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Growth Strategy of Hair Treatment Category for Gliss Portugal

SVETLANA BELONOZHKINA #1822

A Project carried out on the CEMS Business Project course, under the supervision of:

<u>Professor Victor Centeno</u>

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This paper is based on the CEMS Business Project in collaboration with Henkel Portugal. The scope of the project lies in the sphere of strategic marketing. The objectives are to increase market share of Gliss hair care brand in hair treatment market of Portugal through revealing the influencing factors for non-usage of the overall category and specifically the brand and redesigning its marketing strategy to overcome these factors.

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Introduction to the Project

1. Client

The Business Project has involved a Portuguese division of a multinational company Henkel as a consultancy client. Henkel is a German-based corporation that operates all over the world in such diverse industries as adhesive technologies, laundry and home care, and beauty care. The latter industry, namely beauty care, has been within a scope of the project. In 1995 the corporation acquired Schwarzkopf, a German company specializing in professional hair care, and inherited the brands belonging to the acquiree. One of them is Gliss, and it is this brand that has become a subject of the described Business Project.

Gliss is an international brand of retail hair care products endorsed by Schwarzkopf, a professional hair care company. The Gliss brand was launched in 1952 and has been positioned as a solution for damaged and dry hair from the very beginning. Initially the brand had only hair treatment in its portfolio; however, later it expanded to the shampoo and conditioner categories. Nevertheless, Gliss remains the pioneer and one of the leaders on hair treatment market. Gliss positions itself as a high quality and high technology, innovative brand specializing in hair repair. Nowadays the brand has successful operations all over the world under various brand names – Gliss Kur (Central and Eastern Europe), Gliss (Western and Southern Europe), Extra Care/EC (Australia), Bonawell (Venezuela and Central America), and Konzil (Colombia, Ecuador, Peru). The brand is particularly strong in Russia, Australia, and Colombia.

Gliss was introduced to Portugal in 2008. It is the first Schwarzkopf retail brand launched in the country.

2. Market Overview

The Portuguese retail hair care market, comprised of shampoo, conditioner, and hair treatment categories, has a current value of €121,4 million. The growth forecast is negative: the market is foreseen to demonstrate a negative value CAGR of 3% over the forecast period at constant 2013 prices[1].

The national economic downturn has dramatically impacted the hair care industry. Diminishing disposable income per capita forced customers to use professional hair care services less frequently, preferring a less expensive at-home hair care. Price sensitivity, a relatively small market with low potential to grow, tough competition, and strong bargaining power of the biggest

[1] Euromonitor. 2015. "Hair Care in Portugal."

retailers have forced market players to rely heavily on promotions, selling products at a significant discount. As a result, in 2014 the overall sales volume of hair care market rose, while its sales value dropped. (see Exhibit 1)

The Portuguese market is highly perceptive to innovations. Market leaders constantly come up with new products that offer innovative, non-traditional benefits, which increase added value and boost differentiation from the competitors. For instance, Pantene introduced its age-defy line for mature women, while Elvive came up with sun-block hair products.

Not only product innovation, but also packaging innovation is an important factor in customer decision journey process. Majority of the market players have introduced larger packages, which have been welcomed by the consumers.

As for the hair treatment segment, its retail sales value reaches €17,3 million. The category has always been present on the market; however for a long time it remained a niche one, with hair treatments offered almost solely by the professional or medical hair care. Yet a rising trend of extra hair care apart from washing and cleansing has boosted popularity and expansion of hair treatments. Currently hair treatment segment ranks 3rd in the Portuguese retail hair care market in terms of sales value and potentially can catch up the conditioner segment. (see Exhibit 1) It is the only segment of retail hair care that has been demonstrating growth both in sales value and volume throughout the times of economic downturn. Most of the major market players of hair care have introduced a broad portfolio of hair treatments from masks and balms to oils and serums.

3. Current Client Situation

In Portugal Gliss currently offers 9 full lines of hair care products (shampoo, conditioner, and hair treatments) with 22 hair treatment products there, plus 3 stand-alone treatments. There are new products launching at least once a year.

Gliss Portugal has only a small fraction of authority and autonomy, while the majority of decisions regarding the Portuguese market are made at Henkel Iberia Headquarters in Barcelona. This aspect creates a lot of constraints: from insufficient marketing budget to uniformed marketing strategy that has no localization.

In terms of retail hair care market share, Gliss accounts only for 4.5% of value and is ranked the 8th. Pantene, Ultrasuave, and Elvive are the market leaders. (see Exhibit 2) In 2014 the brand has slightly improved its position due to increased media spending; however internal forces such as limited budget and decision-making power of the Portuguese Gliss division, as well as external forces such as tough competition from established, trusted, and well-financed competitors, leave no ground to believe that Gliss will take over leading positions on the overall hair care market in a foreseeable future.

In hair treatment market of Portugal, Gliss has been a pioneer, being the first retail brand to introduce such an extensive portfolio of wash-out and leave-in treatments. First-mover advantage brought to the brand initial leading position on the market; however, Gliss was not able to sustain it and, as of 2014, it ranked the 3rd in terms of market share, with Pantene and Elvive taking the lead. (see Exhibit 3) Nevertheless, Gliss still boasts the most diverse and extensive portfolio of retail hair treatments.

4. The Business Project Challenge

Henkel Portugal has expressed dissatisfaction with the current performance of the Gliss brand and has asked the CEMS consultancy team to develop a growth strategy for Gliss in hair treatment market of Portugal.

At the meeting with the team, the company has presented several objectives it expected this project to pursue:

- Analysis of hair care market, treatments category and products;
- Finding reasons for non-usage of treatments and finding opportunities to increase relevance of this product for consumers
- Formulation of strategy to increase treatment products' penetration
- Understanding of Gliss brand image and how relevant the brand and its product offering in hair treatments are to the Portuguese customers
- Exploration of opportunities to strenghten the brand with leveraging the Schwarzkopf endorsement

The company has imposed several constraints on the team: product, packaging, pricing strategy, and communication message could not be changed, since it goes beyond the authority of Henkel Portugal. The team has later found out that it is impossible to follow these limitations, since then the entire Business Project would not bring any result. Therefore, some of the constraints had to be abandoned.

Reflection on the Work Done

1. Problem Definition

Recently Gliss performance on the hair treatment market has been falling short of the company's expectations (loss of the leading position on the market and decreasing market share, despite of increasing product portfolio) and it has been indicated as the major problem.

Only 3 years ago, in 2012, Gliss was the market leader of hair treatment accounting for 18% of the market share[2], while in 2014 it was already outperformed by the major players of the Portuguese retail hair care market – Pantene and Elvive. Ultra Suave has also been demonstrating high market growth and can potentially replace Gliss from the 3rd place.

Gliss has been losing its position despite of the fact that the brand keeps expanding and diversifying its product portfolio of hair treatments. During the last 3 years, the brand launched 13 new treatment products, which is more than of any other brand[3]. Furthermore, Gliss offers a wide range of treatment types (oils, serums, balsams, sprays, masks) and here it also scores higher than the competitors.

Thus, the cause of Gliss failure was not obvious, yet it was crucial for the team to reveal it in order to map growth opportunities for the brand.

[2] Data provided by the company
[3] Data taken from the companies' websites

2. Methodology

2.1. Hypothesis

The initial hypotheses of the unsatisfying Gliss performance had been formed from the words of the brand's management:

a) Low market penetration of hair treatments that hinders the growth of Gliss beyond existing customers (indicated as the major factor)

On the one hand, hair treatment segment, although growing, still comprises only a small part of the overall hair care market in terms of both sales value and volume, and it is in interest of all the brands to increase the category penetration among Portuguese customers. Therefore, Gliss, which has a strong focus on the treatment category and the largest portfolio, would love to discover opportunities to grow the market of hair treatments. This is why getting customer insight on reasons for non-usage was set as a top priority.

b) Fierce competition that erodes the market share of Gliss

On the other hand, so far Gliss has been unable to sustain its competitive advantage of a first-mover and keeps losing to the stronger players such as Pantene and Elvive that came to the treatment market after Gliss. National economic downturn makes competition even tougher. Major competitors, in order to win the market share, go for massive advertisement and heavy promotions, thus stealing the Gliss customers. Thus, another goal is to reinforce the brand's competitive position on the market in order to retain current customers, reobtain the switched ones, and acquire the new ones. Here, it was important to analyse the competitive landscape of hair care market in Portugal, trying to establish both points of parity and points of difference relative to other brands.

2.2. Analysis

In order to test the hypotheses, the team had to formulate a plan of their analysis, which could later serve as a framework for interpretation of the gathered data and formulation of results.

The first hypothesis stated that hair treatment market of Portugal is underdeveloped and has low penetration, that is being said it was believed that treatment market is currently in its growth stage. To confirm or reject this hypothesis, the team needed to gather information on both supply and demand sides in order to understand a stage of development the market is in. The team relied on a theoretical framework of a market life cycle with 4 possible stages: introduction, growth, maturity, and decline.

On the supply side, it was necessary to learn how a) available (range of treatment products), b) accessible (development of distribution channels), and c) affordable (pricing strategy) the treatment category is. Each of these factors was analysed through looking at a) competitive landscape, overall product offering and its diversity based on both - product type and product benefit, b) distribution network for treatments, c) pricing of treatments in general and relative to other segments of hair care (shampoo and conditioner).

On the demand side, it was necessary to learn what percentage of the target population is a) aware of the category, b) has tried a treatment at least once, and 3) has been purchasing a treatment ever since. Drop-out rate was also an important aspect, because it could provide an insight on level of customer satisfaction of the category. Reasons for non-usage and stopped usage could suggest what customers needs turned out to be unmet by the market and what value could be added. This insight could be further elaborated into growth opportunities for the hair treatments. Such information could be gathered only with qualitative and quantitative tools of marketing research, which were provisioned as an important part of the project.

In case both market analysis and customer insights demonstrated that the treatment category is in its growing stage, the first hypothesis would be confirmed. Otherwise, it would be rejected.

The second hypothesis stated that decrease in Gliss market share was a result of toughening competition on the Portuguese hair treatment market: other brands were coming to the market and stealing Gliss customers. To evaluate this hypothesis, the team, as well as for the first hypothesis, needed to get information from the supply and the demand sides.

On the supply side, it was necessary to analyse the competition: its structure, concentration, main players, product offering and positioning. It was important to understand how close/distant Gliss is positioned to other market players. Benchmarking was required, because according to the hypothesis customers are churning from Gliss to other brands, which means other brands' value proposition is superior or at least comparable to the one of Gliss. Defining the marketing mix of Gliss and the marketing mix of its competitors was, therefore, indispensable.

On the demand side, it was necessary to get a customer insight on what the target audience seeks from the hair treatments, how loyal the consumers are and how they perceive the brands. Finding out the brand images and the level of brands' loyalty were vital in order to understand the switching process: probability of switching, reasons, and the most likely brands to switch to. In addition, it was a good idea to analyse the preferences and expectations for each component of the marketing mix: what product the customers want (attributes, benefits, packaging); where they want to buy it from (distribution channels); what price is perceived as an appropriate one; what/who influences their purchasing decision (promotion and advertisement). Preferred marketing mix could correlate with existing marketing mix of the market leaders, thus explaining their success, and, furthermore, it could demonstrate what Gliss lacks in. All this information could be obtained through qualitative and quantitative market research.

In case both competitive benchmarking and customer insights demonstrated that Gliss is losing its market share because of the toughening rivalry with strong brands stealing the customers, the second hypothesis would be confirmed. Otherwise, it would be rejected.

2.3. Work Plan

The team has managed to follow the initial work plan that had been designed. Although there were important findings revealed in the course of the project, they did not affect the structure of the work, rather the content of the final parts. The work plan the team developed was the following:

- External Audit

The first step was to gather information about the overall hair care market of Portugal and the external forces affecting the market. It was important for the team to understand the market and what trends have an impact on it, because the overall hair care market, which, no doubt, is in its maturity life stage, was supposed to serve as a benchmark for the hair treatment category's analysis.

Furthermore, from the practical point of view, this part of the research could have been done independently from the company, while waiting for the Henkel management to provide the internal information on Gliss.

The second step was to take a close look at the Portuguese hair treatment market trying to analyse it with the abovementioned framework of availability-accessibility-affordability in order to assess the market life cycle. At this step, the team already made several findings that were not supporting the first hypothesis of the treatment category being in the growth stage: a) the Portuguese treatment market offers a wide range of product types and benefits; b) the products can be easily accessible as distribution network is well-developed and comparable to that of conditioner segment, and retailers dedicate significant amount of shelf space to the category; c) the treatment market demonstrates a wide range of price segments depending on the treatment type, with mask and spray priced close to shampoo. Thus, the current product offering, distribution, and pricing strategy signify that the hair treatment market has already passed the peak of growth stage and is entering maturity stage. Still this assumption was yet to be confirmed with the demand-side information.

- Competitive Landscape

Next stage of the project was to analyse marketing mix of Gliss and its major competitors. To define a list of competitors, 5 brands of the top 6 market share holders were taken into consideration. Later on, the brands were compared in terms of product benefits, pricing, distribution, and media spending. At this step, the team found out that the closest competitors for Gliss are Pantene and Elvive, as these brands offer treatments with the most similar benefits, have overlapping target customers, and can be put in the same price segment. These findings were an important part for analysis of the second hypothesis that strong players such as Pantene and Elvive attract the customers from Gliss. The information that was gathered could be interpreted in favour of hypothesis confirmation, since the brands’ positioning statements are similar and other brands indeed spend more on advertisement than Gliss. However, to completely confirm the hypothesis, more information was required.

- Customer Insight

Next step was to get extremely important customer insights about treatment category in general, expected value proposition, brands’ images, brands’ loyalty. First, the team decided to conduct several focus groups in order to get initial customer insights and further, using the information gathered from the qualitative research, formulate hypotheses that would be tested through a quantitative research.

Focus groups provided the team with initial basis for customer segmentation: 3 major segments were defined – users, occasional users, non-users. What was interesting is the fact that during the focus groups, the team encountered more users and occasional users than non-users. However, at that step it was too early to make any assumptions, since the sample of respondents was small and relatively homogenous (medium-to-upper social class).

In general, women with more complex hair (frizzy, colored, curly) seemed to pay more attention to the overall hair care and hair treatments in particular. They use more different treatments, have stronger preferences, higher willingness to pay more, and higher involvement during the customer decision journey, which results in a more extensive information search and evaluation process.

Non-users appeared to be the people with hair perceived as normal. The main announced reasons for non-using treatments were no need of them, a lot of time required, too high price.

Regarding the brand loyalty, focus groups revealed that customers tend to have an evoked set of brands from which they choose what brand to purchase, however no strong brand loyalty was demonstrated in general. Furthermore, the respondents told they did not consider that treatments must be from the same brand as the rest of hair care, as this connection was not believed to enhance the products’ benefits.

The respondents named strengthening, disentangling, and repair as the main benefits they expect from treatments.

Speaking about the brands, the preferred ones appeared to be Pantene, L'Oreal, and Tresemme. These brands had also high recall. Gliss was evaluated as an average brand. No definitive brand image could be formulated by the respondents. The brand was frequently recognized, but very rarely recalled. Curiously, when specifically asked, the respondents did not associate Gliss with its source brand, Schwarzkopf; however, during the focus groups a lot of confusion between Gliss and Schwarzkopf was observed. For instance, some respondents thought that Schwarzkopf is the name of the brand, and Gliss is the name of the brand line; others, while recognizing the product, never knew it was Gliss written on the package, referring to it only as Schwarzkopf.

The next step was to test all the formulated hypotheses through the survey. The team accumulated 135 complete responses from the Portuguese women; the data was collected on the Qualtrics platform. The survey results turned out to change significantly the initial objectives of the project.

The major finding was that 0% of respondents were unaware of the hair treatment category and only 6% never tried the treatments. 87% of the respondents keep using treatments. These numbers confirmed the assumption that was made after the focus groups. However, it contradicted the first hypothesis of the project about the market life stage. According to the survey, category penetration is very high, thus the treatment market has already passed its growing stage. Supported by the information gathered from the supply-side analysis, this data served as an indicator to reject the first hypothesis.

Therefore, the statement that hair treatment market penetration in Portugal is low became invalid. It resulted in a change of initial objectives, set by Henkel. Category growth was no longer a concern for the project.

Based on the survey, customers could be segmented into 4 groups instead of original 3: non-users, occasional users (seasonal or rare usage), light users (from once a week to once a month usage), and heavy users (more than once a week or every wash). As another confirmation of the treatment market's maturity, 68% of the respondents were classified as heavy users. In the survey, the 4 customer segments exhibited different behavioural patterns and opinions.

Women with more complex hair were indeed indicated as the ones who spend more time and effort on hair care, including hair treatment.

The main driver for non-usage of treatments was no need of them. This went along with the assumption formed during the focus groups.

For the occasional and light users, the major reasons for not using more treatments were said to be no perceived need and too much time required for treatment application. This reason had also been previously announced at the focus groups.

Brand loyalty hypothesis was confirmed by the survey: customers usually have a set of 1-3 favourite brands from which they choose. No strong loyalty to single brand was indicated. Relation of the treatment to the same brand of shampoo and conditioner was indicated of low importance.

Regarding the factors influencing purchase decision, brand and recommendations scored the highest, while promotions and price were, on average, moderately important. These influencing drivers greatly varied among the segments, with the positive correlation between usage frequency and importance of recommendations.

Main product benefits the customers look for were fighting split-ends, repair, strengthening, disentangling, and softening, with ranking varying among segments.

As for the brands, the most used ones were named Pantene, L'Oreal, Schwarzkopf, Tresemme, and Garnier. Schwarzkopf boasted high brand recognition, and a highly favourable brand attitude.

Gliss demonstrated high recognition, but extremely low brand recall and an average brand attitude. 17% of the respondents used Gliss and 70% of them ranked the brand of higher than average quality. Yet, these Gliss users also used other brands and they highly ranked Pantene brand as well. This could be interpreted as a basis for switching behaviour with Pantene as the most probable alternative.

In the end of this project stage, the team gathered enough information for assessing the second hypothesis of market competition and brand switching. Combining the findings from the market analysis (similar positioning and product offering among Gliss, Pantene, and Elvive; high media investment of competitors comparing to the one of Gliss) and information from the customer research (low brand loyalty to a single brand; evoked set of brands; no strong image of Gliss and no perceived differentiation from the competitors), the team accumulated sufficient prove to confirm the hypothesis.

Therefore, brand switching became the main characteristic of the market, offering either a lot of threat or a lot of opportunity for Gliss. Customer retention and acquisition became the major objectives of the project.

- Growth opportunities

The next step was to sum up all the accumulated information in order to identify growth opportunities for the brand. Initially the team had foreseen to research and develop 2 main growth opportunities – customer retention and customer acquisition, which had been further divided into acquisition of non-category users (increasing hair treatment penetration) and of other brands' users (brand switching). As a result of the conducted research, it was identified that acquisition of non-category users is not a feasible option, since they comprise only a small percentage of population and do not express the need in hair treatments that means the brand would have to evoke category need among them, which requires a lot of investment. Thus, this growth opportunity was abandoned.

The first opportunity to be pursued was the retention of current loyal customers. Gliss loyals (15%) did not have much potential in further development, since the majority had been already frequently using different types of treatments; however, their retention was crucial, because otherwise, the brand would continue to lose its market share to the competitors. It was necessary for Gliss to increase brand awareness (especially brand recall), reinforce differentiation from the competitors, and define a clear brand image in customers' minds.

The second opportunity was the acquisition of new customers, who were already category users. Based on the survey, the team has segmented Gliss non-users into favourable switchers (5,8%), other brands' switchers (26,7%), and other brands' loyals (52,3%).

Looking at the behavioural patterns of favourable switchers, the team has concluded that this segment has a low potential and its acquisition bears more risks than benefits. Favourable switchers demonstrated lower than average disposable income and, as a result, high price and promotion sensitivity and also they indicated Gliss to be more expensive than Pantene or Garnier. It could be assumed that the only way to attract this segment is through promotions and price reduction. However, considering the small size of the segment and its low profitability potential, actions aimed to attract favourable switchers could erode the overall profits, because price reductions and promotions would apply to the entire customer base. Therefore, the benefits of favourable switchers' acquisition could not outweigh the losses it would cause. Thus, the segment was not set as a potential target.

Considering other brands' loyals, the team certainly acknowledged large size and high potential of this segment. Nevertheless, acquisition of other brands' loyals seemed to be the most difficult task: these people are completely satisfied with their current brands, rank them higher than

Gliss, and are immune to communication messages from the brands other than their own ones. Although one fourth of other brands' loyals demonstrated highly favourable attitude towards Schwarzkopf, they do not associate it with Gliss, and delivering of a message highlighting this connection seemed to be extremely difficult, since these customers do not pay attention and do not actively seek information on other brands. The team also had to take into account limited communication budget of Gliss Portugal, which made reaching other brands' loyals even more unattainable. Therefore, despite of the segment's attractiveness, it was not set as a target.

The last segment to analyse was other brands' switchers. They comprised more than one fourth of the target customers and were classified mostly as heavy users with average disposable income. They exhibited higher than average interest in novelty and recommendations. From the focus groups and the survey, it appeared that these consumers consider their hair as complex and demanding extra care. Several benefits are almost equally important for them – softening, repair, disentangling, and fighting split-ends, thus they expect a product to deliver more than one benefit. Other brands' switchers have tried a lot of different types and brands of hair treatments, however, they still demonstrated lower than average level of satisfaction with the currently used brands. Thus, it could be concluded that this segment has higher requirements, which cannot be met by the brands being used, and that is why these people are still in a search for the most suitable product for their hair. Other brands' switchers represent high potential and are very attractive; furthermore, they are reachable, since they are open to trial of something new and perceptive to communication message. Most of them recognized Gliss, but the brand's recall score was very low and the brand's attitude was neutral. No association with Schwarzkopf, which boasted highly favourable attitude, was observed. It was decided to focus on this segment as a target for the brand's growth because of its attractiveness and accessibility. The major task was to reinforce connection with Schwarzkopf as a reason to believe in Gliss high quality and to boost trial, because, as observed in the survey, among those who tried Gliss 75% were satisfied with its quality and 70% said to be loyal to the brand.

Eventually, 2 growth opportunities have been identified: retention of Gliss loyals and acquisition of other brands' switchers.

3. Recommendations to the Company

In this part of the project, the team has developed 2 previously identified growth opportunities, going into practical stage of the marketing plan. The main objectives for loyals' retention and switchers' acquisition, in fact, were overlapping: increase in brand awareness and brand knowledge, reinforcement of brand distinctive and differentiating positioning, increase in brand relevance (particularly needed for attracting new customers).

In a new positioning statement, the team has tried to address other brands' switchers, while at the same time not upset Gliss loyals. The benefit of hair repair, which is strongly emphasized in the brand's communication and highlighted on every package, seemed to narrow the target segment, excluding those customers who seek not only/other benefits. Furthermore, hair repair and damaged hair notions, communicated by the brand, appeared to have negative emotional connotation. To improve the brand's image and broaden the customer target, it was decided to replace negative 'damaged hair' with 'hair demanding extra care', highlighting that every hair is unique, special, and requires tailored care. The communicated brand benefit was decided to be expanded to 'dealing with complex hair' and not only 'hair repair', as this would help more customers to relate to the brand. In addition, reason to believe was modified to include not only Schwarzkopf endorsement and Liquid Keratin technology, but also to emphasize highly positive feedback on the brand from other customers. This decision was made after the findings of how important recommendations are as a purchasing influencer factor. Therefore, recommendations from other consumers were considered to increase significantly the brand's credibility.

The next step was to formulate a new marketing mix.

Product portfolio and packaging of Gliss was decided to remain the same apart from one change. During the customer insights research, the team has discovered that high percentage of treatment users seek for hair softening as one of the top product benefits. However, currently Gliss does not offer a product specifically for hair softening. Yet, in other markets the brand has successfully introduced its Liquid Silk line, which is aimed exactly for hair softening. Therefore, the team has proposed Henkel Portugal to introduce this line to the local market as well. Based on the research, it can be predicted that there will be a high demand for a product offering this benefit.

Pricing strategy was decided to remain the same, since for both target segments Gliss price is not of high concern. Nevertheless, it was noted that, as sales promotions are still an important influencing factor, it is necessary to maintain this practice.

Distribution network was also decided to remain unchanged. Currently Gliss demonstrates good numerical and weighted distribution in hypermarkets and big supermarkets. Its distribution in small supermarkets is weaker than that of the main competitors such as Pantene and Elvive; however, here Gliss shows a higher level of efficiency covering 80% of weighted distribution with only 31% of numerical distribution[4]. Thus, although strengthening distribution in small supermarkets is preferable and advisable, its costs could be higher for the brand than its profits. As the team was not provided with sufficient information to calculate profitability of distribution improvement, it did not emphasize this suggestion in the recommendation part of the project.

Promotion was to become the most important part of the marketing mix. Communication strategy of the brand had to be adjusted to the changed positioning statement and, in general, it had to get more active, localized, and creative than it had been before. The team has divided this part of the mix into 4 major segments to work on: advertisement, promotion, event sponsorship, and digital marketing.

New advertisement campaign had to elaborate on the modified positioning statement and to be emotionally positive and relevant to the target audience. Communication objectives were to increase brand awareness (focus on brand recall), create interest in the brand (focus on brand consideration), and form favourable brand attitude in the customers' minds. The emphasis should be put on the brand in general and not on a specific line or product. Also, the commercial must demonstrate that Gliss is diverse and suitable for different women (more than one race and age category) with different hair types and who expect different benefits. The brand name must be clear, visible, and memorisable. Schwarzkopf endorsement must be communicated in the end and the source brand's name must be pronounced (since Portuguese customers clearly have a lot of difficulties with this German name). The company, no doubt, has to increase its advertising spending going for more media channels (currently there is only TV for paid media), wider coverage, and higher frequency. Currently Gliss can be classified as a niche brand, since its share of voice is almost 4 times lower than its share of market (4% VS 15%)[5]. If Gliss wants to increase share of market, it has to greatly increase its share of voice, which leads to higher advertising investments.

Regarding sales promotions, it was decided to decrease trade promotions to retailers and focus on promotions to consumers instead, using the company's own sales force. Consumer promotions are not as efficient (more efforts are required), but more effective (bring higher results) than trade

[4] Data provided by the company
[5] Data provided by the company

promotions. Thus, distribution at the point of sales or right in front of it of coupons that offer significant discount and are valid only for a short period of time would be more likely to generate customer's interest and trigger the purchase, because of both an individual approach and a perceived scarcity/exclusivity of the promotion offer (limited validity of the coupons). In addition, the brand was recommended to carry out seasonal promotions introducing special treatment combos; for instance, split-ends repair mask + sun protection oil for summer and anti-breakage mask + softening and smoothening spray for winter. Such packs being offered on promotion would boost cross-selling of different types and brand lines of treatments, would reposition the brand as being customer-oriented and not product-oriented (since the campaign clearly takes perspective of a customer and her needs), and would reinforce trial of various Gliss products either among existing or new customers.

Event sponsorship was decided to be introduced to the brand's marketing strategy. Currently Gliss does not sponsor anything, yet event sponsorship is a good instrument for creating brand awareness and brand image, since it forms brand associations in the audience mind. Keeping integrity and consistency of the events with the brand's identity, the team has focused on the Portuguese urban fashion events such as Vogue Fashion's Night Out and Moda Lisboa as the potential collaborators. In general, fashion events are highly attractive, since they represent exaggerated Gliss customers - beautiful, diverse, active women (models, celebrities), who undergo a lot of hair stress (straightening, curling, coloring, styling) and who do not want to comprise and still demand the best hair look. Another suggestion was to organize Ladies Nights sponsored or co-sponsored by Gliss. These gatherings would offer a certain entertaining event, for instance a movie night at the cinema, for a discounted price and would include Gliss advertisement, product showcase, or even distribution of Gliss gift packs to the visitors. At overall, event sponsorship must increase awareness and form brand image; proposed recommendations are rather a guideline than a list of specific events.

Digital marketing strategy included own website and social media.

Currently Gliss has a website in Portugal; however it is neither extremely informative nor remarkably creative and well-designed. It has a brief history of the brand, short description of the brand, and a list of all the lines and products complemented with their promised benefits. In order to increase brand awareness, form positive brand image, and encourage trial, the team has proposed to introduce a score & review feature to the current brand website. Customers would be able to click on any Gliss product, give it a score, and share their experience with the product. Website visitors would be able to read all the scores and reviews and would be able to browse and filter the reviews both by product and by promised benefit. Certainly this innovation would have significant complications such as a probability of negative feedback and, as a result, a lower control that Gliss would have on information about the brand. However, advantages outweigh these shortcomings: as indicated above, customers listen and believe to recommendations more than to brand communication. Customers' evaluation of the brand would look credible and convincing and would encourage Gliss non-users to try the brand. Furthermore, involving Gliss loyals as co-creators of the brand's communication campaign would turn them into brand advocates and would only reinforce their own brand loyalty (a so-called loyalty loop) (see Exhibit 4) Therefore, introduction of review feature is an important tool for both customer acquisition and customer retention.

To encourage customers to visit the website and engage them in a review process, special promo actions would be organised. Stickers with a promo code would be attached to every Gliss package; they would invite customers to go to the brand's website, submit there the code, and have a chance to get a Gliss gift pack for free. Motivated by this promo action, customers would go to the website, where they would be asked to register before the code submission. Registration would provide the brand with customers e-mails that could be further used for creating direct marketing campaigns and collecting customer database. Right after the code submission, customers would be asked whether they would like to leave a review on a product they purchased or learn about another product. This promo campaign would aim to generate website traffic and incentivize customers to go to the Gliss site.

Social media is an important channel that is underutilized by Gliss. Currently the brand has a Facebook presence on a Schwarzkopf page (previously Gliss had its own page, but later it merged with Schwarzkopf, since it was easier for the management to run one single page and it offered cross-selling opportunities). However, the page is not frequently updated, does not offer much content, and seems to create even less differentiation between Gliss and Schwarzkopf, which causes confusion in the customers' mind. Taking into account that it is not reasonable to make another change and go back to a separate Gliss Facebook page, the team has proposed to improve the current Schwarzkopf page by dedicating more media space to Gliss and offering relevant content such as video tutorials on how to make beautiful and natural hairdo with a help of Gliss hair products or posts about new promo campaigns. Maintaining the brand's Facebook page updated and informative is very important, since this media channel allows for less formal interaction with the brand's younger audience.

Instagram was another social medium Gliss would focus on, because this platform is especially popular among young women (thus, the brand could reach its target audience) and it has much better visual presentation of the content than Facebook (thus, the brand could make its communication aesthetically appealing). The team has proposed Gliss to create the brand's page and launch its first Instagram campaign – Miss Gliss, which would encourage women to take selfies and post them with the #MissGliss hashtag, so that they could participate in Gliss beauty contest and get a chance to become the brand's face and win a Gliss prize. Voting for the winner would be on Instagram as well, and the announcement of the final decision would be made on the brand's website. This initiative would not only attract contestants, but it would also create a media buzz, because the women would start marketing the contest by themselves, asking their friends to vote. Therefore, the campaign would get a wide media coverage with very little investment on the company's side. As a result, the initiative would increase brand awareness and would generate traffic to the brand's page and website.

All the proposed recommendations have been more of the guidelines, the directions to follow, than of the final proposals, since the team had not been provided with sufficient information to assess the company's capabilities, either in terms of financial budget or in terms of managerial authority and independence from the headquarters.

4. Concerns

The project has several constraints and drawbacks that the team has certainly acknowledged. First of all, as has been already mentioned, the project lacks information on the internal audit of the company, because this data was not provided by Henkel. Therefore, it was impossible to adequately assess strengths and weaknesses of the brand and to understand which practices the company is capable to implement and which not.

The team has recognized that customer data collection through both qualitative and quantitative tools could have a bias and might not be absolutely representative. The respondents were contacted through the team members' social networking, which means the pool of respondents was not as diverse as it could optimally be. Furthermore, the number of respondents and focus group participants could have been increased to improve statistical relevance to the entire target audience. Yet, the team did not have sufficient resources to increase scale and scope of respondent sample due to limitations of the Qualtrics platform; therefore, the final results were the maximum the team was able to collect.

Limitations initially put on the team by the company's management significantly narrowed a range of possible recommendations, although eventually some of the constraints had to be bypassed, since otherwise, the project would not have any recommendation part at all.

Absence of the company's financial data made it impossible for the team to present a budgeting plan for the recommendation part, although the team has recognized that budget provisions are an essential and highly important part of the marketing plan. The team has come to the conclusion that it would be more reasonable to omit this part and honestly explain this decision than to make up a marketing budget with no reliance on actual data, thus jeopardizing credibility and professionalism of the entire project.

Taking all the abovementioned factors into consideration, the team has still ended up satisfied and proud of the accomplished work.

Reflection on Learning

1. Applied and acquired knowledge

For this project, the team has applied theoretical knowledge mainly from the sphere of strategic marketing, since the goal of the work was to identify growth opportunities and redefine the current brand's strategy rather than to present exact practical solutions for the marketing mix.

Therefore, the team has begun with adopting Framework for Marketing Strategy Formation by Dolan Robert J. as a major guideline of the project. (see Exhibit 5) The team has closely followed this framework, starting with the Marketing Analysis stage where it has conducted external and internal audit, studying 5Cs matrix (with Schwarzkopf source brand being regarded as a collaborator) and continuing with the Aspiration Decision part.

One of the elements of the Cs matrix, customers, has been considered particularly important, because collecting customer data has been a top priority for the given project and has been identified as one of the work objectives. It is worth to elaborate more on a process and methodology that has been used during this stage of the project.

Consumer marketing research has been performed with a heavy reliance on the theoretical knowledge acquired from marketing research and consumer behaviour studies.

- As taught in these courses, the first step has been to define a research problem: a) the marketing objective – growth of Gliss hair treatment products; b) the research objective – the main ones have been getting perception of treatment category, its penetration, and drivers for non-usage, the secondary ones have been learning perception of Gliss brand, its treatment offering, and its association with Schwarzkopf; c) the research target – all the target audience must have been studied despite of their usage status; d) the research purpose/implementation – to redesign segmentation, targeting, and positioning.
- Next step has been to develop the research design: a) the research type – both qualitative and quantitative; b) the research sampling – women, Portuguese, age of 18-60, with diverse educational, social, and family statuses, around 30 respondents for focus groups and around 150 respondents for survey; c) the research contact method – recruitment through the team members' social networking: mainly families, flatmates, friends, fellow students.

- Next step has been to identify the research information needs. First, the team has written down already known information: analysis of market trends and competitive landscape, including product portfolio and value proposition of Gliss and its competitors. Then, the team has defined what had to be obtained with the consumer research. Based on that, the team has composed list and sequence of questions to be discussed during the focus groups in order to form the hypotheses, which would be later tested in the survey[6].
- In the next stage, data collection, qualitative (focus groups) and later quantitative (questionnaire) researches have been performed. The team has followed the guidelines for the focus group conduct: the groups have been homogenous, consisting of 5 to 6 interviewees; the conversations have been recorded for later analysis; the interviewers have had, in advance, a set of questions, however they have let the interviewees express their ideas and opinions freely and without pressure; the interviewers have tried to encourage all of the participants to take part in the discussion, purposely addressing those, who spoke rarely; the interviewers have tried to minimize peer pressure and remain unbiased themselves.

After the focus groups, the team has formulated several hypotheses that it has planned to test in the survey. Questionnaire has been considered to be a necessary part of the research, since focus groups have not been sufficiently representative and their outcomes have not been statistically valid.

The survey has been created on Qualtrics platform, exclusively in the Portuguese language. It has consisted of 45 questions, yet some of them have been designed to appear on a respondent's list only under certain conditions (usage status). Target customers have been invited to answer the questionnaire through face-to-face communication and Facebook. To incentivize the respondents, it has been announced that after a complete survey submission they could participate in a lottery where the package of Gliss treatment products would be the prize (the brand name has not been communicated to the respondents). This stimulus has worked and the traffic has increased. Eventually, the team has had to shut down the survey, as the platform has imposed limits on the maximum number of respondents.

- Next step has been data analysis and interpretation. All data from the survey has been transported into the Excel table, so that the team could easily observe and filter it. The segmentation framework has been taken from 'Principles of Marketing' book by Kotler et al. (see Exhibit 6) From the beginning, the main segmentation factor has been behavioural characteristics, although demographical data has been considered. Initially the team has provisioned customer segmentation according to category usage; however, after discovering that absolute majority of the sample has

[6] List of questions for focus groups and survey can be found in the appendix to the business project

been category users, the team has adopted loyalty-based segmentation as the most informative one. Demographic characteristics have not appeared to be highly important.

- The last step of consumer marketing research has been to present findings and propose recommendations; this work has been incorporated into the Aspiration Decision part of the applied framework for marketing strategy formation.

Although no new theoretical knowledge has been acquired during the work process, the practical application of studied theory has been a highly valuable lesson.

2. Personal experience

This business project has been a great opportunity either for professional or for personal development. At project allocation stage, this BP was my first choice and I am happy I got it. Marketing is my specialisation, so the project totally corresponded to my area of interest. Furthermore, the subject of the work, Gliss, was well-known to me much before the BP, because I have been a die-hard brand loyal for years, which later appeared to be useful for the project in terms of brand knowledge and customer insight.

Not much of communication with Henkel caused a lot of confusion and constraints; however, it also gave us a chance to be fully autonomous and decide the course and the pace of the project on our own. I believe ability to self-organise is one of the most important skills I attained during this work. Yet I acknowledge that time management was a serious issue for the team in general and me in particular. I fully understood importance of setting reasonable but strict internal deadlines, because it is the only way to develop months-long project without everyday procrastination. This time management instrument will be a must-have in my arsenal from now on.

On the other hand, this project discovered a surprising potential in my data-mining skills. After the customer data collection, we started working on its analysis in order to come up with new segmentation, targeting, and positioning that would be later put in growth opportunities part. Although I have never really enjoyed Excel, I got completely excited and involved in a process of finding the best segmentation variables and patterns. Hours spent in Excel program were probably the most exciting time of the work for me and gave me a thrill of reading a detective novel. I had never done data analysis before, so I could not expect how enjoyable it can be. The growth opportunities part of the BP has received a lot of my input and I look forward to another opportunity to perform a data analysis work.

In terms of personal development, it was extremely interesting to work with my team colleagues. All of them are highly intelligent and ambitious people, who have knowledge and experience in marketing. Yet our self-confidence and ambitions made all the discussions to be very long and exhaustive, since we could not make a compromise. It took us a while to learn how to listen to each other, but I am glad we eventually managed to do this and avoided conflicts. As my personal takeaway, I will keep in mind that at the peak of the argument it is much more reasonable to make a pause and go for lunch/coffee break all together than to continue discussion, because it is important to give people some time to think about what have been just said.

Overall, I think this project was a great experience and I absolutely do not regret about choosing it.

3. Benefit of hindsight

Looking back at the project, there are several things that could have been done differently:

a) As mentioned above, internal deadlines could have been imposed to take timing under control;
b) Certainly more interaction with the company could have been made to learn more information; however, this aspect was out of our control;
c) During focus groups, more emphasis could have been put on aspects other than usage status, since later we discovered that brand perception and loyalty had higher importance and relevance for our analysis than category usage. However, usage segmentation reflected the first hypothesis of low category penetration that was presented by the company. At that stage of the project, we did not know it was incorrect;
d) The survey could have been written differently. During its analysis, it was realized that some of the questions were not clear and could have caused some confusion.

At the same time, the project has resulted in important discoveries. The main one is, certainly, the rejected hypothesis of low treatment category penetration. This was not provisioned by Henkel and turned out to be a big surprise. As a result, new customer segmentation based on loyalty and not on usage status is also a significant achievement.

Therefore, consumer marketing research, performed with the help of focus groups and survey, has been the most value-adding part of the project, since it has provided the team with new knowledge.

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- Edelman David. 2010. “Branding in the Digital Age.”
- Euromonitor. 2015. “Hair Care in Portugal.”
- Kotler Philip et al. 2008. “Principles of Marketing.”
- Nielsen. Answers P13’14
- The companies’ websites
- The data provided by Henkel Portugal
- Wilson Alan. 2006. “Marketing Research: An Integrated Approach.”

Appendices

Exhibit 1. Comparison of changes in sales value and volume in 2013 and 2014 in retail hair care market of Portugal. Source: Nielsen Answers P'13 14.

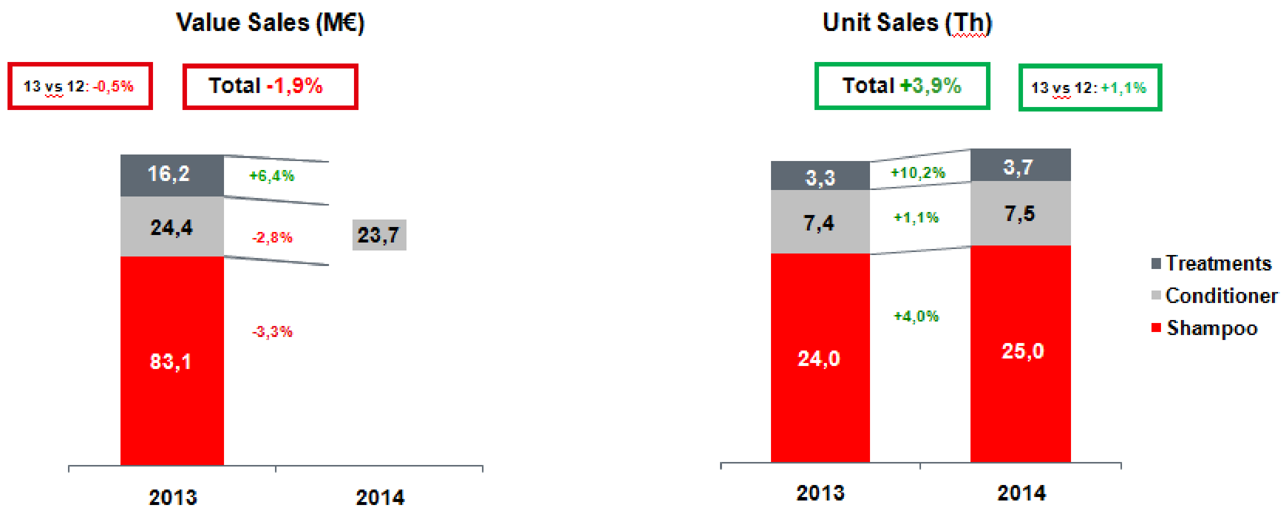

Exhibit 2. Companies' market share of the Portuguese retail hair care market for 2013, 2014. Source: Nielsen Answers P'13 14.

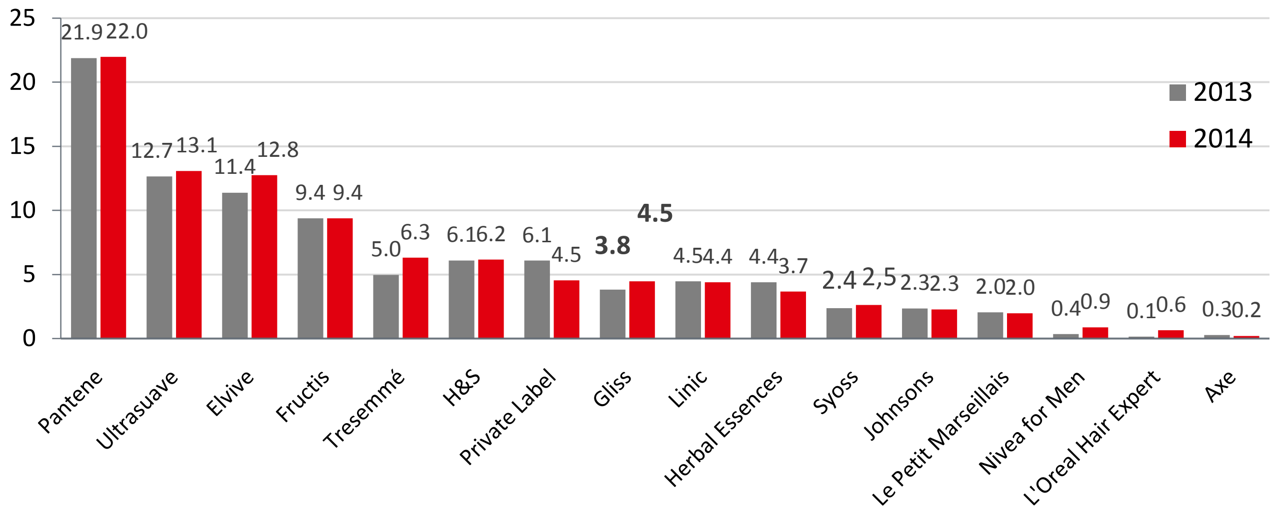

Exhibit 3. Companies' market share of the Portuguese retail hair treatment market for 2013, 2014. Source: Nielsen Answers P'13 14.

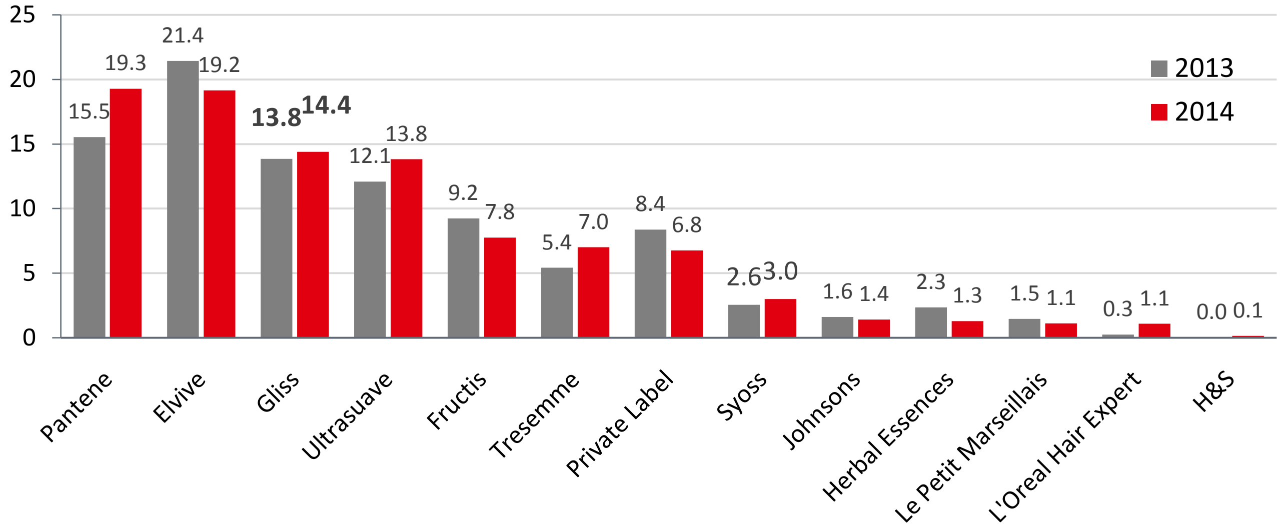

Exhibit 4. 21-st century consumer decision journey from Edelman David, "Branding in the Digital Age"

Exhibit 5. Framework for marketing strategy formation from Dolan Robert J. "Marketing Reading: Framework for Marketing Strategy Formation."

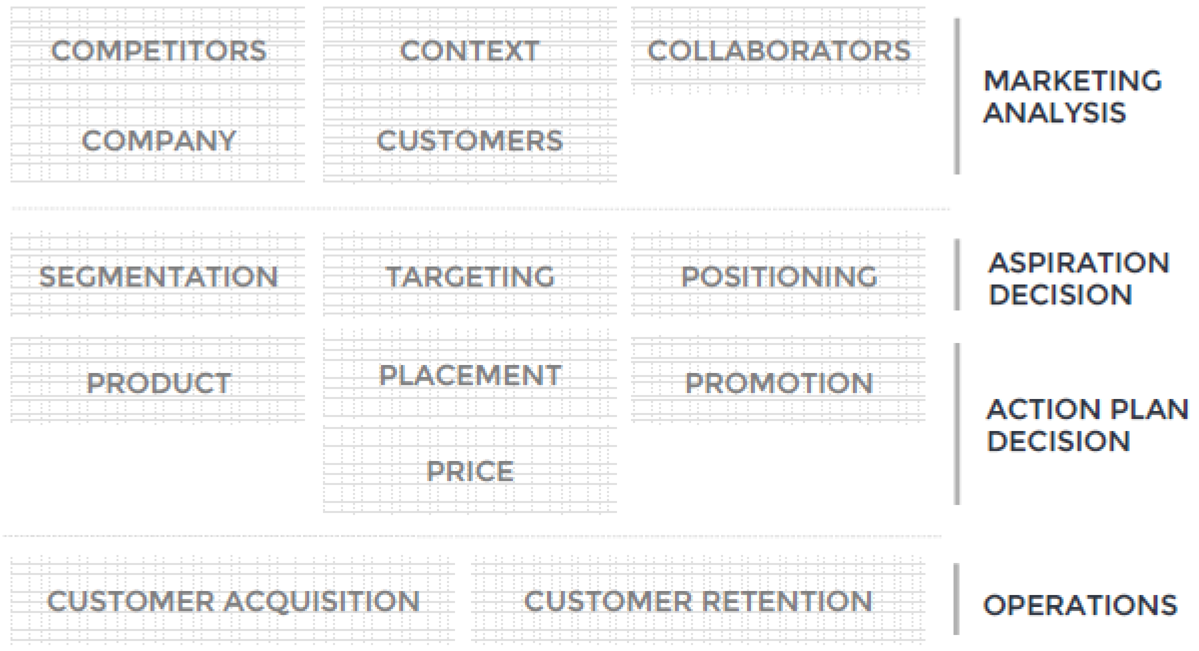

Exhibit 6. Segmentation variables in B2C marketing from Kotler Philip et al. "Principles of Marketing."

Geographic	Demographic	Psychographic	Behavioural
Region	Age	Social Class	Purchase Occasion
Country Size	Gender	Life Style	Benefits sought
City Size	Family Size	Personality	User status
Density	Family life cycle		Usage Rate
Climate	Income		Loyalty Status
	Occupation		Readiness state
	Education		Attitude tw product
	Religion		
	Race		
	Nationality		