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## Natura &Co: Sustainability at Scale

July 2019 was the Earth's hottest month on record – 1.2 degrees Celsius above pre-industrial levels.<sup>1</sup> Since global temperature measurements began in 1880, the five hottest summers have all occurred in the previous five years.<sup>2</sup> Extreme weather events such as heatwaves and droughts intensified, and wildfires ravaged vast swathes of land across the planet.<sup>3</sup> Brazil recorded over 87,000 fires in the first seven months of 2019, the majority in the Amazon basin – the world's largest rainforest, considered vital to counter global warming.<sup>4</sup> The blazes could be seen from space and the smoke even temporarily eclipsed the sun in the city of São Paulo, some 3,000 kilometres away.<sup>5</sup> Still, July 2019 set another record for the most deforestation in the Amazon, which lost an area larger than Greater London in a single month.<sup>6</sup>

These worrisome milestones prompted widespread outcry, but they were particularly upsetting for Natura, Brazil's largest beauty company, built on the principle of reconciling socioecological sustainability with wealth creation.<sup>7</sup> Natura incorporated *biodiversity* ingredients into its products and promoted fair trade.<sup>8</sup> As of 2019, it worked with 31 local communities in the Amazon region – including more than 4,600 families – to develop new products and responsible harvesting practices that benefited both the rainforest and its inhabitants.<sup>9</sup> About 80% of Natura's products were vegan.<sup>10</sup> In 2006, Natura ended animal testing and has been carbon neutral since 2007. In 2013, *Forbes* named it one of the ten World's Most Innovative Companies.<sup>11</sup> The company continued to set increasingly ambitious targets for social and environmental performance and transparency.

But Natura was also a business in constant expansion. Founded in 1969 as a lab and cosmetics store in São Paulo, it soon began to distribute its products through direct selling (peer-to-peer sales conducted in contexts other than retail premises, such as domestic settings), a model spearheaded by US beauty giant Avon. Upon going public in 2004, Natura became the top-selling beauty company in Brazil and established direct-selling operations in other Latin American markets. In 2018, it recorded revenues of R\$13.4 billion (\$3.46 billion), doubling in size since 2012, when it started looking beyond Latin America.<sup>12</sup> In 2013, Natura took a controlling stake in Australian prestige beauty purveyor Aēsop and in 2017 it acquired UK high-street beauty retailer The Body Shop in a \$1.1 billion transaction.<sup>13,14</sup>

To underscore its evolution into a multinational, multi-brand, multi-channel group, the company was renamed Natura &Co. Its three units retained their identities and operated independently, with decision-making autonomy and their own CEOs and executive committees.<sup>15</sup> In 2018, the Natura brand generated 63.7% of revenues in Latin America, 19.8% in Europe, 9.6% in Asia Pacific and 6.9% in North America. Natura's operations comprised a network of 1.7 million representatives, 45 company-owned stores, distribution in 3,800 pharmacies, and the leading digital platform in Brazil. The Body Shop was present in 69 countries with 3,000 shops (two-thirds of which were franchised) and 45 transactional websites. Aēsop operated 227 signature stores in 25 countries and sold products in 92 department stores and online in 17 countries.<sup>16</sup>

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