

BEAUTY FOR ALL

The Future of Prestige at Mass

Authors

Alison Aidlin
Elizabeth Del Pozo
Devin Homsey
Anahita Mekanik
Liza Rapay

SHIFTING CONSUMER DEMANDS

- From Needing Stuff to Demanding Experiences
- Conformity to Customization
- Plutocracy to Democracy
- Wanting New to Wanting New + Now + Everywhere
- Self to Community

Consumers are in control and we need to listen. In their eyes, the lines between mass and prestige are more blurred than what we see. As the demand side shifts, we must cater to consumer needs and build a symbiotic relationship where retailers, manufacturers and brands, can benefit from one another. As Mindy Grossman of HSN said, *“The days of trying to get a consumer to come to you are over. You really have to be in the consumer’s world, wherever, whenever and however”*.

THE MIND & HEART CONNECTION

It’s no longer about the physical connection of products or services. What’s important is building the mind and heart connection. We define this as **neuro-emotional connectivity**. Just as we pay \$4.00 for a cup of Starbucks coffee it’s not just coffee; it’s a home away from home experience.

PRESTIGE IN MASS

Our goal is to strengthen the consumer connection in-store and online by offering prestige in the mass environment and presenting a little something unexpected.

- **Merchandising:** Understanding how a consumer shops in a particular store is key. How do we draw her to beauty? This is a huge opportunity where the retailers and brands can leverage each other’s strengths.
- **Product Assortment:** A special balance between core and limited offerings. Core products that she expects to find and limited offerings that are unexpected, injecting newness and creating excitement.
- **Micro Marketing:** Mass marketing is a strategy of the past; micro-marketing is a new way of satisfying her demands. With access to consumer information, we can now better localize and segment our offerings.
- **Digital Connectivity:** We are all chasing digital insights. Let’s transform the quantitative data mining into a qualitative experience that is more relevant and useful. Lynne Greene said it best, “Follow the behavior. Lead the thinking. Capture the heart.”
- **Social Responsibility:** Michael Porter of the Harvard Business Review said, “There’s a connection between competitive advantage and social issues”. This is crucial to the Millennials who are more diverse ethnically, socially, and economically than any other generation in history. Brands cannot ignore their power.

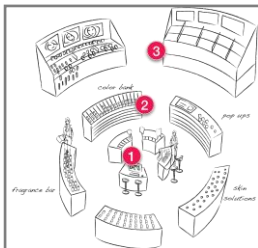
MERCHANDISING

The brands that make a mark on us fully engage our 5 senses. They have in common that indefinable love factor we instinctively recognize. As Kevin Roberts, CEO Worldwide of Saatchi & Saatchi says, *"The senses are the fast track to human emotions"*. Lovemarks such as Cirque du Soleil offer their fans an experience in which they can inject their own emotions, fantasies, taste and smells.

Drawing inspiration from such brands, we aim to transform the next generation mass beauty aisle into an experiential outlet beyond a convenience destination. How? By offering her what she is not expecting from Beauty brands in mass today: an inspiring source of product discovery through a unique 6-perience that engages her senses and her mind.

From Consumerism to Culture: Iconic prestige brands (Prada, Apple) have already abolished the boundaries between fashion, architecture, design and contemporary art. They offer distinctive, intimate, yet public spaces in which people love to be in and interact with their products. This meshing of consumption and culture has heightened consumers' expectations.

From high productivity to high product-connect-ivity: Our merchandising philosophy builds upon the trademark attributes of mass – accessibility, freedom and value – to elevate the overall shopping environment. Our new floor design is both inviting and inclusive, breaking away from the traditional linear layout to create a new mindset of sharing and shopping together. High product-connect-ivity becomes the new lens to drive sales.



INTRODUCING The BeautySphere

A multi-sensory playground where she can discover great products and connect with a tribe of like-minded beauty lovers. The circular design is organized around three rings of expertise. A dedicated Beauty hostess is present to welcome shoppers and assist them if they'd like. Headsets are also available with thematic tutorials, guided tours throughout the beauty and fashion department or the latest audio books available in the store.

Level 1 - The human touch. The first sphere helps consumers define their needs or areas of interest. It is a source of education and story telling for the brands and the retailer. There are 4 modular stations equipped for on the go! services such as makeovers and skin analysis, as well as a virtual beauty post where consumers may scan QR codes for detailed product info, access the store website to post their product review on the spot, or place an order for home delivery.

Level 2 - The playground. The second sphere is the heart of the playground in which products are regrouped by *category*. The objective of this new classification is to better assist in finding the perfect product for her. Dedicated product displays include the Color Bank, Skin Solutions, the Fragrance Bar and Body Rituals. There is also an interactive display for pop ups with a Microsoft Touch screen. These countertop height fixtures allow consumers to freely touch and try products. Stock is stored under each section for easy replenishment like wine bottles. The first two spheres are also the models for smaller urban stores.

Level 3 - The full mix. The third sphere is comprised of open-sell units, which blend product display, visual communication and stock for easy self-navigation. Best Sellers and Newness are also highlighted within these units. Combining intent-based shopping with discovery and play is

only one facet of our model for we all know it won't suffice unless she can find her favorite beauty toys.

PRODUCT ASSORTMENT

When shopping for beauty and fragrance, consumers look for delivery on a heartfelt emotional desire just as much as functional use. Mass tends to just sell products as commodities without nearly as much aspiration and emotion as we see in Prestige.

How do we elevate the product assortment? With a 3-tier strategy to elevate the Product Assortment Model – focusing on The Heroes, The Experientials and The Prestige.



The Heroes: Mass is full of iconic products. The first tier focuses on existing core brands to showcase their hero products in much the same manner that Prestige does. Creating heroes will elevate the customer's experience to enhance the product and brand perception. According to Estee Lauder's Jane Hudis, "the hero product becomes the engine that fuels the brand." With the 40th anniversary of Maybelline's Great Lash, this is a perfect opportunity to celebrate the product and its heritage and connect with the consumer.

The Experientials: The second tier merchandises by lifestyle to create emotional relevance. Products will be curated across categories—for instance, a slumber party collection features mud masks to a classic sleepover DVD. Collections will capitalize on what is in the news as well as partnerships with role models whose popularity spans categories to not only animate Beauty, but allow Beauty to be merchandised seamlessly in other departments. If she's not shopping in Beauty, let's bring Beauty to where she is.



The Prestige: The third tier brings prestige products to mass. The consumer wants what she wants where she wants it. The first step would be to revive brands that already have credibility and cachet with limited distribution such as Paula Dorf or Dr. Brandt. This creates a renaissance that re-introduces these prestige brands to lapse and new consumers. The second is to create limited partnerships with contextually relevant prestige brands to introduce a new product, or feature icons like the Clinique 3-Step Program.

WHAT ARE THE BENEFITS?

Strategic planning is paramount for brands to maintain relationships within the traditional channels. The products would differ so as not to compete, available in smaller sizes. Much like HSN and QVC appearances boost sales in other channels, featuring these limited prestige products would drive foot and e-commerce traffic, and lead to incremental share and sales growth. The benefit to mass, in addition to elevating the assortment, is the halo effect for existing brands and lift to core business. Visiting the store or going online to see what the buzz is all about generates brand awareness and helps boost the retailer's credibility and expertise in Beauty.

MICRO MARKETING

Moving beyond the product assortment, let's engage her through customized initiatives and relevant communication opportunities. To reach individual communities, more emphasis and resources need to be placed on local marketing. It's all about "mass personalization". Providing

relevant promotions to enrich the consumer experience creates a winning situation for all. The benefits? Increases in sales, reduces inventory and markdowns, and more importantly it loyalizes beauty customers.

A higher level of engagement can be reached by:

- Localizing the customer
- Personalizing the message
- Maximizing Resources



Localizing

Content in the right context. Localize the message by integrating the use of geo-fence marketing tactics to segment and target the RIGHT customer. Using retailer customer databases, prestige brands will be able to “fence-off” geographic areas to send messages to customers who opt-in to their service. Starbucks is implementing this tactic in select locations and customers who come within a one-mile vicinity of the store will get a coffee coupon. Geo-fence can be arranged near an event or location that is related to the brand/store.

Personalizing

For prestige to engage in mass, we propose delivering personalized messages for complimentary limited services. Using customer profile databases, the brand can send a targeted message to loyal customers in select locations based on gender, ethnicity, age group, profession and interests. And to increase retention, a personalized customer care message could be sent post event.

In beauty we envision, Elizabeth Arden’s Red Door Spa Services being offered to customers in select locations through Groupon for an exclusive time period. This promotion would only come to life when the qualifying # of customers pre-purchase the service.

Maximizing

Our approach in beauty will maximize resources and reduce risk. Prestige Brands would set the parameters and qualify the criteria to receive the discounted service. Aligning resources, the prestige brand will bring its expertise and the retailer will facilitate the popup event. This allows prestige to engage in a mass environment while protecting its cachet and price point.

ENGAGE WITH POP-UP ACTIVITY

Prestige comes to life in mass through a calendar of pop-up events, a beneficial value proposition for the brand, retailer and customer.

MOTHER’S DAY: The store will create a bonding experience for Mother’s and Daughters in collaboration with Bumble and Bumble. Offering on the go services to promote a curated selection of products. The brand will benefit from exposure to new customers and the store will leverage its on-premise facilities such as the photo-studio to keep the customer in the store longer and give their customer the ability to share the experience with friends and family.



AUGUST: The busiest time for back to school shopping, Clinique will engage all these shoppers by offering a limited edition 3 Step trial kit. The set would be merchandised in the Beauty Sphere and in key touch points such as the jeans department and the school supplies aisle.

The ULTIMATE shopping companion

We will engage the consumer with the ultimate shopping companion – the Smartphone. A recent Google study shows that 79% of smartphone consumers use their phones to help them with shopping. 95% of smartphone owners look for local information on their devices and 88% of those owners act within one day. This will be a key tool to announce localized collaborations in mass merchants.

DIGITAL CONNECTIVITY

From virtuality to reality, how do we offer an experiential connection beyond the store? The answer: **Digital Connectivity**. According to Natalie Massenet, “*When you’re selling from a digital screen you need to reach out to the consumer in entirely new ways... give them a reason to come to your website.*” Digital connectivity is integrated into the online experience by entertaining, educating and evolving with the consumer.

ENTERTAIN me

Introducing Beauty 4 You. The website combines the fun of discovery with the best of multifunctionality. Our consumer wants to dream. And we need to INSPIRE her!



The main home page is the gateway to the digital playground. From here consumers explore product assortment through sub domains, with the central beauty resembling a makeup vanity. When a product is selected, it POPS up into the personal beauty vanity. Add everything! Remove items, switch shades, swap brands. Build a personal beauty wardrobe! This play on reality offers a differentiated online experience that is more relevant and personal to her.

Consumers are looking for play and intimacy. Gaming through social media, online quizzes and apps enhances the interaction and provides a sense of **adventure** and **escape** outside of their daily routines. In the “Eye Spy” Beach Game, customers search for hidden items like a sunscreen bottle. Once the object is found, questions are asked about skincare protection or beach safety.

EDUCATE me

The Virtual Beauty Stylist is that great combination of beauty expert and personal friend. Socialize via emails, texts or video chats – 24 hrs a day. Upload your photo from Facebook and the Virtual Beauty Stylist will match your perfect foundation shade and suggest complementing color palettes. Leveraging targeted micro-marketing initiatives the Beauty Stylist will send personalized weekly emails, including “Best in Beauty” picks, invitations to pop-up services, or sneak peeks into limited edition products and survival kits.

EVOLVE with me

Beautiful For the Future (BFF Clubs) is the loyalty program that targets the mind, body and heart. The basis of this program is to leverage social connectivity as a form of value for today and tomorrow. BFF Members receive points (from dollars spent, writing product reviews or commenting on the Beauty Stylist’s blog), which they turn into rewards.



Playing online games and entering contests can earn you points as well as community activism through volunteering, donating, or recycling beauty packaging. Once points are accumulated,

they can be **gifted** to family & friends or to charities. BFF Points can also be **redeemed** for beauty samples, limited edition products or complimentary services like a nail polish change. Because inner beauty is just as important as outer beauty, let's make our future beautiful together.

FUTURE OF PRESTIGE AT MASS

Through a multisensory playground, an expanded assortment, localized and personalized experiences, digital engagement, and social responsibility, we can inject NEW values that focus on the consumer. Because it's all about the customer.

Engage her senses. Without the experiential dimension, she won't be engaged.

Curate for her. Make it easy for her to find products she wants and discover something special.

Target the right customer. Collaborate to personalize the message.

Capture her heart. Make the online experience personal and relevant.

From the company to the consumer, and the community **BEAUTY IS FOR ALL!**

REFERENCES

1. The 8095 Exchange. "Millennials, Their Actions Surrounding Brands, and the Dynamics of Reverberation." Edelman Digital and Strategy One. October 2010
2. "The Amazing Rise (and Inevitable Fall) of Groupon."
www.focus.com/fyi/operations/amazing-rise-inevitable-fall-froupon/
3. Boston Consulting Group. "The New World of Luxury: Caught Between Growing Momentum and Lasting Change." December 2010
4. CEW Newsmaker Forum. "Two Retail Powerhouses: Carmen Bauza and Muriel Gonzalez." February 2011
5. Chan, Kim & Mauborgne, Renee. Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant. 2005
6. Gaudoin, Tina. "Rebel Yell: Interview with Natalie Massenet." WSJ Magazine. September 2010
7. Grant, Karen. "Imagine the Future." NPD Group. April 2011
8. Lynne, Green. "Feelings Matter." WWD Forum, May 2011
9. Heine, Christopher. "Starbucks, L'Oreal Will Test Geo-Fence for Six Months." ClickZ Marketing News & Expert Advice. October 2010
www.clickz.com/clickz/news/1745856/starbucks=loreal-test-geo-fencing-months
10. Hudis, Jane. April 2011
11. Lewis, Robin & Dart, Michael. The New Rules of Retail: Competing in the World's Toughest Marketplace. 2010
12. Luechtefeld, Lori. "Missed Opportunities in Location Based Marketing." Imedia Connection. March 2011 www.imediaconnection.com
13. Perrin, Wendy. "Temptation, Temptation." Conde Nast Traveler. December 2010
14. Reuter, Thad. "Mobile Devices Present a Path to Personalization for Bricks and Mortar Stores." Internet Retailer, Portal to E-Commerce Intelligence. March 2011
www.internetretailer.com/2011/03/31/mobile-devices-present-path-personalization-stores
15. Richtel, Matt. "In Online Games, a Path to Young Consumers." NY Times Online. April 2011 http://www.nytimes.com/2011/04/21/business/21marketing.html?_r=1&emc=eta1
16. Roberts, Kevin. Lovemarks: The Future Beyond Brands. 2005
17. Singer, Natasha. "What Would Estee do?" NY Times. March 2011
18. "Smartphone user study shows mobile movement under way." Google. April 2011
<http://googlemobileleads.bogspot.com/2011/04/smartphone-user-study-shows-mobile.html>
19. US Census Bureau. 2011 Demographics US Women Consumers. www.census.gov
20. "Why Mobile is a Silver Bullet for Customer Care." Mobile Marketer. May 2011
www.mobilemarketer.com/cms/new/q-and-a/9872.html