Branding Lab project for Kiehl's / L'Oreal presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics

# BRANDING PROJECT FOR KIEHL'S

# HOW CAN KIEHL'S GROW IN PORTUGAL?

The Team:

2167 | KÁTIA VASCONCELOS

1952 | MALGORZATA MISZEL

2415 | MARIANA VILHENA

1953 | NOEMI KOWALCZYK

2164 | RITA SANTOS

Under the Supervision of:
Professor Catherine da Silveira

January 2016

# AGENDA

# AGENDA

# AGENDA

## B5. HOW TO USE SOCIAL MEDIA TO ENGAGE MORE CONSUMERS IN PORTUGAL? MALGORZATA MISZEL

## B6. BRAND ADVOCATES: HOW TO IDENTIFY, GROW AND KEEP THEM? KÁTIA VASCONCELOS

# AGENDA

# 1. EXECUTIVE SUMMARY

# 1. EXECUTIVE SUMMARY

## 1.1. Brand Diagnostic & Main Finings

Kiehl's is an American cosmetic brand specialized in making luxury skin, hair, and body care products. Kiehl's currently has more than 250 mono-brand owned stores worldwide, and over 1000 points of sale in high-end department stores, selected airport locations, as well as independent stockists. Kiehl’s brand belongs to the L’Oréal’s Group luxury division and it is the Group’s number one brand in terms of growth & profitability in the skin care category. The brand was founded in 1851 by John Kiehl as a homeopathic pharmacy located in the 3rd Avenue 13th Street, East Village, New York City. The Pharmacy was overtaken in 1921 by the apprentice of Mr. Kiehl’s, Irving Morse. Jami Morse Heidegger, granddaughter of Irving, had been operating the business since 1988. Described as "a clever marketer," she relied on word of mouth, extensive free samples and gifts to market Kiehl's products, rather than traditional advertising. Jami decided to sell the family business to the L’Oréal Group in 2000 in order to support its international growth while making sure that the original and traditional family values would be maintained. Relying on non-advertising tradition Kiehl’s neither spends money on advertising nor on packaging; instead it is investing in innovative product formulas. The decision of avoiding mass media strongly reflects on brand awareness that needs to be earned in a non traditional way.

Today, Kiehl’s has 2 stores in Portugal (both in Lisbon), one in Chiado area, and the other one in Colombo commercial centre. In a few months perspective Kiehl’s will introduce e-commerce. On one hand, Kiehl’s in Portugal has a stable position with loyal consumers. On the other hand, it will soon face the new reality of online sales. This seems to be a real turning point for the brand and an outstanding challenge. Kiehl’s will be able to reach consumers in the way that it was not able to do in the past. This historic moment brings many challenges to the brand. At this point, it seems crucial for Kiehl’s to merge the offline and online reality without losing the brand image while maintaining the highest service standards. This will only be possible once the brand understands who its consumers are, which needs they have and how to bring them to the new reality that Kiehl’s will soon introduce online.

# 1. EXECUTIVE SUMMARY

## 1.2. Main Recommendations

With regard to conducted research we can conclude from our main insights that Kiehl’s reports a high level of performance in terms of Brand Image, Brand Loyalty and Brand Interest. Therefore, we recommend to focus on areas where the brand is still underperforming, these are: Brand Awareness, Brand Preference and Brand Purchase Intention. Therefore, Kiehl’s needs to undertake further steps to achieve higher level of consideration and final purchase.

The team recommendations regrding the strong brand awareness will be given in a way of non traditional marketing, not only to get, keep and grow consumers, but also to improve Kiehl’s penetration and accessibility. The team proposed an Integrated Marketing Communication Plan, where the main recommendations for Kiehl’s are expressed in the following actions:

- **Interactive advertising actions:** Kiehl’s should launch a Portuguese website and an Instagram account. Moreover, mobile marketing is a good way to maintain the relationship with consumers by sending text messages, i.e. non-promotional and promotional messages and GPS tracking of consumers.
- **Promotion**: we recommend to keep using sampling to drive future purchases (smart sampling), especially to empower new launches, awake sleepy consumers and increase purchase basket. We also recommend to organize new special days, introduce loyalty cards and engage top consumers through gamification.
- **Public Relations**: we advise Kiehl’s to develop partnerships and events in order to create long lasting relationships with bloggers, the most active consumers and brand advocates.

Among all the abovementioned marketing activities, we distinguish the following 4 wow ideas: implementing an effective omnichannel strategy combining the offline and online world, creating a loyalty card program connected with gamification activities and introducing a skin care awareness program.

## 2. INTRODUCTION

- 2.1. Context
- 2.2. The challenge + Project design

# 2. INTRODUCTION

## 2.1. Context

**BACKGROUND**

This work project was developed under the Branding Field Labs offered by Nova School of Business & Economics, which *"comprise group work with a problem solving or research approach to an empirical question to be addressed"*. For this specific work project, we had to study, analyse and give recommendations to Kiehl's brand. Kiehl's is part of the **L'Oreal's brand portfolio**, a house of brands operating in the beauty and cosmetics industry. Kiehl's belongs to the skin care category and it is currently number one regarding growth & profitability for L'Oreal *Luxe* department (Kiehl's, 2015). Kiehl's started as **pharmacy in New York City** in 1851 and after 150 years it is still maintaining its pharmaceutical heritage. This shows that it is a brand with a history and with strong tradition that highly values honesty and transparency. The product portfolio is **mainly composed of skin care products**: both facial and body, hair care addressing the needs of women, men and babies.

Products are based on power and efficacy of natural ingredients and company is stringent about delivering them in formulas that are both safe and effective. Since the brand strongly relies on its formulas, **sampling is the main promotion strategy used**. Instead of investing in traditional marketing tools, Kiehl's relies on the efficacy of the samples and the word of mouth that automatically generates high consumer satisfaction.

In order to differentiate the brand from the competitors, the **service offered to each individual client is indeed personalized**. Beauty advisors of the brand who are uniquely called as Kiehl's Customer Representatives (further: KCR) differentiate Kiehl's from competitors in pharmaceutical and luxury industries.

**Figure 2.1. Brand Exploratory**
Source: Team Report. Appendix A

# 2. INTRODUCTION

## 2.1. Context

Kiehl's is built on the following **5 pillars**:

- **Philanthropy** – partnerships to support non-profit, charity organisations around the world;
- **Product Mix** – naturally derived ingredients are used to develop products, using the minimal amount of preservatives in formulas;
- **Public Relations and Word Of Mouth Marketing** – instead of investing in traditional advertising, marketing initiatives fully rely on PR and word spreading;
- **Engaging store formats** – having physical space gives consumer's the opportunity to "enter" into Kiehl's world;
- **Service** – KCRs are skincare experts who can carry out skin care consultations and give recommendations based on individual needs of consumers. What differentiates Kiehl's the most among its competitors, is the balance between dermatological solutions and natural components in Kiehl's formulas.

**KIEHL'S IN PORTUGAL**

Kiehl's is present in the Portuguese market since August 2007, when it was introduced in Fashion Clinic Stores. However, sales were not satisfactory due to lack of the brand's unique service. Thus, the partnership between the entities came to an end. Currently, Kiehl's is available in 2 **exclusive physical stores**[1] in Portugal, one in Chiado area and the other one in Colombo mall, and from 2016 also through the online e-commerce platform.

**Figure2.2. Kiehl's stores – Chiado and Colombo**
Source: Team Report. Appendix A

---

[1] ***Exclusive physical stores*** *are mono branded owned by the brand, meaning that are not franchised and that only sell products from the brand it self.* (Silveira, C.d., 2015)

## 2.2. The challenge + Project Design

### Vision of segmentation

So far the brand did not conduct any research so its consumer segmentation was based on assumptions regarding specific psychographic characteristics. They can be divided into 5 different segments:

- Good deal
- Trendy, cool, alternative NYC
- Eco Conscious
- Global shoppers
- Local International / Tourist

Regarding the demographic characteristics, consumers are mainly women (80%), and 58% are aged between 21 and 50 years old (Kiehl's, 2015).

Figure2.3. Kiehl's Country Manager Assumption on Current Consumer Segmentation in Portugal
Source: Kiehl's Briefing

### The challenge

The Team was challenged by Kiehl's management to come up with three different questions that would also divide the project in phases.

**BLOCK A**

1. The first and main stage of the project was to understand who Kiehl's consumers are – this phase involved understanding whereas the segmentation assumed by the brand manager was adequate;
2. The second stage was to find out who the potential consumers are and how to grow them;

**BLOCK B**

3. The third and last stage was related with recommendations of how to reach the actual and potential consumers to develop the brand.

During the project, question 1 and 2 were developed simultaneously and will constitute Block A, that is mainly the research done on the brand and consumers. The 3rd phase was developed after the insights retrieved from research and will result in the team's recommendations to Kiehl's – Block B.

# BLOCK A

## BRAND DIAGNOSTIC

WHO ARE KIEHL'S CURRENT AND POTENTIAL CONSUMERS IN PORTUGAL?

## A1. RESEARCH METHODOLOGY

Kiehl's
SINCE 1851

# A1. RESEARCH METHODOLOGY

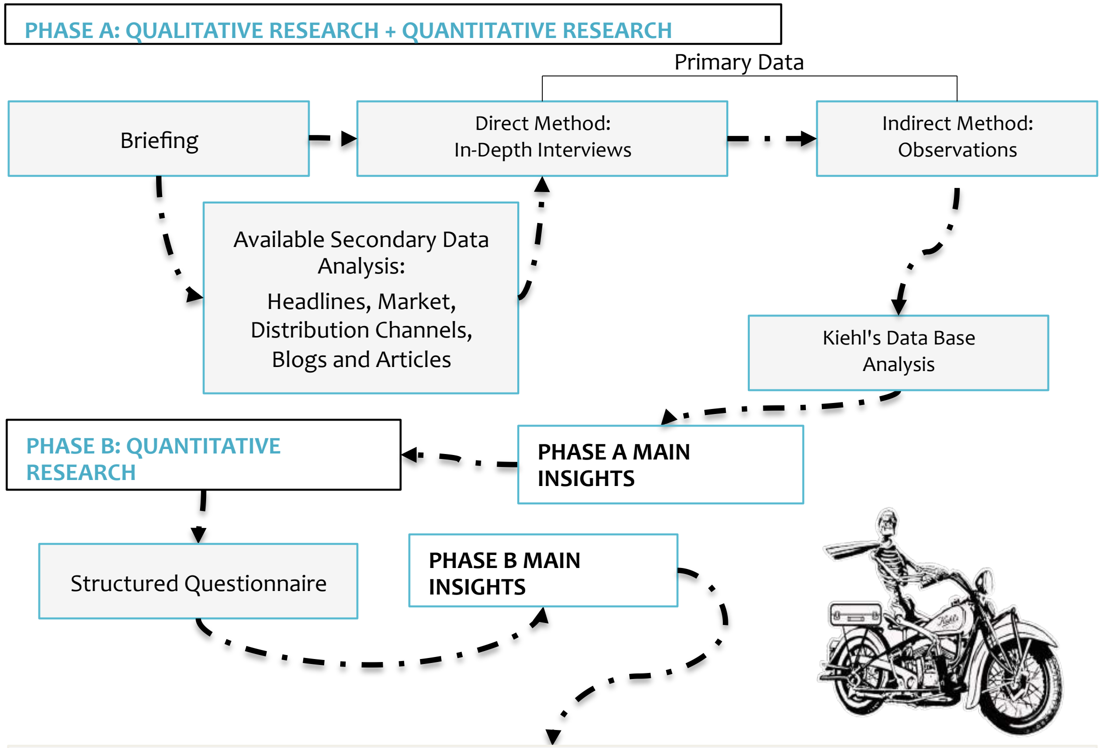
## A.1.1. Overall Methodology and Research Design

Based on the challenge presented by Kiehl’s’ brand manager the Team determined the research methodology and the project design. In order to answer the first question – Who buys Kiehl’s today in Portugal? – it was crucial for the Team to have a better understanding of the consumers. Thus, a qualitative research was undertaken based on the **Kiehl’s briefing** and **secondary data** concerning the brand and the skin care market. Once we got a deeper understanding of the fundamental constituents of the brand, the Team collected primary data through **in-store observations,** followed by **in-depth interviews** and finally analysis of Kiehl’s current **consumer database**. After phase A of the analysis it was hence possible for the Team to come up with some **main insights** – **A.2.** and the proposed **consumer segmentation** that will be further explained in chapter **A3.3.**

Once this stage was concluded, the Team did a structured **questionnaire** in order to understand if the proposed segmentation had been viable and to quantify each of the segments – **Phase B** of the research.

**Figure A1.1 - Research Design**
Source: Team Report. Appendix A

**BLOCK A.** BRAND DIAGNOSTIC - WHO ARE KIEHL’S CURRENT AND POTENTIAL CONSUMERS IN PORTUGAL?



**PHASE A: QUALITATIVE RESEARCH + QUANTITATIVE RESEARCH**

Primary Data

Briefing

Direct Method:
In-Depth Interviews

Indirect Method:
Observations

Available Secondary Data Analysis:
Headlines, Market, Distribution Channels, Blogs and Articles

Kiehl's Data Base Analysis

**PHASE B: QUANTITATIVE RESEARCH**

**PHASE A MAIN INSIGHTS**

Structured Questionnaire

**PHASE B MAIN INSIGHTS**

**BLOCK B.** RECOMMENDATIONS - HOW TO REACH KIEHL’S CURRENT CONSUMERS IN PORTUGAL?

## A1.2.1. The observations

[Check Appendix B – Qualitative Research – Observations]

The observations were made through Kiehl's store shadowing[1] to understand how the consumers behave while buying the brand's products. We used an observation grid that was built based on the inputs from previous conversations with KCRs [please check the analysis grid in appendix B – Observation Grid]. During this phase of the research, the Team observed 76 people who entered the stores, **46 in *Colombo*** and **30 in *Chiado***, during a total of 39 hours spread across 14 different days.

**ANALYSIS**

To analyse the data collected, the completed observation grid information was **uploaded into the online analytical tool *Qualtrics*** [the complete analysis of the observations may be consulted in appendix B].

This was a crucial step for the Team to understand the behaviour of the consumers inside store that enabled us to gain an insight on important information that would need to be gathered from the interviews that would be conducted afterwards.

The main steps registered in the observation grid were the following:

1. Store
2. Consumer profile
   - Gender
   - Age
   - Nationality
   - Company
3. Consumer behaviour
   - Brand awareness
   - Relation with KCR
   - Help on 1st approach
   - Needs
   - KCR in Store
   - Skin Care Importance
   - Skin Care Routine
4. Purchase Behaviour
   - Products After Consult.
   - Products Without Consult.
   - Data Base Register
5. Who are you?
   1. Style
   2. Lifestyle
6. Additional Notes

---

[1] ***Store shadowing** is the method of observation used by the team in order to inspect the purchase behaviour. It was done inside stores and without contacting with the consumers.*

# A1. RESEARCH METHODOLOGY

## A1.2.2. The interviews

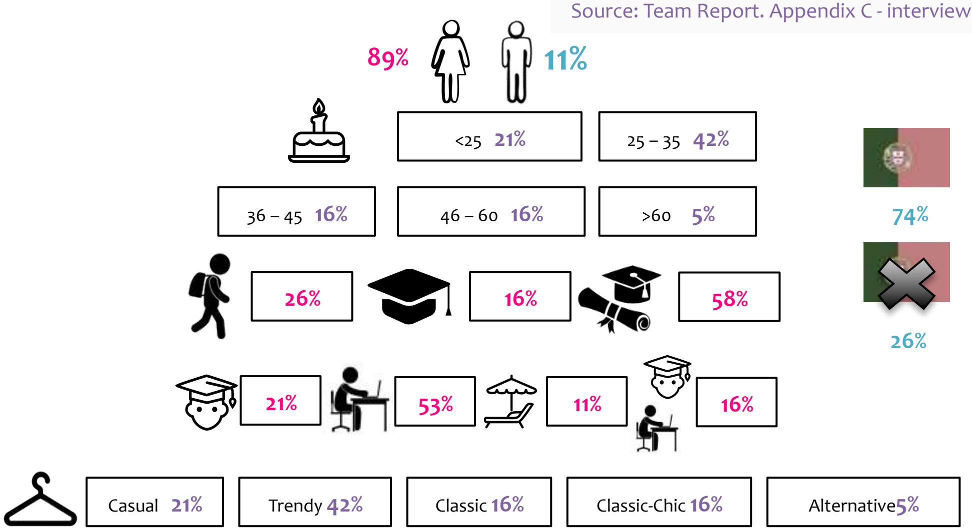
[Check Appendix C - Interview Guide + Analysis Grid]

The observations let us understand how consumers behave and on which factors we should focus on in the in-depth interviews, so that the outcome would allow the team to address the challenge presented by Kiehl's. A total of 19 Kiehl's consumers (2 man and 17 women) were interviewed in an informal space during an average of 45 minutes accompanied by data transcription, and answered to the following questions:

1. **"We are conducting some research about skin care. Could you please describe your daily-care skin routine?"** In order to understand what their personal and purchasing behaviour is according to skin care and an additional question
2. **"Could you please describe me your lifestyle? For instance, main hobbies and interests?"** In order to realize who consumers are and if there were any common characteristics between them.

To analyse the outcome of the interviews, the topics were used to conduct a frequency and pattern analysis, afterwards the data were organized in a **structured excel grid** with the **use of a colour code and sample characterization.** Each interview was studied and analysed [the complete analysis of the interviews may be consulted in appendix C]. Below it is possible to check the sample characterization of the interviews:

Figure A1.2. SAMPLE CHARACTERIZATION
Source: Team Report. Appendix C - interviews



During the interviews' analysis **quote code** was used to identify each respondent: **(**F/M , Age, BL/HU/LU , # products bought at once**)**

F: Female M: Male
BL: Brand Lover (explanation in section A3)
HU: Heavy User (purchase large volumes of products)
LU: Light User ( purchase few amounts of products)

## A.1.2.3. The data base

[Check Appendix D – complete analysis]

Simultaneously with the in-depth interviews, the team completed an analysis of the Kiehl's **consumer database**, which was retrieved from February till September 2015. This data may present some bias as: (i) it is recent, (ii) some of the clients do not want to register on the data base and (iii) other consumers are already registered on their country's data base.

The **6153 consumers** who constitute the database, were firstly divided by store and afterwards by type of consumer. The types of consumers in this first stage followed the typology used by the brand:

- **Regular Consumer** (n=1830) – buys Kiehl's products more than twice a year;
- **Consumer Number 2** (n=739) – buys Kiehl's products exactly twice a year;
- **New Consumer** (n=1320) – buys Kiehl's products exactly once a year;
- **Sleeping Consumer** (n=2264) – has not bought a Kiehl's product for more than 1 year.

**Analysis**

To analyse the consumer data base the Team used the analytical tool SPSS that allowed the construction of frequency tables, cross tables, and graphics to better understand the data and come up with further findings on each segment.

In order to understand who were the constituents of each typologies, the following topics were analysed:

Figure A1.3. MAIN TOPICS ANALYSED FROM DATA BASE
Source: Team Data Base Analysis. Appendix D

**Female / Male ratio**

**Most frequent age group**

**Average spending per year**

**Average number of products purchased per one visit**

**Average spending per store visit**

# A1. RESEARCH METHODOLOGY

## A.1.3.1. The questionnaire

[Check Appendix F and G – complete analysis]

PHASE B

Having the phase A of the research completed, a quantitative research was conducted in the form of a structured questionnaire. The questionnaire was designed by the Team in order to:

- quantify the size of each proposed consumer segmentation,
- weight the turnover in terms of spending of each group,
- confirm the main insights from qualitative research.

The 28 questions in a pre-arranged order with fixed-alternative questions and a pre-determined set of answers were sent to 2000 consumers from the Kiehl’s database, through email by Kiehl’s marketing Team.

The questions were separated into 3 blocks:

- Facial Care Routine,
- Body Care Routine,
- Relation with Kiehl’s.

Moreover, some basic questions regarding a consumer’s profile were asked: gender, age, nationality, level of education, employment status and household income.

**ANALYSIS**

The data were collected using the online analytical tool *Qualtrics* and then it were exported as a *csv* file to Excel. First, we conducted a general analysis of the responses and we quantified in Excel each of the segments according to the question:

***Q25. “Which of the following sentences would best describe your relationship with Kiehl's? Please choose the one that best describe your relationship.”***

Questions were coded and the responses were hence allocated to tables. Afterwards the answers were coloured according to the frequency so it enabled us to understand a potential pattern based on the segments. Hence, we could perceive if the team’s preliminary insights from the research’s phase A were confirmed. Finally, we constructed graphs in order to visualise answers for each of the questions. [please check appendix F and G for the complete analysis]

## A2. MAIN INSIGHTS FROM PHASE A

# A2. PHASE A - MAIN INSIGHTS

## A2.1. Introduction

As previously explained the team carried out the research in two different phases, A and B. The interviews in the Phase A allowed us to verify that the word "balance" was frequently repeated by the consumers while describing the benefits of Kiehl's. Therefore, the team considered that consumers sought the same benefit while using Kiehl's: the balance.

Types of balance perceived by the team upon the consumers' interviews are the following:

- Brand heritage and the new trendy look,
- Natural and innovative formulas,
- Urban brand and the sustainability,
- Service and price paid for the products,
- Care and attention and the sampling,
- The old and the new,
- Healthy lifestyle and Cosmopolitan lifestyle.

From Phase A the Team understood that there were 6 main insights that were transversal to Kiehl's current consumers in Portugal:

- Kiehl's consumers are global shoppers,
- Kiehl's consumers are all eco-conscious,
- Kiehl's consumers' behaviour is not conditioned by age,
- Kiehl's consumers are pharmacy oriented,
- Kiehl's consumers value KCR's service and products quality,
- Kiehl's consumers value the balance between quality and price.

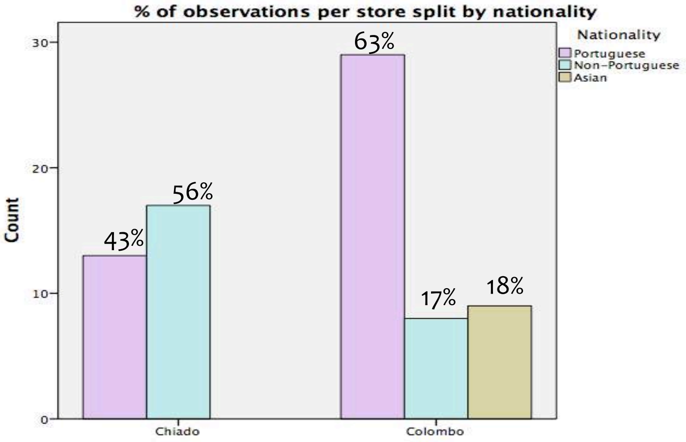
These 6 main insights will be explained in the next section of the report A2.2. as they were the basis for the consumer segmentation proposed by the group.

# A2. PHASE A - MAIN INSIGHTS

## A2.2.1. Kiehl's Consumers are Global Shoppers

Based on the research, it was possible to understand that Kiehl's consumers are global shoppers: either foreigners buying in Portugal or Portuguese citizens who buy abroad while travelling. From the observations performed we could observe that around 50% of Kiehl's consumer are not Portuguese and that roughly 12% are Asians. When it comes to Chiado store the ratio between foreigners and Portuguese clients is even higher mainly due to tourist visiting the country. One could realize that in Colombo's store the presence of Asians is higher, around 20% of all visitors, however they are not tourists but local Internationals.

**Graph A2.1. NATIONALITY BY STORE**
Source: Team observations. Appendix B



This insight was also confirmed while doing the interviews. Travelling was mentioned by the vast majority as something connected to their lifestyle. Furthermore, some of interviewees even buy Kiehl's abroad while travelling as it is indicated in the quotes below from the interviews:

"We are an international family, my daughter lives in the US. My husband in Angola, I would say I was born with a "travellometer" in my stomach, I can't live without travelling and since I'm retired that's what I usually do."

(F, 46-50, BL,2)

"As I travel frequently, I buy my products almost in bulk. (...) she brings me products to re-stock."

(F, 50-60, BL,4)

Source: Team Interviews

# A2. PHASE A - MAIN INSIGHTS

## A2.2.2. Kiehl's Consumers are All Eco-Conscious

According to the research made by Nielsen on more than 28,000 online respondents from 56 countries around the world two thirds (66%) of consumers say they prefer to buy products and services from companies that have implemented programs to give back to society. That preference extends to other matters: they prefer to work for these companies (62%), and invest in these companies (59%). A smaller share, but still nearly half (46%) say they are willing to pay extra for products and services from these companies. (Nielsen, 2010)

These are the "socially conscious consumers", who tend to be more engaged in the natural welfare.

*164 million photographs were added on Instagram platform worldwide with the following #:*

*#Eco #Green #Nature*

Source: Instagram

According to the in-depth interviews conducted by the Team, we could observe that Kiehl's consumers are eco-conscious as they try to live a sustainable life taking into consideration nature and animal welfare, choosing natural products that were not tested on animals. Due to this attitude the natural attribute of Kiehl's and the fact that Philanthropy is one of its pillars are considered as key differentiators. The following sentence from the interviews can exemplify this insight:

> "I am really concerned and have great environmental interest. I am active against a lot of issues that threaten the environment." **(F, 36-45, BL, 4)**

12 / 19 of respondents during the interviews claimed that eco-conscious and innovative formulas are the most important for them in skin care products

15 / 19 interviewees said that they are trying to live in a eco-conscious way.

Source: Team Interviews

# A2. PHASE A - MAIN INSIGHTS

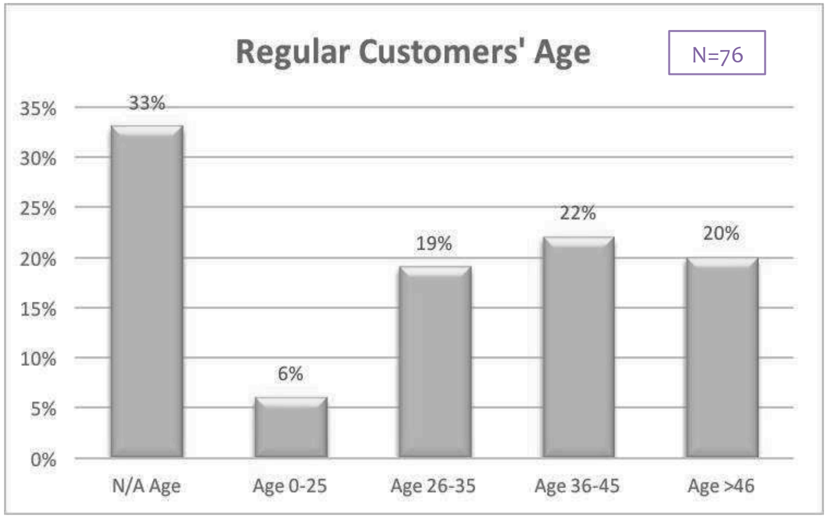
## A2.2.3. Kiehl's Consumers' Behaviour is Not Conditioned by Age

According to observations performed by the team, Kiehl's consumers belong to different age groups. The age itself is not the variable that explains the consumption, it is only a moderating variable that impacts the consumers purchase behaviour indirectly. From the observations and the interviews the team understood that there were older consumers purchasing more than 1 product but also younger ones, that led us to conclusion that it is not the age that conditions the purchase but the income level. Even though the team had the perception that the level of available income could be connected to age, this was not proved.

Even though interviewees belong to different age groups, they tend to share similar interests and hobbies, meaning that the brand concept is appraised by everyone.

To sum up, Kiehl's consumers' purchase behaviour is conditioned by the amount of income available and this variable actually impacts the consumption.

**Graph A2.2. Regular Customers Age**
Source: Team observations. Appendix B



**GOOD DEAL** ✗

**ALL AGE GROUPS** ✓

**BALANCE BETWEEN QUALITY AND PRICE** ✓

# A2. PHASE A - MAIN INSIGHTS

## A2.2.4 . Kiehl's Consumers are Pharmacy Oriented

Consumers in Portugal have a high level of trust towards pharmacies in Portugal due to qualified pharmacists and the quality of products. As consumers associate pharmacies as a place which sells reliable medicines, this believe is transposed to other products sold through this distribution channel, in this case skin care products.

From the interviews conducted the Team could understand that Kiehl's consumers in Portugal also trust pharmacies and choose them as an alternative channel for cosmetic purchases, due to the quality / credibility of pharmacy products and the professional advice from pharmacists. Pharmacies are the alternative distribution channel most frequently chosen by Kiehl's consumers.

The fact that Kiehl's has its origin in a pharmacy and that Portuguese consumers trust that distribution channel, stands as an advantage for the brand in Portugal.

The results of the interviews are explicit when perceiving the relation between pharmacies and Kiehl's as it is indicated the quotes below:

13 / 19 of respondents go to Pharmacy as an alternative channel to Kiehl's

"The price of Kiehl's products is regular. I used to buy products in the Pharmacies so it is basically the same."
(F, 25-35,LU, 1)

"I buy skin care products at Pharmacies and at Kiehl's. I don't like to buy Online since I prefer to test products in the stores." (F, 25-35, BL, 2)

"I do trust in pharmaceutical brands, that is why I buy them, plus some selective brands at Douglas as well and of course, at Kiehl's." (F, 30-35, BL, 3)

Source: Team Interviews

## A2.2.5. Kiehl's Consumers Value KCR's Service and Product's Quality

The brand reaches the consumers with the quality of the products and personalized service. Kiehl's consumers value the "try before you buy" policy as they are encouraged to first use a sample of product so that before the purchase, they know exactly whether they are satisfied with the product.

Moreover, consumers find it really special that Kiehl's offers individual skin care consultations in which the consumer has his/her skin tested. This is followed by an advice on how to properly take care of the skin with a new skin care routine based on Kiehl's products. Consultation is often the first professional skin check up during which they can get advice on the daily skin care routine, which often results in a total change in skin care habits.

KCRs are one of Kiehl's main strengths and one of the brand's pillars, as the personalized service provided by the professionals increases the trust in the brand. In some cases the relationship with the KCR is even the determinant of the choice to buy at Kiehl's stores.

The results of the interviews are explicit, KCR service and product quality are extremely valued by consumers.

"The quality and results from Kiehl's products and the balance between natural and innovation." **(F, 25-30, BL, 3)**

"Kiehl's has such an amazing quality" | "the KCRs are always willing to help" **(F, 30-35, BL, 3)**

"For me the KCR's service was crucial to start falling in love with the brand. It is part of the experience." **(F, 25-35, BL, 4)**

"I think is important to have a relationship with the KCR since it is crucial to trust them and their diagnostics. It is good to have a close relationship to ask for advices and feel comfortable while talking about our skin problems and doubts." **(F, 35-40, BL, 4)**

14 out of 19 respondents claimed that it is really important to have a close relationship with the KCR based on trust.

Source: Team Interviews

# A2. PHASE A - MAIN INSIGHTS

## A2.2.6. Kiehl's Consumers Value the Balance between Quality and Price

As already explained, balance was the key word mentioned by all the Kiehl's consumers in interviews. More specifically Kiehl's consumers value the balance between quality and price. The following sentences from the interviews can exemplify the balance between quality and price:

> "The quality and results from Kiehl's products and the balance between natural and innovation." **(F, 25-30, BL, 3)**

> "The most important in a skin care is the relation between QUALITY, EFFICIENCY AND PRICE. I really don't care at all about trendy, cool and alternative aspect of a product and regarding eco-conscious part I think is good but it is not something that I pay attention to." **(F, 30-35, BL, 3)**

> "More natural than the others in the market. Good relation between quality and price." **(F, 36-45, BL, 4)**

> "Quality must be paid" (F, >60, BL, 3)

Source: Team Interviews

Consumers appreciate when a brand can connect different aspects that seem totally contradictory. This balance between quality and price, that can be found in Kiehl's, enrich the value given to the brand and reflects consumers' loyalty.

Kiehl's consumers feel that they have to pay for the high quality of products. Thus, consumers highly value the relation that exists between the prices of Kiehl's products with the high quality of the products.

**Figure A2.1. Balance Between Quality and Price**
Source: Team Insight . Appendix E.

## A3. MAIN INSIGHTS FROM PHASE B

### A.3.1. Insights on Consumer Behaviour

### A.3.2. Exploring the Consumer Segmentation

### A.3.3. Proposed Consumer Segmentation

# A3. PHASE B - MAIN INSIGHTS

## A.3.1. Insights on Consumer behaviour

[Check Appendix F & G – complete analysis]

The questionnaire main insights regarding consumer behaviour were the following:

- Around 2/3 of respondents buy between 2 and 3 face care products per year at the Kiehl's store in Portugal. On the contrary, 1/3 buys 1 product per year at Kiehl's stores outside Portugal. Besides Kiehl's stores, the respondents buy cosmetics in other distribution channels, usually in pharmacies and perfumeries. They also buy more face care products at Kiehl's than in other stores.
- Around 80% of respondents use Kiehl's face care cosmetics as their first choice. Other popular face care cosmetics that respondendents mentioned were: La Roche Posay, Estée Lauder, Caudalie, Avéne and Nivea.
- Half of the respondents use body skin care products during the whole year but the frequency of usage is definitely higher in the summer.
- Regarding the relationship with Kiehl's: half of the respondents first found out about the brand from friends / family or simply just by entering Kiehl's store.
- Majority of consumers in all segments use exfoliator for their face care regularly once a week; cleanser or make up remover every night, toner every morning or every night, moisturizing cream on a daily basis and serum either every morning or every night. Around half of consumers use eye cream mainly in the morning.
- Despite the fact that the respondents are very loyal to the brand they don't use any social media to seek information about Kiehl's. Usually they keep in touch with the brand by visiting Kiehl's store.
- Regarding the values that respondents are concerned about: consumers value most the companies that are socially and environmentally responsible, but they don't necessarily buy only purely organic products.
- Most of the respondents strongly agree with the sentence that describes a beautiful skin as „the one that is healthy and looks fresh" and disagreed that a beautiful skin „doesn't have wrinkles".

# A3. PHASE B - MAIN INSIGHTS

## A.3.2. Exploring the Consumer Segmentation

**Main Insights Phase A confirmed by Phase B**

While developing the second phase of the research the team was able to confirm some of the main insights from the Phase A.

1. Global Shoppers
   - 70% of the consumers said that they buy skin care products while travelling
   - 94% of the consumers travels abroad at least once per year
2. Eco-conscious
   - 80% of the respondents strongly agree with the sentence: "I'm concerned about environmental problems" and "I value the corporate responsibility of companies."
   - 75% strongly agree with the sentence: "I'm concerned about animal welfare."
3. Pharmacy oriented
   - To buy facial and body skin care products respondents choose Kiehl's on the first place and Pharmacies on the second place.
4. KCRs and quality of product
   - More than 70% of the consumers highly value the following Kiehl's features:
     - Formulas
     - Relation with a KCR
     - Knowledge and expertise of KCRs

Source: Team Questionnaires

# A3. PHASE B - MAIN INSIGHTS

## A.3.2. Exploring the consumer segmentation

[Check Appendix F & G – complete analysis]

After reaching the main insights, the team proposed a consumer segmentation based on the research conducted in the Phase A.

The proposed consumer segmentation is divided in two big groups: First - **The Portuguese and Internationals that live in Portugal**, and Second - **The Internationals that do not live in Portugal.** The first group constitutes of **The Brand Lovers**, which is the group that we are mainly focusing on, and the **Asian Residents.** The Brand Lovers specifically constitute of three subgroups: **The Discrete**, **The Loud** and **The Eager**.

**The Discrete** group is represented by people that have been using the brand for a long time, have an intimate relationship with Kiehl's and advocate it discreetly. **The Loud** is the new consumer who discovered the brand more recently and is willing to express openly her / his love for the brand. Finally, **The Eager** is a potential Loud or Discrete as soon as she / he achieves a high level of income. The Eagers desire the brand and are eager to use all the products from the skin care regimen.

**The Asian Residents** are a group that is difficult to understand and characterize. Although they buy a lot they do not share this information. They seem to love the brand but they don't advocate it. At the same time these consumers behave in a similar way as **The Hit and Runners,** who are part of the second large segment: the Internationals that live in Portugal. The Hit and Runners are also difficult to characterize and understand since they are mainly tourist who buy a product and go away without leaving any personal information at Kiehl's database.

The final questionnaire was dedicated only to Kiehl's consumers that were registered in Kiehl's database. The main objective of the structured questionnaire was to quantify the size of each of the segments and confirm the main insights from the qualitative research. The team focused on **The Brand Lovers.** The other groups were very difficult to study and quantify due to the lack of information in the Kiehl's database, which in the end made it impossible for us to reach them through the quantitative research.

# A3. PHASE B - MAIN INSIGHTS

## A.3.2. Exploring the consumer segmentation

[Check Appendix F & G – complete analysis]

**Figure A3.1. Kiehl's Proposed Consumer Segmentation**
Source: Team Report

KIEHL'S PROPOSED CONSUMER SEGMENTATION

PORTUGUESE & INTERNATIONALS RESIDENT

INTERNATIONAL NON RESIDENT

BRAND LOVERS

The Asian Resident

The Hit and Runner

The Discrete

The Loud

The Eager

**OUR FOCUS**

The Discrete has been using the brand for a long time, has intimate relationship with Kiehl's and is a discrete brand advocate.

The Loud is a new consumer, who discovered the brand more recently and is willing to share her/his love for the brand loudly.

The Eager is very enthusiastic to use all Kiehl's products. The Eager is a potential Loud or Discrete as soon as she/he achieves a high level of income.

The Asian Resident is difficult to understand and characterize since she/he buys a lot and does not talk about it. The Asian Resident seems to love the brand but she/he does not advocate it.

The Hit and Runner is mainly a tourist who buys a product and goes away without leaving any personal information at Kiehl's database.

SIMILAR BEHAVIOUR

# A3. PHASE B - MAIN INSIGHTS

## A.3.2. Exploring the consumer segmentation [Check Appendix F & G – complete analysis]

By the way of structured questionnaire the Team was able to explore the consumer segmentation in a more efficient way. General sample characterization is the following:

Within 140 complete answers from Kiehl's consumers (n=140) 86% are represented by women, only 14% by man. 92% of the respondents are Portuguese residents and the age ranges mostly between 25 and 44 years old. As for the employment status: 71% of consumers are employed in a company, 52% obtained a graduate level or a prof. Degree. Most common range of household income is between 1000€ and 2000€ (36%). One of the main insights of this research is to understand a target group's evolution cycle. Existence of the cycle could be detected not only in the qualitative research but also in the questionnaire analysis, where it is clear that the Eager group will eventually become a part of the Loud or Discrete group. Once the level of income of a Discrete or a Loud decreases, they become part of the Eager group. Kiehl's consumer journey is a cycle that is conditioned oftentimes not by age but the level of income.

**Figure A3.2. Questionnaire Sample Characterization**
Source: Team Report. Appendix F.

SAMPLE CHARACTERIZATION

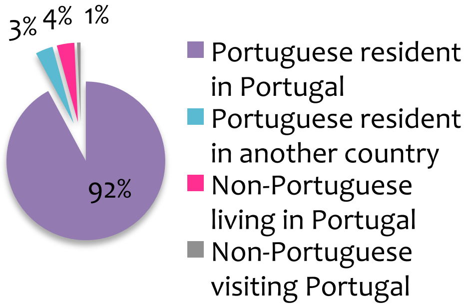
140 COMPLETE RESPONSES

86% 14%

HOUSEHOLD INCOME

| | |
|---|---|
| < 1000€ | *18%* |
| **1000€ - 2000€** | ***36%*** |
| 2000€ - 3000€ | *21%* |
| 3000€ - 4000€ | *12%* |
| 4000€ - 5000€ | *6%* |
| 5 000 € | *7%* |

NATIONALITY



EMPLOYMENT STATUS

| | |
|---|---|
| Self-employed | *14%* |
| **Employee in a company** | ***71%*** |
| Student | *4%* |
| Working Student | *4%* |
| Unemployed, job seeking | *4%* |
| Working at home | *1%* |
| Retired | *1%* |
| Other (freelance) | *1%* |

EDUCATION

| | |
|---|---|
| High School Degree | *4%* |
| Bachelor's degree | *3%* |
| **Graduate or prof. degree** | *52%* |
| Master degree | *36%* |
| Ph.D. | *5%* |

AGE

| | |
|---|---|
| <25 | 8% |
| **25-34** | **36%** |
| **35-44** | **35%** |
| 45-60 | 19% |
| >20 | 2% |

Source: Team Questionnaire

# A3. PHASE B - MAIN INSIGHTS

## A.3.2. Exploring the consumer segmentation [Check Appendix F & G – complete analysis]

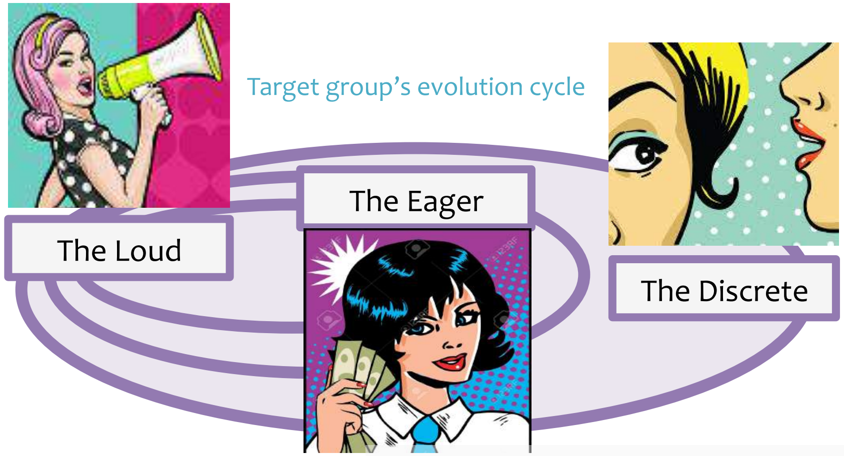


**Figure A3.3. Target group's Evolution Cycle**
Source: Team Report.Appendix E.

In order to quantify the size of each segment, we included in the questionnaire the "segmentation description sentence" concerning the relationship with Kiehl's. The segmentation sentences were based on the information gathered in the phase A of the qualitative research and allowed us to assign each consumer to a specific segment. To better understand the difference between the Discrete and Loud groups and to quantify the different segments the Team used also a cross information regarding the time of brand's usage and frequency of purchase.

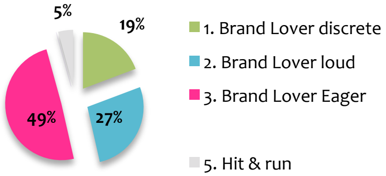
SEGMENTATION

RELATIONSHIP WITH KIEHL'S?

Which of the following sentences would better describe your relationship with Kiehl's? Please choose the one that best describe your relationship.

| | **Segmentation description sentences:** |
|---|---|
| **THE DISCRETE** | "I love the brand and have been using it for a long time however I rarely speak about it"<br>o Use the brand for 3 years or more<br>o Purchase less than 4 times per year |
| **THE LOUD** | "I love the brand and like to spread the word about it with my friends or through social media"<br>o Use the brand for 3 years or less<br>o Purchase 4 or more times per year |
| **THE EAGER** | "I would buy more of Kiehl's products if I had a bigger budget or if there were promotions more often" |
| **THE HIT AND RUNNER** | "I travel in a regular basis so I usually visit Kiehl's abroad to fast shopping" |

**Graph A3.1. Questionnaire Consumer Segmentation**
Source: Team Insight . Appendix F.



# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

### Brand Lovers

The Brand Lovers already know the brand and use it regularly. The group is passionate about Kiehl's and likes either to spread the word actively in real life or on social media. Consumers belonging to that group are loyal to the brand. The Brand Lovers present in both Kiehl's stores constitute of both international residents in Portugal and Portuguese. [Data provided by Kiehl's Portugal collected from February 2015 till September 2015.]

"The products' quality is incredible, once I tried I couldn't stop using them" **(F, 46-60, BL, 6)**

"I will never stop using Kiehl's." **(F, 46-60, BL, 6)**

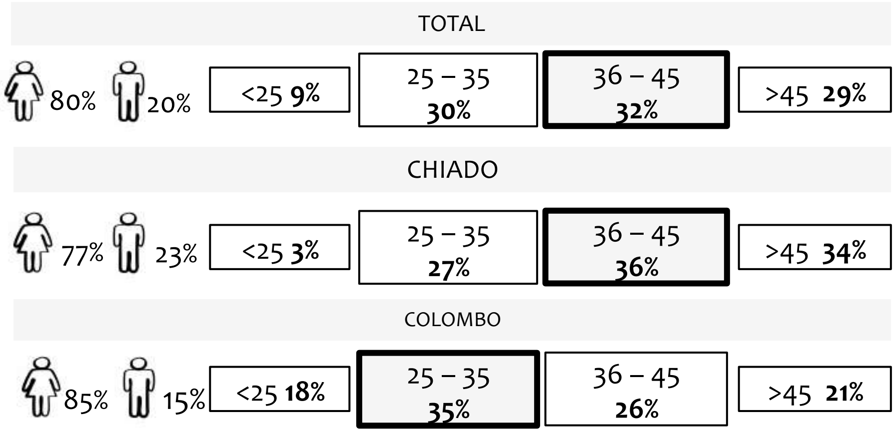
"I was an easy switcher and heavy user until I found Kiehl's. Now I am in love with this brand." **(F, 25-35, BL, 4)**

"it is extremely easy to become a fan" **(F, 35-40, BL, 2)**

[Information gathered from interviews made by the team.]

Database - Regular Consumer & Consumer no.2: Sample size n=2569: Regular Consumer buys Kiehl's products more than twice a year (1830 consumers); Consumer Number 2 buys Kiehl's products twice a year (739 consumers) → Colombo store: 39% / Chiado store: 61%

**Figure A3.4. Database Sample Characterization per store**
Source: Team Report. Appendix D.



TOTAL

| | | | | | |
|---|---|---|---|---|---|
| 80% | 20% | <25 **9%** | 25 – 35<br>**30%** | 36 – 45<br>**32%** | >45 **29%** |

CHIADO

| | | | | | |
|---|---|---|---|---|---|
| 77% | 23% | <25 **3%** | 25 – 35<br>**27%** | 36 – 45<br>**36%** | >45 **34%** |

COLOMBO

| | | | | | |
|---|---|---|---|---|---|
| 85% | 15% | <25 **18%** | 25 – 35<br>**35%** | 36 – 45<br>**26%** | >45 **21%** |

The most affluent consumers spend in total 495€ on average per year (in Chiado Store it is about 567€, in Colombo store 383€ per consumer). They are usually above 36 years old. [Data provided by Kiehl's Portugal collected from February 2015 till September 2015.]

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

### Brand Lovers: The Discrete

Consumers that belong to this group are brand lovers who have a very positive attitude towards the brand and are loyal to it. They already know the brand and have been using it for a long time. They have an intimate relationship with Kiehl’s and advocate it discreetly since they like to share information with friends and family and offer products as gifts. They have a complete skin care routine. They are mainly present in Chiado store.

[Information gathered from interviews and observations made by the team]

The Discrete already knows the brand and uses it for a long time

“Nelly knows me and my skin for a long time now!” **(F, 46-60, BL,6)**; "9 years ago a friend started working for Kiehl's and I visited her (…)I just fell in love with the brand.” **(F, 25-35, BL, 3)**

[Information gathered from interviews made by the Team]

The Discrete is a brand lover who has a strong attitude regarding the brand and is loyal to it

“I Know exactly what to buy but sometimes I seek the advice from my KCR. **(F, 46-60, BL,6)**; "Kiehl's only” **(F, >60, BL, 3)**; “If not Kiehl's I would only buy 100% natural cosmetics. I don't trust mass market brands” **(F, 25-35, BL, 2)**; “Actually for my hair and skin I use Kiehl’s, I only use Kiehl’s!” **(F, <25, BL, 3)**

The Discrete likes to share it with friends, family and offer Kiehl’s products as gifts

“My friends get extremely happy when I offer them something from Kiehl's” **(W, 46-60, BL, 6)**; "I buy Kiehl's not only for me but for my daughter and friends, they love presents” **(W, >60, BL, 3)**

The Discrete has a complex skin care routine, she/he is trendy and pursues a complete lifestyle

„My spirit is really young I love to enjoy the simplest pleasures that life can offer” **(W, 46-60, BL, 6)**; “I like to take care of my body and mind so usually I like to take some walks and go to the gym” **(W, >60, BL, 3)**

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

### Brand Lovers: The Discrete

### Quantitative Research – Questionnaire

The Discrete group was constituted mainly of women (93%), aged above 35 years old (82%) and all of them were Portuguese.

The majority were employed in a company (63%) and self-employed (22%) with a household income of 3000-4000 EUR (26%) or 1000-200€ (22%). According to spending on skin care products per year, 50% of respondents spend above 300€.

78% of the Discrete know Kiehl's for a long time, even more than 5 years, while 44% of them use it for more than 5 years. Kiehl's features that the Discrete value the most are the following: formulas, range of products and brand image. Most of the Discretes travel either 1-3 times per year (63%) or 4-6 times per year (26%) and while travelling 50% of them buy between 1 and 2 products and 30% between 3 and 4 products.

[Information gathered from questionnaire made by the team]

**Figure A3.5. Questionnaire Sample Characterization – The Discrete**
Source: Team Report. Appendix F.

SAMPLE CHARACTERIZATION

N= 27 (19% of 140 total responses)

**EDUCATION**

High School Degree - 4%
Bachelor's degree - 0%
**Graduate or prof. degree - 48%**
**Master degree - 30%**
Ph.D. - 19%

93% 7%

**EMPLOYMENT STATUS**

**Self-employed - 22%**
**Employee in a company - 63%**
Unemployed, job seeking - 11%
Retired - 13%

**NATIONALITY**

**100%** Portuguese resident in Portugal

**HOUSEHOLD INCOME**

< 1000€ - 15%
**1000€ - 2000€ - 22%**
2000€ - 3000€ - 15%
**3000€ - 4000€ - 26%**
4000€ - 5000€ - 11%
5 000 € - 11%

**AGE**

<25 - 4%
25-34 - 15%
**35-44 - 41%**
**45-60 - 41%**
60+ - 0%

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

### Brand Lovers: The Discrete

### Quantitative Research – Questionnaire

How many times per year do you purchase face care cosmetics in each of the following stores? (Facial Care)

2/3 of the respondents buy between 2 and 3 products per year at Kiehl's store in Portugal, 1/3 of the respondents buy one product per year at Kiehl's store outside Portugal. Consumers also buy cosmetics in different distribution channels – most often in pharmacies and perfumeries.

How many face care cosmetics do you purchase on average per visit in each of the following stores? (Facial Care)

Visiting Kiehl's store respondents buy on average 2 products (between 1 and 3), while the basket in perfumeries and pharmacies is lower: between 0 and 2 products per visit.

[Information gathered from questionnaire made by the team]

Most commonly used brands

The Discrete consumers use brands that are available in pharmacies, perfumeries and in the mass market channel.

Kiehl's – 81% / La Roche-Posay – 37% / Estée Lauder – 26% / Nivea - 19%

How much do you spend on skin care product for yourself per year (both face care and body skin care products)?

The lowest spending on skin care products per year between 51-150 € is represented by 22% of respondents.

30% of respondents spend between 151-300 € while almost 50% of respondents spend above 300 € on skin care products per year.

Statements that best express your opinion on what defines a beautiful skin

Most of the consumers strongly agree with sentences that describe a beautiful skin as the one that is healthy and looks fresh.

# A3. PHASE B - MAIN INSIGHTS

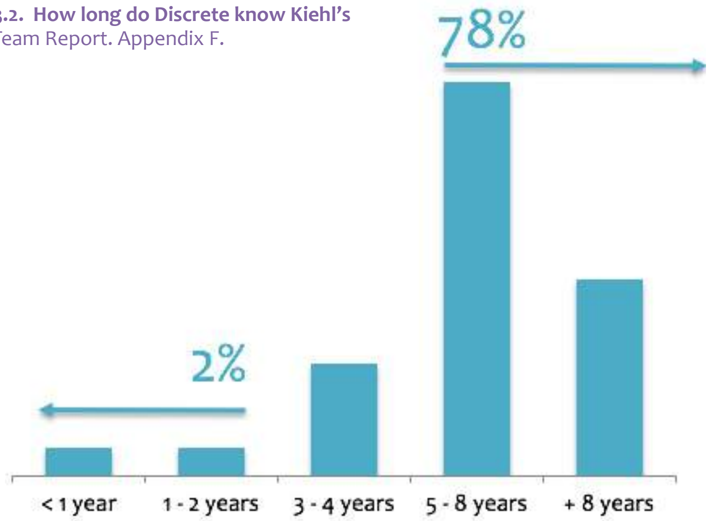
## A.3.3. Proposed Consumer Segmentation

[Information gathered from questionnaire made by the team]

### Brand Lovers: The Discrete

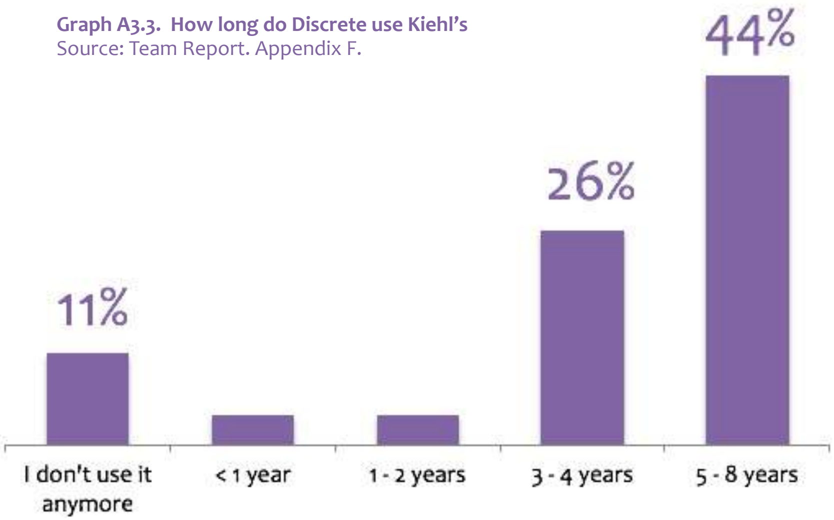
For how long do you know Kiehl's?

**Graph A3.2. How long do Discrete know Kiehl's**
Source: Team Report. Appendix F.



For how long do you use Kiehl's?

**Graph A3.3. How long do Discrete use Kiehl's**
Source: Team Report. Appendix F.



78% of the consumers know Kiehl's for more than 5 years while 44% use it for more than 5 years. Only 8% of respondents were recruited to the brand within the last 2 yeas, which shows that the Discrete group mainly constitutes of people that know and use the brand for a long time.

In a scale from 1 (I do not value this feature at all) to 5 (I value this feature a lot) rate the following Kiehl's features:

Consumers value mainly Kiehl's formulas, range of products and brand image.

In which store did you register on Kiehl's database?

Almost 70% of the consumers were registered in the Chiado store.

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

[Information gathered from interviews and observations made by the team]

### Brand Lovers: The Loud

The Loud segment uses the products and likes to show it to the others. These consumers are trendy and have a busy lifestyle. Moreover, they are passionate about Kiehl's and like to spread the word actively in real life and on social media. They are new consumers, they discovered the brand more recently and are willing to share their love for the brand loudly. They are present mainly in Colombo store. [Information gathered from interviews and observations made by the team]

The Loud consumers are trendy and have a busy lifestyle

"Travelling, Fashion, Cinema, Music, Architecture, Design, Painting, Writing, Arts in general. Luxury and Premium Products. Study and read… spent time with my friends, family and boyfriend." **(F, 25-35, BL, 4)**

The Loud consumers discovered the brand more recently and are willing to share their love for the brand loudly

"I always like to feel special and well treated, it will be impossible for me to buy products such important as skin care in the supermarket. I always, always go to a place where I can be advised and spoiled" **(F, 25-35, BL, 3);** "(…) since I found Kiehl's I don't have intention to change to another one, and I spread the word about it!" **(F, 25-35, BL, 3)**

The Loud consumers use the products and like to show it to the others

"In the morning I clean my face with Kiehl's Calendula cleanser gel, then I put the Calendula Tonic. I wait a bit, like 5 minutes, and then I put my hydro-plumping serum. After like 10 minutes, I use the moisturizing cream and eye cream from the wrinkle prevention line from Kiehl's. Before I apply my makeup I use Kiehl's primer, the micro blur."**(F, 25-35, BL, 4);** "Kiehl's products are like stars, I love them (…) the quality is unbelievable" **( F, 36-40, BL, 2)**

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

[Information gathered from interviews made by the team]

### Brand Lovers: The Loud

The Loud consumers are passionate about Kiehl's and like spreading the word actively on real life and on social media

"When I get samples and I offer them to my friends and my family they get obsessed" **(F, 25-30, BL, 3)**; "I am extremely close with my friends and I like spreading the word regarding the products that I love" **(F, 25-30, LU, 1)**; "My friends were always talking about this amazing brand that they were using" **(F, 36-40, BL,2)**

**BELLA SPOT**

24 JUL

**A 1ª visita à Kiehl**

Já andava para ir à loja da Kiehl's há algum
a trabalhar uns meses em Lisboa (única loja
Maria Cardoso, 39D, no Chiado) tive que ap
primeiras aquisições. 😊

A Kiehl's é uma marca nova-iorquina de cos
produtos são super bem cotados, alta qualid
além de serem ótimos, é o packaging adorá

[Information gathered from blogs]

[redacted] ▸ Kiehl's
12 January · Loures

O meu hidratante favorito no blog ❤
Só podia ser vosso!

Rotina diária: Noite

Ao contrário do que muitas pessoas pensam, a rotina à noite para a nossa pele é tão ou mais importante, que aquela que fazemos durante o dia. A noite é o momento em que nossa pele está mais preparada para receber os cosméticos....

DERMOCOSMETICAEXPRESS.BLOGS.SAPO.PT

[redacted]
Gosto muito!
5 October at 15:55 · Like · 👍 1 · Reply

Kiehl's ✓
Recomenda Filipa [redacted]? :)
5 October at 18:01 · Like

[redacted]
Muito! Ainda não fiquei decepcionada com nenhum produto da Khiel's e este é particularmente bom!
Excelente aconselhamento da loja do Colombo!
5 October at 18:06 · Like · 👍 1

Kiehl's ✓
Obrigada pelas palavras elogiosas Filipa <3
Tuesday at 10:32 · Like

[Information gathered from Facebook]

[redacted] ▸ Kiehl's
27 May

Eu não sei que tipo de feitiçaria vocês usam mas funciona e, sou grato por isso!

[redacted] ▸ Kiehl's
3 July

Adoro

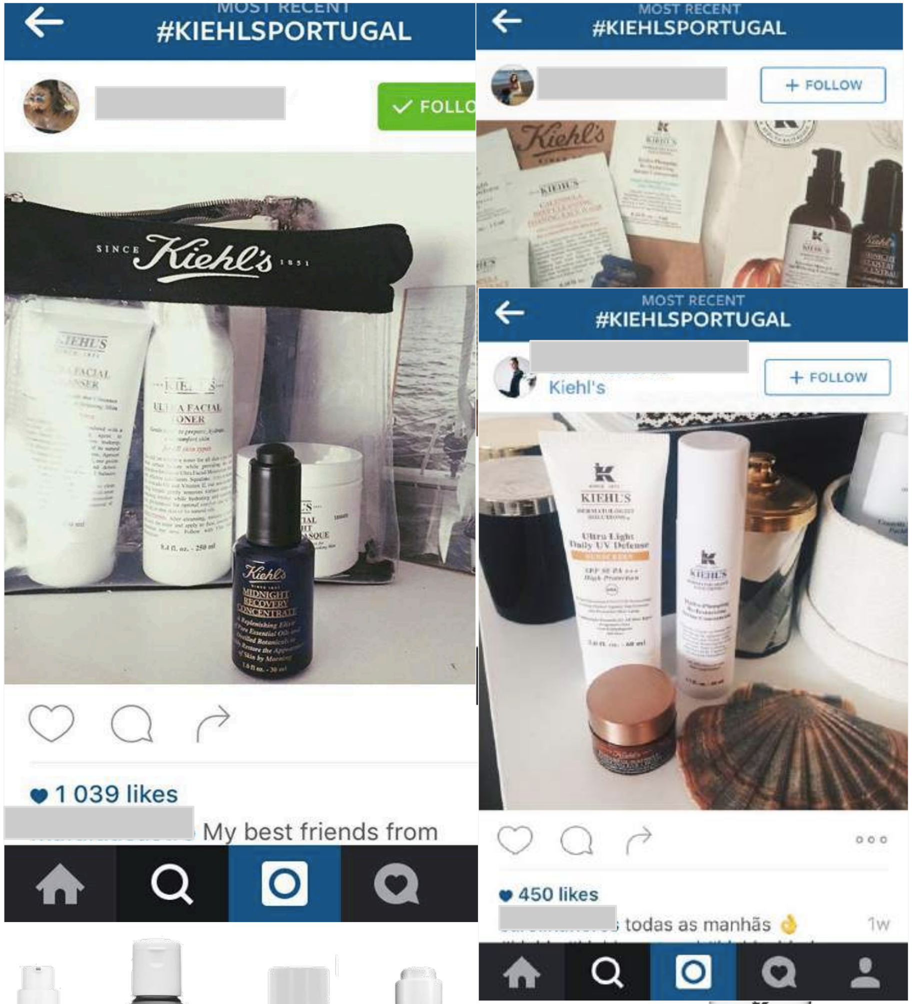
# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

[Information gathered from questionnaire made by the team]

### Brand Lovers: The Loud

[Information gathered from Instagram ]



MOST RECENT
#KIEHLSPORTUGAL

[redacted] ✓ FOLLO

❤ 1 039 likes

[redacted] My best friends from

MOST RECENT
#KIEHLSPORTUGAL

[redacted] + FOLLOW

MOST RECENT
#KIEHLSPORTUGAL

[redacted] Kiehl's + FOLLOW

❤ 450 likes

[redacted] todas as manhãs 👌 1w

### Quantitative Research – Questionnaire

**Figure A3.6. Questionnaire Sample Characterization – The Loud**
Source: Team Report. Appendix F.

SAMPLE CHARACTERIZATION   N= 38 (27% of 140 total responses)

**EDUCATION**

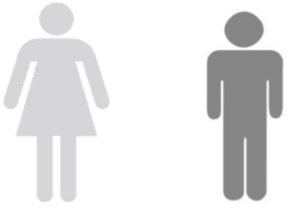
High School Degree - 5%
Bachelor's degree - 5%
**Graduate or prof. degree** - **53%**
**Master degree** - **32%**
Ph.D. - 5%

**EMPLOYMENT STATUS**

**Self-employed** - **29%**
**Employee in a company** - **53%**
*Student – 3%*
Working Student- 11%
Working Student- 3%
Other- 3%

**HOUSEHOLD INCOME**

< 1000€ - 13%
**1000€ - 2000€ - 29%**
**2000€ - 3000€ - 24%**
3000€ - 4000€ - 13%
4000€ - 5000€ - 11%
5 000 € - 11%



87%   13%

**NATIONALITY**

| | |
|---|---|
| **Port. resident in Portugal** | 87% |
| Port. resident in another country | 5% |
| Non-Port. living in Portugal | 5% |
| Non-Port. visiting Portugal | 3% |

**AGE**

| | |
|---|---|
| <25 | - 8% |
| **25-34** | **- 39%** |
| **35-44** | **- 37%** |
| 45-60 | - 16% |
| 60+ | - 0% |

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

[Information gathered from questionnaire made by the team]

### Brand Lovers: The Loud

The Loud consumers are represented in the analysed sample (n=140) mainly by women (87%), younger than the Discrete since they are mainly between 25 and 34 years old (39%). Moreover, 87% of them are Portuguese residents living in Portugal. The majority of the Loud group is employed in a company (53%) and self-employed (29%) with a household income between 3000-4000€ (24%) or 1000-2000€ (29%). More than half of them travel outside Portugal around 1 or 2 times per year (61%) and they usually buy 1 or 2 beauty products per trip (53%). Regarding the amount of face care items, the Louds purchase on average more products per visit than the Discrete group.

**How many times per year do you purchase face care cosmetics in each of the following stores? (Facial Care)**

Half of the respondents buy between 2 and 3 products per year in a Kiehl's store in Portugal, 1/3 of the respondents buy between 4 and 5 products per year in Kiehl's store inside Portugal. Consumers also buy cosmetics in different distribution channels: most often in pharmacies, department stores and perfumeries.

**Most commonly used brands**

Kiehl's – 97% / La Roche-Posay – 24% / Avène– 24% / Nivea - 21% / Clinique 21%

**How many face care cosmetics do you purchase on average per visit in each of the following stores? (Facial Care)**

Visitors of a Kiehl's store in Portugal most often buy between 2 and 4 products, while their basket in perfumeries and pharmacies is lower, were consumers buy between 0 and 2 products per visit. They buy more in terms of quantity in Kiehl's store in Portugal than in other stores. The Loud consumers buy more products per visit in Kiehl's stores than the Discrete ones.

**How much do you spend on skin care product for yourself per year (both face care and body skin care products)?**

The lowest spending on skin care products per year is between 51-150€ represented by 11% of respondents. 29% of respondents spend between 151-300€ and 29% of respondents spend between 301-450€ on skin care products per year. 17% of respondents spend more than 451€.

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

[Information gathered from questionnaire made by the team]

### Brand Lovers: The Loud

**Statements that best express your opinion on what defines a beautiful skin**

The majority of the Loud group strongly agreed that "A beautiful skin is healthy” and that “A beautiful skin looks fresh”. Many of them disagreed that, “A beautiful skin doesn’t have wrinkles”. Moreover, the Loud consumers do not think that make-up is crucial to have a beautiful skin

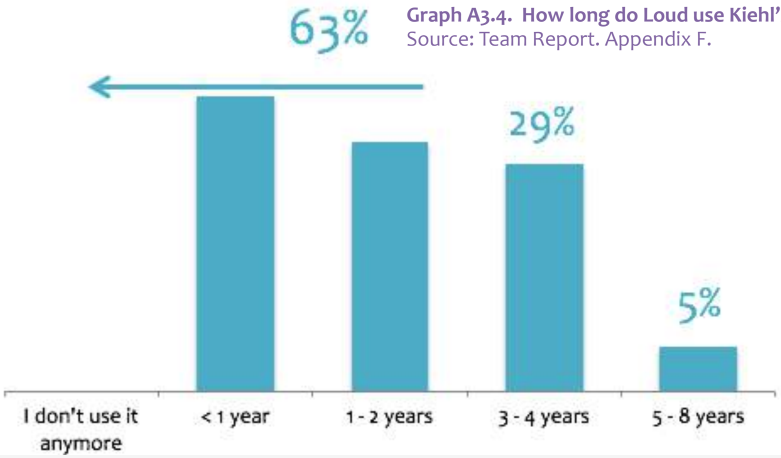
**In which store did you register on Kiehl's database?**

Consumers are registered mainly in Colombo store (56%), then in Chiado store (43%) and only 3% were registered outside Portugal.

**In a scale from 1 (I do not value this feature at all) to 5 (I value this feature a lot) rate the following Kiehl’s features**

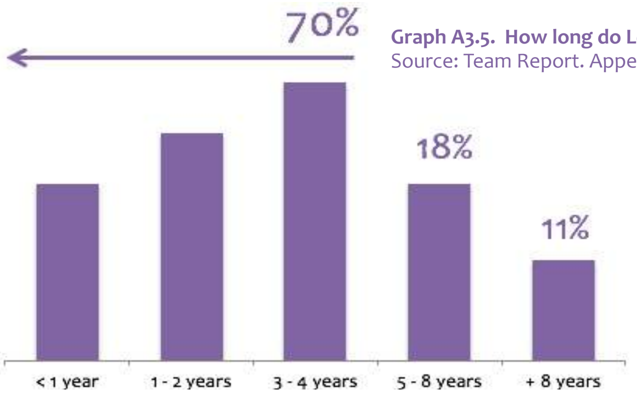
Almost all of the features included in questionnaire were highly valued. The most important features of Kiehl’s that consumers valued the most were: Knowledge and Expertise of KCRs, Kiehl’s Formulas and Skin Consultations. Promotions were also important. The least valued were: Kiehl’s Linkage with Pharmacy and Kiehl’s Values and History.

**For how long do you use Kiehl’s?**



**Graph A3.4. How long do Loud use Kiehl’s**
Source: Team Report. Appendix F.

**For how long do you know Kiehl’s?**



**Graph A3.5. How long do Loud Know Kiehl’s**
Source: Team Report. Appendix F.

70% of Loud respondents knows Kiehl’s for less than 5 years. 63% use Kiehl’s for less than 3 years. All Loud consumers use the brand.

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

[Information gathered from interviews and observations made by the team]

### Brand Lovers: The Eagers

The Eager consumers desire the brand, and they are part of the Brand Lovers group and the Eager group. They want to use all the products they need. They are potential Loud and Discrete consumers as soon as they achieve a high level of income. They are still studying or simply do not have a budget to buy Kiehl's products they desire. This group wants to keep up with the trends since it has a dynamic lifestyle. Moreover, the Eager consumers do not have a complete routine regarding skin care.

The Eager consumers are still studying or don't have budget for Kiehl's consumers

"I am a light user and an easy switcher because I still didn't find a brand that is affordable for me" **(M, 25-35, LU, 1);** "Kiehl's because is good! It has great products but its a little too expensive for me." **(M, 25-35, LU, 1);** "I would love to be able to use great products for my skin and start buying Kiehl's for a complete care but I don't have the money for that." **(F, 25-35, BL, 3)**

The Eager consumers seek promotions and cheaper products

"The 2 or 3 days per year that I can have a 15% discount at a Kiehl's store!! Since the brand does not make any regular promotions like the competition." **(F, 35-40, LU, 1)**

The Eager consumers still prefer to spend money in make up and clothes than in skin care products

"I love make up and one of my biggest concerns is to disguise the acne imperfections" **(F, <25, LU, 1)**

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

[Information gathered from interviews made by the team]

### Brand Lovers: The Eagers

The Eager consumers want to keep up with the trends and have a dynamic lifestyle

“Surfing, playing football, reading, cooking and traveling!” **(F, 25-35, BL, 2)**; “I have to be aware of everything, of all the trends and fashions specially in the marketing and advertising world” **(M, 25-35, LU, 1)**

[Information gathered from Facebook]

[redacted]

30 April 2014

AHHHHHHH!!!! 15% na Kiehl's ??? Tenho de lá ir!!!!

#compras

[redacted]

27 August 2014 · Edited

Alguém com algum desconto da Kiehl's que não vá usar...

Precisava mesmo de ir buscar uma coisa mas com desconto seria bem mais simpático 🙂

#ajuda

Kiehl's

9 September

Esperamos por si amanhã na Kiehl's Chiado para celebrar a VFNO! Não falte à noite mais fashion do ano, venha ter connosco, e das 19h às 23h aproveite os 15% de desconto em todos os nossos produtos!

#kiehlsportugal #kiehlschiado

VFNO

Sónia Tavares

17 September at 12:01 · Edited

Miminhos Kiehl's assim, sim! Sou moçoila feliz! Sabiam que a Kiehl's está associada à Operação Nariz Vermelho e assim ajuda a levar mais sorrisos aos meninos que precisam? Vamos ajudar quem ajuda? ♡

PR BUZZ

VOGUE FASHION'S NIGHT OUT SEPT. 10 2015 LISBON

MOVEMBER

Celebrate KIEHL'S DAY

[Information gathered from social media]

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

### Brand Lovers: The Eagers

### Database: Sleeping Consumer & New Consumer

Sample size n=3584. **New Consumer** – buys Kiehl's products **once a year** (1320 consumers). **Sleeping Consumer** – **hasn't bought** a Kiehl's product for **more than 1 year** (2264 consumers).

**Figure A3.7. Database Stores**
Source: Team Report. Appendix D.

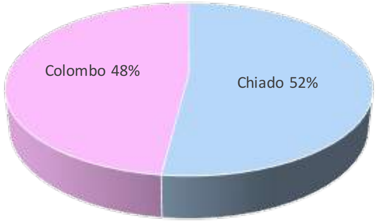


**Figure A3.8. Database Sample Characterization per store**
Source: Team Report. Appendix D.

| | | | | |
|---|---|---|---|---|
| TOTAL | | | | |
| ♀ 80% ♂ 20% | <25 **9%** | 25 – 35 **30%** | **36 – 45 33%** | >45 **28%** |
| CHIADO | | | | |
| ♀ 76% ♂ 24% | <25 **5%** | 25 – 35 **27%** | **36 – 45 35%** | >45 **33%** |
| COLOMBO | | | | |
| 84% ♂ 16% | <25 **13%** | **25 – 35 35%** | 36 – 45 **33%** | >45 **28%** |

In terms of the average spending per year, with a total of 142€, Chiado Store generates on average 160€ while Colombo store 122€. [Data provided by Kiehl's Portugal collected from February 2015 till September 2015.]

[Information gathered from questionnaire made by the team]

### Quantitative Research – Questionnaire:

**Figure A3.9. Questionnaire Sample Characterization – The Eagers**
Source: Team Report. Appendix F.

SAMPLE CHARACTERIZATION N= 69 (49% of 140 total responses)

**EDUCATION**

High School Degree - 3%
Bachelor's degree - 3%
**Graduate or prof. degree** - **55%**
**Master degree** - **39%**
Ph.D. - 0%

**EMPLOYMENT STATUS**

Self-employed - 4%
**Employee in a company** - **83%**
*Student – 7%*
Working Student- 1%
Working Student- 3%
Other- 1%

**HOUSEHOLD INCOME**

< 1000€ - 22%
**1000€ - 2000€ - 45%**
2000€ - 3000€ - 23%
3000€ - 4000€ - 6%
4000€ - 5000€ - 3%
5 000 € - 1%

♀ 87% ♂ 13%

**NATIONALITY**

| | |
|---|---|
| **Port. resident in Portugal** | **95%** |
| Port. resident in another country | 4% |
| Non-Port. living in Portugal | 1% |
| Non-Port. visiting Portugal | 0% |

**AGE**

| | |
|---|---|
| <25 | - 10% |
| **25-34** | **- 43%** |
| **35-44** | **- 35%** |
| 45-60 | - 9% |
| 60+ | - 3% |

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

[Information gathered from questionnaire made by the team]

### Brand Lovers: The Eagers

The Eager respondents analysed in the questionnaire sample (n=140) are mainly women (87%), younger than respondents in the other groups, mainly between 25 and 44 years old (78%). Majority of them are employed in a company (83%) and on the contrary to the other groups are not self-employed. As we expected, the Eagers' household income is lower than in case of the other segments in the range of 1000-2000€ (45%).

How many times per year do you purchase face care cosmetics in each of the following stores? (Facial Care)

The Eager consumers purchase face care products 2 or 3 times per year in Kiehl's stores in Portugal (35%) or once a year (20%). They also shop for face care cosmetics in perfumeries in Portugal and less frequently in department stores (between 1 and 3 times per year). They make more frequent purchases in pharmacies (between 6 and 9 times per year).

Most commonly used brands

Kiehl's – 78% / La Roche-Posay – 29% / Nivea - 28% / Caudalie 25% / Avène– 23% /

How many face care cosmetics do you purchase on average per visit in each of the following stores? (Facial Care)

The Eager consumers purchase usually 1 or 2 products per visit at Kiehl's. They buy less cosmetics in other distribution channels: one face care cosmetic in pharmacies, perfumeries, department stores, parapharmacies and mass market

How much do you spend on skin care product for yourself per year (both face care and body skin care products)?

The lowest spending on skin care products per year is under 50€ and is represented by 7% of respondents. 19% of respondents spend between 51-150€. 38% of respondents spend between 151-300€ and 10% of respondents spend between 301-450€ on skin care products per year. 24% of respondents spend more than 451€.

In which store did you register on Kiehl's database?

The Eager consumers were registered mainly in Colombo store (63%) and less in Chiado store (37%).

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

### Brand Lovers: The Eagers

**Statements that best express your opinion on what defines a beautiful skin**

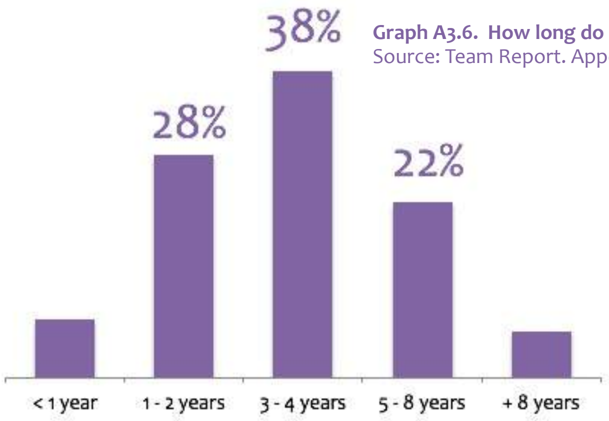
The majority of the Eager respondents strongly agreed that "A beautiful skin is healthy" and "A beautiful skin looks fresh". Many Eagers disagreed that "A beautiful skin doesn't have wrinkles". Thus, we may assume that wrinkles are not an obstacle for having a beautiful skin. Older skin is still perceived as beautiful.

**In a scale from 1 (I do not value this feature at all) to 5 (I value this feature a lot) rate the following Kiehl's features**

All the features included in the questionnaire were highly valued. The most valued Kiehl's features by the Eager consumers were Promotions and apart from that: skin consultations, Expertise of KCRs and Kiehl's formulas. The least valued features were the following: Kiehl's linkage with Pharmacy, Kiehl's Brand Image and Kiehl's Values and History. Thus, the Eager consumers rather value physical, tangible features that they can benefit from (promotions, consultations, great formulas).

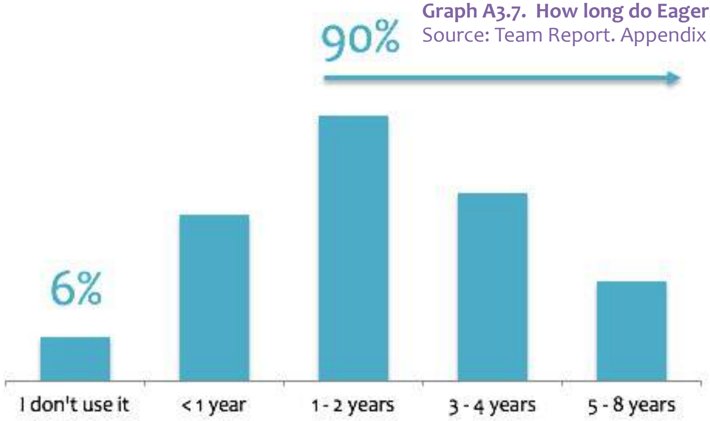
[Information gathered from questionnaire made by the team]

**For how long do you use Kiehl's?**



Graph A3.6. How long do Eagers use Kiehl's
Source: Team Report. Appendix F.

**For how long do you know Kiehl's?**



Graph A3.7. How long do Eagers Know Kiehl's
Source: Team Report. Appendix F.

Almost 40% know and use Kiehl's for 3 or 4 years and over 90% know and use the brand for over 1 year.

## A.3.3. Proposed Consumer Segmentation

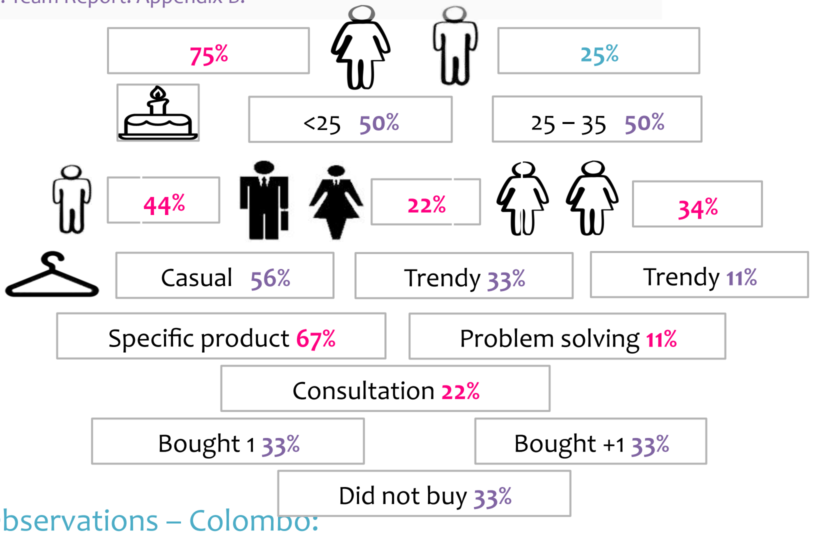
### The Asian Resident – Observations at Colombo Store

**KIEHL'S DATABASE COLOMBO STORE -**

**Regular consumers:** Generate 23% of total sales in the researched period. 90% of the Asian Resident consumers are female represent 19% of overall consumers.

**Consumers no.2** generate 17% of total sales in the researched period. 89% are female and they represent 13% of overall consumers. [Data provided by Kiehl's Portugal collected from February 2015 till September 2015] The Asian Resident consumers know the brand and use it since they are searching for simple and natural products. They spend much money on expensive products seeking for the guarantee of having a natural and healthy skin. The Asian Resident group is mainly present in Colombo store. These consumers are difficult to understand and characterize. They buy a lot but don't talk about it. They seem to love the brand but they do not advocate it. [Information gathered from observations made by the Team in Colombo store in September and October 2015]

Figure A3.10. Observations Sample Characterization – The Asian Resident
Source: Team Report. Appendix B.



75%

25%

<25 50%

25 – 35 50%

44%

22%

34%

Casual 56%

Trendy 33%

Trendy 11%

Specific product 67%

Problem solving 11%

Consultation 22%

Bought 1 33%

Bought +1 33%

Did not buy 33%

### Observations – Colombo:

78% of the Asian Resident consumers were living in Portugal. 100% of them were aware or familiar with the brand. Relation with KCRs appeared to be not relevant. They mostly want specific products. 22% of them were already in database. They are often shopping in pairs. [Information gathered from observations made by the Team in Colombo store in September and October 2015]

### Quantitative Research main insights:

The team was not able to collect any main insight regarding this segment on qualitative research since there were no Asian Resident respondents.

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

### The Hit & Runner

The Hit & Runner consumers are mainly tourist, the ones that "hit and run", they are not present in Kiehl's database.

They already know the brand and use it. They visit a Kiehl's store either in a rush or looking for something specific. Consumers from this group do not want to create a file in the database. They are often looking for travel sized packaging. They are internationals / tourists and are mainly present in Chiado store. This group and the Asian Resident group have a similar behavior. They are difficult to characterize and understand.

[Information gathered from observations made by the Team in Chiado and Colombo stores in September and October 2015]

Quantitative Research Main Insights:

The Hit & Runner consumers travel between 1 and 6 times per year. They buy more skin care products outside Portugal and purchase skin care products more frequently at Kiehl's Portugal but in less quantities. They buy less frequently at Kiehl's abroad to refill (normally more than 4 products per purchase).

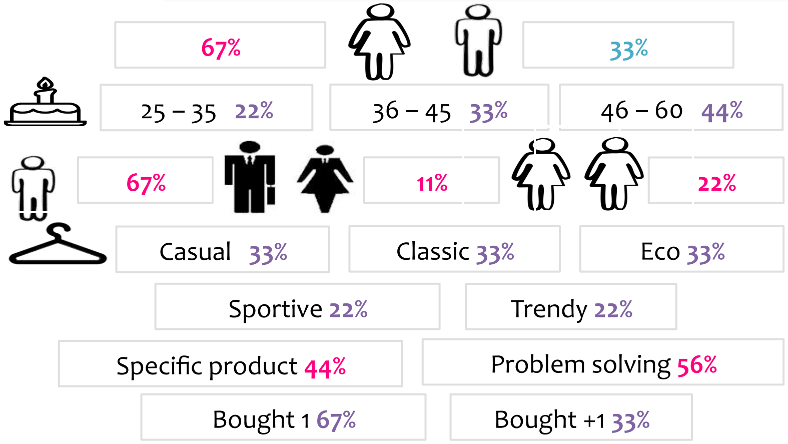
The difference between the Portuguese and the International Hit and Runners is the purpose of visiting a Kiehl's store in Portugal. The Portuguese ones visit a Kiehl's store to look for advices since buying a full-size product is more expensive and to buy specific skin care products only in emergencies when they run out of stock. On the other hand, the International Hit and Runners visit Kiehl's Portugal to buy products needed at the moment and they usually look for an advice in their "home" countries.

# A3. PHASE B - MAIN INSIGHTS

## A.3.3. Proposed Consumer Segmentation

### The Hit & Runner – Observations at Chiado Store

**Figure A3.11. Observations Sample Characterization- Hit & Runner Chiado**
Source: Team Report. Appendix B.



67% 33%

25 – 35 22%
36 – 45 33%
46 – 60 44%

67% 11% 22%

Casual 33%
Classic 33%
Eco 33%
Sportive 22%
Trendy 22%

Specific product 44%
Problem solving 56%

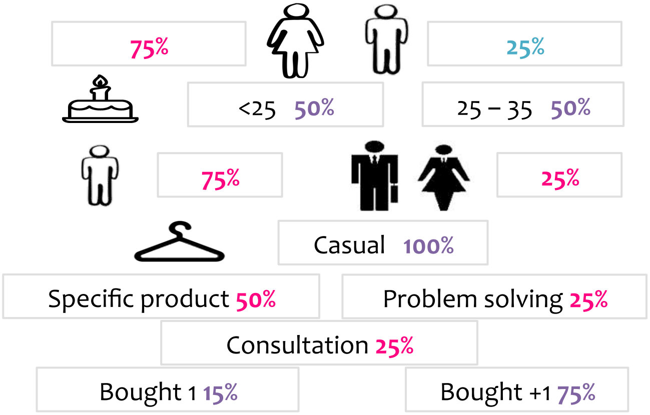
Bought 1 67%
Bought +1 33%

Observations – Chiado: All of the consumers were non-Portuguese and only 1 was living in Portugal. The majority prefer to shop alone. 100% aware or familiar with the brand. Non-relevant relation with KCR and not interested in skin consultation. 100% of the observed consumers did not want to register in the database. 2 groups: Travellers, typical global shoppers (buy either best sellers or travel size products) and celebrities, rich people – also travellers.

[Information gathered from observations made by the Team in Chiado store in September and October 2015]

### The Hit & Runner – Observations at Colombo Store

**Figure A3.12. Observations Sample Characterization- Hit & Runner Colombo**
Source: Team Report. Appendix B.



75% 25%

<25 50%
25 – 35 50%

75% 25%

Casual 100%

Specific product 50%
Problem solving 25%
Consultation 25%

Bought 1 15%
Bought +1 75%

Observations – Colombo: All of the consumers were non-Portuguese and half of them were local foreigners. 75% Asians. Young consumers – all younger than 35 years old. 100% aware or familiar with the brand. Non-relevant relation with KCR. 100% of the observed consumers did not want to register in the database. Group of local foreigners, apparently middle class status.

[Information gathered from observations made by the Team in Colombo store in September and October 2015]

# BLOCK B

## RECOMMENDATIONS

HOW TO REACH KIEHL'S CURRENT CONSUMERS IN PORTUGAL?

## B1. INTRODUCTION

### B1.1. Making the bridge between the main insights and the recommendations

# B1. INTRODUCTION

## B1.1. Making the bridge between the main insights and the recommendations

Introducing the recommendations phase of the team work project (Block B) there is the need to reinforce our main goal, and this is to answer the question: How to reach Kiehl's current consumers in Portugal? The team overall addressed this question with a two phased research, and after there was the need to study all the main insights and to question them. The team studied the path to recommendations, meaning, how to make the bridge between the main insights gathered in the Phase A of research plus the Phase B results. Having a target, the Brand Lovers, the team studied how to reach them. The research is divided in five parts that were divided by the team members, the individual assignments results lead to the final recommendations presented on this global report on how to get, keep and grow the Brand Lovers in Portugal.

The first individual assignment (B2 part), developed by **Noemi Kowalczyk**, is based on the uncertainty if Kiehl's consumers are product lovers or brand lovers, and the research aims to answer the question: **Are Kiehl's consumers engaged by Kiehl's as a range of products or Kiehl's as a brand?**

In a nutshell, this individual part provides insights on Kiehl's brand architecture, balanced strategy and prospects of building a lifestyle brand. As an outcome, individual paper ends with recommendations on the new PR initiatives: skin care awareness programme and in-store events.

The second individual assignment (B3 part), developed by Rita Santos, pursues a deeper understanding regarding a Phase A main insight that is the relation between Kiehl's consumers and the Pharmacy. The aim of this report is to understand **how can Kiehl's engage pharmacies Skin Care consumers and bring them to the brand**. In order to do so , it was crucial to analyze through a deep investigation the Skin Care Consumption in Pharmacies in Portugal, more specifically the reasons **that lead women to go to pharmacies to buy skin care products**, the goal is to comprehend **how do pharmacy's consumers perceive the connections between Kiehl's and Pharmacy Channels** and so **why are pharmacies the preferred alternative channel for Kiehl's consumers**. Afterwards the final purpose is to give recommendations to Kiehl's about **how to engage pharmacy's consumers in order to bring them to the brand.**

# B1. INTRODUCTION

## B1.1. Making the bridge between the main insights and the recommendations

The third individual assignment (B4 part), developed by Mariana Vilhena, is the study of Kiehl's Online and Offline realities and the research wants to clarify **how can Kiehl's keep the offline dream online?** Taking into account that the consumers are strongly engaged with the Portuguese current offline experience. Research structure: Online vs offline; Omnichannel; Why e-commerce in Portugal?; Kiehl's online worldwide; How should luxury brands embrace the digital?

The fourth individual assignment (B5 part), developed by Malgorzata Miszel, studies the relation between Kiehl's and Social Media proposing recommendations on **how to use social media to engage more consumers in Portugal.** Consumers in Portugal rather prefer to have an offline store experience, that is why Kiehl's consumers are not strongly engaged with brand's social media channels. The structure of this individual project will include the following 3 parts: (1) research on Kiehl's Social Media Strategy and Performance on Social Media Markets; (2) a quantitative research: an analysis of Kiehl's Portugal Facebook's report and (3) a recommendation part for Kiehl's in Portugal.

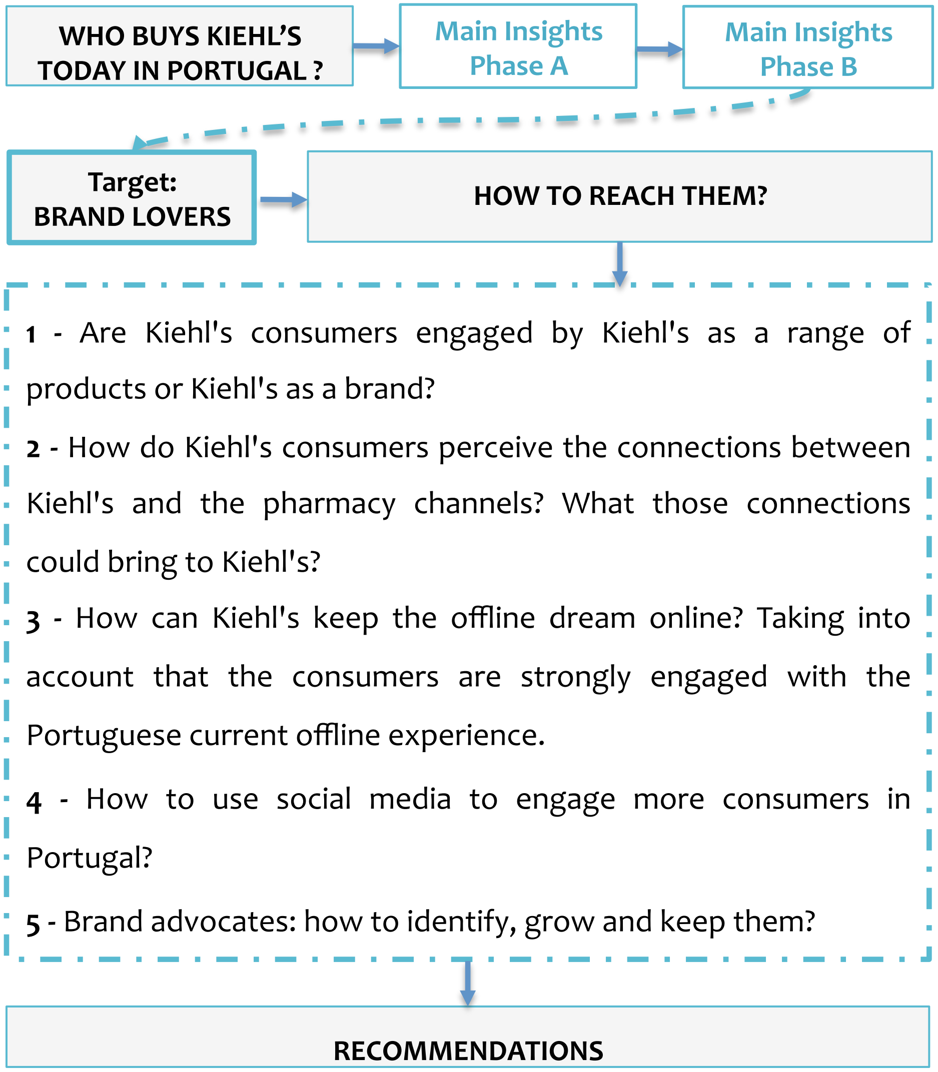
Finally, the fifth individual assignment (B6 part), developed by Kátia Vasconcelos, is focused on the study of The Loud targeted segment, the study answers the question: **Brand advocates: how to identify, grow and keep them?** The role of brand advocates is getting increasingly more important for marketing nowadays as they love brands and act on their behalves Said so, a research was conducted in order to understand who were Kiehl's Brand Advocates and recommendations were given to grow them and keep them.

This five individual assignments outcomes lead the team to propose a general marketing and communication program plus a strategy to implement four big ideas to reach the Portuguese consumer target, all of them based in digital marketing and e-commerce trying to keep up with Kiehl's brand reality worldwide and solve the challenge showed after the questionnaire analysis on Phase B of the team work regarding the current Portuguese consumers low connection with Kiehl's online.

# B1. INTRODUCTION

## B1.1. Making the bridge between the main insights and the recommendations

Each Individual Assignment leads to specific recommendations. The first question - Are Kiehl's consumers engaged by Kiehl's as a range of products or Kiehl's as a brand ? – leads to a deeper study of general recommendations regarding Public Relations; Brand Awareness; One-Way Communication plus Events & Partnerships. Developing the topic about How can Kiehl's engage pharmacies skin care consumers and bring them to the brand? – Leads to the study of global recommendations regarding the creation of a Loyalty card; Promotion of trustful relationships and partnership with Dermatologists. The third question - How can Kiehl's keep the offline dream online? – studies the interactive advertising and e-commerce future trends and recommendations. Development of consumer engagement grounded on ongoing relationships and two-way dialogue is a recommendation that was based on the outcome of the fourth question - How to use social media to engage consumers in Portugal? Finally, the general recommendations regarding Word of Mouth Marketing and Events& Partnership were the outcome of the fifth question: How to identify, grow and keep brand advocates?



**WHO BUYS KIEHL'S TODAY IN PORTUGAL ?**

Main Insights Phase A

Main Insights Phase B

**Target: BRAND LOVERS**

**HOW TO REACH THEM?**

**1** - Are Kiehl's consumers engaged by Kiehl's as a range of products or Kiehl's as a brand?

**2** - How do Kiehl's consumers perceive the connections between Kiehl's and the pharmacy channels? What those connections could bring to Kiehl's?

**3** - How can Kiehl's keep the offline dream online? Taking into account that the consumers are strongly engaged with the Portuguese current offline experience.

**4** - How to use social media to engage more consumers in Portugal?

**5** - Brand advocates: how to identify, grow and keep them?

**RECOMMENDATIONS**

## B1.2. Strategy overview

During both qualitative and quantitative researches we realized that Kiehl’s reported high level of performance in terms of Brand Image, Brand Loyalty and Brand Interest. However, in terms of Brand Awareness, Brand Preference and Brand Purchase intention the brand is still in a medium level of performance. Thus, regarding the Consumer Decision Journey, Kiehl’s should focus on the „consider” and „buy” steps undertaken by consumers . **The Consumer Decision Journey** constitutes of 4 phases: **Phase 1 – Consider:** consumers consider on initial set of brands, based on brand perceptions and exposure to recent touch points. **Phase 2 – Evaluate:** consumers add or subtract brands as they evaluate. **Phase 3 – Buy:** ultimately, consumers select a brand at the moment of purchase. **Phase 4 – Bond:** consumers get in love with the brand. **The loyalty loop:** if consumers bond with a brand is strong enough they repurchase it without going through the earlier decision-journey stages. If they really enjoy the brand they can become brand lovers and advocate increasing brand awareness. The team knows the target, now the challenge is to understand how to reach them. Our recommendations in order to increase brand awareness will be given through non traditional marketing to achieve a higher level of brand preference and brand purchase intention from the consumers. This will be done by increasing the brand penetration and accessibility – Kiehl’s ecommerce platform and omnichannel strategy implementation. The consideration phase has to be improved. The way to achieve it is to increase brand awareness among new consumers. For that the Team recommends the empowerment of the Loud segment to spread the word trough different touch points.

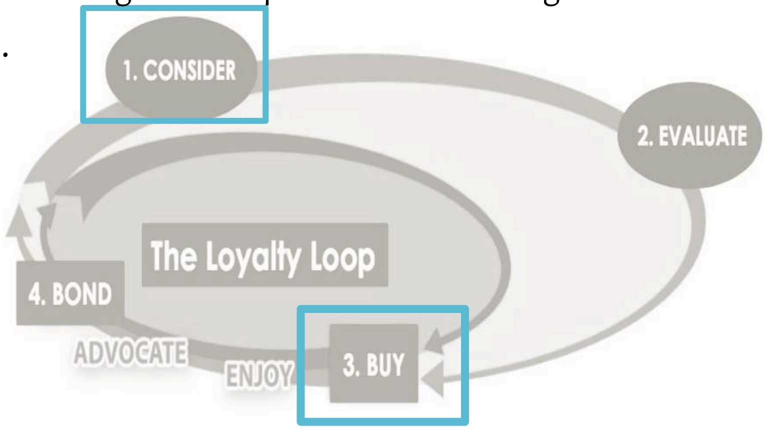


**Figure B1.1. Consumer Decision Journey.**
Source: Slides presented in Brand Management course: Session 6&7– professor: Catherine da Silveira

## B1.2. Strategy overview

To improve the Buying phase, there is the need to make the brand more available to consumers. The e-commerce platform will allow that and increase brand penetration.

Get, Keep and Grow consumers by focus on:

1. PENETRATION & ACCESSIBILITY in order to Increase the basket for the current and new consumers (get more consumers from the closest competitors – Pharmacy and Perfumeries)

2. AWARENESS in order to Increase the awareness among non consumers. By reinforce and highlight:

- Kiehl’s Points of Difference trough digital marketing on new touch points;
- Going global and acting local by using Worldwide tools adapted to the Portuguese reality;
- Empowerment of the Loud segment to increase word of mouth marketing.

As mentioned before, one of the most important main insights of this research is understanding of a target group’s evolution cycle. An Eager consumer can become a Loud or Discrete consumer. At the same time, a Discrete or Loud can become an Eager if she/he decreases her/his level of income. Kiehl’s consumer journey is a cycle that can work just like the Consumer Decision Journey concept. If there is a strong bond with the brand, consumers can advocate it efficiently and increase brand awareness. What is more, the repurchase will be facilitated without making the cycling through the earlier decision-journey stages again.

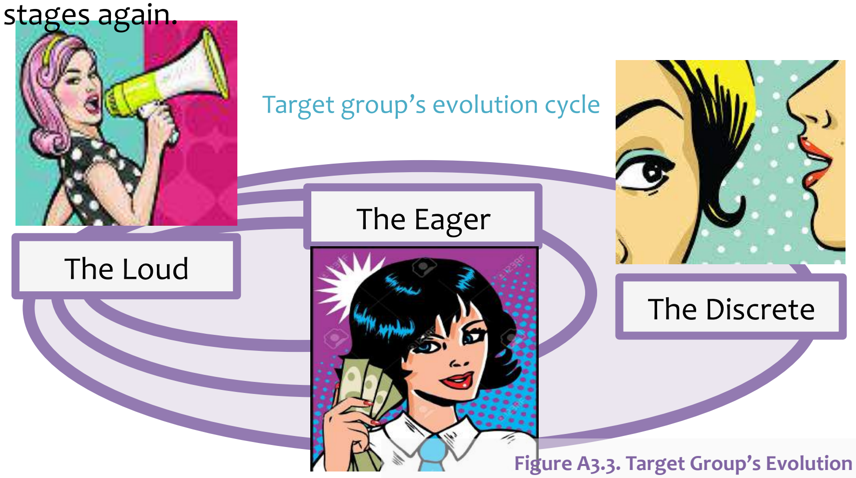


**Figure A3.3. Target Group’s Evolution Cycle**
Source: Team Report.Appendix E.

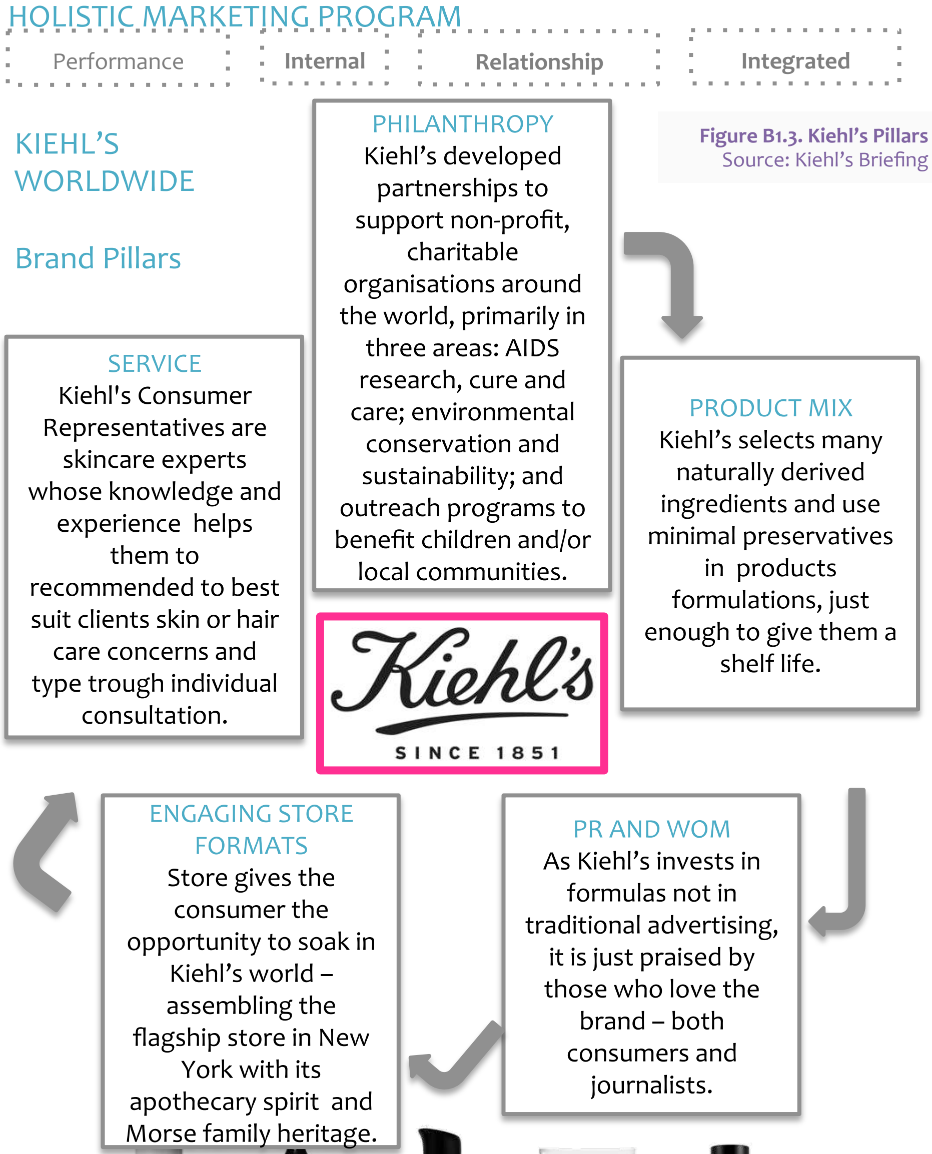
## B1.2. Strategy overview

**WHAT TO KEEP? WHAT TO CHANGE?**

During our recommendations all Kiehl's brand elements will be maintained. The recommendations regarding Brand communication Program will be based on the Holistic Marketing Program of Kiehl's and on Consumer segmentation.

Figure B1.2. Strategy Overview
Source: Team Report.

The Holistic Marketing Program concept is based on the brand pillars, meaning that all the steps are based on the brand characteristics. All recommendations will be substracted from the brand's own values and heritage: Performance → Philanthropy and Product Mix; Internal → Service; Relationship → Service; Integrated → Engaging Store Formats + PR and WOM. Kiehl's has the perfect structure and values to build a holistic marketing program.



HOLISTIC MARKETING PROGRAM

Performance | Internal | Relationship | Integrated

KIEHL'S WORLDWIDE

Brand Pillars

Figure B1.3. Kiehl's Pillars
Source: Kiehl's Briefing

PHILANTHROPY
Kiehl's developed partnerships to support non-profit, charitable organisations around the world, primarily in three areas: AIDS research, cure and care; environmental conservation and sustainability; and outreach programs to benefit children and/or local communities.

SERVICE
Kiehl's Consumer Representatives are skincare experts whose knowledge and experience helps them to recommended to best suit clients skin or hair care concerns and type trough individual consultation.

PRODUCT MIX
Kiehl's selects many naturally derived ingredients and use minimal preservatives in products formulations, just enough to give them a shelf life.

Kiehl's SINCE 1851

ENGAGING STORE FORMATS
Store gives the consumer the opportunity to soak in Kiehl's world – assembling the flagship store in New York with its apothecary spirit and Morse family heritage.

PR AND WOM
As Kiehl's invests in formulas not in traditional advertising, it is just praised by those who love the brand – both consumers and journalists.

# B2. ARE KIEHL'S CONSUMERS ENGAGED BY KIEHL'S AS A RANGE OF PRODUCTS OR KIEHL'S AS A BRAND?

# B2. Are Kiehl’s consumers engaged by Kiehl’s as a range of products or Kiehl’s as a brand?

## B2.1. Introduction

Kiehl’s from the very beginning of its existence refused to use mass media or to be involved in any kind of paid advertising campaigns, investing instead in product development and sampling. In this way it became one of the trend setters, shaping the culture of excellent customer service, merchandising and non-traditional advertising. Kiehl’s earned exceptional level of brand loyalty which can be described as a loyalty both towards products and brand itself. As it will be further verified by this paper none of these two can function separately – if Kiehl’s fails to deliver value in the one of two factors it may result in a collapse of the brand. This paper will bring more insights on how inseparable are the brand assets, such as values, reputation, heritage, awareness of and attachment towards the brand, and product portfolio. Moreover this work will also introduce ways in which highly successful brand architecture has potential of becoming the company’s base on its way to reach a status of truly iconic brand.

**Individual project objectives**

In a nutshell, this work project aims to validate how consumers engage with Kiehl’s – is the engagement more connected to the high satisfaction with the product or with Kiehl’s as a brand with its set of values and culture. What is more important from consumer perspective – product formulas or the experience brought by the brand? If one of these aspects will become weaker, how would it translate into the customer satisfaction, brand loyalty and in the end, sales? Is consumer reaction showing higher sensitivity towards change in the product portfolio or brand values? How should the brand evolve in the future while developing its new digital branch? These questions came up while working on the project carried out for the Kiehl’s Branding Field Lab.

# B2. Are Kiehl's consumers engaged by Kiehl's as a range of products or Kiehl's as a brand?

## B2.2. Further Insights And Research

### B2.2.1 Kiehl's Brand Architecture

Kiehl's is the clearest example of what is called a 'branded house' since the Kiehl's brand dominates products providing not only a name, but a frame of reference (Kotler & Keller, 2012). The masterbrand is strong because it brings together a broad offering of products under highly differentiating common values. The brand is the surrounding framework where all of these function. In this concept both product and brand reality are aligned. Kiehl's goes even beyond this concept always locating the product as a central aspect of its communication almost without any other additional elements. Kiehl's presents its products in an engaging and interesting way always by the means of product centric exposition. This makes Kiehl's visuals, regardless of the artistic form, easily recognizable, as shown on the graphics below.

**KIEHL'S AS A PRODUCT**

Brand offers a common umbrella to all the product categories within the highly diversified range, both figuratively and literally. The company accepts only single brand for the whole product portfolio and consequently imposes descriptive names for the products and services or divisions and braches (Kapferer, 2012). Formulations are developed for maximum efficacy with no unnecessary aesthetic compromises in terms of packaging. Since Kiehl's functions as an umbrella brand the cost of introducing new product can be lower and the likelihood of acceptance can be higher when an existing family brand is used for a new product. The threat is that the failure of one product may damage reputation of other products sold by the firm under the same brand by virtue of the common brand identification (Keller, 2008). Sales of the new products are likely to be strong if the brand as a whole performs well. Corporate-image associations of innovativeness, expertise, and trustworthiness have been shown to directly influence consumer evaluations. Finally, a corporate branding strategy can lead to greater intangible value for the firm (Biehal & Sheinin, 2007).

# B2. Are Kiehl’s consumers engaged by Kiehl’s as a range of products or Kiehl’s as a brand?

## B2.2. Further Insights And Research

**Quality of products**

As it was stressed previously Kiehl’s customers are offered simple, pharmaceutically looking products formulated for efficacy, not aesthetics. Kiehl’s brand doesn’t spend money on advertising nor on packaging, instead invests on innovative product’s formulas.

Combining advanced science and over 160 years of experience, Kiehl’s unique formulations ensure the level of high-quality skin and body care that customers deserve and expect from Kiehl’s. Moreover products are developed based on unique ingredients that are the single most important component of Kiehl’s products. Company has an outstandingly long history of searching the world for the finest quality botanicals and naturally-derived ingredients that are being combined with scientific innovation for efficacious results. Once again ingredients are not chosen for their aesthetic merit, but only for their benefit to the skin. This also means that Kiehl’s doesn’t use “masking” fragrances or colorants and as a result, many of the physical attributes of formulas can be ascribed to the natural qualities of the ingredients used.

**Poduct Portfolio**

Kiehl’s product portfolio constitutes of different categories with about 200 unique products dedicated to the skin, body and hair care. Products are addressed to answer different skincare needs – these of women, men and babies. In Portugal sales heavily depend on top ten products that equal 28% of total sell-out (L'Oreal Briefing, 2015). Among these top ten products in terms of sell-out there are mainly iconic products (such as Ultrafacial Cream, Creamy Eye Treatment Avocado Eye, Crème de Corps) as well as innovative products (such as Hydro-Plumping or Ultra-Light Daily UV Defese from Dermatologists line). Nine out of ten products belong to the face care category, remaining one represents to body care category. The brand can be proud with its iconic products: Powerful Strength Line Reducing Concentrate, Midnight Recovery Concentrate, Ultra Facial Cream, Facial Fuel, Crème de Corps (L'Oréal website, 2015). Some of these were introduced at the very beginning of Kiehl’s operation and are kept unchanged as far as the design and formulation are concerned.

# B2. Are Kiehl’s consumers engaged by Kiehl’s as a range of products or Kiehl’s as a brand?

## B2.2. Further Insights And Research

### KIEHL’S AS A BRAND

Kiehl’s value is based not only on the product portfolio but also on other, oftentimes intangible assets. These assets constitute for equity perceived as a sum total of consumers’ perceptions and feelings about the product’s attributes and how they perform and about the brand name and what it stands for (Keller, 2008).

Kiehl’s as a brand is built upon five pillars: philanthropy (the support for non-profit, charity organisations around the world), product mix (non-chemical and naturally extracted ingredients), engaging store formats (that gives consumers the opportunity to “enter” into Kiehl’s world by entering the store). Moreover, all what Kiehl’s stands for is expressed through the store format that embodies all the brand values in 3D and delivers a memorable sensual experience. Another pillar that Kiehl’s brand is based on is public relations and word of mouth marketing. It replaces traditional advertising and makes the brand relay fully on the relationship with its consumers which consequently generates unpaid word of mouth both in social media and press.

Finally, the last pillar is the service, which is best represented by Kiehl's Consumer Representatives (KCRs) – skin care experts, whose knowledge and experience allows them to provide consumers with individual skin care consultations and, based on that, build recommendations for the daily regimen.

Kiehl’s pillars are an outcome of Kiehl’s values. As relevant today as when they were first introduced, its values differentiate Kiehl’s from other companies enriching its product offerings. The brand is committed to upholding its values, its history of founding family members and its spirit of adventure and philanthropy. Based on this heritage the brand developed standards which were espoused and preserved throughout the years.

# B2. Are Kiehl’s consumers engaged by Kiehl’s as a range of products or Kiehl’s as a brand?

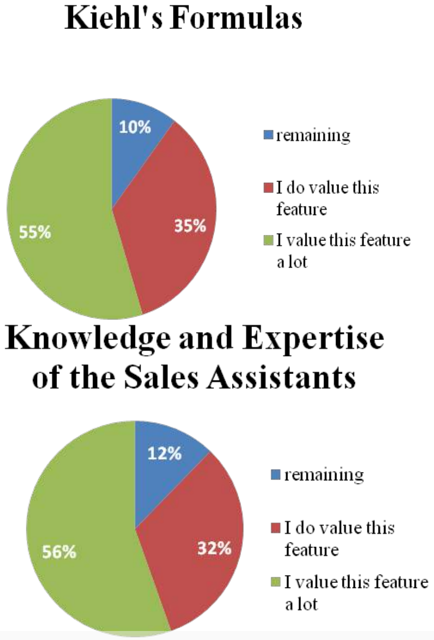
## B2.2. Further Insights And Research

### B2.2.2 Kiehl’s Balanced Product-brand Strategy

Based on the insights gained through the quantitative research, the Portuguese consumers estimate two values higher than all the other and these are: Kiehl’s formulas and knowledge and expertise of Sales Assistants. Kiehl’s formulas points at product portfolio value in the eyes of consumers while knowledge and expertise of Sales Assistants points at brand experience. Both elements are developed based on the company values, nevertheless they show a mix of what attracts consumers – portfolio offering and brand experience. It clearly shows what constitutes the perceived value of Kiehl’s is a balance both of product offered and also additional brand value represented by KCR’s service.

Previous parts of this paper provide also more insights on how Kiehl’s consumers in Portugal can get deeply engaged both on product and brand level. Since Kiehl’s functions as a retailer, it has a very wide product offering answering different consumer needs. It doesn’t stand as a one, or two top products that constitute for a brand or build the brand awareness. It is a general brand perception that reflects on the range of products.

But what really engages consumers is a product trial that allows them to fully participate in the brand attributes. It is the product’s quality that makes the consumer *fall in love* with the brand. Based on those findings we can further develop on the general strategy for product portfolio and brand itself.



**Graph B2.1. Rating of Kiehl’s features** according to the scale 1 (I don’t value this feature) – 5 (I value this feature a lot) (n=140)

Source: Quantitative questionnairee

# B2. Are Kiehl’s consumers engaged by Kiehl’s as a range of products or Kiehl’s as a brand?

## B2.2. Further Insights And Research

### ANCHOR BRANDING

The modern obsession with innovation injects certain restlessness in brands today and there is an endless stream of product innovations, packaging innovations, new flavors, variants and sub brands across categories, to create an astonishing environment of change. But managing this change is a challenge, as a wrong move could break the carefully cultivated relationship with current consumers (Prasad, 2014). Concerning brand values, heritage components and Kiehl’s spirt, consumers do not want those to change substantially or suddenly. They feel a sense of 'co-ownership', and are distressed if these anchors are shaken. Change is certainly required to keep a brand interesting- but cautious and transparent change where consumer has been warned and consulted.

These unchanging elements of the brand image should be based on the heritage, values and consumer relationship. Improving the brand experience at every touchpoint is one way to build and solidify brand relationships – thus it needs to be unchangeable and predictable. Kiehl’s as an umbrella brand should function as an anchor following three characteristics.

**Personalisation:** The skin care category needs to have characteristics that allows for a feeling of personalization. Personalized web page, blog, personalized page on Facebook, etc. that directly speaks to the consumer and allows to experience the brand in an intimate and distinguished way. Similar rule should be applied to customer service and relationship that is developed between consumers and KCRs.

**Ritualisation:** Anchors involve rituals. Moisturizing for instance is a very strong anchor category as it is part of a strong morning ritual. Kiehl’s should also learn how to become a part of ritual and that not only related to product usage. The ritual should be also strengthened around the social and online touchpoints. Whether offline rituals such as conversation with KCR, visiting Kiehl’s boutique or online, such as daily following the brand on social networking sites such as Facebook or Pinterest.

**Strong branding:** The consumer needs to use a brand with strong credentials, which is prevailing and has an established user base - this doesn’t have to be large, but needs to be distinct.

# B2. Are Kiehl’s consumers engaged by Kiehl’s as a range of products or Kiehl’s as a brand?

## B2.2. Further Insights And Research

### CHANGE IN PRODUCTS

While heritage, values and consumer relationship ought to be cultivated, strengthen, and maintained as it was shown above, some aspects of the brand need to be always reinventing itself, never failing to surprise and stimulate. Kiehl’s should form the topics of conversation, generate buzz on the social media and create status and differentiation – this elements should be implemented on the level of communication and product portfolio. Kiehl’s needs to consequently use two side actions for the product portfolio:

**Stimulation of refreshment:** that should be applied within the top product offering. While formula and packaging stay the same, communication of those products might be reinforced. Core products re-support could be exercised through window merchandising, social media etc.

**Launch of innovative products:** new products should regularly enrich excising portfolio creating PR buzz and social excitement. New products at Kiehl’s are introduced nowadays mainly as a line extensions (for instance new products in dermatologist solution line) or complimentary products (Daily Revival Concentrate that is a complimentary version to Midnight Recovery Concentrate). Innovation in Kiehl’s portfolio does not merely work for itself: it benefits the brand in terms of image and sales. It is what is known as the spillover effect, that is, the effect that the marketing for one product has on the sales of another product within the brand. This effect, which is well known to companies, has been confirmed by marketing research (Balachander, 2003). In case of Kiehl’s it is not exactly the advertising buzz that creates the spillover effect but rather PR and word of mouth advertising. Innovation reframes the brand’s image and feeds it with the new tangible and intangible attributes brought by this innovation (Kapferer, 2012).

## B2.2. Further Insights And Research

### B2.2.3 BUILDING A LIFESTYLE BRAND

As shown in previous chapters Kiehl's customers enjoy healthy balance between being deeply engaged both on the product and the brand level. As it was stated before both on the product and the brand level there is a need either of product innovation or of brand reinforcement. Unique product offering and strong values understood and enjoyed by consumers constitute a strong basis for the brand to be developed as a lifestyle brand. To be able to draw some more solid propositions on how to execute the idea there is a need for a benchmark brand. Another company that nowadays enjoys a relationship with its committed customers and managed to achieve an outstanding level of brand loyalty is clearly Apple.

World most successful multinational technology corporation, that also functions as an umbrella brand, and Kiehl's have a lot in common. Firstly both brands developed an excellent customer service. Products have simple design, are focused on functionality and minimalistic aesthetics. Communication strategy is in both cases strongly relying on word of mouth.

Apple aspired to be a lifestyle brand from the very beginning of its existence. Through its strategy of developing and selling innovative products that blended art with technology in order to provide a simple and streamlined user experience. Nowadays, ownership of an Apple product defines a person as a part of "think different" mentality. Having his own set of values, not following the mainstream, allowing himself to think independently and not pursuing other's dreams (Siltanen, 2011). Deeply attached to what the brand stands for, in love with its products, consumers are spontaneously becoming brand lovers belonging to a tribe of people that follow the brand's culture.

Based on similar characteristics within a different product reality, Kiehl's has a potential to become an 'Apple' among cosmetics. Kiehl's has all the aspects that let Apple obtain worldwide success. Amazing customer service, reach heritage, quality products and values. In the end, it is the product's quality that makes the consumer fall in love with the brand and leads to loyalty. It is the quality (in Kiehl's case named as formulas) that encourages the desire to buy more and to have the complete product range or the whole Kiehl's skin care regimen.

# B2. Are Kiehl’s consumers engaged by Kiehl’s as a range of products or Kiehl’s as a brand?

## B2.2. Further Insights And Research

What should be the steps that Kiehl’s may undertake in order to be able to bring the Apple success into the skin care reality? Below we will analyse the main points of brand strategy that could be applied to Kiehl’s inspired by the article by Steve M. Chazin – former Apple Marketing Executive (Chazin, 2007).

Firstly, Kiehl’s should build a strong sense of belonging that ultimately gathers consumers sharing common interests into one community. Gathering people who love the brand and want to discuss it while staying connected, building on the common reality that the brand’s fans share based on their values and lifestyles. According to the research conducted for the sake of the Branding Lab, Kiehl’s consumers are: ones that follow the newest trends, live an eco-conscious life, travel driven by curiosity about the world and try to maintain balance in everything they do ①. Since they have a lot in common, already representing a very similar lifestyle, they need to additionally feel that Kiehl’s helps them to connect. Please, refer to group report main findings.

Kiehl’s should undertake new initiatives to constitute for a lifestyle brand, but it will also be possible only when brand products will be perceived as a symbol of status. Kiehl’s should help people understand that by buying a product they gain an access to a very special group.

Secondly, Kiehl’s consumers need to be surprised and delighted with the unique brand offering. Customers come to know a brand through a range of contacts and touch points: personal observation and use, word of mouth, interactions with company personnel, online or telephone experiences, and payment transactions. A brand contact is any information-bearing experience that needs to present the brand with its values so that they become clear to the consumer. Only the first, memorable experience will cause clients to spread the word and share their positive experiences.

① Please, refer to group report main findings.

## B2.3. Recommendations

Customers come to know Kiehl’s through a range of contacts and touch points: personal observation and use, word of mouth, interactions with KCR’s, online experiences and payment transactions. [This is an identical sentence as the second one in the previous paragraph] Nowadays, marketing strategy and tactics have changed dramatically from common mass marketing advertisements to more tailored, two-way communication. Marketers are creating brand contacts and building brand equity through new avenues such as consumer communities, trade shows, event marketing, sponsorship, public relations, press releases, and social cause marketing (Kotler & Keller, 2012). This provides a chance for Kiehl’s that from the very beginning of its existence refused mass media advertising and have a long history of such initiatives throughout the world.

Recommendations for specific actions that can be implemented by Kiehl’s are based on the earlier provided insights stating that consumers in Portugal are attracted to Kiehl’s both through product trial and through brand loyalty. Based on global Kiehl’s strategy brand remains unchanged within its core values and brand marketing program, as it was described before.

The brand uses all of its assets (meaning product and brand attributes) to get, keep and grow customers through different initiatives. Brand elements and brand marketing program remains unchanged. The only part of brand equity that can be adapted locally is the communication with Kiehl’s potential and actual consumers. Since the brand doesn’t use mass media, propositions are described only for Below the Line campaigns. Recommendation of this particular individual work will focus on Event Marketing and Sponsorship Actions.

### Skin care awareness programme

Kiehl’s in Portugal will introduce series of actions promoting healthy lifestyle and proper skincare routine targeting youth, mainly high school students and university students. Program called: **‘Live healthy, give chance to your skin’** seeks to increase brand awareness and raise the Kiehl’s community. In long term perspective, the aim is to achieve high involvement and quality relationship with the customers that will lead to the constitution of Kiehl’s as a lifestyle brand. Moreover, by spreading a positive message Kiehl’s comes back to its core value - giving back to community.

# B2. Are Kiehl's consumers engaged by Kiehl's as a range of products or Kiehl's as a brand?

## B2.3. Recommendations

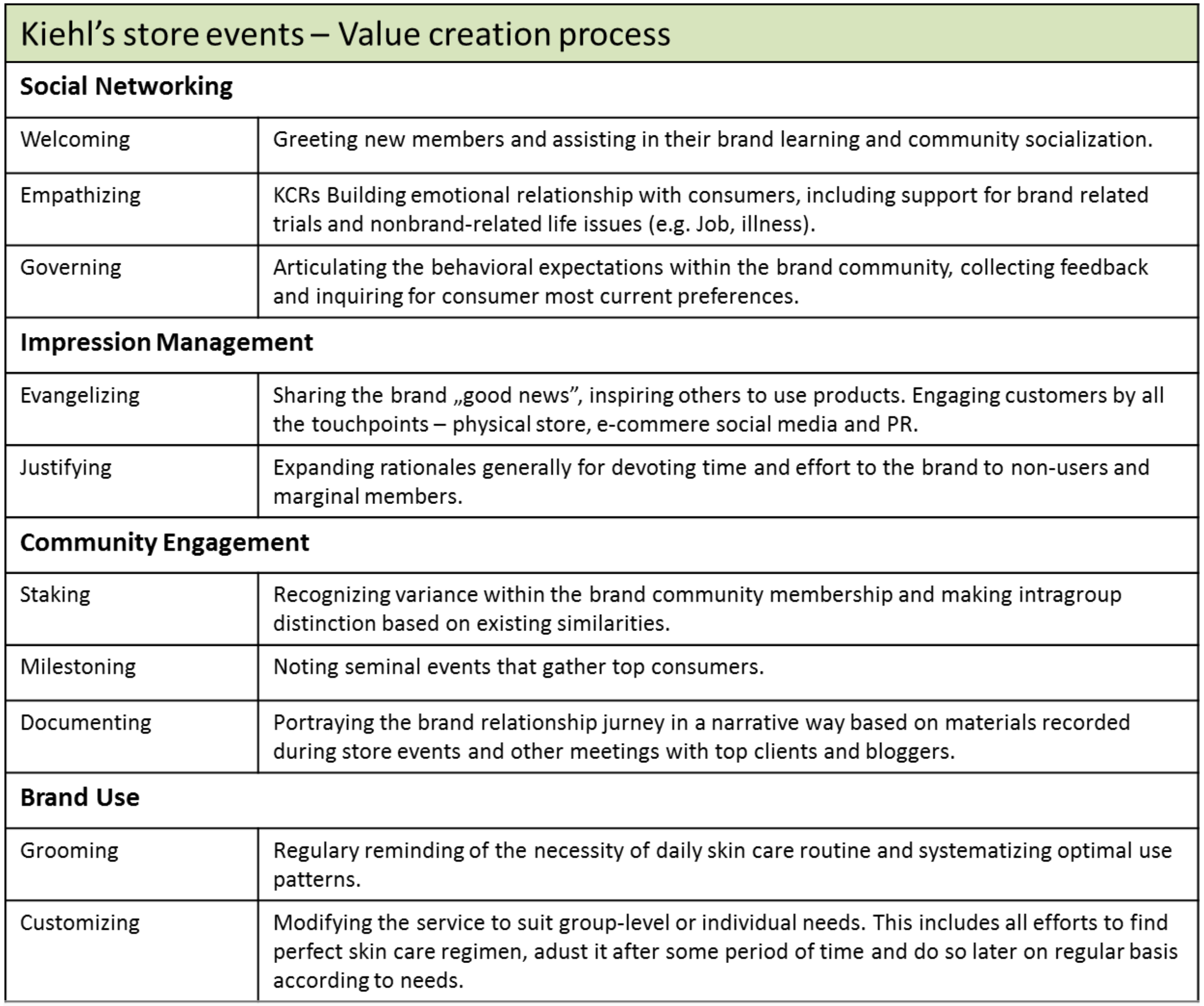
Skin problem is one of the growing problems among teenagers and youths. Pimples, rashes, blackheads, oily skin are just a few of the skin problems that the youths have to face. These small but impactful problems, cause frustration and depression among students. This awareness program will be conducted with the motive to prevent and protect skins of all type by informing the young people of the proper skin care regimen. The campaign will include: lectures with specialists, free skin checkup, consultation and product sampling. With a few main universities and faculties getting involved, skin care awareness will be a small step towards building big youth personality and creation of new potential, [comma] loyal customers.

**In-store event**

Twice a year Kiehl's will create a store event targeting the best Kiehl's consumers – perceived opinion makers – who already are very powerful within their own tribes. This initiative will contribute to the formation of a community that was referred both in case of anchor branding and good practices based on Apple case. A strong brand community results in a more loyal, committed customer base. Activities of such community and their advocacy can create great marketing effectiveness and efficiency that substitute to some degree for promotional activities the firm would otherwise have to engage in (Farris, 2006). Brand community can also be a constant source of inspiration and feedback for product improvements or innovations. Every semi-annual event will differ due to the current initiatives or the current focus undertaken by the brand. It could be one of the following three kinds of meeting. Firstly, the event can be informative – for instance, connected to the new product launch, where consumers will be invited to test the product and listen to the story about its creation. The same kind of meeting can be organized once e-commerce will start operation. Again, as in a mainly informative meeting, the consumers can be presented with the new possibilities that this online platform will bring to them. Secondly, the event can be organized to celebrate Kiehl's success – for instance 10 years in Portugal. Thirdly, the meeting may have a purely networking character. With some important person or specialist being invited to give a speech, the consumers can be later invited to enjoy some snacks or drinks.

# B2. Are Kiehl's consumers engaged by Kiehl's as a range of products or Kiehl's as a brand?

## B2.3. Recommendations



| Kiehl's store events – Value creation process | |
|---|---|
| **Social Networking** | |
| Welcoming | Greeting new members and assisting in their brand learning and community socialization. |
| Empathizing | KCRs Building emotional relationship with consumers, including support for brand related trials and nonbrand-related life issues (e.g. Job, illness). |
| Governing | Articulating the behavioral expectations within the brand community, collecting feedback and inquiring for consumer most current preferences. |
| **Impression Management** | |
| Evangelizing | Sharing the brand „good news", inspiring others to use products. Engaging customers by all the touchpoints – physical store, e-commere social media and PR. |
| Justifying | Expanding rationales generally for devoting time and effort to the brand to non-users and marginal members. |
| **Community Engagement** | |
| Staking | Recognizing variance within the brand community membership and making intragroup distinction based on existing similarities. |
| Milestoning | Noting seminal events that gather top consumers. |
| Documenting | Portraying the brand relationship jurney in a narrative way based on materials recorded during store events and other meetings with top clients and bloggers. |
| **Brand Use** | |
| Grooming | Regulary reminding of the necessity of daily skin care routine and systematizing optimal use patterns. |
| Customizing | Modifying the service to suit group-level or individual needs. This includes all efforts to find perfect skin care regimen, adust it after some period of time and do so later on regular basis according to needs. |

**Graph B2.2. Kiehl's Store Events**

Source: Adapted from from Hope Jensen Schau, Albert M. Muniz, and Eric J. Arnould, "How Brand Community Practices Create Value," Journal of Marketing 73 (September 2009) pp. 30–51.

The value creation process that will take place through store events is described in more detail~~s~~ in ~~a~~ the table below, following the structure that was introduced by Hope Schau, Albert Muniz, and Eric J. Arnould in the article "How Brand Community Practices Create Value". With the division into four categories, namely: social networking, community engagement, impression management, and brand use – it outlines all the elements that will be fulfilled through different kinds of store events. In the graph we also introduce a practical way to build a brand community that ultimately contributes to the creation of Kiehl's as a lifestyle brand.

## B2.3. Recommendations

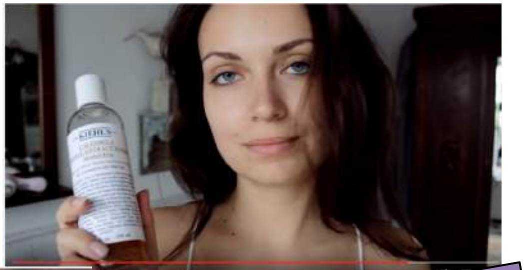
**Blogger relations**

Kiehl's in Portugal would introduce long term relationship with influencial bloggers that provide meaningful skin care content, but also have established social relations with their readers and other bloggers. that aims to inspire women to feel better about themselves. The aim is to create **long lasting relationships with high-profile bloggers** and maintaining the relationship in two ways:

- Kiehl's would invite bloggers to individual meetings with store manager to give them opportunity to build personal relationship with the brand through product trial and individual skin care conslutation.
- Kiehl's would create exclusive events just for bloggers to present Kiehl's world, history, values and products.

As a result of such a cooperation bloggers would create video tutorials, product reviews and other kind of socially egnaging content that would be later on shared through social networks and modarated by bloggers.

In this way high-readership bloggers can encourage conversation with their audience at the same time becoming advocates of the brand.



VIDEO TUTORIALS

PRODUCT REVIEWS

EVENT REPORTS

# B3. HOW CAN KIEHL'S ENGAGE PHARMACIES SKIN CARE CONSUMERS AND BRING THEM TO THE BRAND?

**B3.1. Introduction and Individual Assignment Objectives**

**B3.2. Further Insights and Research used to Address the Individual Assignment Question**

B3.2.1 Individual Research Main Findings

B3.2.2. Preferred alternative distribution channel for Kiehl's consumers How do B3.2.3. Kiehl's consumers perceived the connections between Kiehl's and pharmacy channel

**B3.3 Recommendations to Kiehl's**

# B3. HOW CAN KIEHL'S ENGAGE PHARMACIES SKIN CARE CONSUMERS AND BRING THEM TO THE BRAND?

## B3.1. Introduction & Individual Assignment objectives

Ater the team report main findings it is crucial to go deeper in different aspects of the project in order to reach more conclusive recommendations to address the consumer's needs. Therefore, this individual assignment has the intent to analyze more accurately one of the insights found, which sustains that "Kiehl's consumers are pharmacy oriented".

If in the past pharmacies used to be seen as a selling point now it is perception changed to a place where a consumer can receive formidable advices and have a customized customer service.

Pharmacy and Kiehl's are strongly connected since the beginning of Kiehl's existence, as the brand began to be a pharmacy in New York City in 1851. Today, Kiehl's is not only a full-service pharmacy but also a brand, which offer to their clients a unique customer-experience alongside with a strong cosmetic, pharmaceutical and medical expertise. It is part of Kiehl's DNA to have been an New York Apothecary.

Thus, the aim of this report is to understand **how can Kiehl's engage pharmacies Skin Care consumers and bring them to the brand.** In order to do so , it is crucial to analyze through a deep investigation the Skin Care Consumption in Pharmacies in Portugal, more specifically the reasons **that lead women to go to pharmacies to buy skin care products.** Given this, it is vital to understand the consumer behavior regarding the reasons why women acquired, use and dispose of the product by decision making units: information gathered, influencer, decider, user and purchaser over time, affected by psychological core, process of making a decision and consumer's culture [Martinez, 2015]. After a careful investigation on pharmacy's consumers' patterns, motivations and characteristics a link with Kiehl's reality will be developed. Thus, the goal is to comprehend **how do pharmacy's consumers perceive the connections between Kiehl's and Pharmacy Channels** and so **why are pharmacies the preferred alternative channel for Kiehl's consumers**. Afterwards the final purpose is to give recommendations to Kiehl's about **how to engage pharmacy's consumers in order to bring them to the brand.**

# B3. HOW CAN KIEHL'S ENGAGE PHARMACIES SKIN CARE CONSUMERS AND BRING THEM TO THE BRAND?

## B3.2. Further Insights and Research Used to Address the Individual Assignment Question

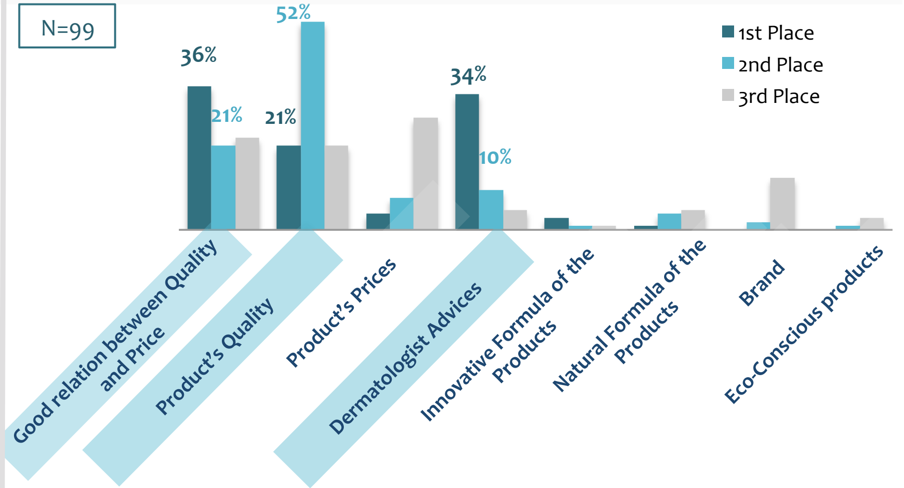
### B3.2.1. INDIVIDUAL RESEARCH MAIN FINDINGS

WHY DO WOMEN GO TO PHARMACIES TO BUY SKIN CARE PRODUCTS?

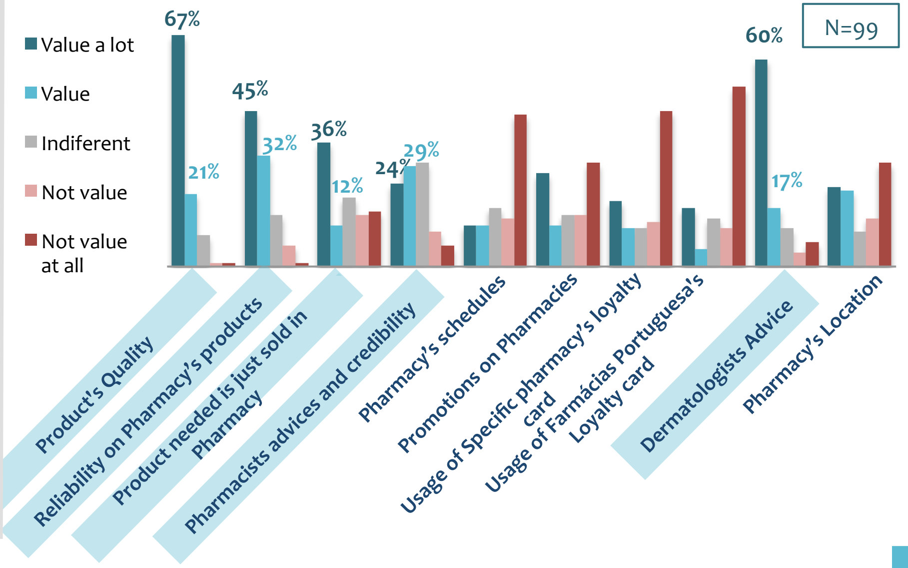
A deep investigation was done in order to understand the main reasons that lead Portuguese women to choose pharmacies to buy their skin care products, alongside understanding their skin care patterns. After a qualitative and quantitative research one could understand that women in Portugal care the most about facial care [16/20 answered facial care during the interviews[1]] and all the respondents do agree that having an healthy skin is what they care the most. Having done 54 observations, 24 interviews, and an online questionnaire with 99 total responses, six main findings were reached [Individual Assignment]:

1. Pharmacy's consumers are driven by the quality of pharmacy's products.
2. Pharmacy's consumers value the good relation between quality and price
3. Dermatologists advices have a crucial role in the consumers' behaviour
4. Products needed for specific treatment are just sold in pharmacies
5. Pharmacy's consumers rely on pharmacy's service and ask for advices but do not have a close relation with pharmacists
6. Pharmacists consumers are loyal to a specific pharmacy

**Graph B3.1. Relevant Variables for Decision-Making (rank from 1-7)**
Source: Individual Assignment. Appendix B4



**Graph B3.2. . Incentives to go to Pharmacy**
Source: Individual Assignment. Appendix B4



---

[1]Source: Individual Assignment. Appendix B2–In-Depth Interviews Consumers

# B3. HOW CAN KIEHL’S ENGAGE PHARMACIES SKIN CARE CONSUMERS AND BRING THEM TO THE BRAND?

## B3.2. Further Insights and Research Used to Address the Individual Assignment Question

### B3.2.2. PREFERRED ALTERNATIVE DISTRIBUTION CHANNEL FOR KIEHL’S CONSUMERS

During the Team Research with the aim of finding the characteristics of Kiehl’s Consumers in Portugal , one main insight was reached - **Kiehl’s Consumers’ are Pharmacy Oriented** [Team, Report, 2015]. Through in-depth interviews made to Kiehl’s consumers the team realize that 13 out of 19 respondents go to Pharmacy as an alternative channel to Kiehl’s. Furthermore, the majority of the consumers associate Kiehl´s with Pharmacies, as the following sentences can exemplify[1]:

"I do trust in pharmaceutical brands, that is why I buy them, plus some selective brands at Douglas as well, and of course, at Kiehl's.” (F, 30-35, BL, 3)

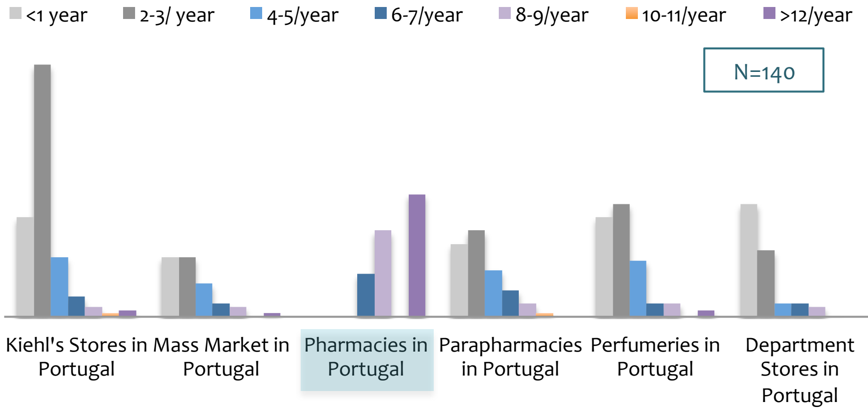
“I buy skin care products at Pharmacy and at Kiehl’s. (F, 25-35, BL, 2)

This Insight was confirmed in the quantitative analysis in a form of a online survey spread to Kiehl’s database answered by 140 Kiehl’s consumers [Team, Questionnaire, 2015].

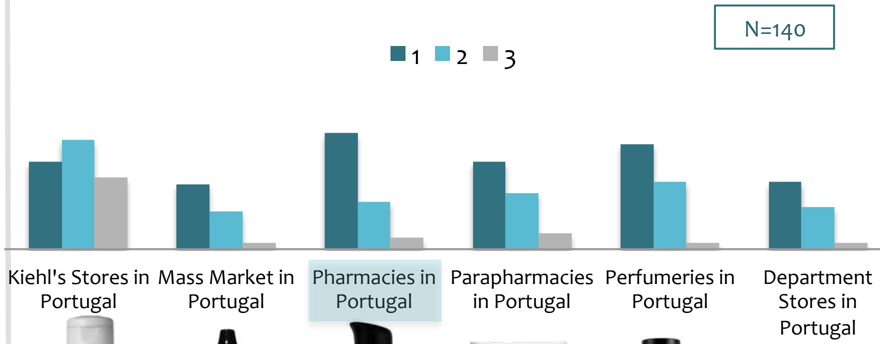
As we can see in **Graph B3.3,** pharmacies are the distribution channel where the consumers go more frequently during the year to buy facial skin care products: 26% buy more than 12 times a year and 19% buy between 8-9 times per year, in comparison with Kiehl’s Stores, in which the majority of consumers (54%) go only 2-3 times per year. In terms of number of products bought, pharmacies along with perfumeries are the strong competitors of Kiehl’s as one can see in **Graph B3.4.**

Source: Team Report

**Graph B3.3. . How many times per year do you purchase face care cosmetics in each of the following stores?**
Source: Team Report



**Graph B3.4. .How many face care cosmetics do you purchase on average per visit in each of the following stores?**
Source: Team Report



## B3.2. Further Insights and Research Used to Address the Individual Assignment Question

### B3.2.2. HOW DO KIEHL’S CONSUMERS PERCEIVED THE CONNECTIONS BETWEEN KIEHL’S AND PHARMACY CHANNEL

After the analysis one can state that pharmacies are the preferred alternative channel for Kiehl’s consumers. The question that will be answer afterword’s is why are pharmacies the preferred distribution channel for Kiehl’s consumers.

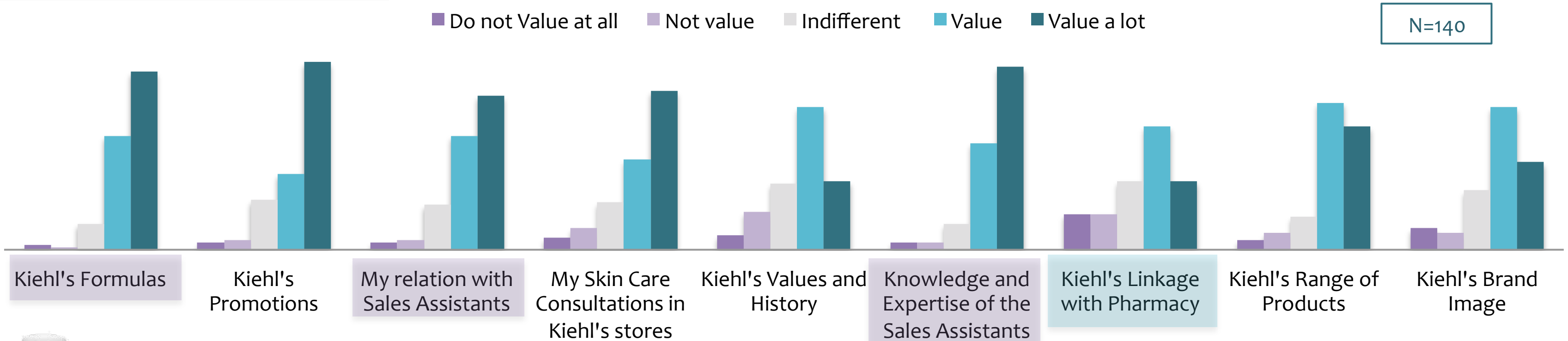
Inevitably, one can already state that this happens due to the inherent connections points of action of Kiehl’s and Pharmacies, related to the brand history.

Thus, one could confirm that a strong connection exists between the offers of Pharmacies in Portugal and Kiehl’s.

Furthermore, there is a undeniable link between what Kiehl’s consumers’ value and what these two distribution channels stand for. As one can analyze from the **Graph13**, Kiehl’s consumers do value the brand linkage with pharmacies. In fact, consumers value all the features offered by Kiehl’s. The ones that will be focus for the connection with pharmacies are the importance given to the relation with sales assitants; the knowledge and expertise of sales assitens and Kiehl’s Formulas.

The brand reaches the consumers with the quality of the products and personalized service, which are features also offered by pharmacies.

**Graph B3.5. .Relevant features of Kiehl’s**
Source: Team Report



## B3.2. Further Insights and Research Used to Address the Individual Assignment Question

### B3.2.2. HOW DO KIEHL'S CONSUMERS PERCEIVED THE CONNECTIONS BETWEEN KIEHL'S AND PHARMACY CHANNEL

#### QUALITY CONCERNS

Kiehl's Commitment with Formula Efficacy

*"At Kiehl's, we have relied on a blend of uniquely efficacious ingredients, derived from both natural and man-made sources, in the formulation of our products since 1851. From our inception as an old-world apothecary, we have been committed to utilizing the finest ingredients in our formulas to assure their high level of quality and efficacy."* [Kiehl's, 2015]

This Kiehl's commitment to assure high level of quality and efficacy of their products is connect with the mission of pharmacies to offer quality products to the society. In terms of cosmetics it is stated by the Portuguese Government that pharmacies have to verify the Conformity of the products and protect the consumers against misleading claims in terms of efficacy of products. [infarmed, 2015]

Making a bridge between the main insights reached during the team report about who Kiehl's consumers are and the research about what pharmacy's consumers value, one can appoint the connection in terms of the importance given to the product's quality. Kiehl's and Pharmacy's consumers give extreme importance to quality and Kiehls's consumers perceived the distinctive quality and efficacy of Kiehl's products.

The following sentences from Kiehl's consumers in-depth interviews can exemplify[1] this situation:

"The quality and results from Kiehl's products and the balance between natural and innovation." (F, 25-30, BL, 3)

"Kiehl's has such an amazing quality" (F, 30-35, BL, 3)

This tendency on Kiehl's consumer behaviour leads the team to reach one main **Insight - Kiehl's consumers value products quality,** which in undeniable linked with the Insight1 regarding pharmacy consumers founded in this report - **Insight 1- Pharmacy's consumers are driven by the quality of pharmacy's products.**

#### SUPERIOR SERVICE STANDARDS

The spirit of Kiehl's is on giving each and every costumer the feeling that he or she is special and that he or she is receiving a quality product. Kiehl's strive to be customer-oriented at all times, requiring that Kiehl's customer representativeness maintains a professional, helpful and cooperation interaction at all times. The customer first-interest is always at the forefront of everything Kiehl's do. [Kiehl's 2015]

---

[1] Source: Team Report

# B3. HOW CAN KIEHL'S ENGAGE PHARMACIES SKIN CARE CONSUMERS AND BRING THEM TO THE BRAND?

## B3.2. Further Insights and Research Used to Address the Individual Assignment Question

### B3.2.2. HOW DO KIEHL'S CONSUMERS PERCEIVED THE CONNECTIONS BETWEEN KIEHL'S AND PHARMACY CHANNEL

As Kiehl's consumers rely and trust on KCR advices, pharmacists consumers also have this feeling regarding pharmacists as one could find in **Insight 4. Pharmacy's consumers rely on pharmacy's service and ask for advices but do not have a close relation with pharmacists**. The fact that pharmacy's consumers do not have a close relationship with pharmacists is a point where Kiehl's could gain.

Strongly linked with insight regarding pharmacy's consumers is the – Insight – **"Kiehl's consumers value KCR service"** reached during the team research. The following sentences exemplify[1]:

"the KCRs are always willing to help" (F, 30-35, BL, 3)

"For me the KCR's service was crucial to start felling in love with the brand. It is part of the experience." (F, 25-35, BL, 4)

"I think is Important to have a relationship with the KCR since it is crucial to trust in them and in the diagnostics. It is good to have a close relationship to ask for advices and feel comfortable while talking about our skin problems and doubts." (F, 35-40, BL, 4).

Consumers do value tailored and trustful services and appreciate that. Having people with formation who have the responsibility to become familiar with Kiehl's Formulation Standards and Philosophies and who are able to transmit it to the clients make people feel safe and confident when going to Kiehl's as they were going to a pharmacy.

PRICES

The team has found out that "Kiehl's consumers' behaviour is not conditioned by age but by levels of available income", which is other link between the pharmacies and Kiehl's world.

Due to the economic crisis consumers are more concern and careful in the choice of their skin care products in terms of prices.

The **Insight 3** of this report **– "Pharmacy's consumers value the good relation between price and quality"** confirms this tendency, independently of the age of the consumers . Thus, pharmacies are a good alternative for the ones that do not have enough available income to buy the range of Kiehl's products desired.

This perception of pharmacy's consumers makes a linkage with **Insight 6** founded by the team – **"Kiehl's consumers value the balance between price and quality"**. Therefore, these strong connections regarding the concerns of available income and the importance given to the balance between price and quality also make pharmacies to be the preferred alternative channel for Kiehl's consumers, since the prices of pharmacies' products are cheaper than Kiehl's prices. [Euromonitor, 2015]

---

[1] Source: Team Report – Appendix

[2] Source: Individual Assignment. Appendix B2

# B3. HOW CAN KIEHL'S ENGAGE PHARMACIES SKIN CARE CONSUMERS AND BRING THEM TO THE BRAND?

## B3.3. Recommendations to Kiehl's

Pharmacies are a strong competitor of Kiehl's as their consumers have similar behaviour and both distribution channels are strongly connected. Thus, Kiehl's in order to engage pharmacy consumers should focus on their main incentives of skin care consumption in pharmacies, which are: Product's quality; Dermatologists advice; Pharmacists advices & service; Product needed is just sold in pharmacies; Credibility & Reliability of Pharmacies and Loyalty . In order to do so Kiehl's should focus on following the key points:

REINFORCE THE PHARMACY IMAGE AND CHARACTERISTICS OF THE BRAND TO GET KEEP AND GROW CONSUMERS

**Pharmacies consumers do value the quality of products → Kiehl's should reinforce science expertise & formulas**

Kiehl's strive for excellence in every facet of the business. Kiehl's products are world renowned for their distinctive quality and efficacy. It is truly important for the brand to concentrate the efforts and costs on the ingredients. Thus, Kiehl's is committed to using the finest ingredients in providing the best possible products. The brand truly believe on the efficacy of their products. They have a skin care competitive advantage, which is having ultra efficacious products with a high concentration of clinically tested natural and active ingredients from pharmaceutical & botanical expertise (10,5% Pure Vitam C, 17%Squalene, 10% Acai Berry, 80% Aloe Vera, 10% Natural Botanical Oils). Thus, Kiehl's should focus on their commitment on creating powerful yet safe formulas for the skin with minimal use of preservatives and aware consumers of this.

**REINFORCE DERMATOLOGIC LINE**

Pharmacy's consumers feel that products needed is just sold in pharmacies → Kiehl's should reinforce Dermatologist line

During this report was founded that pharmacy's consumers value the quality of products and have the feeling that the product needed for their specific problems is exclusively sold in pharmacies. However, Kiehl's also has products specialized for a wide range of specific situations. Thus, the point is create awareness on pharmacy's consumers that they can also find this type of products in Kiehl's. Moreover, and accepting that dermatologists have a crucial role in influencing pharmacies' consumers to go to pharmacies, Kiehl's could create a partnership with this important influencer. **PARTNERSHIP WITH LX DERMATOLOGISTs** - Pharmacy's consumers value a lot dermatologist's advices →Kiehl's should make a partnership with dermatologists. The goal of this partnership would be to reinforce the balance between natural and pharmacy. Kiehl's should take advantage of one of their most popular skincare product lines, The Dermatologist Solutions, which is formulated in partnership with Kiehl's panel of

# B3. HOW CAN KIEHL'S ENGAGE PHARMACIES SKIN CARE CONSUMERS AND BRING THEM TO THE BRAND?

## B3.3. Recommendations to Kiehl's

consulting dermatologists. Therefore, Kiehl's Portugal could start partnerships with the best Dermatologists specialists in Lisbon in order to promote the products and reinforce the association between Kiehl's and Pharmacies.

### CREATE A KIEHL'S LOYALTY CARD

**Pharmacy consumers are loyal to specifc pharmacy → Kiehl's should create a loyalty card to bring pharmacy's consumers to the brand.** The main goal would be to enhance relationship with current customers plus gather new customers.

This practice could create **emotional relationship** with consumers and increase the value of its **customer base.** Complete Reasoning for having a Loyalty Card can be seen in Individual Assignment- Appendix C. To sum up, create a loyalty card in order to build **better relationships** with the customers; Build **trust** among customers; Satisfy customers' **needs efficiently** and **effectively; Attract potential customers** and **Get, Keep and grow customers** to create a **sustainable competitive advantage**

**Goals**

- Increase customers retention and commitment
- Increase loyalty, brand attitude and sales
- Gain access to a wider database to better segment customers
- Increase the degree of customization in the approach with the customer
- Develop an emotional long-term relationship with customers
- Expand the business based on transparency to earn the trust of clients
- Increase the customer's degree of loyalty
- Be and 100% customer-centric company

**ACTIVITIES** to connect consumers on all levels of their contact with the Brand.

- Accumulation of points when buying products in-store or online
- Clients will have access to exclusive offers, early access to seasonal promotions, and rewards.
- Client member year starts the day he/she enrolls in Kiehl's Rewards and lasts for 365 days.
- Account management online, in store or via mobile phone

**Program benefits:** A consumer gains for every **1€ spent - 1 point.**

- Annual 5€ Reward when a customer spends 100€ (100 points → 5€)
- Annual 15€ VIP Reward when a customer spends 300€
- Access to the annual 20% Friends & Family Event
- Access to the annual 20€ Kiehl's Cash Holiday Gift

## B3.3. Recommendations to Kiehl's

The points can only be used when the amount for a specific product is reached. (Meaning if a client wants to buy a product that is worth 50€, he/she need to have 1000 points gathered).

The loyalty card should be available in a physical and online format.

### Client personal account page

The points are registered on each client personal account page. Thus, clients will be able to **track their personal accounts** at: www.kiehls.pt/account and visit **My Rewards** section to check member account details. This will permit Kiehl's to offer different Levels of benefits for different types of consumers

Through the Personal Account the aim is to **Improve customization**

- In their personal accounts consumers will be tailored with offers more suitable to their needs according to their habits
- Kiehl's will be able to send tailored newsletters regarding the specific products that consumers are used to buy
- Provide a communication based on customers preferences

### KEEP THE OUTSTANDING SERVICE AND ADVICES OF THE KCR.

Keep the good service and advices of the KCR . Reinforce the relation with clients based on trust and credibility

**Insight 4. Pharmacy's consumers rely on pharmacy's service and ask for advices but do not have a close relation with pharmacists.**

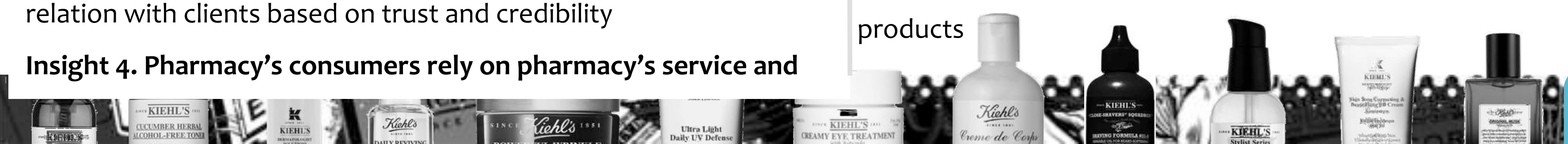
The fact that pharmacy consumers do not have a close relationship with pharmacists is a point where Kiehl's could gain by enhance the formation and help given from the KCR to the clients.

Moreover, use smart sampling to drive future purchases.

**Sampling to empower new launches:** New launches should be reinforced by giving samples of the new product to the specific target. Thus, when a product is launched the specific characteristics should be linked to the consumers profile in database and an email or mobile message should be sent to these group in order to announce the novelty and promote the distribution of samples in store.

**Sampling to awake sleepy consumers:** Review the database consumers and search for those that don't buy any Kiehl's product for six months and send them an email encouraging them to go to store and receive samples

**Sampling to increase purchase basket:** According to the purchase value more samples should be given, for different purchases, different number of deluxe samples – cross sampling within the different categories to increase the awareness to different products



## B4. HOW CAN KIEHL'S KEEP THE OFFLINE DREAM ONLINE?

Taking into account that the consumers are strongly engaged with the Portuguese current offline experience.

# B4. HOW CAN KIEHL’S KEEP THE OFFLINE DREAM ONLINE?

## B4.1. Introduction & Individual assignment objectives

This individual assignment emerged from the project when the the team started to think on how to reach the Brand Lovers target, after the global research, the main insights were analysed and taking into account that consumers are strongly engaged with the Portuguese current offline experience offered by Kiehl’s, the team questioned how could Kiehl’s implement an online platform and omnichannel strategy keeping the offline dream online? How to reach Kiehl's current consumers in Portugal? The team overall addressed this question by studying the path to recommendations, meaning, how to make the bridge between the main insights gathered in the Phase A of research plus the Phase B results. To increase brand awareness the team proposed to follow non traditional marketing initiatives to achieve a higher lever of brand preference and brand purchase intention from the consumers. This will be done by increasing the brand penetration and accessibility – Kiehl’s e-commerce platform and omnichannel strategy implementation. To improve the Buying phase, there is the need to make the brand more available to consumers, the e-commerce platform will allow that and increase brand penetration. To reach the final recommendations there was the need to conduct a deeper research regarding the online vs offline topic. The research is constituted by 5 points considered to be crucial to analyse before designing the recommendations. The first topic to be presented is the introduction to the current concept of Online vs Offline commerce; the second point is based on the assessment of the Omnichannel concept and strategies. Following these research it is important to ask Why e-commerce in Portugal? This third point is crucial to better fundament Kiehl’s new e-commerce platform. Since Kiehl’s brand belongs to L’Oréal Group, its important to understand the company’s position regarding e-commerce and how the group could recommend Kiehl’s website to be implemented in Portugal for that an analysis was made to the UK e-commerce platform, the one that is most similar to the future Kiehl’s Portuguese website. This analysis is expressed in the fourth point of the research denominated: Kiehl’s online worldwide. The last point is dedicated to answering the question: How should luxury brands embrace the digital? This is a crucial point since Kiehl’s is a luxury brand that is valued by the unique service and the recommendation should be based on

# B4. HOW CAN KIEHL'S KEEP THE OFFLINE DREAM ONLINE?

## B4.1. Introduction & Individual assignment objectives

managing the online and offline commerce maintaining the tailored service. The final recommendations to Kiehl's brand are divided in two phases: What should be Kiehl's e-commerce strategy in Portugal? And Main recommendations to Kiehl's. These recommendations are summed up in the Wow Idea 1 based on e-commerce platform and mobile marketing.

## B4.2.Research:

### B4.2.1. Online vs offline

The speed of technological innovations and their influence on individual's lives is presenting a growth to newer socio-economic equations at a pace that is faster than ever in the history of human evolution. Considering that to change from the first-generation mainframe computers to personal computers (PCs) only took near 20 years, we can assume, that the days when a consumer had to choose trough a printed catalogue and wait for a great amount of time before being able to talk on the phone to the sales representative to order the product, or even, when to buy a product there was the need to drive to a store, are way back in the past. Today is the time where smartphones are basically an extension of the human hand, where portable PCs, tablets, smartphones, mp3, are crucial, where e-commerce and not a novelty. **(Zorzini, C. 2015)** As consumers fast change and adapt like chameleons to shopping from their desktops and mobile devices, the already huge e-commerce sector will continue to grow, develop, change turning to an acquired characteristic of commerce. **Borison, R. (2014)**

## B4.2.Research:

### B4.2.2. Omnichannel

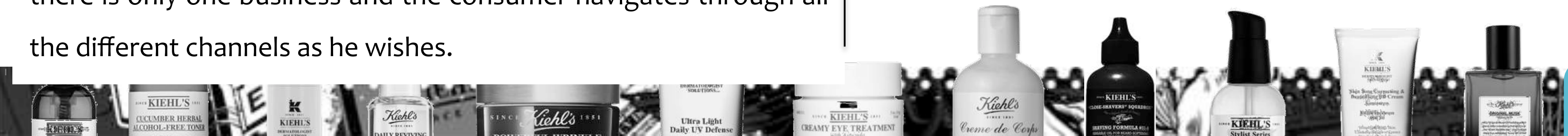
How to address omnichannel strategies? Omnichannel sales became key to brick-and-mortar retailers. But since every business have as main goal profit, something was lost on this new path, the consumer decision journey. We can perceive that first it was all about connecting different channels giving consumers the possibility to shop wherever they wanted, but today, there is the need to "kill the digital" notion, and retailers should reassess this separation between what is digital commerce and non-digital commerce, since there is only "one commerce". The Deloitte report, "Navigating the New Digital Divide," affirms that *"in a world where nearly everyone is always online, there is no offline, so it is not about the digital business, it is just business. It's not about e-commerce, it is simply commerce.*

## B4.2.Research:

### B4.2.2. Omnichannel

*The consumer expectation is that retailers will take care of them regardless of the channel, (…)"* **Deloitte (2015)** The digital it's not separable from the physical reality anymore, we leave in a world that has no longer the traditional defined dimensions. According to the Massachusetts Institute of Technology report, "Beyond the Checkout Cart", *"the omnichannel consumer is the central force shaping the future of e-commerce and brick-and-mortar stores alike (…) getting into data, analytics, or mobile isn't even a decision anymore (…) 80% of store shoppers check prices online, with one-third accessing the information on their mobile device while inside the actual store. This percentage proves that consumers are also approaching their experience from multiple angles."* **Green, J. (2014)** Omnichannel is a key word promoting the total integration between the consumer experiences independently from the channel it chooses to use. Since a purchase can start in a tablet, continue on a mobile phone, pass to a physical store ending with a computer, the reality is that omnichannel strategies are based on the consumer holistic experience, there aren't defined borders, there is only one business and the consumer navigates through all the different channels as he wishes.

To understand the future of omnichannel strategies and how to address them, we need to understand the main conditions to succeed in this new reality. "Big Data" i.e., the capacity to measure consumer behaviour trough data analysis. *"Omnichannel retailing makes a more knowledgeable, immersed and informed consumer (…) brands have to reformulate their strategies to match the paradigm shift of consumer demand."* **Pollock, T. (2014)** Why is important to follow an efficient omnichannel strategy?? Because we can get, keep and grow more consumers to our businesses, and the marketing strategy will become more pertinent and individual fitted. Not only we are making more profit, but also, we can measure everything, by keeping track of suitable key performance indicators (KPYs), purchase patterns, social media, site visits, loyalty programs and more. Social Commerce, everything passes through social channels, since the new consumer empowerment we want to understand what is the best way to stand out, or to fit in society, we make the trends by choosing and studying the world around us, and today's opinion leaders, are no longer brands, fashion houses, nor celebrities, our peers have major weight in our buying decisions.



# B4. HOW CAN KIEHL'S KEEP THE OFFLINE DREAM ONLINE?

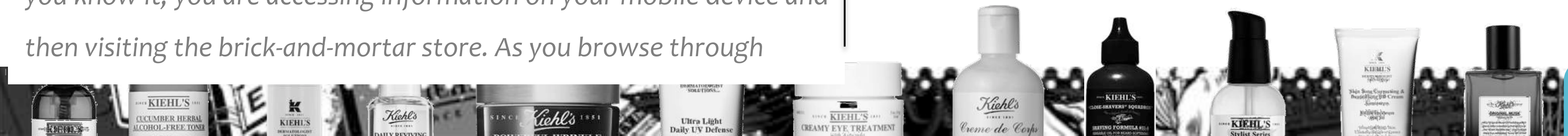
## B4.2.Research:

### B4.2.2. Omnichannel

*"Social media is one of the main reasons mobile platforms have become so prevalent in the purchase journey, especially in the post-purchase phase."* **Lindsey, K. (2015)** Without Content Marketing is hard to differentiate from competition. Content videos and tutorials are more powerful than a static image; it engages the consumer and exposes the product/service realistically. Security is a major concern in this industry, there is the need to understand how to gather the most consumer data possible and efficiently protect it; how to really defend businesses and personal privacy when the threat is invisible. Regarding logistics, warehouse automation, bike messengers, infinite geographic range, everything matters when A business wants to be the biggest, best, and faster. Finally, e-mail, is one of the best ways to generate sales and to reach an enormous range of consumers, plus, gather data in an efficient way. *"You visit your favourite retailer's website. Upon your arrival, the site drops cookies on your browser. Next thing you know, you're seeing a television ad promoting deals available via the retailer's mobile app. And before you know it, you are accessing information on your mobile device and then visiting the brick-and-mortar store. As you browse through the store, you look up products online and perhaps even scan a QR code in search of a deal. Meet the omnichannel consumer — you."* **Green, J. (2014)** According to the Deloitte report *"digital across all platforms influenced 49% of in-store retail sales in 2014,"* and *"the inspiration for these purchases came from all steps in the path to purchase."* **Lindsey, K. (2015)** How to address Omnichannel strategies in the future? Brand should not focus only on the "buy" step, there is the need to focus on the consumer journey: before, during, and after visiting the store. The Deloitte report shows that the influence of digital is far more of what people believe today *"it affects customer loyalty, traffic, order size, and more, 64% of in-store transactions will be impacted by digital prior to the consumer coming into the store in 2015."* **Lindsey, K. (2015)**

*"**Why Omni Channel is Important?** Omni-channel retailing also offers plenty of benefits to retailers, benefits that make investing in this strategy worthwhile. Improves Customer Loyalty and Satisfaction integration with their shopping experience. Brands that don't provide that kind of experience, are likely to lose customers, especially as the digital generation gains even more buying power."*

Source: BYSOFT - YOUR E-COMMERCE PARTNER
http://www.bysoftchina.com/consulting/omni-channel



## B4.2.Research:

### B4.2.3. Why e-commerce in Portugal?

In 2014 Portuguese consumption patterns changed drastically when people started to spend more time on the Web instead of watching TV, this, allied to the fact that was a huge increase in smartphone penetration. Portuguese digital consumption patterns: Is estimated that in 2014, 7 million Portuguese – representing 66% of the population – accessed the Web regularly, and from these 66%, 3,5 million people used mobile devices everyday. There was registered 2,97 million e-shoppers in Portugal, and these consumers spent an average of 988€ per year. Adding to all of this, in 2014, the smartphone sales increased 22% reaching 2,7 million units sold, and tablet sales grew 39%. **Sampaio, T. G. (2015)** *"One in ten Portuguese sites recorded a 100% growth in the number of customers, according to data from the Quarterly Barometer ACEPI / Netsonda 2013".* Prediction points that *"by 2020 there will be more than 9 million Internet users, about 84% of the population; there will be 4.5 million e-shoppers in Portugal and each one will spend more than 1000€; at current rates, it is expected that B2C e-commerce sales will account for something between 5 and 6 billion Euros."* **Sampaio, T. G. (2015)** However, after the team quantitative research a conclusion was reached: there is a very low connection between Kiehl's consumers, e-commerce and digital marketing. It is clear that this point is something that we should recommend to change based on the global Kiehl's online strategy. How can Kiehl's keep the offline dream online, taking into account that consumers are strongly engaged with the Portuguese current offline experience?

**Quantitative Research main insights regarding e-commerce and digital marketing:** [Check appendix F – Full Quantitative Research: The Questionnaires]

**THE DISCRETES:** Where did you first find out Kiehl's? Half of the respondents found out Kiehl's by entering the store. 1/3 of customers were informed by friends or family member. Where and how often do you get in touch with / seek information about Kiehl's? Main information source for Kiehl's clients are KCRs. Every 2-3 months 1/3 of customers seek information about Kiehl's in the store. Less often customers check Kiehl's website but they almost never seek for the information in social media. **THE LOUDS:** Where did you first find out Kiehl's? LOUDs got to know about Kiehl's mainly from Friends or Family (word-of-mouth advertising) or they just were attracted by the store itself and entered.

## B4.2.Research:

### B4.2.3. Why e-commerce in Portugal?

Social media, press and blogs didn't play such a huge informative role but they were still mentioned by respondents. Where and how often do you get in touch with / seek information about Kiehl's? Usually every 2-3 months the Louds seek information about Kiehl's at stores or monthly at brand international website. International blogs and magazines are not very common in terms of providing information about Kiehl's. **THE EAGERS**: Where did you first find out Kiehl's? Eagers got to know about Kiehl's MAINLY FROM FRIENDS OR FAMILY (word-of-mouth advertising) or they just were attracted by the store itself and entered. Where and how often do you get in touch with / seek information about Kiehl's? Press and blogs don't play such a huge informative role. Monthly frequency for checking Facebook. Usually every 2-3 months the Eagers seek information about Kiehl's at stores or at brand national website. Taking this into account, the challenge is to manage the online and offline services in Portugal, promote it as one being the consequence of the other, as something that will not put in prejudice the current service and above all, that the digital complementary service is an actual need and not a threat.

### B4.2.4. Kiehl's online worldwide

*"L'Oreal Attacks Fast-Growing E-Commerce Space: New Business Models Are Intended to Boost Sales, Nurture Loyalty and Gather Data for the Beauty Giant After years of boosting spending on digital media, L'Oréal is now looking for more direct payback with a bigger and multi-front focus on e-commerce."* **Neff, J. (2013)** Kiehl's Thailand, in 2014, the luxury beauty brand followed the steps of the other main markets, like US and China, and transformed Kiehl's official website, until the date just an online catalogue, into a functional and interactive e-commerce website. *"With 11 offline locations, mainly in Bangkok and one in Chiang Mai, the e-commercialization of Kiehls.co.th will provide customers in second and third tier cities access to the same product selection available in the offline stores."* **Zaryouni, H. (2014)** This is a key point regarding e-commerce, to be able to reach new consumers, and to maintain in a more effective way, those consumers that travelled to restock products. There is a general worry regarding the cannibalization threat from the online to the offline retail, but Kiehl's brand is a customer-centric brand and has a customer-centric approach to distribution, meaning, the brand's priority is

## B4.2.Research:

### B4.2.4. Kiehl’s online worldwide

to give consumers the best experience, whether from the offline store or from the virtual one. To better understand how the team could recommend Kiehl’s website to be implemented in Portugal, an analysis was made to the UK e-commerce platform, the one that is most similar to the future Kiehl’s Portuguese website. [Appendix G – Full Analysis - E-commerce for 2016] The main insights from the website analysis were that the brand follows every step and practice to deliver an engaging digital consumer experience, however, some mistakes were found and pointed to be solved when implementing the website in Portugal. Following the Digital Purchasing Funnel steps to access the analysis, regarding the pre-awareness (step 1), it is not depended on the website but on the sources leading to the website (e. g. Kiehl’s word of mouth marketing and store service). In the home page we can see brand awareness (step2) being reinforced by the permission marketing that offers the consumer informative newsletters. Regarding research and familiarity (step 3) the website is very clear on how to find what the consumer needs, the home page is easy to read and the structure allows the brand to engage consumers’ interest and to give more information to the consumers who are interested and / or familiarized. The Opinion and short-list step (step 4) is crucial on e-commerce, since it enables the consumer to perceive other’s opinions on products and to share their own statements, in Kiehl’s website is very clear the opinion list, but it is not easy to add a product as favourite, this is something bad, it takes more than three clicks to do it, it should be possible to do this with only one click and create a list in the consumer personal profile with all the favourites. Regarding product consideration (step 5), the expert advice plus tips and products components, are very visible on the website, and this is complemented with ongoing cross selling tips plus opinions, which are crucial in the consideration phase. One mistake that the team found was that is not easy to compare products in Kiehl’s website, there is the need to change this giving to consumers the opportunity to compare different products at the same time in a clear transparent way, helping in the consideration phase. Other point worth mention is that Kiehl’s offers three samples on every order, but it should also offer samples when a consumer creates an account for the first time to show products potential.

## B4.2.Research:

### B4.2.4. Kiehl’s online worldwide

Regarding the “checkout” point, the website has an option to “continue shopping”, this is good since it encourages the consumer to continue purchasing and enhances cross-selling. Other error was found when the team tried to add more than four products to the basket and a warning appeared affirming that the consumer can only add a max of four products. This is an error that discourages the consumer to continue purchasing. Also, the very important Routine finder for a healthy skin is a crucial part on the website, it allows the consumer to increase the number of products per purchase, but when the team tried to figure out what should be our skin routine a warning appeared saying “Congrats, you’re special! According to your results, we have no recommendations for you!”. We considered this as a “bug”, but if it is not, this can be a major sales deal breaker. Regarding the Sign In page, it is clear for the team the segment differentiation. There are four possibilities, one for each segment. The purchase phase (step 6) is made to help in the repurchase moment and to increase brand loyalty. Kiehl’s website is very well structured in this phase, and to reach it it takes 6 to 7 clicks, meaning, the consumer that reaches this point, a late waver, is someone that is really interested in purchasing. The shipping and billing page structure is simple and intuitive, if it wasn’t, this could make consumers quit from purchase. There gifting option on this page is key to increase word of mouth marketing and to deliver the complete experience, the consumer can choose if the purchased products are for gift adding a complementary gift wrapping for free and include a personalized message, this will also help increase brand advocacy. After 7 or 8 clicks since we started our journey in Kiehl’s website, the team reached the Review & Submit Order page, this represents the final step to actually purchase the products. The fact that Kiel’s website allows the review of the products will help consumers to feel safe and advocate this service as transparent and secure, plus the sampling while purchasing increases loyalty. Regarding step 7, Brand Ambassador or Saboteur, the team found out plenty complains, since sometimes errors occur and it is not possible to submit the order in the end. The website uses KCRs as ambassadors to increase the opinions given and the reliability but the brand could also use real consumers or bloggers as trendsetters. The final step, the Repurchase intent phase,

## B4.2.Research:

### B4.2.4. Kiehl's online worldwide

it will increase the probability of repurchase and increase consumers' proximity with the brand, this is a key point were Kiehl's website is really perfect, the brand promotes rewards for bringing products empty bottles back to Kiehl's stores! Also there are a lot of warnings and emails that remember consumers to buy the product when they are almost ending, or to return to the store and redo the skin care consultation. This increases the probability of repurchase and enhance brand's philanthropy action and consumer centric service. Even if brand awareness is high and people go to the website the vast majority will leave without even clicking on any hyperlink. From the ones subscribing to the newsletters not all of them will purchase or be loyal to the brand. The ones that are loyal may not be brand advocates once they don't comment or send recommendations to friends / followers. Said so, the website should be user-friendly, engaging, safe and transparent.

## B4.2.Research:

### B4.2.5. How should luxury brands embrace the digital?

As stated on the McKinsey & Company report titles "Digital inside: Get wired for the next ultimate luxury experience" digital technologies have transformed luxury consumers, and *"three out of four luxury purchases, even if they still take place in stores, are influenced by what consumers see, do and hear online. Digital, in other words, is now the engine of the luxury shopping experience."* **McKinsey & Company (2015, pp5)** The question is no longer what are the risks and opportunities for a luxury brand in opening an online store, or, when to do it, today the question is how to do it. The McKinsey report, based on the work of the Altagamma-McKinsey Digital Luxury Experience observatory, explains how digital luxury consumers have transformed their omnichannel decision journeys with the development of the digital and how luxury brands can get advantage of this new behaviours to capture the huge digital opportunity. **McKinsey & Company (2015, pp5)** The first crucial insight of this report is linked with the fact that luxury consumers, meaning wealthy consumers, have more mobile devices than the others, globally speaking, 95% have at least one smartphone, and in most countries the number reaches

## B4.2.Research:

### B4.2.5. How should luxury brands embrace the digital?

100%. The crucial part is that not only they all have smartphones, but also, 75% of luxury consumers have multiple mobile devices. *"Smartphone, and sometimes tablets, are carried with us wherever we go and as a result, are driving the rapid development of new consumer behaviour patterns, such as the "always on, anytime, anywhere, but only when and where I want it" attitude."* **McKinsey & Company (2015, pp7)** Not only luxury consumers are social media heavy users but also they are active ones, since two-thirds of this group creates, at least once a month, social media content (e.g. photographs, videos, product reviews or re-postings of content created by others) and 15% generates content on a daily bases. The luxury consumer is empowered, is seen as a co-creator, have more importance than the brand itself. *"For each image that luxury brands post on their official Instagram account, for instance, there are on average 10,000 more that consumers have posted containing the brand's hashtag."* **McKinsey & Company (2015, pp7)** This digital transformation is transversal to almost every generation, the new behaviour is not conditioned by age, is based on a new attitude towards the brands, current luxury consumers are highly mobile, social and digital. And the most difficult thing to deliver to these consumers is really a multi-channel experience that answers to their expectations and that keeps the online dream online. As everything changes and evolves, the points of differentiation of yesterday are today's points of parity, the digital business is a key for revenues growth and a most a crucial element to keep brands competitive. *"Over the past five years, they have grown four times faster – an annual growth rate of 27 percent vs. 7 percent for offline sales. Last year, in fact, nearly all of the €5 billion in luxury goods market growth came from e-commerce."* **McKinsey & Company (2015, pp9)** Looking to global averages, luxury goods online sales are represented in 2014 with €14 billion, and increasing of 4% regarding the total luxury market. This rapid change is based on two different channels: the luxury brands owned websites representing the the firmest growing channel with one quarter of online sales and the online offering of the principal department stores. Regarding online luxury sales penetration, the most dynamic e-commerce categories are beauty products and ready-to-wear apparel, both

# B4. HOW CAN KIEHL’S KEEP THE OFFLINE DREAM ONLINE?

## B4.2.Research:

### B4.2.5. How should luxury brands embrace the digital?

representing 7.2% of total online luxury sales, following these two is the accessories category with 6.2%. Kiehl’s e-commerce strategy already exists globally, the UK website was used as an example to implement in Portugal, but the group also considered the forecast of luxury e-commerce future development to better answer this question. When assessing a brand’s digital luxury opportunity is key to understand all that happens before a consumer decides to make a purchase, meaning, study the touchpoints that define the result of their buying choice and the overall shopping experience. Digital is a serious driving force, three-quarters of the total luxury goods market is induced by a brand’s digital presence. The research indicates that the early consideration phase is critical since consumers tend to purchase from familiar brands. Luxury brands have to maintain their supremacy over time to be present at the top of a consumer’s mind. For this, the brand needs to build reputation, awareness and category relevancy in a consistent manner continuously over time.

## B4.3. Recommendations to Kiehl’s

According to the **McKinsey & Company report (2015, pp11)** luxury brands must be present everywhere since at least one of every five luxury consumers are in contact with every fragment of content created by the brands. This leads to the conclusion that every luxury brand should leverage all the existent touchpoints to enhance presence in the initial consideration phase, and also to convert consumers during the complex decision making journey. There are five particular touchpoints that are vital to craft an unique luxury customer experience: The city store, Person to person word of mouth, Online search, Sales people and Brand website. Regarding Kiehl’s in Portugal, the brand have implemented two engaging stores in crucial points of the city and delivers an outstanding service where the KCRs are the key. But the service in the offline store should be intersect with the digital presence in the future. The goal for Kiehl’s is to strive on each of these five touchpoints, and this could be obtained by ensuring seamless integration, meaning, the great online experience is not enough when is disconnected from what is happens in-store, the key is to achieve a perfect integration on the online/offline consumer journey. The McKinsey & Company report explains in

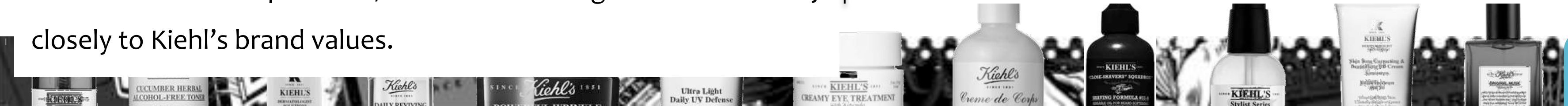
### B4.3. Recommendations to Kiehl’s

the best way what Kiehl’s brand in Portugal should consider for the future: *“**ONLINE SEARCH:** Luxury brands invest tremendous effort and resources to create visibility in the offline world, starting with beautiful stores in the best locations. Being visible online is just as important. **BRAND WEB SITE:** A customer’s experience with a brand’s own site determines a great deal about how they perceive that brand. Does the messaging feel authentic? Is there enough information about products? More than half of luxury consumers interact with brand sites. Yet players still have a lot of progress to make in delivering an online luxury experience that exceeds consumer expectations set by the digital champions, beginning with mobile-enhanced web sites and ease of navigation.”*

**McKinsey & Company (2015, pp13)** How can Kiehl’s keep the offline dream online? To answer this question the team also studied the Burberry brand case regarding digital evolution. This brand was completely transformed when allied to the digital development, Burberry was founded in 1856, just like Kiehl’s, has a strong brand heritage and tradition. There was developed a multi-dimensional strategy for Burberry based on a global identity and the focus on core products, this is something that relates very closely to Kiehl’s brand values.

Besides this, the emphasis on digital technology, made Burberry to stand out amongst its competitors in the luxury market, becoming more competitive and strong. Burberry and Kiehl’s sell their products through different channels, from bricks-and-mortar to online stores. The store design is unique and consistent throughout the different locations in the world. The physical identity is very important and caries the brand heritage and values telling to the consumers the brand history. But Burberry stores have something that the team considers that is lacking in Kiehl’s, digital technology plays an instrumental role in all stores. In Burberry stores all sales associates are equipped with an *Apple iPad that connected to a proprietary system tracking each customer’s shopping history as well as a database showing product availability in the store and in central warehouses. In some stores, the iPad even functioned as a mobile checkout station, allowing customers to make purchases directly on the floor instead of going to a traditional fixed register.”* **Elberse, A. (2014, pp 8)**

This is something really important, to link the virtual reality to the physical one, at the same time that the sales representative

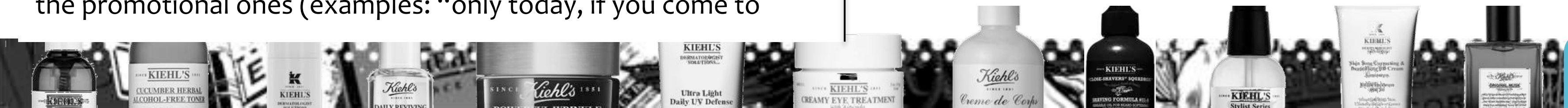


## B4.3. Recommendations to Kiehl's

creates more awareness regarding the digital platforms, the service is unique, as should be in a luxury brand, but also, is more effective and personalized. **The tablet** allied with the customized app allow salespeople to deliver an even better service than before, is crucial for a luxury brand to deliver a unique service, and this is something that the team thought to be an wow idea for Kiehl's to implement in Portugal. **The app** is the ultimate in customer service, and since "service" is on of Kiehl's brand pillars, they could develop something similar that helps the KCR to identify the consumer and check all the data plus online and offline purchasing history, integrating perfectly the offline and online store. Other crucial decision for Burberry was to contract a creative team responsible for all **visual media**, this was key to promote the brand identity, values and culture efficiently trough digital channels. The outcome of the UK **website analysis** helped the team to recommend the implementation of the critical points on the **Portuguese website**, being these: Gift Generator, Custom Gifting, Auto replenishment, Ratings and Reviews to increased conversion; Search Engine Optimization (Searchable content; SEO Content Pages; Optimized backend infrastructure) and **Social Integration** (Sharing/ Login / Customizable email signup popup) to expand digital awareness. The consumer experience should be perfected and completed with the implementation of responsive design in the website, plus, maintaining the Healthy Skin Routine Finder, the Personalized Product Recommendations, the Searchable content, the Store locator, the Transactional trigger responsive emails, the Custom Gifting and the Product Q&A page. To increase the conversion rate the brand should maintain the Gift Generator, the Optimized checkout, the Ratings / Reviews and the Auto Replenishment options. To foster awareness the brand should maintain the customizable email signup Popup, the SEO backend infrastructure and the Social Login. Kiehl's E-Boutique should have a consistent brand presentation and control over promotions, guarantee the service and satisfaction, efficiently access and control consumer data to keep informed by each transactions and to create merchandising and **CRM best practices data driven by data.** The team recommends a complete Integrated Marketing Communication Plan to be implemented by Kiehl's brand in Portugal.

### B4.3. Recommendations to Kiehl’s

Regarding the Interactive advertising facet the group recommends the implementation of the **brand website** in Portugal following the characteristics mentioned before, a strategy similar to high-end brands such as Burberry or Chanel. The website should be developed not only for Desktop, but most importantly for Tablet and Mobile phone. If possible a mobile app should be developed and implemented to deliver the best holistic experience to Portuguese consumers. Regarding **Mobile marketing** the team recommends new practices to maintain the relationship with consumers’ trough continuous small gestures. The proposal is based on three types of text messages, the firs type: non promotional messages that maintain the relationship with current consumers, these should be occasional (examples: “Kiehl’s wishes you a nice day”, “Happy nature day”, “Happy birthday”, “Have a Kiehl’s Christmas”) promote Kiehl’s life style (examples: “Keep calm and use Kiehl’s”, “Did you take care of your skin today?”) and deliver free skin beauty & care info (examples: “Did you use UV protection today?”, “Remember to exfoliate once a week”). The second type of text messages are the promotional ones (examples: “only today, if you come to Kiehl’s store and show this SMS you will get 2 deluxe samples with every purchase”). Finally, the third type of messages are based on GPS tracking of consumers, when spotted a consumer that is linked to Kiehl’s database, the store sends a message encouraging him/her to enter the store and get a free skin consultation or to know about the new products launched. This individual assignment resulted in different recommendations, but as major idea, the research lead to the integration of the point of sale and digital, keeping the offline dream online Taking into account that consumers are strongly engaged with the Portuguese current offline experience. The objective is to create the link between e-commerce and the physical point of sale using the KCR’S help while working using tablets in store. This will educate consumers on how to navigate and order online in Kiehl’s website, explain everything about the possibilities to create an online account in Kiehl’s website and to show the tracking regarding individual purchases and points that can be accumulated with the loyalty card (explained in the group final report). **The tablet should** be used when registering consumers at Kiehl’s database while in store, and the KCRs could use the



## B4.3. Recommendations to Kiehl's

tablet to write the consumer skin care type and skin care routine on his/her personal Kiehl's page after the skin care consultation; could present the products online showing in a more interactive and engaging way all the natural components and innovative formulas; present new Kiehl's tutorials on how to use the products at home and how to treat each different kind of skin. At Colombo store this would help KCR's to communicate with Asian clients and increase sales, and this is an answer to a real problem mentioned by them in the in-depth interviews made by the group. In this way, the brand will deliver a more tailored service integrating the digital and offline reality.

**Figure B4.1. WWW INTEGRATED BRICK AND MORTAR STORES**
Source: intechnic - results driven websites

http://www.intechnic.com/blog/expanding-your-brick-and-mortar-store-into-a-web-business/

*"Digital is redefining what a truly distinctive experience means for a luxury brand. With luxury consumers being already fully digital and their expectations raising year-on-year as new standards appear from outside the industry, the challenge for luxury brands is high. And it is even more complicated as these digital luxury consumers follow very distinct and fragmented journeys. However, the opportunity is there: with a 14€bn online market today that could grow up to 70€bn by 2025. Furthermore, with 75% of all luxury sales influenced today by digital (and which could go up to 100% by 2025), luxury brands have no choice but to embrace the digital era and become truly omnichannel. This will require them a radical rethinking of both their customer experience of their consumer engagement strategy."* McKinsey & Company (2015, pp17)

## B5. HOW TO USE SOCIAL MEDIA TO ENGAGE MORE CONSUMERS IN PORTUGAL?

# B5. HOW TO USE SOCIAL MEDIA TO ENGAGE MORE CONSUMERS IN PORTUGAL?

## B5.1. Introduction & Individual Assignment Objectives

This individual assignment emerged from the Group Work in the first and second phase of the qualitative and quantitative researches. We asked two questions in the questionnaire sent to Kiehl’s consumers that would indicate whether social media is a frequently used source of information about the brand. The first question was the following: “Where did you first find out about Kiehl's?”. 19% of respondents got to know about Kiehl’s through international blogs and 11% of them – through Portuguese blogs. Only 4% of respondents found out about Kiehl’s from other social media, like Facebook. Based on this information we may assume that Facebook of Kiehl’s Portugal is not a well-known source of information about the brand. More respondents got to know first about the brand through word of mouth marketing – from friends or family (31%) or they just entered the store (35%). The second question connected with social media which was asked in the questionnaire was the following: “Where and how often do you get in touch with / seek information about Kiehl's?”. In general Kiehl’s consumers in Portugal almost never use social media to look for the information about the brand. Press and blog are not informative sources of information for Kiehl’s consumers. Usually, every 2-3 months consumers seek information about the brand directly at stores. Among Kiehl’s consumers who use social media to seek information about the brand, it is more common to use Facebook on a monthly basis and other social media such as Brand Instagram, international and national blogs every 1 -3 months. **For further details on the complete analysis of the questionnaire please refer to the Block A and the Appendices F and G.**

Moreover, the qualitative research in a form of in-depth interviews revealed that the consumers rather prefer to shop offline and thus, the online channel is not commonly used by them. For instance, regarding preferred distribution channels, most of Kiehl’s consumers mentioned “Pharmacy and Kiehl’s” justifying that “I don’t like to buy online since I prefer to experiment the products in the stores.” or “[I buy Kiehl’s products at] Kiehl’s and selective market. Online never!”. **For further details on the qualitative research please refer to the Block A and Appendix C.**

# B5. HOW TO USE SOCIAL MEDIA TO ENGAGE MORE CONSUMERS IN PORTUGAL?

## B5.1. Introduction & Individual Assignment Objectives

Therefore, there is a clear tendency of Portuguese consumers to be strongly engaged with Kiehl's current offline experience and poorly engaged with online experience. This is especially true for Kiehl's social media channels in Portugal. However, we could have expected that the engagement of Kiehl's consumers in Portugal into brand's social media channels would be low since Kiehl's offline experience is very unique. Furthermore, the connection between Kiehl's offline and Kiehl's online is low. Therefore, the **main objective of this individual work project** is to focus on the following research question: **"How to use social media to engage Kiehl's consumers in Portugal?"**. In order to answer this question, the work has been divided into three parts. Firstly, I will conduct a research about Social Media Influence On Luxury Consumers followed by Kiehl's Social Media Strategy and Kiehl's Global Performance on Social Media Markets. Based on the insights from this research, the second part of this Individual Work Project is a quantitative research in a form of an analysis of Kiehl's Portugal Facebook's report. Finally, a third part of this work is a recommendation part for Kiehl's in Portugal to engage its consumers via social media.

## B5.2.Research:

### B5.2.1. Social media influence on luxury consumers

Social media is nowadays the must for most of businesses in order to constantly stay in touch with consumers. Brands try to diagnose ways in which they can benefit from using social media channels such as: Facebook, Twitter, Instagram, YouTube etc. (Direct Science, 2009). According to the luxury consumers, almost all of them possess mobile devices as 100% of luxury buyers in most developed countries have at least one smartphone and globally this figure amounts to 95%. Besides that, 75% of luxury consumers handle several mobile devices at once. Moreover, luxury consumers are very engaged with social media since 80% of them use social media platforms such as Facebook, Instagram, We-Chat or Twitter on a monthly basis. Furthermore, 50% of them are weekly users and more than 25% of them are daily users of social media. What is important, luxury consumers are active social networking users as two-thirds of them create social media content on a monthly basis, such as: photographs, videos, reviews of products or sharing content posted by others. (Mc Kinsey & Company, 2015).

## B5.2.Research:

### B5.2.2. Kiehl’s Social Media Strategy

Main objectives of Kiehl’s Social Media Strategy are the following: increase Kiehl’s brand awareness and engage consumers, especially brand lovers to spread the word about Kiehl’s in order to introduce potential new consumers to the brand. Kiehl’s social media strategies are divided into global and local ones. Global social media strategies are developed by Kiehl’s in the United States. Global teams also analyse social media best practices and then give recommendation to the local Kiehl’s offices. Despite of the fact that Kiehl’s Portugal as local office receives guidelines from the global team, it is obvious that local markets considerably differ among themselves. Therefore, Kiehl’s Portugal, as a local office, is still empowered to develop and introduce its own social media content, thus it creates its own social media communities. All actions connected with social media channels are reported at the end to and evaluated by the Kiehl’s global team (Kiehl's Database, 2015).

Main objective of Kiehl’s social media approach is to increase engagement with the brand. Through different social media platforms, people are connecting and interacting with each other. As Kiehl’s marketing is based on word of mouth, social media should be a vital part of Kiehl’s relation with consumers even though the brand is famous for its unique offline experience. The brand’s social media platforms are designed for connecting with potential and existing consumers on a daily basis in order to raise brand awareness.

Currently, Kiehl’s social media channels are the following: Facebook, Twitter, YouTube, Pinterest, Kiehl’s Blog, www.weibo.com and www.kaixin001.com.

## B5.2.Research:

### B5.2.3. Kiehl’s Global Performance on Social Media Markets

According to “Kiehl’s Global Performance on Social Media Markets in Q2 2015” report, Facebook is Kiehl’s social media platform number one in terms of people engaged (1 056 176) and includes 40 markets in total. However, regarding the growth rates, both fans / followers growth and engagement growth, Facebook is on the last place. Instagram seems to be an increasing force since it grows at the fastest pace in terms of the follower

## B5.2.Research:

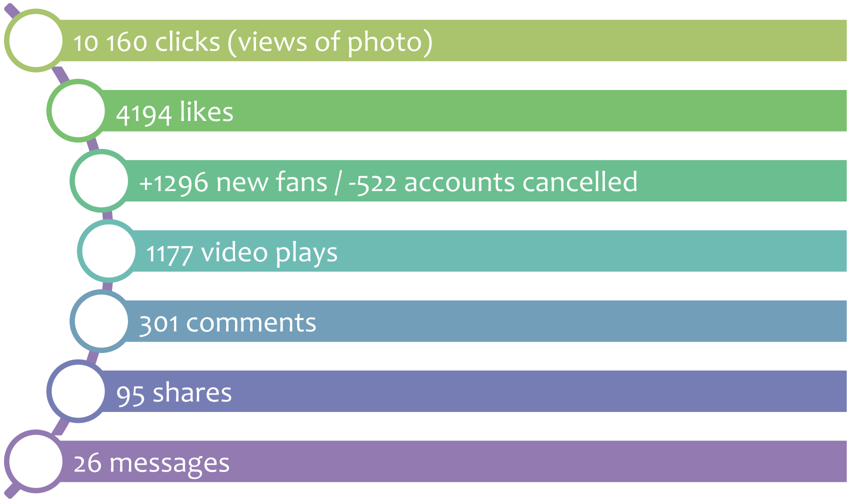
### B5.2.3. Kiehl's Global Performance on Social Media Markets

growth rate among all global Kiehl's social media (+35.8%). Moreover, it is the second social media channel with respect to the engagement growth rate (+54%). The growth projection forecast for FY 2015 was enormous since it amounted to 250% for Instagram. With reference to Twitter, is has the highest engagement growth rate among all social media (+71%), the second follower growth rate among all global Kiehl's social media (+6.6%). Followers growth is rather moderate since engagement is highly dependent on partnership campaigns (especially in the US) (Kiehl's Database, 2015).

## B5.2.Research:

### B5.2.4. Quantitative research: Analysis of the Kiehl's Portugal Facebook's report

The second phase of this individual work project is a quantitative research in a form of an analysis of the Kiehl's Portugal Facebook's report obtained directly from Kiehl's Portugal Marketing Team. The report is based on the data from January 1st, 2015 to October 31st, 2015. During the analysed period, 17 223 people were engaged into and entered the Kiehl's Portugal Facebook Website (n=17223). Total number of subscribed fans amounted to 4 622 and the Facebook website was viewed 56 603 times. Total results of Kiehl's fans' interactions are included in the **Graph B5.1.**



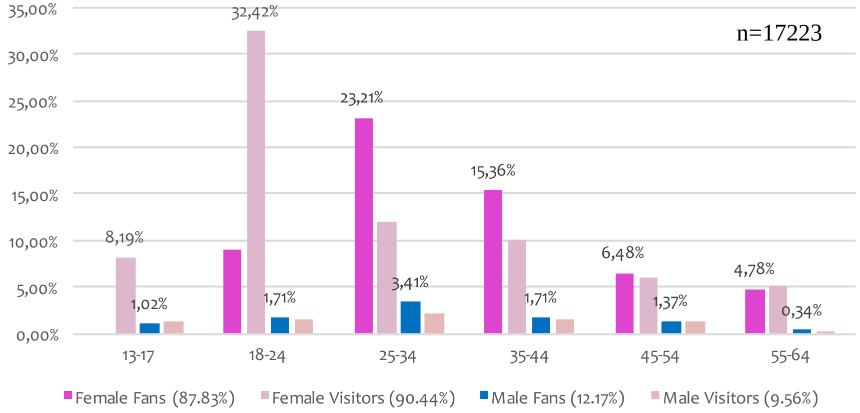
**Graph B5.1. Results of Portuguese Kiehl's fans' interactions on Facebook** in the period of 01.01.2015 – 31.10.2015 (n=17223).

According to the **Graph B5.2** we can observe that there are definitely more female than male fans and visitors on Kiehl's Portugal Facebook fan page. In the age group of 18-24 years' old there are 32.42% of female visitors. On the contrary, the older age group of

## B5.2.Research:

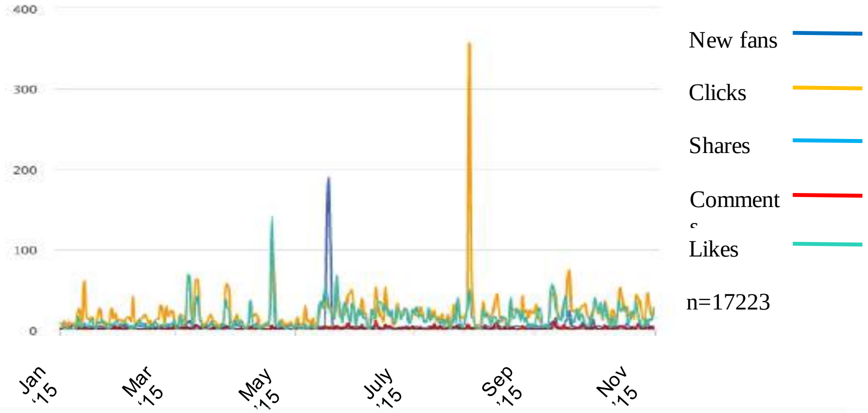
### B5.2.4. Quantitative research: Analysis of the Kiehl's Portugal Facebook's report

25-44 years old consists rather of female fans. The age group of 25-34 years old includes the biggest share of subscribed women which equals to 23.21% and men (1.71%). Therefore, the first insight is the following: younger visitors of Kiehl's Portugal Facebook page up to 25 years old prefer rather to read posts anonymously and the group above 25 years old is more attached to the brand and wishes more to show its activity on spreading the word about Kiehl's brand.



**Graph B5.2.Involvement of Kiehl's fans in Portugal on Facebook split by gender** in the period of 01.01.2015 – 31.10.2015 (n=17223).

On the basis of the **Graph B5.3** we can observe that there were three peaks in terms of different interactions. The biggest peak was detected in the end of June 2015, when the number of clicks exceeded over 350. The second greatest peak was recorded in the end of May 2015 and it was connected with the highest number of new fans of almost 200. In general, the number of likes is pretty steady throughout the year. However, there was a substantial peak registered in the beginning of April 2015 when the number of likes was equal to around 150. The reasons for these peaks are linked to the most popular posts on Kiehl's Portugal Facebook, which are described below and included in the **Table B5.1.** Neither comments nor shares are popular interactions among Kiehl's Facebook visitors and fans in Portugal.



**Graph B5.3. Quantified interactions of Portuguese Kiehl's fans' on Facebook** in the period of 01.01.2015 – 31.10.2015 (n=17223).

## B5.2.Research:

### B5.2.4. Quantitative research: Analysis of the Kiehl’s Portugal Facebook’s report

The abovementioned peaks in fans’ interactions on Facebook were probably connected with the most popular posts, which caused the highest amount of interaction. The Table 3 contains a piece of information of the most popular posts. With regard to the **Table B5.1**, we can find that the post that triggered the most interactions was the one connected with Kiehl’s charitable activity. Kiehl's announced that it would donate 5000 EUR to the Portuguese association “Operação Nariz Vermelho” by the end of the year, and symbolically chose its Midnight Recovery Concentrate product as the iconic product promoting this initiative (Máxima.pt, 2015). On the other hand, the post that collected the record number of likes was a promotional post engaging Kiehl’s fans to like it in order to show commitment to the brand. The other most popular posts were connected with: International Family Day, a visit of the famous Portuguese blogger Mafalda Castro paid to the Kiehl’s store and announcement of the event of the Vogue Fashion’s Night Out. Therefore, the second insight is that Kiehl’s Portugal Facebook fans’ and visitors’ interactions are highly dependent on the not usual type of the posts, such as: charitable activities, promotional posts, posts connected with events and special days and cooperation with bloggers.

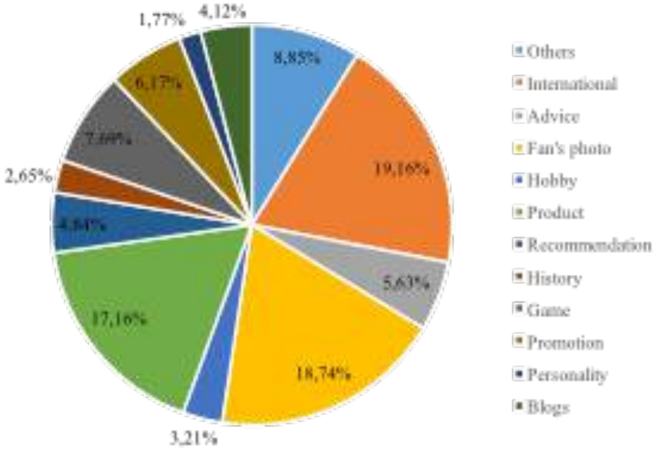
| Post | Type of post | Interactions | Likes | Comments | Shares | Views |
|---|---|---|---|---|---|---|
| “Kiehl’s associates with “Operação Nariz Vermelho” to give more”<br>*28.07.2015* | Others | 446 | 42 | 0 | 1 | 403 |
| “Are you also a Kiehl’s-aholic? How many likes does your brand deserve…<br>*07.04.2015* | Promotional | 346 | 146 | 3 | 1 | 196 |
| “Would you like also to see your family growing? Happy International Family Day.”<br>*15.05.2015* | Fan | 321 | 125 | 5 | 1 | 190 |
| “Mafalda Castro, a founder of the blog Last Time Around decided to visit Kiehl’s store to have a skin consultation. And do you know what your skin’s specific needs are?”<br>*30.09.2015* | Others | 305 | 112 | 2 | 1 | 190 |
| “The Vogue Fashion’s Night Out is back this week in Lisbon!”<br>*07.09.2015* | Others | 247 | 88 | 9 | 3 | 147 |

**Table B5.1. Most popular posts on Kiehl’s Portugal Facebook** in the period of 01.01.2015 – 31.10.2015 (Kiehl's Portugal Facebook, 2015).

## B5.2.Research:

### B5.2.4. Quantitative research: Analysis of the Kiehl's Portugal Facebook's report

According to the **Graph B5.4** we can observe that the majority of Kiehl's Portugal Facebook's posts are international posts, photos taken by Kiehl's fans and post connected with products. As Kiehl's Portugal does not have an Instagram account, around 17% of all posts are presenting a photo of a specific product. The other posts are connected with: advices, hobbies, recommendations, history of the brand, games, promotion, personalities or blogs.



**Graph B5.4. Most popular themes of Kiehl's Portugal Facebook** posts in the period of 01.01.2015 – 31.10.2015.

Regarding timing of Kiehl's Portugal Facebook posts, fans' or visitors' responses are the highest on Tuesday or Thursday, although more or less the level of interactions is the same for posts published from Tuesday to Thursday. Only on Mondays and Sundays the level of interaction is lower, which may be caused by spending Sundays with families and resting from computers and Mondays are usually busy working days. The peak hour of visiting Kiehl's Portugal Facebook is 9 AM although the level of visits is only slightly lower throughout the day until 6 PM.

## B5.3. Recommendations to Kiehl's:

### B5.3.1. Driving consumers' engagement using existing social media channels (Facebook)

The last but not least part of this Individual Work Project is to give recommendations on how to use social media to engage Kiehl's consumers in Portugal. First of all, Kiehl's should focus on driving consumers' engagement using existing social media channels, which in case of Kiehl's Portugal is Facebook. To attract more people to Facebook and activate brand lovers, I would recommend to Kiehl's Portugal to **organize Facebook contests,**

## B5.3. Recommendations to Kiehl’s:

### B5.3.1. Driving consumers’ engagement using existing social media channels (Facebook)

such as: “Invite your friend to like Kiehl’s Portugal Facebook page, share the post, like the photo and win a Kiehl’s product!”. Contests definitely help grow fanbases. The brand has to make sure to give away a product that is going to interest the fans and drive engagement around Kiehl’s Facebook content. Depending on how the brand runs a contest, it can also raise a discussion among Kiehl’s fans. Running ongoing conversations on brand’s Facebook reminds constantly about the brand and helps keep the brand fresh. Another type of contest may be a photo contest. Letting users caption a great photo can definitely raise the engagement level since it activates not only participants but also their friends who share and like their photos to help them win. As more people participate in the contest, word of mouth spreads, especially if a contest includes social component in a way of sharing the link. Furthermore, if the brand is about to launch a new product or even revive interest in an older product, Facebook contest is a great way of creating buzz around that. Kiehl’s could also use Facebook contests to make fans aware of brand’s other social media platforms.

As Kiehl’s Portugal does not have any YouTube channel, driving consumers’ engagement can be also possible through uploading short videos, i.e. conducting a skin consultation by a KCR or posting short tutorials showing and explaining how to properly apply a serum, eye cream, etc. It is worth mentioning that the most viewed video on Kiehl’s NYC YouTube channel is the video about “How To Use Midnight Recovery Concentrate – Kiehl’s Since 1851”, which has over 60 000 views (Kiehls NYC YouTube, 2013). The other most popular videos are connected with the application of Deep Pore Cleansing Masque (Kiehl's NYC YouTube, 2012) and Super Eye Multi-Corrective-Eye-Opening Serum (Kiehl's NYC YouTube, 2014). Thus, we might expect that such tutorials are very helpful and willingly watched by Kiehl’s consumers. These tutorials should be conducted by KCRs in order to show Kiehl’s uniqueness and pharmaceutical in-store elements, such as: pharmaceutical clothing of KCRs and interior of a Kiehl’s store. Furthermore, short videos can also play an advertising role, for example while launching a new product or promoting an event, such as the Vogue Fashion’s Night Out.

# B5. HOW TO USE SOCIAL MEDIA TO ENGAGE MORE CONSUMERS IN PORTUGAL?

## B5.3. Recommendations to Kiehl's

### B5.3.1. Driving consumers' engagement using existing social media channels (Facebook)

As the quantitative analysis of the Kiehl's Portugal Facebook's report revealed, one of the most popular themes of posts were connected with the products, the brand should still post information about Kiehl's products emphasizing effectiveness of formulas. In this kind of informative and educational posts, Kiehl's would also remind its Facebook visitors of a importance of taking care about skin, i.e. importance of moisturizing, exfoliating, protecting against sun etc.

## B5.3. Recommendations to Kiehl's

### B5.3.2. Launch of Kiehl's Portugal Instagram

The second big idea to use Kiehl's Portugal social media to engage consumers is to launch Kiehl's Portugal Instagram. As it is the most perspective social media channel, with a worldwide growth projection of 250% as analysed in the **Section B5.2**, Kiehl's Portugal should create account on this social media platform. However, Kiehl's Portugal must consider the following global requirements for kinds of photos uploaded:

- Clean and consistent photos as shown in the **Picture B5.1.**
- Photos shifted away from marketing images.
- In order to win brand love: high performing product posts including products featured in context based on lifestyle or ingredient as shown in **Picture B5.2**.
- Regular branded hashtags, such as: #cleanroutine, #freshskin, focusing on skincare products and encouraging followers to be engaged in skincare routine.
- Engaging bloggers and be driven by photos inspired by them.

**Picture B5.1.** Kiehl's Instagram photos [(Kiehl's India Instagram, 2015), (Kiehl's NYC Instagram, 2015), (Kiehl's Japan Instagram, 2015)]

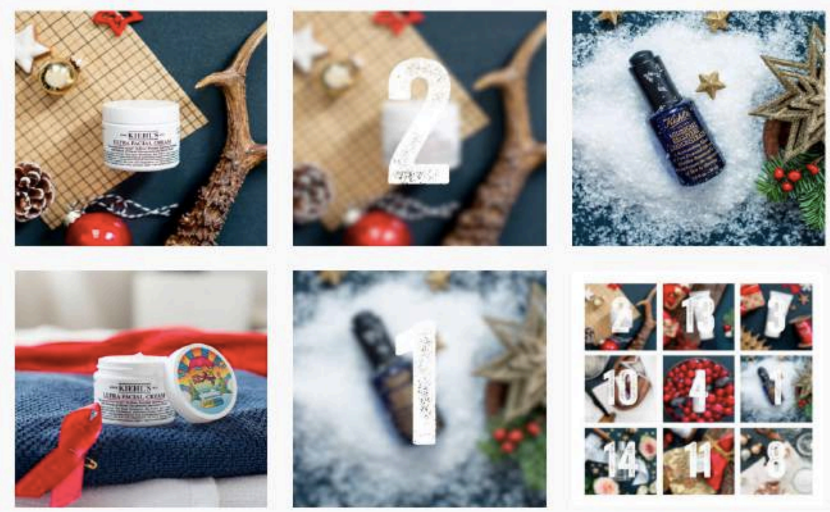
**Picture B5.2.** Kiehl's NYC Instagram Photos (Kiehl's NYC Instagram, 2015)

# B5. HOW TO USE SOCIAL MEDIA TO ENGAGE MORE CONSUMERS IN PORTUGAL?

## B5.3. Recommendations to Kiehl's

### B5.3.2. Launch of Kiehl's Portugal Instagram

It should be stressed that the brand has to set a visible and defined difference between both worlds of Kiehl's Instagram and Kiehl's Facebook. Lifestyle and product shots should be posted on Instagram since the US and the EU markets have noted the significant success with posting photos of this kind of lifestyle (Kiehl's Database, 2015). An example of a fan action can be the "Christmas giveaway" which has been successfully introduced on Kiehl's Germany Instagram as shown in the **Picture B5.3**. The initiative would consist in a possibility for Kiehl's Instagram followers to win a Kiehl's product every day from December 1st to December 24th. They just would have to answer a question of which Kiehl's product is hidden under one of 24 windows that are being uncovered every day. The Instagram post would also include a hint in a form of specific feature of a given product. The requirements for taking part in a contest would be the following: follow the the national Instagram account (in our case it would be @kiehlsportugal) and post an answer till 6 PM. The winners would be announced on Instagram or Facebook around 6 PM (Kiehl's Germany Instagram, 2015).



**Picture B5.3. Kiehl's Germany "Christmas Giveaway" initiative on Instagram**
(Kiehl's Germany Instagram, 2015).

## B5.3. Recommendations to Kiehl's

### B5.3.3. Influence and activate bloggers

The last but not least action recommended to engage Kiehl's consumers in Portugal into social media is to create strong relationships with influential, national bloggers known for beauty and skincare content whose association can help increase brand awareness. They could be engaged into creating videos of reviewing

## B5.3. Recommendations to Kiehl’s

### B5.3.3. Influence and activate bloggers

Kiehl’s products or just including Kiehl’s revievs into reviews of bunch of other beauty and skin care products. Then, the bloggers would refer users to learn more about Kiehl’s products on brand’s local Facebook page, brand’s website or on other social media platforms. Bloggers would also share content associated with Kiehl’s products in forms of photos or videos to their networks and would therefore encourage conversation with their audience, using the appropriate hashtag.

As Kiehl’s in Portugal already cooperates with some famous bloggers, it would be advisable to merge the two social media channels: blogs and Facebook to organize a meet up at Kiehl’s store. This kind of promotional activity was very successful in the UK and gathered lots of current and potential Kiehl’s consumers who were at the same time fans of both bloggers.

## B5.3. Recommendations to Kiehl’s

### B5.3.4. Other initiatives

The other initiatives connected with Kiehl’s social media channels in Portugal that may engage consumers are the following:

- Engage consistently and authentically with fans / consumers via social media – when someone has a question or a comment, Kiehl’s Facebook’s administrators need to be ready to respond appropriately at their earliest convenience.
- Work with PR, Marketing and E-commerce teams to be informed about all activities aimed at Kiehl’s consumers and activities connected with media. Then, Kiehl’s Portugal should use social media to share news about this activity among all its social media platforms keeping the information consistent but presented differently on each channel.

## B5.3. Recommendations to Kiehl's

To sum up, since Kiehl's main values are truly focused on offline experiences, including the brand's five pillars, consumers rather prefer to have an offline store experience, that is why Kiehl's consumers in Portugal are not strongly engaged with the brand's social media channels. Facebook is the only social media platform run solely for Portuguese consumers. However, they still can follow other international social media channels, as Instagram, Twitter, YouTube Channel or Kiehl's Blog.

Qualitative and quantitative researches conducted in the Group Work also revealed that Kiehl's consumers rather prefer to seek information about the brand and keep in touch with the brand purely by visiting the store and talking to the KCRs. Therefore, the aim of this individual work project was to answer the following research question: "How to use social media to engage Kiehl's consumers in Portugal?". After conducting the analysis of the Kiehl's Portugal Facebook's report, it was clear that there are still many brand advocates actively supporting the brand. Facebook's fans are mainly consisted of women and the most popular posts were connected with: charitable engagement, demonstrating brand loyalty by liking the post, cooperation with bloggers and promoting the event of the Vogue Fashion's Night Out.

To conclude, Kiehl's should be aware that social media is the future of all cosmetic companies and the world is continuously turning around social media communities. In spite of the fact that online experience is contrary to the Kiehl's philanthropy and its main values, it has to find a proper way of combining the offline experience with the online experience, including staying in touch with consumers via social media.

## B6. BRAND ADVOCATES: HOW TO IDENTIFY, GROW AND KEEP THEM?

2167 | KÁTIA VASCONCELOS

# B6. BRAND ADVOCATES: HOW TO IDENTIFY, GROW AND KEEP THEM?

## B6.1. Introduction and Individual Assignment Objectives

Based on the main insights retrieved from the team research done, some specific topics emerged and led to individual assignments, which aim to answer particular questions and come up with recommendations for the brand.

One of the topics emerged from the fact that (mainly) the Loud ones like to talk about Kiehl's and act like "love spreaders". Additionally during the qualitative research it was found out that around 31% of the total consumers were brought to the brand due to friends or family recommendations (Team, Questionnaire, 2015), which lead the analysis to an important subject discussed nowadays and that will be the incidence of this individual thesis: brand advocates, as it is one of the biggest opportunities owned currently by Kiehl's and as it is aligned with the strategy followed by the brand that only recurs to non-paid advertising resources.

Said so, and in order to come up with recommendations that will allow the brand to better reach their customers, this individual assignment done within the Branding Lab work project will aim to answer to the question:

*"Kiehl's Brand Advocates: how to identify, grow and keep them?"*

## B6.2. The Influencers

The ones with the power to do influence others' are called ***influencers*** and according to the Word of Mouth Marketing Association they are ***"a person or group of people who possess greater than average potential to influence due to attributes such as frequency of communication, personal persuasiveness or size of and centrality to a social network, among others".*** These *influencers* have different attributes; some of them have a bigger **reaching** power, others may be more **credible** and some of them are just more **repetitive** when spreading the word.

### B6.2.1 TYPES OF INFLUENCERS

Hence, according to the Word of Mouth Marketing Association there are 5 *types of influencers*:

- The **advocates** even without any type of formal affiliation to brands or getting paid by are the ones who support the brand, its products and/or services just because they actually believe in it;
- The **ambassador** is someone chose by the brand to support it, to promote it and represent it, either a celebrity or just a perfectly normal citizen with capability to influence others opinion;

## B6.2. The Influencers

- The **citizen** is also a type of influencer, usually with a large number of people on his or hers social network who perceive them as role models and follow their advices or actions;
- The **professional / occupational** and as already stated, is an opinion maker whose knowledge was retrieved from specialized activities in a certain subject and so he or she has the capability to influence individuals either by instructing them or having an higher level in the professional hierarchy than they do;
- The **celebrities** which identity is recognized and fascinates the public, this type of influencer has an extremely huge reaching power specially driven by the social networks and their followers' curiosity.

Said so, there are profiles of influencers which are more suitable to certain industries, product categories and brands, an expert in cars is able to influence the opinion of people interested in these product category whereas a celebrity even if not an expert in the category may be an added value to a brand due to the reaching power owned.

### B6.2.2. KIEHL'S INFLUENCERS

As it was stated before during the team report, one of the main key differentiators when it comes to Kiehl's is related to its marketing communication strategies: "the means by which firms attempt to inform, persuade, and remind consumers—directly or indirectly—about the products and brands they sell" (Kotler & Keller, 2012). And Kiehl's does it in a very specific and one may say special way, whereas the vast majority of companies nowadays focus on advertising and sales promotion, the main constituents of the brand marketing communication mix are Events and Experiences, Public Relations and Publicity and sampling as a sales promotion tool.

As one of the main pillars of the brand is not to pay for advertising but to trust on the products efficacy and formulas developed (Kiehl's, 2015), its marketing communication tools perfectly fit the strategy followed, making all the communication around the brand very consistent and transparent. Said so **Kiehl's invests the majority of its communication budget on sales promotion**, as sampling "with no fear" is upon its core values.

## B6.2. The Influencers

**Additionally personal communication channels are also extremely used**, once by having a well-trained team of KCR who work almost as PR and brand ambassadors the brand is able to spread the word on its products and history, without the need to communicate to the mass but focusing on its target.

**PR at Kiehl's is done, as all the other communication strategies, in a non-paid way**, thus instead of using influencers who need to be paid, the company relies on ambassadors worldwide (Kielh's, 2015), from their employees, to bloggers and even celebrities who love the brand and are willing to talk about it in exchange for training or products. **By using Ambassadors Kiehl's is able to** extend its reaching power and build a large audience, have an opinion maker as a partner, and having a high impact. However, the brand should also be using a powerful marketing tool that is being neglected: The **Brand Advocates**, **by doing so the brand would be cable of** building a long-term positive word-of-mouth, prioritizing referrals and keeping expenses low (Tap Influence, 2015). Taking into consideration **the core values of the brand, its potential and the relationship built with customers along the years,** building an army of Brand Advocates is the main recommendation of this assignment.

## B6.3. Brand Advocates

The decision to focus on brand advocates was undertaken once it follows the strategy of the brand and that from the qualitative research – interviews – done it was possible to understand that roughly **27% of Kiehl's customers are potential brand advocates** (Team, Interviews, 2015), and as according to Edelman in the Harvard Business Review article: "Branding in the Digital Age: You're spending your money in the all the wrong places" **companies are advised to spend money in the consumer decision journey steps, including advocacy,** instead of traditional marketing tools. This specific affirmation takes us to the consumer decision journey report that is composed of 4 steps: Initial-consideration, Active Evaluation, Moment of Purchase and the Post Purchase Experience that includes the loyalty loop. The last step is gaining more importance for the companies in the past years, one could not say that it is the most important one as customers need to know the brand in order to take it into consideration but it crucial to enhance the fact that **around 60% of the skin care products' consumers share their experience online** after purchasing (McKinsey, 2009).

## B6.3. Brand Advocates

It turns out that the Post Purchase experience is trampoline to **spread the word on the brand and thus make more people aware of it.** The Active Evaluation step used to be mainly driven by push-style communications done by companies, however with the growing distrust on marketing performed by brands it opened a gap for a new source of information and thus marketing activities, such as reviews done online and friends and family recommendations – with the amount of information being uploaded to the Internet everyday consumers started to trust their closer relationships more than any other source of information, actually **92% around trust earned media, such as recommendations from friends and family, above all other forms of advertising** (Nielsen, 2012) – moreover in-store interactions and recollections of past experiences become the main driver of the Active Evaluation. One can then understand **that having a sustainable Advocacy force is crucial for a company operating in the nowadays in the skin care market to have success.**

This information was reinforced once during the interviews done for the qualitative research of the Brand Field Lab, the advocacy value of the brand's advocates emerged when the following sentences were stated while interviewees were talking about the way they got in touch with Kiehl's: "The first time was 4 years ago, a friend of mine told me he loved this brand. Basically word of mouth marketing made me go to the store and have my skin consultation." (I.2); "Recommendation from a friend, basically "Word of mouth" marketing!" (I.5); "my friends told me to buy Kiehl's" (I.7); "From my daughter who always knows the best brands and best skin care products!" (I.11); and one could continue with the citations as 13 out of the 19 interviewees started using Kiehl's due to recommendations friends (Team, Interviews, 2015). This was **strengthened after the results of the questionnaires**, excluding the customers who use Kiehl's for more than 8 years got in touch with it when they entered a store, which means that it was not in Portugal due to the fact that the first store open 8 years ago, from the rest of the respondents 31% said that they got in touch with the brand due to friends or family recommendations and this counts for the most stated option (Team, Questionnaire, 2015).

## B6.3. Brand Advocates

Meaning that **Kiehl's is getting to people and attracting new customers mostly due to Word of Mouth**, to its Brand Advocates who continuously express their love towards the brand and its products.

### B6..3.1. IDENTIFYING BRAND ADVOCATES

The first step while developing a strategic marketing approach based on brand advocates is to identify who they are, and this process must be continuously repeated as customers' behaviours are always changing. But, how can one do it? According to Rob Fuggetta on his book it is possible to identify Advocates in three different ways:

i) ask them the Ultimate Question for customer loyalty "how likely are you to recommend us? (on a scale of 0 to 10)" – the ones answering 9 and 10 are definitely brand advocates;

ii) listen to them, track and monitor their online behaviours on social channel;

iii) observe their behaviour, if a customers is bringing friends and family to you, or demonstrating his / hers love towards the brand on the internet, you have more advocates.

Furthermore according to the report: *A new breed of brand advocates*, **their value to a company is 5 times higher than the one from a regular customer.** The first part is related to the spending value that usually is twice higher than the regular customers, and the second one to the potential referrals that may turn out to be purchased and that have three times more value than the spending of a regular customer (Delloite, 2010).

It is hence also possible to identify a company's Brand Advocates by the amount of spending when compared to the average customer, and some of them spend even more than twice as much as the average customer. Furthermore and developing on the advocacy value of this specific type of customer, one can understand that by bringing friends, family and followers to try a brand will definitely end up to increase its revenues. And how do advocates do it? They are so in love with a product or a brand in general that it becomes part of their daily conversations, every time the topic is related with the market in which the brand operates advocates will bring the name to the table, they will enthusiastically talk about, give testimonials and recommend a certain product that based on their knowledge of the brand would definitely meet someone's needs.

## B6.3. Brand Advocates

But with the development of social networks, as already explained, Brand Advocates are not only sharing their opinion with their friends and family or even followers in their personal pages; they are also liking, sharing and commenting posts from the brand; rating its products online and writing positive reviews; helping other customers who find any problem and defend the brand image and reputation from detractors. What is the price of this? It is priceless, and the best of it, it is for free.

However even if valuable, and going back to what was already said, not all of the brand advocates have the same value, and this depends on their: reaching power, frequency and influence. So brands should give advocates tools so they can grow, increase their value and thus revenues, this topic will be further developed on the recommendations to Kiehl's chapter.

### B6.3.1.1 Kiehl's brand advocates

In order to understand who are Kiehl's Brand Advocates, the first step was to understand if with the proposed segmentation recommended by the team and each general description it was possible to make a comparison with the types of consumers' segments stated by Robert Fugetta.

- **Brand Advocates** are the ones who recommend company products or services with the aim to help other, spread the love and the qualities of the Brand.
- **Fans / Followers** are the ones who usually follow the brand on social networks just to be updated on the discounts and promotions offered.
- **Loyaltists** purchase more frequently mainly due to savings and convenience, and finally the community members ask and answer technical and other questions with the objective to learn more.

As mentioned before the team mainly focused its research and recommendations on the Brand Lovers, and their behaviors and attitudes towards Kiehl's fit perfectly Fugetta's categories as it will be explained further in more detail.

| SEGMENT | DEFINING BEHAVIOR | KEY MOTIVATION |
|---|---|---|
| BRAND ADVOCATES | Recommend your company, brand products or services | Help others |
| FANS, FOLLOWERS | Like your Facebook page or follow you on Twitter | Get discounts |
| LOYALISTS | Purchase frequently | Savings, convenience |
| COMMUNITY MEMBERS | Ask and answer technical and other questions | Learn |

Table B61: What is different about brand advocates?. Source: Rob Fuggeta – Brand Advocates

## B6.3. Brand Advocates

i) **The Loud** are undoubtedly Kiehl's Brand Advocates as they not only purchase frequently but talk about the brand with their friends and families with enthusiasm. And how could one perceive it? The team used a sentence in the questionnaire to understand each individual attitude towards Kiehl's, and from the total amount of The Louds 48% choose the option: *"I love the brand and like to spread the word about it with my friends or through social media"* (Team, Questionnaire, 2015), which meets the definition of Brand Advocate given by Fuggetta. However by it self, the choice of this question would not be enough to say that they are indeed Brand Advocates, and thus a deeper analysis was done regarding the average spending of The Loud segment when compared to the regular customer. Said so, it was possible to conclude that **48% of The Loud will buy 3 or more products** whenever they visit Kiehl's stores, when compared to the general customers from, **which 67% mainly buy 1 or 2**. The values are even more unequal and evident when it comes to the frequency of purchase, as **45% of The Loud ones** buy in the brand's stores **4 or more times per yea**r while the vast majority – **77% - of the regular customer will only do it 3 or less times** during the same period of time (Team, Questionnaire, 2015).

Said so, it was possible to conclude that **48% of The Loud will buy 3 or more products** whenever they visit Kiehl's stores, when compared to the general customers from, **which 67% mainly buy 1 or 2** (Team, Questionnaire, 2015). The values are even more unequal and evident when it comes to the frequency of purchase, as **45% of The Loud ones** buy in the brand's stores **4 or more times per yea**r while the vast majority – **77% - of the regular customer will only do it 3 or less times** during the same period of time (Team, Questionnaire, 2015). Summing up, it is possible to perceive that **The Loud segment buys more and more often than the regular customer**, and thus their spending value is higher than the average.

ii) **The Discrete** are the Loyalists, the ones who purchase more frequently than the others but they already do it as an habit the brand became part of their daily life and routine, they won't change it for another one easily but at the same time they don't talk about it as frequently as they used to do, it is almost like a passion that turned into love and needs to be shacked off.

## B6.3. Brand Advocates

From the questionnaires done by the team along the research performed, it was possible to verify that 30% of the Discrete choose the option: *"I love the brand and have been using it for a long time however I rarely speak about it"* (Team, Questionnaire, 2015), and thus it was almost viable to perceive that they are the loyalists. As it already happened in the previous segment analysis, saying that this group was the Loyalists just because they choose a sentence to determine their attitude towards Kiehl's wasn't enough. Said so it was mandatory to verify if the purchase behavior and relation with the brand was aligned with the definition of Fuggetta on his book.

Considering the purchase behavior **81% of The Discrete have been using the brand for 3 or more years**, while the general data showed that **47% of the regular customers are only using it for less than 3** (Team, Questionnaire, 2015).

This shows that the discrete may be considered loyal to Kiehl's as they use its products for a long time, the same cannot be said regarding the general customers as they don't use the brand for a significant amount of years and it may be just a trend.

Regarding the number of years knowing Kiehl's this is also the segment who does it for longer. The majority of The Discrete know the American brand for more than 5 years, and 26% knew it even before it was present in Portugal.

To sum up, the value of this segment is related with their loyalty towards Kiehl's, and the trend is for them to continue to purchase its products, and thus **they just need to be transformed into Brand Advocates** as currently they are not spreading the word as they could do.

iii) **The EAGER** are the Fans / Followers, and it doesn't mean that they don't love the brand or don't talk about it, but currently and taking into consideration their income level they mainly look for discounts to be able to purchase Kiehl's products. This was possible to perceive as **100% of them said that** *"I would buy more of Kiehl's products if I had a bigger budget or if there were promotions more often"* (Team, Questionnaire, 2015).

This specific affirmation was proved with the results of the questionnaires as **The Eager value the promotions more than anything else in the brand,** even when compared to the other segments.

## B6.4. Recommendations

While analysing the rest of the Brand Lovers it was possible to verify that **The Loud value the Knowledge and expertise of the KCRs** more than the other features, while **The Discrete are more attracted by the Formulas** developed by the brand (Team, Questionnaire, 2015).

One could conclude from the research done, that this segment has the potential to become either a Loud or a Discrete, as their income situation is just a provisional phase in their lives, due to the fact that they are still studying or to the crisis felt in Portugal for the last years (Team, Interviews, 2015).

### B6.4.1 HOW TO TURN OTHER BRAND LOVERS INTO BRAND ADVOCATES ?

Even if loving the brand, the products and its History, The Discrete and The Eager don't behave in the same way that The Louds do. Either they have been purchasing Kiehl's for a long time or are eager to buy more of its products, **but when it comes to advocate the brand their behavior is completely different** than the way The Louds are spreading the word, talking about the brand and its products with their friends and family, buying more and more often due to the passion felt. **But how might Kiehl's turn the "sleeping" advocates into a marketing tool?**

According to the author Rob Fuggetta in order to create more brand advocates a brand must provide their customer with great products; the service inside stores needs to be memorable; the brand must focus on the good profits, the ones that are not driven by price gouging or cuts on the customer service; it must behave in a good way, meaning doing the right thing even if the costs associated are higher and finally act in a social conscious way.

As it is possible to perceive from the constituent pillars of Kiehl's presented on Chapter 1 – Introduction – that **the brand is acting in the proper way to have an army of Brand Advocates**, yet this was not enough to turn all the segments into a marketing force, and why do some of the Brand Lovers behave as Advocates and others don't?

The Loud is a segment that may be considerer as proactive and this was proven by the fact that 30% of them are self-employed (Team, Questionnaire, 2015), entrepreneurs "people who set up a business or businesses, taking on financial risks in the hope of profit".

## B6.4. Recommendations

**Advocating a brand is almost like setting up a business as it comes with many risks associated, not financial, but social ones.** What if someone is advocating a brand, spreading the word and advising their friends and family to use it and afterwards a huge scandal emerges related with the brand? Or the products end up to be not as good as the advocate was saying? Its their one credibility that is on gamble.

Kiehl's should than opt to engage its customers in a way that they don't feel "afraid" of putting their effort in sharing their love towards the brand or even in showing that advocated are extremely valued by the company and thus The Discrete and The Eager would feel interested and motivated by belonging to the army of Brand Advocates and acting on behalf of Kiehl's.

### B6.4.2 HOW TO GROW BRAND ADVOCATES

As previously explained, some of the advocates don't have (even) a more important role for the company only because they don't own the proper tools to spread the word, the love, and to be "real" Advocates. But how to do it? By empowering them to share their stories, reviews and even offers given by the company, advocates keep spreading the word on social networks.

Incentivising advocates and potential ones to spread the word can be done by simply sharing content on the social networks and kindly ask them to share. But is it enough? No.

Advocates may share the posts from the brand, but mainly they would try to make people follow their interests, in order to convert them into brand users, and to do so Kiehl's should create more posts with their best consumers stories, share their products reviews and even create "give away" campaigns so that advocates can increase the brand awareness and interest. As one can perceive from the Ongagement report on Kiehl's Facebook, the posts that followers interact the most with are promotional ones, either to increase the number of *likes* on the page or promotions offered by the brand on their page, the last ones are even seen as one of the strengths due to the fact that become viral on the social network (Ongagement, 2015). Keep the advocates interested in sharing the social networks contents by providing them with posts that they are willing to spread among their network is one of the best tools that Kiehl's can use in order to grow their advocates.

## B6.4. Recommendations

Another fact that was mentioned before is related with the risk taken by advocates while "promoting" a brand. It is important for them to feel that all of the brands they are acting on behalf are concerned with good causes, even though one of Kiehl's pillars is Philanthropy it is crucial for the advocates to feel part of the actions undertaken in order to perceive their true value. One of the most successful campaigns performed by the brand in Portugal was the partnership with the association "Operação Nariz Vermelho", besides creating an whole day event to support the ones belonging to the association Kiehl's created clown noses to be sold in the stores and which money would be delivered to the "Operação". But how can the brand grow their advocates with the Philanthropy? By being part of the events brand advocates would feel engaged with the brand and furthermore understand their main values and aspirations, while connecting with the associations and causes supported by Kiehl's, its own advocates would feel less afraid to share the love as they would be part of the initiatives.

To sum up, in order to grow its advocates Kiehl's must make them feel part of the brand, engage them in the actions undertaken and make sure that they feel that are helping not only the brand but something in which they believe.

### B6.4.3 HOW TO KEEP BRAND ADVOCATES ?

As one could perceive, it will not be hard for Kiehl's to identify either grow its advocates, however the most difficult part will be to keep them engaged and in love with the brand so that they won't take a step further in Kiehl's consumer cycle an become one of The Discrete. But how can the brand to that? By rewarding its Brand Advocates, with everything except money (Advocates don't appreciate to be paid, and it won't buy real advocacy).

In order to reward its new advocacy army Kiehl's needs to engage them in a special way:

(i) giving advocates **insights on new products before all other consumers** will increase the shares, the reviews and the buzz on social networks that will beneficiate the brand to succeed in the sales and please the advocates;

## B6.4. Recommendations

(ii) creating **events just for Advocates** will make them feel special and have the opportunity to engage them with products, values and history of the brand – events where is possible for them to share their experiences and leave testimonials to may formerly be shared on social networks;

(iii) providing their advocates with **special offers so that they may share with their friends** and network not only on social networks but also on their daily life;

(iv) implementing a ***gamification* program** would enhance the probability of increasing sales, meaning, for each friend brought to the brand and for their spending, advocates would earn points. In order for Advocates to keep track of the impact they had on the brand the main recommendation to Kiehl's is to create a ***"brand advocacy platform"*** connected with the loyalty card program. Within this platform each Advocate would have their individual page in which it will be possible for them to consult the amount of points gather, the number of friends brought and many other functionalities such as: top reviews done, comments with more likes, how many times they were able to help other consumers and so on.

(v) the Advocates with better performance should be honour, meaning the ones who added more value to the company,– either with titles: "The Advocate of the month", "The Advocate that helps", "The Advocate who brings" , or with products.

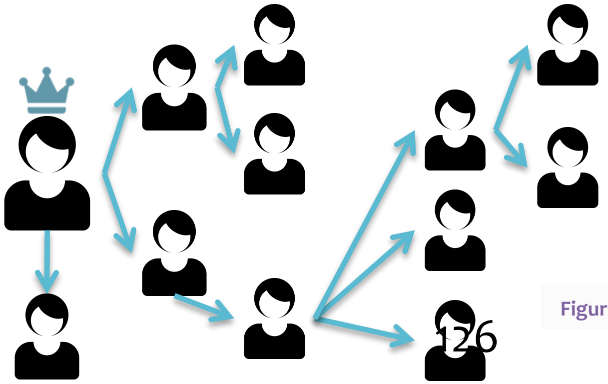


Figure B51: Gamification example

## B7. FINAL RECOMMENDATIONS AND SUMMARY

# B7. FINAL RECOMMENDATIONS AND SUMMARY

## B7.1. Integrated Marketing Communication Plan

**1 - EVENTS & PUBLIC RELATIONS**
Public Relations initiatives & New special days

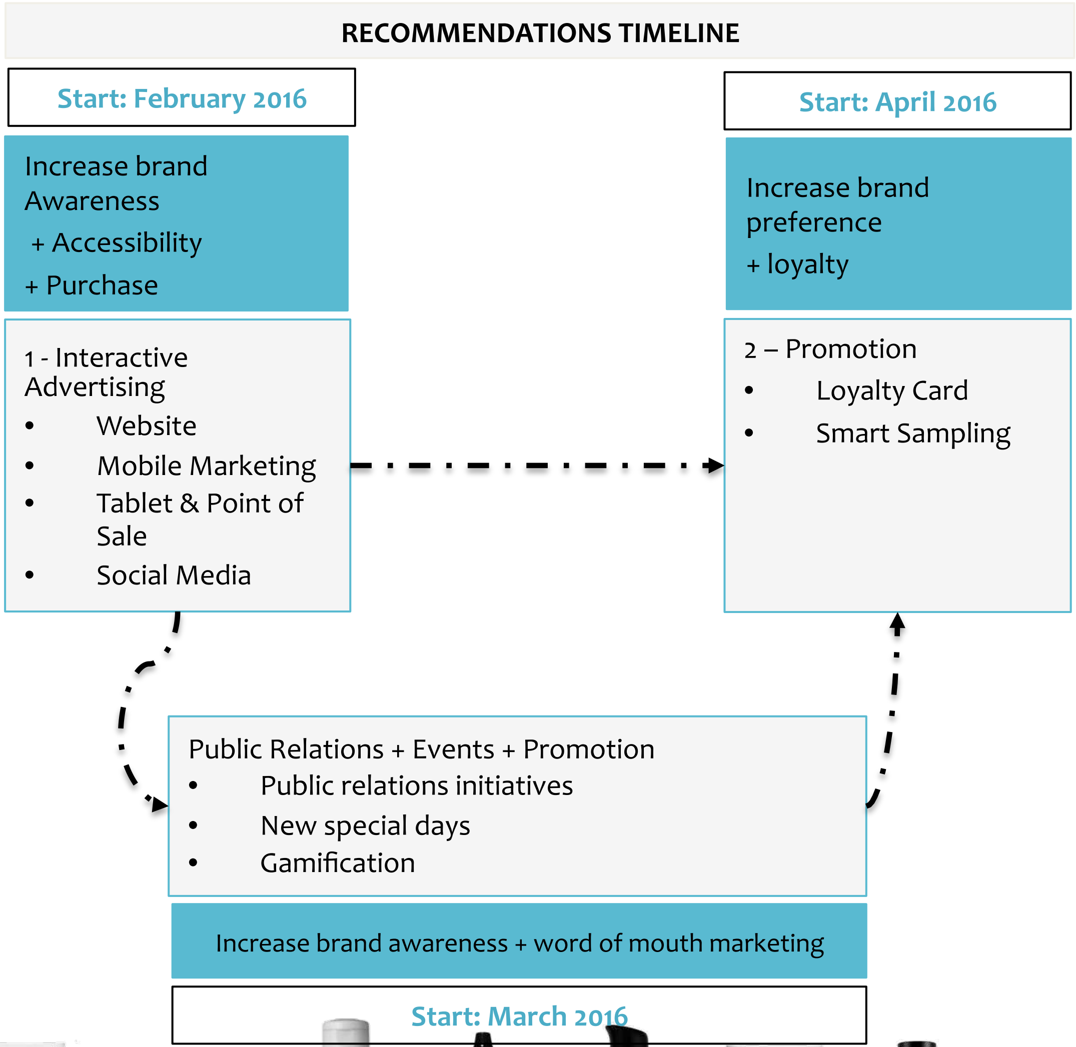
**2 – PROMOTION**
Smart sampling & Loyalty card

**3 - INTERACTIVE ADVERTISING**
Website, Mobile marketing, Tablet & point of sale

**4 - INTERACTIVE ADVERTISING**
Social Media

**5 – PUBLIC RELATIONS AND PROMOTION**
Brand advocates empowerment & Gamification

Figure B71: Recommendations Timeline



**RECOMMENDATIONS TIMELINE**

Start: February 2016

Increase brand Awareness
+ Accessibility
+ Purchase

1 - Interactive Advertising
- Website
- Mobile Marketing
- Tablet & Point of Sale
- Social Media

Start: April 2016

Increase brand preference
+ loyalty

2 – Promotion
- Loyalty Card
- Smart Sampling

Public Relations + Events + Promotion
- Public relations initiatives
- New special days
- Gamification

Increase brand awareness + word of mouth marketing

Start: March 2016

# B7. FINAL RECOMMENDATIONS AND SUMMARY

## B7.2. Summary

**1**

**WHO BUYS KIEHL'S TODAY IN PORTUGAL ?**

**PHASE A MAIN INSIGHTS**

- ✓ KIEHL'S consumers are all GLOBAL SHOPPERS & ECO-CONSCIOUS
- ✓ Their BEHAVIOUR is not conditioned by AGE
- ✓ They are pharmacy oriented
- ✓ They all value KCR'S SERVICE + PRODUCTS QUALITY + THE BALANCE BETWEEN QUALITY AND PRICE

**The Discrete**

**The Loud**

**The eager**

**BRAND LOVERS**

**PHASE B MAIN INSIGHTS**

**2**

**WHO ARE THE POTENTIAL KIEHL'S CONSUMERS?**

**3**

**HOW TO REACH THEM?**

**1** - Are Kiehl's consumers engaged by Kiehl's as a range of products or Kiehl's as a brand?

**2** - How do Kiehl's consumers perceive the connections between Kiehl's and the pharmacy channels? What those connections could bring to Kiehl's?

**3**- How can Kiehl's keep the offline dream online? Taking into account that the consumers are strongly engaged with the Portuguese current offline experience.

**4** - How to use social media to engage more consumers in Portugal?

**5** - Brand advocates: how to identify, grow and keep them?

**Management strategy**
\+
**General recommendations**
\+
**Brand marketing program**
\+
**Brand communication program**

# B7. FINAL RECOMMENDATIONS AND SUMMARY

## B7.2. Summary

The work project was developed under the Branding Field Lab with an aim to bring the researchers more insight on who currently buys Kiehl’s in Portugal, who are the potential consumers and how to reach them.  Both qualitative and quantitative researches enabled us to draw some conclusions which proved that future seems really bright for Kiehl’s. Consumers are really engaged with the brand which was clearly confirmed by the rate of responses to the questionnaire sent to Kiehl’s consumers in Portugal.

All the data gathered through the research state that Kiehl’s in Portugal managed to gain very loyal and engaged consumers throughout the last years of its operation. Brand Lovers deeply believe in quality of the products offered by Kiehl’s, value service, understand and appreciate Kiehl’s heritage. Besides being in love with the products, Kiehl’s consumers appreciate extraordinary service and professionalism offered by KCRs.

Those consumers who can afford it now are already making purchases of value that is much higher than in any other distribution channel, buying the whole skin care line at Kiehl’s.

Moreover, we distinguished two groups among those consumers who can afford Kiehl’s: the Loud and the Discrete. Those consumers who currently cannot afford Kiehl’s products, but are already passionate about the brand and claim to buy more as soon as their financial situation will improve, were called the Eager. They pay regular visits to Kiehl’s stores in Portugal although they usually buy one product or receive some samples. The third subgroup of aspiring consumers is the biggest in number. This seems to be a very prospective information for the future. Once the Eager consumers achieve higher level of income they will proceed to become a part of the Loud group.

# B7. FINAL RECOMMENDATIONS AND SUMMARY

## B7.2. Summary

It seems that there is no other cosmetic brand that would meet consumers' needs in such a precise and loving way as Kiehl's does.

This kind of relationship between sales assistants and consumers is very unique for Kiehl's. The only challenge for the brand is to introduce solutions to people with low brand awareness and to launch e-commerce platform, so that Kiehl's will become more approachable even for those who live outside of Lisbon. This work project aimed to give recommendations on both of these issues in a form of the Integrated Marketing Communications Plan. We truly hope that implementing our recommendations will help the brand spread the news among Portuguese consumers and give a way to achieve outstanding results.

## B7.3. Project Limitations

While working on the Project the Team faced obstacles that made it more difficult to reach the final results. The main project limitations were as following:

**Available resources** – the Team could not access company's internal data. We could not draw any conclusions concerning sales volume, seasonality and other issues that are based on financial data. Moreover, we also could not get any personal consumer information that would enable us to contact them. This was an important constraint while working on the qualitative interview as it prevented us from reaching a broader group of respondents.

**Sample number –** the Team had to draw conclusion from the small sample that responded to the quantitative questionnaire. We had to assume that our consumers can be well represented by the 140 responses that we received. This would mean that we can identify well all the the segments within a given sample. While analysing an outcome of that research we found out that quantitative questionnaire did

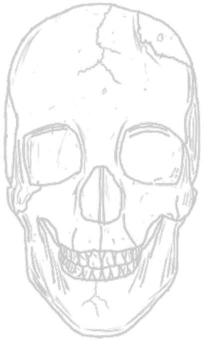
# B7. FINAL RECOMMENDATIONS AND SUMMARY

## B7.3. Project Limitations

not bring any insights concerning two groups: Hit and Runners and Asian Residents. As they did not take part in the questionnaire we could not draw any further conclusions. The third part of the research only enabled us to better understand the main target group – Brand Lovers.

**Inter-group communication** – the Team faced the challenge of working while using a language that is foreign to all of the group members. On a top of that, due the fact that each team member had other commitments we had to coordinate our busy schedules, that included University engagement and part-time work, to make sure we will deliver the highest project's quality.

*Nevertheless, even facing some limitations, overall project was an amazing chance for us to learn how to cooperate in a diversified team, conduct real-life research, analyse the data and build business recommendations. It was a unique opportunity that will reflect on our future professional life.*



Thank you for your time !

The Team
2167 | KÁTIA VASCONCELOS
1952 | MALGORZATA MISZEL
2415 | MARIANA VILHENA
1953 | NOEMI KOWALCZYK
2164 | RITA SANTOS

Under the Supervision of:
Professor Catherine da Silveira

January 2016

# REFERENCES

- ACEPI, Netsonda. (2013). *Barómetro trimestral do comercio electrónico em Portugal*, 2° trimester 2015 – relatório de resultados, Associação de Comércio Electrónico e Publicidade Interactival, retrieved from http://www.netsonda.pt/xms/files/Estudos/Relatorio_ACEPINetsonda_2T2013.pdf (accessed 24 November 2015).
- Balachander, G. (2003). *Reciprocal spillover effects: a strategic benefit of brand extensions*. Journal of Marketing. 4-14.
- *Beauty and Personal Care in Portugal*. Euromonitor International.
- Bernardo, D. (2013). *A morte do e-commer e não só*, Jornal de Negócios, retrieved from http://www.jornaldenegocios.pt/opiniao/colunistas/david_bernardo/detalhe/a_morte_do_ecommerce_e_nao_so.html (accessed 22 November 2015).
- Biehal, G. & Sheinin, D. (2007). *The Influence of Corporate Messages on the Product Portfolio*. Journal of Marketing. 12-25.
- Bond, J. (2015). *We Interrogated the Man Who Conquered The Useless – Cody Townsend*. Retrieved from http://www.doglotion.com/we-interrogated-the-man-who-conquered-the-useless-cody-townsend
- Borison, R. (2014). *7 e-commerce trends to watch in 2015 – Here's what you need to know to attract more shoppers to your website next year*, Inc. Com, retrieved from: http://www.inc.com/rebecca-borison/top-trends-in-ecommerce-for-new-year.html (accessed 20 November 2015).
- Cardoso, E. (2015). *Customer Relationship Management Classes*. Lisbon: Nova Sbe.
- Cardoso, E. (2015). *Research Methods for Business Classes*. Lisbon: Nova Sbe.
- Chazin, S. M. (2007). *Marketing Apple*. Retrieved from www.MarketingApple.com (accessed 10 December 2015).
- Delloite. (2010). *A new breed of brand advocates*. Delloite Digital.
- Deloitte. (2015). *Navigating the new digital divide – capitalizing on digital influence in retail*, Deloitte Digital, retrieved from: http://www2.deloitte.com/content/dam/Deloitte/us/Documents/consumer-business/us-cb-navigating-the-new-digital-divide-v2-051315.pdf (accessed 22 November 2015).
- Direct Science. (2009). *Users of the world, unite! The challenges and opportunities of Social Media*. Retrieved from http://www.sciencedirect.com/science/article/pii/S0007681309001232.

# REFERENCES

- Ecommerce News. (2014). *Ecommerce in Portugal*, Ecommerce News, retrieved from http://ecommercenews.eu/ecommerce-per-country/ecommerce-portugal (accessed 25 November 2015).
- Elberse, A. (2014). *Burberry in 2014*, Harvard Business School.
- Euromonitor. (2013). *The Walkway Consumer: Social Media's Influence on the Consumer and Retailer*. Retrieved from http://fesrvsd.fe.unl.pt:2117/portal/analysis/tab.
- Euromonitor. (2015). *Skin Care in Portugal*. Retrieved from http://www.euromonitor.com/skin-care-in-portugal/report
- Fuggetta, R. (2012). *Brand Advocates: Turning enthusiastic customers into a powerful marketing tool*. John Wiley & Sons, Inc.
- Green, J. (2014), *Why and how brands must go omnichannel in 2014?* Marketing Land, retrieved from http://marketingland.com/why-brands-should-go-omni-channel-in 2014-70970 (accessed 22 November 2015).
- Group Work. (2015). *Branding Lab project for Kiehl's / L'Oreal: How can Kiehl's grow in Portugal?*
- Hays, C. L. (2000). *Kiehl's Cosmetics Company Bought by France's L'Oreal*. The New York Times, retrieved from http://www.infarmed.pt/portal/page/portal/INFARMED/COSMETICOS/AVALIACAO_DA_CONFORMIDADE (accessed 10 December 2015).
- Jones, S. (2014), *Personalization is key for beauty omnichannel strategy: L'Oreal Luxe exec*, Luxury Daily, retrieved from: http://www.luxurydaily.com/personalization-is-key-for-beauty-omnichannel-strategy-loreal-luxe-exec/ (accessed 20 November 2015).
- Kapferer, J. N. (1997). *Strategic Brand Management*. Kogan Page.
- Kapferer, J. N. (2008). *The new strategic brand management*. Kogan Page.
- Kapferer, J. N. (2012). *The new strategic brand management.* Kogan Page.
- Keller, A. G. (2008). *Strategic Brand Management.* Financial Times Prentice Hall.
- Kiehl's Portugal Facebook. (2015, 12.17). Retrieved from www.facebook.com/KiehlsPortugal
- Kiehl's UK Instagram. (2015, 12.20). Retrieved from https://www.instagram.com/kiehlsuk/
- Kieh's Portugal Facebook. (2016, 01.01). Retrieved from https://www.facebook.com/KiehlsPortugal
- Kotler, P. & Keller, K.L. (2012). *Marketing Management.* New Jersey: Prentice Hall.

# REFERENCES

- Laudon, K. C. and Traver, C. G. (2013). *E-commerce 2013 – business, technology, society.* Pearson Education Limited – ninth edition.
- Lima, M. J. (2009, 04.03). *As Farmácias São O Verdadeiro Retalho Moderno Em Portugal.* Retrieved from Meios & Publicidade http://www.meiosepublicidade.pt/2009/04/as-farmacias-sao-o-verdadeiro-retalho-moderno-em-portugal/ (accessed 5 November 2015).
- Lindsey, K. (2015). *Why omnichannel as you know it is dead - Deloitte report: Retailers need to stop thinking exclusively about the 'buy' and think more about the journey that got shoppers there.* Retail Dive. Retrieved from http://www.retaildive.com/news/why-omnichannel-as-you-know-it-is-dead/399551/ (accessed 25 November 2015).
- L'Oréal website (2015). Retrieved from http://www.loreal.com/brand/l'oréal-luxe/kiehl's (accessed 24 December 2015).
- Martinez, L. (2015). Consumer Behavior Classes. Lisbon. Nova SBE.
- Máxima.pt. (2015). Retrieved from http://www.maxima.pt/beleza/detalhe/kiehls__operacao_nariz_vermelho.html on (accessed 17 December 2015).
- Mc Kinsey & Company. (2015). *Digital inside: Get wired for the next ultimate luxury experience.* Apparel, Fashion & Luxury group report, authored by: Remy, N., Catena, M. and Servoingt B.
- McKinsey. (2009). The Consumer Decision Journey.
- Meghraoua, L. (2015). *L'Oréal Luxe: Today e-commerce is our main growth driver*, L'Atelier.
- Melsted, L. R. (2015). *Retailers turn to Omnichannel strategies to remain competitive.* Forbes business. Retrieved from http://www.forbes.com/sites/samsungbusiness/2015/02/09/retailers-turn-to-omnichannel-strategies-to-remain-competitive/ (accessed 26 November 2015).
- Neff, J. (2013). *L'Oreal Attacks Fast-Growing E-Commerce Space - New Business Models Are Intended to Boost Sales, Nurture Loyalty and Gather Data for the Beauty Giant.*
- Nielsen. (2012, 10.04). *Global Trust in Advertising.* Retrieved from Nielsen: http://www.nielsen.com/us/en/insights/reports/2012/global-trust-in-advertising-and-brand-messages.html (accessed 3 November 2015).
- Observador. (2014, 05.30). *Economia.* Retrieved from observador: http://observador.pt/2014/05/30/salario-medio-em-portugal-e-metade-da-media-europeia/ (accessed 20 November, 2015).

# REFERENCES

- Ongagement. (2015). Relatório de Performance: Kiehl's. Lisbon: Ongagement.
- Operação Nariz Vermelho. (2015, 12 16). Retrieved from http://www.narizvermelho.pt/ (accessed 12 December 2015).
- Paul Farris, Neil T. Bendle, Phillip E. Pfeifer and David J. Reibstein. (2006). *Marketing Metrics: 50+ Metrics Every.* New York: Pearson Education.
- Ph, D. P. (2015). How pharmacist – *Patient communication determines pharmacy loyalty?* Modeling relevant factors. 560-570.
- Pollock, T. (2014), *Defining Omni-Channel Retailing*, Storefront Blog. Retrieved from: http://blog.thestorefront.com/what-is-omni-channel-retailing/, (accessed at 22 November 2015).
- Porter, M. E. (2001). *Strategy and the Internet*. Harvard Business School.
- Prasad, S. (2014). *The fickle mistress: Loyal consumers, changing brands and the change-constancy conflict.* WARC.
- Sampaio, T. G. (2015). *Why you should consider Portugal for your next e-commerce adventure*. Branding Analyst at Jerónimo Martins. Retrieved from https://www.linkedin.com/pulse/why-you-should-consider-portugal-your-next-e-commerce-gaspar-sampaio (accessed 24 November 2015).
- Siltanen, R. (2011). *The Real Story Behind Apple's 'Think Different' Campaign. Forbes.*
- Silveira, C. d. (2015). Brand Management Classes. Lisbon: Nova SBE.
- Silveira, C. d. (2015). Luxury and Fashion Marketing Classes. Lisbon: Nova SBE.
- Silveira, C. d. (2015). Brand Management Classes. Lisbon: Nova SBE.
- Tap Influence. (2015). Influencers vs. Advocates: what's the difference? Tap Influence + Influitive.
- Thompson, S. (2005). Beauty's new regimen: a note from the doctor. *Advertising Age*.
- Zaryouni, H. (2014). *Omnichannel Apps: Reality vs. Promise*. The Daily Friday - L2 INC. Retrieved from http://www.l2inc.com/omnichannel-apps-reality-vs-promise/2014/blog (accessed 24 November 2015).
- Zorzini, C. (2015). *10 Eye-Opening e-commerce trends for 2015 and beyond*. Ecommerce Platforms. Retrieved from http://ecommerce-platforms.com/ecommerce-selling-advice/10-eye-opening-ecommerce-trends-2015-beyond (accessed 20 November 2015).

# LIST OF FIGURES

## Figures

# LIST OF FIGURES

## Graphs

## Table

# HOW TO REACH KIEHL’S CURRENT CONSUMERS IN PORTUGAL?

## APPENDIX