

## CASE STUDIES & TEACHING CASES

# Maybelline: dilemmas and challenges of launching in Brazil

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### INTRODUCTION

This teaching case describes the acquisition of the American brand Maybelline by the French Company L'Oréal, with great synergy for both companies. Maybelline was considered a smaller company in a segment dominated by large global companies, such as Procter & Gamble - with the brands Cover Girl and Max Factor - and Revlon. It was becoming increasingly difficult for Maybelline to face the promotional and advertising costs necessary to compete in a huge market, such as the North American one, despite the brand being second in sales volume. However, with a strong partner like L'Oréal, it would be possible to match the investment capacity of its main competitor, Revlon, and obtain greater shelf space—space obtained by a manufacturer to display its products on a retailer's shelves—in pharmacies, drugstores, and department stores, thanks to the French company's good distribution system.

On the other hand, L'Oréal, which has approximately 500 brands established in around 150 countries, offering consumers around 80,000 different products, would gain important access to the mass market, especially regarding makeup products. In addition, the acquisition of Maybelline would allow it to offer a wider range of products to retail chains, making its presence in this channel much stronger.

### THE MAKEUP MARKET: STRUCTURE AND KEY ASPECTS

The makeup market is divided worldwide into 4 main categories: lips, nails, eyes, and face. The first includes several types of lipstick, glosses and lipliners. The second one includes nail polishes (subdivided into creamy and shimmering), strengthening base for nails and treatment products. The third one concentrates eyeliners, eye shadows, eye pencils and mascaras, which, in Brazil, became known as "rimel", but which, in fact, refers to a registered trademark owned by Coty. The fourth includes face powders (loosed and compact), foundations (liquid and creamy) and blushes. There is also a fifth category, of lesser importance in terms of revenues, which is accessories and includes products such as brushes, sharpeners, eyelash curlers, false eyelashes, makeup removers, wet wipes to remove makeup, tweezers, and others.

The structure of these categories plays a fundamental role in the development of makeup manufacturers' performance strategies and will be derived from their market positioning.

A successful performance in the lips and nails categories is determined by the degree of mastery of a key factor: color. The well-positioned manufacturers in this category are known internationally as "color authorities", because, in addition to offering a huge variety of colors to consumers, they are extremely skilled at detecting and capturing fashion trends (or strong enough to impose those same trends). In this way, the strong synergy between the makeup industry and the so-called fashion world becomes much more pronounced in these two categories.

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The performance in the lip and nail categories is extremely important for building and maintaining the image of a make-up brand, especially when entering underdeveloped markets, with low per capita make-up consumption. This is because lipstick and nail polish are products with high penetration among consumers in almost all countries. Furthermore, in the lips and nails categories, an aspect of consumer behavior that permeates the entire makeup market is accentuated: impulse buying.

The characteristics of the 2 afore mentioned categories make the makeup business more unstable or volatile, so to speak, since it submits it to the moods and designs of the fashion trends. Thus, a bad call in a specific range of colors can represent a sudden loss of market share and/or prestige for the brand. It can be said that, regarding the risk of the makeup business itself, the categories of lips and nails are the riskiest, as consumers are less loyal to brands, given that the color issue is decisive for purchasing. In this way, small variations in nuances or brightness can cause a change in preference for a particular brand.

In recent years, some of the biggest makeup manufacturers have been trying to lessen reliance on color in products that make up the lip and nail categories. This attempt aims to differentiate products through technology and better performance. As an example, we have the launches of non-transfer lipsticks - also known as ultra-setting or ultra-lasting -, moisturizing lipsticks, lipsticks with UV protection, ultra-fast drying nail polishes, long-lasting nail polishes, among others.

The 2 other categories mentioned before — eyes and face — are the most technical, in a way, as their products are valued for performance, technology and innovation. These are, therefore, categories whose products have a higher rate of consumer loyalty and play an important role in the brand's strategy. Two of the most important examples are the mascara for eyelashes, in the eye category, with products to lengthen, separate, give volume and curl the lashes; and the foundation, in the face category, which can have different types of texture, be non-transfer, hydrating, UV protection, hypoallergenic - which reduces the risk of allergic reaction and must be proven through rigorous dermatological tests -, non-comedogenic - does not clog the skin pores, allowing better oxygenation of the skin - etc.

In general, the global makeup market has 3 major segments: premium or prestige, mass or retail and direct sales. The first is dominated by sophisticated brands, with an exclusive value proposition, aimed at a public with high purchasing power. Successful examples in this segment are Shiseido and Lancôme. The mass or retail segment is basically characterized by its horizontal distribution and its prices that are more accessible to a larger audience. It is split into 3 subsegments: the upper mass, the mass market itself and the budget one. The positioning differential in each segment is the final consumer price (See Box 1 below).

**Box 1**  
**Average price positioning in the US market**

Segment	Relative price (base 100)	Brands
Prestige	250	Lancôme, Lauder, Dior, Helena Rubinstein
Upper mass	125	L'Oréal, Revlon, Max Factor
Mass market	100	Maybelline, Cover Girl
Budget	60	Local brands

Source: Maybelline, a Rich Story, as cited in Abreu (1998).

L'Oréal design a complete portfolio, with brands in all 3 segments: brands such as Lancôme would occupy the prestige segment; L'Oréal Make Up would be in the upper mass segment, and Maybelline would be positioned in the mass market segment. In the case of the Brazilian market, as soon as Maybelline was consolidated, the next step would be the launch of L'Oréal Make Up there.

The direct sales (including door-to-door Companies) segment, on the other hand, is marked by a very large sales force and by a notably strong performance in countries where the retail network is underdeveloped and the consumer is not mature in terms of the use of these products and/or has structural problems that make the logistics of extremely expensive, if not unfeasible, distribution. The symbol brand in the world of this segment is Avon, and the Brazilian Natura is currently the largest of its kind.

As for distribution, in general, there are 5 major distribution channels for makeup products: food chains, basically composed of supermarkets and convenience stores; retail, made up of large department stores and magazines; wholesale, made up of national or regional distributors; and perfumeries and drugstores.

## **DISTRIBUTION CHANNELS: THE ROLE OF EACH ONE IN THE DEVELOPMENT OF BRAND STRATEGY**

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In recent years, the eye products category has assumed the most important position in the world makeup market, formerly belonging to the face products category, with a share of 31.7% in total sales. The leading product in this growth was the eyelash mask, which offered consumers new attributes such as hydration and fortifying the eyelashes, non-transferring, and waterproof formulas.

The lip products category also experienced significant growth, thanks to innovations introduced in the lipstick segment, through moisturizing and non-transferring properties.

Nail products, however, continue by far to be the smallest category in the global makeup market, in which the introduction of products with longer-lasting formulas ends up hampering the growth of the sector. The opposite of this scenario happens in Brazil, where nail products represent almost half of the total makeup market.

## **BRAND CHOICE**

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In its strategy of consolidating its leadership in the global makeup market, it became vital for L'Oréal to obtain a stronger positioning in the main global markets: US and Japan, which together represent more than 60% of the world makeup market and play an important role as opinion makers.

Its offensive to conquer a prominent position in US market focused on the purchase of Maybelline Inc., the third largest manufacturer in this market and its second brand, behind Procter & Gamble (with Cover Girl and Max Factor) and Revlon Inc. (with Revlon and Almay). Despite its good positioning in the North American market, the company founded almost 100 years ago needed to increase its investment capacity so that it could face strong competitors.

In addition to its privileged position, Maybelline is the undisputed leader in the eye care segment, leadership based on the mastery of mascara manufacturing technology. In fact, this was the product that gave rise to the brand, when, in 1913, Thomas L. Williams, a young chemist, at the request of his sister, developed a mixture of Vaseline and charcoal powder to be applied to the eyelashes and eyebrows to enhance her eyes. That same year, Williams decided to advertise in local newspapers, offering the product he had just developed for 0.25 dollar, under the promise of a novelty that would uniquely beautify the eyes of his consumers.

Two years later, in 1915, the success of his invention required greater production to meet growing demand. The Maybelline Company was then founded, in honor of Williams' sister, Mabel, and the main component of the product that had been so successful, Vaseline — the brand that emerged from the combination of Mabel + Vaseline. That same year, the first Maybelline factory was built in Chicago, Illinois.

Its leadership in the eye care segment can be gauged by the performance of its most successful product, the Great Lash mascara, launched in 1974 and, since then, the best-selling makeup product in the United States, with annual sales of the order of 20 million units.

In addition to its excellent positioning in the eye care segment, Maybelline has a good placement in the face care segment. Eyes and face are two very important categories when it comes to customer loyalty. A good performance on this translates into greater brand recognition.

All these aspects made the acquisition of Maybelline Inc. an excellent opportunity to penetrate the North American market for L'Oréal, which gave rise to its newest division: the Maybelline Division.

In this way, the L'Oréal Group launched a major global offensive in search of a solid leadership in the global makeup market, in a gigantic operation involving the launch of a brand in more than 40 countries, in a period of 2 years. One of the strategic countries in this expansion was Brazil.

The launch of Maybelline would become a priority for L'Oréal in 9 markets considered strategic for the brand, including Brazil. The launch would allow the opening of more than 8.5 thousand new points of sale and would lead the Maybelline brand to approximately 245 million new consumers.

A pertinent question to this teaching case that should be raised is: why did a traditional and successful French company in the cosmetics industry choose a North American brand to consolidate its presence in the mass market segment? The decision is based on surveys carried out by the group in several countries show that most consumers have an image of French brands linked to an idea of sophistication and exclusivity. Likewise, consumers perceive North American brands as young and popular, connected to the fashion world in a light and accessible way. This perception led the L'Oréal Group to opt for the acquisition of a well-positioned brand in the North American market, which could then be expanded to other countries, instead of internationalizing the Gemey brand, L'Oréal's French arm in the popular segment of makeup products. The group was convinced that Gemey, although extremely successful in France, among the three most popular brands of makeup products in that country, would not have a great chance of going global because it would not match the positioning that most consumers expect from a French brand. It can be said, in this context, that the positioning would be, in a way, convenient for the group, since it has a strong presence in the prestige segment in the makeup market with genuinely French brands. Popularizing a French makeup brand could create a conflict of interest in managing the company's brands.

Having said that, the worldwide launch of Maybelline would allow the L'Oréal Group to achieve an isolated leadership in the global makeup market and would take Maybelline to the top of the world ranking of color cosmetics brands, as the first to reach a revenue equivalent to US\$ 1 billion.

For this strategy to be consolidated, an increase in production capacity was planned. The main North American factory of Maybelline products, located in Little Rock, capital of Arkansas, doubled its production in just over 8 months and, at its foundation, was considered the largest makeup plant in the United States, and its objective was to meet the demand of the Brazilian market.

After the closing of the negotiations for Maybelline's acquisition, the L'Oréal Group moved the company's headquarters from Memphis to New York. The change had two important objectives: to allow greater administrative optimization of Maybelline Inc., since the administrative branch of the L'Oréal Group in the United States, Cosmair Inc., has its administrative headquarters already established in New York, and to reinforce Maybelline's international positioning as a North American brand.

Maybelline's positioning as a brand with a strong North American identity internationally was an issue that was the subject of intense debates within L'Oréal. The Group's management ended up choosing to sustain the brand's identification with North American values through the image of New York City, considered by many to be the world's fashion capital. In this way, Maybelline would be launched in the international market as Maybelline New York.

For obvious reasons, the use of this new signature would be restricted to all markets outside the United States, since, for the American consumer, already familiar with the brand for over 100 years, this association would sound out of context. Furthermore, for L'Oréal, this new signature would be a clear counterpoint, in terms of image, to the signature of L'Oréal Paris.

Moving Maybelline's headquarters to New York brought some additional problems to a complex process in itself, as it involved the merger in the same structure of 2 different business cultures: the American and the French one. The main problem was the loss of some employees in key positions, who did not want to be transferred to the new headquarters. This generated a certain momentary disruption in the company, forced to look for new professionals to fill these vacancies during the already complicated merger.

In parallel with the change of headquarters, an area was created within the new L'Oréal subsidiary: Maybelline International. This new division had its own vice president, in addition to marketing, logistics and merchandising areas. Under this new name, the administrative structure that existed before the merger would become the Maybelline Domestic division, responsible for managing the brand in the United States. The 2 divisions were organized to function independently.

The new international division had a staff status, that is, it was created to give administrative and logistical support to the launch of Maybelline New York worldwide. In each country where the launch would take place, a department and/or division responsible for the new brand would be created within the existing organizational structure of the L'Oréal Group. In this way, each Maybelline New York division in the different countries where the brand would be launched would report primarily to the group's local management and, ultimately, to the company's headquarters in Paris.

In operational terms, since its acquisition by L'Oréal, Maybelline has undergone enormous changes. The speed and extent of its expansion into numerous markets, with very different characteristics, can be considered very large.

## THE MARKETING MIX FOR THE BRAZILIAN LAUNCH

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Although several reports on the global makeup market had been made available, obtaining information about the Brazilian market was an additional challenge for the marketing team in Brazil. The makeup category, in the months prior to the launch, was not being audited at points of sale by any specialized company, such as Nielsen. In fact, even if such reports were available for sale, there was no budget to do so or to commission ad hoc surveys. The marketing team obtained some data from the Brazilian Association of the Personal Hygiene, Perfumery and Cosmetics Industry (Abihpec) and other strategic L'Oréal customers that allowed the partial design of a macro scenario to set the variables of the marketing mix. This absence of more detailed data often portrays real situations in the corporate environment and making decisions with the data available is part of executives' routine.

The data obtained showed the size of the challenge facing the marketing team in Brazil: almost 60% of the makeup market in the country, on that date, was concentrated in door-to-door companies, such as Natura and Avon. The rest was a combination of the small share of more premium brands in specialized perfumeries with sparse initiatives in retail, usually focused on specific products, such as lipsticks and nail polishes, without a retail presence and/or performance that allowed building the brand experience for the retail consumer. The implementation of this strategy – the built of a strong makeup brand, which could provide consumers with a faster purchase in retail stores – was the biggest challenge for the Brazilian marketing team and one of L'Oréal's long-term goals in the country.

### The product mix

Once the global launch timetable had been defined, each L'Oréal subsidiary began to recruit the local team that would be in charge of the launch in their respective countries. These local teams would be responsible for carrying out the first research on the market in which they would launch the brand, studying the logistical demand that would involve the distribution of their products and also the selection of the SKUs (Stock Keeping Units) to be launched.

At the time of launch, each team selected their product line from among those of the brand available in the US market. The same happened in the matter of the selection of colors, which were picked among those available in the United States. Therefore, the product line managed by Maybelline's International division was, initially, just a reflection of that already sold in the North American market. The only exception in the first year after the acquisition of the brand by L'Oréal was the development and launch of new SKUs, which, by decision of the company's management, should be made first in the United States and France.

This aspect of the launch, according to the interviews, caused several problems for the local teams, especially regarding the color selection. Although the teams had detected before the launch the absence of certain color ranges in lipsticks and nail polishes that would be best suited to their markets, no study was carried out by the international division on this subject. Thus, some issues regarding cultural differences in the use of colors were, in a way, overlooked at the launch.

If it had been attentive to such aspects, perhaps L'Oréal could have avoided these problems with the launch of Maybelline, leveraging one of the advantages of managing a global brand: the transformation of differences into similarities, identifying and coordinating these differences in the countries in which it is detected.

For the rest, all the adaptations made were to meet legal or logistical requirements. For the launch, all countries that would launch an imported item had to set up operations to re-label the products with instruction of use, ingredients, manufacturing date and specs in their local language. In Brazil, the operation was set up in the Vitória Port (ES). Therefore, some packages also had to be redone, as they could not be reused after being opened to be re-labeled. Likewise, other packages had to be modified to fit to the minimum quantities destined to points of sale in each country.

At that moment, a problem that affects Brazil becomes explicit: all Maybelline products sold in the country are imported, an exception in all the nations where the brand is established. At the time of launch, the L'Oréal factory in Brazil, located in Rio de Janeiro, was being expanded to meet the growing demand of the other lines marketed by the group. According to the interviews, it was not feasible for this factory to absorb the production of the Maybelline line. Thus, the marketing team responsible for the brand was left without technical support to develop studies on new products. The manufacture of Maybelline products in Brazil would only take place many years later, with the acquisition of Colorama, which had a factory in the country, by L'Oréal.

## The promotion mix

In the interviews made during this teaching case, the dimension of the promotion mix was approached in its broad aspect, that is, that of communication. Thus, data related to advertisements for TV and magazines (advertising), publicity material (for the sales force and the press) and promotional material for the point of sale were mentioned by the interviewees. The promotion mix plays a key role in the makeup market since image and beauty are vital issues in this universe. Thus, according to the marketing manager of the international division, the establishment of a global identity for Maybelline included 2 key issues:

- The development of an image associated with the New York spirit, which, in the company's conception, is linked to a modern and hectic lifestyle, in which practicality and agility are essential. Furthermore, according to the same manager, New York is the "capital of the world" and, culturally, a mosaic of the entire planet, which allows for greater identification of different consumers. Thus, in all promotional material produced for countries other than the United States, the Maybelline New York subscription becomes mandatory.
- The use of an internationally known model, which would endorse the brand (in English, a "signature model") and reinforce in the rest of the world the main characteristic of the brand in the United States: the partnership with the consumer.

According to the same manager, in the US, consumers perceive Maybelline as the brand that is close to them, and part of their daily lives. Thus, the model chosen to represent the brand within the country and, later, in the rest of the world was the North American Christy Turlington. In this aspect, an interesting comment by the marketing manager of the international division refers to the choice of the model's body type: there was a consensus within the company that, whoever the model representing Maybelline was, should be a woman with dark hair. For North Americans, the blonde model is linked to a sexy and sophisticated image, which could never establish an image of proximity and partnership with the consumer that the company wants.

Within the scope of the promotional dimension of the marketing mix, a point mentioned by the interviewees, especially from Brazil and China, is the issue of demonstrators. These are beauty consultants who remain at strategic points of sale and are trained by the company to provide advice and advice on the use of products and makeup colors for consumers. At the point of sale, the consultant personifies the brand, both in her uniform and in her approach. This feature is very important



in countries with low per capita consumption of makeup products, as mentioned above. The role of these consultants is, ultimately, to educate the consumer, promoting the habit of using and consuming products from this market. According to data provided by the brand's marketing manager in Brazil, 35% of consumers who buy a make-up product in a department store, supermarket, or perfumery, they do so on the recommendation of the demonstrator. However, this is an extremely expensive resource, to be maintained in a very large number of points of sale, as would be desirable.

Within the scope of the promotional dimension of the marketing mix, a point mentioned by the interviewees, especially from Brazil and China, is the issue of point of sale demonstrators. These are beauty consultants who stay at strategic points of sale and are trained by the company to give consumers tips and advice on the use of products and makeup colors. At the point of sale, this person personifies the brand, both in her uniform and in her approach. This feature is very important in countries with low per capita consumption of makeup products, as mentioned above. The role of these consultants is, ultimately, to educate the consumer, promoting the habit of using and consuming products from this market. According to data provided by the brand's marketing manager in Brazil, 35% of consumers who buy a make-up product in a department store, supermarket, or perfumery, they do so on the recommendation of the demonstrator. However, this is an extremely expensive resource, to be maintained in a very large number of points of sale, as would be desirable.

## The distribution mix

As far as the distribution strategy is concerned, the brand's objective was very clear and was part of its philosophy: to develop the makeup market in the retail sector, with an exposure marked by self-service. By retail sector, the L'Oréal Group understands 4 groups: department stores and department stores; food, formed mainly by supermarkets and the like; the large chains of drugstores and pharmacies; and perfumeries and stores specialized in cosmetics.

Another aspect mentioned by the interviewees as an example of the indispensable adaptation of merchandising to the conditions of each country was the issue of defining the mix of products to be offered at the points of sale. In fact, the physical positioning of each product is carefully determined by a planogram. The elaboration of a planogram is, most of the times, a very laborious task and must reflect not only some basic principles of in-store merchandising, but also compose a mix of products fully adapted to the purchase patterns of the consumer of that point of sale.

This planogram, which can be seen as a mapping that guides how and in what quantity the products of the line will be placed and sold, also reflects (or should reflect) the structure of the makeup market, as it is directly linked to the way in which the 4 categories of this market relate. For example, a country like Brazil, which has the most developed categories of lips and nails, should create its planograms in such a way as to privilege products in these categories, both in volume – allowing them to occupy more “fronts” in furniture – and in terms of volume. positioning - staying, for example, in the center of the furniture and at eye level with the consumer.

All interviewees agreed that one of the most delicate aspects in planning the distribution of the brand's products is managing the installation, assembly, and maintenance of this equipment at points of sale. In general, the parts are delivered disassembled to supermarkets, department stores, drugstores, and perfumeries. After delivery, the visit of a promoter or assembler to the store is necessary for the equipment to be prepared for the exhibition. Likewise, periodic visits are necessary to locate and replace damaged parts.

A final remark related to aspects of distribution and logistics mentioned by 2 interviewees, the brand's marketing managers in Chile and Brazil, concerns the shoplifting of products. In Brazil, this issue is especially serious, as sell-out data provided by some customers indicate that the percentage of product thefts in some stores is approximately 30%. They happen because, in retail, the sale of makeup products is done through self-service, that is, the consumer goes to the furniture or gallery where the products are exposed, chooses what she wants and takes it to the check-out of the establishment, where will make the payment. Self-service is one of the fundamental features of the so-called makeup mass-market, and its development in countries where the makeup trade is dominated by door-to-door companies it is considered vital.

The problem is that, as most are small products with high added value, theft happens. According to the interviews, some retailers, afraid of the revenue loss, restrict the consumer's access to the products, using counters or removing them from the furniture where they are exposed and placing them in shop windows. Without self-service, impulse buying drops dramatically. According to the North American and French managers, the theft of this type of product is inevitable, but in these markets the percentage has stabilized for several years at around 5% of sales, which is part of the business.

## The price mix

According to the interviews carried out, the equation that defines the price dimension in the marketing mix is determined by 2 basic guidelines: on the one hand, the minimum profitability required for the viability of the operation, defined by the L'Oréal Group; on the other hand, the positioning of the main competitors in terms of final price to the consumer. It is evident that, in the processing of minimum profitability, launch costs, manufacturing and/or import costs, fees and taxes, advertising investment, logistics and distribution costs, etc. are being considered. In this way, the price is extremely important for the brand, insofar as it situates it as a good accessible to the consumer. In the United States, although the brand has a well-balanced penetration in terms of social class and income level, its original positioning is that of a popular product, for the C class.

Brazil had issues with price positioning, the major one caused by the need to import all the product line. According to the interviews, the fact that L'Oréal's Brazilian factory could not be structured to manufacture at least part of the Maybelline products to be launched in the country made it essential to import the products from the factory in Little Rock. According to the expansion plan in which the Brazilian factory was involved, which prioritized the brands considered to be the group's core business – those in the coloring market, like Imédia –, it would only be feasible to start studies for the local manufacture of some Maybelline products after launch. In the launch plan, the import costs, in addition to the high fees and taxes involved in the process, raised the final price levels to the consumer above what would be desired, to maintain an acceptable profitability by the group.

## Dilemma

At this point, the reader should consider the following hypothetical situation, based on real situation: you, as the executive responsible for Maybelline in Brazil, are ready to launch the brand in the country, in order to meet L'Oréal's global strategic demands. Approximately 3 months before the official launch date, Brazil suffers an exchange rate imbalance in a period of days and goes from an absolute pairing (1 real equals 1 dollar) to a floating exchange rate, in which 1 dollar is worth 2.38 reais. The company's headquarters, now established in New York, asks you for some recommendations on how to proceed. You then prepare to travel to New York to present to the Maybelline global team, along with other senior L'Oréal executives, your recommendation on how to proceed with the Maybelline launch in Brazil.



## TEACHING NOTES

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### *Maybelline: dilemmas and challenges of launching in Brazil*

#### *Abstract*

You were hired as L'Oréal's marketing manager to launch the American makeup brand Maybelline in Brazil. The global launch of this American brand is vital for L'Oréal, and Brazil is one of the eight priority countries in this process. You prepare for the launch in Brazil, positioning the brand according to the guidelines of the global team, and design the marketing mix according to this positioning. However, a macroeconomic change in Brazil negatively impacts your plans, and it is up to you, the leader of the Maybelline brand in Brazil, to propose to the matrix an alternative so that the launch is not canceled.

**Keywords:** Intrapreneurship. Corporate entrepreneurship. Brand positioning. Marketing mix.

### *Maybelline: dilemas e desafios do lançamento no Brasil*

#### *Resumo*

Você foi contratado para o cargo de gerente de marketing da L'Oréal e tem a missão de lançar a marca norte-americana de maquiagem Maybelline no Brasil. O lançamento global é de vital importância para a L'Oréal, e o Brasil é um dos 8 países prioritários nesse processo. Você posiciona a marca conforme as orientações do time global e desenha o *mix* de marketing de acordo com esse posicionamento. Entretanto, uma mudança macroeconômica no Brasil impacta negativamente seus planos, e cabe a você, líder da marca Maybelline no Brasil, propor à matriz uma alternativa para que o lançamento não seja cancelado.

**Palavras-chave:** Intraempreendedorismo. Empreendedorismo corporativo. Posicionamento de marca. Mix de marketing. Composto de marketing.

### *Maybelline: dilemas y desafíos del lanzamiento en Brasil*

#### *Resumen*

A usted lo contrataron como gerente de marketing de L'Oréal para lanzar la marca estadounidense de maquillaje Maybelline en Brasil. El lanzamiento global de esta marca estadounidense es de vital importancia para L'Oréal, y Brasil es uno de los ocho países prioritarios en este proceso. Se prepara para el lanzamiento en Brasil, posicionando la marca según los lineamientos del equipo global, y diseña el *marketing mix* acorde a ese posicionamiento. Sin embargo, un cambio macroeconómico en Brasil impacta negativamente en sus planes, y depende de usted, el líder de la marca Maybelline en Brasil, proponer a la matriz una alternativa para que el lanzamiento no se cancele.

**Palabras clave:** Intraemprendimiento. Emprendimiento corporativo. Posicionamiento de marca. *Marketing mix*. Compuesto de marketing.

## Recommended use

Through this teaching case, a real-life example of a company involved in a process of global expansion of business and brands is brought to the classroom. In this context, it is essential that students engaged in the discussion of the teaching case realistically experience the instability and volatility of business environments, especially in emerging markets such as Brazil. Critical thinking must be stimulated, as well as the initiative and ability to carry out diagnoses, proposing feasible solutions in strategic and execution terms. It is recommended that this case be applied to classes of undergraduate or graduate degrees in management, marketing, in disciplines discussing with branding and brand positioning, marketing mix, in addition to intrapreneurship or corporate entrepreneurship.

## Educational Purposes

This teaching case can be used in discussions with undergraduate, graduate or continued and executive education classes in administration, focusing intrapreneurship or corporate entrepreneurship, marketing planning, branding and brand positioning, international business, and emerging markets, in addition to correlated issues.

Reading and discussing this teaching case should provide an opportunity for students to understand the main issues and challenges in positioning, launching and maintaining a successful brand in an emerging market such as Brazil; to illustrate the forces that drive the evolution of the market and the type of strategy that enables a brand to thrive in such a dynamic environment; propose alternatives on how to create a strong brand positioning, designing and implementing an integrated plan that aligns different marketing elements to synergistically support this positioning.

## Data collect

For the assembling of this case, the methodology of literature review was used, more specifically the narrative one. In this methodology, according to Creswell (2014), data are collected from a history of a particular individual or individuals, mainly through interviews, which are then cataloged chronologically. Frequently used in the structuring of teaching cases (Motta & Corá, 2017), the narrative review assumes that certain aspects or vital points of the narrative arc of the one being researched are highlighted, simultaneously explaining their contexts and their specific circumstances. as well as their respective interpretation, will incorporate the authors' subjectivity, and it is not intended to use explicit, systematic, and exhaustive criteria for the search and critical analysis of the literature, so it is not necessary to exhaust the sources of information.

The co-author of the teaching case, a senior marketing executive and responsible for launching Maybelline in Brazil, narrates the case and obtained recorded testimonies from those responsible for the simultaneous launch in 4 different countries for her master's thesis (Abreu, 1998). anonymity was given to the interviewees — declined by all — and the fundamental ethical demands were strictly followed (Fontana & Frey, 1994), which included the signing of an informed consent form. Finally, all business data from this teaching case was generously approved and released for publication by L'Oréal do Brasil. For didactic purposes, the business environment has been simplified and the timeline has been adjusted.

## SUGGESTED CLASSROOM ACTIVITY

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It is recommended that this teaching case be made available for prior reading at least 1 week in advance of the activity to be developed in the classroom, which can be performed according to the steps below, based on Anastasiou's and Alves (2012) classroom strategy.

### First step: discussion of the teaching case (First class. Estimated duration: 30 minutes)

Also according to Anastasiou and Alves (2012), a discussion is based on an exchange of ideas between the members of a group, in a process in which each one thinks about questions or problems with the greater objective of constructing alternative solutions or answers. The teacher, depending on the theoretical direction he/she wishes to take, may suggest the additional readings indicated in this teaching note, at least 1 week in advance. The discussion in this activity should aim to deepen the understanding of the business scenarios described in the teaching case, so that all students understand the various aspects that are shaping the global and local launch of the Maybelline brand. Thus, the teacher will act as moderator of the activity, and the discussion method determines that the learners are informed about the topic, objectives, form, and duration of the discussion. The mediator teacher should encourage everyone's participation, avoiding personal attacks, insults and rudeness, side conversations and other practices that may interfere with the smooth running of the discussion. For this, the questions can be addressed, and the concepts of the indicated literature can be rescued. There is not necessarily a single path to follow. Therefore, all student contributions and suggestions are relevant and, therefore, should be encouraged. They must, however, always be grounded in theory and in the data obtained in this teaching case.

### Second stage: discussion of the teaching case (Second class, one week later. Estimated duration: 60 Minutes)

Still according to Anastasiou and Alves (2012), a debate is the confrontation of 2 groups or more, in which each one tries to support their point of view, their thesis, in an intellectual battle. Each group will try to use the best arguments to prove that they are right. The ability to argue, the logical and analytical ability, the best preparation and disinhibition of the members come into play. In this activity, the teacher should divide the class into groups, preferably not smaller than 4 or larger than 5 students. The teacher moderator will indicate the previous readings to be used as research sources, so that each group can build its thesis. At the end of the time allotted for the debate, the teacher moderator will comment on strategies and proposed arguments, making a general analysis of the ideas presented, and then thank the students for their efforts, ending the debate.

## SUGGESTED THEORETICAL DISCUSSION FOR KEY THEMES OF THE CASE

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In addition to the activity suggested in the classroom, the teacher may, at his/her sole discretion, promote theoretical discussions for the key themes of the case, suggested below.

- 1) Brand Positioning and Marketing Mix – It is interesting to promote a discussion on how the changing economic landscape affects the launch of the Maybelline brand. The expression “marketing mix” is based on the assumption that the manager is someone who combines different attributes to obtain a certain market response (Watershoot & Butle, 1992). It is essential that the 2 concepts are articulated, since “the brand is not something thought after the definition of a marketing mix. As the brand is an element of differentiation of its product, we can say that it shapes and permeates the four components of the marketing mix” (Girão&Knuffer, 2020, p.35). The positioning of a brand involves choosing the benefits offered by that brand and the main points of parity (similarity) and difference in relation to competing brands, considering the possible negative correlation between attributes and benefits that constitute these points (Kotler & Keller, 2019). Furthermore, the same authors emphasize that a positioning must be profitable for the company; relevant, communicable, and accessible to the consumer; and distinguishable and superior to competitors. According to Girão and Knupfer (2020), there are 5 key attributes that contribute to the construction of perennial and strong brands: coherence, trust, uniqueness, relevance, and consistency.

If you can convince L'Oréal to go ahead with the launch, what changes in brand positioning become necessary/viable? How does this new positioning impact the marketing mix and what changes will be needed?

- 2) Intrapreneurship and corporate entrepreneurship. One of the main drivers of modern society is the entrepreneur. For Schumpeter (2021), first to associate the concept of entrepreneurship with innovation in 1942, the entrepreneur, by combining resources in an original way, promotes, through innovative attributes, changes in society that generate economic development and growth. Stricto sensu, Cole (1978) defines the entrepreneur as someone who decides to start, keep, or expand a business unit that seeks profit. and can be defined as individuals who innovate, identify, and create business opportunities, assemble, and coordinate new combinations of resources to extract the best benefits from their innovations in an uncertain environment. The concept of intrapreneurship was coined by Gifford and Elizabeth Pichot, in 1976 (Pinchot, 2013), contracting the words "entrepreneur" and "intraorganizational", meaning someone within a corporation who takes direct responsibility for transforming an idea into a finalized and profitable product through risk taking and innovation. In this context, for Hashimoto (2013), the motivation that stimulates intrapreneurs is directly associated with their autonomy and initiative and the satisfaction of managing their own projects. For the same author, the heat of need, the crisis and the sense of urgency, the culture of excellence and freedom to act are the ideal characteristics for a corporate environment that attracts and maintains intrapreneurs. Thus, for Pinchot (2013), intrapreneurship is the practice of creating and developing new projects within an organization, with the aim of creating and exploring business opportunities, creating economic and innovation value.

What proposals can Maybelline Brand Manager make to NY headquarters, to enable its launch in Brazil?

### Guidance for grading

There are several possible viable answers, depending on the proposed launch strategy. It is key that students understand that their decisions must be made based on data and facts; that is, your actions must have a purpose. Stimulate the 15 groups to confront each other on the directions taken, making the debate show the different possibilities of the chosen strategies. As a reference, the solution proposed by the leading co-author of the teaching case, as responsible for the launch of Maybelline in Brazil, was to propose to the headquarters that the launch of L'Oréal Makeup was postponed indefinitely and Maybelline brand took its place in the upper mass segment in the country. This alternative was approved by the NY headquarters and allowed a unique Maybelline brand position in Brazil, different from the rest of the world. Elsewhere, it is a popular brand; in Brazil, it has become a brand for the middle of the pyramid. Based on this macro strategy, there are different possibilities for adapting the marketing mix.

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