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A: Hello, everyone! How's everything? I'm Alexandre, but you can call me Ale Silva. I'm here with Nanda to talk about a really nice topic: product innovation. I've been at Boticário Group for 15 years and in mid-2017 we started a really cool movement with the creation of design management, innovation networks, and product sustainability. An area that is the catalyst for innovation in the R&D of which I am responsible for. Fernanda Angelucci, known as Nanda, is responsible for the innovation networks area and I will call her to introduce herself.

F: Hey, Ale! Thank you for inviting me to be here with you today. Hey guys! So, my name is Fernanda Angelucci, as Ale already said, but you can call me Nanda. I have also been at Boticário Group for many years, and I'm currently leading the innovation networks area that takes care of all open innovation, bringing innovations from the innovation ecosystem into the company.

Well, I want to start this conversation today by creating a provocation. You, who are listening to us, do you think you're an innovative person? Do you think you are creative? Most people think they are not, they believe that they do not innovate in their daily lives, whether at work or in their personal lives.

Ale and I are here today to demystify some of this for you because, in truth, when talking about innovation people think it is something like NASA innovation, something, wow, very revolutionary! When, in fact, innovation doesn't need to be anything exquisite. It can be a simple everyday innovation. Isn't that right, Ale?

A: Yes, yes! And here is an example that we usually use in our presentations and lectures... the famous case of the race between the United States and Russia to invent a way so that man could write on the moon. The USA, with its space agency, NASA, took two years to develop a super revolutionary pen for writing in zero gravity. They sent pens in different colors; it was such a celebration. On the other hand, the Russians had already found a solution in just five days. They sent the astronauts some pencils.

In other words, very much in line with what Nanda said, innovation doesn't need to be something exquisite and doesn't need to be technological. It has to be simple and generate value at the same time. There are some types of innovation:

Incremental innovation, for example, it is an innovation that is a variation of what already exists. In our specific case, products with different colors, different scents, but which remain the same, the base is maintained, in other words, it is an innovation that adds something to what has already been done.

Radical innovation is, for example, identifying a new way of applying creams that doesn't exist on the market yet, but which is also not that transformational.

And finally, disruptive innovation. I'll give an example outside of our cosmetic market: it's the iPhone, the traditional case of the iPhone. So, let's say we invent a new way to apply lipstick to your lips. This will be a so-called disruptive innovation.

The most important thing is that we also think not only about the type of innovation, but how it can bring results and solutions to the ecosystem. Within this ecosystem we have to consider our various stakeholders, as our suppliers, business partners, employees and consumers, who have to be at the center of everything we think about when we innovate, especially in products. What can you tell us about this, Nanda?

F: Well, I can't be neutral on this issue because I've been working in the area of open innovation for seven years. So, what is this? How do we keep an eye on what is happening in terms of innovation in the market with stakeholders, with our partners, university startups, with our consumers and how do we co-create innovation with these stakeholders?

One of the ways to guarantee, for example, that consumers' desires are met, is to make sure that the consumer is at the center of the strategy. The consumer should come first, the first one we should pay attention to. All our decisions are made focused on solving some pain points or some opportunity, or on a desire that the consumer has, so that we can provide them with the best products and experiences on the consumption of beauty products, which is what we do here every day.

One of the ways to map trends and market research to see what is happening with consumer behavior is through our innovation radars. At Boticário Group, there are several areas with experts responsible for collecting studies and researching new trends, from the market as a whole to focusing on specific categories, such as makeup, perfumery, or special care.

All of them are connected to each other, all these studies, all these areas, so that we act in a synergistic way to serve the consumer. My innovation networks team, that I had already mentioned, is an example of how we do it. They are radars of what is going on in the world happening in terms of innovation; a design team that is constantly collecting color and packaging trends, aware of how consumers are changing; the NIMA teams, which we call the Intelligence and Makeup Center, focuses on makeup in this sense; and the brand search and competitive intelligence teams are constantly studying consumer behavior.

A: It's so cool, isn't it, Nanda? It's important to say that we've been undergoing a great transformation since last year as we've been living and still going through this moment of pandemic. And we couldn't stand still, we kept using services from some of our partners and reviewed our entire range, even to deliver specific products for the consumers' new needs.

We have a really nice example, which is the line "Cuide-se Bem Nuvem". This line is a sales success, the products are amazing and arose from these new needs, as well as many other launches that we'll see around the world.

F: Yeah, this was a really cool case where, due to the pandemic, we studied a very quick change in behavior and managed to change our entire portfolio, right, Ale? It's nice of you having mentioned that.

And another thing I wanted to say is that in order to capture all innovations and consumer behavior, we always participate in national and international events to capture insights. Some examples:

There are some events that we always participate in: Open Innovation Week, Welcome Tomorrow, Wired Festival Brazil, Brazilian Innovation Congress, Campus Party, Silicon Valley Conference. These are some examples of national events we took part in.

In addition, we always keep an eye on international events such as Personalized Beauty Summit, Tech Innovation, CES (which is considered the biggest technology event in the world), Web Summit, Slush, Cosmoprof and many other fairs focusing on cosmetics.

We've been participating in SXSW, which stands for South by Southwest, for years. This is considered the greatest innovation event in the world. By the way, I've participated this year and here, to give you a taste of it, something that really caught my attention and was a much talked about at SXSW is the revolution that TikTok is making in music and music consumption behavior. The provocation was: "How will this affect all other areas?"

I also want to tell you that, in addition to consuming this type of information, we are often at these events presenting scientific and innovative work that we've been developing at Boticário Group. An example was at IFSCC, which is a technical event. In 2020, Boticário Group was the only Brazilian company selected to present a project on the main stage of the congress. We presented a really cool study on lipsticks created by artificial intelligence. So, that's what I wanted to talk to you about. Ale, if you could tell us a little more about what stages the consumer is present at?

A: Okay. Before we get into that question, I think it's interesting to tell you a little about my perspective on participating in CES event this year. Unfortunately, this year I could participate, the event was online. This is a really cool event that takes place in Las Vegas, and I hope to be there the next time.

I would also like to highlight some topics related to artificial intelligence, Data Driven, and voice command. This is something that had already been highlighted at SXSW a few years ago, about three years I think, and it is now becoming more common in our daily lives. We are not left out of this, Boticário Group has a great perspective of this, we know that, nowadays, data about consumers, about business, about the chain as a whole, are the new oil. It is extremely important for us to have action fronts like this.

To this end, we've also been developing some rituals of co-creation and participation of all participants in the chain, as we said previously, such as suppliers, resellers, consultants, makeup artists, hairdressers, and the technical team, of course. We have highly prepared people to conduct design thinking, co-creation exercises... after all, this is one of our main purposes, we like collaborative innovation,

and the consumer is also part of these stages since the beginning of it, giving ideas, participating in these moments of co-creation, but also validating, that is, conducting tests, whether on layout, safety, and mainly on effectiveness. We need this perception so that we can be more assertive when we place products on the market.

There's even a really cool event that we organized, it was the Perfumathon, the first perfumery hackathon in the world was held by Boticário Group. Nanda's team did a wonderful job with the marketing team and other areas of Boticário Group. We selected 60 young people from all over the country, gathered them in some groups and they had to perform a 360 of the product, that is, they thought about it from the beginning, from its concept to delivering a prototype. They could use 3D printers that were available there in the space. It was really cool .

But then you may ask: "Does it bring any results?" Yes. Many products that were designed and many products proposed by the Perfumathon winners are already on the market and many others are coming. This is really cool. When everyone can get together and talk, they always come up with good ideas.

Speaking of consumers, Nanda also has good experience in consumer testing. Could you tell us, Nanda, about this great tool, the DTV (Design To Value)? How can we use this kind of tool within R&D to develop our products?

F: This is so cool, Ale! Design To Value is an especially important tool for us, for the organization as a whole. So, we use consumer research methods to understand what really adds value to the consumer in a product. I'll give you an example: sometimes we're worried about metalized packaging, which has been a trend, and because of this we want to offer it to our consumers. However, when we ask the consumers about it, they often don't see any value in this, they see more value in some other kind of attribute and it can bring cost reduction, margin and product improvement, and consumer loyalty because we will deliver what they really want.

In addition, we have a very competent consumer science team here. And one of the stages that is truly relevant to us is the consumer participation in the creation of our products, and it happens because many consumers volunteer to test Boticário Group's products through questionnaires.

We've recently launched an application called Voluncheers, where people can register and sign up as a volunteer to test perfumes, creams, in short, any product that we want to test and get the consumers' perception. Of course, all products are previously tested.

Well, now I want to tell you that it is not always a bed of roses, so to speak, it is not always easy to work with innovation.

A: It's true (laughs).

F: Ale and I, who have been working on this topic for years, know it well. There are some issues, especially when we work with network innovation, both internal and external networks. One of the things we face more difficulties with is in relation to large companies because they usually have different interests. Here I'm going to talk about Boticário Group, when we are going to establish a partnership, for example, with university students. The university usually aims to publish scientific articles, for example. The company, of course, wants to apply the studies. So, sometimes the target is not the same.

To work with innovation in partnerships, we really need to have good communication, have both parties interested, so that we can reach a common and interesting result for everyone involved.

Furthermore, there is also an issue with internal areas, we often have very rigid processes that do not communicate, for example, when we hire a startup. Sometimes there are companies with exceedingly long payment or hiring deadlines, and when we want to hire a startup, we lose the startup if we tell them that we're going to pay "after that many days". So, it is especially important for us to consider culture, influencing the culture for innovation in all participants in this chain.

Now, to finish, I want to talk to Ale. Ale, tell us what Boticário Group is imagining for the future, in relation to innovation?

A: This is a particularly good question so that we can be clear on what we are thinking about in the coming years. Since 2018, we have been working hard on building scenarios and defining the territories in which we want to operate over the next 10 years. This included the participation of some of our external partners, but also from several areas of Boticário Group, in order for us to really prioritize the territories that have the most money on the table, but that must also solve the most latent needs of our consumers.

In this regard, we developed, we built the "Future of Beauty" using several hands. This is a project that gives us a strategic guide for the next 10 years, as I said, but not only for the R&D group but also for Boticário Group. We've contributed a lot to defining some operating verticals in our incubation program, the GB Ventures, which was recently launched.

Within this, we expect more and more. Do you remember those types of innovation I mentioned at the beginning? So, the idea is for us to classify, within our research projects and R&D initiatives, which of them are related to radical, incremental and disruptive innovation, that innovation that really transforms the market.

Why do I say that? It is very important for us to use our radars, our participation in events that bring us insights, conversations with consumers, co-creation with our partners, so that we can really deliver processes, products and increasingly innovative experiences for our consumers. Got it? And with that is how we finish our podcast, I hope you have enjoyed it. Thank you, Nanda. It's always great to talk about this topic with you. See you, take care!

F: Thank you, Ale! It was great. Thanks guys!

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