

SITUATIONAL ANALYSIS AND MARKETING STRATEGY

# Grove Collaborative Enters France

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# Introduction

## An Introduction to Grove Collaborative

Grove Collaborative, Inc. (Grove) is an e-commerce company founded in 2012 by Stuart Landesberg, Chris Clark, and Jordan Savage. It is a San Francisco-based subscription startup company that sells natural household, personal care, baby, children's and pet products. In 2019, Grove raised \$150 million in Series D round, bringing its valuation across the \$1 billion mark. Grove started from an idea between three friends who wanted to create a company that makes it easy to find healthier home essentials that are good for the customer and the planet.<sup>1</sup> Grove's core values are to offer products that are gentler on the earth and the company believes that using effective, sustainable products helps to create healthy habits that can truly transform a home and the world. Their products are centered around two pillars: 1) offer products that are free of chemicals and safe to use; 2) designs and creates own line of products that helps reduce the consumption of natural resources.<sup>2</sup>

Grove received B-Corporation certification in 2014, which means that they meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. They work to build a business that uses profits and growth to create a positive impact for their employees, communities, and the environment. Grove has partnerships with Arbor Day Foundation, Central Pennsylvania Food Bank, Foodbank of Saint Louis, and Food Bank of Northern Nevada and in 2018 alone, the company donated over \$1.5 million to these organizations. They truly believe in building a business culture that can drive a global movement of people using business as a positive force for good.

The household cleaning products and personal care company aims to shift consumers' purchasing habits from in-store to online, offering well-known brands that are better for the environment. Stuart Landesberg, Grove Collaborative CEO and Co-Founder, said "There really is this amazing moment as the category transitions from offline to online, where the consumer can be better

educated about the health and sustainability impact of the product that he or she is bringing into their home.”<sup>3</sup>

Grove offers a subscription service in which the products that are in the customer’s first shipment will default to recurring shipments on a monthly schedule. The customer may remove any product from recurring, or they may adjust the timeline in which the product is sent on a recurring basis. The VIP program allows for free shipping for their monthly boxes. New customers receive the VIP benefits for a 60-day trial after their first purchase. If the customer wishes to maintain VIP and the benefit of free shipping, they may pay \$19.99 per year (and cancel at any time).

The customer experience is very customizable and communications from Grove are tailored to each customer. Grove makes the focus on the customer, providing fully adjustable refill shipments, timely reminder emails, free shipping with carbon offset for every box, and a happiness guarantee to always make things right.

Grove markets to a slightly narrower but growing demographic, that of people who seek out all-natural products. They carry brands that make it easier for customers to find and identify with, such as Mrs. Meyers, Method, Seventh Generation, Alba Botanica, Tom’s, Acure and many more. Grove also offers its own private-label product line using reusable packaging. The line features everything from cleaning products to skin care products. Grove currently delivers to the lower 48 continental United States but with the rapid growth they are looking to expand outside of these boundaries.

### Why Grove Collaborative is Considering France

France is the third largest ecommerce market in the EU and sixth in the world. Sales potential is definitely there, especially considering the turnover of over 65 billion euros.<sup>4</sup> Since the change in French leadership in 2017, there has been a constant effort to make France a digital leader and the administration has vowed to make France a start-up nation by pursuing an aggressive digital agenda.

France has a unique advantage in the internet age, as the French marketplace is highly internet penetrated and a growing internet presence makes it prime for online business. More than two-thirds of the population shops online. Contrary to the common view that millennials are the online shopping generation, the age of the typical French online shopper is 35-49, followed by the 25 to 34 age group.<sup>5</sup> French people are tech savvy, willing, and confident to buy things online. Also, people in France are being connected in increasing numbers and mobile commerce sales have increased by 27 percent. This is expected to grow year over year with technologies like 5G being introduced. Furthermore, within distribution segments the field is expected to grow (**Figure 1**) to align with the company and products.<sup>4</sup>

#### Channel Distribution for Beauty and Personal Care

Retail Value RSP 2018 and Percentage Point Growth - 2013-2018

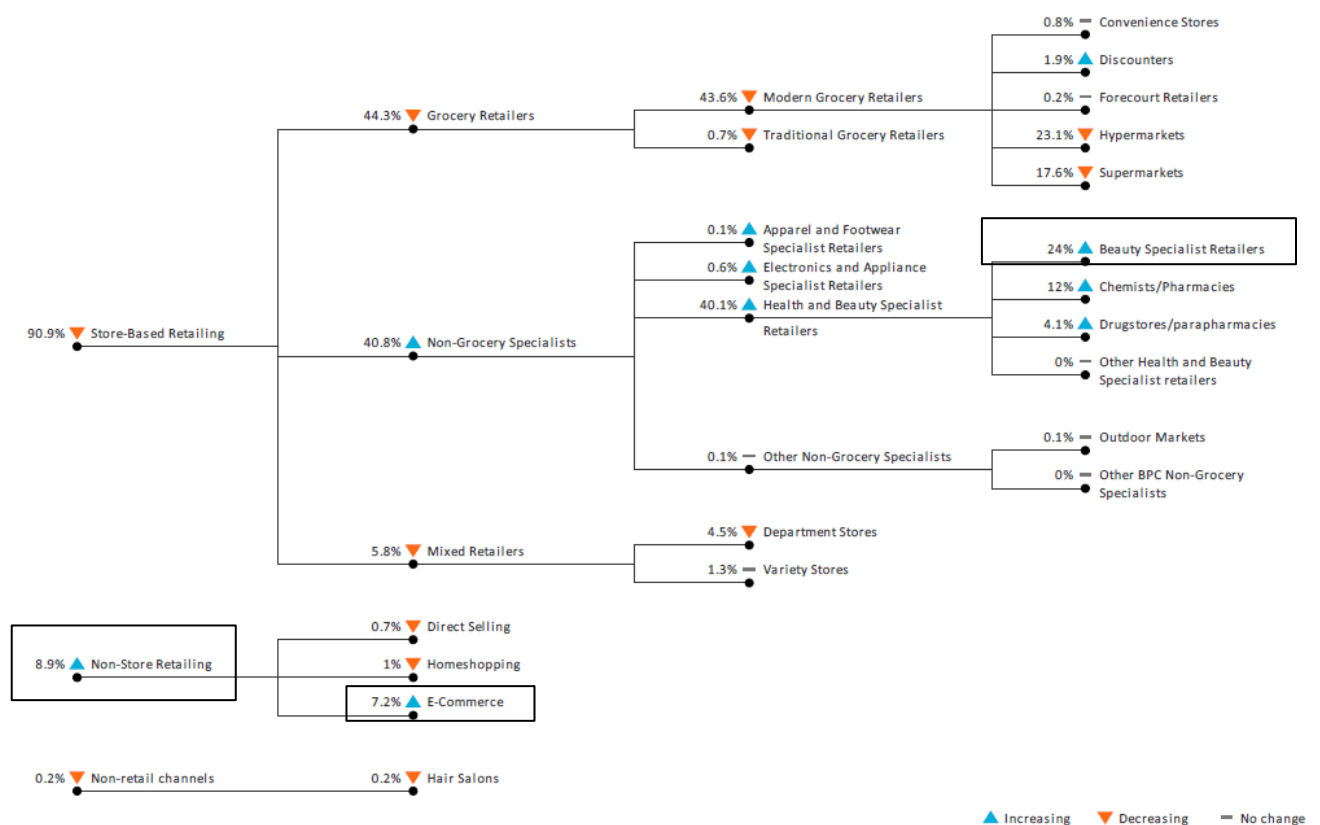
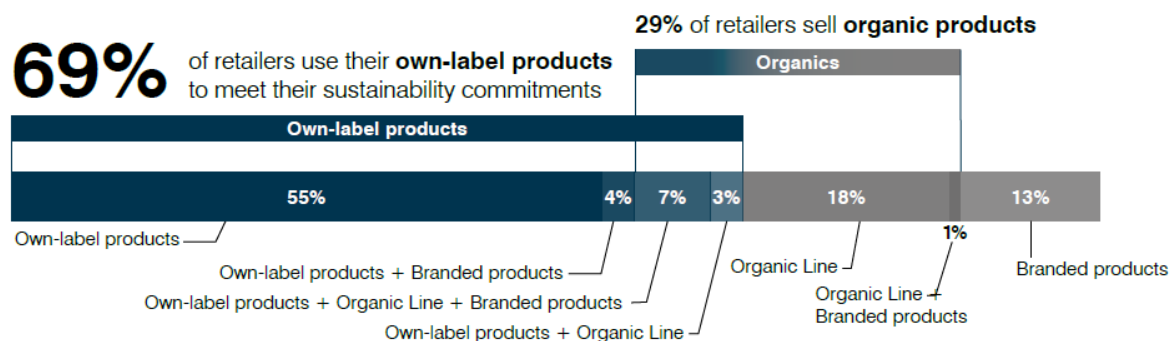


Figure 1: Channel Distribution for Beauty and Personal Care Products in France

People have high purchase power and the country boasts a large and diverse population. French is a language used worldwide which opens doors and opportunities for a larger customer base as well as international trade. The country is also an integral part of Europe and has well-developed transportation networks including rail, road, and waters.

Within the French market, there is increasing demand for sustainable products from consumers as well as retail companies. Retailers are demonstrating a concern for the environment and taking their corporate social responsibility into consideration. Consequently, 69 percent of retailers are using private-label products to meet sustainability commitments as seen in **Figure 2**.



Among French retailers surveyed, 69% use their own label products to meet sustainability commitments.

Among those surveyed, 29% sell organic products. In 2017, the French retail market for organic products reached €7.9 billion<sup>10</sup>. France is second only to Germany in the EU for organic products.

*Figure 2: Retailers are using various types of products to meet their sustainability commitments.*

## Estimated Size of Market

The total population of France in 2020 is 64,667,374 in an estimated 28.8 million households.<sup>6</sup> The typical French household is comprised of 2.2 people. More than one-third of households are comprised of one person, one-third of two people and less than one-third of three people or more. The French population has 48.4 percent men and 51.6 percent women. 80.4 percent of the population is concentrated in urban areas.<sup>7</sup> As seen in **Figure 3**, the population is projected to grow over the next five years.<sup>8</sup>

<u>Geography</u>	<u>Category</u>	<u>Data Type</u>	<u>Unit</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
France	Number of Households	Socio-economic indicators	'000	28,890.0	29,020.1	29,143.6	29,260.9	29,372.5	29,478.8

Figure 3: France's Estimated Households Projection – 2020 to 2025

As discussed in the previous section, French people are increasingly drawn to online sales and e-commerce. This includes purchasing consumer goods through home delivery. There are many Foreign products that are available in supermarkets and other distribution channels. The consumer behavior in France has been changing in recent years and they are searching for more responsible consumption habits (quality, authenticity, environmental respect, etc.). “In 2017, 71.5 percent of French people felt concerned about ‘sustainable consumption,’ as opposed to 60.5 percent in the previous year. 70 percent of French people expect companies to try in terms of sustainable development”.<sup>7</sup>

Our research indicates that the market size of individuals seeking all-natural products is strong and growing in France. We will discuss this more in the segmenting section of our recommendations.

## Segmenting and Targeting Consumers

Entering France requires appropriate segmentation of the market to ensure promotional strategies are effective and efficient. As such, the team has researched the market to pinpoint the areas that provide the most likely customers of Grove. At the most basic level, we will target residents of population-dense cities. 80 percent of France's population lives in urban areas.<sup>9</sup> (source: <https://datareportal.com/reports/digital-2020-france?rq=france>) As we narrow the focus, we recommend concentrating messaging to a demographic segment of women and a lifestyle segment of environmentally-conscious consumers.

Grove US focuses marketing efforts on women, particularly busy moms with a concern for the environment. This has been a successful segment for the company. But will the same focus pan out in France? Women in the US hold a vast majority of the household planning burden. They feel the pressure to plan for household cleaning, purchase the needed products, and conduct the majority of cleaning in the home. A 2017 survey of more than 2,000 working mothers revealed that 86 percent of women falling within this segment handle all family and household responsibilities.<sup>10</sup>

(<https://www.brighthorizons.com/newsroom/mental-load-impact-working-mothers-study>) Likewise, a 2016 study in France showed that 93 percent of women say they do the majority of household cleaning and 85 percent say they do the household shopping.<sup>11</sup> (<https://www.thelocal.fr/20150513/french-women-do-way-more-housekeeping-than-men>) With these statistics in mind, it seems women in France and the US feel similar pressures as the primary caretaker of the home.

As Grove was born from a desire to take the burden of planning for household and personal goods off the consumer's shoulders, this is the perfect segment for the company. Grove's platform can save busy women valuable time for the many other responsibilities they have or give them time to address their own mental and physical well-being. This benefit will be addressed in Grove's marketing messages.

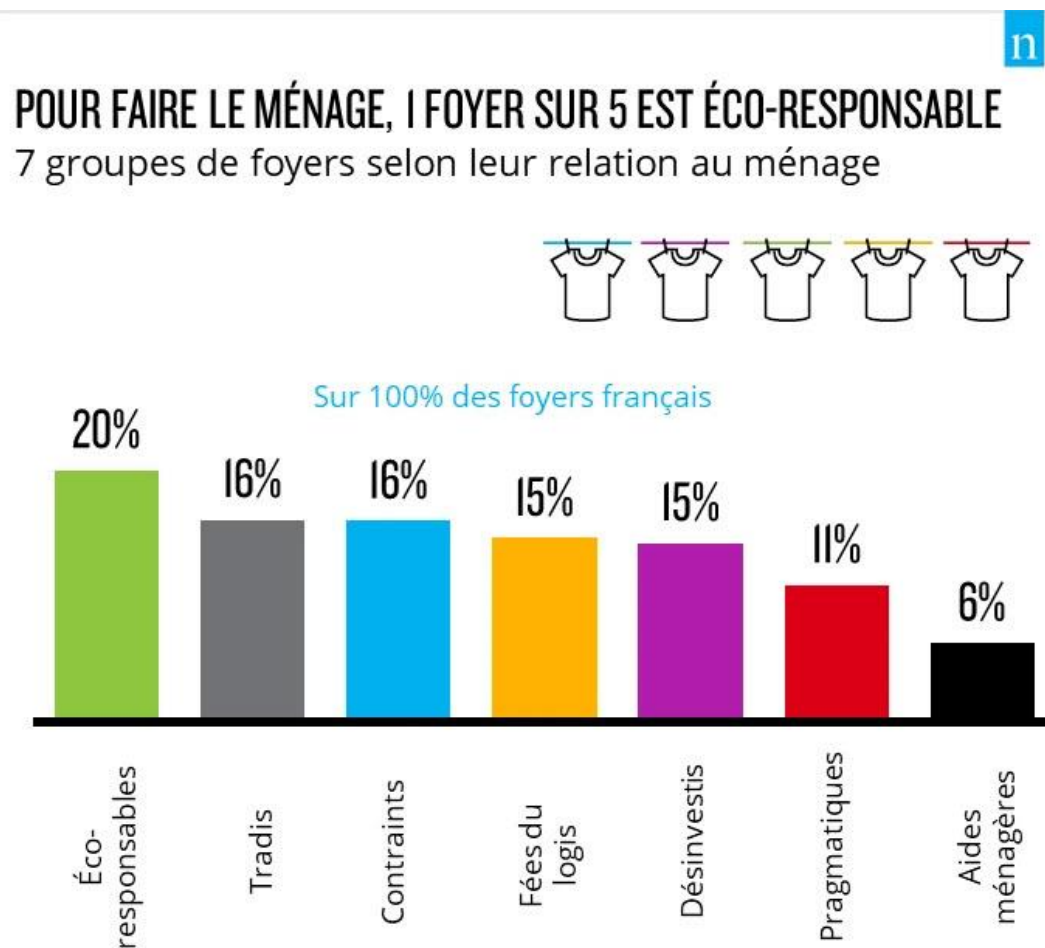
Concerning Grove's focus on the eco-friendly consumer, France is a wonderful new market. The country's population cares about the environment and wants to choose products that make a minimal impact on the health of our planet.<sup>12</sup> ([Source: The European Union Market for Sustainable Products](#)) In 2019, The Nielsen Company released market research that segmented French households into seven categories based on the way they care for their household chores. Their research concluded that the largest category of consumers fell in the Eco-responsible category, but let's explore each of the categories.



Overall, the research revealed that 82 percent of French households are proud to say their home is clean, and a staggering 92 percent of homes are cleaned at least once a week.<sup>13</sup> (Source: <https://www.nielsen.com/fr/fr/insights/article/2019/ecologie-et-efficacite-font-elles-bon-menage/>)

Nielsen established the following seven categories (translated from **Figure 4**):

- Eco-responsible 20%
- Traditional 16%
- Forced 16%
- House Fairies 15%
- Disinvested 15%
- Pragmatists 11%
- Household Help 6%



Source : Nielsen Panel Consommateurs Homescan | Typologie entretien 2019  
9 800 foyers répondants online du 24 mai au 2 juin 2019

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**Figure 4: Nielsen's 7 Groups of Homecare in France**

Grove will plan to focus marketing and communications efforts on two core groups, Eco-responsible and House Fairies, but will secondarily speak to a trio we have dubbed “Utilitarians” (consisting of Forced, Disinvested and Pragmatists).

The Eco-responsible households make up the largest percent of French households and, luckily, they are Grove’s bread-and-butter. Nielsen explains this category is mostly made up of young families. They are well informed and purchase cleaning products with the environment in mind – it is their top priority in decision making. Eco-responsible families will gravitate towards the products Grove offers and the shopping platform that Grove has developed to help them save time in their purchase decisions. They will find it easy to research products on the website and appreciate the information provided for each product. Additionally, they will enjoy the opportunity to read customer reviews.

Household Fairies make up about 15 percent of French households and should be another core segment for Grove. These are individuals who search their home for every speck of dust and would even say they enjoy cleaning. Their top priorities in purchase decisions are quality and efficacy. They will invest in many products to best clean each part of their home. Nielsen points out that 42 percent of people within this category favor products made in France, with Match, Action, and Netto being among their preferred products. Grove will best resonate with this segment by focusing on quality products and being an easy one-stop-shop for everything House Fairies need. The customer can define their own regimented schedule to be sure they never run out of their favorite products. Customer reviews will also be important to this group, to validate quality of the product before trying something new in their routine.

We combined the Forced, Disinvested, and Pragmatists groups into a single group we have called “Utilitarians” because all three exhibit similar behaviors, such as:

- they expect good value and a quality product for their money,
- they are strapped for time and feel obligated to clean,
- they prefer products that make cleaning quick and easy,
- they do not require products to be eco-friendly – functionality is the priority.

## Situational Analysis

### The French Economy

The economy of France is advanced and free-market-orientated. It ranked as the world's 7<sup>th</sup> largest economy in 2019 and 2<sup>nd</sup> largest economy in the European Union, after Germany. The main contributor to the economy is the services industry, with over 70 percent of gross domestic product (GDP) stemming from this sector. France is the global leader in manufacturing automotive, aerospace, railway, cosmetics and luxury goods. France has a highly educated labor force and the highest number of science graduates per thousand workers in Europe. In 2018, France was ranked the world's 19<sup>th</sup> country by GDP per capita with \$42,878 per citizen.<sup>14</sup>

In recent years, France has been a net importer, consuming a large amount of imported goods and services. France's top imports are machinery, vehicles, crude oil and aircrafts. France had product import growth of 2.2 percent for 2017, 2.1 percent for 2018 and an expected 2019 growth rate of 1.3 percent. The purchasing power in France, GDP per capita has been rising since 2009 and reached €37,000 PPP in 2017. The yearly average salary of a French person is €33,048 while the disposable personal income is €16,668.<sup>15</sup>

Consumer purchasing power is expected to rise in 2018 after 1 percent growth in 2017. In 2018, household consumption is stable. France is not without challenges. According to Investopedia, the unemployment rate in France was 9.1 percent in the second quarter of 2018. France has the fourth-highest unemployment rate among European countries. The rising youth unemployment rates will have impacts on skill development required to fill jobs in the future.<sup>16</sup>

The commercial environment in France is promising for sales of US goods and services. While French buyers can be receptive to new and innovative products, there is a tendency to stick with known

local suppliers. The French eCommerce business is one of the largest markets in the world, ranking second in Europe and fifth in the world in consumption in 2016. The market grew by 14 percent between 2015 and 2016 representing a good opportunity for US retailers that have unique products and services to offer. In 2016, almost 37 million French people shopped online, which represents 80 percent of internet users. The average online transaction in 2016 was around \$77 and online shoppers tend to shop more frequently, approximately 28 times a year, for a total amount spent of around \$2,213 in 2016.

There are risks to entering this market but overall, the economy can support Grove Collaborative since there is disposable personal income available. The French culture is changing and becoming more environmentally friendly and will support eco-friendly brands. Also, they are shopping online many times per year.

## The French Culture

The French are very passionate about preserving the French culture and take great pride in their nation and government. They believe in equality of people which is embedded in the country motto. Products that are made in France are gaining importance to 79 percent of French consumers who believe they are participating in support of the local economy and perceive domestic products as a guarantee of quality.<sup>17</sup> Based on the results of a global poll they are ranked as the fourth most positive influence in the world (behind Germany, Canada and the UK).<sup>18</sup>

Since 2004, the amount of environment-related jobs has jumped by 36 percent. In 2012, nearly 45,000 environment-related jobs existed in France, most of which were within the sectors of water, waste management and renewable energy. Additionally, the number of students taking environment-related courses has also continued to increase. Local planners are also implementing climate change

measures, environmental hazards considerations and the creation of "green" and "blue" conservation zones.<sup>19</sup>

France's urban planning law encourages the sustainable advancement of sub-national territories in order to balance out territorial development, environmental upkeep, and reductions in contact with hazards and nuisances. "Green" city zones are also being created along with sustainable transport infrastructure.

An increasing interest in American culture, younger environmentally conscious consumers, and changing lifestyles contribute to France's import demand for American consumer and food products.

## Politics and Relevant Regulations in France

The information within this section was sourced from the USA Department of Commerce.<sup>PD12</sup> There are many EU laws and regulations that must be considered before entering the European market. The French interpret these laws more strictly than the other European countries. France was on the forefront of establishing digital sector legislation and fines companies for violating these data protection laws.

The EU's data privacy law is known as General Data Protection Regulation (GDPR). Companies that manage people's personal information are accountable to comply with this regulation. Companies managing this type of data must develop data protection policies, data protection impact assessments, and standard operating procedures of how this data is processed. This has caused many companies to invest significant amounts of money to comply with these laws and continue to do business in the EU.

Based on these laws, consumers must consent to receive any type of promotional contact from companies. The consumer can opt-out at any point and their data must be deleted. There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus on the clarity and completeness

of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data.

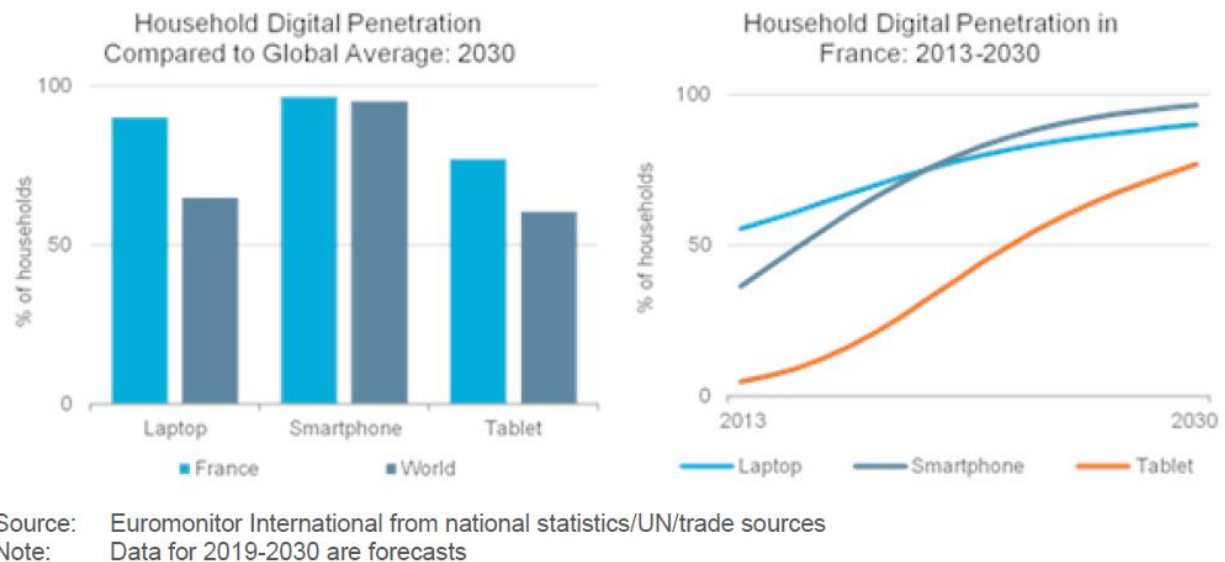
It is important for exporters who rely on a direct-selling business model to consumers to ensure they comply with member state requirements. GDPR establishes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers, and the terms that must be met to qualify for them have to be easily accessible and clear. Marketing e-mails must be identified as such to the consumer.

The legal environment for data transfers to the United States continues to evolve. Companies that transfer EU citizen data to the US as part of a commercial transaction should use an attorney that specializes in EU data privacy law to determine what options may be available for a particular transaction. France has laws that its citizens personal data must stay within the borders of France. Most companies have established data centers in France to host personal consumer data. Grove should keep this in mind as the company moves forward in France, as customer data will be an essential aspect of doing business in France.

## Technology in France

As our team will discuss in the Market Entry strategy, Grove relies on internet savvy customers, preferably willing to download the Grove Collaborative app to their mobile device to encourage loyalty. Fortunately, technology in France is increasing. With a growing number of people on the internet and the ability to buy products on their mobile phone, online shopping has become more convenient. As seen in **Figure 5**, the digital penetration within the household (whether with the use of a laptop, mobile phone, or tablet) is going to increase over the next decade. In addition, the government pushes the narrative that the country is open for business and the size of its internet customer market is going to

increase. With all that said, internet giant SAP announced in January 2018 that it is going to invest €2 billion (\$2.5 billion) in the next five years to further enhance the cloud infrastructure in France.<sup>VG1</sup>



*Figure 5: Digital Penetration in France*

Grove Collaboratives relies on internet and mobile connectivity which would work well in France as customers are willing to buy more online, they want more sustainable products, and the French government is making sure there are lower taxes and encouragement for companies internet based or otherwise to setup shop in France. As the population becomes even more environmentally aware, there is a projected increase in the beauty and personal care market **Figure 6**, Grove is at the right place and technologically strong to enter France.

### Sales of Beauty and Personal Care

Retail Value RSP - EUR million - Current - 2004-2023

12,973

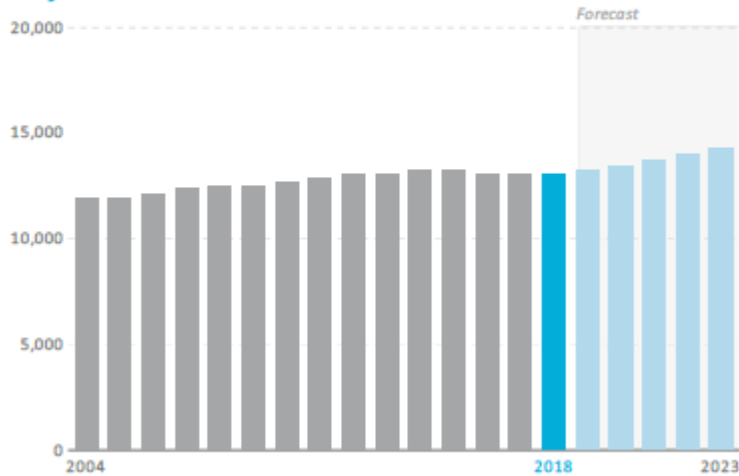


Figure 6: Projected Sales of Beauty and Personal Care in France

Concerning the Grove mobile app, the team will work to ensure the Grove mobile app meets French regulations and expectations. We expect adoption of the app will be positive because 91 percent of French individuals own a smart phone vs. 90 percent in US (internet users aged 16-64). Furthermore, 93 percent of mobile connections are 3G-5G (compared to US about 96 percent in the US). This indicates high connectivity and easy accessibility. With customers using the mobile app, Grove will be able to encourage customized convenience, such as shopping while on transit to work. In this scenario, the customer's order will be at their door the next day, then again in three months when they are running low on the same products. Adjustments to the schedule can be made anytime via the app or website.

### Competition in France

Managing a small company can be at an advantage as well as a disadvantage. Grove has had a remarkable journey. With increasing business, competition will present itself. There are few small companies that deal in sustainable goods and products with a similar narrative, some products competing for the same customer base, as well as some in similar technology space. The Europe-based



company, **Bambaw**, is dealing in zero waste products, carbon neutral, and sustainable, all of which make them similar to Grove.<sup>VG4</sup> However, the company makes everything with bamboo, which has its own disadvantages with respect to scalability and customer experience. Another company called **Planet Organic**, which is based in UK and ships to France also works in the similar fields.<sup>VG5</sup> However, there are large shipping charges which only increases burden on the customer. Also, the size of company matters. Grove had revenue of around \$100 million last year, whereas in case of Planet Organic it was close to \$16 million.<sup>VG6</sup>

Amazon comes to mind immediately as we consider e-commerce competition. However, Grove has a benefit in processing all orders in-house. This control allows Grove to deliver the best experience to customers and keeps the values strong.

Another advantage Grove has is the community of people, involved and trying to make the world better which leans into their core belief of how business is done. Also, their refill subscription type model of business provides further advantage of connecting with the customers regularly which enhances the sense of togetherness and loyalty.

## Marketing Plan

*The marketing plan provides a market entry strategy, product, pricing, distribution, and promotional approaches for the company.*

### Market Entry Strategy

Our team recommends that a small Grove Collaborative team (Team France) be deployed for an establishment and research project prior to making the final decision on the market entry strategy. This team will be sent with goals to establish the base of operations, conduct primary research, collect information, and develop relationships and contacts. Grove should determine prospects for a joint venture acquisition in order to enter France, but if after the research period is complete, a joint venture

does not feel right, entry could still move forward with a fully owned subsidiary. This will be Grove's first venture outside of the US and full control will allow for more thorough testing within the market while staying true to the brand standards and values that Grove expects to uphold in any new market.

While Grove should commit to staying true to its core company values, we expect there will be specific adaptations to Grove's operations and business model to most strategically enter the French market. This is where Team France's primary research will be key. Working with local PR firms, the team will be able to conduct surveys and market research to ensure our secondary research is leading Grove in the right direction.

A local consumer culture positioning (LCCP) will be utilized upon entry, and strategies will be implemented to ensure Grove's company values become an intrinsic part of the local culture. An important aspect will be building a Corporate Social Responsibility (CSR) strategy that makes a true impact in French communities. This strategy will allow Grove to emphasize their core values as a valuable benefit of becoming a Grove customer in France. Strong CSR activities have been part of the Grove identity from its inception and developing new initiatives to illustrate Grove's impact to the French people will be a welcome challenge for Team France. We will discuss these strategies more in the Promotion Decisions section.

## Product Decisions

The subscription-based e-commerce industry has grown into a major disruptor in the retail sector, and its market has more than doubled each year for the past five years.<sup>LD4</sup>

(<https://www.europeanceo.com/industry-outlook/charting-the-rise-of-subscription-based-business-models/>) Based on research by McKinsey, 15 percent of online shoppers have signed up for one or more subscriptions to receive products on a recurring basis through monthly boxes.<sup>LD5</sup>

(<https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/thinking-inside-the-subscription-box-new-research-on-ecommerce-consumers>) E-commerce

subscription services are beneficial to both the subscribers and the companies. The customer receives the convenience of recurring shipments while the company receives the security of guaranteed, recurring payments that will keep customers engaged and active.

Over the past five years, we have seen the successes of different subscription services such as beauty box, personal style box, meal kit box, coffee box, pet supply box, and book box. These services have grown not only in the United States but also in other countries as demands for convenience increase.

The emphasis on environmentally friendly products has gained strong support from consumers and have become a top priority for retailers in key European Union markets. Based on a survey of 400 French retailers conducted by International Trade Center European Commission, 98.8 percent consider sustainability as a factor in product sourcing. Of the 400 surveyed, 99 percent say they implement sustainable sourcing strategies.<sup>12</sup>

[http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/EU%20Market%20for%20Sustainable%20Products\\_Report\\_final\\_low\\_res.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/EU%20Market%20for%20Sustainable%20Products_Report_final_low_res.pdf)

In 2017, France ranked second only to Germany in the EU for selling organic products with 90 percent of French retailers reporting an increase in sales of sustainable products and expecting an increase to 91 percent in the next five years. As illustrated in **Figure 7**, the sales of sustainable-sourced products have increased dramatically over the years in European countries. Based on the sales statistics of 127 companies who participated in the survey in 2016–2017 by country, France had a growth rate of 13.5 percent in sustainable sales compared to 4.9 percent in total sales (**Figure 8**).

Among those surveyed, 29% sell organic products. In 2017, the French retail market for organic products reached €7.9 billion<sup>10</sup>. France is second only to Germany in the EU for organic products.

## 90% report an increase in recent sales of sustainable products, and 91% expect further increases in the future



Ninety per cent of French retailers surveyed report an increase in sales of sustainable products over the past five years, and 91% are expecting an increase in the next five years.

Fifty per cent of French retailers surveyed report up to 20% increases in sales of sustainable products in the last five years. Almost 75% of French retailers are expecting sales of sustainable products to increase by up to 30% in the next five years.

Figure 7: Increases in Sales of Sustainable Products from Intracen.org

The growth rate of sustainably-sourced sales outstripped the growth rate of total sales in 2016-2017 for micro, small and medium-sized enterprises. For large companies, while sustainable sales did grow in the recorded year, they did not keep up with the growth rate of total sales. Smaller retailers, which often hold smaller volumes of products at one time, are able to more quickly respond to the changing demand for more sustainably-sourced products. Meanwhile, larger retailers may take more time to update their stock.

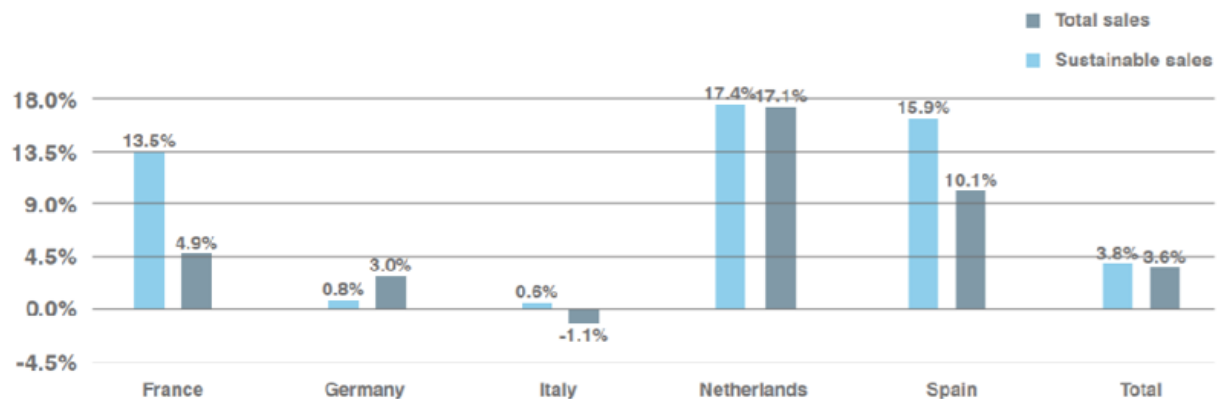


Figure 8: Growth in Sustainable Sales Versus Total Sales Rate, By Country, 2016–2017

The team recognizes a growth opportunity due to customer needs in France and believe that Grove Collaborative will be successful in this new market. Grove is a business-to-consumer (B2C) company and for many of their product categories, consumer needs are very similar across countries and the functional benefits are the same around the world. We are looking to apply a balancing strategy mix of standardization and adaptation for the French market. Standardization strategy will mainly be in

the products due to the commonalities in the needs of the customers. Our goal is to minimize costs and we look to carry similar product lineup from cleaning to personal care products.

Some of Grove's popular brands in the United States can be sourced out of Europe such as Method, Mrs. Meyers, and Seventh Generation, Alba Botanica, and Tom's (**Figure 9**). Other recognized US brands like Acure, Hello, and Grove Collaborative private label products (**Figure 10**) can be imported at a reasonable cost into a distribution center. As we referenced in the French Culture section, there is an increasing interest in American culture and consumer products in France. It will be worth an investment to test these product partners with the French market, particularly Grove Collaborative private label products. Team France's primary research will determine which Grove products should expect to have good performance in France.



*Figure 9: Seventh Generation, Alba, Method, and Mrs. Meyers*



*Figure 10: Acure, Grove Collaborative, Hello*

As seen in Figures 11 and 12, the growth of home and personal care products like surface cleaners, dishwashing and laundry care, oral and skin care have been increasing since 2014. In 2019, the market for beauty and personal care products is projected to grow at a CAGR of 7.1% for the forecast period from 2016- 2025.<sup>LD7</sup> (<https://www.mordorintelligence.com/industry-reports/france-cosmetics-products-market--industry>). As discussed in the Situational Analysis, 71.5% of French people are concerned about “sustainable consumption”, so the consumer needs and wants are there for clean and natural products.

## Sales of Home Care by Category

Retail Value RSP - EUR million - Current - 2019



Category	Category Value	Current Year Growth	% CAGR [Historic]	%CAGR [Forecast]
Air Care	370.3	-2.7	-2.5	-1.0
Bleach	95.2	-1.1	-1.8	-1.4
Dishwashing	781.5	1.4	0.4	2.1
Home Insecticides	187.8	5.5	4.1	2.8
Laundry Care	2,491.1	3.5	1.6	3.9
Polishes	111.6	-2.5	-2.8	-1.0
Surface Care	553.6	0.4	0.4	1.7
Toilet Care	209.2	-0.1	0.7	0.9

Figure 11: Euromonitor Sales of Home Care in France

## Sales of Beauty and Personal Care by Category

Retail Value RSP - EUR million - Current - 2018



Category	Category Value	Current Year Growth	% CAGR [Historic]	%CAGR [Forecast]
Baby and Child-specific Products	360.7	0.3	-0.3	1.3
Bath and Shower	1,018.5	2.2	1.2	2.3
Colour Cosmetics	1,460.1	0.2	0.7	1.6
Deodorants	657.4	1.5	0.5	2.1
Depilatories	207.4	0.9	0.3	1.3
Fragrances	2,208.9	0.0	-0.7	1.6
Hair Care	1,583.6	-0.8	-2.0	0.8
Men's Grooming	1,643.2	0.6	-1.2	1.4
Oral Care	1,272.8	3.7	3.3	4.2
Oral Care Excl Power Toothbrushes	1,125.6	3.3	2.8	4.0
Skin Care	3,379.8	-0.5	-0.1	1.7
Sun Care	396.7	3.1	0.9	3.0
Premium Beauty and Personal Care	5,063.7	0.1	0.1	1.7
Prestige Beauty and Personal Care	3,670.1	0.0	-0.4	-
Mass Beauty and Personal Care	5,986.8	0.2	-0.5	1.6

Figure 12: Euromonitor Sales of Beauty and Personal Care in France

The team suggests adapting to consumer preferences in product categories such as skin care and cleaning products by carrying core local brands that are trusted by the French but also meet the product requirements of Grove. Ecover is a Belgian company that manufactures ecologically sound cleaning products and is owned by S.C. Johnson & Son. Grove will seek to form a partnership with Ecover since it is a familiar brand that is used often by many European countries. Leveraging French partnership will help to promote Grove Collaborative brand and image. Local “Grove Guides” will be recruited early in the process to talk with and educate customers about the products and guide them toward the right products for their homes. The communication and messaging will be adapted to the French culture and language. A specific e-commerce platform will be designed for the French customers but still delivering the same quality products and remaining true to Grove’s core values.

### Pricing Decisions

Consumers in Europe spend about 5 percent of their spending on subscriptions and an average of €130 (about \$147) per month on such things as video, music, sport or food subscriptions. Consumers value convenience of home delivery and 34 percent of consumers said that they find subscription attractive because they do not have to leave the house.<sup>LD8</sup> (<https://ecommercenews.eu/europeans-spend-5-spending-subscriptions/>) Researchers found 47 percent of consumers in France shop for beauty and personal care products online compared to 46 percent in the UK and Germany.<sup>LD9</sup> (<https://www.inc.com/peter-roesler/new-research-reveals-more-consumers-are-shopping-online-for-everyday-items.html>) Subscription services are attractive to customers because it saves time, saves trips to the store, and saves money. Popular services such as Birchbox, Dollar Shave Club, and Ipsy charge low monthly fees of \$10 per month while others like Blue Apron charge a higher fee. The current price of VIP membership for Grove in the United States is \$19.99 per year. Grove will need to account for both the fixed and variable costs to come up with a price point that will be comfortable for the company and affordable for the French consumers. Flexible cost-plus pricing can be one method Grove can use to set



a price based on the market conditions in the host market such as the level of competition. Some analysis needs to be completed by looking at the drivers of pricing which are customers (segments, preferences), company (costs, goals), competition (market structure, intensity), and channels. Global pricing decisions could also be influenced by government and regulatory policies or inflation that could drive the prices up.

## Distribution Decisions

Distribution channel plays a critical role in the growth and integration of the business operations on a global scale. The primary goal in choosing the proper distribution channel is to develop a cost-efficient delivery mechanism that will be economical and reliable and will provide Grove with the best chance for success in France. Grove will be looking to use the B2C e-commerce distribution strategy to reach as many customers as possible with direct sales approach. The direct distribution channel is a better option because customers have similar consumption patterns and needs. Since Grove is a small-to-medium size company with limited resources in Europe, they will look towards forming partnerships with companies like S.C. Johnson & Son, Unilever, Ecover, and Colgate and Palmolive for sourcing their products. These companies produce some of the popular brands mentioned previously and Grove carries them in their product line. The strategic partnerships will help cut down the transportation, inventory, and warehousing costs and remove some barriers such as customs and regulations that come with the physical transportation of the products from US to France. The cost savings would trigger down to the consumers who will benefit from the local sourcing. Grove will need to invest in building a local distribution center in France, preferably in an urban area like Paris, that will stock products to be redistributed to customers. Grove can then focus their attention on logistical problems such as local competition and exchange rate fluctuations.

## Technology Decisions

Grove's technology platforms, including their website and mobile app, are an invaluable component of their marketing. Maintaining a user-friendly shopping experience is central to acquiring and retaining customers. The team recommends maintaining the functionality that has been painstakingly developed by Grove in the US. A thorough and accurate translation of the content will be required. To accomplish this, the team recommends backtranslation prior to the testing period in France and continued assessment throughout the testing period with Team France.

Testing of the Grove tech platforms will also be essential to strong entry. After initial beta testing, the team recommends that Team France work with a local PR firm to assess the platforms with a survey and trial period. The benefits will be three-fold:

1. Translation will be fine-tuned by a representative sample of the French population.
2. Platforms will be tested.
3. Reviews will be collected. Reviews left by the sample population will build content for future customers to analyze.

France ranks highly on the Uncertainty Avoidance scale, so reviews and testimonials will be an important part of the marketing strategy. Even after the testing periods are complete, Grove will plan to continue cultivating customer reviews by incentivizing customers with promotion codes or other benefits to leaving reviews of products.

## Promotion Decisions

### Brand Positioning

In the US, hybrid promotions focusing on environmental impact and convenience have dominated Grove's messaging. This has helped to position Grove as a brand that busy individuals with a concern for the planet can rely on to source quality cleaning and personal care products. As seen in **Figure 13**, Grove promises to provide customers with products from partners that use non-toxic, plant-based, and sustainable materials, with cruelty-free testing and ethical supply chains.

#### OUR PARTNERS

## We require the best from our partners

Deciding whether a partner meets the Grove standard or not requires more than just an ingredient review. We evaluate their business practices for sustainability and ethics as well.

[Learn More →](#)

- ✓ Non-toxic
- ✓ Ingredient transparency
- ✓ Plant-based formulas
- ✓ 100% cruelty-free
- ✓ Ethical supply chains
- ✓ Sustainable materials

*Figure 13: Grove Collaborative Partner Standards*

We believe this general approach would work well to position Grove in France, but we would advise an adaptation to put a focus on efficacy of the products Grove carries. When considering our two core lifestyle segments as grouped by Nielsen, the Eco-responsible and House Fairy categories, the Eco-responsible will gravitate toward products that meet their high environmental standards, while the House Fairies will be most concerned that the products they purchase work well in their home. The focus on convenience still has its place in the product benefits mix. This benefit, along with efficacy of products, will speak to the Utilitarians.

We believe the search for efficacy will be a larger trend in France, compared to consumers in the US. A look at Hofstede's cultural classification grid shows that French consumers high on the uncertainty avoidance scale. To best resonate with French customers, Grove should focus messaging to convince they are a beneficial choice for purchase. Grove has done thorough research to select their product partners and provides this information for the customer. Each product page contains all the stats customers need to know in order to make analysis of products quick and easy. As we mentioned in our previous section, customer reviews will also benefit a culture that rates high on the uncertainty avoidance scale.

## Digital Advertising

As addressed in the Market Entry Strategy section, digital advertising has been an important component of Grove's success in the US. We expect the French market will respond just as positively to Grove's digital marketing strategy, but it requires adaptation of the people delivering the message, more so than the message itself, for it to truly resonate with the French consumer. Team France will conduct market research, and begin recruitment strategies to find and build a relationship with local social influencers and celebrity endorsers.

A crucial component of Grove's success is attributed to their Director of Growth, Josh Groth. With a valuable background in digital advertising, with an emphasis on Facebook, Instagram and other social media platform ads, he has led an exponential growth in the number of Grove customers. A Director of Growth for Grove France will be essential for strong entry. Team France will be tasked with recruiting a local familiar with the French social media marketing styles and preferably with a strong network of established social media influencers in the eco-conscious segment. The sooner this new team member joins Team France, the more impact they will have on a strong entry.

## Sponsorships and Community

Football (soccer) is incredibly popular in France, with both men and women.

## Conclusion

*We'll work together on this one before we submit.*

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*Provide your references here. Code with your initials with your superscript number so it's easier to match them all up.*

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