Capstone 2012 “Innovation through Diversity in the Beauty Industry”
Graduating students present new and innovative business models

This year’s Capstone projects were presented to the industry on May 17th and were sponsored by L’Oréal USA. The sponsorship celebrated the 10th anniversary of L’Oréal USA’s Office of Diversity & Inclusion. Recognizing that diversity is a critical leadership imperative in the 21st century, FIT chose this theme for the students to explore globalization and diversity as key business strategies. The Diversity and Global Product Development group presented a new concept entitled “Beauty Fusion” – a new model for product innovation centered on the impact of urbanization on diversity and the importance of capturing rituals, indigenous ingredients and sensorial experiences in a global digital library. The Diversity and Global Marketing group devised several new concepts around today’s diverse, demanding and connected global consumer. “The Digital Fingerprint” and new marketing model entitled “The Bonding Helix” includes six bonds shared by the consumer and the brand.

The Diversity and Global Leadership/Corporate Culture group presented a new corporate structure model called “The Bridge” which focused on connecting leadership, the workforce, information and consumers. Their theory is that this new structure will allow corporations to not only reach the 1.5 billion consumers at the top and middle of the pyramid, but, importantly, reach the 3 billion consumers at the bottom of pyramid.

At the evening’s Awards Ceremony and reception, David Greenberg (President, Maybelline | Garnier, L’Oréal USA and Chair, Industry Advisory Board) introduced FIT Leadership in Action.

Past, Present and Future of Luxury Consumption in China
Andrew Wu, LVMH Group President-Greater China, addresses Wharton/FIT alumni and industry on the market challenges in China

On April 30, 2012, Andrew Wu shared his insights on understanding China, its consumers and the growing demand for luxury. The first presentation was hosted by FIT and LVMH to a joint group of alumni from Wharton’s Jay H. Baker Retailing Center and FIT’s Master’s Program. FIT CFMM students, faculty, and members of FIT’s Industry Advisory Board, Professional Development Committee, and select media attended the second presentation, held later that day and also hosted by FIT and LVMH. Mr. Wu shared his views on the evolution of China’s consumer culture, the emergence of the middle class, and rapid rate of change. In addition, he noted that consumer spending is rising and that the acquisition of luxury products is a means to identify and rank one’s wealth in that emerging economy. He stressed the fact that China represents the biggest urbanization move on earth, something that brands and marketers must take into consideration. He went on to share that consumers are segmented into different groups, one of which, the “free spirited generation of youth,” represents an upcoming majority of new consumers. This means that foreign brands, as well as local and affordable brands, will face significant new marketing challenges in the years to come. In closing he said, “Branding [in China] is an interactive contact sport!”

Mr. Wu gives an annual lecture to FIT’s graduate students each March in Shanghai.

Save the Date!
FIT’s Diversity Council and the CFMM Master’s Program present
“Diversity and Globalization” Conference
Friday, November 16, 2012

Andrew Wu

From left: LVMH’s Andrew Wu and Pamela Baxter and FIT’s Stephan Kanlian
Alumni Spotlight: Tennille Kopiasz (Class of 2004) Joins Coty Prestige as Senior Vice President, Marketing

Ms. Kopiasz is the program's first graduate to attain the level of corporate senior vice president

What is your proudest accomplishment since graduating? While I am passionate about the products I work on, I am most proud of the talented people that have worked with me in managing these projects and making them come to life. There is nothing more rewarding than watching an individual become empowered and watching their success, both personally and professionally. When a team is empowered it can feel like magic.

What advice can you give young professionals who want a successful career like yours in beauty? On many occasions throughout my career, I was asked to take on a new role, work on a new category, or move to a new division or brand. At times you need to jump out of your comfort zone – you actually might like it more than you imagined and you would be amazed what you can learn.

Do you have a personal credo you’d like to share? Do what you love, and love what you do. If you have not found it yet, keep searching… you'll know when you do.

Ms. Kopiasz is a beauty marketing executive with experience across prestige, designer, and mass brands, in both global developmental and executional operational roles, in cosmetics, fragrance and skincare. Tennille joined L’Oréal USA in 1996, and over her 16-year tenure, she worked on various brands, including L’Oréal Paris, Giorgio Armani, Ralph Lauren, Maybelline and Lancôme. In April 2012, Ms. Kopiasz joined Coty Prestige as the Senior Vice President of U.S. Marketing, responsible for managing and developing the future vision of the U.S. business across their portfolio of brands, including Calvin Klein, Marc Jacobs, Vera Wang, Madonna and Jennifer Lopez. Ms. Kopiasz is a graduate of FIT’s Master of Professional Studies and Bachelor of Science degree program in Cosmetics and Fragrance Marketing and Management.

ALUMNI ASSOCIATION ANNOUNCES NEW BOARD

President: Carly Guerra (class of 2010), The Estée Lauder Companies
Vice President: Stephanie Kramer (class of 2011), Chanel
Secretary: Renee Ordino (class of 2003), Batallure Beauty
Treasurer: Frank Fronzo (class of 2008), The Estée Lauder Companies

ALUMNI SAVE THE DATE

“Brands as Media Companies”
Special presentation for alumni by L2 Digital Think Tank at House of Bumble
Wednesday, September 12th, 2012
5:30 p.m. – 7:30 p.m.

Tina-Gaye Bernard (class of 2007) is now teaching in FIT’s CFM undergraduate program’s Cosmetics and Fragrance Marketing course. She is Director of Marketing & Sales Development at Sue Devitt Beauty.

Tennille Kopiasz (class of 2004) has moved to Coty Prestige as Senior Vice President, U.S. Marketing.

Larisa Jensen (class of 2004) has been promoted to Director, Beauty Industry Analyst at The NPD Group.

Jon Roman (class of 2004) has been promoted to a new role as Vice President, ELC Online, The Estée Lauder Companies Inc.

Nicole Howard (class of 2005) has been promoted to Director, Corporate Global Innovation, The Estée Lauder Companies.

Bettina Bamberger (class of 2006) has moved to LVMH as Executive Marketing Director, LVMH Fragrance Brands.

Denise Shamlian (class of 2006) has moved to Murad as Director, International Education.

Annette Perrotta Saenger (class of 2007) has been promoted to Director, Business Development, Coughlan Products LLC.

Leslie Harris (class of 2008) has been promoted to Vice President, Global Marketing, SkinCeuticals, L’Oréal USA.

Tenley Zinke (class of 2008) has moved to NET-A-PORTER.COM where she heads up Communications.

Viviana Blanch (class of 2008) has been promoted to Vice President, Digital Innovation, L’Oréal USA.

Devin Fitzpatrick (class of 2009) moved to J. McLaughlin as Vice President of E-commerce.

Bill Hughes (class of 2009) has moved to Bare Escentuals as Senior Brand Manager, BareMinerals Makeup.

Sarah Ostrower (class of 2009) has been promoted to Director of North America Marketing, Clinique, Estée Lauder Companies.

Jessica Rosenthal (class of 2009) has moved to Clinique Laboratories, LLC as Director, Global Skincare Product Development.

Jen King (class of 2010) has relocated from Firmenich U.S. to the UK as Marketing Manager, Firmenich UK.

Liza Rapay (class of 2011) has been promoted to Director, National Programming and Sales Strategies at Clinique Laboratories, LLC.

Ildiko Juhasz (class of 2012) has recently moved to LVMH as Marketing and Training Manager, Acqua di Parma, LVMH Fragrances.

Lisa Sequino (class of 2013) has been promoted to Vice President, North America, P&G Prestige Fashion Fragrances, for Hugo Boss, Lacoste, and Celebrity Fragrances.

Courtney Das (class of 2013) has been promoted to Global Marketing Manager at Bumble and Bumble, The Estée Lauder Companies Inc.

Alison Cifrese (class of 2013) has moved to Coty as Assistant Brand Manager, Vera Wang Global Marketing, Coty Prestige.

Alexandra Hardyment (class of 2013) has been promoted to Assistant Global Marketing Manager, AERIN, The Estée Lauder Companies Inc.
FIT MPS Alumni Visit All Access Beauty Day at QVC Headquarters

On April 14th, 2012, a select group of alumni took a field trip and visited the global headquarters of QVC in Pennsylvania, during All Access Beauty Day. The day featured top selling brands including Space NK, Josie Maran, Mally Rancal, Kate Somerville and Chaz Dean. This was the first insider access trip for FIT MPS alumni and was coordinated by association members. QVC management hosted the group, including Diane Paccione-Rizzo, Vice President of Cosmetics and Jewelry, and Michaelann Vankirk, Vice President of Sales. QVC kicked off the morning with a private tour of the facilities and shared all the business basics at QVC. The group also had a chance to go backstage, view a live taping of a show, and talk with Mally Rancal about how she pitched her brand to QVC, giving the alumni an insider view on what makes her brand a success. Not only was this an opportunity to enhance the knowledge base of this channel, it also provided a chance for the alumni to reconnect and network. The alumni association looks forward to more professional development opportunities of this nature in the future.

Mentee-Mentor Experience Spotlight: In Their Own Words

Andrea Reichert (class of 2013) and Kory Marchisotto (class of 2009) share mentor/mentee experience and learning at BPI sales meeting

Andrea Reichert (class of 2013), Sales Project Manager, Firmenich, attended the BPI Sales Conference with her Executive Mentor, Kory Marchisotto (class of 2009), Vice President of Marketing, Beauty Prestige International. Here, they share their thoughts on this unique experience:

Andrea Reichert (Firmenich), Mentee

After the FIT Executive Mentor Luncheon in February, I was eager to open my mind and soak in the knowledge of my predecessors. I sent an enthusiastic email to my mentor hoping to meet in the near future. The response I got surprised and delighted me: I had been invited to attend one day of the BPI Sales Conference in Atlanta, Georgia.

Coming from the fragrance supplier side of the industry, typically, I am not exposed to the brand or sales strategies of my clients. It was eye opening to hear the amount of thought and detail involved in the brand strategies and financial projections. I admired the courage of each presenter who not only offered metrics, but also had to convey the heart and soul of their brand.

One of Firmenich’s fundamental pillars is “Think Client.” This experience reminded me that I must love and invest myself in my clients’ brands as sincerely and deeply as they do. Through this profound understanding of brand identities, the fragrance houses can truly connect and form a partnership with their clients.

If the morning of the conference was not inspiring enough, a motivational speech on building the success of a career upon the top, middle, and base notes of one’s life could not have been a better way to wrap up the day. Keynote speaker Matthew Ferrara empowered every person in the room to find success through clarity in their goals and aspirations. On my return flight, I took time to reflect on the following: “What are my short-term and long-term goals at Firmenich,” “What am I doing to make these happen?,” “Do I really believe that I deserve success?” These are the difficult questions that we were asked to answer in writing. To visualize your goals as written words makes them real and tangible. No doubt these questions will form the cornerstone of my mentorship. I am eager to see how my answers differ between now, Capstone and graduation.

Kory Marchisotto (Shiseido), Mentor

When I received Andrea’s invitation to lunch, organizing the Sales Conference was fresh in my mind and it occurred to me that I might be able to do her one better. I invited Andrea to Atlanta for the day to join our conference, meet our team, see how our company works, and hear our presentations – one very special one in particular.

Matthew Ferrara, a world-renowned motivational speaker and a newcomer to our industry, addressed our audience of beauty executives with the ease and familiarity of someone who’d spent years behind the fragrance counter. Matthew called upon all of us to build our “Fragrance of Self.” He taught us, “we are who we design ourselves to become.” His message was at once specific and pervasive, challenging our team to accept success as their destiny while giving them the motivational tools to do so.

As Andrea’s mentor, I have made it my personal mission to provide her with rich, meaningful and memorable experiences. Based on Andrea’s enthusiastic response, I think that for her, this experience was personally inspiring, career-motivating and, if nothing else, an eye-opening introduction to the client side of our business.
We are pleased to provide here papers by the three Capstone project teams summarizing their May 17 presentations. Due to space constraints, detailed bibliographies have been omitted here but are available in downloadable versions of these papers appearing in the program’s section of the FIT website: http://www.fitnyc.edu/cfmm. These papers are works of the graduating students, and any reproduction or use of this material requires their written permission.

Capstone White Paper on Diversity and Global Product Development: BEAUTY FUSION

Authors: Natalie Ivezaj, Team Leader; Ildiko Juhasz, Team Co-Leader; Ilana Allegro, Maira Arnaudo, Kelle Jacob

Background

According to Geoffrey G. Jones, Harvard Professor and author of the book Beauty Imagined, the human desire to attract others reflects basic biological motivations. In fact, every human society from at least the ancient Egyptians onwards has used beauty products and artifacts to enhance attractiveness. Across the globe beauty ideals and aspirations vary. However, regardless of culture, economic or social status, all women seek to achieve the universal beauty truths of a youthful glow, clear skin, healthy hair, and healthy skin tone. Harnessing the diversity and richness of the rituals and ingredients used to pursue these truths provides us with an opportunity to prompt genuine innovation in the beauty industry to meet the needs of the diverse global consumer.

The U.S. Consumer

Since the 1970s, the U.S. beauty industry has recognized the opportunity to develop products for the unique concerns of a changing consumer base. Over the last few decades, the needs of the minority consumer have evolved while at the same time their purchasing power continues to grow exponentially. Within the next five years in the United States, the Lesbian Gay Bisexual Transgender (LGBT) buying power will reach $790 billion. Likewise, the buying power of Asian Americans will reach $1 trillion, African American spending will total $1.3 trillion and Hispanics will have the highest buying power of $1.7 trillion. In May of 2012, the U.S. Census Bureau announced that more than half of children under age two in the U.S. are ethnic minorities. This significant shift in demographics means the beauty marketplace will become more complex and fragmented. It will be nearly impossible to predict how consumers will define themselves, and the traditional ‘check the box’ options of African American, Caucasian, Hispanic may no longer apply.

Global Challenges

Over the next ten years consumer spending in all emerging markets is expected to grow three times faster than that of developed nations, reaching a total of $6 trillion by 2020, according to McKinsey & Company. Clearly, the BRIC markets (Brazil, Russia, India and China) have been recognized as one of the key growth drivers in the global beauty market. With the rise of the spending power of BRIC consumers, the beauty industry has moved quickly to respond to the diverse needs of these consumers. According to Kline, by 2020, China is expected to surpass Japan and rank number two in global beauty sales, followed by Brazil in third place. Russia is expected to become the number one market in Europe and India is expected to rank third in Asia. But new players are quickly arriving on the scene. Just like the BRIC, complex countries like Mexico, Indonesia, South Korea and Turkey (the ‘MIST’) have high growth, large populations and a rapidly growing middle class. According to Price Waterhouse Cooper, each country in the MIST is forecast to place among the top 15 in annual real growth in GDP between now and 2050. Is the beauty industry prepared to meet the diverse needs of these diverse consumers?

Urbanization Redefines Diversity

Employment and economic opportunity are key factors that drive urbanization, attracting people from rural to urban areas. As emerging markets continue to grow, large urban centers will continue to attract people from all walks of life and are thus redefining diversity. Between 2011 and 2050, the world population is expected to increase by 2.3 million people, reaching 9.3 billion, of which approximately 5.1 billion will be middle class. According to the United Nations Urban Millennium Report, nearly 180,000 people move into cities each day and 70% of the entire world’s population will live in cities by the year 2050. So, while traditional global cities such as New York, London and Paris are already sharing the spotlight with Beijing, Mumbai and Istanbul, cities such as Belem, Chongquing and Guadalajara are ready to exert their influence. Consumers in urban environments are very diverse, ranging from ‘Citysumers,’ who are ever more demanding, open-minded, economically up and coming and savvy, to the Bottom of the Urban Pyramid (BOUP) dwellers. The BOUP don’t have middle-class salaries to spend but still demand innovation tailored to their unique circumstances, from health issues to lack of space to the need for durability. As both of these groups are drawn together through urbanization, the diversity of their needs and preferences can provide a valuable and rich source of inspiration for product innovation to the beauty industry.

Cultural Fusion

In his book The Next Hundred Million: America in 2050, the urban scholar Joel Kotkin describes the concept of ‘fluid identity.’ He states that the U.S. millennial generation – those born between 1982 and 2004 – are not content to identify with a single culture or race. This generation presumes cultural diversity as a normal aspect of daily life. They adopt, exchange and experiment with multiple cultural identities. This phenomenon is not limited to the United States, as technology has made it simple for all global consumers to pick and choose those facets of various cultures they identify with and adopt them as their own. The influence of this cultural fusion is readily apparent in the food, fashion and music industries.

In the food industry, ethnic food trucks are replacing gourmet and specialty stores as consumers are seeking to experiment and discover new culinary delights. These trucks are usually manned by ethnic descendants of their cuisines and cultures, and possess the ability to pass on the rituals and heritage of various foods. Tribal and ethnic influenced fashions dominated the runways for Spring/Summer 2012. In this trend, designers take...
inspiration from mixed prints and patterns from diverse cultures such as Bhutan and Ghana, and create garments that are bold and distinct, yet wearable. Music fans everywhere have also embraced the idea of fusion of diverse musical genres. Rapper Jay-Z’s recent collaboration with Panjabi MC fused together quintessentially New York style hip hop beats with Bhangra, a lively form of music and dance that originated in the Punjab region in Southeast Asia. Finally, the rise in experiential travel is further evidence that consumers are seeking to not just connect with other cultures, but to dive more deeply and experience them first hand. With the fusion trend so prevalent in food, music and fashion, how can fusion be incorporated in the beauty industry?

A New Model for Product Innovation

The Beauty Fusion model seeks to capture the richness of the fusion experience and incorporate it into the product innovation process. The Beauty Fusion model is based on three distinct elements: the richness of beauty rituals from around the world, unique indigenous ingredient stories and the engagement of the senses. As these three elements intersect, cultural fusion is brought to life in beauty.

Beauty Rituals

Rituals are precious and an integral part of our cultural heritage. The absence of rituals has been shown to have a devastating effect on culture. During the Chinese Cultural Revolution, spending time on beauty was considered vain and decadent. Women could actually be arrested for wearing the slightest amount of makeup. This left an entire generation of mothers without beauty knowledge to pass on to their daughters. Today, major fashion magazines such as Chinese Elle and Chinese Marie Claire are now published twice a month to keep up with demand for instruction on all aspects of beauty, from skin care to cosmetic application. The diversity of beauty rituals can serve to create more inspiring product concepts. For example, in South America, the popular indigenous fruit known as Huito has been used for thousands of years by rain forest natives in body painting rituals. The juice of the fruit reacts with skin, staining it a tattoo-like blue for up to two weeks. Imagine being able to incorporate this wonderful ingredient to create more natural hair dyes and mascaras, and at the same time foster respect for the indigenous cultures of the Amazon.

Indigenous Ingredients

New ingredient stories provide a valuable resource to drive product innovation. The use of indigenous ingredients can help bring the diversity and excitement of cultural fusion to beauty as well as spur the development of new categories. As an example, imagine creating lip products infused with the antibacterial properties of boneset. This Native American herbal remedy for colds and flu was adopted by early settlers to America and was displaced by the introduction of aspirin. Such a product could offer a convenient form of protection from bacteria and dirt, a common problem among all urban dwellers regardless of their economic or social status. In another example, black soap is an indigenous ingredient that has been used for centuries in Africa to improve skin clarity and texture. If black soap were combined with the brightening and soothing effects of pearl powder from Asia, it could fuse together the best skin care practices from these diverse cultures, and would speak to values of the globally sophisticated and culturally sensitive beauty consumer.

Leading fragrance houses have already begun to archive scents based on olfactory heritage because they recognize how crucial the preservation of rituals is for the long term viability of the beauty industry. In order to ensure that these valuable sources of future innovation are preserved for all, we recommend the creation of a living library that would preserve cultural beauty rituals and their associated ingredients to inspire product innovation now and well into the future.

Science and the Senses

As technology evolves we will find new ways to deliver sensory impact, thus allowing consumers to experience rituals and ingredients we never thought possible. But these new experiences in isolation are not enough. It is only through delivering new sensory experiences together with relevant ingredient stories and their associated rituals, that we can deliver the emotional connection that consumers demand from their beauty experience.

The Beauty Fusion model uses science to capture the synergy between diverse cultural rituals, indigenous ingredients and sensory experiences. By ensuring that future product innovation incorporates the principles of this model, we not only harness a true understanding of diverse cultures to create more inspiring beauty products, but, more importantly, the industry will proactively drive global empathy for the benefit of all.”

Indigenous Ingredients

A New Model for Product Innovation

Ildiko Juhasz presents “Beauty Fusion”
The growth of global diversity is increasing at staggering rates. The United States Census Bureau predicts that by 2042 minority groups will become the new majority, making up more than half of the total population. By 2025, more than half of families with children in the United States are expected to be multicultural. The bureau also released estimates showing that 50.4% of children younger than the age of one were minorities, as of July 1, 2011, up from 49.5% from the 2010 census taken in April 2010. By 2030, there will be over one billion more people on the planet, with only about three percent born in the developed world. Today, if the world were a village of 100 people, 61 villagers would be Asian (of that, 20 would be Chinese and 17 Indian), 14 African, 11 European, 9 Latin or South American, and 5 North American.

Diversity is becoming the new mainstream and as the world changes people are embracing one another, celebrating their differences and connecting to one another as humans. The Yankelovich 2010 Multicultural Study reported that more than three-quarters of all African Americans, Hispanics and Non-Hispanic Whites agree, “One of the best things about America is the cultural diversity you find here.” Diversity is taking new forms and becoming redefined: it goes beyond segmenting consumers by race or ethnicity. The cultural identity of consumers has also become only one of several pieces in the complex jigsaw that define them.

Spending Power is Shifting

Not only is diversity in the world growing, but spending power is also starting to shift dramatically. According to Kline, China now has the largest Internet beauty market at $8 billion. This is nine times larger than the United States’ beauty market and the same size as the entire French beauty market. Euromonitor states that Brazilians have doubled their annual consumption of beauty products in the past five years, while the United States’ market remains flat. In 2010, the BRIC markets (Brazil, Russia, India and China) accounted for 21% of the $382 billion total global beauty industry value size, and this percentage is set to increase to 25% by 2015. We are at a tipping point, where the emerging beauty markets continue to grow in importance, yielding a multitude of diverse consumers.

Today’s Global Consumer: Diverse, Demanding & Connected

Consumers are more diverse, demanding and connected than ever before. Technology is evolving and mobile is a growing phenomenon. According to MobiThinking, 87% of the world has a mobile subscription, and in developing nations, mobile is the leading communication tool, bypassing landlines and in-home Internet usage. InMobi reported that in 2011 global consumers spend 27% of their media time on mobile.

It takes more than simply inserting an ethnic model and translating copy into a different language to successfully reach a globally diverse consumer. Yankelovich also reported that only 75% of consumers feel that today’s marketing is both personally and culturally relevant to their lives. Companies need to make a dramatic shift in the way they reach out to the consumer.

Beauty is Universal

For beauty marketers to communicate more effectively, we must look through a lens of inclusion to identify what is common among consumers. Universal emotions can connect consumers in new ways. Psychologist Dr. Paul Ekman showed that, contrary to the belief of some anthropologists, emotional facial expressions are not culturally determined, they are, rather, universal and biological in origin. These common emotions include anger, disgust, fear, shame, happiness, sadness, and surprise. This commonality is not surprising. Humans everywhere share a common and complex anatomy, physiology, genome and brain structure. We also share the appreciation of beauty and the desire to be beautiful. Psychologist Dr. Nancy Etcoff, author of *Survival of the Prettiest*, has proven in her research that even babies are born with an eye for beauty. Infants, as young as three months old, prefer to stare at an attractive face. Beauty is a common bond we all share.

The Evolution of Beauty Marketing

In order to meet the needs and demands of the growing diverse consumer, marketing models must take a new approach, aligning global and local teams in a free flowing conversational style with the individual consumer. The new model showcases newfound alignment between marketing structures. Communication between global and local marketing teams must now revolve around the consumer, understanding tastes and preferences, distinguishing cultural nuances and truly appreciating differences. Shifting towards a human-centric model alters the marketing lens. By employing a human-centric marketing model, we humanize our beauty brands and enter into a new marketing paradigm. Simultaneously, we tap into the commonalities we share as humans, identifying each consumer as an individual. It marks the end of mass communication; it is the beginning of a one-on-one conversation between the consumer and the brand.

The One-on-One Conversation

Technology enables brands to engage in a one-on-one conversation with each consumer. It is a unique and interesting juxtaposition. While technology can be viewed as cold and sterile, it can also be used in human friendly ways. Technology is no longer about circuits, microchips and wires; instead, it is about connecting friends and family in far off corners of the world. Computers, cell phones, iPads and tablets continue to facilitate the one-on-one conversation. Consumers today are continuing to leverage online and mobile platforms as an extension of their shopping experience to research product information, read reviews and make purchases. Furthermore, they are constantly sharing with one another and the brands they love. Social media platforms like Facebook, Twitter, Pinterest, Instagram, Weibo and more. It is increasingly important for beauty marketers to utilize technology to personalize the experience.

BREANNA MARTIN PRESENTS “THE BONDING HELIX”
and enhance the emotional bond between the brand and the consumer.

The Digital Fingerprint

As consumers share more and more about themselves and their online purchasing patterns and behaviors, information about them is gathered, allowing brands to build unique consumer profiles. The consumer’s unique behaviors and patterns form a Digital Fingerprint. This Digital Fingerprint becomes the way in which the brand may learn about each consumer based on their unique patterns, and engage in one-on-one conversations with consumers. These unique and personal consumer insights will help brands connect on a more emotional level with consumers and aid them in delivering customized messages tailored to each consumer. In the future, it will allow marketers to go beyond traditional segmentation and to speak to consumers as individuals.

The Bonding Helix

In our research, we have considered all previous marketing models that do not best leverage rapid changes in technology. We have created a more dynamic model that provides greater interaction between brand and consumer. The new Bonding Helix allows beauty brands to have a one-on-one conversation by leveraging the global consumer’s Digital Fingerprint. At every touch-point, both consumer and brand share insights, leading to a stronger bond. This multi-dimensional and dynamic model will ensure brands are connecting and listening to their consumers by delivering customized messages that are unique to them. This is a model for the mobile age, adaptive and flexible, to accommodate future advances in technology.

The Backbone of the Model – Consumer and Brand

The first strand of the Bonding Helix represents the consumers who seek to bond with brands that understand them and are relevant. They want to be acknowledged and rewarded for being active participants in the relationship with the brand. Today’s busy consumers are starved for time and look to brands to create shortcuts to simplify their lives. This time-starved consumer and the emergence of mobile phone usage creates a new concept of “brand butlers” in which it has become customary for brands to serve their busy customers on-the-go. With advances in technology the consumer becomes a more active and constant presence in the Bonding Helix model.

The second strand of the Bonding Helix represents the brand. This model allows the brand to develop a much stronger understanding of and respect for the needs of the consumer because of the bonds at each touch-point. Consumers constantly share information with brands. With 99% of people reporting that they often share content online with others and New York Times stories tweeted once every four seconds, consumers share content and connect with the world and others.

The brand needs to understand this psychology of sharing. This creates an opportunity for brands to gain new insights, developing a stronger Cultural IQ. Observing and understanding these insights, develops a strong Cultural IQ, allowing the brand to better connect on a subconscious level, with more emotional and intimate messages. And, by becoming the consumer’s personal concierge, brands can curate, adding value to their lives.

The Bonds Explained

The brand and the consumer share six bonds. These bonds connect the brand and the consumer, allowing for an engaging one-on-one conversation. The sharing of information is the glue that strengthens the bond between the brand and the consumer. Without strong bonds, they remain disconnected.

The first three connections between consumer and brand are the traditional touchpoints of consider, evaluate, and buy. The digital era makes these first three steps difficult to decipher. It can begin with a Google search, and end in a purchase in a matter of minutes. And the decision process is often subconsciously decided.

By creating strong bonds, brands are able to more effectively move consumers through the purchase decision, creating more loyal consumers. In the consider touch-point, consumers become aware and learn about your brand and products. During the evaluate touch-point, consumers evaluate if your brand is right for them by aligning their values. They look for reviews, referrals, and guidance from friends, family, bloggers and editors. And during the buy touch-point, they make the purchase. In the new model, the bond does not stop there, it is just the beginning.

New Enhanced Bonds

The next three bonds are re-evaluate, loyalty and influence. Consumers re-evaluate their purchase, to decide if they want to continue the relationship with your brand. This could mean becoming a fan, sharing your brand message, or seeking validation from friends. The next bond, loyalty, remains as crucial as ever. In the recent economic crisis, loyalty took a hit from consumers as the bond shifted with changing consumer habits. As a result, loyalty remains a key bond for brands today, as consumers are more impulsive and less loyal as a result of changed purchase behavior. Mobile platforms and purchases on-the-go make this impulsive behavior even more prevalent.

The end goal has now changed for marketers, to go beyond purchase and loyalty, and to establish a more lasting bond, influence. Diverse consumers today have a voice, and the power, to influence more people than ever before. Their influence impacts the brand. Social media enables consumers to influence by speaking to millions and potentially billions of people. And this is not a concept limited to the developed world markets. For example, China has the top ranking social media activity in the world with 84% of Internet users contributing at least once a month to social networking, blogging, video-uploading, photo-sharing, micro-blogging, forums and other digital sharing platforms. China is then followed by Russia, Brazil and India. And consumers are not just connecting about personal matters unrelated to brands. Currently, 50% of people follow brands through social media, exemplifying consumers’ desires to connect and converse with brands.

And it is the consumer’s digital fingerprint that empowers the brand, to go beyond these
basic touch-points and to bond with consumers on a deeper, more emotional level. All of this can be achieved through the new Bonding Helix.

**Practical Application of the Bonding Helix**

To start, brands must create and provide customized digital content that is tailored to the consumer’s unique needs. In order to bond with consumers on a more emotional level, brands will need to identify environmental, geographic, behavioral and emotional factors. Technology can help brands identify these factors, such as using advancements in facial and behavioral recognition. Brands must also evaluate consumers’ access to technology to deliver the messages in a way that adds value to their lives and that conveniently reaches them. Finally, the brand will need to identify where the consumer is within the Bonding Helix journey and tailor the message and approach accordingly.

In the **consider phase**, the goal is to make a first impression that shows consumers the brand is listening to them and understands they have unique needs. Brands can provide personalized experiences that include interactive digital window displays using facial recognition, digital magazines that learn as consumers browse, and online experiences backed with powerful customer relationship management tools that speak directly to the consumer.

Brands should go beyond traditional visual cues and provide sensorial experiences to their consumers, using verbal and non-verbal communication. Audio and scent branding are being used effectively by companies like Dunkin’ Donuts. In South Korea, each time a Dunkin’ Donuts radio commercial was played on commuter buses, a light coffee aroma was released to provide a sensory connection to the brand. Brands acknowledge possible language barriers and find other nonverbal ways to communicate with consumers.

In **evaluate**, the goal is for consumers to experience the brand in a way that allows them to narrow down their choices and commit to a purchase. Brands must ensure ongoing access to product information and guidance so that consumers can try the product, both in person and virtually to maximize exposure and access of your brand to consumers and encourage purchase. Brands are finding innovative ways to create customized experiences in and out of the store environment. In Japan, vending machines with facial recognition recommend a drink based on the consumer’s profile.

Additionally, brands can use holograms, projections, augmented reality, video, virtual concierge glasses, tablets and mobile to deliver an enhanced shopping experience for customers. By using consumers’ Digital Fingerprint, brands can then tailor the language and visuals to reflect the consumers’ personal traits, diversity and custom needs while giving real time feedback to the brand as they sense how long consumers engage with the platforms and content.

In the **buy** bond, brands must find ways to make their products accessible and be where consumers are. With technological developments such as KinectShop, an augmented reality shopping tool, and the explosion of mobile, every surface of the home and corner of the world can become an opportunity to buy. Some brands already let consumers buy products at a discount or for free in exchange for social media sharing, allowing consumers to pay with social currency, i.e. ‘pay with a tweet,’ a Facebook post or a review.

In **re-evaluate**, after a consumer has purchased a product, the brand must work to keep consumers interested and engaged. The brand must have an engaging life online that adds value to people’s lives. Brands can enhance the relationship with consumers by providing application techniques, “how-to’s,” and suggest complementary products. Additionally, brands should create platforms for consumers to express their opinions and use digital listening to better understand consumer needs and respond to them to ensure they have an accurate perception of the brand’s offerings and values.

**Loyal** consumers deserve the most attention and the brand can take opportunities to reinforce the consumer connection to the brand. It can be subtle reminders, such as Apple’s audio branding or the rings, clicks and other sounds from an iPhone or MacBook signifying that they have the brand’s support. Give them tools for self-expression such as Heineken’s “Open Your World” campaign that encouraged users to print ‘U-Codes’ to share their own personal messages. Brands also must make sure there is a platform for loyalists to express themselves so the brand can learn from them and so they can influence other consumers who share their needs.

In **influence**, the most important phase, the brand and consumer engage in a more meaningful way, during which they formalize how they have influenced each other as a result of their relationship. Real-time data implemented during the influence phase has the ability to drive innovation and ensure the brand is catering to diverse consumers’ needs. Brands must ensure there is a platform for loyalists to express themselves so the brand can learn and so they can influence others. EOS Photochains is a great example of influence; the brand made a game out of photo sharing where users posted a photo and inspired the next photo based on the content of the original photo, creating a ‘photochain.’ After a brand establishes the influence bond with a consumer, the brand and consumer will evolve through the relationship and influence each other in a meaningful way.

**Conclusion**

In this rapidly changing world, we must establish a strong bond with our consumers to address their diversity now and in the future. Global consumers are changing and they are only going to become more diverse. We are at a tipping point, where the consumer has a more powerful voice, and higher expectations of the brands they interact with. There is increasing pressure: to adapt our marketing models, to be more flexible and fluid. As beauty marketers, we have an opportunity, with the evolution of personal communication technologies, to speak one-on-one with our consumers. The Bonding Helix is an adaptive and innovative model that embraces the diverse consumer and is flexible for future advances in technology.

This new marketing model will provide unique benefits to all stakeholders. For consumers, the model delivers value through messages that are targeted to their unique and individual needs. This model helps to give beauty marketers a global perspective, increasing their Cultural IQ. Data mined through the Digital Fingerprint, provides Beauty brands invaluable consumer insights. This new marketing paradigm will help marketers become more intelligent, efficient and agile in bonding with diverse global consumers.
Authors: Joe Aphinyanaphongs, Team Leader; Jeanine Bernstock, Team Co-Leader; Mary Ellen Ferri, Manami Kuwamura, Margaret Martin

Introduction

The beauty industry today shares a common goal – to reach one billion new consumers.

“We still have the potential to conquer one billion consumers worldwide.”
Jean-Paul Agon, L’Oréal

“To thrive in today’s world, we have to shift from selling products to improving the lives of one billion new consumers.”
Robert McDonald, P&G

“We have an ambitious goal to help more than one billion people improve their health and wellbeing.”
Paul Polman, Unilever

Currently, we compete over the same market shares of the middle and upper class population: the 1.4 billion adults living on more than $10,000 per year. This creates a red ocean of struggling business models, while there is a huge blue ocean waiting for us to explore at the bottom of the pyramid, the 3 billion adults living on less than $10,000 a year. To achieve our collective goal of reaching one billion consumers, we must reinvent the way we work today.

Who are they?

The billions at the bottom of the pyramid are people just like us, with desires, aspirations and values. They represent over two-thirds of the world’s population, making them the largest socioeconomic group worldwide. They are economically active as consumers, producers, entrepreneurs and employees. They represent almost 44% of the world GDP, even though they are largely excluded from formal markets. Contrary to popular belief, the populations at the bottom are not just found in developing markets. There are people living on less than $10,000 per year in our own backyards.

Common misconceptions about these consumers

They are not intelligent enough.

They will never be employed by me.
When, in fact, 97% of future population growth will come from these markets. Their integration into our workforce is imminent.

They do not have enough buying power.
However, these untapped, diverse markets represent a $7 trillion dollar market opportunity. They spend over $10 billion dollars a day just to live their lives.

They are not brand conscious.
When, in reality, this population is value conscious, but even more so brand conscious: brands symbolize aspirations for a better life, and instill a much needed sense of security.

How do we connect with these consumers?

The capitalistic pyramid hierarchy was established as the result of the industrial revolution. Yet, despite advances in technology and changing demographics and globalization, most corporations are still confined by this traditional organizational hierarchy. This structure fosters exclusionary behavior which poses several challenges:

• Information exclusion, where information is not shared among the workforce and is reserved for a select few.
• Organizational exclusion, where organizations are bound in silos, preventing us from collaboration.
• Leadership exclusion, where leaders are not globally mindful enough to reach these new consumers.

To connect with one billion new consumers we must reinvent how we share information, work together and develop leaders. In a traditional pyramid hierarchy, the leaders are at the top and workers are at the bottom. To overcome leadership exclusion, we must first remove the top of the pyramid and redistribute our managers closer to the front line workers. Next, to overcome information exclusion, we must add more structural support and connectivity. Finally, we must unite leadership with one common goal.

The New Organizational Structure:

“The Bridge”

This new structure bridges leadership, organizations, and information together to reach the future consumer, while attracting the future workforce. Bridges are comprised of three key elements: anchors, beams and a deck.

Anchors represent leadership, which establishes the foundation of the organization with a strong vision and company mission.

Beams represent networks of communication, transmitting information between the leaders and their workforce. This fosters a multi-dimensional dialogue that goes up, out, and across, in order to reach all stakeholders.

The deck represents the workforce, which supports the entire structure and now has a deeper sense of purpose through this new organization built on transparency and inclusiveness.
The other anchor of the bridge is the consumer, which helps hold the structure together. In the bridge structure, leadership is extremely dependent on the consumers; therefore the consumers are redefined as partners.

In a traditional hierarchy, pyramids can grow bigger but they cannot go anywhere, whereas bridges are open and flexible, yet sturdy and resilient. Bridges create connections, open new possibilities and connect what is not naturally connected.

Leadership

In the bridge, leadership is supportive of the workforce and supported by the consumer. This interdependent partnership allows for the cultivation of global leaders that will connect us with over one billion new consumers.

Leadership cultivation at the bottom of the pyramid currently exists and has proven to be successful:

Project Shakti, started by Hindustan Lever Limited, provides Indian women at the bottom of the pyramid with the tools and education needed to sell and distribute Unilever products. This mutual value creation improves the livelihood of these women and the communities in which they live. It also becomes a novel distribution channel for Unilever. In 2010, the Shakti network reached over 600 million consumers; today, the program is being scaled out to Southeast Asia and Africa.

Endeavor, a non-profit organization, provides budding entrepreneurs in emerging markets with world class mentorship, strategic advice, and access to networks to grow them into successful business people. For example, Helena Assis, a Brazilian woman, started making hair products in her local community. After realizing she lacked the resources and training to take her business, Beleza Natural, to the next level, she reached out to Endeavor, and through them, grew her business to employ over 1,300 people and deliver over $30 MM in revenues each year.

If the beauty industry were to cultivate a presence like this in new markets, we could be at the forefront of identifying new opportunities, capturing new distribution channels, and closing global leadership gaps.

Information

In the bridge, information connectivity allows for efficient collaboration to ignite innovation and create a feeling of community among the global workforce. This vibrant network will strengthen our ability to create the best products at the lowest cost for the most people in the shortest time. This will bring us closer to our goal of connecting with one billion new consumers.

Think of what the democratization of information through Google has done for the world’s collaboration. By empowering our workforce with modern tools to facilitate the transfer of information, the beauty industry can leverage its expertise across the global organization and collaborate beyond our existing structures.

Moreover, only 15% of university graduates from emerging markets are suitable for employment in our corporations, simply because they lack English skills. However, today, through technology, we are empowered to read in every language, write in every language, and speak in every language. This provides a seamless transfer of information to react even more quickly to the changing needs of the global consumer.

Workforce

In the bridge, a flexible workforce gives this structure its most important attribute: resilience. After all, a bridge that is rigid will break. We must be flexible, inclusive and respectful of global values in order to attract, retain and engage the future workforce that will connect us with one billion new consumers.

To be inclusive, careers must adjust to our employees, rather than having employees adjust to their careers. Inspired by the Deloitte model, the career-life bridge can help the beauty industry retain talent. Based on pace, workload, location, and role, an employee can choose to dial up or dial down when life’s priorities take over. Flexibility strengthens our organization by allowing our workforce to put their values before the organization. “Today’s employees have new expectations, with a focus on increased work-life balance. More skilled and highly educated women will dominate the workplace in the future. All employees will benefit from the initiatives that address the barriers to women advancing.” By remembering that our employees are people first and managers second, the beauty industry will not only attract the best global talent, it will significantly improve its pipeline of female talent.

Dr. Erica Desrosiers, Director of Organization and Management Development for PepsiCo, Inc. states, “with demographic trends already contributing to talent shortages, organizations simply can’t afford to lose talented and educated women at the rate they are exiting the workforce.”

Together, reinventing how we develop leaders, how we share information, and how we work together can connect us to one billion new consumers, but we will still lack one essential element.

Conclusion

A bridge can connect people, but does not have a purpose unless people cross it. The beauty industry must accept that, today, the top of the pyramid alone cannot sustain growth into the future. Our industry must foster a completely inclusive culture that encourages an exchange through awareness and acceptance of different values, so the beauty industry will be embraced by the global community.

Now that you know how to reach one billion new consumers, are you and your organizations ready?

• How many people from diverse markets are on your board?
• How often do your managers and leaders spend time living in these developing countries?
• Do you know the cultures and values of your employees and consumers in Shanghai, in Mumbai, in Jakarta?
• Do you have a global talent pipeline? Are you even fit to attract them?
• Have you equipped your workforce with technologies to work smarter?

To cross the bridge, we must go back to our vision: We believe that beauty belongs to the billions.

And to reach every last one of us, we must embrace the possibility that we can create a way of being with each other that honors our common humanity and allows us to approach each other with a sense of interest, mutual respect, engagement, and community for beauty that bridges every billion. Where will your bridge go?
Class of 2012 Students Experience Field Studies in Tokyo, Shanghai and Beijing
Written by Alexandra Fritsch-Gil and Ildiko Juhasz, class of 2012

On March 1, 2012, the class of 2012 left New York for a busy two weeks in Japan and China, participating in field studies that consisted of lectures, case studies, and retail visits, as well as cultural excursions.

Stopping first in Tokyo, the students received a presentation by Ms. Yoko Kawashima, a leading expert in Japanese market trends, followed by retail visits in Tokyo's trendiest neighborhoods, examining some of Japan's most innovative retail concepts in fashion, beauty, restaurants and department stores. Graciously hosted by Shiseido at their recently opened Ginza flagship store, the students sat in on presentations from the Shiseido marketing teams, as well as their agency partners. Leaving Tokyo and flying to Shanghai, the first stop in China, the class of 2012 met with top leaders from L’Oréal, IDEO, IFF, Hearst and LVMH, gaining valuable insights on the dynamic Chinese consumer.

This year, the class of 2012 extended their Asia travels by adding a 4-day stop in Beijing where the class visited with P&G and learned about the company’s unique strategy in China.

For the students, the trip to Asia was extremely valuable in broadening their perspective on a region that is not only a global growth engine for sales but fast becoming a resource of new innovation as well. Meeting with seasoned leaders presented an invaluable insider’s perspective to the unique opportunities and challenges of conducting business in Asia.

Combined with the chance to visit the Great Wall and the Forbidden City, the students were able to leave Asia with an appreciation for the rich historical and cultural contributions of the region and its people.

Capstone 2012
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President Dr. Joyce F. Brown. President Brown welcomed the attendees to the event and stressed FIT’s commitment to diversity and innovation. Angela Guy, Senior Vice President, L’Oréal USA Diversity and Inclusion, delivered keynote remarks, which included key statistics on diversity. The Scholarship Awards were presented to: Joseph Aphinyanaphongs, Jason Boland, Ildiko Juhasz, Lauren Hoffman and Natalie Ivezaj. The Outstanding Scholar award was presented to Alexandra Fritsch-Gil, Johnson & Johnson. She was also the recipient of two other notable awards: the Victoria’s Secret Beauty Recognition for Outstanding Leadership (presented by Mark Knitowski, Vice President of Product Innovation, Victoria’s Secret Beauty) and the Department Medal Award. Karen Young, Adjunct Professor, was honored with the Estée Lauder Companies Faculty Leadership Award (presented by Deborah Krulewitch, Senior Vice President, Corporate Administration, The Estée Lauder Companies, Inc.). The Master’s Program will hold a conference on diversity and globalization on November 9, 2012, at the college, jointly sponsored with FIT’s Diversity Council.

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Dr. Mary E. Davis has been appointed Dean of FIT’s School of Graduate studies, effective July 1. Dr. Davis has been on the FIT campus several times already so that she could participate in the CFMM Master’s Program Academic Program Review as well as attend this year’s Capstone presentations. “I’ve enjoyed learning more about this unique academic-industry partnership, hearing the impressive research produced by this year’s Capstone projects, and meeting industry board leaders, alumni, students and faculty,” Dr. Davis observed.

Dr. Davis comes to FIT having served as Chair of the Music Department at Case Western Reserve University in Cleveland, where she has been on the faculty since 1998. She specializes in the cross-disciplinary studies of music, fashion and culture. She has a wealth of experience as scholar, teacher, administrator and author. As associate director of the university’s Baker-Nord Center for the Humanities, she created public programs and oversaw scholarly initiatives focused on the humanities. Dr. Davis has also served as university liaison to the Rock and Roll Hall of Fame and Museum. Working with colleagues there, she secured significant funding to create the Rock and Popular Music Studies Institute at Case Western Reserve.

A prolific author and editor, Dr. Davis’s most recent book is *Ballets Russes Style: Diaghilev’s Dancers and Paris Fashion*. Other publications include *Classic Chic: Music, Fashion and Modernism*, a biography on Erik Satie, and *Waiting for a Train: Jimmie Rodgers’ America*, which she co-edited. She has frequently lectured at scholarly conferences internationally, and organized conferences at Case Western and elsewhere on topics ranging from Pierre Boulez and French Modernism to Lead Belly, and for many years, presented pre-concert lectures for The Cleveland Orchestra.

Dr. Davis earned her PhD and AM from Harvard University in musicology. Her undergraduate degree is from St. Mary’s College and she holds two additional masters degrees – one in musicology from the New England Conservatory of Music and the other in piano from the Peabody Institute of Johns Hopkins University. ■