

FUNDAÇÃO GETULIO VARGAS
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

CAMILA DA SILVA PRADOS

**THE BRAZILIAN CLASS C WOMEN PERCEPTION REGARDING PREMIUM-
MASS PRODUCTS IN THE BEAUTY INDUSTRY**

SÃO PAULO

2015

CAMILA DA SILVA PRADOS

**THE BRAZILIAN CLASS C WOMEN PERCEPTION REGARDING PREMIUM-
MASS PRODUCTS IN THE BEAUTY INDUSTRY**

Thesis presented to Escola de Administração de
Empresas de São Paulo of Fundação Getulio
Vargas, as a requirement to obtain the title of
Master in International Management (MPGI).

Knowledge Field: Gestão e Competitividade
em Empresas Globais

Advisor: Prof. Dr. Edgard Elie Roger Barki

SÃO PAULO

2015

Prados, Camila da Silva

The Brazilian Class C Women Perception Regarding Premium Mass Products in the Beauty Industry / Camila da Silva Prados – 2015
51f.

Orientador: Edgard Elie Roger Barki

Dissertação (MPGI) – Escola de Administração de Empresas de São Paulo

1. Comportamento do Consumidor. 2. Consumidores de Baixa Renda – Brasil. 3. Cosméticos – Mercado – Brasil. 4. Cosméticos – Indústria – Brasil. I. Barki, Edgard Elie Roger. II. Dissertação (MPGI) – Escola de Administração de Empresas de São Paulo. III. Título.

CDU 658.89(81)

CAMILA DA SILVA PRADOS

**THE BRAZILIAN CLASS C WOMEN PERCEPTION REGARDING PREMIUM-
MASS PRODUCTS IN THE BEAUTY INDUSTRY**

Thesis presented to Escola de Administração de
Empresas de São Paulo of Fundação Getulio
Vargas, as a requirement to obtain the title of
Master in International Management (MPGI).

Knowledge Field: Gestão e Competitividade
em Empresas Globais

Approval Date

23/02/2015

Committee members:

Prof. Dr. Edgard Elie Roger Barki

Prof. Dr. Maurício Morgado (FGV-EAESP)

Prof. Dra. Thelma Rocha (ESPM)

Acknowledgments

“I didn’t come here to find out there is a weakness in my Faith. I was brought here by the power of love” – Love by Grace – Lara Fabian

In my acknowledgments, God is always the first. He is the one who comforts me in every moment of my life, and to whom I really owe everything I have and everything I have achieved.

My mother, Ana Maria da Silva Neto, is the person responsible for me being who I am. My character, my faith, my mental health, my studies and my life, I owe to her.

My uncle Carlos and my aunt Dora, who are my true safe heaven. Countless moments that sustained me, took me in their arms and assumed the role of household in my life.

My father Ricardo and my brothers Leandro and Vladimir were my inspiration to follow the career path I chose. They are the part of my entrepreneurial blood.

My beloved fiancé Thiago is the person who accompanied me throughout these academic years and shared absolutely all the moments in the last 7 years of my life.

My beloved nephews, nieces, cousins and uncles that are part of my emotional structure and help me to have my heart in peace.

My mother in law is the person who encouraged me from the beginning to finish this study with determination. My father in law is a helpful figure of the family and my brother in law is a person who makes me laugh with the weirdest phrases.

My life today is full of happiness, because I have many dear friends. I will not name them because I do not want to be unfair to anyone. From the school, GV, CEMS, work, Seara, parties or just any other time in life.

Friends and family who could not share these moments in physical presence, but always trimmed me with their great love and affection, my thanks a lot.

My special thanks to my advisor, Edgard Barki, who accepted with open arms to help me in this endeavor. My invitation, happily accepted, happened after I saw a video of him

talking about how much he loves the work he does with people from the base of the pyramid. That video moved me so much that I could not pick a better mentor. It is great to work for the causes we believe in.

I always enjoyed writing texts listening to songs that touch my heart. Sometimes the music does not reflect the situation, but it helps to flow the words that should always come from the heart. I do not know why I chose Love by Grace, but is a song that really touches me.

I would never forget to thank the two little sweethearts that will never read or understand these words. To my beloved dogs Coquinha and Toddynho. It was a huge sacrifice to be a year away from you, because we are both dependent on care!

My sincere thank you

Camila Prados

Agradecimentos

“I didn’t come here to find out there is a weakness in my Faith. I was brought here by the power of love” – Love by Grace – Lara Fabian

Nos meus agradecimentos, Deus é sempre o primeiro. É ele quem me conforta em todos os momentos da minha vida e a quem eu realmente devo tudo o que tenho e tudo o que conquistei.

Minha mãe, Ana Maria da Silva Neto, é pessoa responsável por eu ser quem sou. Meu caráter, minha fé, minha saúde mental, meus estudos e minha vida, devo à ela.

Meu tio Carlos e minha tia Dora são meu verdadeiro porto seguro. São incontáveis os momentos que me ampararam, me pegaram no colo e assumiram o papel de núcleo familiar na minha vida.

Meu pai Ricardo e meus irmãos Leandro e Vladimir foram minha inspiração para eu seguir o caminho profissional que escolhi. Eles são a parte do meu sangue empreendedor.

Meu noivo e amado Thiago é a pessoa que me acompanhou ao longo desses anos acadêmicos e compartilhou de absolutamente todos os momentos nos últimos 7 anos da minha vida.

Meus sobrinhos, primos e tios amados que fazem parte da minha estrutura emocional e me ajudam a ter o coração em paz.

Minha sogra, é a pessoa que me incentivou desde o início a concluir o trabalho com determinação. Meu sogro é a figura atenciosa da família que me adotou e meu cunhado é aquela pessoa que me faz rir das frases mais estranhas.

Minha vida hoje é repleta de felicidade, pois tenho amigos muito queridos. Não vou citar nomes para não ser injusta com nenhum. Seja da época de escola, da GV, do CEMS, do trabalho, do Seara, das festas ou simplesmente de algum outro momento da vida.

Amigos e familiares que não puderam compartilhar desses momentos em presença física, mas que sempre me aparam com seu imenso amor e carinho, meu imenso obrigada.

Meu agradecimento especial ao meu orientador, Edgard Barki, que aceitou de braços abertos a me ajudar nessa empreitada. Meu convite, felizmente aceito, aconteceu depois que vi um vídeo dele falando o quanto ama o trabalho que faz com as pessoas da base da pirâmide. Aquele vídeo mexeu tanto comigo que não poderia escolher orientador melhor. É realmente muito bom trabalhar pelas causas que acreditamos.

Eu sempre gostei de escrever textos ouvindo músicas que tocam meu coração. As vezes a música não traduz a situação, mas ajuda a fluir as palavras que devem vir sempre do coração. Eu não sei por que escolhi Love by Grace, mas é uma música que realmente me toca.

Jamais esqueceria de um agradecimento que nunca vai ser lido nem compreendido com essas palavras. Aos meus amados cachorrinhos Coquinha e Toddynho. Foi um sacrifício enorme ficar um ano longe, pois somos dependentes de carinho, eles de mim e eu deles!

Meu sincero agradecimento.

Camila Prados

Abstract

Recently, emerging markets became a potential target for the beauty industry and Brazil is becoming a profitable market for premium cosmetic products (Euromonitor International, 2013). The low-income population in Brazil represents 70% of its inhabitants when considering classes C, D and E (Barki and Parente, 2010), being the class C represented by 56% of the population (Neri, 2012). This is a potential market for the multinational companies (MNCs) that face challenges to do business in there since class C choose to spend part of their income with products related to beauty (Silva and Parente, 2007) and there is still a little knowledge about the BoP consumption behavior.

Therefore, the objective of this study is to investigate and describe the consumption behavior of the Brazilian women class C in the beauty sector related to premium-mass products, gaining a deeper knowledge in regards to this population and the subject proposed.

To reach this objective, the author used a methodology based on a qualitative descript analysis in which 20 women from all age groups belonging to the Brazilian class C were interviewed and quotes were used to provide the confirmation of the analysis' results.

The results suggest that, over the years, there was indeed a trade up movement in the consumption of the beauty products. In addition, five main aspects were identified, which drive the class C women's purchase decision in the beauty sector: reliability, quality, status, self-esteem and well-being.

Despite of the limitations of an exploratory study, this research will be expected to increase the knowledge about the BoP market, especially in regards to the beauty industry.

Key words: International Management, Consumer Behavior, Class C, The Base of the Pyramid, Brazilian Class C, Trade-up, Brazilian Beauty Industry, Premium products.

Resumo

Recentemente, os mercados emergentes se tornaram um alvo potencial para a indústria da beleza e o Brasil está se tornando um mercado lucrativo para os produtos cosméticos Premium (Euromonitor International, 2013). A população de baixa renda no Brasil representa 70% de seus habitantes ao considerar as classes C, D e E (Barki e Parente, 2010), sendo a classe C representada por 56% da população (Neri, 2012). Este é um mercado potencial para as empresas multinacionais (MNCs), que enfrentam desafios de fazer negócios no país, visto que a classe C opta por gastar parte de sua renda com produtos relacionados a beleza (Silva e Parente, 2007) e ainda há um pouco conhecimento sobre o comportamento de consumo na base da pirâmide.

Portanto, o objetivo deste estudo é investigar e descrever o comportamento de consumo das mulheres brasileiras da classe C no setor de beleza, em relação aos produtos Mass Premium, melhorando o conhecimento no que diz respeito a essa população e ao tema proposto.

Para atingir esse objetivo, o autor utilizou uma metodologia baseada em uma análise descritiva qualitativa em que foram entrevistadas 20 mulheres de todas as faixas etárias, que pertencem à classe C brasileira e citações foram usadas para fornecer a confirmação dos resultados da análise.

Os resultados sugerem que, ao longo dos anos, houve de fato um movimento de trade up no consumo de produtos de beleza. Além disso, foram identificados cinco aspectos principais, que conduzem decisão de compra das mulheres de classe C, no setor de beleza: confiabilidade, qualidade, status, autoestima e bem-estar.

Apesar das limitações de um estudo exploratório, espera-se que a pesquisa aumente o conhecimento sobre o mercado da base da pirâmide, especialmente no que diz respeito à indústria da beleza.

Palavras-chave: Gestão Internacional, Comportamento Consumidor, Classe C, A Base da Pirâmide, A Classe C Brasileira, Trade-up, A Indústria da Beleza Brasileira, Produtos Premium

Figures

Figure 1 - The World Economic Pyramid	4
Figure 2 - The Brazilian Social Pyramid	7
Figure 3 - The traditional and the new luxury market segmentation.....	11
Figure 4 - Performance of Conditioners in Top 10 Countries 2012-2017.....	13
Figure 5 - Big Themes.....	17

List of Tables

Table 1 - Details from the interviews	16
Table 2 - Household characteristics - Items definition.....	35
Table 3 - Household characteristics – Quantity of Items	35
Table 4 - Household characteristics – Level of Education and Public Services	36
Table 5 - Household characteristics - Level of Education and Public Services Definition..	36
Table 6 - Critério Brasil – Economic Classification Strata	36
Table 7 - Monthly Household Income.....	37

Table of Contents

1. Introduction	1
1.1. Context (Introduction)	1
1.2. Objectives	2
1.3. Research Question and Justification	3
1.4. Thesis Structure Description	3
2. Literature Review	4
2.1. The Base of the Pyramid Overview	4
2.2. The Class C Definition: Brazilian market	5
2.3. Consumer Behavior in the Brazilian class C context	7
2.4. The trade-up phenomenon	10
2.5. The Brazilian Beauty Industry	12
2.5.1. Premium-mass Cosmetic Products	13
3. Methodology	14
3.1. Design	14
3.2. Participants	15
3.3. Size of the sample	16
4. Data analysis and Results	17
4.1. Trade up	17
4.2. Reliability	19
4.3. Quality	20
4.4. Status	23
4.5. Self-esteem	24
4.6. Well-being	25
5. Conclusion	27
References	30
Appendix 1	33
Appendix 2	35

1. Introduction

1.1. Context (Introduction)

Invisible to the corporate sector for a long period, a massive segment of the global population has changed the way of doing business of multinational companies (MNCs). The Base of the Pyramid (BoP) market, also known as Bottom of the Pyramid, comprised of low-income consumers, had its importance increased, forcing companies to face challenges to communicate their products. Companies' marketing strategies, that before were directed to high-income consumers had to be reviewed in order to understand the needs of these emerging consumers. Two renowned scholars, C.K. Prahalad and Stuart L.Hart, first exposed the potential of this market. They drew attention to around 4 billion people belonging to this tier of the pyramid, aspiring products from the MNCs that could profit from a large magnitude of opportunities in the emerging markets. The major challenge would be to combine low cost, sustainability, good quality and profitability (Prahalad and Hart, 2002).

For most MNC's, poor people were not the target group because of the companies' cost structures that would not provide profit from this market, also due to the lack of money from the poor to afford products and services offered to developed countries. In their perception, poor could use outdated technology from the previous generation as well as being cared by the government and non-governmental organizations (Prahalad and Hart, 2002). The BoP literature has helped to shift the negative perception about poverty. Therefore, the low-income population who was not considered a profitable market, started to be seen as consumers (Seelos and Mair, 2007). The high access to information among poor people has brought them awareness of many products and services, increasing their aspiration to share the benefits (Prahalad and Hart, 2002).

Considering the description above and the competitive market nowadays, companies have to fulfill not only consumers' objective needs, but also establish a deep relationship with them. For this, especially in the BoP context, it is important to satisfy consumers' symbolic needs, their self-realization needs (Barki and Parente, 2010). There is a huge market gap for MNCs to explore if they combine their advanced technology with local insights, in order to offer products designed to this tier of the pyramid. London and Hart (2004), for instance, highlighted that MNCs have to develop relationships and alliances with non-traditional local BoP partners as part of their strategy to pursuit this market.

In Brazil, the Base of the Pyramid represents 70% of the market when counting classes C, D and E (Barki and Parente, 2010). This work will comprise only the Brazilian 'new middle-class' also known as 'Class C' that represents around 56% of the country's population (Neri, 2012).

Having this potential market as a target group, for a company to be a leader in Brazil it has to develop specific strategies to address this population. It is necessary to understand that the consumption behavior of these people is related to the sense of belonging and social inclusion. In this sense, products consolidated in the market play a major role in their purchase decision, giving them a complete meaning: social status, self-fulfillment and personal achievement (Parente, Barki and Geargeoura, 2008).

The related social context arises therefore the discussion of the trading up concept, in which the new middle-class consumers selectively pay higher prices for goods that meet their emotional needs. The Boston Consulting Group has written a report in 2008, which states that companies that are doing business in Brazil encounter consumers eager to trade up in a more selective and focused pattern (BCG, 2008). This study will focus particularly the beauty industry, observing the trade up phenomenon in the Brazilian new middle-class.

The beauty industry has a huge potential in emerging markets and Brazil is becoming a profitable market for premium cosmetic products (Euromonitor International, 2013). The class C choose to spend part of their income with products related to beauty, despite their financial restrictions (Silva and Parente, 2007). In this sector, the reality is not different from others; MNCs have to know how to communicate their products to low-income consumers.

However, there is still little research regarding the consumption behavior of this population in the beauty sector.

1.2. Objectives

Considering the previous description, the main objective of this study is to investigate and describe the consumption behavior of the Brazilian women class C in the beauty sector related to premium-mass products. Hence, the critical idea of this research is to gain a deeper knowledge in regards to this population and subject proposed.

In order to reach this objective, some fundamental tasks should be accomplished:

- To identify the existence of the trade-up concept in the defined target group.

- To identify aspects that are important in the purchase decision of a premium-mass product.

1.3. Research Question and Justification

The research question that this study has the objective to answer is the following: *What is the Brazilian Class C women perception regarding premium-mass products in the beauty sector?* In particular, this research aims to identify specific aspects that influence this target group to consume premium-mass beauty products.

1.4. Thesis Structure Description

This work is divided in 5 chapters: The first one introduces the topic, the research question, the relevance of the study and its objective. The second chapter presents important concepts and the knowledge review. In the third, the methodology applied in the research is described such as the description of the design and participants. The fourth chapter comprises the data analysis and results. The last chapters presents the conclusion, summing up the context and the importance of the topic, comparing the results obtained in the study and work limitations.

2. Literature Review

2.1. The Base of the Pyramid Overview

The Base of the Pyramid (BoP) is a vast and untapped market of the World's poorest people where there is a great market potential for companies to make profit (Prahalad, 2004).

Over the past recent years, several authors defined the concept of the BoP market. The simplest way to define it is to recognize their income level. Prahalad and Hart (2002) characterized the target group at the BoP in terms of income less than US\$1.500 per year, based on purchasing power parity in U.S. dollars (See Figure 1), the minimum considered necessary to have a decent life. In a comparison, the international poverty line is between US\$1.08 and US\$2.15 per day, per person, according to the PPP in 1993, having consumption as the preferred indicator instead of income (Ravallion and Chen, 2004). To differentiate, the extremely poor people live with less than US\$1 a day while the moderate poor live with less than US\$2 (Reddy and Minoiu, 2007). Other recent studies have stated that the 4 billion people who live with less than US\$8 a day, at the BoP, have a combined income of about US\$5 trillion, the same amount of the gross national income of Japan (UNDP, 2008).



Annual Per Capita Income*	Tiers	Population in Millions
More Than \$20,000	1	75-100
\$1,500-\$20,000	2 & 3	1,500-1,750
Less Than \$1,500	4	4,000

Figure 1 - The World Economic Pyramid

*Based on Purchasing Power Parity in US\$

Source: U.N. World Development Reports

The figure 1 shows the annual per capita income, based on purchasing power parity in US\$, divided in three layers. The so-called bottom of the pyramid is comprised of 4,000 million people who earn less than \$1,500 per year. The second layer is a population of 1,500 to 1,750 million people who earn between US\$1,500 and US\$20,000 a year. The last layer is the top of the pyramid, a population comprised of 75 to 100 million people who earn more than US\$20,000 per year (Prahalad and Hart, 2002).

Most of BoP consumers live in rural villages or urban slums and have little or no formal education. These characteristics put them on a position difficult to reach through

conventional distribution, credit and communication (Prahalad and Hart, 2002). Due to the social costs, mobility limitations and distribution inefficiencies, poor people are usually vulnerable to companies' strategies, paying the poverty penalty. In other words, they pay more for the same products, because they have to buy in local markets that charge more from the poor. The significant income gap between high-income and low-income people reinforces the fact that, despite being majority, the poor are excluded from the global market economy, in the sense that a low quantity and quality of products reaches them.

In order to succeed in this market, it is important to understand that BoP consumers have distinct characteristics when compared to rich people and this brings to the business more challenges. The key is to know how to communicate with the BoP. While the message to rich people have the idea of exclusivity, in the BoP market, companies should focus on methods that deal with their aspirational levels, highlighting their inclusivity into the society. To offer cheap and low-quality products is not a strategy to enter this market (Prahalad, 2005).

Some authors stated that to benefit from this market potential, MNCs need to rethink their business model (London and Hart, 2004), in which capabilities and partnerships should be considered as necessary to face the challenge of entering the BoP market (Seelos and Mair, 2007). Prahalad and Hart (2002) went beyond, saying that selling to the poor can help to bring prosperity and eradicate poverty. In fact, this tier of the pyramid is a market where capital efficiency and volume are important. Nevertheless, this market does not allow the pursuit of high margins. Thus, managers should focus on scale, being this achieved by small margins and high unit sales.

As described, low-income population have distinct characteristics, which bring the necessity to adapt marketing strategies accordingly.

2.2. The Class C Definition: Brazilian market

The class C definition in this study is a close image of the current Brazilian population. This social class has a great importance in the Brazilian socioeconomic pyramid. It has changed the market perspective, bringing several opportunities for companies that want to make profit from the Brazilian Base of the Pyramid (BoP). Considering the country's Gross Domestic Product (GDP) of US\$2.3 trillion in 2013, Brazil is the 7th largest economy

by purchasing power parity. Moreover, its population of over 200 million people and its geographical area put the country in a rank as the 5th largest in the World. Around 70% of this population belongs to the Base of the Pyramid (BoP), counting classes C1, C2, D and E (Barki and Parente, 2010). According to a study made by Serasa Experian together with Data Popular Institute in 2014, the middle-class is more concentrated in the Southeast region of Brazil (43%), followed by the Northeast (26%), South (15%), Midwest (8%) and North (8%).

Neri (2010) stated that it is rather complex to conceptualize the middle-class, represented by over 56% of the country's population. There are two interesting and relevant classifications. The first one is according to *Associação Brasileira de Empresas de Pesquisa* (ABEP), also known as *Critério Brasil*, used by most of research institutes. This economic segmentation instrument uses household characteristics to differentiate the population in distinct social classes. This means, they do a survey to find out the access to durable goods and their respective amounts (e.g. TV, washing machine, fridge, radio), as well as servants, toilettes and the level of education of the head of the household. As described in the table 2 and 4, the criteria assigns points according to these characteristics and carries the sum of the points. Afterwards, there is a match between the score ranges and the economic classification defined in A1, A2, B1, B2, C1, C2, D and E, as shown in the table 5. Following the tables 2 and 4 there are suggested questions to the survey model related to the each one of them, namely tables 3 and 5, respectively.

Brazilian families were responsible for 58% of the credit loan in Brazil (Data Popular/Serasa, 2011). Poverty has considerably decreased, reducing the inequality and improving income distribution. The government has launched social programs (e.g. bolsa família) as a way to provide support for poor people. In fact, the increase in the purchasing power of the population caused, among other reasons, by the stability of the currency at that time and the expansion of credit that had a direct effect on the consumption behavior of this people. According to Data Popular/Serasa study (2011), this social class was eager to consume in 2014, around 8.5 million domestic trips, 6.7 million TV sets, 4.8 million refrigerators and 4.5 million tablets. However, the inflationary pressure is harming these incentives, since people can no longer buy the same things as before.

The middle-class in Brazil earns a total monthly household income from R\$2.900 to R\$7.249,99 (IBGE, 2014), as the table 7 shows. This is the second possible definition to the middle-class.

The IBGE classification, according to minimum wages, is simpler and divide the population in only five social classes, A, B, C, D and E. This table shows a definition similar to FGV that classify the middle-class in Brazil earning a total monthly household income from R\$1.734,00 to R\$7.475,00 (Neri, 2012).

All the incentives have contributed to an increase in the number of families belonging to the class C from 2005 to 2011, in the respective proportions of 34% and 53% (IPSOS, 2011), as observed in the figure 2. There has been a huge social mobility, being the class C the biggest one in the country due to the expressive reduction of classes D and E between 2010 and 2011 (IPSOS, 2011).

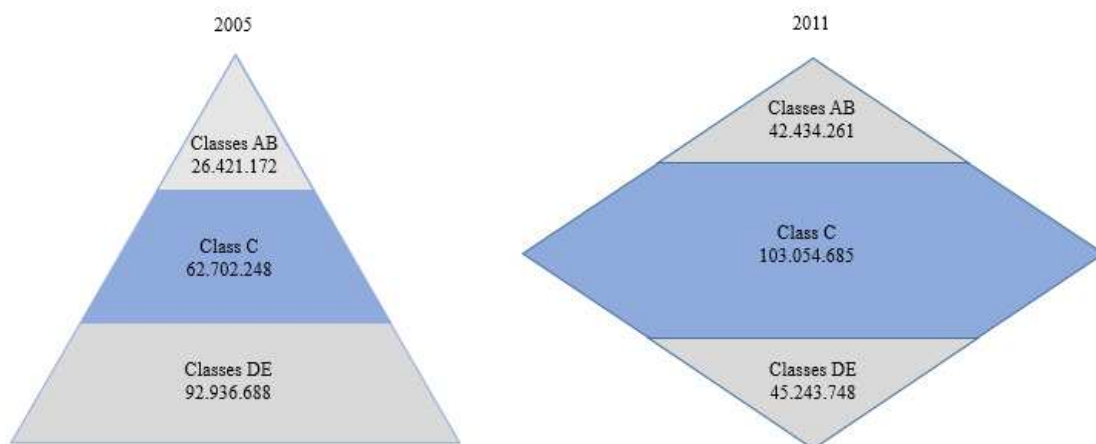


Figure 2 - The Brazilian Social Pyramid

Source: Cetelem BGN Research – IPSOS 2011

The social mobility has increased the desire for consumption. Previously, the middle-class consumers used to buy only the necessary products to survive, which, now, is a different reality. Nowadays, the concept of belonging to the class C is related to have a car, a mobile, a computer, to make pension payments, to have health insurance, to be self-employer or an employer (Neri, 2008).

2.3. Consumer Behavior in the Brazilian class C context

It is important to understand basic features and elements of the marketing mix in order to meet the needs of consumers (Levy, Weitz, 2000). The Brazilian class C has characteristics, values and shopping behavior that are key for local and global companies to establish their marketing strategies and profit from this huge market. The rationale behind the low-income consumer behavior is distinct, according to their values, vocabulary, repertoire, culture, educational level and economic situation (Aguilar, Torres and Meirelles, 2008).

A key feature of this market is the desire to achieve a higher social position. It is important for a consumer class C to take the right decision when purchasing a product, in order not to make a mistake and waste money (Silva and Zilber, 2009). These consumers, for instance, are willing to buy premium products, even if they have to pay more and despite their disposable income (Barki and Parente, 2010). Therefore, branded products are a security that expected value is going to be delivered and make them feel as if they belong to the society, not having the feeling of exclusion (Kempen, 2004). Moreover, the extremely poor people cannot afford these products, so the BoP is, somehow, differentiated. The aspirations from the poor are related to the social inclusivity. Thus, the purchase decision in the class C context does not depend exclusively on pricing, but also in the quality standards and brand image of the product. There is a misconception that poor people do not want quality products (Prahalad, 2005).

Kempen (2004) revealed that more than extrinsic quality, designed brand logo serves as a social identity for the poor, as a symbolic expression. For this reason, they are willing to pay a symbolic premium for a designer label. Since there are consumers who are in a low level of income and cannot afford to spend resources on symbolic products attributes, other individuals who earn an income above this level, although still poor, can be differentiated from the poorer group by consuming these symbolic products.

Prahalad (2005) has identified three ingredients of the success to enter the Base of the Pyramid (BoP) market. The first one is availability that relies heavily on innovation and deep knowledge of these consumers' needs. The next ingredient is the access, in which innovation also involves the processes of distribution such as intensity and geographic distance and last but not least affordability that requires efficiency in the distribution to avoid lost sales since

the client has no way to postpone your purchase under penalty of not having the feature at another time.

Barki and Parente (2010) went beyond saying about the importance of dignity, personalized relationship and value proposition. To begin with, poor people want to have dignity and be embedded in their community. Poor people do not want to be treated as dishonest and, unfortunately, the prejudice regarding income increases this feeling. In an exploratory study made by Barki, some people from the BoP were interviewed and it was possible to notice the statements saying 'I am poor, but I am clean', 'I am poor, but I am honest' (Barki, 2010). They always want and try to prove that they are honest and deserve to be treated well.

One of the most important aspects for the low-income population is the relationship. In this social class, they tend to create a strong network that means one helps the other. Thus, they have the desire to build a good relationship with people who sell to them. As a strategy, companies should give priority to face-to-face contact, for instance, sales promoters. This can create a close link with consumers (Barki, 2010).

The third important element is the value proposition, which means maximizing the relationship between benefits and costs, according to Barki and Parente (2010). In addition, this perception in relation to cost and benefits are different among poor and rich people. As mentioned previously, low-income people want to buy products with good quality, for this reason, the price is not always the aspect that affects the purchase decision. Due to the lack of formal education, the way of communicating with this social class is different from the high-income people. The implicit message directed to them should have the idea of inclusivity. In other words, to suggest an access to the middle-class community (Aguilar et al., 2008).

Accessing the living standard pattern of this population means to consider that a working housewife, after her journey of work outside home, instead of watching TV, usually listens to it. While working at home, she puts the TV sound in a high volume. It shows to companies that communicating with the middle-class requires the observation of this behavior pattern. For instance, commercials directed to these consumers rely on voice messages, composed with repetitions and familiar vocabulary that would be possible to get the message without watching the images. Kempen (2004) made a parallel with *telenovelas* watching, in Latin America, justifying that poor consumers are willing to pay a premium

price for products as a way of escaping from the reality, in other words, having the same designer label products as the actors from the telenovelas, facilitate the identification of themselves with these characters. As Tufte (2000, p.230) stated, *telenovela*-watching brings a sense of belongingness through identification with novela characters with middle-class lifestyle.

The concept of abundance is also present in the consumer behavior literature (Barki and Parente, 2010). The poor have a very good perception of abundance since they are used to crowded visuals. In the point of sales, for instance, this concept can be associated with good management, high stocks and low prices. For this reason, they feel comfortable in streets full of people, in stores with a volume of products displayed, in supermarkets with colorful price offers, and so on.

2.4. The trade-up phenomenon

The higher purchase power of the middle-class has increased the presence and importance of premium products in the market. The maturation of developed markets, the globalization and the enrichment of emerging markets have changed the traditional luxury concept to a new democratized luxury context. Nowadays, many people prefer to spend their money on experiences rather than tangible products (Castilho, 2006).

Allèrès (2000) and Castarède (2005) defined three concepts of traditional luxury: unaffordable luxury, intermediate and affordable. The last one is the only segment considered as the New Luxury. According to other authors, three types of products/services can belong to this new concept (Silversteins and Fiske, 2005):

- Accessible Superpremium: products whose prices are the highest in its category, with a considerable margin over conventional products. Nonetheless, they are accessible to average consumers, because their price is relatively low (e.g. premium beer, gourmet brands, mineral water).
- Extensions of traditional luxury brands: products similar to the ones sold to high-income people in a cheaper version. Some luxury brands succeed working on both ends of the luxury pyramid.

- Masstige products (mass + prestige): products that are between the mass and prestige, with a high price compared to standard products, but they are much cheaper than luxury goods.

What differentiates the new luxury from the traditional luxury is mainly its emotional appeal to consumers and the sense of inclusivity while the second offers status and exclusivity. As figure 3 shows, there is a segmentation of the luxury market.

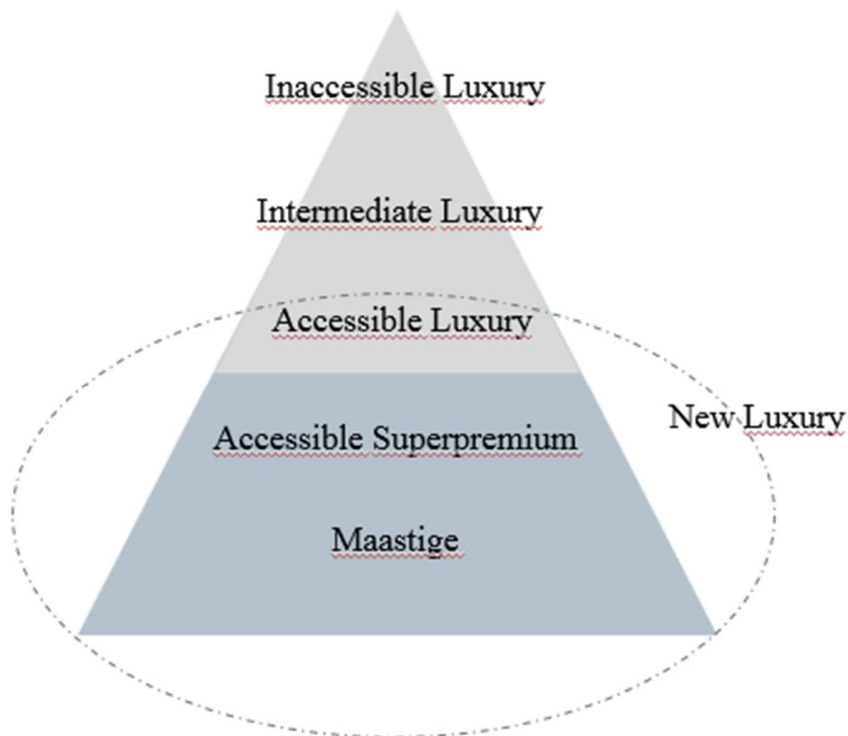


Figure 3 - The traditional and the new luxury market segmentation.

Source: Toledo and Galhanone, based on Allèrès, 2000, Castarède, 2005 and Silverstein & Fiske, 2005.

Silverstein and Fiske (2005) stated that for the consumers, premium products do not necessarily reflect status, but can bring to their lives a personal satisfaction and a sense of well-being. Moreover, women would be more emotionally involved with the products they usually consume, being possible to evaluate in a deeper manner the meaning given to these products.

Thus, this research has the objective to identify and understand the consumption behavior of the women belonging to the Brazilian class C, to meet the aspects that influence their purchasing decisions of beauty products as well as the meaning for them of a premium product. The study was conducted in the cities of São Paulo and Taboão da Serra in places where the author of this study has personal network such as beauty salons, clothing stores and public schools.

Trading up is identified when the consumption habits change to a type of goods considered superior during a certain period of life. Silverstein and Fiske (2005) would state that consumers' willingness to pay a premium price for products and services with higher quality than others in the same category provide them aspirational value and make them feel good.

2.5. The Brazilian Beauty Industry

Brazil, in 2012, was ranked the 4th largest consumer of beauty and personal care Market, with around 652 thousand tonnes consumed. In Latin America, it accounted for 50% of the regional volume consumption (Euromonitor, 2012). The same report considers the following categories in the beauty and personal care industry: skin care, bath & shower, hair care, sun care, oral care, deodorants and color cosmetics.

The country is one of the fastest-growing market in the World for beauty industries, and the direct selling accounts for a large proportion of beauty sales. It is a very competitive and concentrated market, with around 1.700 companies registered in 2009, in which, the 10 largest companies hold 61% of the market (Euromonitor, 2010).

In the hair care segment, for instance, Brazilians use more conditioners than any other population, as it can be noticed in the figure 4 (Euromonitor, 2012). Women perceive these products as a value added because they usually take care of their hair.

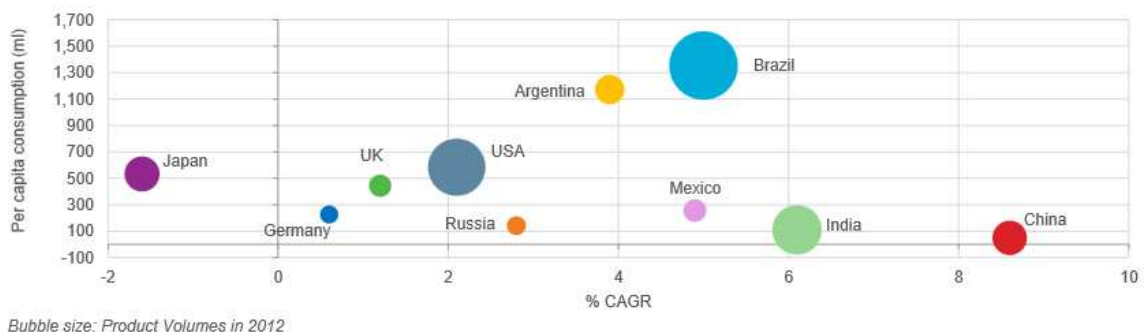


Figure 4 - Performance of Conditioners in Top 10 Countries 2012-2017.

Source: Euromonitor, 2012.

For the deodorants segment, Brazil was, in 2012, the largest market globally in value terms. To understand the preferences, women consider staying dry an essential feature. The category of general body care is increasing constantly, because is used daily to hydrate Brazilian women's skin. Above all, an interesting information is that the importance of natural ingredients is increasing among Brazilians. (Euromonitor, 2012). Brazilians' higher disposable income has grown the consumption of beauty products.

2.5.1. Premium-mass Cosmetic Products

Premium products in Brazil is gaining a significant importance in the beauty industry. Products with high value added, superior benefits and performance are attracting more and more consumers. The low-income population contribute to the volume of sales with many small transactions, transforming the mass market a dominant market. High taxes and limited distribution of premium products in Brazil have kept them out of the country and opened space in the beauty market for masstige products, meeting consumers' needs (Euromonitor, 2010).

3. Methodology

The following chapter describes the method that was used to answer the research question in terms of design and participants.

3.1. Design

This study aims to answer the question: *What is the Brazilian Class C women perception regarding premium-mass products in the beauty sector?* To achieve this objective, a qualitative research was conducted, being the method the best suited. Considering the little knowledge about the consumption behavior of low-income population, it is fundamental to gain an in-depth understanding about these consumers. This can be reached through a qualitative method based on in-depth interviews that explores the important aspects of the beauty products themselves as well as the consumption behavior regarding premium products as a trade up movement. Qualitative research studies objects in their natural settings, considering the meaning given by people (Denzin and Lincoln, 2000).

This methodology uses a qualitative exploratory and descriptive research, which considers a non-probabilistic sampling, and uses the judgment selection where the individuals interviewed have the characteristics of the population who is the subject of this study (Thiry-Cherques, 2009). The qualitative analysis is essentially descriptive, frequently using transcripts of the interviews, testimonials and quotes that allows confirming the results and providing some more views, according to Triviños (1987).

Despite using a guideline, which can be seen in the Appendix 1, the interviews were semi-structured with no standardized questionnaire, allowing the flexibility to place the questions at the appropriate time. According to Flick (2009), this type of interview offers the possibility to reach freedom and spontaneity required and it is more likely that respondents feel comfortable to express their views. Moreover, the author states that the subjectivity of the researcher and the population being studied is part of the research process and the thoughts, impressions and attitudes become data, being part of the interpretation of the study.

The guideline is comprised of five main topics and each one has a set of questions. The first topic is related to general questions, in which the interviewee answers the type of beauty products and the frequency of its use. The second seeks to understand the motivation for the use of beauty products as well as the occasions for it. The third topic tries to guide the

interview in the way of the purchase decision and the elements that the respondents consider important during the buying process. The fourth topic is about branding in which is possible to identify the brand power in a purchase decision process. It is also a mean to drive the interview to the trade up behavior and to understand the perception about mass premium products. The last but not least important topic is the one that guides the interview to the identification of the trade up behavior.

The interviews were conducted in the cities of São Paulo and Taboão da Serra in places where the author of this study has personal network such as beauty salons, clothing stores and public schools.

3.2. Participants

The target group of this study was 20 women from all age groups belonging to the Brazilian class C, who live and work in the cities of São Paulo or Taboão da Serra. In order to identify the target group, the author of this research chose specific places to conduct the interviews such as beauty salons, clothing stores and public schools, being the respondents the employees of these places or a member of their family. In addition, two main questions filtered the sample: the first one was if the respondent uses beauty products and the second was to confirm if she belongs to the class C according to the IBGE monthly household income criteria, that defines the class C with a total monthly household income from R\$2.900 to R\$7.249,99. In order to make the respondents feel comfortable answering the second question, they received a paper with income band options, following the same criteria that they could answer without anyone be seeing the response.

In order to facilitate the comprehension of the analysis, the table 1 can be analyzed beforehand, which includes a description of the sample. The interviews were recorded.

Table 1 - Details from the interviews

Respondents	Age (Years Old)	City	Occupation	Marital Status	Household Income
Interviewee 1	37	Taboão da Serra	Elementary School teacher	Married	From R\$2.900,00 to R\$7.249,99
Interviewee 2	33	Taboão da Serra	Elementary School teacher	Single	
Interviewee 3	56	Taboão da Serra	Elementary School Coordinator	Married	
Interviewee 4	36	Taboão da Serra	Elementary School teacher	Single	
Interviewee 5	32	São Paulo	Hair Stylish	Stable Relationship	
Interviewee 6	13	São Paulo	Student/ helps her mother in the beauty saloon	Single	
Interviewee 7	49	São Paulo	Manicure	Married	
Interviewee 8	36	São Paulo	Hairdressing Assistant	Single	
Interviewee 9	29	Taboão da Serra	Elementary School teacher	Single	
Interviewee 10	46	Taboão da Serra	Cleaning Lady in a beauty saloon	Single	
Interviewee 11	49	São Paulo	Hair Stylish	Married	
Interviewee 12	22	São Paulo	Assists her mother, who is a hair stylish	Stable Relationship	
Interviewee 13	48	São Paulo	Clothing store saleswoman	Single	
Interviewee 14	53	São Paulo	Clothing store saleswoman	Married	
Interviewee 15	37	São Paulo	Manicure	Married	
Interviewee 16	32	São Paulo	Receptionist	Married	
Interviewee 17	41	São Paulo	High School teacher	Married	
Interviewee 18	29	São Paulo	Manicure	Stable Relationship	
Interviewee 19	28	Taboão da Serra	Elementary School Director	Married	
Interviewee 20	23	São Paulo	Elementary School teacher	Single	

3.3. Size of the sample

To select the sample, it was used the judgment selection in which, according to Schiffman and Kanuk (2000), the researcher uses his/her own judgment to select members of the population. To delimitate the size of the sample, it was used the saturation method of Thiry-Cherques (2009), an epistemological model that defines when observations become not necessary, once there is no new element that allows increasing the number of properties of the object under observation. According to this author, when data and adding information in a research do not change the understanding of a phenomenon studied, the saturation was reached.

The most common way of using this method is through semi-structured interviews with open answers (Thiry-Cherques, 2009). The researcher write the answers and identify the repetitions. When no new information or theme is recorded, there exists the saturation point.

In order to facilitate the saturation point identification, “big themes” were identified, as called by Thiry-Cherques (2009), which means that the corresponding themes are grouped as they come up during the interviews.

4. Data analysis and Results

The data analysis showed that there was indeed a trade up movement in the consumption of beauty products over the years, as the interviewees experienced to buy more expensive and premium products and considered the quality of them better than the ones they used before. Along the interviews, the author explored the aspects in this new consumption behavior that are important to them in order to identify what made them buy these products.

Respondents seemed to be willing to pay more for a product they consider to be the best. The reasons why and the aspects considered important to them are going to be explored during this analysis. To facilitate the comprehension, the figure 5 shows a summary of the themes analyzed, initiated by the concept of trading up. The figure explains in a brief the theme and gives an example from the interviews.

Trade up	
In a certain period of life, consumers from the Class C, changed their consumption habits in the beauty sector and started to use a type of product considered superior, paying more for it. <i>"I started to use a brand a little more expensive, but it brought satisfaction to my body and met my needs"</i> (Interviewee 3).	
Reliability	Women from the class C rely on premium branded products. They constantly have the feeling of safety. <i>"When I use a premium make-up I feel more confident"</i> (Interviewee 12).
Quality	Consumers associate premium products with quality. <i>"Durability, for sure. Its smell, its quality. You have the perception that the perfume lasts much longer and the make-up holds in your skin for a long period as well"</i> (Interviewee 18).
Status	Class C consumers mentioned that who use premium products are women belonging to higher social classes <i>"Women with a higher social status use these products, because they have a lot of money, right?"</i> (Interviewee 19).
Self - Esteem	They believe that premium products have the power to transform their appearance. <i>"I think we look more beautiful"</i> (Interviewee 10).
Well-being	They associate the use of premium products to the feeling of well-being. <i>"You use this product in the skin, it gives you an absurd sense of well-being"</i> (Interviewee 4).

Figure 5 - Big Themes.

4.1. Trade up

Observing the trade up phenomenon in the beauty industry is one of the objectives of this study. Interviews' analysis showed that in a certain period of life, consumers from the Class C, changed their consumption habits in the beauty sector and started to use a type of product considered superior. Nowadays, with the improvement in their social condition, they are willing to pay a premium price for a beauty product that offer them a better quality, according to their perception. As the interviewee 11 stated: *"If you are going to pay 160 reais in a perfume from Boticário, it is better to save 100 reais and buy a fragrance from abroad."*

It lasts all day long. I am using a perfume from Givenchy now. It is being a long time that I do not use this perfume. When I move myself and turn around, I can feel it. I do not buy a cheap one! To buy a cheap perfume will not solve my problem. I prefer to save up and buy the one I really want to". According to her perception, imported products are considered premium as well as have a better quality. She had the trade up experience and, according to her, she prefers to save money and buy a premium product instead of buying a product that will offer her a lower quality.

Despite still having budget restrictions, price is not the main driver in the purchase decision of premium products for the majority. Consumers from the class C consider other attributes while taking a purchase decision besides price. For instance, the respondent 10 said: *"I am like this, when I like something, I do not care about the price"*. The same applies to the interviewee 8 who said: *"Regardless the price, I would rather pay more"*. Of course, the price considered here is something that is accessible to them even being expensive compared to the standard products, mainly in periods of a favorable economic scenario. However, even if they do not care about price, they only buy products that are more expensive if they consider the quality good. In general, respondents consider that expensive products have a better quality. Interviewees seemed to have different perceptions regarding cheap products compared to more expensive and premium ones. Thus, majority stated that as the years passed by, they changed the products they were used to use to products with a better deliver, with better attributes. An interviewee stated: *"If I know that a product is good, it can cost 500 reais, I buy"* (Interviewee 17). There was a tendency for a trade up movement while consumers started to have more access to information, to credit, to different types of products. Popular brands were no longer enough to meet the needs of these consumers. They were willing to experience branded products, premium products: *"I changed. A while ago, I was using Avon, but I had an allergic problem with both make-up and moisturizing creams. Then, I started to use a brand a little more expensive, but it brought satisfaction to my body and met my needs"* (Interviewee 3). Another respondent had a similar statement but, besides the quality perception, it is important to remember that class C consumers usually trust in the word of mouth. The trade up happened as a natural phenomenon among women from this social class since their financial situation got better and, among them, friends and family also started to use products considered superior: *"I changed everything, because I got older, I felt*

the necessity of using better products. I began to have more money and could pay for them, for higher quality products, indicated by friends” (Interviewee 4). She did a trade up to products with a higher aggregated value, but more than that, she started to use products that her friends indicated and she trusted on them.

This study showed that consumers from the class C have experienced the trade up, and are willing to buy premium products even paying a symbolic premium price, because they consider the quality better. If the economic situation is not favorable, they will probably stop buying premium products for a while if necessary, but as a cyclical situation, as soon as they can, they will continue to buy premium beauty products. The benefits experienced compensate the costs.

The second objective of this research is to identify the aspects of the premium products considered important for the class C consumers. When asked about using a premium branded product and their feelings related to it, five main aspects emerged: reliability, quality and durability, status, self-esteem and well-being. These five big themes are going to be analyzed in the following topics.

4.2. Reliability

Perceptions described previously have led to the identification of the first important big theme, called by the author as reliability. Class C consumers rely more on premium branded products than cheap products or products that have a lower brand image. Moreover, they have a higher perception of quality when using them. In addition, they have the feeling of safety. For this reason, majority prefers to pay more and buy a premium product instead of any other beauty product without credibility. As a respondent said when speaking of her make-up: *“I feel myself safer and I know that it will hold in my skin for a long period. For instance, now the weather is hot and I am melting. When I use a premium make-up I feel more confident”* (Interviewee 12). Class C consumers usually trust on premium products and its effects on their skin: *“I feel confident that it will not cause allergies in my skin”* (Interviewee 6). Another interviewee, who is a hair stylist, for example, talked about hair products and made a parallel with price, quality and reliability: *“Cheap products do not convince me. Most of them are full of silicone. In my profession, for instance, you cannot be surrendered to such products. It does not transmit reliability”* (Interviewee 11). Another

respondent said: *I rely on expensive products, since it is linked with a strong brand name*” (Interviewee 3). These consumers believe it worth to buy products that offer them more confidence: *“A woman who can pay a little more for a product, for her self-confidence, it worth”* (Interviewee 3).

When asked if they consider that Premium branded products have more quality than others do, class C women responded positively: *“For sure! Not the merchandising itself, but the brand for its quality and the reputation of the company”* (Interviewee 11). The same can be observed in another statement: *“I feel more confident when using expensive products because of its quality”* (Interviewee 20).

It is important to notice that even companies’ image were mentioned when asked to compare cheap and expensive products: *“the most reputable companies produce more expensive products. This bring us a certain credibility. Companies that produce cheap products may have their production line in the backyard, which has no proper origin”* (Interviewee 16).

In general, branded products, especially the premium ones, play an important role among class C consumers. Being branded, expensive and imported are a perfect combination according to the statements from this study. Women from the class C trust in their quality and rely on its credibility. However, if a premium product can be considered as a symbolic expression of a social identity for these women, as stated Kempen (2004), companies could communicate their products considering this aspirational level, even not being imported products, for instance. For this reason, this study has several insights for companies in the beauty industry.

4.3. Quality

Despite being related with the previous topic and for many times being mentioned together with the first big theme, there were moments during the interviews that respondents mentioned only the aspects quality to justify their preference for premium products. For this reason, the author considered important to segregate the analysis and have a special topic for this second big theme identified, called quality.

It is not knew the fact that the class C consumers’ purchase decision does not depend only on pricing, but also on the quality standards and brand image of the product. Since they

have a limited budget, they cannot make a wrong decision to buy a product that they could not like, because they have no extra budget to buy another one in a short period. Each person have a different idea of what quality represents, however, in general, data analysis showed that quality is linked in consumers' mindset with expensive premium products: *"More expensive products are better, the result is better. If you buy a perfume from abroad you feel the difference. If you use a cheap perfume, it does not last for a long period. I like everything that is expensive from perfume to make-up"* (Interviewee 17).

Quality was frequently associated with brand. Premium branded products, for class C consumers, are always related with higher prices. Thus, when asked to compare cheap products with expensive ones, they usually said that they feel safe by using premium beauty products because these products have more quality and are expensive. The interviewee 3 compare cheap and expensive products by the quality perceived: *"I compare the quality! It is useless being cheap and having a lower quality.* Again, the concept of being expensive and imported product have a strong relation with quality. There is no translation to what quality really means besides durability, but still, consumers from the class C prefer to buy premium expensive products. The concept of quality may differ from class C consumers to others, just because they have different chances to experience different products. If they have never been exposed to premium products, probably they would aspire these products, but would never know the quality differences if they exist. A consumer that has been exposed to different type of products and its attributes may have a different perception from product to product.

When asked to compare cheap and expensive products, they mentioned many times the quality and durability: *"Durability, for sure. Its smell, its quality. You have the perception that the perfume lasts much longer and the make-up holds in your skin for a long period as well"* (Interviewee 18). At the same time that majority of respondents are rationale and do not want to say that they buy because of the brand itself, they repeatedly mention the perception of quality: *"Not for the brand, neither for the price, but the more expensive the product, the better the quality and it lasts longer"* (Interviewee 20). The premium brand image reinforce the perception of quality because they think that popular brands do not deliver the same result: *"Make-up from Natura is expensive, but does not last long"* (Interviewee 18). However, the rationale is always present trying to bring more reality on the stage. Despite having this consumption behavior of liking to feel included and buying

products for its brand image, respondents sometimes tried to show that their buying behavior was not guided by the brand itself, but kept mentioning the quality perceived: *“I would buy more expensive products, as I said, because of its quality. There are expensive products that are not so good, but other expensive brands are”* (Interviewee 15). The previous statements showed that consumers from the class C rationalize their behavior, and they usually respond negatively to the brand or to the expensive price related to their consumption patterns. They affirm that the high price of the product is not the main reason for buying it nor the brand. However, at the same time, they believe that expensive products have a better quality. Though, once they believe that expensive products have a better quality compared to cheap ones, their rationale does not affect their consumption behavior.

When asked the feeling of using a premium and expensive product, an interviewee answered: *“It is a feeling of being using a good product with an excellent quality. The product itself, not because of its glamour. If I thought that Avon is good, I would buy it”* (Interviewee 8). Still in the line of rationality, another woman stated: *“I use La Roche, MAC, Dior. If I had unlimited budget I would buy many of these products. I really like Dior, not because it is Dior, but due to its quality. That is what influences my purchase decision”* (Interviewee 11). The interviewee 8 said that she has the feeling of using an excellent product. When she says that is not because of its glamour, she is already assuming that an expensive product is glamorous. In addition, as stated previously, class C consumers’ purchase decision considers also the durability of the product, since they have limited budget to buy another product again in a short period. Therefore, they seek for products with quality even if they have to spend a higher amount of their budget with things they consider important. Thus, having the perception that premium products last longer than popular brands, they make it clear: *“Popular brands have some qualities that certain people like. However, after you use a Dior, for instance, it is quite complicated to make comparisons. Well, if I have just Avon to use in a certain moment, I use Avon. I prefer to use a popular brand instead of using nothing. It will not last the 12 hours that a Dior provides me, but it will be fine for about 8 hours. I really feel the difference”* (Interviewee 11). Other consumers stated the same: *“I have tested some brands. So now, I pay a little more, but I have a better result”* (Interviewee 8) and *“I like things that are good. I was looking up a perfume that is not the cheapest one, but I am going to buy!”* (Interviewee 10). It is possible to notice that the trading up movement is present

again; in a sense that consumers will pay a premium for a product that, they believe to have better results.

The quality perception is also regarding the packaging. They perceive that premium products' package is better and more durable than popular ones: *"If the package of the make-up from Boticário and Avon falls on the ground, it breaks entirely and spreads all over the ground. Imported brands do not break. It seems like the packaging was made to this"* (Interviewee 11). The product image as a whole is strong, even the package that is not the product itself, but the complement. This complement becomes evident to consumers and is part of the product's quality perceived.

The perception of companies' effort to make better products also appeared during this topic: *"Premium products may have a better result right? They are products that have been studied. Other companies do not have so much commitment to improve the formula"* (Interviewee 16).

4.4. Status

For a long period, low-income population was excluded from the society, having no access to products from multinational companies. Even more, they have no money and no credit to buy products that were more expensive than their budget could afford. This context has created an image to premium products, which refers to the third big theme identified by the author as status.

Respondents were asked which type of women they think that use premium products. Every response was related to expressions that refer to status as, for instance, sophistication: *"Sophisticated women from the high society, who has a lot of money, use these products"* (Interviewee 1). Another consumer said: *"Women who have tons of money to pay every month for expensive products"* (Interviewee 15).

Social status has been related to expensive premium products: *"Women with a higher social status use these products, because they have a lot of money, right?"* (Interviewee 19). Class C consumers always mention that who buy premium products are the ones that have money or women from a higher social class, however, rationally speaking, they do not feel included in this group of people even if they also buy the same product. Once they also buy expensive and sophisticated products, there is no reason to say that only rich woman from

the high society use these products. Thus, these products bring unconsciously to their lives the feeling of belonging.

When talking about her own use of products, interviewee 14 also transpired a certain status regarding her feelings of using premium products when she said: *“I like perfume from top brands. In my skin I use Chronos, from Natura. It is very expensive, sophisticated, extremely expensive”*.

Also, some respondents mentioned quality as an attribute combined with social status, to justify a women profile that use premium products: *“Women who like good things use these products, who have money”* (Interviewee 10). Some tried to rationalize even more saying that they do not care about premium branded products, but even so, they think it brings a certain status: *“I do not care about brands that are ‘chic’, I like brands that are good for my skin”* (Interviewee 7). Chic is a common word used to say that something shows a certain status, which is different from the ordinary.

There was a woman who does not use premium products, but her perception follows the same line described before: *“I have never used, so I have no opinion. I think that women from the high society use these products”* (Interviewee 2). Thus, although she does not use premium products she considers it a symbol of status.

4.5. Self-esteem

The fourth big theme identified by the author was called self-esteem. This theme is related, somehow, to the previous theme since it is a mean to achieve the status desired. Consumers feel important when using premium products and the data analysis showed that women from class C relate the use of these products with the feeling of self-esteem: *“Expensive products improve our self-esteem. I am speaking for myself”* (Interviewee 17). The interviewee 18 stated the same idea: *“Using these products raise our self-esteem. We get more excited”*.

Their feelings are always related to their own perception of beauty, which means that they believe that premium products have the power to transform the way people see their appearance: *“You feel that the product is paying off. People look at you and see that something is different”* (Interviewee 4). In addition, they also believe that premium products have the power to transform their beauty: *“I have to have a good smell, right? I use these*

products to feel good, more beautiful, to improve the way I look” (Interviewee 13). Another respondent stated: *“I think we look more beautiful”* (Interviewee 10).

Class C consumers believe unconsciously that there is a minimum pattern to be accepted in the society, since some years ago they had the feeling of being excluded. Premium products come to help them to have a better look and, therefore, to be accepted in the society: *“I use these products to be more presentable”* (Interviewee 1). Another woman reinforced this perception when she said: *“In order to make people feel good by my side”* (Interviewee 5). She also said: *“When I was teenager, I was used to buy any type of product since I did not have enough money. I looked the artists in the magazines, usually rich woman, and wanted to be as beautiful as they were”*.

Another important aspect identified related to self-esteem is that people use beauty products to their personal care. One of the respondents said: *“I feel myself weird if I do not use, my hands get dry and with a bad appearance”* (Interviewee 7). Another respondent stated: *“For my hair, I use good products to keep it shining, for my skin, I use to protect from the sun. In general, to take care of myself, to keep my joviality”* (Interviewee 11). Other two interviewee said: *“To take care of my skin”* (Interviewee 2) and *“To keep my beauty”* (Interviewee 4). The only respondent that do not use or would like to use premium products is the interviewee 2. For all the others we could make a parallel with the use of premium products and self-esteem since they are all willing to pay more and have a better product and consider that the use of beauty products improve their self-esteem.

4.6. Well-being

The last big theme identified by the author, but not least important was the sense of well-being. Class C consumers tend to establish a relation between expensive products and the perception they have regarding the results that these products provide. Even if they try to be rationale, they cannot separate from the emotional side. When asked which feelings they have when using it, their expressions frequently refer to the sense of well-being: *“You use this product in the skin, it gives you an absurd sense of well-being. Your skin gets like a baby butt”* (Interviewee 4). Another respondent specified: *“to let my hair healthier, to let my skin more beautiful and to smell good. Summing up, to feel good”* (Interviewee 8). The

interviewee 12 was straightforward when she said: “*For the well-being, for my skin to be softer*”.

The last statement used to this analysis, was related, somehow, to the big theme ‘status’ when asked what would she feel if she could always use these products: “*Wow, I would be extremely happy. I would feel very good, like a Queen*” (Interviewee 15). Thus, at the same time that they save up and buy these kind of products, when they try to rationalize they believe that only women from the high society use these products.

5. Conclusion

The main objective of this study was to describe the consumption behavior of the Brazilian women class C in the beauty sector related to premium-mass products. The critical idea of this research was to gain a deeper knowledge in regards to this population and subject proposed.

In order to achieve this objective, two main tasks were accomplished: (a) the identification of the existence of the trade-up concept in the defined target group; (b) the identification of the aspects that are important in the purchase decision of a premium-mass product for the same target group.

The literature review helped to support the structuring of the research in terms of knowledge about the consumption behavior of the BoP market as well as served as a basis for structuring the guideline for the interviews with Brazilian women class C.

The first main contribution of this research is the identification of the trade up movement in the Brazilian women class C regarding the beauty sector. This social class, having a great importance in the Brazilian socioeconomic pyramid has changed the market perspective, bringing several opportunities for companies that wanted to make profit from this tier of the pyramid. In the beauty industry was not different.

Over the years, poverty has considerably decreased, reducing the inequality and improving income distribution. The social programs provided by the government as a way to provide support for the poor, the stability of the currency and the expansion of the credit have changed the consumption behavior of this population, since their purchasing power has been increased. This scenario has contributed to the trade up in the beauty industry, where women from the class C started to have access to information and to premium products. Once they had more money, they could pay a premium price for buying these products. The data analysis showed that these consumers are now willing to pay more for a product they consider the best.

The second main contribution was the identification of the aspects considered important by women from the class C regarding premium products. They explored five aspects during the interviews: Reliability, quality, status, self-esteem and well-being.

Data analysis showed that these consumers rely more on premium branded products than others that have a lower brand image. They are willing to pay a premium price for a product that brings them confidence. Premium products have more credibility and are associated with expensive products. Moreover, they have a higher perception of quality when using them. It is not known that since they have a limited budget, they cannot make a wrong decision to buy a product that they could not like, because they have no extra budget to buy another one in a short period. Data showed that the concept of being expensive and imported product have a strong relation with quality.

Status was another aspect that appeared during the interviews. Women from the class C believe that sophisticated women use premium products. Despite stating that they use premium products, when asked which type of women they think that use these products, respondents said that rich women use them, also women from the high society. Another aspect considered important for respondents was the feeling of self-esteem. They believe that premium products have the power to transform the way people see their appearance. In addition, they feel more beautiful.

The last but not least important is the feeling of well-being. Consumers stated that premium products bring this feeling to them. As they feel good when using this type of product, they prefer to save money and pay a premium price for it.

This study has some managerial implications. It is known that the BoP market has some peculiarities and companies that want to succeed in this business need to understand the aspects that drive this population's purchase decisions and consumption behavior. The beauty industry in Brazil has already a competitive environment. Companies that have a better understanding of the Brazilian women class C will enjoy this competitive advantage. This research contributes with the identification of aspects considered important to consumers from the class C in premium mass beauty products. Thus, besides creating a strategy focused on this population launching products with aspects that they consider essential, they can also benefit from this work to create marketing strategies, being 360 campaigns, in store activations with dedicated point of sales' materials, online activations, partnerships with beauty salons or any other marketing strategy to differentiate their existing products.

Companies should decide whether they want to create a specific brand designated to sell to the BoP market or if the positioning of the existing brand is enough. As reliability and brands seem to be very important, to create a complete new brand just for the base of the pyramid should be seen with caution and probably brand extensions might work better in this case.

The research showed that organizations could explore some of the characteristics valued by the consumers as well-being, self-esteem, status, reliability and quality, not necessarily these specific words, to create awareness of the product. Also companies could think of how to foster the aspirational aspect of the beauty products.

Moreover, since consumers rely on the word of mouth partnerships with beauty salons might be an important way to influence consumers.

In the offline platform, so called point of sales, companies could provide an experience with the products' packaging showing how durable they are in any circumstance and, besides that, how glamorous they are.

This work has some limitations due to its methodology. Since it is an exploratory study, it is not possible to apply the finding to the whole BoP market. In addition, as the research was based on interviews with 20 women belonging to the class C, it may be biased and cannot be extrapolated to the huge BoP market. Furthermore, the interviews were realized in the cities of São Paulo and Taboão da Serra only. There is no one from the Northeast or similar, where the BoP population is huge. Besides, the author selected specific places to realize the interviews not necessarily all types of places where the BoP population usually go. However, people from all the places selected were from the BoP.

References

- Barki, E. (2010). Distribution Strategies for the Base of the Pyramid: An Exploratory Study in Brazil.
- Barki, E., & Parente, J. (2010). Consumer Behaviour of the Base of the Pyramid Market in Brazil. *Greener Management International*, 2010(56), 11-23. doi:10.9774/gleaf.3062.2006.wi.00004
- Barki, E., Limeira, T., & Parente, J. (2008). *Varejo para a baixa renda*. Porto Alegre, SP [u.a.]: Bookman, Artmed Ed.
- Castilho, K., & Villaça, N. (2006). *O Novo Luxo*. São Paulo: Editora Anhembi Morumbi.
- Euromonitor International,. (2010). *Brazil: Key Player in Global Beauty and Personal Care Growth..*
- Euromonitor International,. (2012). *Ingredients: Beauty and Personal Care ingredient – Consumer Trends is Latin America.*
- Fine, G., Denzin, N., & Lincoln, Y. (2000). Handbook of Qualitative Research., (2).
- Flick, U., Costa, J., & Caregnato, S. (2009). *Uma introdução à pesquisa qualitativa*. Porto Alegre: Bookman.
- Galhanone, R., & Toledo, G. (2008). *Atitudes, emoções e comportamento de compra*. São Paulo.
- Guest, G. (2006). How Many Interviews Are Enough?: An Experiment with Data Saturation and Variability. *Field Methods*, 18(1), 59-82. doi:10.1177/1525822x05279903
- IPSOS,. (2012). *O Observador 2012..*
- Kempen, L. (2004). *Are the poor willing to pay a premium for designer labels?.*
- Levy, M., & Weitz, B. (2000). *Administração de Varejo*.
- London, T., & Hart, S. (2004). Reinventing strategies for emerging markets: Beyond the transnational model. *Journal Of International Business Studies*, pp. 350 – 370.
- Miotto, A., & Parente, J. (2009). Formatos de Lojas de Confecção para Baixa Renda. In *XXXIII EnANPAD*. São Paulo.

- Neri, M. (2008). *The New Middle Class*. Fgv.br. Retrieved 13 December 2014, from <http://www.fgv.br/cps/ncm>.
- Neri, M. (2010). *A Nova Classe Média: O Lado Brillhante dos Pobres - CPS/FGV*. Fgv.br. Retrieved 10 November 2014, from <http://www.fgv.br/cps/ncm>.
- Neri, M. (2012). *De volta ao país do futuro: Crise Européia, Projeções e a Nova Classe Média*. Fgv.br. Retrieved 15 December 2014, from <http://www.fgv.br/cps/ncm>.
- Parente, J., & Silva, H. (2007). O mercado de baixa renda em São Paulo: um estudo de segmentação baseado no orçamento familiar. In *XXXI EnANPAD*. Rio de Janeiro.
- Parente, J., Barki, E., & Geargeoura, L. (2008). Varejo: luxo X baixa renda. *Gvexecutivo*, 7(1).
- Prahalad, C. (2005). *The fortune at the bottom of the pyramid*. Upper Saddle River, NJ: Wharton School Pub.
- Prahalad, C., & Hart, S. (2002). The Fortune at the Bottom of the Pyramid. *Strategy+Business*, 26, 2-14.
- Prahalad, C. (2004). *The fortune at the bottom of the pyramid: eradicating poverty through profits*. Wharton School.
- Ravallion, M., & Chen, S. (2007). China's (uneven) progress against poverty. *Journal Of Development Economics*, 82(1), 1-42. doi:10.1016/j.jdeveco.2005.07.003
- Reddy, S., & Minoiu, C. (2007). HAS WORLD POVERTY REALLY FALLEN?. *Rev Income Wealth*, 53(3), 484-502. doi:10.1111/j.1475-4991.2007.00240.x
- Schiffman, L., & Kanuk, L. (2000). *Comportamento do consumidor* (6th ed.). Rio de Janeiro: Editora LTC.
- Seelos, C., & Mair, J. (2007). Profitable Business Models and Market Creation in the Context of Deep Poverty: A Strategic View. *Academy Of Management Perspectives*, 21(4), 49-63. doi:10.5465/amp.2007.27895339
- Silva, F., & Zilber, S. (2009). Estratégias das Grandes Empresas para o Mercado Brasileiro de Baixa Renda: Um Estudo de Casos Múltiplos. In *XXXIII Encontro da ANPAD*. São Paulo.
- Silverstein, M., Fiske, N., & Butman, J. (2005). *Trading up*. New York: Portfolio.

The Boston Consulting Group,. (2008). *Trading up and down around the World*. Boston.

Thiry-Cherques, H. (2009). Saturação em pesquisa qualitativa: estimativa empírica de dimensionamento. *Revista Brasileira De Pesquisas De Marketing, Opinião E Mídia*, 3, 20-27.

Triviños, A. (1987). *Introdução à pesquisa em ciências sociais*. São Paulo: Atlas.

Tufte, T. (2000). *Living with the rubbish queen*. Luton, Bedfordshire, UK: University of Luton Press.

UNDP (United Nations Development Programme),. (2008). *Creating Value for All: Strategies for Doing Business with the Poor*. New York. Retrieved from http://www.csr-weltweit.de/uploads/tx_jpdownloads/UNDPdoing_business_with_the_poor2008.pdf

Appendix 1

Perguntas Gerais

- 1) Você usa produtos de beleza?
- 2) Qual tipo de produto e em qual parte do corpo você os utiliza? (Perfume, maquiagem, creme hidratante)
- 3) Com qual frequência você faz uso de produtos de beleza?
- 4) Quanto você gasta em média com produtos de beleza por mês?

Motivos de uso

- 5) Por que você usa produtos de beleza?
- 6) Você usa produtos / marcas diferentes para ocasiões diferentes? (Trabalho, sair com família, com amigos, namorado)

Decisão de Compra

- 7) O que mais influencia sua decisão de compra de cosméticos / produtos de beleza? (Marca, preço, qualidade? – explorar bastante)
- 8) Quais características você considera importante em um produto de beleza? Quais características não podem faltar?

Marcas

- 9) Quais marcas vêm primeiro na sua cabeça, quando ouve falar de produto de beleza?
- 10) Tem alguma marca de preferência e por quê?
- 11) Para você, é importante comprar um produto que a marca seja conhecida / indicada?
- 12) A marca, na sua opinião, traz maior garantia de qualidade do produto?

Trade up

- 13) Você sempre usou esse(s) produto(s) de beleza ou já mudou? Por quê?
- 14) Você já comprou produtos de beleza mais caros? Se sim, porque? Qual foi a sua percepção/opinião? Qual sentimento você tem ao usar esses produtos?
- 15) Como você compara os produtos de beleza mais caros com os mais baratos? Quais as principais diferenças?

16) Você estaria disposta a pagar mais caro por um produto de beleza? Por quais motivos?

17) Você compraria um produto de beleza em promoção mesmo que não fosse o produto que você está acostumada a comprar?

18) Você já ouviu falar dos produtos de beleza da Victoria's Secret, L'Oréal, Vichy, La Roche Posay, Clean & Clear? (Mostrar a foto desses produtos). Qual a sua opinião sobre ele? Quem que vc conhece usa esse produto? Qual é o tipo de mulher que usa esse produto?

19) Você tem algum produto de beleza que é seu sonho de consumo? O que faz ele ser tão desejado por você?

Demográfica

20) Qual sua faixa etária?

a) Até 18 anos

b) 18-25 anos

c) 26-39 anos

d) Acima de 40 anos

Appendix 2

Table 2 - Household characteristics - Items definition

	Quantity				
	0	1	2	3	4 or more
Bathroom	0	3	7	10	14
Housemaid	0	3	7	10	13
Car	0	3	5	8	11
Microcomputer	0	3	6	8	11
Dishwasher	0	3	6	6	6
Refrigerator	0	2	3	5	5
Freezer	0	2	4	6	6
Washing machine	0	2	4	6	6
DVD player	0	1	3	4	6
Microwave oven	0	2	4	4	4
Motorcycle	0	1	3	3	3
Drying machine	0	2	2	2	2

Source: ABEP – Critério de Classificação Econômica Brasil, 2015 (to be implemented) – www.abep.org

Table 3 - Household characteristics – Quantity of Items

Check the amount I do not have	Quantity			
	1	2	3	4 or more
Bathroom				
Housemaid				
Car				
Microcomputer				
Dishwasher				
Refrigerator				
Freezer				
Washing machine				
DVD player				
Microwave oven				
Motorcycle				
Drying machine				

Source: ABEP – Critério de Classificação Econômica Brasil, 2015 (to be implemented) – www.abep.org

Table 4 - Household characteristics – Level of Education and Public Services

Level of Education	
Illiterate /Elementary School Incomplete	0
Elementary School / Secondary School Incomplete	1
Secondary School/ High School incomplete	2
High School / Higher Education incomplete	4
Higher Education	7

Public Services		
	No	Yes
City Water	0	4
Paved Street	0	2

Source: ABEP – Critério de Classificação Econômica Brasil, 2015 (to be implemented) – www.abep.org

Table 5 - Household characteristics - Level of Education and Public Services Definition

Where does the water to this house comes from?	
1	General distribution network
2	Well or Spring
3	Another source

Considering the street of your home, would you say that it is:	
1	Paved
2	Gravel

Source: ABEP – Critério de Classificação Econômica Brasil, 2015 (to be implemented) – www.abep.org

Table 6 - Critério Brasil – Economic Classification Strata

Strata	Points
A	45 - 100
B1	38 - 44
B2	29 - 37
C1	23 - 28
C2	17 - 22
D-E	0 - 16

Source: ABEP – Critério de Classificação Econômica Brasil, 2015 (to be implemented) – www.abep.org

Table 7 - Monthly Household Income

STRATA	MINIMUM WAGE (MW)	HOUSEHOLD INCOME (R\$)
A	More than 20 MW	R\$14.500,00 or more
B	10 to 20 MW	From R\$7.500,00 to R\$14.499,99
C	4 to 10 MW	From R\$2.900,00 to R\$7.249,99
D	2 to 4 MW	From R\$1.450,00 to R\$2.899,99
E	To 2 MW	To R\$1.449,99

Source: IBGE – ibge.gov.br