3%), Hypermarkets (19.2%), Beauty Specialist Retailers (29.1%), Hair Salons (11.2%) and finally, the small Traditional Grocery Retailers (4.3%).

(Please see Appendix 7 for more information)

1.4 Chapter 1 main insights for our research

The first chapter introduces the dynamic nature of the hair care market in Kenya. Our research so far has led us to the following assumptions which we will use as a basis for further research. We believe these are all essential for the success of hair care brands on the Kenyan market:

Assumption 1: Successful hair care brands have a portfolio tailored to afro-textured hair. There are benefits earned from having a portfolio that is tailored to afro-textured hair needs. The success of *Hair Glo Curl* can be attributed to this.

Assumption 2: Successful hair care brands have a strong relationship with salons and hair dressers. The hair dresser is a trusted source for information and recommendations on hair care brands and products.

Assumption 3: The consumer perception of international brands is that they are 'high premium', and **'high quality'.** *Motions* and *Dark and Lovely* brands reap the benefits of this as they both have American roots.

Assumption 4: Successful hair care brands use natural ingredients and herbal formulas: The *Miadi*, brand responded to this consumer trend by launching and heavily promoting products with natural ingredients. This increased value share by 121% for Haco Industries Kenya Limited, the brand's parent company.

Assumption 5: Successful hair care brands have a large variety of format sizes within their portfolio: Availability of larger format sizes within the brand portfolio seems to increase sales as seen with *Flex* and *Miadi*, which offer 500 ml and 2Ltr formats respectively. This can be attributed to salons that require large formats but also to the consumer who wash their hair a minimum of 3 washes before conditioner.

CHAPTER 2: L'OREAL E.A. IN THE HAIR CARE MARKET IN KENYA

2.1.Brand positioning in Kenya

L'Oreal E.A offers hair care products in the Kenyan mass market under 4 brands, *L'Oreal Paris, Garnier, Dark and Lovely* and *Nice and Lovely*. Each of the brands can be found in Hypermarkets, Supermarkets, Beauty Stores, and Grocery Stores.

The company has recently defined the desired positioning for each brand, based on economic social class segmentation.[8] This is illustrated in Figure 1. Each mass market brand, although strategically positioned, will also target more than one segment. For example, *Dark and Lovely* will target consumers from segments from C+ to A+.

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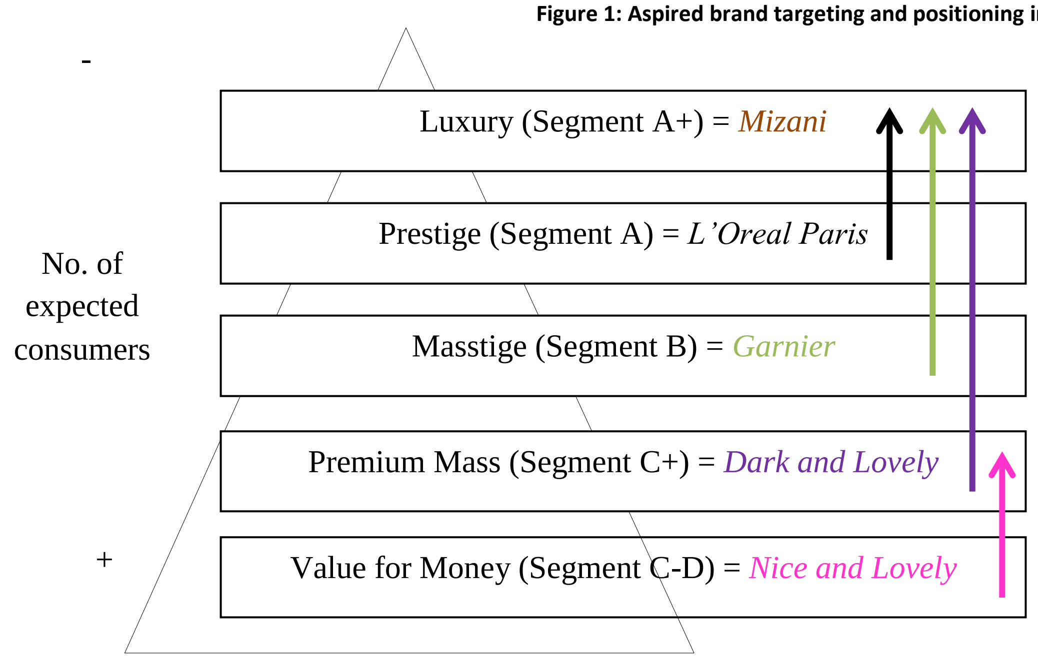
[8] According to my knowledge, information in Kenya on socio-economic classification is not as sophisticated as that of Europe. As such, we believe that the classifications 'A+, A, B, C+ C and D' were established according to segmentation based mainly on <u>income</u> as the main variable taken into account.

Figure 1: Aspired brand targeting and positioning in Kenya



Source: Interview with MD of L'Oreal East Africa

2.2 Brand portfolio and competition in Kenya

The table below presents the L'Oreal E.A. brand portfolio and direct competitors for each of the brands in Kenya:

Table 3: Brand Portfolio and Direct competitors in Kenya

Brand	Product Portfolio	Competitors
L'OREAL PARIS L'Oreal E.A strategic focus is on **Shampoo and Conditioner**	***L'Oreal Paris 'Elvive'*: Shampoo and Conditioner;** There are 6 Shampoo and Conditioner variants found in Kenya with the same formula as the variants in Europe. ***L'Oreal Paris 'Casting Crème Gloss'* and *'Excellence'*: Hair Color.** ***L'Oreal Paris 'Studio Line* and *'Elnett'*: Hair Styling. (Please see Appendix 8 for more details)**	Direct competitors are all the other top selling international 'prestige' brands that offer both shampoos and conditioners within their product range in Kenya and that are present within the same distribution channels as *L'Oreal Paris Elvive*. These have been identified as *Gliss*, *Dove*, *Tresemme*, and *Himalaya Herbals*. **(Please see Appendix 9 for more details)**
GARNIER L'Oreal E.A strategic focus is on	*Garnier 'Nutrisse'*: Hair Color: 'Nutrisse' is the main *Garnier* hair color daughter brand. There are 17 different shades on	Direct competitors the all the top selling international hair color brands that are present within the same distribution channels as *Garnier Nutrisse* hair color.

Hair Color	offer in various hues of brown, black, blonde**.** *Garnier Fructis* Shampoo and Conditioner is available in limited distribution. **(Please see Appendix 10 for more details)**	These are *Bigen, Dark and Lovely, Crème of Nature* and *Schwarzkopf.* **(Please see Appendix 11 for more details)**
DARK AND LOVELY The strategic focus is on **Hair Relaxers**	**Shampoo, Conditioner, Treatment, Hair relaxer, Hair Food, Hair Oil and Hair Spray. The brand also has a product line specifically for kids.** In 2013, 4 new product lines were launched including two ranges with new relaxers that 1. Repair damaged hair, 2. Prevent breakage. The other two launches include a new hair color range and a range specifically for braids and weaves. **(Please see Appendix 12 for more details)**	Direct competitors are all the brands found in the same distribution channels that are tailored to afro-textured hair, and targeted segment B and C+. These have been identified as, *TCB* and *Miadi*, **(Please see Appendix 13 for more details)**
NICE AND LOVELY	**Shampoo, Conditioner, Hair food, Hair Relaxer, Treatment, Hair Lotion, Hair gel** and **Hair spray for braids and weaves, (Please see Appendix 13 for more details)**	Direct competitors are local value for money brands that are tailored to afro-textured hair, and are present within the same distribution channels as *Nice and Lovely*. Competition here is mainly based on Price. *Nice and Lovely's* direct competitors are *Venus* and *Zoe*, both local Kenyan beauty brands. **(Please see appendix 13 for more details)**

Source: Interview with MD of L'Oreal East Africa

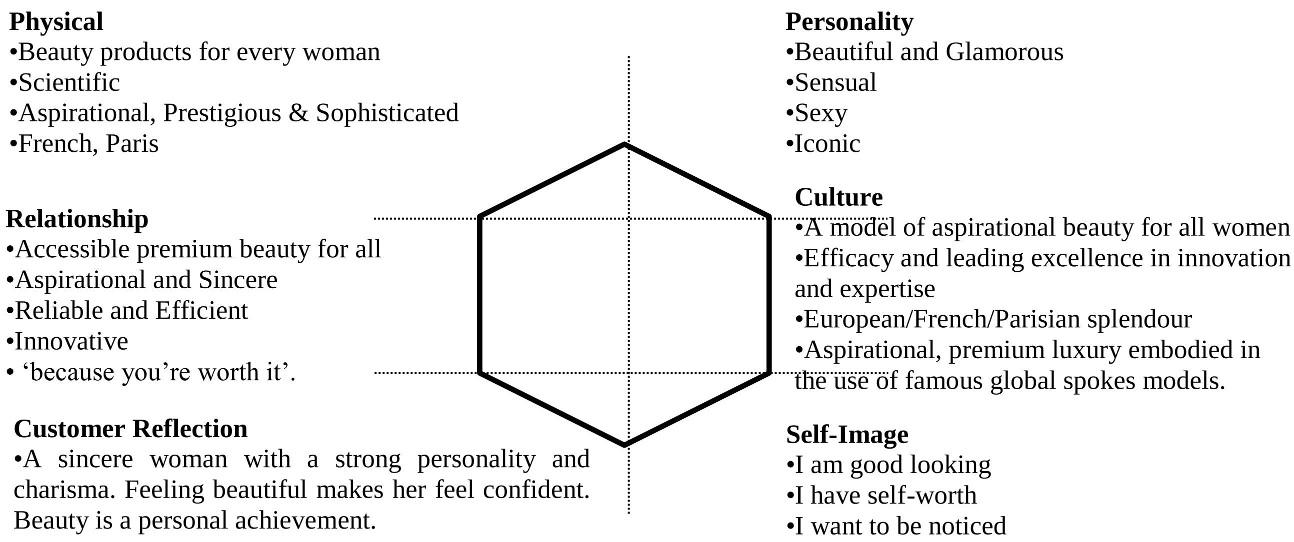
2.3 International brand identity using Kapferer's Brand Identity Prism[9]

2.3.1 *L'Oreal Paris* international brand identity

The *L'Oreal Paris* commercial brand is an iconic brand known internationally for its prestige, sophistication and technologically advanced beauty products. The brand's slogan, "Because you're worth it", has a truly universal message of empowering beauty. Below is the brand's international identity, which will be maintained by L'Oreal E.A:

[9] Brand Identity is how a brand strategist wants the brand to be perceived.
Physical: The brand perception in a tangible sense, the most salient features of the brand.
Personality: The characteristics of the brand if it were a person.
Relationship: The brand's style of behavior and conduct, emerging from the way the brand acts/ delivers services.
Culture: This symbolises the organisation, its country-of-origin and the set of values it stands for.
Customer Reflection: The perception of who the brand's consumer is based on how he/she imagines himself/herself.
Self-Image: The way consumers think and feel about themselves when they use the brand

Figure 2: L'Oreal Paris brand identity, Kapferer's Prism

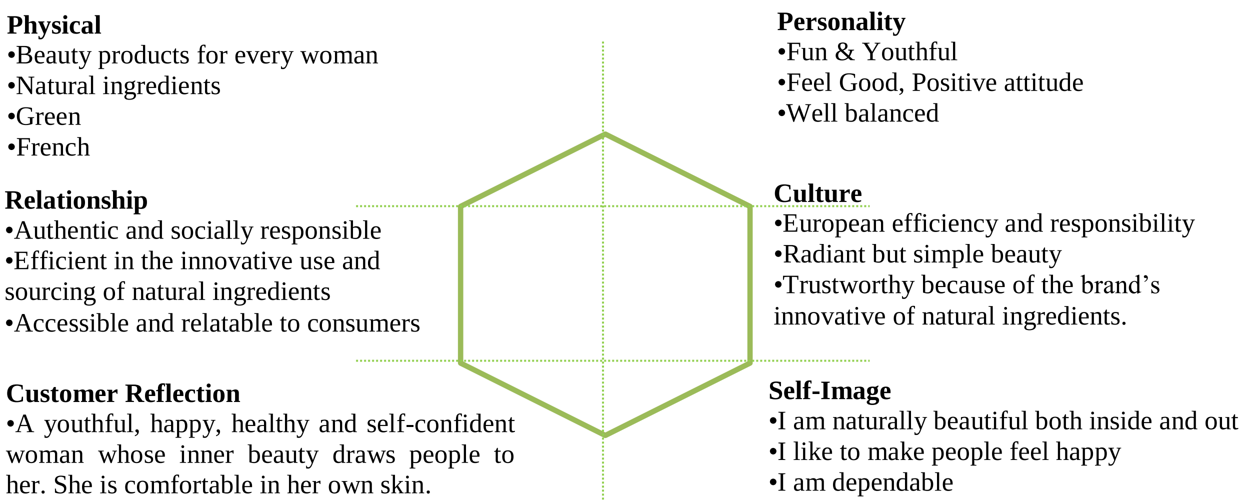


Source: Own Personal research based on brand communications

2.3.2 *Garnier* international brand identity

The *Garnier* commercial brand embodies the innovative use of bio-friendly, natural ingredients and a focus on social responsibility. It is the feel-good brand for those who want to take care of themselves and those around them, hence the brand slogan, 'Take Care'. The brand identity below highlights a youthful, simplistic, natural and authentic brand. This will be maintained by L'Oreal E.A.:

Figure 3: Garnier brand identity, Kapferer's Prism



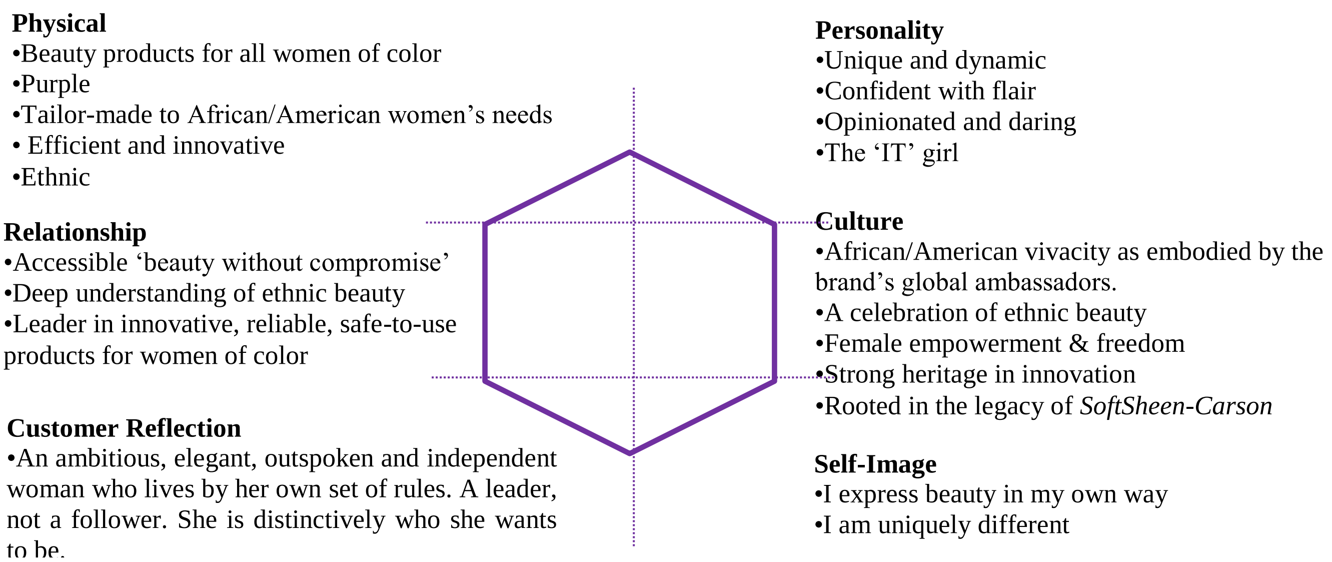
Source: Own Personal research based on brand communications

2.3.3 *Dark and Lovely* international brand identity

The *Dark and Lovely* commercial brand is one of the leading global mass market hair care brands for afro-textured hair worldwide. It is the daughter brand of *SoftSheen-Carson (a L'Oreal USA brand formed through the merging of 'SoftSheen', an American company acquired by L'Oreal Group in 1998 and 'Carson' a South African company acquired by L'Oreal group in 2000.)* Among the L'Oreal E.A. international brands, *Dark and Lovely* has been on the Kenyan market the longest. In 1978 it was the first ever brand to produce a relaxer with no lye *(sodium hydroxide; a chemical that was found in traditional relaxer formulas)* making the product safer to use. The brand mantra is 'Beauty without Compromise'.

The Dark and Lovely brand identity shown in Figure 4 highlights the strong African – American cultural heritage and the brand's celebration of ethnic beauty. This is maintained by L'Oreal E.A:

Figure 4: Dark and Lovely brand identity, Kapferer's Prism



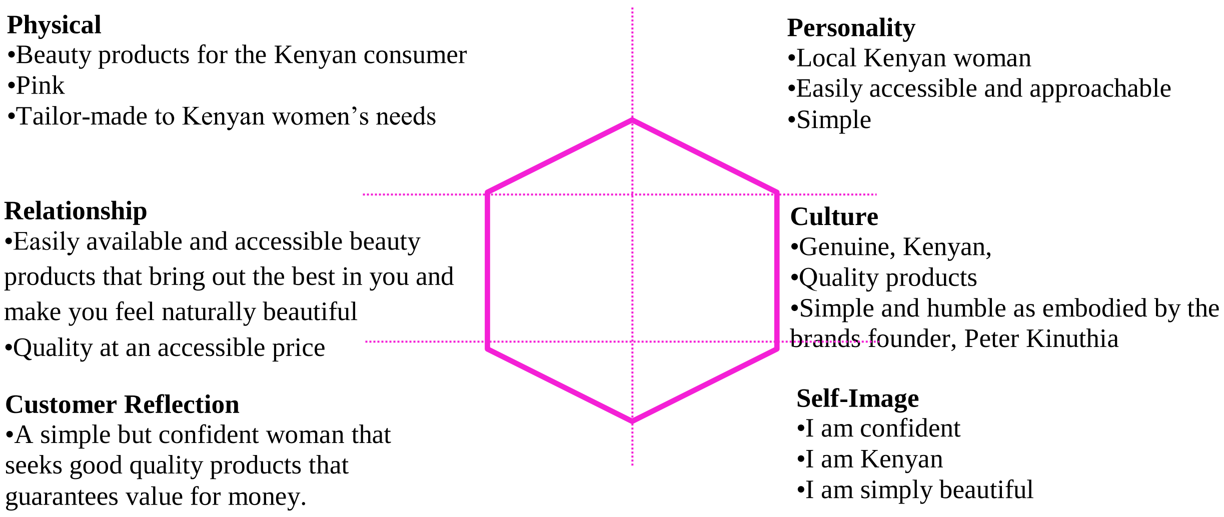
Source: Own Personal research based on brand communications

2.3.4. *Nice and lovely* brand identity

The *Nice and Lovely* commercial brand was built from scratch in 1995 in the backstreets of Nairobi, Kenya by Mr. Peter Kinuthia. Its popularity grew with street side local hair dressers eventually leading to the establishment of the ICP Company in 1996. By 2001, the company was exporting its products to neighbouring East African countries. Now owned by L'Oreal E.A, *Nice and Lovely* allows the company to benefit from an established distribution network and a large slice of the low income consumers.

The brand seeks to 'bring out the best in you' by offering accessible, quality, value for money products. This is illustrated in Figure 5 below:

Figure 5: Nice and Lovely brand identity, Kapferer's Prism



Source: Own personal research based on brand communications

2.4. Chapter 2 main insights for our research

Our main insights from Chapter 2 are summarised in the table below. This is in the form of the pros and cons that we have so far identified for each brand:

Table 4: Chapter 2 main insights for our research: The Pros and Cons of each brand

Brand	Pros	Cons
L'OREAL PARIS	(+) *L'Oreal Paris* An international French /European heritage creates a high quality and premium brand perception for consumers in Kenya.	(-) L'Oreal Paris hair care products are not tailored specifically to afro-textured hair needs.
GARNIER	(+) *Garnier* uses naturally sourced ingredients and can benefit from the consumer trend of the use of products with natural ingredients. (+) *Garnier* has an international European heritage thus implying premium and high quality.	(-) *Garnier* hair products are not tailored specifically to afro-textured hair needs. (-) *Garnier* hair color is operating within the smallest hair category in Kenya
DARK AND LOVELY	(+) *Dark and Lovely* is specifically tailored to afro-textured hair. The brand offers products that targets specific problems and needs.	(-) The growing trend of the use of products with natural and herbal ingredients is a threat to *Dark and Lovely* whose leading product in Kenya is chemical relaxers.
NICE AND LOVELY	(+) *Nice and Lovely* is specifically tailored to afro-textured hair. It directly targets specific hair care problems and needs of Kenyan women. As it is a Value for Money brand, it provides access to the large base of low income consumers.	(-) The *Nice and Lovely* brand identity is not strong. Compared to the other 3 brands, there is not much brand knowledge or information readily available for consumers to understand what the brand has to offer.

Source: Own analysis of brand portfolio, positioning and brand identity in Kenya

Of the brands, it is clear to see that *Dark and Lovely* and *Nice and Lovely* are the best tailored to the consumer hair and needs in Kenya. With both these brands being among the top 5 best performing in Kenya, we have proven Assumption 1, from the previous chapter, that, **s**uccessful hair care brands in Kenya have a portfolio tailored to afro-textured hair. Considering the remaining insights from Chapter 1 and those above, we conducted quantitative and qualitative research designed to explore more of the assumptions and to better understand consumer usage and purchase behaviour as well as brand perception of all the L'Oreal E.A brands and their identified competitors.

CHAPTER 3: MARKET RESEARCH

3.1. Research methodology

For the purposes of this work project, two researches were conducted. This research was complimented by research information provided by L'Oreal E.A, particularly on brand awareness**.** First, a quantitative online survey was used to gather information on the present existing condition of usage patterns and purchase behaviour within the hair care market in Kenya. 51 responses were recorded from Kenyan women aged between 18 and 34. Second, a qualitative in-depth Skype interview was used to build up on the results from the quantitative research and to gain a richer understanding on consumer trends on brand usage and perceptions. 5 women aged between 18 and 34 were interviewed. **(Please see Appendices 15 and 16)**

3.2. Consolidated research results

Trends in consumer usage and purchase behaviour: Women in Kenya use different brands at the same time. This was confirmed by the quantitative research results where all respondents used multiple brands for majority of the product categories and only used the same brand when it came to shampoo and conditioner (66%). This is further confirmed by the qualitative research results where all respondents have at least two preferred brands from as many as 5 currently used brands. The implication is that brand loyalty within the Kenyan hair care market is fickle. Consumers easily change brands when their brand of choice is not available in-store or when something better comes along,

'*My loyalty to Garnier, <u>at least for now</u>, is there.' (Garnier*, Female, 25-34, Programme Officer)

and,

‘*Now I am sticking to it!* <u>*Until I see a change in my hair.*</u>*’* (*Motions*, Female, 25-34, Programme Officer (2)).

Our quantitative results show that a large majority of respondents buy shampoo and conditioner more for use at home while treatments are more for use in the salon. This result is further confirmed in our qualitative research,

‘For the shampoo I use…when I do my own washing…but in the salon I use anything.’, ‘(I use) the treatment in the salon because I always do my treatments in the salon’ (Female, 18-24, Student Doctor in Training).

In addition, online survey results show that 47% of respondents buy their haircare products in advance and take them with them for use in the salon. This was also confirmed in our qualitative research. However, this was only the case if the brand currently in use was a ‘preferred brand’,

‘Out of all the shampoos and conditioners I have ever used, I think this L'Oreal one is so good... So when I go to the salon I always carry it with me.’ (*L’Oreal Paris*, Female, 25-34, Business Development Assistant).

Majority of respondents indicated that they buy shampoo, conditioner and treatment either once a month or three times a year. This result confirms our assumptions 5. Hair care products purchased once a month can benefit from smaller format sizes while those purchased 3 times a year can benefit from larger format sizes.

Purchase occurs mainly in Beauty Stores and Supermarkets and is influenced by ‘brand name’, ‘product benefits’ and ‘recommendations’. As we know from previous research, the hair dresser is the main trusted source of information and recommendations on hair care brands and their benefits. Building a successful relationship with hair dressers is indeed a key success factor for hair care brands in Kenya. This result confirms our assumptions 2.

Quantitative research results show that hair color kits are the least purchased hair care product. 78% of the respondents never buy hair colour kits. In fact, respondents strongly indicated that they neither use hair color at home (86%) nor in the salon (68%). This result confirms the trend of the low use of hair color which we saw earlier in Chapter 2.

Our quantitative research results also show that 50% of respondents never buy hair relaxer kits and 65% use hair relaxers in the salon. From this, we can infer that there is a possible trend that consumers do not arrive at the salon with their own hair relaxer. This shows another important reason to form a relationship with hair dressers who can recommend relaxers to the consumer.

Finally, our qualitative research results show a trend that respondents buy or use hair care products that explicitly promote hair strength, growth and that give body to the hair as well as shampoos and conditioners that enable easy detangling of natural kinky afro-textured hair.

Trends in Consumer brand awareness: According to research provided by L'Oreal East Africa, *Dark and Lovely a*nd *Nice and Lovely* both have top of mind awareness[10] of 37% and 63% respectively. Prompted awareness[11] of both brands was much higher with 81% and 89% respectively. L'Oreal Paris and Garnier have significantly lower brand awareness, with neither brand scoring more than 2% on top of mind nor prompted awareness. **(Please see appendix 19 for more details).**

[10] The name of the brand is automatically recollected without the help of any cues, promptly associating the brand with the product category.

[11] This type of awareness is generated in a consumer. The respondent is aided with a list of brand names and recognizes the brand from the given list.

Trends in Consumer brand perception: Regarding brand perceptions, our qualitative research results show that there is a possible trend that these are influenced by previous experience with the brand and other brand categories for example, *Dove* was perceived based more on shower gels, while *L'Oreal Paris* was associated with its anti-ageing skin care and make-up products. Salon recommendations and Online reviews were also an influence. For example,

"I had used Mega Growth before in the salon. It was recommended by the hairdresser and I liked it so the next time I went (shopping) I bought it. (*Mega Growth*, Female, 25-34, Programme Officer);

"I tried Garnier (shampoo) because it did not have silicones in it'...'When I went to the website (www.naturallycurly.com) it had good reviews and it was better than what I used to use.' (*Garnier*, Female, 25-34, Programme Officer);

Perception was also influenced by the interaction with sales people**,**

"I have been looking for something that will get my natural hair to grow quicker and more healthy, and when I was looking at that product (in the store), the sales women in the shop was like, "I think you should get it. It's quite nice actually'." (*Organic Root Stimulator*, Female, 18-24, Student).

Price also greatly influenced brand perception. If consumers have no other information on a brand, they simply rely solely on the price as a benchmark for quality and efficiency i.e. the lower the price, the more negative the perception of a brand's quality, image and efficiency. *Nice and Lovely*, *Venus. Miadi* and *Zoe*, are described as *'Cheap'*, and *'Shady'* which is Kenyan vernacular for 'low class' and 'low quality.' On the other hand, *Garnier* and *L'Oreal Paris* are perceived as having the most innovative, efficient and premium products. So is *Tresemme*. These brands are also perceived as having the highest quality products and subsequently, as the most expensive.

Further to this, *L'Oreal Paris*, high price was justified by the fact that it is an international brand of high quality, *'I think they are expensive but I suppose it makes sense...The bottle does not last but it is worth it'.* (*L'Oreal Paris,* Female, 25-34, Business Development Assistant).

The above statement also helps confirm our assumption 3, that high quality is associated to brands with international roots

Another key finding regarding trends in brand perception is the positive relationship between brands that are known to use natural ingredients and the positive effect on brand perception**.** In fact, 100% of the respondents from our qualitative research showed a preference for brands that use natural ingredients. For example,

'*It is my choice. I do not know any other hair food that I would buy willingly.'* (*Organic Root Stimulator*, Female, 25-34, Business Development Assistant).

This confirms our assumption 4, that the use of natural ingredients contributes to a brand's success in the hair care market in Kenya.

Dark and Lovely products are perceived as containing a lot of chemicals. The brand's direct competitor *TCB,* as well as *Nice and Lovely, Venus, Zoe* brands are also perceived as containing a lot of chemicals. *Nice and Lovely, Venus,* and *Zoe* are among the lowest priced on the Kenyan market and as such are also perceived as having low quality, non-premium products that are inefficient, unreliable and lacking in innovation.

Finally, and one of our most significant findings, is that our research indicated that there are no meaningful brand associations that distinctively differentiated the international brands from each other, including the *Garnier* brand from the *L'Oreal Paris* brand. This trend could be a result of the lack of brand awareness that we mentioned previously. Respondents do however recognise that the international brands do not have products tailored to afro-textured.

CHAPTER 4: RECOMMENDATIONS FOR L'OREAL E.A.

This chapter presents our short term and long-term recommendations for L'Oreal E.A. We begin first with our short-term recommendations to be implemented within the next 3 years:

Segmentation: First and foremost, a more elaborate method of segmentation needs to be established based on a more sophisticated socio-economic classification and also on benefits sought. For example, our research results showed a trend that respondents have a preference for products that use natural ingredients. If L'Oreal E.A. has the statistics on the number of consumers that seek products with natural ingredients, the company can better position *Garnier*, with direct competitors being the international brands on the market that use natural ingredients, and not just the top selling hair color brands.

Adjustment of product names: Adjustments can be made to the names of product variants making them more adapted to the local market. This was done for example in South East Asia where the *L'Oreal Paris 'Triple Resist'* variant was re-named as *L'Oreal Paris 'Hair Fall'*. 'Hair Fall' is the local term used in the region to refer to hair breakage.

Improve Brand Perceptions: Create a positive brand perception for the *Nice and Lovely* brand by improving on the brands identity and then by developing marketing campaigns that link strong, favourable and unique associations to the brand.

With no meaningful brand associations that distinctively differentiated the *Garnier* brand from *L'Oreal Paris* there is a need to communicate using positioning statements with relevant, distinct and believable associations to inform consumers that there are indeed discrete differences between them and their competitors.

Brand awareness and brand knowledge: Inform consumers about the brands and increase L'Oreal E.A. brand awareness in Kenya. Brand information should be easily accessible from all sources that consumers consider reliable. This could result in stronger brand loyalty and stronger brand equity for all the L'Oreal E.A. brands.

Brand information should come not only from marketing efforts from L'Oreal E.A, but also from hair dressers. Forming a strong relationship with salons could lead to hairdressers not only communicating a brand's product benefits but also the brand's reason to believe.[12] This can be particularly useful for *Dark and Lovely* hair relaxers. Hair dressers can inform consumers about the new ranges of less harsh relaxers and their benefits, hereby helping to change the possible trend in perception that *Dark and Lovely* relaxers have too many chemicals.

Other sources of brand information should include sales people in distribution channels where their interaction with consumers can influence the choice of products purchased. Either a strong relationship should be formed with sales people from the main distribution channels, or a team of trained L'Oreal E.A. sales people should be readily available in stores at the points of purchase. Online sources should also be used to provide brand knowledge and information including, local brand websites and local social media pages and blogs.

Our long-term recommendations to be implemented within 3 to 5 years concern mainly the brand portfolios and positioning:

Portfolio: We recommend adjustments to the brand portfolios as shown in the Table below:

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[12] A brand's 'Reason to believe' are the compelling proofs that the brand can deliver the promised benefits.

Table 5: Long-term portfolio recommendations

Brand	Strategic focus of portfolio today	Portfolio within the next 3 yrs.	Portfolio within the next 5 yrs.
L'OREAL PARIS	*L'Oreal Paris Elvive* shampoo and conditioner from Europe in 6 variants: **Smooth Intense** **Re-nutrition** **Triple Resist** **Total Repair 5** **Nutri Gloss** **Color Protect**	•Phase off **Nutri Gloss** and **Color Protect**. Focus on the marketing and promotion of all other variants which currently explicitly provide the benefits that satisfy the current consumer needs and aspirations for smooth and soft hair (Smooth Intense), strong hair without breakage (Triple Resist), solutions to dry damaged hair and scalp, (Total Repair and Re-nutrition). Introduce these in a 700ml format size.	•Launch brand extensions of *L'Oreal Paris Elvive*- **Hair Lotions**, **Treatments** and **Hair Oils** with formulas directly tailored to suit afro-textured hair and the hair care needs of women in Kenya. Each should have a variant for relaxed hair and another for natural kinky, coarse hair.
GARNIER	*Garnier Nutrisse Hair Color* from **Europe, in 17 shades of brown, black and blonde.**	•Rather than only have *Garnier Nutrisse*, the current *Garnier Fructis*[13] **Shampoo, and Conditioner** should be a strategic focus. Only variants that provide benefits that directly satisfy the needs of Kenyan women should be introduced. •Introduce these in 700ml format size. •Launch *Garnier Ultra Doux*[14] shampoo, conditioner, treatment and hair lotion. The range is focused even more on the use of natural ingredients and already has variants targeted towards frizzy or relaxed afro textured hair.	•Phase off *Garnier Nutrisse* hair color, and introduce a new *Garnier Fructis* range of **Shampoo, Conditioner**, **Treatment, Hair food** and **Hair Oil** with a formula that is directly tailored to suit afro-textured hair.
NICE AND LOVELY	**Same range of products that existed under ICP.**	•Re-launch all product lines with a new-look and new innovations to put the brand in line with the culture of L'Oreal E.A.	

Source: Own personal analysis and evaluation

[13] *Garnier Fructis* is the main hair care daughter brand of Garnier with shampoo, conditioner, hair oils and serum.
[14] Garnier Ultra Doux is a daughter brand of Garnier with shampoo, conditioner, treatments and hair lotion. http://www.garnier-ultra-doux-crepus.fr/ Accessed on 15.05.2014

Positioning Statements:[15] Finally, we conclude the chapter and this work project with our recommended positioning statements for each brand in the Kenyan market:

L'Oreal Paris: 'To Kenyan women from the high socio-economic class that seek very high quality hair care, L'Oreal Paris hair care products provide the most sophisticated, prestigious and innovative products in the Kenyan hair care market, because the they are formulated over years of expert research and technologies to create tailor-made products that satisfy your greatest hair desires for both relaxed and kinky afro-textured hair.'

***Garnier*:** 'To Kenyan women from the middle and high socio-economic classes that seek accessible, high quality hair care enriched with natural ingredients, *Garnier* hair care products provide the most efficient natural ingredient-based products in the Kenyan market, because we apply our world leading expertise in the use of bio-friendly, responsibly sourced natural ingredients to create products especially formulated for afro-textured hair.'

Dark and Lovely: 'To Kenyan women from the middle and high socio-economic classes that seek accessible, high quality hair care, *Dark and Lovely* hair care products provide the safest and most reliable products for afro-textured hair in the Kenyan market, because as the first ever brand to produce a no-lye chemical hair relaxer, our products are a testament to our ground breaking innovations and strong heritage as one of the leading brands for afro-textured hair in the world.'

Nice and Lovely: 'To Kenyan women from the low income socio-economic class that seek quality, value for money hair care, *Nice and Lovely* hair care products provide top quality at the most affordable prices on the Kenyan market, because as a truly Kenyan

[15] The positioning statement is aspirational and is the reference document and foundation for any branding and marketing activity. It is structured using the following format:
'To *[Insert Target Market]*, 'brand name' *[Insert category or industry in which the brand competes or plans to compete.]* provide/s *[Insert Point of Difference/Attributes or benefits consumers strongly associate with a brand, positively evaluate and believe they could not find to the same extent with a competing brand]* because *[Insert Reasons to Believe]'*

brand that understands what Kenyan hair really needs, our newly improved innovative range of hair care products is especially enhanced to better satisfy your every hair need.'

We believe that with these recommendations, L'Oreal E.A. will have a strong chance of success in the Kenyan hair care market.

CHAPTER 5: CONSIDERATIONS AND LIMITATIONS

Being situated in Lisbon, very far away from the Kenyan market, has resulted in some obstacles during the research process. Our main limitation was the lack of a sufficient sample size of respondents for our qualitative research. Certainly, 5 respondents are not enough and we are aware that at least 10 consumers of each brand would have been more sufficient. However, given the circumstances, we applied our best efforts with what we had to provide the best recommendations to L'Oreal E.A.

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