

Beleza Natural Case Study

Beleza Natural was created by two courageous women who ended up revolutionizing the Brazilian beauty market. Zika Assis and Leila Velez grew frustrated by the fact that nearly all hairstyling products on the market catered to people with straight hair and there were no affordable alternatives to serve people with textured hair. Realizing that there might be a business opportunity given that half the population of Brazil is of African ancestry, Assis and Velez set out to find a solution that would bring out the beauty of textured hair. Since neither woman had formal training in developing hair-care products, they developed their formula by trial and error, studying the formulation of existing products and mixing various ingredients in the hope of creating a superior product. They realized that they were on the right track when women began stopping them on the streets to ask how they got their curls so well defined. Convinced that they had found a solution to an acute problem faced by many women, they used all of their savings, including the money from selling Assis's husband's cab, to launch their first hair salon in Rio de Janeiro, called Instituto Beleza Natural: the Institute for Natural Beauty. Over the next decades, Beleza Natural grew from a single store to a national chain of 33 institutes with over 4,000 employees serving 160,000 customers per month. The proprietary hair treatment formula was not the only ingredient in their success. Both Assis and Velez came from favelas, extremely poor neighborhoods in Rio, and they designed their salons to serve women from the lowest social class in Brazil, many of whom worked as maids for wealthy families. For many of Beleza's customers, the entire experience of being served by someone who came from the same background and could empathize with them was transformational, empowering them and giving them a sense of dignity and self-esteem. Beleza's deep understanding of the needs of its customers and the importance of providing them with experiences that transform not only how they look but also how they feel about themselves is a clear example of combining social purpose with business success at the bottom of the socioeconomic pyramid. Based on the advice Velez had received from some of the investors, she was contemplating several possible courses of action:

1. Start actively promoting Beleza's services to men with afro hair. Given that Beleza's proprietary technology worked effectively on all afro hair, regardless of gender, expanding the customer base to men with curly hair seemed a logical next step to grow the business. This would also help preempt competitors from entering the men's market and using it as a springboard for expanding to the women's market that was currently Beleza's core business.

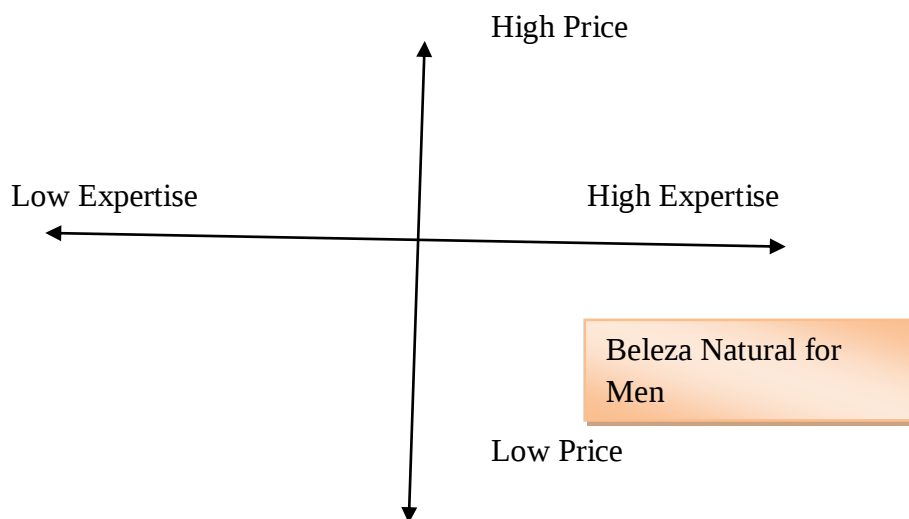
Answer: Beleza should take advantage of its proprietary technology and adopt dual brand shared infrastructure to extend the services to the men's market.

Segmentation Variable	Characteristics	Strategic Intent
Geographic	• High population density • Heavy dependence on public transport	• Price sensitive
Demographic	• Afro Brazilian • Low Income Group • Multi generation female dominated households • Young to middle age	• Affordable payment options
Psychographic	• Community resilience	• Emotional connect

Target

Mainly to look conscious low income group men young & middle aged seeking specialized hair services.

Positioning



Value Proposition

“Precision hair engineering designed specifically for your crown”

Compleitive advantage

Proprietary Technology	Self engineered hair treatment
Gender Neutral	The treatment line of male & female follicle is same
First Mover Advantage	Textured hair treatment
Defensive Market Positioning	Capturing the textured men's market prevent the competitors
Shared Experience	Already present female client base
Zero cost referral	Females of family can refer their husband/son/brother & friends
Cross Selling	Selling home products at exit

Marketing Execution

Education: Close up videos of analyzing the hairs

Impact: How the hair becomes after treatment

Social Proof: Due to improvement in hair density the confidence level increases.