



Capstone 2012 White Paper on Diversity and Global Marketing: **THE BONDING HELIX**

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Today's Global Consumer

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

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

Spending Power is Shifting

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

Today's Global Consumer: Diverse, Demanding & Connected

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

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

Beauty is Universal

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

The Evolution of Beauty Marketing

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

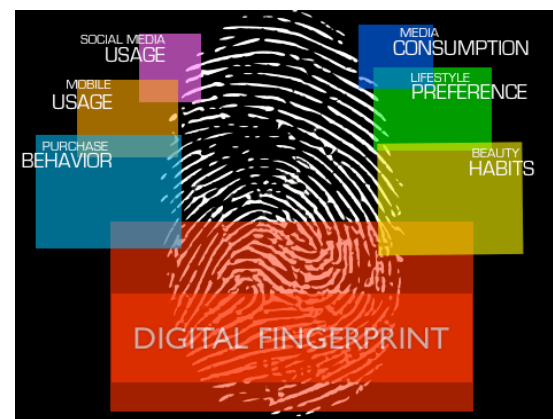
The One-on-One Conversation

Technology enables brands to engage in a one-on-one conversation with each consumer. It is a unique and interesting juxtaposition. While technology can be viewed as cold and sterile, it can also be used in human friendly ways. Technology is no longer about circuits, microchips and wires; instead, it is about connecting friends and family in far off corners of the world. Computers, cell phones, iPads and tablets continue to facilitate the one-on-one conversation.

Consumers today are continuing to leverage online and mobile platforms as an extension of their shopping experience to research product information, read reviews and make purchases. Furthermore, they are constantly sharing with one another and the brands they love on social media platforms like Facebook, Twitter, Pinterest, Instagram, Weibo and more. It is increasingly important for beauty marketers to utilize technology to personalize the experience and enhance the emotional bond between the brand and the consumer.

The Digital Fingerprint

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



The Bonding Helix

In our research, we have considered all previous marketing models that do not best leverage rapid changes in technology. We have created a more dynamic model that provides greater interaction between brand and consumer. The new Bonding Helix allows beauty brands to have a one-on-one conversation by leveraging the global consumer's Digital Fingerprint. At every touch-point, both consumer and brand share insights, leading to a stronger bond. This multi-dimensional and dynamic model will ensure brands are connecting and

The Digital Fingerprint

listening to their consumers by delivering customized messages that are unique to them. This is a model for the mobile age, adaptive and flexible, to accommodate future advances in technology.

The Backbone of the Model – Consumer and Brand

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

The second strand of the Bonding Helix represents the brand. This model allows the brand to develop a much stronger understanding of and respect for the needs of the consumer because of the bonds at each touch-point. Consumers constantly share information with brands. With 59% of people reporting that they often share content online with others and *New York Times* stories tweeted once every four seconds, consumers share content and connect with the world and others.^{iv} The brand needs to understand this psychology of sharing. This creates an opportunity for brands to gain new insights, developing a stronger Cultural IQ. Observing and understanding these insights, develops a strong Cultural IQ, allowing the brand to better connect on a subconscious level, with more emotional and intimate messages. And, by becoming the consumer’s personal concierge, brands can curate, adding value to their lives.

The Bonds Explained

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

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

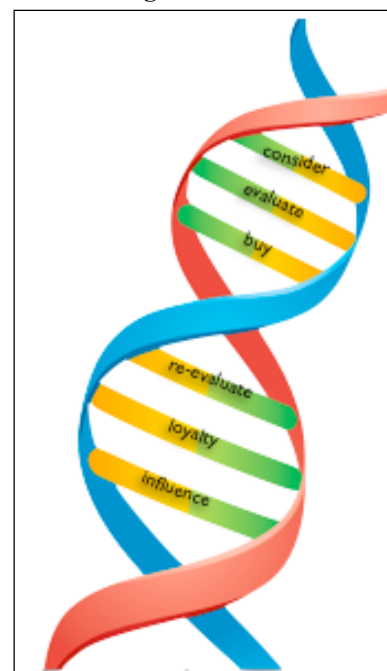
By creating strong bonds, brands are able to more effectively move consumers through the purchase decision, creating more loyal consumers. In the **consider** touch-point, consumers become aware and learn about your brand and products. During the **evaluate** touch-point, consumers evaluate if your brand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

New Enhanced Bonds

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

The end goal has now changed for marketers, to go beyond purchase and loyalty, and to establish a more lasting bond, **influence**. Diverse consumers today have a voice, and the power, to influence more people than ever before. Their influence impacts the brand. Social media enables consumers to influence by speaking to millions and potentially billions of people. And this is not a concept limited to the developed world markets. For example, China has the top ranking social media activity in the world with 84% of Internet

The Bonding Helix



users contributing at least once a month to social networking, blogging, video-uploading, photo-sharing, micro-blogging, forums and other digital sharing platforms. China is then followed by Russia, Brazil and India.^{VI} And consumers are not just connecting about personal matters unrelated to brands. Currently, 50% of people follow brands through social media, exemplifying consumers' desires to connect and converse with brands.^{VII}

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

Practical Application of the Bonding Helix

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

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

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

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

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

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



KinectShop

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

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

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

Conclusion

In this rapidly changing world, we must establish a strong bond with our consumers to address their diversity now and in the future. Global consumers are changing and they are only going to become more diverse.

We are at a tipping point, where the consumer has a more powerful voice, and higher expectations of the brands they interact with. There is increasing pressure: to adapt our marketing models, to be more flexible and fluid. As beauty marketers, we have an opportunity, with the evolution of personal communication technologies, to speak one-on-one with our consumers. The Bonding Helix is an adaptive and innovative model that embraces the diverse consumer and is flexible for future advances in technology.

This new marketing model will provide unique benefits to all stakeholders. For consumers, the model delivers value through messages that are targeted to their unique and individual needs. This model helps to give beauty marketers a global perspective, increasing their Cultural IQ. Data mined through the Digital Fingerprint, provides Beauty brands invaluable consumer insights. This new marketing paradigm will help marketers become more intelligent, efficient and agile in bonding with diverse global consumers.

Endnotes

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^{III} “Brand Butlers.” April 2010. www.trendwatching.com

^{IV} Berger, Jonah and Milkman, Katherine L. “Social Transmission and Viral Culture.” Feb 2010.

^V “Q&A: Consumer Loyalty after the Recession” 5 Aug 2011. www.blog.euromonitor.com

^{VI} Pring, Cara. “100 more social media statistics for 2012” 13 Feb 2012. www.thesocialskinny.com

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^{VIII} “Japan’s face-scanning vending machines” *The Week*. November 22, 2010 web: <http://theweek.com/article/index/209591/japans-face-scanning-vending-machines>

^{IX} Duncan, “Heineken U-Code” *The Inspiration Room*. January 11, 2012. Web: www.theinspirationroom.com

^x “Canon: EOS Photochain Explained” Creativity Online. June 22, 2010. Web: www.creativity-online.com

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