

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 car, 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. Launch a new mass-media advertising campaign promoting the company's products and services to its target customers. The goal would be to make potential customers aware of Beleza Natural and visually demonstrate how beautiful their hair would look after Beleza's treatment. To this end, Beleza would start advertising in new markets using television, print, and billboards.

Answer

1. Creating brand awareness for treatment of curly hairs and emotionally connecting to the target customers through mass media campaign would be the main objective of Beleza Natural

a. Television Campaign

Concept: Connect with the busy schedule of working women

Visuals: Side by side comparison, on one side women is struggling with curly hairs & on the other side women brushing her perfectly sleek. Straight hairs in few seconds.

The Hook: “Save 30 minutes every morning. Beautiful straight hair. No daily maintenance, no hidden cost.”

Media Placement: Prime time slots during popular television shows watched by the target audience.

b. Print Media

Headline: “Your crown, your rules”

Body: Your hair requires specialized care. We promise to keep your hair legacy healthy.

Call to Action: For customized hair solution, book your appointment today

c. Billboard Campaign

Visual: A proud local ordinary women with well trimmed straight hair

Headline: “Your crown is ready at honest prices”

Placement

Bus terminals, railway stations, local markets, paint on highly visible brick wall

2. 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.

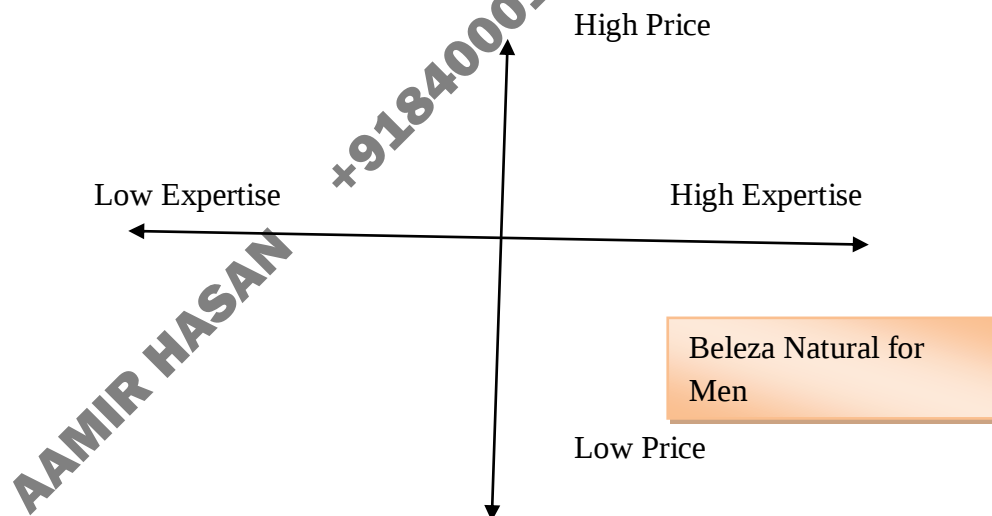
Answer

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”

Completive 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

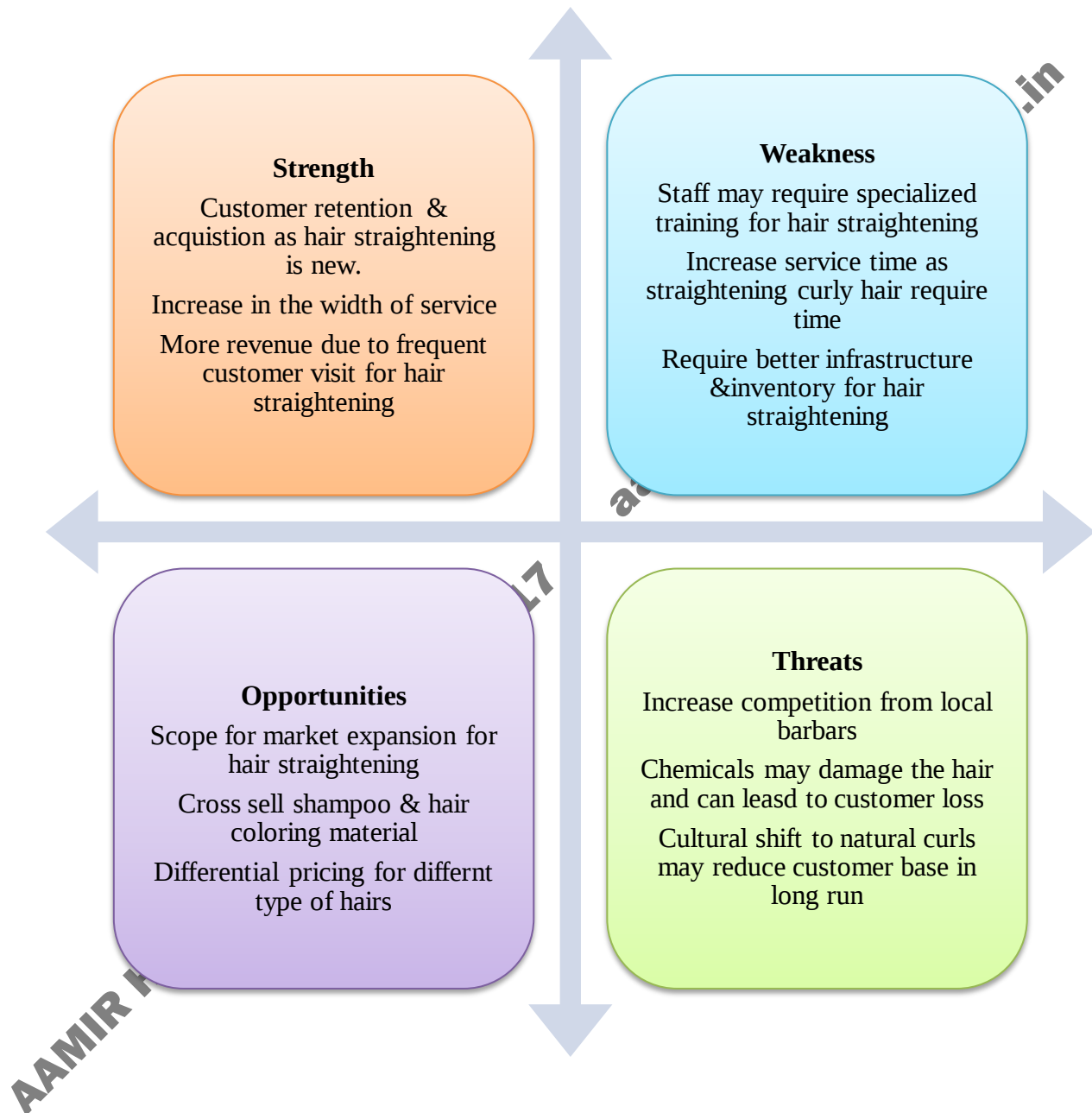
Education: Close up videos of analyzing the hairs

Impact: How the hair becomes after treatment

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

3. Begin offering a broader range of services, including straightening of curly hair. Styling straight hair is one of the most popular styling services and could help increase consumer demand as well as boost Beleza's profit margins. An added benefit of this option is that hair straightening has to be repeated in the salon more frequently than treating curly hair.

Answer 3



4. Streamline the scheduling to reduce the waiting time before treatment begins to less than fifteen minutes. Indeed, time was a scarce commodity for many of Beleza Natural's

customers and shortening the wait to less than fifteen minutes could be a way for Beleza to show that it cared about its customers and understood their needs.

Answer 4

To successfully implement the scheduling to less than 15 minutes, Beleza Natural should focus on the following:

- Launch a website & mobile application for online scheduling & booking.
 - Use customized SMS service for reminders and cancellation
 - Use real time tracking to reshuffle the staff & bench staff to reduce the customer waiting time during peak hours.
 - Standardize & breakdown each service and strictly adheres to the timings.
 - The staff should be cross trained for each procedure
 - Implement effective incentive plan for the staff to achieve customer satisfaction with wait time of less than 15 minutes.
5. Offer Beleza Natural's proprietary maintenance products outside the institutes in retail stores. Beleza Natural's maintenance kits were designed to last one month, but clients often ran out of their maintenance products because they shared them with other female family members and friends who did not have the means to visit an institute. Offering Beleza Natural's products in a broad range of retail outlets could help attenuate this problem and bring in new revenue.

Answer 5

Distributing maintenance product outside the salon in the local retail outlets could be a good business proposition which can address the pain points of customers. It is a good strategic growth opportunity for Beleza Natural. Those customers who run short of the monthly maintenance kits can find the products in the shelves of the nearest retail stores without visiting the salon as the customers may not have the time or it would not be financially viable for them to visit the salon. This could lead to brand awareness about the salon and the salon may acquire new customers,

6. Introduce franchising as an alternative to the company-owned institutes. The franchising strategy would ensure much faster growth than Beleza Natural would be able to achieve by establishing its own institutes. This option appealed to Velez because franchising was one of the keys to McDonald's success

Answer 6

Franchising offers an alternative plan to grow in comparison to company owned business model. The franchising model appealed the owners of Beleza Natural as they were employees of McDonald in the past.

Franchisee option reduced the financial burden on the parent company and offers the much needed capital & deep market penetration to open new salon. Franchisees being local entrepreneurs understand the local market and customers better than the owner company. This can reduce the competitors from entering the market.

Franchisee options can reduce the profit margin of the parent company in the long run. The quality of the services could also be diluted

Beleza Natural should take inspiration from the three legged stool model of McDonald. They must ensure intensive training to the employees to make sure that the customers feel the same experience across all the franchisee outlets.

Beleza Natural however decided to go against the franchisee model. They redesigned the salon's infrastructure which cost less than three times than the existing cost. This allowed the salon to grow using the accumulated funds. Beleza Natural has been inspired by the fast food assembly line of McDonald where each staff is specialized for a specific task. This standardization of the service allowed the customer to experience the same experience across all the salons. Each store is a factory on their own producing the maintenance products in huge quantity which allowed them to market the products across the retail stores as high margin low cost vertical integration model.

7. Stay the course by opening new institutes in different locations one at a time, relying on word of mouth and local promotions to generate traffic. As Velez considered these options, she knew her decisions would be crucial in charting the path for Beleza Natural's future growth.

Answer 7

Opening one store at a time maintains the quality and brand but this growth model is slow. Opening a salon at a time allows the management to closely monitor the salon however the market penetration is slow. opening a salon at a time reduces the financial risk but slow growth delays the procurement of discounted raw materials and logistics. Opening single salon and depending on word of mouth publicity can build loyal customer base but would lead to limited brand awareness. Opening a single salon at a time gives management time to properly execute the plan before opening a new store;

however it is not suited for the aggressive growth as number of competing salons can come up.

AAMIR HASAN **+918400012217** **aamirhasan_1@yahoo.co.in**