



## How Birchbox CEO Katia Beauchamp Upped the Beauty Industry for Good

Knowing that “beauty is hard to sell on the internet,” this subscription box CEO still pursued a breakthrough company model that would eventually redefine beauty buying habits. But it was not a straight line from a business-school idea to a multi-million dollar annual revenue. Potential investors didn’t get it. Makeup purveyors didn’t see the vision. And customers had to be found. Katia tells Alicia the full riveting story.

---

Alicia Menendez: Hey, if you love Latina to Latina, and I know you do, and you want to support the show, it's as easy as listening on RadioPublic, a free, super easy app that works on iPhone and Android. When you listen to Latina to Latina on RadioPublic, we earn a little bit with every episode you hear. Thanks for listening and for loving the show.

*Clip (Katia Beauchamp): I'm trying to have an exceptional career. I'm trying to create exceptional things, invent new things. Of course it's going to be exceptionally hard. And so I accept that I'm going to have to get punched in the face and in the gut and pushed down and that is my job, of course, and that I would have to be able to get up and rebuild from that.*

Menendez: It's been more than eight years since Katia Beauchamp co-founded Birchbox. In that time, the subscription company has grown to millions of loyal customers and disrupted the multibillion dollar beauty industry. When Katia and I spoke, she was fresh off maternity leave for her fourth child. By the way, that experience includes running a multimillion dollar company from a hospital bed for 100 days. As impressed as I was by that, I was even more impressed by her candor about how hard it can be to build an exceptional career.

Katia, thank you so much for being here.

Beauchamp: Thanks for having me.

Menendez: Tell me about the aha! moment behind Birchbox.

Beauchamp: Sure. My co-founder and I initially were just planning on writing a business plan and we were in business school surrounded by people writing business plans and starting to be kind of surrounded by entrepreneurs coming to campus. And what happened was, basically, we were listening to, basically, consumers talking about

the epiphany they had to start a business and it was finally a lot of women talking about building businesses for women. And initially we just said, what would we want as a consumer? What is this thing that we can understand where we have an insight? And honestly beauty just hit us because we're business school students so we were definitely thinking about things that were massive. And nobody was talking about beauty in 2009, 2010 as a category of disruption. When all of these people were talking about other categories that were for the female consumer, whether it was clothing and fashion or whether it was for caring for your children. And we were like, why is nobody talking about beauty-

Menendez: Why was nobody talking about it?

Beauchamp: Well, because beauty's hard to sell on the internet. And the reason is because people expect to touch it and try it and smell it and experience it. And so our realization was definitely, there is a reason why, there's a good reason why. This is a major industry. People are trying to make a lot of money in this industry, but why not us? Someone's going to figure it out. The world is changing. People are spending more of their time on the internet, more of their money on the internet. And we noticed very quickly, there were starting to be a lot more beauty content on the internet.

So we said we are going to start something that gives the internet the potential to sell beauty. That was the initial thought: the potential to sell beauty. How do you sell beauty on the internet when the problem that people continue to identify is, I can't touch it, try it and smell it. And the second problem was there's so much to sort through. And if you think about it, the internet makes that worse because at least in a store there's four walls, that's limitation. The internet is literally infinite. So we said we have to contain it, we have to make it digestible and we have to let you touch it and try it.

That was that requirement. Within 24 hours we came up with this idea, the business model as you see it today, which is, it's a subscription. It sends you a small bite-size amount that you can actually get through, but every single month at a nice cadence, it's personal. We pair it with content to teach you about it, to share our perspective about it. And we give the opportunity to buy full size with a great loyalty program that makes it make sense for you to have the transaction through Birchbox.

Menendez: Who did you imagine initially as your customer?

Beauchamp: Ourselves. We were in our late twenties in business school and we envisioned us and women older but professional women who were busy. So the way we thought about it was, we were not obsessed with beauty and-

Menendez: No, you're wearing chapstick right now?

Beauchamp: No, that's all ... I love chapstick. It's really important.

Menendez: And you look fantastic.

Beauchamp: And I also really love skincare, but I've developed more of a skincare habit since Birchbox. We were not obsessed with beauty, but we were using beauty and we were thinking all the time, we're smart and this is so confusing to us. And also I just don't really care to make it better. I'm not going to put the energy to figure out like what is a serum? The time old question that every woman is always asking because that word is thrown around so much. The biggest question mark of the Birchbox business model at the outset was the willingness for customers to pay for samples because that had historically been free and the beauty industry and investors and everybody told us repeatedly nobody is going to pay for a sample and we disagreed.

And we saw when we tested the idea while in business school that there was high willingness to pay and actually the biggest problem the first kind of half of Birchbox, we've been around a little over eight years, is that it was actually the supply that was challenging. The demand was there. Customers were like I will absolutely pay for not having to have this awkward interaction at a store where I ask for a sample, but someone's like, but are you going to buy something?

Menendez: And for something that's curated.

Beauchamp: Curated, absolutely, personalized for you. There was so much willingness to pay, but it was really hard to change the industry because the industry was funneling samples through a totally different channel that was a loyalty channel. Because if you're getting a sample after you purchase something, you're already a customer. And we were saying we want to use a sample to acquire a customer and it was a really big shift in mindset and we had to do a lot of work to figure out how are we going to show the value, how do we change the supply chain of it? We attacked it on every side.

Menendez: So how did you convince people?

Beauchamp: So we started by really asking questions around what were you getting from a sample today? And a lot of times, almost every time the answer was we don't know. And that at its core felt like enough to go with. You don't know and it's costing you anywhere between tens of thousands to tens of millions of dollars in marketing and you don't know the return on investment. And we could say, we will know, we will know immediately what the value was with us. And we will be able to at least get you a better view of what the value is outside of us. We will triangulate and figure that out too. So that was a big thing. And then eventually the biggest shift honestly came from a realization we had when we did market research, where we recognized that the entire industry has, and continues to be focused on, a consumer who is obsessed with beauty, who's really passionate about beauty and everything's geared towards her. And we were attracting a very different customer and changing her spend in beauty.

So the industry focusing on the top 15, 20% of the market and we were getting that next 60, 70% who was not obsessed, not passionate, but still really used beauty. And our data showed that we were doubling her spend in a year. So we said, wow, the entire industry is focusing on the same consumer, 15% of the market that's overspending. We will focus on the majority of women who have a casual relationship with beauty, and our goal will not be to change that

relationship. Our goal will be to improve what it feels like to her to consume. So she can stay casual, she does not have to become obsessed and passionate and hobbying in beauty. But we can help her consume like the woman that is because Birchbox will do the work of curation, of personalization, of vetting things. And we will let her kind of passively receive the fruits of our labor and then she can act.

Menendez: As a feminist, as someone who went to business school, are you ever like I'm making money selling women on the idea of self-improvement?

Beauchamp: No. I think as a smart woman that I like the idea of feeling good when I spend money. I think in all ways that you're spending your money discretionarily you can actively decide I want that. And I think that as a consumer I deserve to have fun when I'm spending money on things that I don't need. I think I deserve that and I think that that is the responsibility of all of us who are selling you things that are discretionary. So no, I don't think it's bad, but more so this is about empowering women to spend money when they're very informed.

Menendez: One of the reasons I've never launched a business, much like the reason I've never gotten a tattoo, is that I have commitment issues and I have never been able to say, okay, this is the basket I'm going to put all of my eggs in. Did you have any doubt, resistance before you decided that this was going to be the next eight years of your life?

Beauchamp: No, but I of course didn't know what this was. I tell everybody, everyone always asks like, what do you wish you know? And I'm like, if you knew any of this, you'd never do it. No one would choose it. And that doesn't mean it's not great and it's not worthwhile, and I don't feel honestly deeply lucky all the time, but it is also really bad. And I think if you had any way of understanding the hard, it would be very hard to choose. If you're asking did I hesitate? I didn't hesitate.

I don't know what it is about me, but I definitely ... Once we had the product testing in the market, I felt just 100% sure that it had to happen. That it would happen and every time somebody said it wouldn't, I literally thought, that's so sad they don't see it. I never was like, what if it's not? I was like, no, no, no, you're wrong. It's going to happen. And I thought, how do I sell it better? How do I explain it better? How do I show that it's possible, because it's definitely not the idea, it's the communication of it that is not landing.

Menendez: We learned in another episode that only 2% of VC funding goes to women of color founders. I wish everyone could see your eye roll. How has that affected your experience of this business?

Beauchamp: Access to capital is, unfortunately, just a very important part of starting a business that is conceived of being a high scale business. It's extremely frustrating and I'd say I've gone through lots of phases of feelings about it. Starting out was in total denial. I went to Vassar undergrad, graduated from business school, had worked in finance and I was just like, great, we did it. It's really great to be on the other side of voting rights and all of that. There were certain things that I think even in the first fundraising clearly showing the reality that it's more difficult to be a woman.

I mean, obviously, you're pitching a concept for women only to men and you're getting statements like, my wife doesn't use beauty or calling in administrative assistants and being like would you pay \$10 for this and that? And as the company got really large, like quite large and had quite a lot of momentum, I remember feeling like I was going into meetings to talk about serious amounts of fundraising, tens of millions of dollars, and serious things about opportunity, and no matter what I said about how incredible the customer acquisition cost and lifetime value was about how massive the industry was, about how much we had changed the consumption patterns,

I swear that if it was a man sitting on the other side, he would hear things like, 'I love lip gloss.' 'Mascara is really important' and I just would ... I wanted to scream. I felt like I couldn't break through. Then I started to realize we had exceptional performance and we're not having an exceptional experience financing the company based on that. That to me was really, really tough and challenging in good ways too. Helping you think about, well how do you overcome that? All really good lessons, but I also think, just really hard to wake up and realize that we weren't done. That we are far from done as women to have any sort of chance at being a voice in a room that could change something. It's something I'm constantly thinking about.

Ad:

*Let's talk for a second about Katia's company. Birchbox is a beauty and grooming retailer, best known for its monthly subscription of personalized samples. I love Birchbox because it makes beauty easy and uncomplicated. It's especially great for someone like me who gets really overwhelmed by all the options out there. When you subscribe, the best products get delivered to your doorstep and they're tailored to your hair type, skin type and other preferences. Birchbox does all the work for you, feels like a present in the mail every month.*

*I had never tried MAC's Extreme Dimension 3D black mascara before, but I got a sample in my last box and now I am hooked. Juleyka got a sample of a smoothing balm and literally FaceTimed me to show me how good her curls looked the first time she used it. Now Katia and her team want to give Latina to Latina listeners a free gift when they subscribe to Birchbox. Go to [birchbox.com/latina](http://birchbox.com/latina) and use the promo code Latina to get a free Lipstick Queen Mini Mornin' Sunshine lipstick with your first Birchbox. That's [birchbox.com/latina](http://birchbox.com/latina).*

Menendez:

You don't strike me as a bragger, but I'm going to ask you to do a little bit of bragging, which is what makes you a really good founder?

Beauchamp:

That's nice of you to say. I think that's subjective. I think the thing that I'm naturally good at is resilience. Being able to hear no without feeling discouraged. I have a lot of fight in me, and it doesn't come with like an anger either for the most part. I mean, there are definitely times when you can be angry and fight and I can too, but it just comes with an expectation that this was going to be hard. I'm trying to have an exceptional career. I'm trying to create exceptional things, invent new things. Of course it's going to be exceptionally hard and so I expect that I'm going to have to get punched in the face and in the gut and pushed down and that is my job of course.

And that I would have to be able to get up and rebuild from that. So I think I just had an expectation that would be really hard and I was totally up for it and am totally up for it. And that is a requirement of being a founder. It really comes down to I think recognizing what you're good at and finding a way to celebrate that. You said brag about it, but I think it is really important to know what you're good at, but it's so important to know what you're not good at.

Menendez: So you ... So then tell me what you're not good at.

Beauchamp: I'm really good at looking out into the world and seeing what's happening and being able to envision a future that doesn't exist. And then I'm really good at helping people get there too. Get excited about it, see that it's possible, this thing that's invented because it's a future that doesn't exist, is possible. I think that there's a lot of things about getting there that I am not great at, right. I'm not ... I am the CEO of the company. I'm not the head of people. I'm not the head of finance. I'm not the head of marketing.

I think that there are things about those things, of course, that I want to shape and of course that I can have good and smart insights in, but surrounding yourself with the people who are better at the things that you're not great at, is just the most important learning I've had. And I also think that means you have to actually share with those people. They have to actually feel empowered in what they're doing. They cannot feel like you're celebrating them, but ultimately it's up to you. You got to be open. You have to share what's happening. You have to share the burden, you have to share the good things. You have to ask them to be a part of this anyway.

Menendez: All really tough when you pride yourself on self sufficiency.

Beauchamp: So tough and I think I made the big mistake of not doing it well. I mean intellectually, we all know this isn't true, like empower. What does it mean to empower people? It means not making decisions for them. It means getting super uncomfortable because someone is going to come to every single day really smart people and they're going to say, I have a question and you're going to say I have an answer. Such a short term way of thinking about things. You will always have the answer as a founder. You always have an answer. That's what I always tell my team. I will always have an answer. There is no such thing as the answer. We just choose and we move.

Menendez: So you just had your fourth child, congratulations.

Beauchamp: Thank you.

Menendez: And with this last child, you were on bed rest for how long?

Beauchamp: 100 days in the hospital on bedrest.

Menendez: Okay. And baby's fine?

Beauchamp: Baby's great.

Menendez: What was it like running your company on bedrest?

Beauchamp: Strangely efficient. I mean, luckily I'd say, I have an operating team who I've worked really closely with for years. So at that point, we have really strong communication channels and shorthands and luckily the internet and video and phone. So it was actually really efficient. It had been the first time in a long time where I had a quiet mind to be able to slow down and be extremely thoughtful with some of the really important things happening for the company. We were negotiating brokering a deal with Walgreens while I was on bed rest. So all of these things that take a lot of thoughtfulness was actually very effective for work.

Menendez: Four kids, Katia.

Beauchamp: Yes.

Menendez: That might be the most ambitious thing you've ever done.

Beauchamp: I think it's been the best part of it all and it's definitely made me a better leader, a better human. It's definitely helped me calm down and recognize that all of the hardest, most important things I've done are underway. And now I get to have the icing on the cake, is figure out how to hopefully change the career trajectory of a lot of women and also a lot of men, and influence their expectations of leadership and of leadership from women. That would be a great *other* thing to have accomplished.

Menendez: My understanding is your dad is Greek and your mom is Mexican.

Beauchamp: That's right.

Menendez: How does that manifest in who you are?

Beauchamp: I grew up mostly with my mom in El Paso, Texas, which is really mostly a city of Mexicans and I didn't ... I also grew up as like, I don't know how to say this any other way, like a white Mexican that wasn't always seen as being Mexican.

Menendez: Yeah. You have passing privilege.

Beauchamp: Yes. In a city where you have people who are actually born in Mexico and then coming to live in El Paso. I don't think I was always seen as Mexican. So I honestly didn't realize ... This is going to be funny. I didn't realize how much it had influenced me until I moved to the Northeast and also when I married my husband who grew up in El Paso but is definitely really white. I realized all of our family traditions and things like that, I just hadn't appreciated because I always felt outside of it too within El Paso.

As a second generation and somebody who can look more like my dad's side of the family, Greek and white, I didn't realize how much influence it was having a strong matriarch in our family and my grandmother was just like the center of the world bringing us all together. And definitely in some way having an old-school

expectation for what it was to be a woman, but also somehow translating that. She had four daughters and they ... she would make sure they had matching clothes at parties and just like ... This is ridiculous statement, they all had to play just enough guitar ... just enough guitar to be able to entertain. But when I was four years old and told my grandmother I want to be president of the United States, like didn't skip a beat. We went straight to the department store and started shopping for her inaugural dress and she was like, it's going to happen.

Menendez: You've said your motto is don't accept no from anyone who can't say yes. It feels a little bit like a riddle. So I want you to tell me what it means.

Beauchamp: Yes. I think about it two ways. A lot of my experience at Birchbox has been a lot of people saying no. A lot of initially getting money saying no, but also getting samples from suppliers and brands working with us saying no. And what I realized with the help of a good friend is that, you have to give people enough information and motivation to say yes to you. A lot of getting to yes, a lot of selling is about listening so that you can come back and give them what they need to go to their boss with the ask to get rewarded and promoted. And how do you help people get to yes is a very big part of what I've learned in this journey.

The other part of it is, I've learned that it's really valuable to do that and also go to the decision-maker. Great leaders and great decision-makers will not be the ones that push down answers into their company. They're not going to say, you must work with Birchbox. But if they are excited about it and you're empowering the other person below to say, as I call it, the sandwich approach, go to the decision maker and go to the worker. You're giving them the tools so they can make a good case for yes and you're getting the leader excited to work with you. That's how you get to the yes. So I think it's also about going to the person who can say to the organization, yeah.

Menendez: I look at my mint.com and I look at my ETFs and my stocks and it is ... I mean there are zero ... many zeros missing from the worth of Birchbox. But still to me, to watch it rise and fall is terrifying.

Beauchamp: I'm impressed that you do it.

Menendez: Yeah. I'm impressed that I have enough money to have an account other than a checking account, but how then ... When you have a company that is valued and that-

Beauchamp: Those valuations keep going in all different directions.

Menendez: Yeah.

Beauchamp: I didn't go into this with this expectations of grandeur. I also went into this believing this was 100% going to be an independent publicly traded company. So I believed in big things, but I didn't ... I don't know, my entire existence wasn't about the valuation of the company. And also I've been fundraising for this company for so long and I've seen how the market has just changed and valuations change, that I just realized that, ultimately, these valuations are hearsay until they're not.

The spectrum can be so wide that thinking about it as this is the value of the company is just so silly and so unproductive.

So I of course in the first few years as we were fundraising I think was more fixated on that idea but had come to realize pretty soon that that just ... It's so subjective and it really doesn't say a whole lot about things until you're actually going for liquidity event. So not to be on the rollercoaster with it because what's the point? What's the point of riding that up and down versus just saying you know what? You built a company for forever. You don't build companies to sell them. You build them to withstand. That's just been my approach is like how do you make this a forever company?

Menendez: It seems a lot of your leadership just comes from trial and error. Have you read books? Like how did you get here? Is it-

Beauchamp: I did go to business school, thankfully. I do read, I listen to great podcasts. Leadership in general-

Menendez: Because this is a very female brand of leadership. There's a lot of feelings happening.

Beauchamp: There's a lot of feelings. Leadership in general, I'd say, it is really about a choice that you come to one day that you can or you can't do it. And usually a feeling of I can or cannot do it comes from perspective, which is usually about actually experiencing things and overcoming them and realizing you could handle it. So I do think you have to experience things in order to decide whether you can do it, but I definitely don't believe in this idea that some day I will have all the answers. I just don't believe in that. I think the more leaders I meet, the more I realize, and I just said this to the company, that there are two kinds of leaders. There are leaders that admit they don't know what they're doing, and there are leaders that are bullshitting themselves.

You don't know what you're doing because the world is changing really quickly and to pretend that you understand the implications of all of the changes that are going to be here in six months, in 18 months, in four years is bullshit. I believe that it's really about having perspective, deciding that you believe you are willing to be the one that's making decisions and not kidding yourself to think that one day you're gonna feel great at your job. I think a lot of what it means to have the kind of career I want to have anyways is just getting comfortable that it's a good sign if you're never really feeling great, it means it's like always growth. Because truthfully, if I could be me today and go back and operate Birchbox eight years ago, five years ago, I would be better at that.

Going backwards, but we're not going backwards. We're going forwards, and it continues to be changing out there, confusing, new things that we never imagined could happen for us as people and the world in terms of how we communicate and how we can reach people, it just continues to be invented. So how could I be comfortable saying like, I will be so ready for that? But I am very comfortable saying, you know what? Why not me? Why not me? I'm smart enough. I'm willing to work hard and I'm willing to tell people when I'm not good at something and find someone who's better. So why not me?

Menendez: Katia, thank you so much.

Beauchamp: Thank you.

Menendez: I know you have a busy life, so let me make getting to our show even easier. You can catch us through your smart speakers. That's right. Google and Alexa know what's up. Just say, play Latina to Latina podcast to your Echo, Google Home, or whatever setup you have, and make your cooking, cleaning, or relaxing at home more interesting.

Thanks for joining us today. Latina to Latina was originally co-created with Bustle. Now the podcast is owned and executive produced by Juleyka Lantigua-Williams and me. Maria Murriel was the sound designer on this episode. We want to hear from you. Tell us who you want to hear from and how you're making the show a part of your life. Email us at [hola@latinatolatina.com](mailto:hola@latinatolatina.com). Remember to subscribe or follow us on RadioPublic, Spotify, Apple podcast, or wherever you're listening.

**CITATION:**

Menendez, Alicia, host. "How Birchbox CEO Katia Beauchamp Upended the Beauty Industry for Good." *Latina to Latina*, Lantigua Williams & Co., April 1, 2019. [LatinatoLatina.com](http://LatinatoLatina.com)

Produced by

