

L'Oreal Market Analysis

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Product Industry - Consumer Packaged Goods

Company - L'Oréal

Brief overview of your target product/company

Include market share if possible

What type of market does the product/company serve?

L'Oréal was founded in 1909 by Eugène Schueller who was a French pharmacist and entrepreneur. In 2017, L'Oréal was the leading personal care brand with a brand value of 23.89 billion dollars. L'Oréal was in 150 countries, employing 82,600 people, had 498 patents and had 34 brands. It is still to this day the largest cosmetics and beauty company in the world. Out of the many products they offer, hair care, make up, and skin care are the main ones. From 2015 to 2018, their compound annual growth rate increased by 4.2%. L'Oréal serves to a middle class market who can afford luxury cosmetic items. The latest statistical representation of L'Oréal's market share in the beauty industry can be found in *Charts* of the Appendix. The two regions which L'Oréal contains the most market share are Western Europe with 20.2 and North America with 14% (L'Oreal's market share worldwide by region 2016).

What is the target product/company's mission? Can you identify any key goals and objectives?

L'Oréal prides themselves for being inclusive and available to all. The company's mission is to represent beauty as a universal language that can be expressed equally by everyone; they value passion, innovation, and responsibility. The "L'Oréal Share & Care" social program provides employees in 67 countries with a universal set of benefits; they value their workers and strive to provide the best working experience—happy workers make the best products for customers to buy. By 2020, the company has vowed to ensure all their products have an environmental or social benefit, for example: environmentally friendly formulas, reduction of CO2 throughout all distribution centers, reduce water and waste both by 60%, will send zero waste to landfills, and many other extraordinary ventures that are being pursued. Overall,

L'Oréal aims to be an openly diverse company that takes each customer's expectations into consideration to construct top tier products that have kept them in business for almost 110 years.

What are the key external factors/trends that affect this product/company?

Political/legal trends

One of the largest political trends that are really detrimental is the government shutdowns that have occurred. With the government shut down, it put hundreds of thousands of individuals without pay, and around the holiday times. Due to that large political trend that was very hard on some individuals, L'Oreal had offered lower deals around the holiday time and gift sets that were at a discounted price. This way there was still a way for their customers, if they were affected by the government shutdown or not, to purchase the proper skin care items that they want/ needed. Also, it made some of the products more affordable to be used as gifts for the holidays.

Economic trends

The L'Oreal company's mission as of 2017 was to seize all emerging trends and make them easily accessible to their customers. They are still carrying on this mission, keeping their products of luxury at an affordable price for everyone. L'Oreal in their 2017 mission, gives part of the thanks to celebrity ambassadors and numerous partnerships. Some of the largest economic trends range from baby boomers not retiring to interest rates rising. Both of these trends, along with other top economic trends place an overall negative burden on most individuals. Many people are out of jobs, simply because there are not many jobs available and others have jobs but are stuck in severe debt from loans that have increased interest rates. Either way, it is hard for

people to justify spending a lot of money on better quality makeup, because they just do not have the money to do so. However, L'Oreal advertises itself as luxurious makeup at an affordable price. This is a smart maneuver because it is good quality makeup at a cheap price, so individuals can justify spending less than ten dollars on good quality makeup.

Social/cultural trends.

A really big “trend” (I use that term loosely because it is not so much a trend as it is an advancement in society), we now live in a world where all kinds of individuals are accepted, people of all genders, sexual orientations, etc. Since individuals are able to feel comfortable embracing who they are, there has been an increase in the number of men that wear makeup and accessories. Makeup companies, L'Oreal, in particular, has noticed this rise, and to accommodate for this growing number, they invented several different types of male makeup and male skin care. L'Oreal has offered refreshed packaging on male products that is aimed to attract males who view masculinity differently than those in the past.

Technology trends

As technology advanced, it has found its way into the home as well. It started as a mirror and now has involved in a virtual reality. In order to keep up with the high demand for technological trends that are easily accessible, in a place such as a house, L'Oreal has designed a new state of the art makeup mirror. In 2018, L'Oreal launched an augmented reality software that anyone can use at home to “try on” products that L'Oreal has. Their main objective is to make the customer feel as if they were in the store while being in the own comfort of their home. It is not just about technology being easily accessible in the comfort of someone's home, but it is about keeping up with the number one technological trend: smartphones. Almost every single

person that would ever consider buying higher end makeup has to have some sort of income, and with an income comes a smartphone. People are always on their phones, so by having an app that's accessible on that same phone, it increases the chance of that app being used, and therefore increases the chance of products being sold.

Ecology trends

The largest economic issue that the world faces today is global warming and the effects of greenhouse gases. Since they are a large company with several production sites, it is important that they help to limit the number of gases that eventually get into the ozone layer. In response to this, L'Oreal has reported 24 carbon-neutral sites as well as nine factories (L'Oreal 2018). Instead of having buildings that produce a lot of pollution, they only have sites that are free of the carbon gas emission. In addition, L'Oreal has had a reported seventy-three percent reduction in “absolute CO₂ emissions at our factories and distribution centers compared to 2005” (Loreal 2018). So, overall as a company, they have found and created ways to still produce their products but in a way that is way less detrimental to the environment. Now that the climate issue is really being brought to light, every day in news articles and on news stations, people are really starting to look at what types of things they are purchasing and if those objects are in fact harmful to the environment. So when individuals see that L'Oreal has worked to lower the pollution from their factories, they may be more likely to go with this company offering a “younger ecological trend”.

Competitive trends

As most beauty companies have, L'Oreal tries to go above and beyond to meet even the most demanding of customers' needs. L'Oreal offers hundreds of different types of products.

These products range from “Age Perfect Hydra-Nutrition Honey Day Cream” to “Purify & Unclog Kiwi Scrub” and “Clarify & Smooth Face Mask” (L’Oreal 2018). L’Oreal offers such a wide variety of products, that most other competitors are not able to offer but at the same affordable price. L’Oreal sends customers surveys about what kind of products they would like to see more of, or what is something that they could improve about their products. L’Oreal is really focused on pleasing the customers and meeting their every need, no matter how specific. There are not many customers that are this focused on customer service and really finding out what their customers want.

Who are the target product/company competitors?

The number of companies that sell cosmetics is too many to count and still growing. With the amount of competition out there, companies are constantly thinking of new ways to advertise, market, and sell their products. The actual purpose of the product is not enough anymore for consumers. Companies are constantly making strides to enhance the price, look, and ingredients of their products.

One of the ways other companies compete with L'Oréal is through how much they charge for their products. L'Oréal has always targeted the middle class buyers who can afford luxury items. This means that there are companies that do cater to a higher and lower class which means these companies compete with their price. Companies that choose to sell to a higher class will charge a premium price because they know that these people will buy their product for reasons such as the packaging looks nicer on their dresser. For instance, Chanel will charge more for their make up just because they know they can.

The sayings, “don’t judge a book by its cover” or “looks aren’t everything” are not true to the world of marketing, especially cosmetics. People who are looking to buy beauty products such as make up, hair care, and skin care are all spending their money to enhance their looks. They want to buy the best product that will do just that for them, but it starts with the packaging itself. One-third of consumer decision-making is based on packaging (Jarski, 2014). Logo, coloring, typography, and uniqueness are all ways that a product’s packaging can attract a customer and even sway their decision (Hughes Enterprises, 2019). The packaging is the first thing they will see and it is a huge way that companies try to compete with each other. It is no secret that L'Oréal tends to cater to an older market of customers (Danziger, 2015). Therefore, their packaging is more sleek and simple and usually narrowed down to one or two colors. Companies who are trying to compete with L'Oréal may try to come out with more of a fun, colorful packaging in order to go for the younger age market. For example, Garnier Fructis, Herbal Essences, and Maybelline to name a few. Companies are constantly changing their packaging to attract customers. Afterall, packaging is a vital part of marketing.

Over time, research has shown that some of the chemicals in cosmetic products are often harmful. Luckily, technology has improved to find other solutions because consumers are starting to follow the trend of “All Natural” or organic products. People will even pay more for a product that is healthier for them. For instance, Lush is a great example of this. Their slogan is “Fresh Homemade Cosmetics” and their products are said to be made in a kitchen. They use real, fresh ingredients and hardly any chemicals. They are also known to use vegan and vegetarian recipes only, be animal cruelty free, and use recyclable packing. Consumers want to feel like they are using good, safe products on their body to feel healthier. There are a number of other

companies that are not able to go as far as Lush does, but are trying to become more natural in their ingredients. For example, St. Ives advertises themselves as being paraben free and their packaging shows pictures of fresh ingredients (i.e. an apricot). OGX is another example of using natural products. While chemicals are still necessary, they are very limited and their customers are told the fresh ingredients on the front of every bottle. This is a clever way to bring in customers. L'Oréal themselves has received concerns from their customers about the ingredients they use and they have stated that they are deciding to reduce or remove certain ingredients due to customer concern (L'Oréal, 2017). They have realized that in order to compete with other companies, they need to change the ingredients in their products despite their cost.

No matter what the reason may be, companies are always trying to fight to get on top. When you are the largest cosmetics and beauty company in the world like L'Oréal, you always have to be one step ahead. Luckily, L'Oréal's consumers seem to be very loyal, however, that doesn't mean they still do not have to be competing every single day.

Perform a SWOT analysis and present your findings in visual form (for a sample, see Wood p. 29).

(A listing of the topics covered in the SWOT analysis can be found as a chart form in the Appendix)

When analyzing the strengths of how L'Oréal markets their products, it is evident that they have a quite specific market they are targeting. Having a clear mission statement, shown in the *Appendix*, keeps the marketing scheme of the company consistent and creates a sense of understanding with their consumers. Being able to set differentiating parameters in a consumers

head, leading them to have a clear understanding of the product being sold, will ultimately lead to a higher differentiation of L'Oréal's products from other beauty products. To stay ahead of its competitors, L'Oréal does a great deal of R&D (Research and Development). The company follows a Product Orientation philosophy, with continuous Research and Development they are able to market the hottest and most wanted products in the beauty market. Another strong suit of the company is its ability to utilize integrated and point of purchase marketing strategies. L'Oréal is able to market interrelated products from its vast portfolio while being able to provide these products at a market average cost. Since it does not focus on the high price or low price industry, L'Oréal uses an Above the Line marketing technique. In an above the line marketing technique, L'Oréal will focus on marketing their products through media vehicles such as Television, Radio, Cinema and Out of Home Media.

Part of the weaknesses L'Oréal is affected by is the fact it employs over 80,000 workers. With so many workers they naturally have difficulty with managing all of the operations that are going on within the company. This means that the process of hierarchical management will slow down the releases and approval of products, decisions, and operations. The amount of workers employed, time between operation life cycles, and lots of research and development are the cause for why the product is middle of the line in pricing. With its associated pricing, L'Oréal believes consumers are still receiving a fair market value for the price they are paying to obtain L'Oréal beauty care products. The profit margins are relatively low, meaning that the company could raise the price of their product, but that would cause a potential for consumers to not feel as if they are receiving a fair value of the product they are paying for.

The opportunity to expand its market share is a considerable factor given L'Oréal's current role as a leading beauty care brand. With an increasing population and an increasingly dominant presence in the beauty industry as the "go to" brand, there is much potential for L'Oréal to contribute to its current market share. Continuing to invest in research and Development will open up more opportunities to tap into non-saturated markets. Expanding the current product lines and introducing new products will add to the overall market share of the company. To complement the copious amounts of consumer oriented marketing L'Oréal does, introducing stores owned by the company where people can buy the product will make it easier more than ever to increase its share in the beauty market.

Potential threats to L'Oréal's current market standing come from the nature of the cosmetics industry. With constant updation being demanded in the cosmetics industry, it means L'Oréal must be continuously updating its product to stay ahead of the industry. Competitors will also be continuing to come up with new ideas that will force the company to increase its advertisement and adjust product specifications to create differentiating factors. An additional threat is if there is a slump in any of the international economies. Since L'Oréal sells products in economies from all over the world, a slump in the economy in one region of the world could limit the amount of working capital the company has to operate with. If multiple economies begin to slump, real danger of not having enough cash to support business operations could cause a stall in production, R&D, marketing or even the entire business operation.

Provide an analysis of current and projected success based upon your SWOT.

Using a SWOT analysis to evaluate L'Oréal in a marketing based prospective. It is clear that the company is successful at tapping into performance superiority, operational excellence, and customer intimacy. However, it is clear that L'Oréal predominantly focuses on Customer Intimacy as its most important sector. As stated in its Mission Statement (Appendix), "L'Oréal has set itself the mission of offering all women and men worldwide the best of cosmetics innovation in terms of quality, efficacy and safety. It pursues this goal by meeting the infinite diversity of beauty needs and desires all over the world" (L'Oréal Inc.). Evidence of its success to "provide the best cosmetics worldwide" is shown by the fact that it is currently the number one cosmetics provider in the world. The company also has a bright future in the cosmetics industry. L'Oréal employees constant R&D to expand its market share so that they are able to keep their product consumer oriented. With over 498 patents and a yearly growth rate of 4.2% from 2017 to 2018, the company clearly has its mind set on maintaining its dominance in the beauty industry (L'Oréal 2018: Key figures for 2018). As long as the marketing sector of the company continues to focus on Above the Line Advertising so that it can provide goods at a Fair Value price, L'Oréal will continue to establish brand loyalty with its consumers.

Describe the potential, available, qualified available, target and penetrated market for your product.

The potential market for L'Oreal consists of two main groups currently. There has been an increase in the amount of men recently that are using beauty products, which has started to lead L'Oreal to create more beauty products geared towards men. However, L'Oreal has the potential to increase their profits on men's beauty products, as the demand for men's beauty products will

continually go up. Another group that L'Oreal has identified as a potential market is in the Asia-Pacific Region. There is a 12 percent increase in the product demand in this area, which is a promising area of future growth for L'Oreal (Bhasin 2018).

The available market for L'Oreal would consist of smaller beauty business' that supply the product. Some examples would be smaller beauty stores or smaller hair salons that have the means to buy the products, and have the access to that particular beauty market and service.

The qualified available market for L'Oreal consists of several individuals all over the world. These consumers are individuals who have an income, so they have some extra money to spend, but they also are individuals which want to use makeup. L'Oreal has many younger customers, especially women between the ages of 15-20.

The target market for L'Oreal is segmented based on demographic factors, such as providing L'Oreal LUXE in middle eastern countries. L'Oreal in addition, consists of 34 brands which is meant to target middle, upper middle, and upper income class individuals who work in professions where they may feel that they are judged based on their physical experience (Bhasin 2018).

The penetrated market for L'Oreal consists of multiple different types of consumers. Their consumers in the penetrated market range from professional salons to luxury boutiques in several countries. L'Oreal has beauty products in retail stores located throughout the world.

What are the demographics, needs, behaviors, attitudes, psychographics and preferences for your product and category in the market? How are these changing?

In today's society surrounded by social media and free expression, it is vital for brands to build themselves to be inclusive. L'Oreal structures the companies' marketing demographics strategically in the sense that they provide goods accessible to almost anyone regarding pricing, products, and location. The brand promotes inclusivity to all genders, ages, and social status; as shown in their mission statement: "Offering all women and men worldwide the best of cosmetics innovation in terms of quality, efficacy and safety to satisfy all their desires and all their beauty needs in their infinite diversity" (L'Oreal 2017). They aim to target customers interested in skincare, makeup, hair, and all things beauty, whether it be female or male. Beauty has become much more gender neutral in the 21st century, and it is inevitable that brands must make changes in order to keep the customer happy. For example, products such as L'Oreal skincare for men, L'Oreal hair care, etc. are helping L'Oreal surpass the threshold of just "female products", which gives them not only greater customer attraction, but also influences people to support and endorse them as a company. As trends come and go, L'Oreal changes their product line; an example of this is creating the L'Oreal True Match foundation, a range of over forty shades, that helps men and women of all skin tones achieve a natural complexion that matches them perfectly. This separates L'Oreal from those brands and puts them at the top. L'Oreal's products can be found in local drugstores and supermarkets at a reasonable price, making it available to the general public. In essence, L'Oreal has been in business for over a hundred years by virtue of their ability to make modifications based on the consumer's requests.

Who are the customers for your product, what are their buying patterns and what influences their needs and behaviors?

In the world of marketing, nothing is permanent. Brands have to constantly be adapting to the times. Types of consumers, buying patterns and outside influences are always changing. The L'Oréal Group is the largest cosmetics and beauty corporation in the world (Rooney, 2014) and they have continued their success by branching out their brand to constantly attracting new customers. Whether it was product innovation or clever advertisements, their number of customers has increased. This can be directly related to their key goal to attract new customers, ensure a value for them, and keep the current clients by bringing satisfaction. Although their main targets are women of ages 18-35, L'Oréal states they market their products to women and men of all ages. They also market to customers with regards to diversity since their “universalisation” strategy is part of their plan to bring in over one-billion new clients by 2020 (Masidlover & Burkitt, 2014). As times have changed, L'Oréal was quick to realize that the cosmetics world is opening up to men too, which means a new opportunity for customers. They have also included older aged woman in as part of their marketing campaign. In addition, L'Oréal has a large portfolio brand with it being present in 130 countries and growing (L'Oréal, 2015b). Overall, L'Oréal is smart and they try to target to as many consumers as they possibly can so they can continue to grow as a company.

Once a company sets their consumer target group, it doesn't end there. Companies need to consistently look at their customers' buying patterns to see what influences any changes. According to Abnett (2015), L'Oréal has had strong growth every year which means their buying patterns usually increase. Buying patterns change due to certain influences that affect the consumers' wants and needs. For instance, employment, recessions, and wage changes and income can affect buying. If unemployment rises, less people will be able to buy products but if

wages go up, then people have more money to spend on luxury items. However, there are less obvious factors that come into play when consumers go to the store. For example, cultural, social, and psychological factors can change how often consumers purchase.

L'Oréal knows they need to adjust their products to meet local demands and cultures. If a country is going through recession, L'Oreal knows that buying patterns would decrease and they would need to focus their marketing on a country that is not going through a recession. In addition, if a culture emphasizes beauty like in some Indian cultures, beauty product buying patterns would increase there as well.

Social factors also play a big role in the effects on buying patterns. For example, trends change often and they affect what people decide to buy. Recently, millenials have been favoring products that are considered natural, “green” and organic. They believe that it is better for the Earth and healthier for them as well so their buying patterns could decrease for products that aren't so “green” and patterns could go up for products that are. Therefore, L'Oréal has innovated their products to meet consumer needs and wants. Another social trend right now is makeup tutorials being done online. People love to watch others show them how to use their makeup correctly for the best outcome. L'Oréal saw this and implemented it into their marketing strategy. Furthermore, they have mobile applications that allow consumers to look at products, try products without having them on, match nail color to their outfit, and videos with advice and tutorials. Thus, customers are entertained, educated, and buying patterns go up. Certain advertisements by L'Oréal show a women looking beautiful and happy which makes consumers want to buy those products as well. The use of social media had increased as the years go on and people, especially young women, can't help but compare themselves to others and want to feel

beautiful. Social media trends affect consumers wants and causes buying patterns to increase or decrease depending on the focus of the add.

Overall, buying decisions come from the brain. Studies in psychology have shown that certain wording in advertisements, as well as sounds and colors, can trigger certain cognitive processes and cause the consumer to buy that specific product. For instance, most people can recognize L'Oréal's globalised slogan, "because you're worth it", which may cause them to be more willing to buy their products. (L'Oréal, 2015). The company shows that the slogan encourages imagination and it symbolises a promise, praise, and personal connection. It also highlights how the slogan encourages people to buy cosmetics and to cherish their looks. Additionally, L'Oréal is known for using a consistent number of colors along with the black logo, which according to psychology, people associate the brand with exclusivity and glamour (Stanger, 2012). L'Oréal plays off of these strategies to make customers feel like they need to have their products and that they will feel good using them.

What market coverage strategy (mass market, small segment, niche market et al.) does the company use for this product?

When considering how to market their product, L'Oréal has decided to use a sub-segmented coverage approach. In particular, the company tends to focus on demographic segmentation; marketing to different groupings of consumers based on age, lifecycle stage, gender, income, and religion/race. Given that the company produces such a wide variety of different products, it uses a sub-segmented marketing approach in an effort to reach as many consumers as possible. A sub-segmented marketing approach will allow L'Oréal to produce

products for middle to upper-class families, millennials to baby boomers, white to dark-skinned people, as well as old to young people. For example, L'Oréal's LUXE products are produced specifically with the intention to be marketed to the upper-middle and upper-class consumer (Friesner 2018). This product and marketing strategy belongs to the sub-segment that is designed to attract the income demographic. Another sub-segment L'Oréal makes products for is the race demographic. The company has a "Dark and Lovely" product line which is sub-segmented towards consumers which have a darker skin tone (Friesner 2018). Through strategic advertising techniques, L'Oréal is able to hone in on each of the sub-segments it makes products for, effectively marketing to a large number of consumers.

What is the Point of Differentiation for your product/brand?

In the world of Cosmetics, the competition between companies is fierce and there are so many options to choose from for customers. Consumers know it's no secret that all of these companies are basically selling the same products. So, how do they choose which one they want to purchase? For instance, some companies are known for giving you the best 'bang for your buck' while others are known for having attractive packaging. Whatever the reason may be, consumers know why they choose a product over other ones. No matter what, it is the company's job to let consumers know what makes them different. This strategy is known as the Point of Differentiation which basically tells consumers what is different and special about their brand/product. Standing out amongst your competitors is good for business; it shows consumers why they should choose your company.

Maybelline New York, Garnier, and Revlon are only a few of the companies that L'Oréal has to compete with. L'Oréal has been the leading cosmetics brand in the world for some time and that has to do a lot with how they position themselves in the market and how they stand out to consumers. Kotler (2000, p. 32) states that positioning is the key benefit of the product that the target customers have in mind. According to Veronica Širova in 2015, L'Oréal's differentiation strategy is to highly differentiate its brand by claiming they have products of *high quality, care, and effectiveness* (L'Oréal, 2015b).

As previously mentioned, L'Oréal is the leading personal care brand. Therefore, to be on top, their products have to be the best of the best. L'Oréal wants consumers to know that they are different for having high quality products while also being affordable. They also highlight how their products take care of your body and are effective. L'Oréal was smart in choosing their P.O.D. because they chose something that is desirable and that they believe they are the best at doing. L'Oréal wants buyers to understand that if they choose to purchase L'Oréal products, their will be a noticeable difference in their skins beautification. L'Oréal has hit all of the steps to having a clear Point of Differentiation and in turn they have shown to be successful. However, to continue their success, they need to remain true to their statement.

How would you describe the brand mantra for your product/brand? (Remember there are three components – identify each).

When it comes to L'Oreal, the brand function is known to be beauty. L'Oréal is known for several of their beauty products; it started with just women's makeup and now ranges anywhere from charcoal beauty products to men's beauty products. The descriptive modifier for L'Oreal is

embrace; the company's main goal for consumers is to be able to embrace their beautiful self, in whatever way the consumers feel makes them beautiful (L'Oreal 2019). While the company's descriptive modifier is to embrace an individual's beauty using beauty products, their emotional modifier is focused on self-worth. The company, even though selling beauty products, wants consumers to embrace their natural beautiful selves. The brand function of L'Oréal is evident in their positioning statement; "For women and men of all ages, L'Oreal is the most inexpensive, safe, and universal beauty supplier among all other beauty suppliers for both men and women." (Danzinger 2015). By following its mission statement, L'Oréal is able to represent its products using a positive and energizing brand mantra.

Where is your product in its product life cycle? What evidence do you have of this?

L'Oreal, with its various beauty products, is within the growth stage of the product life cycle. L'Oreal spends an increasing amount on research and development, with a cost of 447 million euros for the first half of 2018, which rose by over 5 percent (L'Oreal Finance). A company that has a product within the growth stage will invest a larger amount of money into their research and development to figure out what they need to do to grow as a company; what more can they offer, what is trending, etc. In addition, within the past year, net earnings per share have increased by over five percent (L'Oreal Finance), which means that the company is valued at a higher price. L'Oreal also has several different business locations, not just in the United States but internationally. With a growing product, they are looking to expand not just nationally, but also internationally to stake their claim at the top in the beauty market. L'Oreal started with

markets in the United States and Western Europe, but now has recently expanded into Asia, Latin America, Eastern Europe, and Middle East Africa (L'Oreal Finance).

What is the overall strategy for your product? - Growth, maintenance or decline? Why?

As mentioned above, L'Oreal is in the growth stage of their product life cycle, but their strategy also focuses on continued growth. Also as mentioned, there was a major rise in the cost that was spent on research and development, which means that the company is looking to continue its growth pattern. Additionally, they have recently expanded into several other international markets, as a way to hopefully put some growth in their company (L'Oreal Finance). L'Oreal's main statement is "Beauty for all" (L'Oreal 2016). By sticking to this statement, L'Oreal hopes to continue its growth cycle and expand its market share of the beauty industry.

What growth or non-growth strategies are evident for your product?

L'Oreal's main growth strategy is "Universalization", which to L'Oreal means globalization that "captures, understands, and respects differences" (L'Oreal 2016). L'Oreal understands that individuals all around the world need different types of beauty products, so L'Oreal is there to accept and meet their consumers needs. L'Oreal is a 109 year old corporation that is operating in 150 countries (Ren 2018). An example of one of L'Oreal's newest international expansions is their recent partnership with L'Oreal China and Alibaba TMall Group (Ren 2018). L'Oreal continues to pair up with several different business' internationally because they want to be able to specifically meet the needs of the individuals globally, which will only cause their company to grow and expand.

From your research, what marketing, financial and societal objectives are associated with your product or the company producing your product?

L'Oréal has kept its top spot for years now and will mostly likely continue to do that for years to come. L'Oréal is always thinking one step ahead and how they can achieve more success. They have proven to be clever and successful in hitting their objectives to reach their goals. For instance, they already have had a goal set to reach one billion new customers by 2020. That is a bold statement to make and they seem to be confident. That being said, there are certain objectives that L'Oréal continues to be associated with.

Anyone who owns a television has seen a L'Oréal commercial and knows their famous slogan “Because you are worth it”. They have worked their marketing objectives off of that famous slogan to make people everywhere feel like they deserve to wear L'Oréal. In addition, they have designed their commercials to showcase celebrities of all ages and skin colors to show that they market to several segments. As mentioned previously, they are trying to reach one billion new customers. They plan to do this by following their largest objective at the moment of universalization which entails bringing their brand to even more countries around the world. Not only did a myriad of articles mention this new plan, but it’s also available on the L'Oréal website.

For their financial objectives, L'Oréal is turning to their products. L'Oréal is committing themselves to a sustainable, responsible and shared growth. They specifically plan to do this through its "Sharing Beauty With All" program which is emphasizing the beauty of all people, with no discrimination, and the beauty of the planet to use greener products. These commitments are completely harmonious with the initiatives of the L'Oréal Corporate Foundation. “82% of L'Oréal products in 2016 have an improved environmental or social profile.” The company is

aiming for 100% in 2020. To be able to succeed with this ambitious target, the group is planning to focus on several different aspects which consist of improving the water footprint of formulas, using raw materials that are renewable or based on green chemistry, and optimising packaging. They want their customers to know they want them to live beautifully and healthy and they are going to deliver products that will do just that. Alexandra Palt, Chief Sustainability Officer for L'Oréal, states "2016 was a milestone year: we are halfway to our 2020 commitments, and there has already been a clear change in the way we work. Each time we invent, develop or revamp a product, we think not only about its performance and profitability, but also about the contribution it makes to sustainable development."

For a company to be successful with selling, they need to keep in line with society. As mentioned in Assignment #2, L'Oréal has been clever in doing this from knowing what trends are becoming popular to what strives society is making towards acceptance. As of right now, research has shown that L'Oréal is moving along with society to become more efficient with their technology, keeping up with the trend of the preference of "greener" products, and creating more products to stay in tact with diversity for race and gender. These seem to be their main societal objectives for the past few years and they are continuing to do work towards this. People are able to associate L'Oréal with these ideas because they are notorious for following through with their word. For instance, creating a wider variety of skin tones for makeup, innovating the app that shows tutorials and allows you to virtually try on the makeup, reinventing their products to be more eco-friendly, and including men in their mission statement.

What are the key benefits associated with your product?

There are great benefits that go further than a flawless complexion and the shiniest of hair. Benefits are also found to be given to both customer and an employee of L'Oreal. In terms of working for the company, individuals have stated they work in a comfortable, diverse environment that allows them to produce the best product. Thus benefiting the customer because they receive the best products and services possible.

In terms of product, no matter your race, gender, age, etc., there is most definitely a product for you. Because L'Oreal operates to be the utmost cost-effective, they are able to produce a wide range of products that help fit the daily lives of both men and women such as make up, skin care, and hair care. Within each of these categories is a plethora of goods to meet the needs of a global population. The company's values are as follows: "If for over a century L'Oréal has been devoted to just one business - beauty - it is above all because of our passion for it. Passion for what cosmetics can bring to women and men: well-being, self-confidence, an openness towards others." (L'Oreal).

What are the key quality, design and packaging strategies for your product or service?

L'Oreal packages their products to accommodate to the specific regions in which they are selling. For example, the Indian beauty market is rapidly growing. The company has decided to use cost effective packaging such as reusable material to ensure products are more accessible to the "less affluent" (Forbes) population of India. This form of packaging is called "Sachet Sizes", meaning the packaging is smaller and thinner, thus making it cheaper as well. On another note, L'Oreal uses vibrant colors that draw the attention of customers while their shopping. For example, along the aisles of local retail stores is a rainbow of L'Oreal shampoo and conditioner bottles just waiting to be purchased. The company matches hair products by color so the

consumer is persuaded to buy every product within the specific hair care line. For the Age-Rewind line, the packaging is more mature and classic using colors such as solid red or solid gold to appeal to the older generation of consumers. The company uses strategies primarily driven by location and customer demographics, which is why they continue to sell products all over the world.

Interview as many people as you can (at least 15) from as many demographics as possible to assess their impression of your product or service's brand. Questions to ask include:

Subject A (Kirstin Trembley) White, Female, Heterosexual, age: 48

Q: What is the first thing that comes to your mind when you hear L'Oréal ?

A: Makeup.

Q: Have you ever purchased or considered L'Oréal ? Why or why not?

A: Yes, but because it was on sale.

Q: When was the last time you heard about or thought about L'Oréal ? In what context?

A: Last time I saw a commercial so the last couple of weeks.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Well, I think they are too expensive but they have good products so overall I would say general negative because the price turns me off.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: I disagree, I don't think I have ever heard that about L'Oréal but I don't doubt that it would be true.

Subject B (Brandon Little) White, Male, Heterosexual, age: 20

Q: What is the first thing that comes to your mind when you hear L'Oréal?

A: Shampoo.

Q: Have you ever purchased or considered L'Oréal? Why or why not?

A: No because I didn't know they made products for men.

Q: When was the last time you heard about or thought about L'Oréal? In what context?

A: I suppose years ago when I saw a commercial.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: I don't have any impressions of it because I never use it or felt like I would want to use it.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: I can't say I agree or disagree being that I don't know much about their company.

Subject C (Shreya Vaidya) Indian-American, Female, Heterosexual, age: 19

Q: What is the first thing that comes to your mind when you hear L'Oréal?

A: I think of "My Color" shampoo and conditioner and mascara.

Q: Have you ever purchased or considered L'Oréal? Why or why not?

A: Yes I have purchased L'Oréal products because they work really well for me, especially their mascara because it makes my eyelashes long.

Q: When was the last time you heard about or thought about L'Oréal? In what context?

A: The last time I thought about L'Oréal was from a commercial about a week ago.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: My impressions are pretty positive because their mascara is my holy grail and it is the only one I use.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: I do agree with this statement because the products have always hit all of these things for me.

Subject D (Daniel Marx) White, Male, Homosexual, age: 20

Q: What is the first thing that comes to your mind when you hear L'Oréal?

A: Skin care and Hair care.

Q: Have you ever purchased or considered L'Oréal? Why or why not?

A: Yes, because I had a coupon for their hair care and skin care so I decided to try it.

Q: When was the last time you heard about or thought about L'Oréal? In what context?

A: Today when I applied my under eye cream.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Generally positive because I have enjoyed their products and they have worked well for me.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: I do not agree because it isn't that affordable and there are other products that are lower in cost and are as effective in my opinion.

Subject E (Samantha Fife) White, Female, Heterosexual, age 19

Q: What is the first thing that comes to your mind when you hear L'Oréal?

A: Paris.

Q: Have you ever purchased or considered L'Oréal? Why or why not?

A: I probably have for makeup wipes and lotions. I am not sure what else they sell.

Q: When was the last time you heard about or thought about L'Oréal? In what context?

A: Recently when I saw their products in CVS.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: I would say they are generally positive.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: I do agree because they are affordable for having quality products that work.

Subject F (Katherine Salminen) White, Female, Heterosexual, age: 70

Q: What is the first thing that comes to your mind when you hear L'Oréal?

A: Expensive.

Q: Have you ever purchased or considered L'Oréal? Why or why not?

A: I have used them but I don't remember the reasoning behind it.

Q: When was the last time you heard about or thought about L'Oréal? In what context?

A: Probably in the last couple of weeks because they are advertised on television.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Yes, because I think they are good quality and even though it is expensive, you get a good amount of the product.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: Yes I agree because the products seem to fit that description.

Subject G (Danica Wilner) White, Female, Heterosexual, age: 16

Q: What is the first thing that comes to your mind when you hear L'Oréal?

A: Cosmetics.

Q: Have you ever purchased or considered L'Oréal? Why or why not?

A: Yes and because I was influenced by an advertisement I saw on T.V.

Q: When was the last time you heard about or thought about L'Oréal? In what context?

A: I thought about it when I saw a commercial the other.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: I like the products but I don't think they are anything special. I would say my general impression is indifferent.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: I don't agree because I just believe there are better brands to choose from.

Subject H (Ralph Betancourt) Hispanic, Male, Homosexual, age: 21

Q: What is the first thing that comes to your mind when you hear L'Oréal?

A: A makeup brand that is usually catered towards female care.

Q: Have you ever purchased or considered L'Oréal? Why or why not?

A: No because I don't necessarily feel like I should buy "feminine products".

Q: When was the last time you heard about or thought about L'Oréal? In what context?

A: A few weeks ago from a commercial.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: They are generally positive because I haven't heard anything bad about them before.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: I do agree because they have shown gender equity in some of their products.

Subject I (Sam Mastriano) White, Female, Heterosexual, age: 20

Q: What is the first thing that comes to your mind when you hear L'Oréal ?

A: Makeup/skincare.

Q: Have you ever purchased or considered L'Oréal ? Why or why not?

A: Yes, I have occasionally because it is relatively inexpensive.

Q: When was the last time you heard about or thought about L'Oréal ? In what context?

A: I saw a commercial for the products and they are in the makeup aisle at any store.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Yes, they typically have famous people showing off their brand.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: They are focused on beauty in many aspects, not just in physical beauty. The products are designed with science and a commitment in mind.

Subject J (Scott Desmond) White, Male, Heterosexual, age: 22

Q: What is the first thing that comes to your mind when you hear L'Oréal ?

A: Skin Care.

Q: Have you ever purchased or considered L'Oréal ? Why or why not?

A: No. I have always purchased other brands, sounds girly, sounds expensive.

Q: When was the last time you heard about or thought about L'Oréal ? In what context?

A: When I saw a commercial for it.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Yes. Seems like a high-quality product that is priced too high.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: I don't understand, doesn't understand how it is a science. If it is natural how is it a science?

Subject K (Amanda Vespucci) White, Female, Heterosexual, age: 21

Q: What is the first thing that comes to your mind when you hear L'Oréal ?

A: Lotion/makeup.

Q: Have you ever purchased or considered L'Oréal ? Why or why not?

A: Yes, have purchased facial lotion. They have quality lotion cream that helped with acne.

Q: When was the last time you heard about or thought about L'Oréal ? In what context?

A: Recently, when I saw a commercial in the last year.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Positive. They have nice commercials. People look like their skin looks fantastic!

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: Sounds inclusive! Sounds like they are trying to include many people as part of their campaign.

Subject L (Justin Gordon) White, Male, Heterosexual, age: 20

Q: What is the first thing that comes to your mind when you hear L'Oréal ?

A: Women's products.

Q: Have you ever purchased or considered L'Oréal ? Why or why not?

A: No, he doesn't really use skin care products.

Q: When was the last time you heard about or thought about L'Oréal ? In what context?

A: Last time I heard about it was through my mom. She had bought a hair product made by L'Oréal at a store.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Positive impression thinks it is a quality company. His mom enjoys using the products and she only uses' quality hair products.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: Agrees with the mission statement. It reflects what females are looking for in beauty products.

Subject M (Patrick Manning) White, Male, Heterosexual, age: 21

Q: What is the first thing that comes to your mind when you hear L'Oréal ?

A: Perfume.

Q: Have you ever purchased or considered L'Oréal ? Why or why not?

A: No, straight male that doesn't purchase male products.

Q: When was the last time you heard about or thought about L'Oréal ? In what context?

A: In a commercial a couple of weeks ago, possibly during the super bowl.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Yes! They have effective marketing campaigns.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: Agrees with it. Straight forward to the point, has a general attitude to it that allows the company to reach out to a diverse group of people.

Subject N (Hank Collins) White, Male, Heterosexual, age: 19

Q: What is the first thing that comes to your mind when you hear L'Oréal ?

A: Isn't really sure what they do.

Q: Have you ever purchased or considered L'Oréal ? Why or why not?

A: No. Loyal to Dove. Makes me feel amazing.

Q: When was the last time you heard about or thought about L'Oréal ? In what context?

A: Before today, two months ago while he watching tv.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: No, he does not care about the beauty industry.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: “Beauty is a social construct made by companies such as L’Oréal to profit off of socially conscious women and push forth their social agendas”.

Subject O (Emma Gugliemo) White, Female, Heterosexual, age: 20

Q: What is the first thing that comes to your mind when you hear L'Oréal ?

A: Skin Care.

Q: Have you ever purchased or considered L'Oréal ? Why or why not?

A:. Yes. They have an affordable product that helps me keep my skin smooth!

Q: When was the last time you heard about or thought about L'Oréal ? In what context?

A: I bought a skin lotion by them from cvs three days ago.

Q: Are your impressions of L'Oréal generally positive or not? Why?

A: Always. There products make me feel good.

Q: Read the positioning statement you wrote for your product/service and ask the respondent if s/he agrees.

A: Agree! They really do strive to make the best products at an affordable price that is meant to enhance beauty.

What can you glean about the strength of the brand based upon your research above?

After conducting research on L'Oréal's market standing, the average consumer was aware of the industry they service (beauty). It seems that L'Oréal has a positive reputation with the majority of the people whom were interviewed. L'Oréal seems to have done a solid job at reaching out to a diverse market segment as both males and females were familiar with the product as well as had reported using the product at some point. When examining how well L'Oréal has penetrated its stake in the beauty market based on this research, it appears that when the user had purchased a product made by L'Oréal that they returned back to them to buy another product. Creating brand loyalty and a quality product seems to have been a successful branding strategy that is evident in many of the interview responses. While L'Oréal clearly tries to use a customer centric approach, some of the respondents believe the company is just trying to gain as large of a market share as possible by appealing to many different segments. This reasoning would make sense given that the typical product producing company is not primarily concerned with creating customer centricity, but is more focused on the market share and total amount of product that they sell.

Who are the channel members involved with your product? What function(s) do each of them provide?

The channel members that are involved with L'Oreal are wholesalers, retailers, and agents. Several different large retailers such as Amazon, Walmart, and Target sell L'Oreal beauty products in their stores and on their websites. Wholesalers are meant to provide a wider range of marketing, and at a somewhat discounted price compared to the manufacturer's price. Beauty retailers will either buy a product through the manufacturer and in bulk, so most of the time it will be given at a discounted price (even if the discount is minimal), or they will purchase a bulk

quantity through a wholesaler (already at a discounted price). Retailers provide another type of marketing for L'Oreal but focus on the local level. Retailers bring the products from the international level and place it locally throughout several small pharmacies, beauty stores, etc.

An agent is someone who negotiates on behalf of the company or client for the purchase or sale of a good. In specific L'Oreal stores, there are hired makeup consultants who work for a fee to do a "makeover" for a customer in the store. There are also individuals that are sent into stores such as Macy's to try and get customers to buy their products and get some sort of commission from a makeover using L'Oreal products.

How does each channel member add value to your product? (Include reverse channel as appropriate)

Wholesalers add value to a company's product in a numerous amount of ways. Wholesalers are able to purchase a large volume of L'Oreal's product, have it shipped into their stores, and directly sell large quantities to consumers (WFFSA). Another way that wholesalers add value to products is by staying in regular contact with product retailers so that the products are easily promoted and available for these retailers (WFFSA). Retailers add value to a company's products because the retailer acts as that channel between the user, manufacturers, and suppliers. Additionally, since retailers function more on the local level, they are able to buy and supply products in high demand for a certain area. Retailers only need to focus on one geographic region, instead of the supplier who focuses on geographic regions throughout the world. It is not super beneficial to work through agents, as agents tend to work based on commission. For a company such as L'Oreal, there are not many individuals that sell makeup for

commission; beauty suppliers cannot make a commission off a bottle of nail polish, priced at \$3, the way a real estate agent would selling a \$400,000 house. Overall, all three types of channel members are extremely beneficial to L'Oreal in various ways.

How many channel levels does your product have? How should your product company evaluate the channel members?

L'Oreal has three product channels: directly to consumers, to consumers via retailers, and to consumers via wholesalers. Even though using the channel of selling directly to consumers is primarily used for smaller companies, L'Oreal uses it as a way to make a large number of profits. One example of a direct consumer channel is shown through L'Oreal's online website where customers can browse through and purchase their products. In addition, L'Oreal has several stores throughout the world where they can make direct sales to customers (in the U.S. and internationally). L'Oreal is able to channel sales through retailers in several giant retail stores including Target, Walmart, and Amazon. Lastly, L'Oreal is able to channel through wholesalers such as Sam's Club which supply L'Oreal products to smaller beauty retailers at a low price (wholesaler still makes some kind of profit). L'Oreal should evaluate the channel members by looking at the cost of distribution for each method and what the profit for each one would be. It is important for companies to consider the current nature of the market by asking themselves if the product has had many sales and if most people want to purchase there product. Overall, it is important for L'Oreal to choose the most cost-effective channel that is also in high demand.

What type of distribution (intensive, selective or exclusive) is used for your product? Why?

L'Oréal is known as the world's largest cosmetics company. Their products are in high demand and are sold in most drug stores, general merchandise big box stores, make-up stores, and more. That being said, L'Oréal's distribution strategy could be classified as *intensive* because they distribute their products at a large-scale and they display their products in as many locations as possible. They increase unit sales and try to cover the largest portion of a market that they can, in order to make their product convenient to consumers. This strategy works best for them as it aligns with the competitive market that they are part of. Moreover, intensive distribution is most effective when the product that your brand is selling is a very popular product in the market and when there are many different alternatives available. To go further, if a customer does not choose to purchase L'Oréal, the customer will simply buy another brand. Thus, the complete push is towards the vast distribution of the product in order to successfully use the intensive distribution strategy. L'Oreal wants to get their product into as many places as possible in order to keep sales going.

L'Oréal does not use selective distribution because to choose to market their product wherever a consumer would think it could be found. You could walk into any ShopRite, Target, or Walmart and go into the cosmetics aisle and they will sell L'Oréal. It can also be found in make-up stores such as Sephora. L'Oréal does not use exclusive distribution either because it does not choose to only sell its product in one store for a whole region. This type of distribution is used for exclusive products that consumers are willing to drive to, and when the company is trying to introduce an innovative item. For example, Lush Cosmetics is only sold in their own store and nowhere else.

What are the key logistics functions associated with your product?

Having a good logistics strategy is crucial to a brand because it will help address customer needs while meeting internal financial targets. There are four main logistical functions that should be taken into consideration when creating a marketing plan: Storage, Inventory, Order Processing and Fulfillment, and Transportation.

Storage: L'Oréal keeps their supplies, parts, and finished products in a warehouse until they are ready to be shipped. Since they are such a large cosmetic manufacturer they have to balance creating demand and meeting it (O'Reilly, 2019). That being said, L'Oréal a high demand product, they need to be constantly shipping out their products which means these items aren't in the warehouse for long. To add, they are shipping their products out to vendors as soon as they are finished because they know that if their products are not on the shelf, there are plenty of other competitors to choose from.

Inventory: For L'Oréal to meet this demand efficiently, they have to have inventory ready to go. They want to stay on top so they have to continuously check their sales to see how much they need to have available for production. Of course, some products are more demanded than others so they need to keep an eye out for that to know what to have ready and what to have more of in order to meet customer demand and organizational objectives. The amount of inventory they have will also play a part in storage because they need to make sure they have enough space for their products and to use that space wisely. L'Oréal also needs to make sure transportation is ready to take their products to vendors.

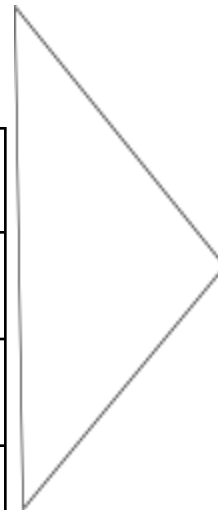
Order Processing and Fulfillment: L'Oréal has specific people in charge of orders, confirming product availability, packing products for shipment, tracking orders, preparing invoices or

receipts, and handling errors or returns. They have to make sure they are organized in these endeavors to allow everything to run smoothly. This is key for L'Oréal in order to maintain their top spot.

Transportation: L'Oréal is an international company so they use all kinds of transportation like trucks, planes, and boats. Of course, whatever is the cheapest is the best option but they also need to keep in mind what is the quickest in order to keep up with demand. Being that L'Oréal is the leading company and know demand is high, they have to have a set schedule to know when transports should be made.

Based on your analysis above, sketch out the value chain for your product. Would you make any changes? Why or why not?

Infrastructure
Human Resources
Technology & Development
Procurement



Inbound Logistics	Operations	Outbound Logistics	Marketing & Sales	Product
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The above figure is a typical value chain for most businesses. After doing research for L'Oréal, I would not change any of the items from the above value chart. All of the above categories are things L'Oréal needs to do in order to achieve success and for the most part, they do all of them well. It is essential for L'Oréal to complete each of the levels to increase the value of the company while also keeping costs low and efficient. The analysis from question 5 highlights important aspects that fit into the value chain. For instance, transportation, one of the key logistical functions, is a part of inbound and outbound logistics. Inbound is receiving the supplies and parts for their product and the outbound logistics is transporting it out to their vendors to make sure it is in stock for their customers.

Provide a sample marketing, financial and societal metric for your product/company. Why are these metrics suitable and relevant?

Marketing: Part of the marketing metric that L'Oréal employs is that it measures the number of new customers that have bought L'Oréal products during a given fiscal period. To do this, one can look at the overall growth in sales of a product from different customers. During the second quarter of last year, L'Oréal experienced an overall growth of 6.6 % (L'Oréal 2018). L'Oréal could also examine the number of customers retained from one fiscal period to the next. These two metrics are suitable for understanding how well the company is able to market the different products they sell. Having as large of a portfolio as L'Oréal, it is important to see if the new products being released are attracting new customers.

Financial: A financial metric L'Oréal uses to improve its future profitability is to measure gross or net margin by individual product line, marketing program or even individual customer.

L'Oréal uses this type of metric to measure its profitability of different product lines:

Professional Products, Consumer Products, L'Oréal Lux, and Active Cosmetics to name a few.

Data for these product lines can be observed on their website listed in the *Appendix* under the

citation “L'Oreal. (2018). L'Oreal Finance. Retrieved February 25, 2019, from”. Having a

profitability metric for specific product lines is important as it will let L'Oréal know exactly how well that product was received by consumers.

Societal: L'Oréal can measure the societal impact of the products they sell by measuring the number of recyclable pieces they use in the products they sell. Another societal objective L'Oréal employs is that it can research the awareness of recyclable parts being used in its products. An easy way for the company to conduct such research would be to search social media platforms for specific postings by users regarding the environmental impact of using L'Oréal products. To help create awareness of there societal objective of using recyclable material in their products, L'Oréal posts on twitter about their “green movement”: “@LOreal has developed a #sustainablepackaging & eco-design policy, which is key to achieve our target: 100% of our products will feature an improved environmental or social profile by 2020. To find out more: <http://bit.ly/2B9qTdz>” - Loreal Twitter Page (L'Oréal 2018). Measuring the societal impact of their products is important as it will help L'Oréal understand what trends are attracting customers.

What marketing communications vehicles (advertising, PR, sales promotion, direct marketing, personal selling, events sponsorship) does your company use? Be specific and provide examples (hardcopy or url/youtube etc)

Marketing and communications vehicles that L'Oréal uses include advertising with social media, promoting sales in the store, direct marketing, and personal selling. An example of how L'Oréal advertises its product line while directly marketing to a specific target market is through its commercials and advertisements on platforms like Twitter, Facebook, Snapchat. A new commercial L'Oréal has used to advertise to this target market is called “L'Oréal Paris Elvive ‘Comeback Commercial’ with Camila Cabello” (Youtube 2018). An example of how L'Oréal uses sales promotion is by having a 20% off sale or a “buy one get one free” type of deal, as shown below. By issuing such incentives, L'Oréal hopes to attract short term growth in sales. An additional hope is that customers will like the product so much that they will be a returning customer. In some retail stores like JC Penny and Macy's, a L'Oréal beauty product section can be found where a customer can experience a personal selling experience. This type of communication tool is advantageous as it allows the customer to get a one-on-one experience with an L'Oréal representative. L'Oréal will base the communication vehicles it uses off of its mission statement, objectives, and goals.



How does each of these vehicles and the media used align with the overall goals and objectives of your product or service company?

When utilizing marketing and communication vehicles for their products, these vehicles are based on the goals and objectives of the company. Therefore, since L'Oréal is a very sales and diversity driven company, the objectives they set forth will revolve around those objectives. Loreal can use social media advertising to market to a diverse group of consumers. It can use personal selling, direct marketing, sales promotion in store to accomplish its profit objective. The marketing communication vehicles that L'Oréal uses to market their products will ultimately have an impact on the future goals and objectives to be set.

How well do each of these vehicles influence your product or service target market? Why?

Social Media: Social media arguably has had a significant impact on L'Oréal's target market. This vehicle is one of the most powerful communication tools that L'Oréal can use given the widespread and increasing use of social media by customers. In a modern society that craves social media, the percentage of potential customers that Loreal can target through social media is absolutely astounding.

Sales Promotion: Given that L'Oréal focuses on a diverse group of customers as part of its target market, a sales promotion communication vehicle will apply to a range of customers. What customer doesn't want a good deal on a product they like? Sales promotion will add to the market share as it has the potential to attract new customers.

Direct Marketing: Giving a customer the ability to purchase a L'Oréal product online without having to go to a retail store is very convenient. L'Oréal tends to choose whom it wants to give this option, as it typically will distribute e-flyers or emails with a link to the L'Oréal products catalog. This is a great way for them to target a specific consumer and reach their goal of expanding their target market.

Personal Selling: Of the four communications listed, Personal selling has the least impact on L'Oréal's ability to reach its target market. This is because it involves an L'Oréal representative targeting a person to sell to. Since L'Oréal typically doesn't have salesperson in retail stores that it sells its products, the number of customers reached using this communication vehicle is the least.

Does your product or service company use a spokesperson? Identify 2-3 people who would be effective spokespeople for your product or service. Why did you select them?

The designated spokesperson for L'Oreal is Eva Longoria. L'Oreal chose Longoria for her expertise in international relations regarding the beauty industry. She attended A&M-Kingsville and graduated with a Bachelor of Science Degree in Kinesiology. Later in her life, she was a Golden Globe nominee and won an ALMA award. Some of her other accomplishments include landing acting roles on both *The Bold and The Beautiful* and *General Hospital*. L'Oreal saw her as the perfect person to represent the company by virtue of her positive appearances in the media since the beginning of her career; she is recognized by both younger and older generations as a figure of empowerment and individuality. Thus making her the ideal spokesperson for L'Oreal.

Blake Lively, an American actress, has also been seen as the face of L'Oreal. During the launch of L'Oreal's most famous line, True Match, Blake Lively became the center for marketing the line in commercials. She is a well-known figure in the media and movie industry who aims to promote positivity and confidence in regards to social media and how involved the new generation is throughout the digital domain. Blake Lively is well-respected and her opinion is trusted by many, giving her a great audience and platform to endorse L'Oreal as a company.

Another person to recommend as a spokesperson for L'Oreal is James Charles. He is a social media influencer and a man in makeup. He would bring diversity to the company in terms of gender and sexuality. James Charles was also Covergirl's very first "Coverboy" in 2016. He appeals to a younger audience and aims to spread equality and diversity on his platform, which is also in L'Oreal's mission statement. After three years of being a social media influencer and posting videos on YouTube, James Charles has accumulated over 14 million subscribers; he is a very personable character and attracts a diverse audience. He would also be a beneficial spokesperson for the company, L'Oreal.

Applying secondary research, ascertain how much your company spends on advertising and other means of promotion. How does this compare to your product or service's competition?

In 2016, L'Oreal spent about 7.5 billion euros in worldwide advertising. In that same year, they accumulated 25.84 billion euros in revenue. Revlon is a competitor of L'Oreal, it is another affordable beauty brand that is usually found right next to L'Oreal on the shelves of your local drugstore. However, in 2015 Revlon spent 421 million dollars in advertising, which is about 372

million in euros. That year, Revlon's revenue amounted to 1.9 billion dollars, which is about 1.6 billion in euros. Therefore it is clear that although more money is put into advertising for L'Oreal, they are bringing in enough to compensate for the amount spent by reason of their active market and constant advertising. Another factor of L'Oreal that allows them to remain at the top is their wide range of products in terms of makeup but also skincare, men's products, haircare, and so on. Whereas their competition that is usually found in the same stores, only focuses on makeup.

You are the marketing team for your company's product or service. You have \$1 million to spend to promote your product or service. How will you allocate these funds across the various marketing communications vehicles? Why?

I would promote the product by paying social media influencers to endorse products, specifically, the biggest names on the digital domain such as Jeffree Star, James Charles, Jaclyn Hill, etc. Paying them each a certain sum of money based on how many times they talk about the product in a positive manner and posting pictures and videos of them using the product would help to get the brand name to become more well-known. Social media has become a marketing hub; companies are paying people with millions of followers to advertise products on their page. YouTube is a popular outlet as well because YouTubers are viewed as almost "lower-tier" celebrities; their platform allows them to develop a much more personal connection with their audience, which then transforms into trust. From my own experience, I have bought certain makeup products that beauty influencers advertise because I trust their judgment and feel they will give me the most honest feedback. This style of marketing is up and coming because of how

heavily the world has shifted to social media. This would be an even more effective way to appeal to the younger generation.

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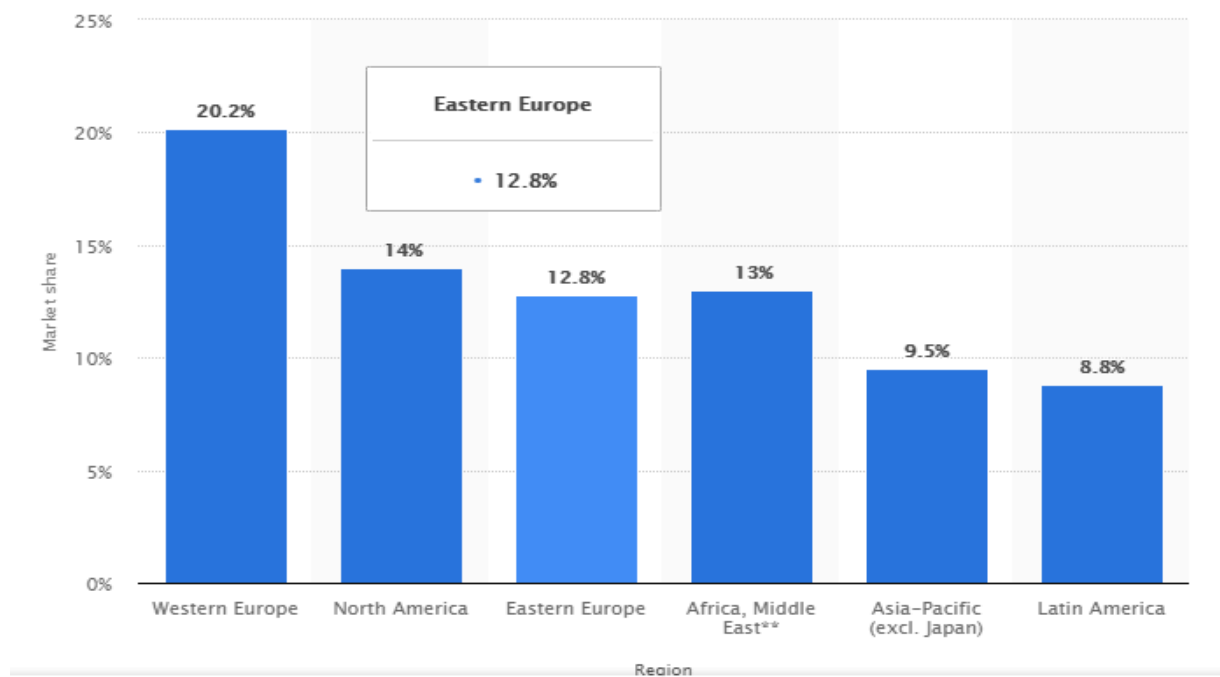
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II. Charts

<u>Strengths</u>	<u>Weaknesses</u>
-Largest Beauty Manufacturing Company	-Too many subdivisions
-Continuous Research and Development	-Profit margins are lower

<ul style="list-style-type: none"> -Strong Marketing Communications -Fantastic Product and Brand Portfolio 	<ul style="list-style-type: none"> -Hair care is degrowing segment
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> -Market Potential -Product Mix Expansion -Revival of Body Shop -Demand for Organic Cosmetics 	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> -Dynamic Nature of Cosmetic Industry -Cash Crunch

L'Oreal's market share worldwide in 2016, by region*



III. Quotes

L'Oreal mission statement

“For more than a century, L'Oréal has devoted itself solely to one business: beauty. It is a business rich in meaning, as it enables all individuals to express their personalities, gain self-confidence and open up to others.

Beauty is a language.

L'Oréal has set itself the mission of offering all women and men worldwide the best of cosmetics innovation in terms of quality, efficacy and safety. It pursues this goal by meeting the infinite diversity of beauty needs and desires all over the world.

Beauty is universal.

Since its creation by a researcher, the group has been pushing back the frontiers of knowledge. Its unique Research arm enables it to continually explore new territories and invent the products of the future, while drawing inspiration from beauty rituals the world over.

Beauty is a science.

Providing access to products that enhance well-being, mobilising its innovative strength to preserve the beauty of the planet and supporting local communities. These are exacting challenges, which are a source of inspiration and creativity for L'Oréal.

Beauty is a commitment.

By drawing on the diversity of its teams, and the richness and the complementarity of its brand portfolio, L'Oréal has made the universalization of beauty its project for the years to come.

L'Oréal, offering beauty for all.”

-L'Oréal Inc.