



L'OREAL

PERSO

ESTHER DRAGT

GSBA 528

INTEGRATED STRATEGIC MARKETING PLAN

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EXECUTIVE SUMMARY

1.BECOME THE PREMIER CUSTOM BEAUTY COMPANY



**+20-30%
TOTAL
SALES**



**+10% SALES IN
SELECT ASIAN
COUNTRIES**

2.CAPTURE MARKET GROWTH IN ASIA



**+40% INCREASE IN
NET INCOME BY
2023**

3.LEAN INTO LONG TERM SUSTAINABILITY



SITUATION ANALYSIS



INDUSTRY ANALYSIS

Industry Size & Trends

CURRENT INDUSTRY SIZE

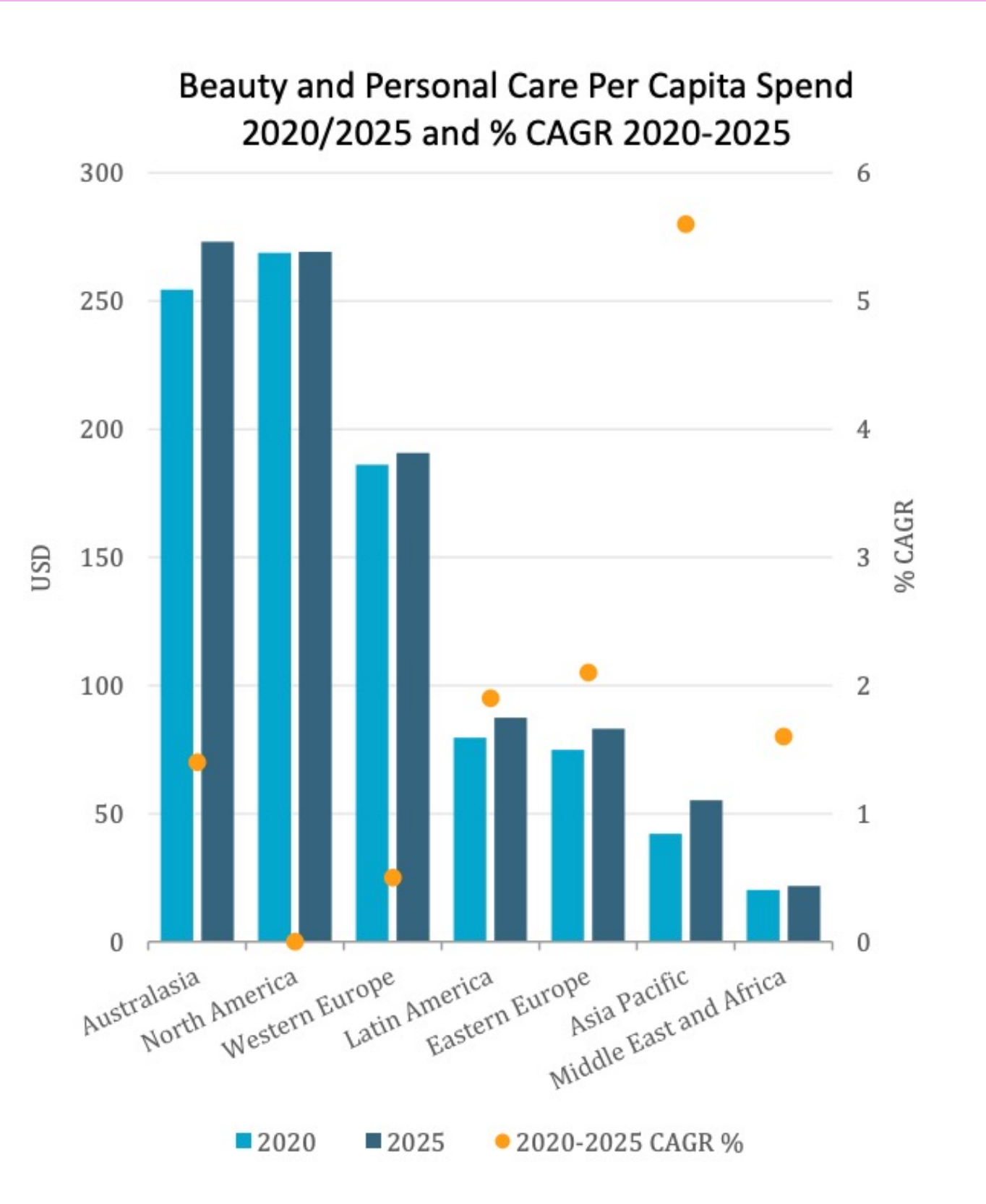
2020 Beauty and Personal Care Worldwide Value: \$484,031,700 million

FORECAST

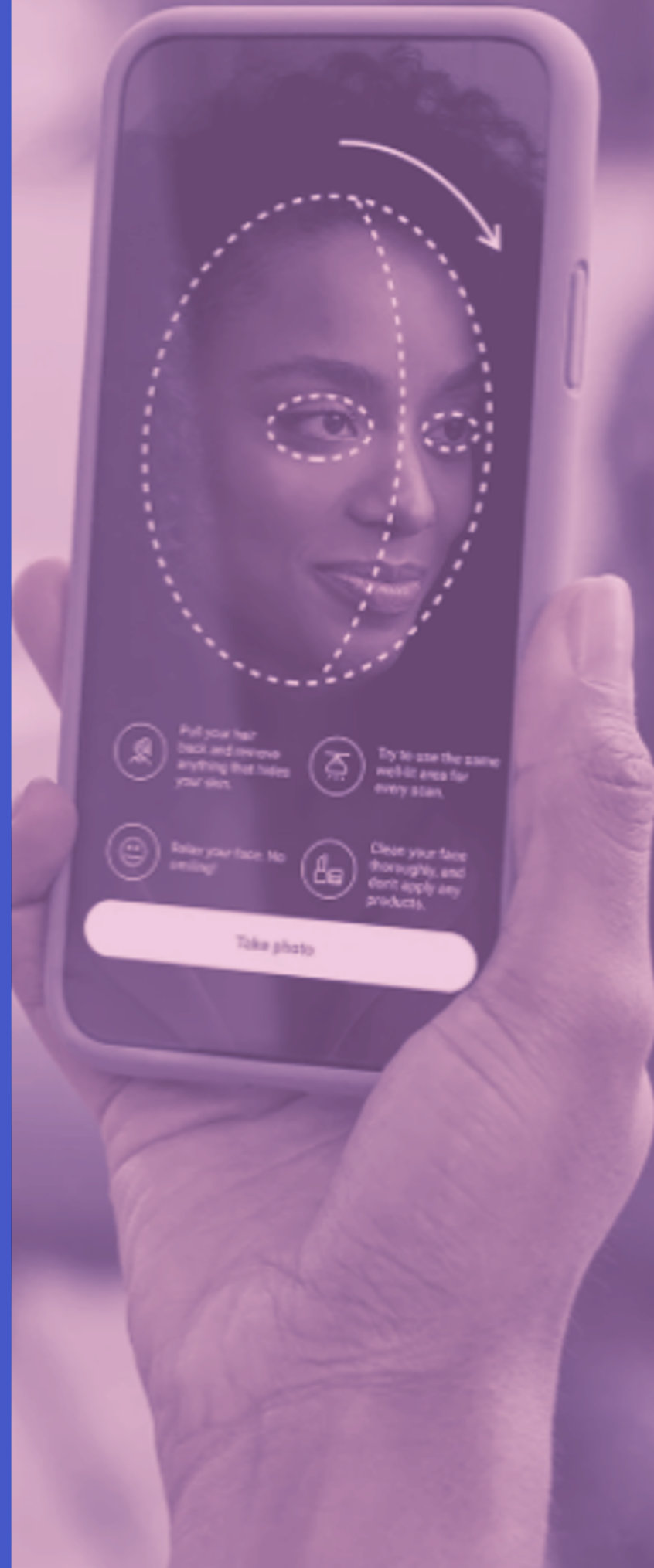
Conservative estimates say that the industry will grow by an additional \$55 million by 2025.

OTHER TRENDS

China, the US, Sweden, Lithuania, and Turkey are currently the 5 countries most expected to be well recovered from the effects of COVID-19 by Q3 2021. The industry is expected to grow by 16 points in China, but decrease by just over 2 points in the US and Sweden.



North America's spend will likely remain somewhat steady as shown in this graph, with the region with the highest CAGR will be Asia Pacific.



TECHNOLOGICAL CHANGES

2014: L'Oreal creates Makeup Genius & created first major AR beauty app. Also created in-store facial scanning & custom foundation machine.

2015: Perfect Corp begins releasing AR and AI beauty technology.

2018: Neutrogena launches Skin360 app that require camera attachment.

2019: L'Oreal & Perfect create make iMatch Virtual Shade Expert.

2020: Neutrogena hires Perfect to upgrade their Skin360 app. Also creates Virtual Try-ons with Youtube and Google.



LEGAL & REGULATORY ISSUES

AI DEVELOPMENT REGULATION

The NIST released information in November 2020 to make it clear there is an upcoming standardization of the industry fundamentals.

AI DATA REGULATION

Legislation has been presented in Washington DC and Washington State which would regulate the use of facial recognition, and geolocation technologies. None have been passed yet, but the issue is ongoing.

MAKEUP SAFETY & TESTING

Makeup ingredient safety and testing of new products has been a long contested issue. Neutrogena paid \$3.9 billion in settlements mostly related to talc related lawsuits. PETA and certain environmental bodies already advise against L'Oreal products.



COMPETITIVE ANALYSIS

MAJOR PLAYERS IN THE MARKET

NEUTROGENA

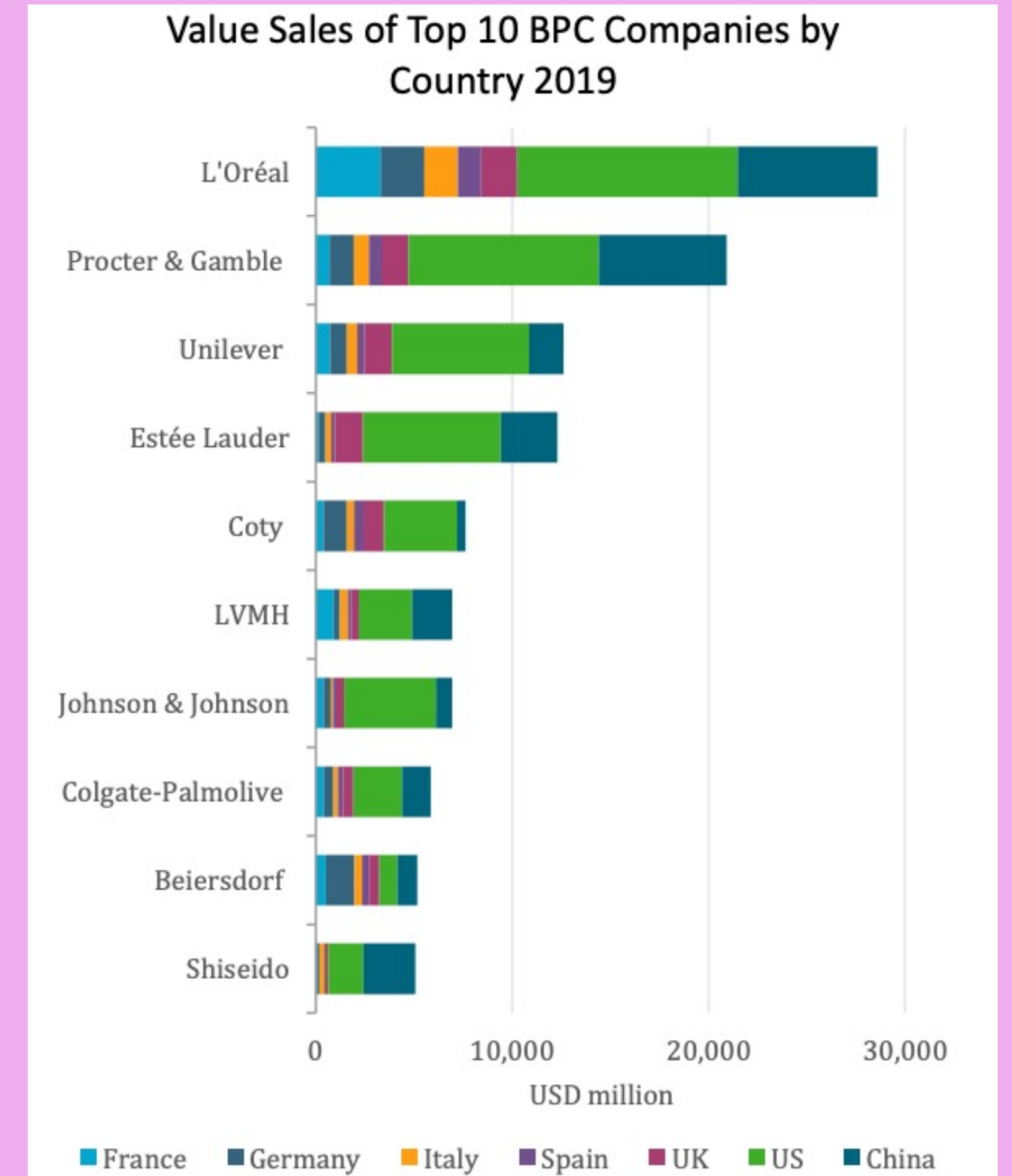
As one of Johnson & Johnson's premier skin and beauty brands, Neutrogena markets themselves as an innovative, healthy-for-you, makeup company.

ESTEE LAUDER

Estee Lauder is a classic, French beauty company who's portfolio today has expanded to include iconic brands such as MAC and Clinique.

SHISHEIDO

As one of the largest beauty and skin care companies in the globe, Shiseido produces products under their own name but also markets Bare Minerals, NARS, Laura Mercier among other brands.

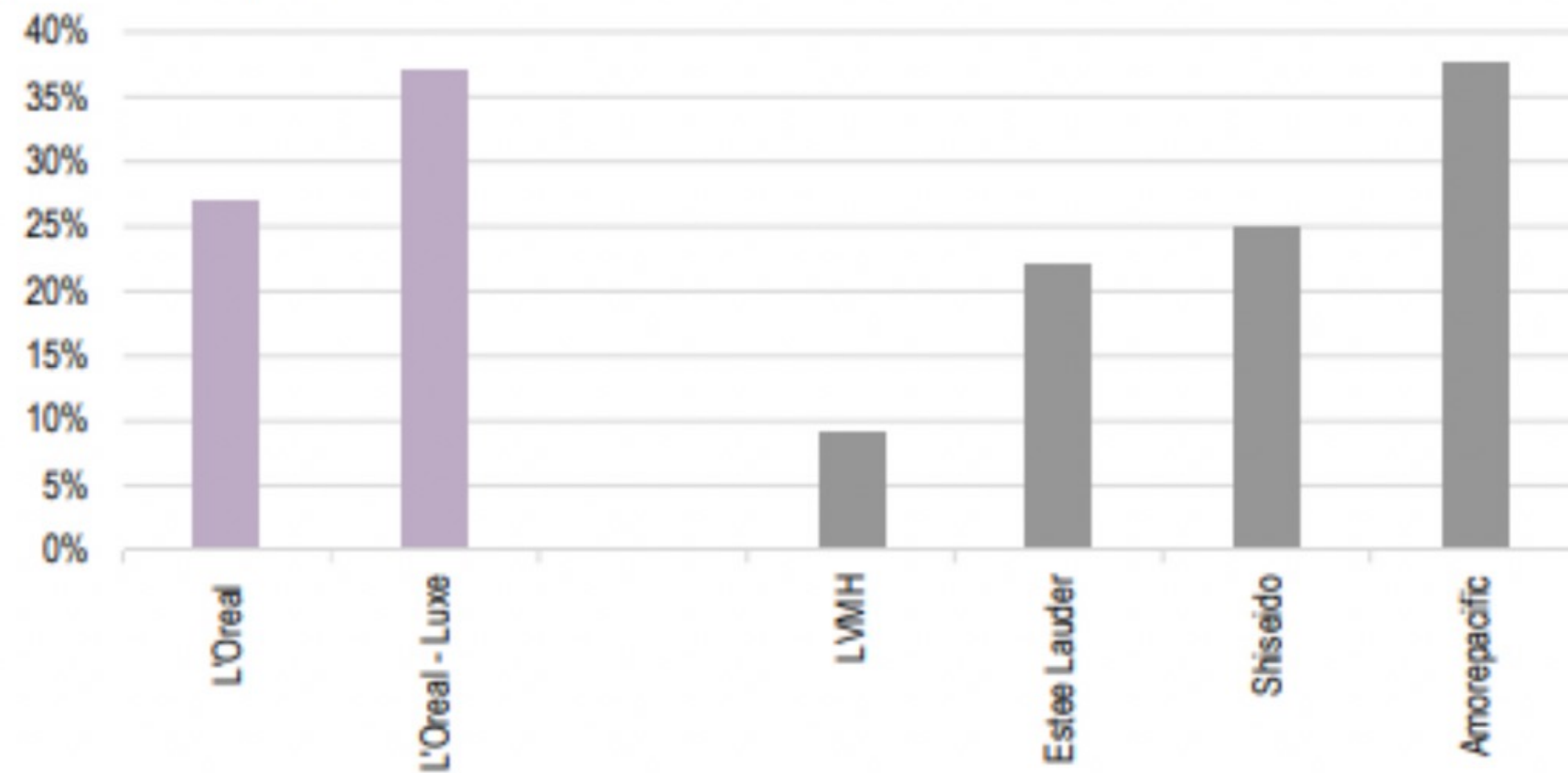


In 2019, L'Oreal topped the industry in size and share of market in seven major countries.

IMPORTANT CHANNELS & REGIONS

Figure 9: L'Oréal E-Commerce Penetration vs Peers, 2020

L'Oréal boasts highest digital penetration amongst global beauty and HPC peers along with solid growth (accretive to margins)



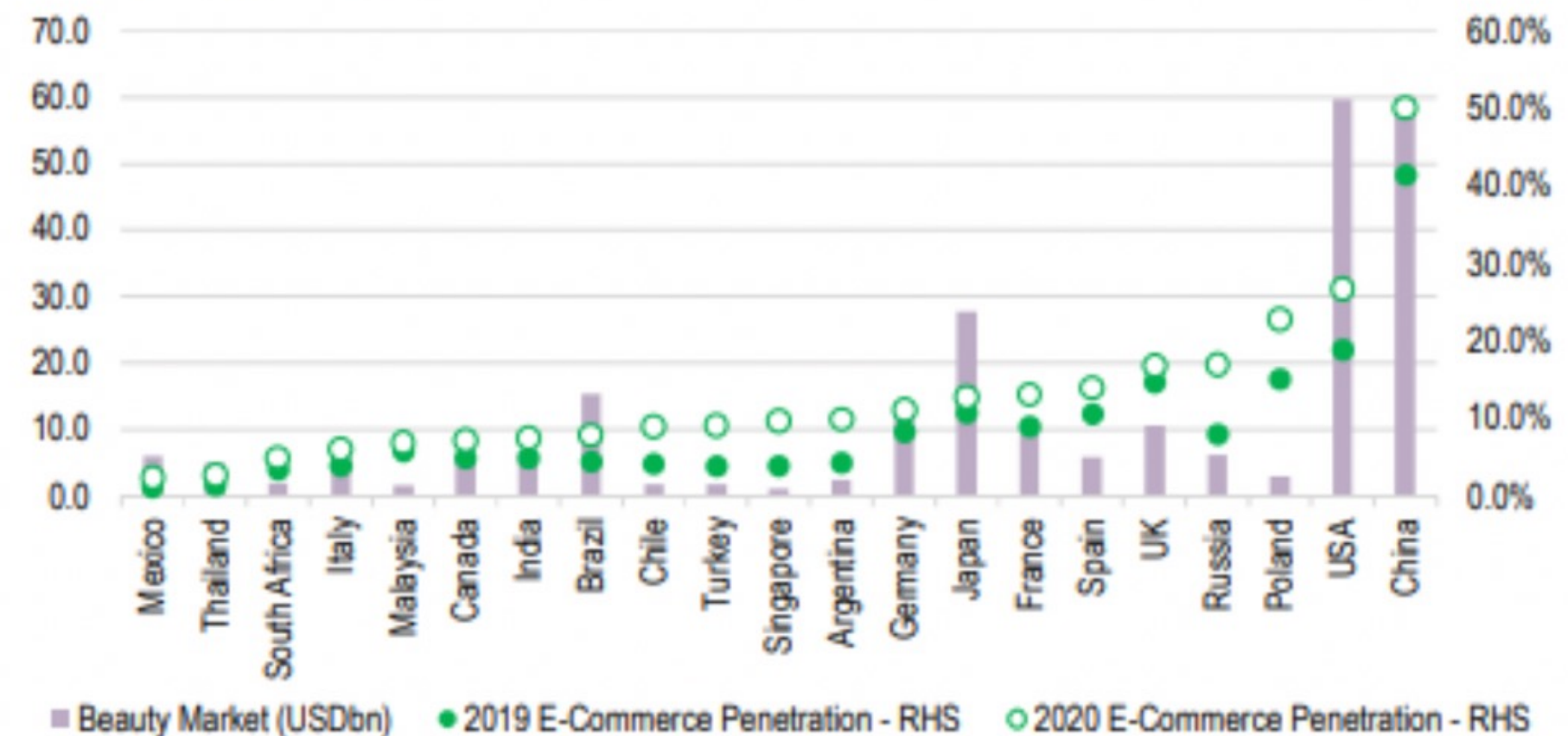
Source: Company reports and J.P. Morgan estimates. Estée Lauder is covered by JPM Analyst Andrea Teixeira, LVMH by Chiara Battistini and Amorepacific by Youna Kim.

E-COMMERCE

L'Oreal Luxe surpasses all of its competitors in e-commerce penetration.

Figure 12: Global Beauty Market, Regional E-Commerce Penetration and Beauty Market Size, 2020

Global Digital Opportunity



Source: Euromonitor and J.P. Morgan estimates.

E-COMMERCE PENETRATION & REGION VALUE

Strong e-commerce penetration is vital as it is a channel that has jumped in importance from 2019 to 2020, especially in the regions expected to grow the most.


COMPETITION

	L'Oreal SA	Neutrogena	Estee Lauder	Shiseido
Market Share	6%	0.91%	2.48%	1.71%
Current Revenues	\$33.3b	\$4.4b (skin health/beauty category)	\$12b (skin & beauty categories)	\$8.34b
Gross Profit	\$21.8b		\$9.1b (skin & beauty categories)	\$(106)m
Core Competencies	<ul style="list-style-type: none"> *Founded as a beauty company *Global scale allows for regional fluctuations *Past acquisitions & alliances with AI & AR tech providers 	<ul style="list-style-type: none"> *Neutrogena is the #1 skin care brand in North America *Range of owned products allows for beauty & skin care acquisitions 	<ul style="list-style-type: none"> * Well-recognized suite of brands allow for product differentiation *Known for being effective & formulated for different types of skin *"Hero" Franchises and brands such as La Mer 	<ul style="list-style-type: none"> *Rooted & strong brand in Asia and Asia Pacific *High safe & effective consumer ratings

COMPETITION

	L'Oreal SA	Neutrogena	Estee Lauder	Shiseido
Strengths	<ul style="list-style-type: none"> *Beauty technology leader, phy-digital leader *On track to be sustainable by 2030 *Highly recognizable brand name *#1 color cosmetics and skin care company for several years 	<ul style="list-style-type: none"> *Strong performance in baby and hygiene categories *Available in a wide amount of stores, always close by 	<ul style="list-style-type: none"> *Highest growth in revenue compared to other brands *#2 in skin care market worldwide *#2 in facial care, lip, and eyemakeup 	<ul style="list-style-type: none"> *Heavily focused on Asia & Asia Pacific regions (small market but larger profit) *Targeted investing into legacy brands
Weaknesses	<ul style="list-style-type: none"> *Sustainability is a large goal, & not meeting it would be bad for customer relations *Growth in France has slowed 	<ul style="list-style-type: none"> *Low growth *Over-reliance on US market *Wide array of products limits resources given to beauty & personal care products 	<ul style="list-style-type: none"> *Skin care cannibalizes color cosmetic products *Low scores in perceived naturalness, trendiness, scientific formulas, and luxury image. 	<ul style="list-style-type: none"> *Legal trade issues between Japan (home country) and China as well as South Korea

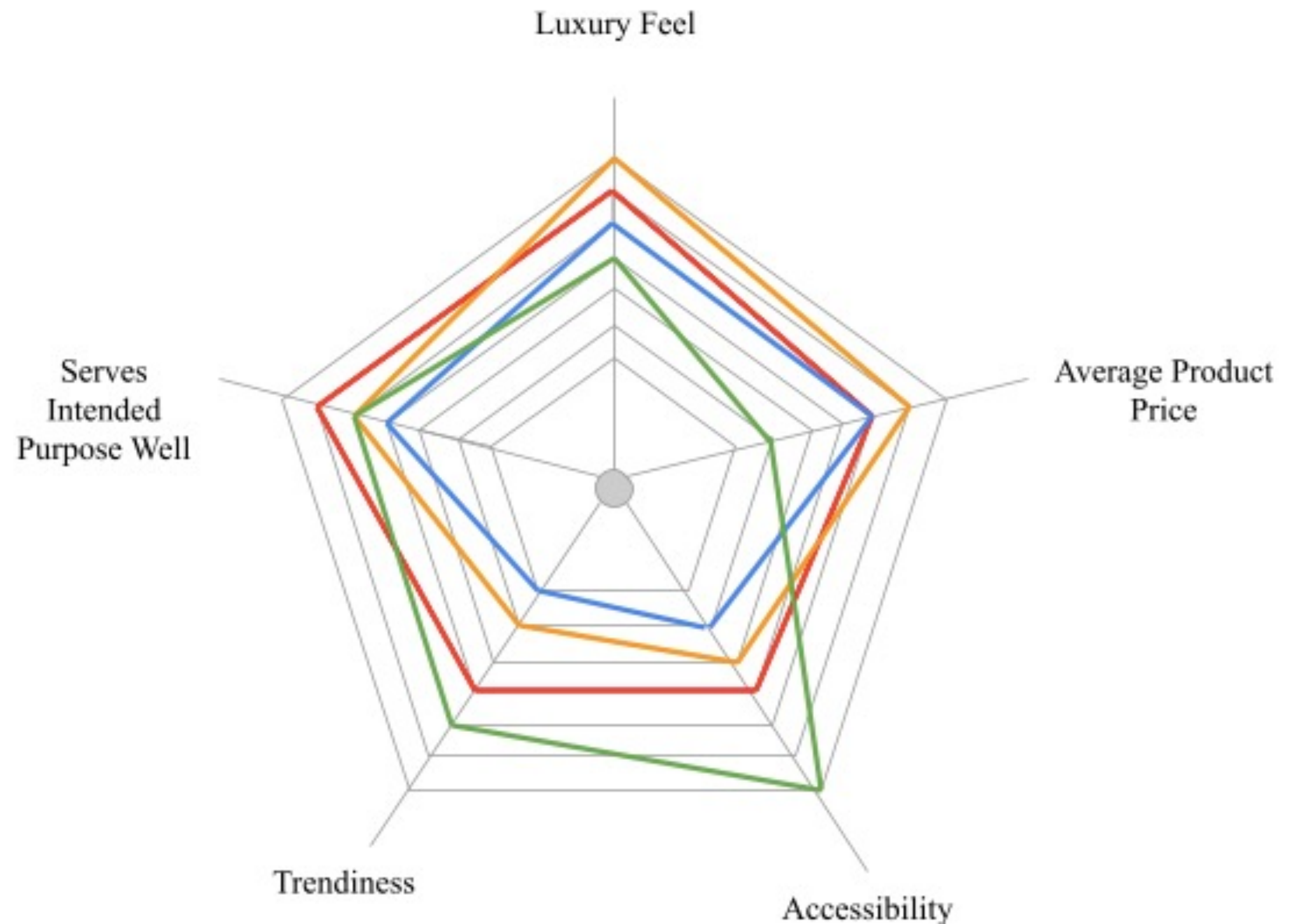
PERCEPTUAL MAP

 L'Oreal

 Shiseido

 Estee Lauder

 Neutrogena





VALUE CHAIN ANALYSIS

VALUE CHAIN

SUPPLIERS

Raw Materials Sourcing
Packaging Design
Industrial Equipment Supplier

L'OREAL

IN-HOUSE
MANUFACTURING

42 owned factories.
In-house Vegan Safety Testing

DISTRIBUTION

Over 150 Distribution Centers
World Wide

VALUE CHAIN

DIGITAL STOREFRONTS

Individual Brand's Websites
Social Media
Mall Makeup Counters

END CUSTOMERS

EXTERNAL RETAILERS

Makeup Stores: Sephora, Ulta, etc.
Drug Stores: CVS, Walgreens, etc.
Grocery Stores: Vons, Publix, Meijers, etc.
Everywhere: Amazon, Target, Walmart

CUSTOMER INFLUENCERS

SOCIAL MEDIA

Young shoppers today trust online resources. Influencers and advertisements online actually aid in building trust, value, and relationships with customers.

ONLINE PRODUCT REVIEWS

Product reviews are a consumer's way into understanding the value, usefulness, and quality of a product or service before investing themselves.

ENVIRONMENTAL & HEALTH ORGANIZATIONS

Customers turn to non-government organizations to learn about product safety, especially in fields as unregulated as beauty.

GOVERNMENT AI & AR REGULATION

The US government and certain states are looking to create regulation around AI and AR, which will guide L'Oreal's innovations.

FAMILY EXPERIENCES

Young consumers are influenced by their mothers and older siblings. Family experiences with the product lead to word of mouth from the people closest to consumers.



CUSTOMER ANALYSIS

CUSTOMER NEEDS & PERCEPTIONS

TRY-ON IS NECESSARY, BUT GROSS

42% of consumers need to try on makeup before buying, and 26% find it difficult to find the right product for them. That being said, 38% see in-store trials as unhygienic.

CUSTOM PRODUCTS AND SKIN HEALTH ARE VALUABLE

41% of consumers desire products to be customizable to their skin tones, and 42% wish their makeup would actually benefit (not hurt) their skin. These desires are important to understand as post-COVID, 55% believe they will wear makeup less and 48% will spend less money overall on makeup.

MAINSTREAM PRODUCTS SEEN AS EQUAL TO PREMIUM PRODUCTS.

Customers don't see much of a difference between premium and mainstream makeup brands. 47% believe they each work just as well.

Primary and Secondary End Customer Target Markets

Gen Z & Millennials: Purchase driven by value and relationship with brand. Influenced heavily by social media & brand politics.

Bargain Hunters: Desire to find the makeup that will meet their certain need at the lowest price.

Middle School & Under: reliant on parents for spending money. Solely price motivated.

Platinum

Gold

Iron

Lead

Premium Buyers: Purchase L'Oreal, Lancome, & YSL beauty. Desire the best no matter the price.

Primary and Secondary Retailer Target Markets

Specialty Beauty: Sephora, Ulta,
Boutiques

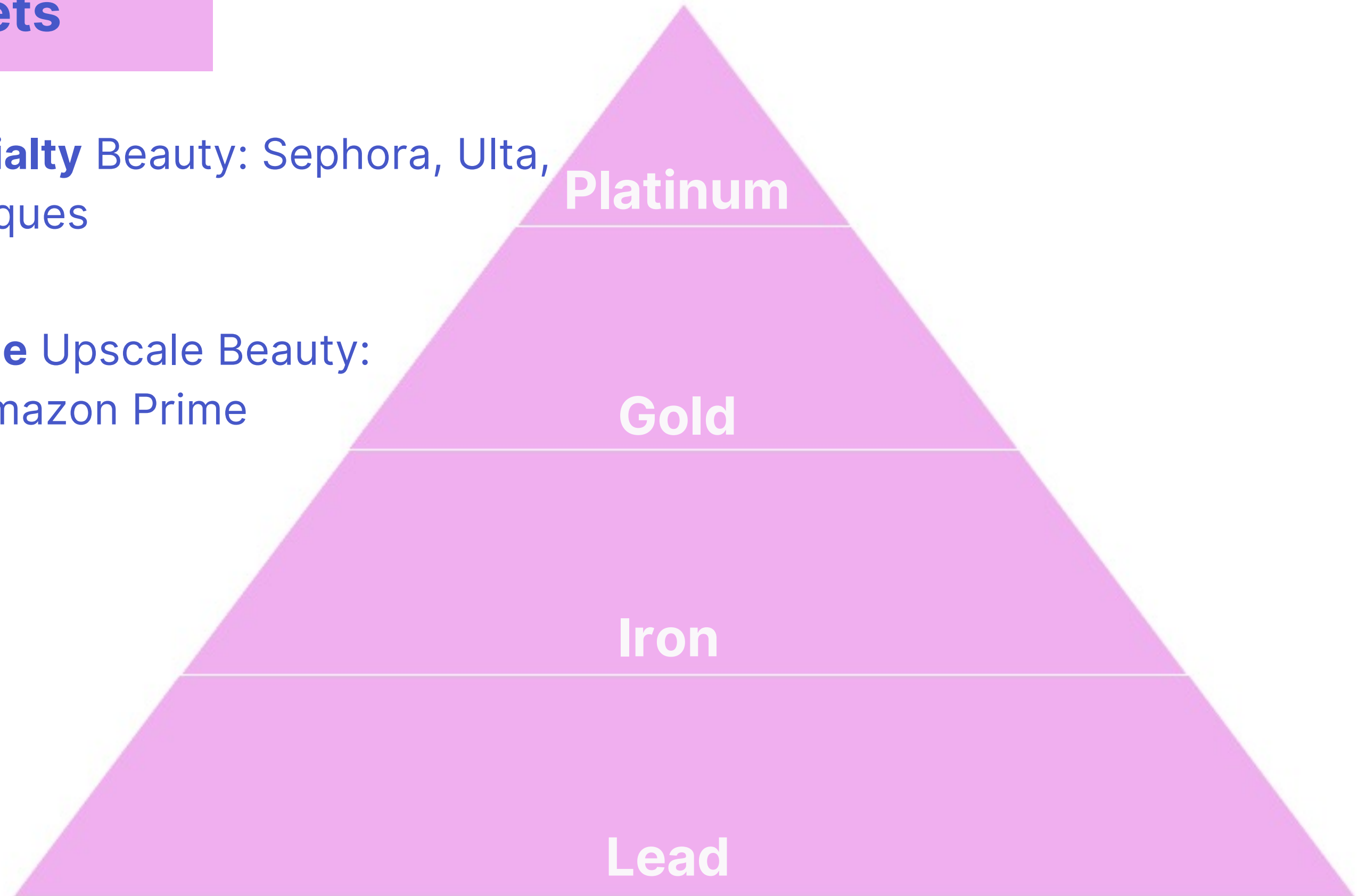
Accessible Upscale Beauty:
Target, Amazon Prime

Platinum

Gold

Iron

Lead





COMPANY ANALYSIS



Purpose & Values

L'Oreal SA: Beauty that Moves the World

L'Oreal Paris: Because You're Worth It

Passion, Innovation, Entrepreneurial Spirit, Open-mindedness, Quest for Excellence and Responsibility.

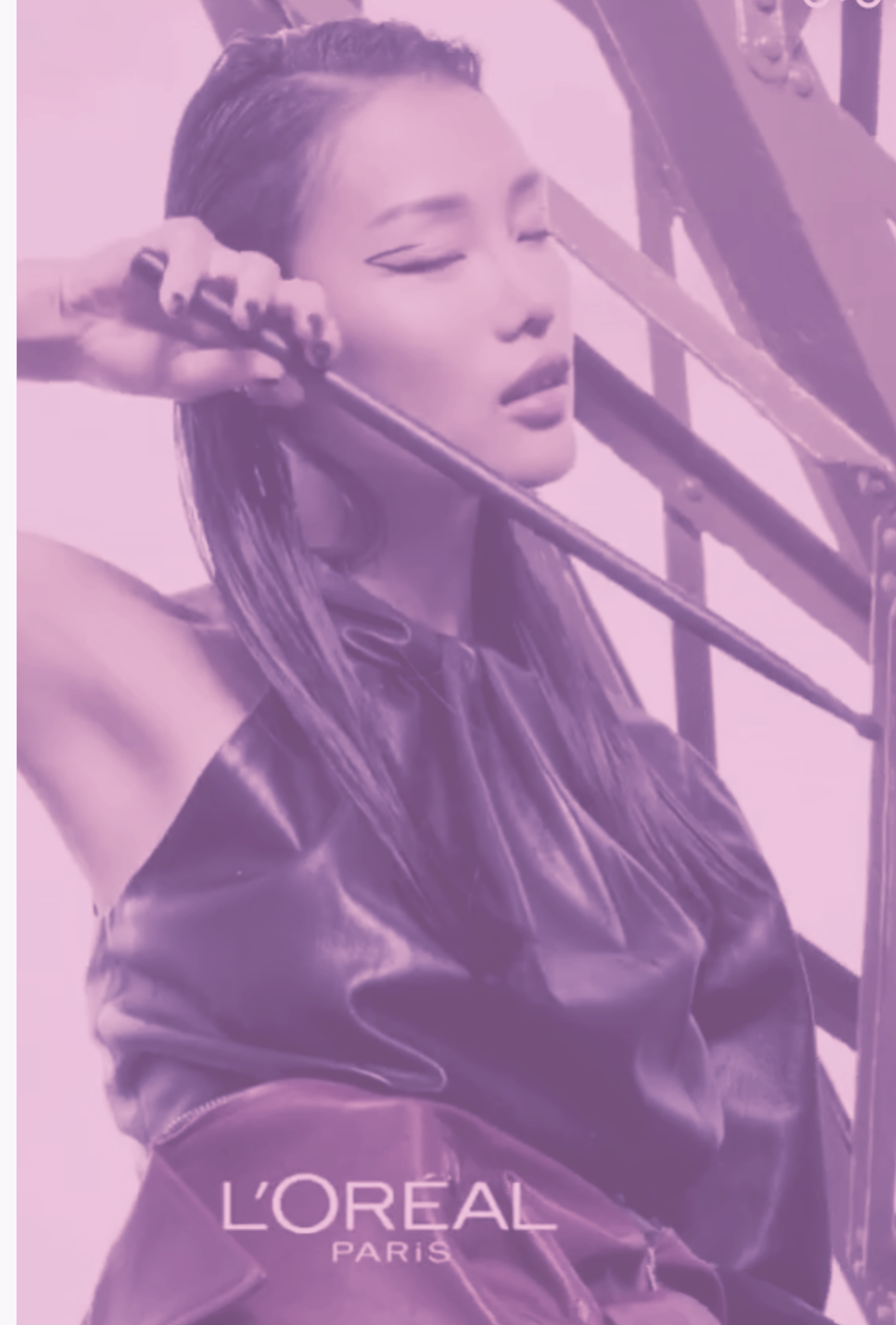
Description & Core Competencies

DESCRIPTION

L'Oreal SA is a global beauty company which leads the beauty world through their diverse suite of brands. Those brands are divided into four categories which include: Consumer Products, L'Oreal Luxe, Professional Products and Active Cosmetics.

CORE COMPETENCIES

- Founded as a beauty company, Legacy of expertise
- Global size and brand portfolio allow for financial security
- Well funded R&D
- Past acquisitions and partnerships with leading AI and AR companies.



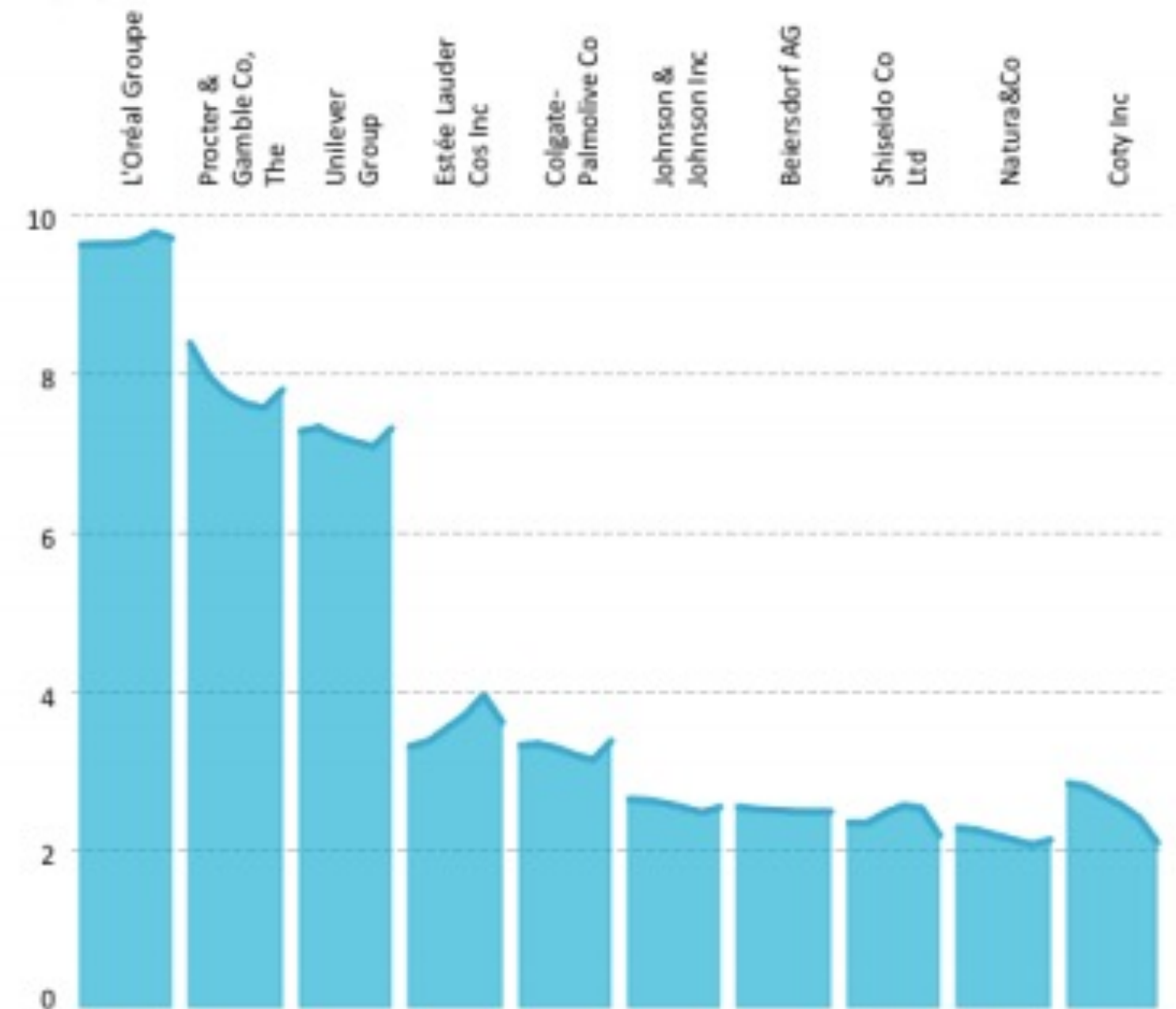
CURRENT REVENUES & PROFITABILITY

REVENUES

This past year, 2020, L'Oreal SA generated 27.9B Euros, \$33.3B US dollars. While that is lower than their 2019 revenue, they managed the pandemic well especially compared to their industry. Sales in e-commerce rose by 62% due to COVID-19 restrictions.

Beauty and Personal Care: Top 10 Companies 2015-2020

% company value share - USD million



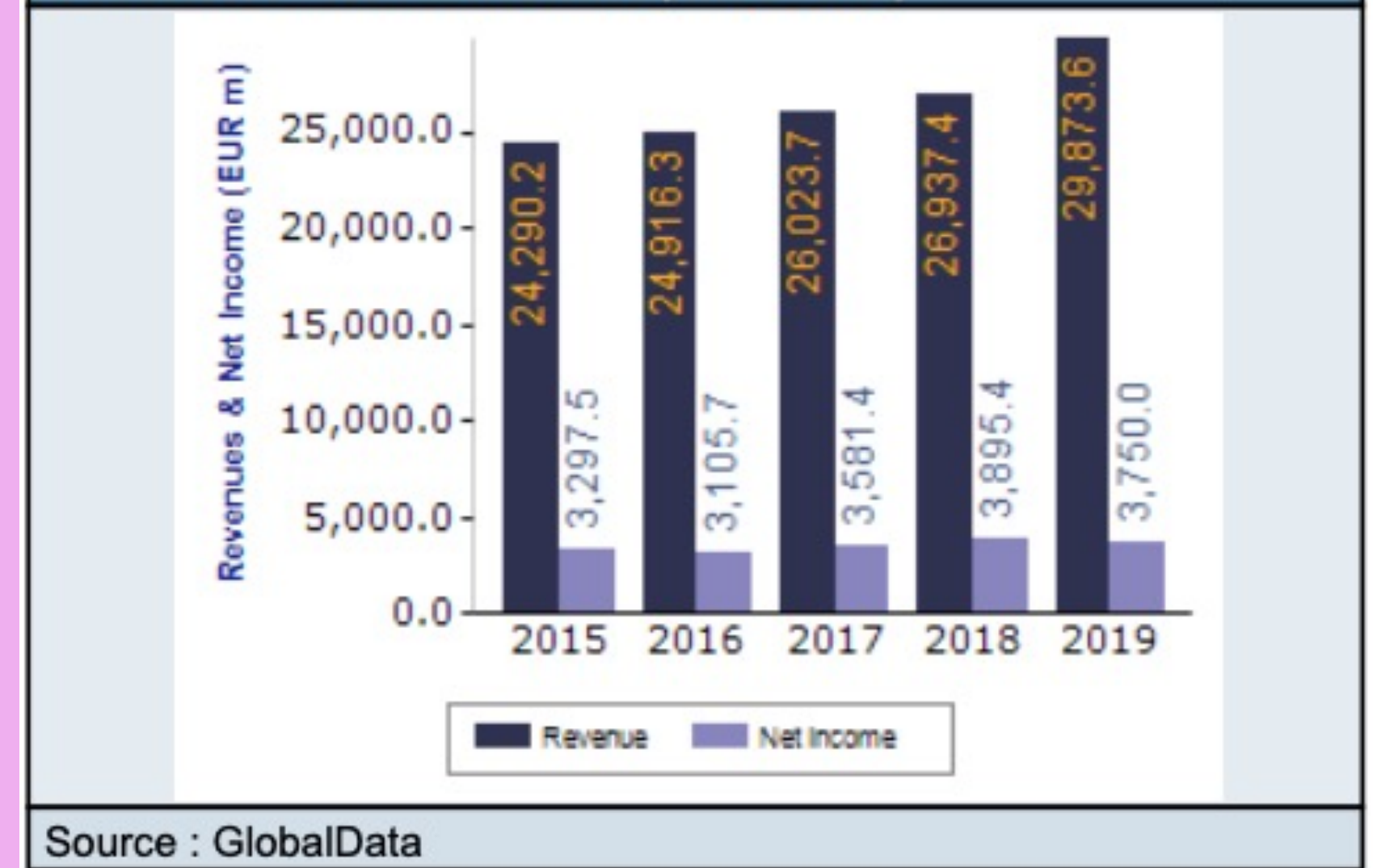
CURRENT REVENUES & PROFITABILITY

PROFITABILITY

in 2020 L'Oreal reported their profitability held steady from the year previous at 18.6%.

Performance Chart

L'Oreal SA, Performance Chart (2015 - 2019)



Among Premium Buyers, L'Oreal is the preeminent brand of makeup, skin care, and beauty products which are digitally customized to each customer through L'Oreal's unique technology and quality products.

**PRIMARY TARGET MARKET POSITIONING
STATEMENT**

A vertical, cylindrical glass bottle of L'Oréal Paris product, likely a serum or oil, with a metallic band around the middle. The band has 'L'ORÉAL' in large letters and 'PARIS' in smaller letters below it. The bottle is centered in the background, with a soft purple gradient overlaying the entire image.

**Among Gen Z & Young Millennials,
L'Oreal is the brand of skin,
makeup, and total beauty care that
crafts quality products of high
value because of their legacy of
commitment to customers and the
environment.**

**SECONDARY TARGET MARKET POSITIONING
STATEMENT**

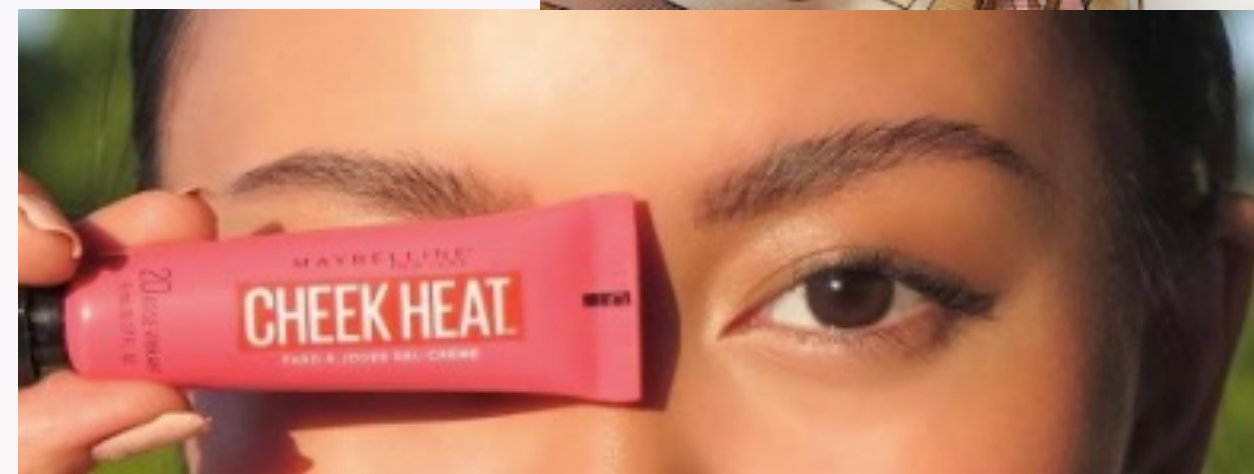
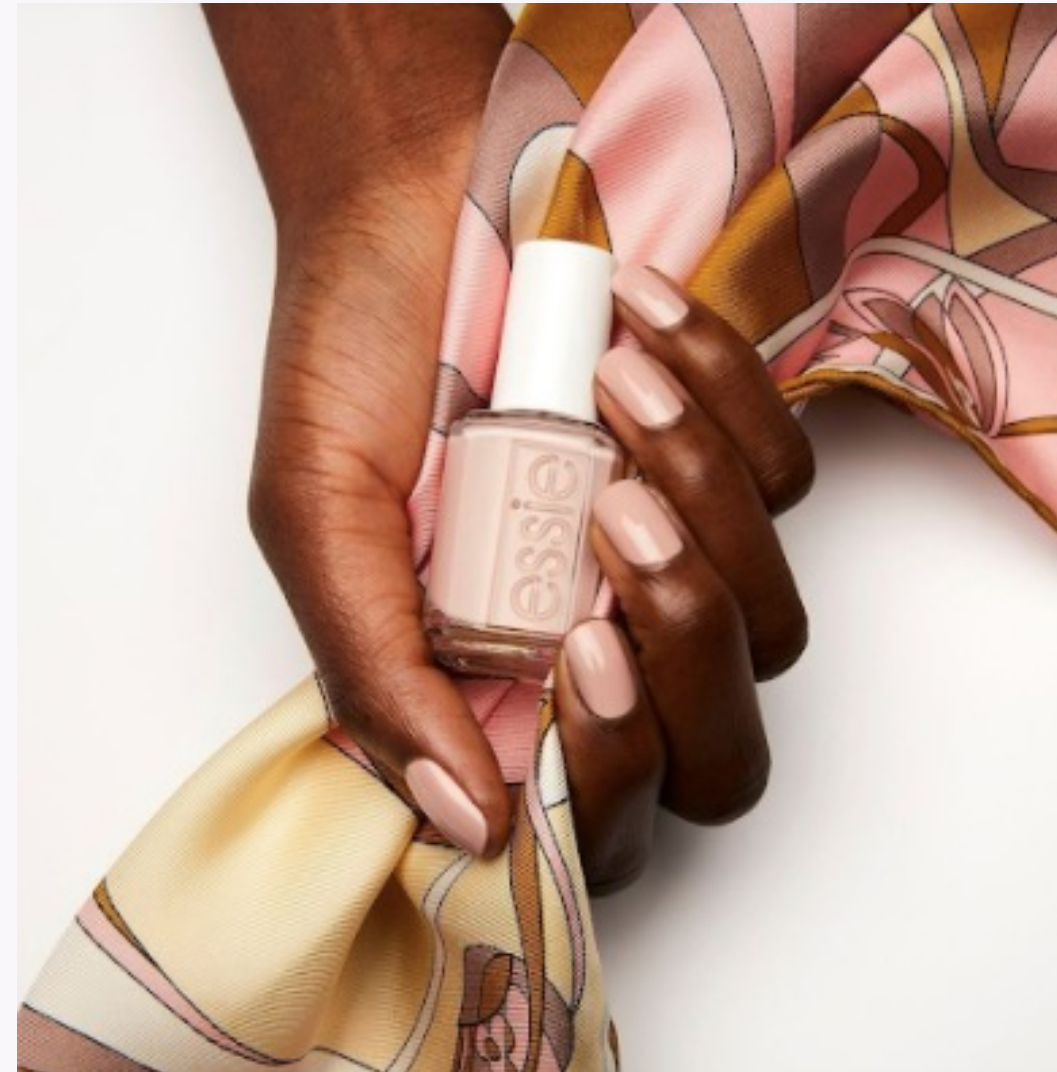
MARKETING MIX- PRODUCT

BEAUTY

- Color Cosmetics (lip, eye, face)
- Couture Beauty
- Nail Polish
- Hair Care & Style

SKIN CARE

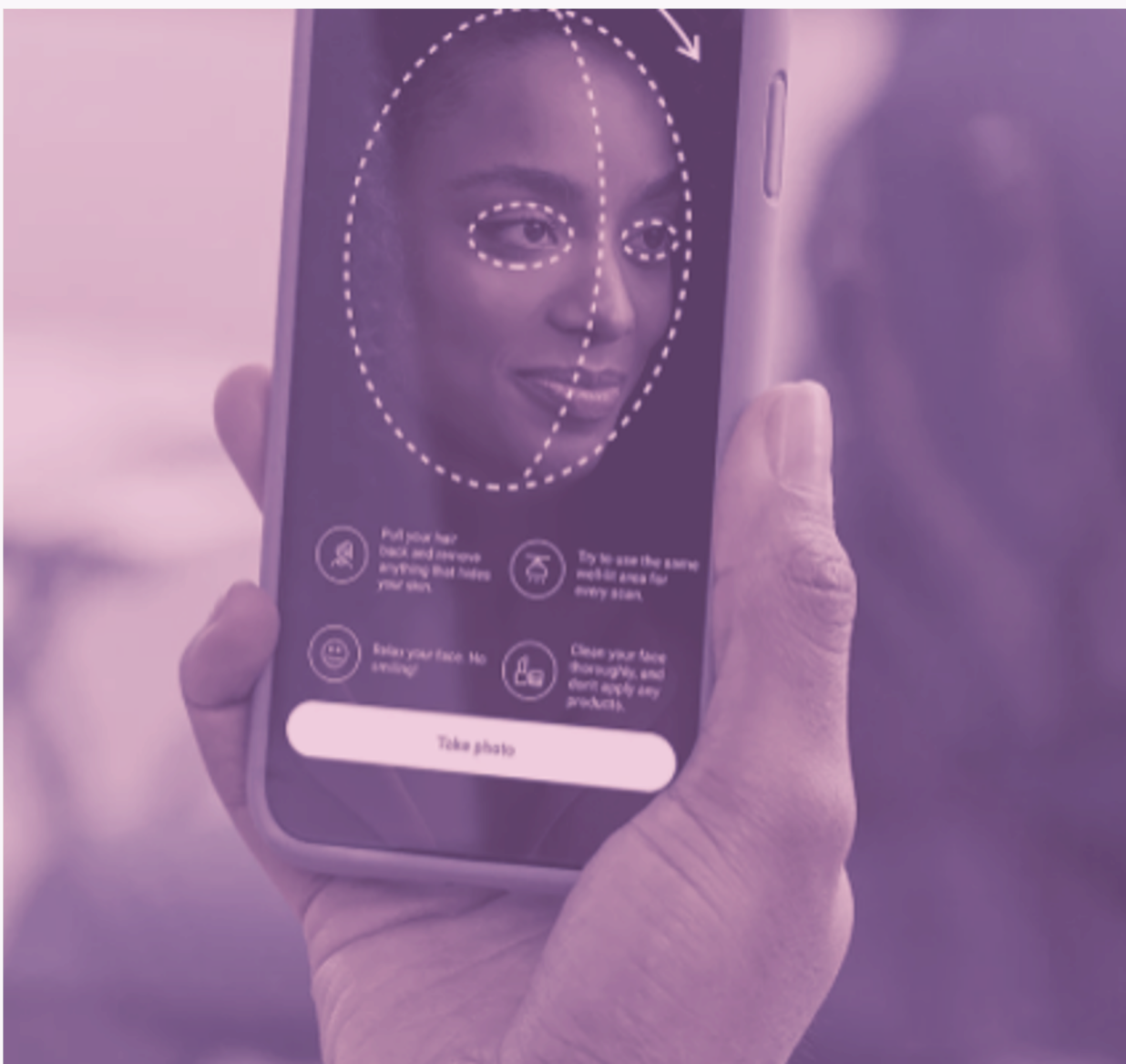
- Lotions
- SPF
- Anti-Aging



MARKETING MIX- PRODUCT

BEAUTY TECHNOLOGY

- Virtual Try-on



- In-Store Custom Foundation



- Non-Animal Testing (Artificial Skin)



MARKETING MIX- PRODUCT

PERSO: BETA TEST, LIMITED RELEASE

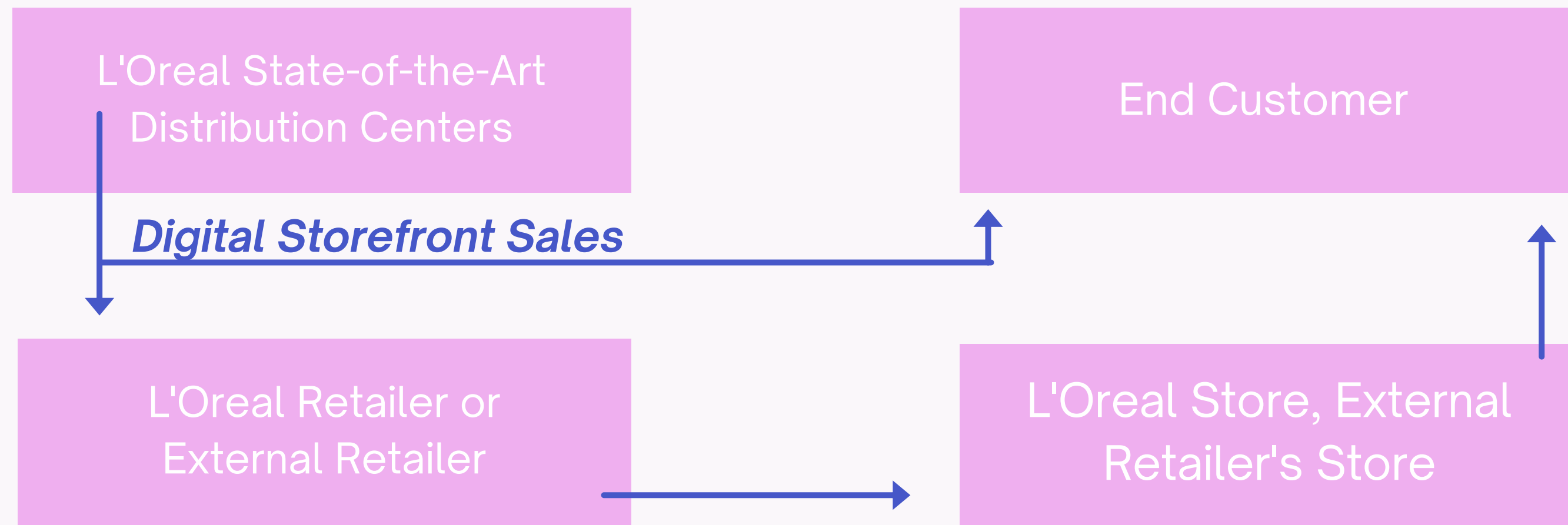


MARKETING MIX- PROMOTION

- Traditional Paid TV
- Social Media & Youtube
 - Paid ads
 - Influencers
 - Organic conversations on Owned Accounts
- Tracking & Web Ads
- Email
- Physical displays in retailers (target, salons, etc)
- Celebrity Endorsements
- Professional Hair Training Academies



MARKETING MIX- PLACE



MARKETING MIX- PRICING

Price differs across each brand category, and even within each category.

- **Luxe** Category, for instance, is priced highest as those are often couture brands. Armani, YSL, Valentino, Prada and the like should never be discounted.
- **Consumer products** are often on the lower end of the beauty price scale as they are sold in stores like Target.
- **Active cosmetics and Professional Product** price varies within the category by brand.

- ENGRAVABLE -



ROUGE PUR COUTURE THE SLIM MATTE LIPSTICK

A super-slim square lipstick that provides long-wear matte color.

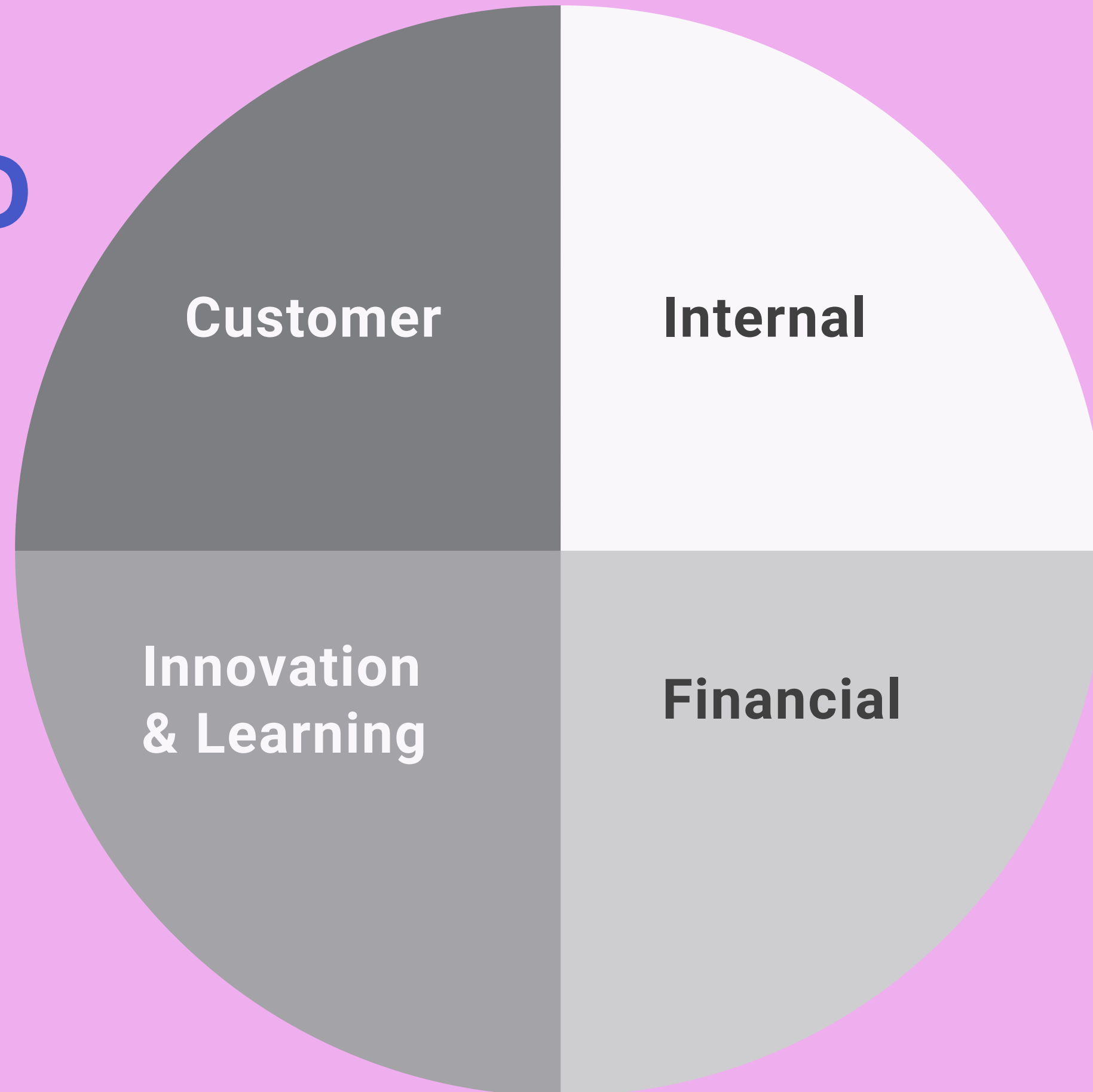
★★★★★ | \$25.00



🗨️ TRY IT ON

👤 LIVE CONSULTATION

BALANCED SCORECARD



BALANCED SCORECARD

Customer

- Customer Satisfaction
- Expectations for In-Store service
- App & digital interactions standards
- % Loyal
- # of Defections
- Social Media Engagement
- # of mentions of Perso Online

Internal

- Distribution Center Efficiency
 - Supplier Quality & Ingredient Purity
 - Supplier Consistency
 - Transaction Time
 - Reduction in Waste
 - Delivery Time to Digital Customers or External Retailers

- Time to Market
- Time Spent discussing Perso & L'Oreal AI face reading technology with Consumers
- Number of New Color Cosmetics & Hair Care
- Reduction in costs after implementing new technology.

- Repeat Customers
 - Perso Beta Orders
 - Revenue
 - Value of Co-Branded Products
- # of Consumers who shop on Social Media Storefronts
- ROI on each celebrity or social media influencer campaign.

Innovation & Learning

Financial

BALANCED
SCORECARD



EXPANDED SWOT ANALYSIS

EXPANDED SWOT

STRENGTHS

- **Beauty technology leader, phydigital leader**
 - On track to be sustainable by 2030
 - Highly recognizable brand name
 - #1 color cosmetics and skin care company for several years
- **Owns AI, AR, and skin tissue engineering companies**
- **Consumer Research Labs**

WEAKNESSES

- **Limited Experience Marketing due to few Direct to Consumer Stores**
- **Sales in External Retailers such as grocery and convenience stores can devalue L'Oreal name.**

EXPANDED SWOT

OPPORTUNITIES

- **Expanding Skin Care Market (+8.6% by 2024)**
- **Customer Desire for Custom, Personalized Products.**
- **Skin Care Sales Expected to Outdo Beauty Sales in Asia by 2025 (except South Korea & Taiwan)**
- **22% increase in E-Commerce in 2020**

THREATS

- **Future AI and AR regulation & data use restrictions**
- **Extremely Competitive Beauty Market**
- **Decline in Customer Beauty Shopping Post-Covid.**

STRATEGIES TO MAXIMIZE STRENGTHS & OPPORTUNITIES

EMPHASIZE PERSO'S DAILY CUSTOM
SKIN CARE ASPECT

WIDEN SKIN CARE PRODUCT OFFERINGS
TO MEET CONSUMER TASTE TRENDS IN
EACH ASIAN COUNTRY

SELECT WHICH BRANDS TO MAKE THE
GEN Z HERO BRAND



STRATEGIES TO MITIGATE WEAKNESSES & THREATS

EXPAND PERSO INTO A LINE OF CUSTOM
AT-HOME BEAUTY TECHNOLOGY.

AS EACH COUNTRY OPENS, EXPAND IN-
PERSON BEAUTY SERVICES (ESPECIALLY IN
THE LUXE CATEGORY)

INCREASE IN-STORE TECHNOLOGY TO
MAKE L'OREAL PRODUCTS DISTINCTIVE,
EVEN IN EXTERNAL RETAILER'S STORES.





RECOMMENDATIONS

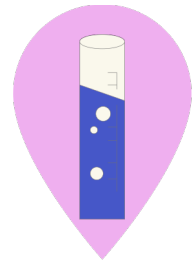
RECOMMENDATION 1

*STRATEGICALLY USE PERSO TO GAIN MARKET SHARE
AND TITLE OF THE PREMIER CUSTOM BEAUTY COMPANY.*



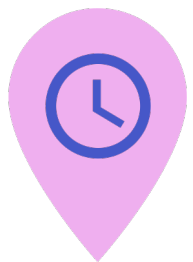
GOAL 1

Use Perso to become known as the premier customized beauty company, and gain market share in the luxury beauty category. **Christmas 2021**



GOAL 2

Develop a L'Oreal branded Perso which can be used with other L'Oreal brand makeup cartridges. **Christmas 2022**



GOAL 3

Create a Perso timer so customers can set a time for Perso to make their custom mix daily from the app. **Q3 2023**

RECOMMENDATION 2

INCREASE MARKET SALES IN ASIA.



GOAL 1

Grow sales in Asia through market expansion and penetration.

Begin objectives by Spring 2022.



GOAL 2

Become the go-to product for women who don't want their "Mom's Brand" of makeup, and solidify a youthful and innovative brand personality.

Q1 2022

RECOMMENDATION 3

LEAN INTO SUSTAINABILITY AS A NEW SOURCE
OF COMPETITIVE ADVANTAGE



GOAL 1

Gain clean certification for all Mixa, Kiehl's, and IT Cosmetics brand products, and have them be sustainably packaged.

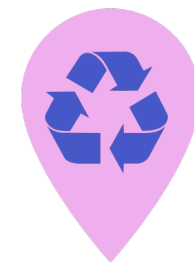
Clean by Q3 2023, Sustainable by Q1 2024



GOAL 2

Found The Coalition for Clean Beauty


Q2 2023



GOAL 3

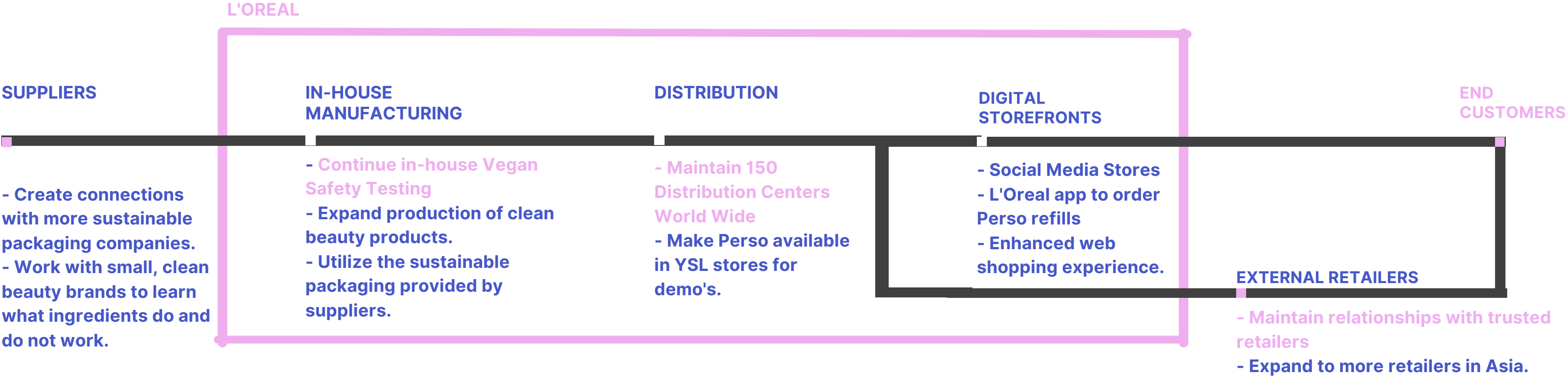
Create recyclable containers for the Perso product, and the ability to return the filler containers for a discount.

Q1 2024

A close-up photograph of several L'Oréal Paris perfume bottles. The bottles are made of clear glass with silver-colored caps. The brand name 'L'ORÉ PARIS' is visible on the glass. The image is partially obscured by a blue vertical bar on the right side.

**RESULTING CHANGES
TO THE VALUE CHAIN
& VALUE CHAIN
INFLUENCERS**

VALUE CHAIN CHANGES



VALUE CHAIN INFLUENCERS

CHANGES

SOCIAL MEDIA

- Rec 1 requires social media influencers who are associated with high-class taste.
- Rec 2 requires trend setters in Asia.
- Rec 3 requires eco-friendly lifestyle bloggers.

ONLINE PRODUCT REVIEWS

- Testimonials from the tastemakers for each recommendation on their primary social channels are crucial.

ENVIRONMENTAL & HEALTH ORGANIZATIONS

- New clean and sustainable beauty coalition requires government cooperation.
- Close coordination with the EWG is needed for reputability & guidance.

GOVERNMENT AI & AR REGULATION

- New products need to be vetted and approved for use.

FAMILY EXPERIENCES

- The stream of family experience will flow backwards as young family members share custom, clean, & sustainable beauty with their older family members.



TARGET MARKET RECOMMENDATIONS



Recommendation 1

Target Market A:

The Rich Moms

POSITIONING STATEMENT

Among the rich mom segment, L'Oreal's Perso is the custom makeup that mixes my favorite facial products daily in my home, because it is the only personalized makeup solution.

DESCRIPTION

- Women who would fall into gold or platinum tiers due to their income and tastes, but may not be loyal customers yet. They have 1-3 children and lead busy but luxurious lives.
- They seek products from their favorite brands that are up to date and on-trend, but a product like Perso would help simplify their morning routines.
- In-store trials of the product would help this group become acquainted with how the product works and how it would fit into her life.



Recommendation 1

Target Market B:

The YSL Die-Hards

POSITIONING STATEMENT

Among the YSL die-hard, L'Oreal's Perso is the custom makeup that is a part of living the YSL life, because it is the most innovative beauty technology available from the brand and the best way to get YSL products daily.

DESCRIPTION

- These women live and breathe YSL bags, makeup, shoes and more. They may be aspiring to a luxury lifestyle or currently living one, but are a walking testimonial for the brand.
- Having Perso's in store at YSL would be important to these shoppers, as that distribution method would help them see the product as part of the brand.
- The Perso would be the new, must have YSL makeup product.



Recommendation 2 Target Market A: *Up 'n Coming in Asia*

POSITIONING STATEMENT

Among the Up 'n Coming in Asia group, L'Oreal's NYX, Urban Decay and L'Oreal brands are the top choice for makeup, because they know L'Oreal mixes product expertise with technology in a way no other company does.

DESCRIPTION

- Women ages 13-18 in Asia who are beginning their foray into beauty and facial care. Follow the typical trends of the Gen-Z consumer.
- High users of technology who would have an easy time utilizing the L'Oreal app.
- Distribution of L'Oreal & its brands products needs to be widened in Asian markets. These women need to be able to view and even try out makeup they have seen through influencers or the L'Oreal App's try-on feature.



Recommendation 3 Target Market A:

Young Professional Women

POSITIONING STATEMENT

Among the Young Professional Women segment, L'Oreal's Mixa, Kiehl's, and IT Cosmetics brands are the go-to solutions for clean and sustainable beauty that is also easy to use everyday, because these brands have created these products for my busy life.

DESCRIPTION

- These women are well educated and sit in the gold or iron categories. They earn about \$70- \$100k yearly, and well educated.
- Well educated on the implications of toxic, mainline makeup and skincare. Willing to pay more to avoid certain ingredients or for more sustainable packaging.
- Education through social media, and advertisement of L'Oreal's commitment to clean and sustainable products needs to heavily target these women.



Recommendation 3 Target Market B: *The Cult of Sustainability*

POSITIONING STATEMENT

Among the Cult of Sustainability segment, L'Oreal's Mixa, Kiehl's, and IT Cosmetics brands are the forerunners of clean & sustainable beauty, because L'Oreal has spent the most effort and resources on creating cutting edge solutions to our earth's problems.

DESCRIPTION

- These women care first and foremost about the ingredients of the products they use. They are chiefly concerned with living a non-toxic, sustainable, and wellness oriented life.
- Only use glass water bottles, carries reusable straws, and may protest for environmental change.
- L'Oreal has to make whole brand changes to appeal to this woman, from Perso's filler containers to supplier accountability.



OBJECTIVES & STRATEGIES

RECOMMENDATION 1

OBJECTIVE

STRATEGY

PRODUCT

- Expand Perso to include options for non-YSL makeup and skin-care by Christmas 2022.
- Set-up a timer in L'Oreal app so users can set a time for it to automatically begin creating the day's mix by Q2 2023.

- Set manufacturing date for non-YSL branded Perso's to begin rolling out.
- Begin coding process to integrate a timer into Perso & app. Set goal timeline according to engineer's estimates.

PRICE

- Create structures to maintain premium pricing for all versions of Perso & Perso accessories.
- Ensure roll-out to key YSL stores and events before Christmas 2021.

- Internal guidelines should strictly prohibit sales or any price based promotions.
- Determine with manufacturing team how many units of Perso will be available by Christmas 2021 to determine how to exclusive to make promotions for the product.

RECOMMENDATION 1

OBJECTIVE

STRATEGY

PLACE

- Introduce Perso at select YSL stores in global hubs.
- Sell Perso exclusively in-store (unless online with a sales representative from YSL assisting).

- Select the most profitable stores with the most loyal customers to roll out Perso to first.
- Require customers to be in touch with a YSL representative.

PROMOTION

- Solidify reputation as technologically innovative, upscale, yet classic makeup brand through YSL Person promotions.
- Cultivate a general awareness of Perso as an elite product, while simultaneously positioning Perso as a premier, cutting edge product.

- Utilize upscale social influencers to become established as the premier custom beauty company.
- Create general Social Media ads and campaigns around the Perso. Target regular luxury shoppers with informative or persuasive ads.

RECOMMENDATION 2

OBJECTIVE

STRATEGY

PRODUCT

- Create trend of the season products to reach younger generations and stay relevant on social media (beginning Spring 2022).
- Utilize new products and the app to reach wide audience and begin discussion on regular products.

- Determine which aspects of regular products are easily tweaked, such as packaging color, product color, or box packaging.
- Create a list of influencers, celebrities, or loyal customers in the demographic to generate seasonal ideas with.

PRICE

- Offer reduced shipping costs for first digital purchase (beginning Q4 2022).
- Lower price of certain products with minimal production cost so as to attract more shoppers.

- Require customers to create a L'Oreal ID that will work on any L'Oreal brand's website for tracking purposes.
- Determine with factories what products have lower costs.

RECOMMENDATION 2

OBJECTIVE

STRATEGY

PLACE

- Widely circulate NYX and Maybelline products through many distribution points physically & digitally.
- Place L'Oreal and Urban Decay in more mid to up scale Asian makeup retailers.

- Create further contacts with popular chain stores that reach customers outside of urban areas. Gift a certain amount of products.
- Celebrate opening parties at each new mid to upscale retailer partner's store, and create localized campaigns to generate buzz.

PROMOTION

- Widen share of voice in the Asian beauty market and grow market penetration.
- Expand beyond L'Oreal Professional accounts for target countries, and create country specific makeup accounts as well by Q1 2022.

- Tap influencers from countries in the target region to partner with as L'Oreal brands begin rollout in those areas.
- Conduct market research to determine which countries are friendliest to L'Oreal brands, and which brands they like best. Create accounts for those countries.

RECOMMENDATION 3

OBJECTIVE

STRATEGY

PRODUCT

- Begin Coalition for Clean Beauty by Q2 2023.
- Expand sustainable packaging to goal brands (Mixa, Kiehl's, and IT Cosmetics) fully by Q1 2024. Certify all products from these brands as clean (Rated 3 or less) by the EWG by Q3 2023.
- Create reusable Perso Makeup Cartridges by Q1 2024.

- Create internal L'Oreal corporate task force to lead the charge on creating The Coalition.
- Work with suppliers & eventually Coalition partners to develop packaging solutions. Develop clean beauty alternatives in L'Oreal research labs and with suppliers. Submit products directly to the EWG for verification.
- Work internally to begin producing recyclable Perso containers.

PRICE

- Determine percent increase in product price needed to break even by 2026.
- Create campaigns surrounding the change in product ingredients, not efficacy, to help customers rationalize the increase in cost.

- Work with suppliers and internal teams to determine true cost of project. Require new Coalition members to pledge a certain amount toward research. Conduct market research on the price sensitivity of Target Markets A & B.
- As prices change, begin launching educational campaigns centered around the benefits of these changes.

RECOMMENDATION 3

OBJECTIVE

STRATEGY

PLACE

- Begin accepting recycled Perso containers at various YSL or couture beauty stores (after launch of product).
- Designate 1 L'Oreal research lab as a joint facility with The Coalition for shared projects with partner companies (after launch of The Coalition).

- Create a network of participating stores and procedures for sending containers to cleaning facilities before they are reused by L'Oreal.
- Work with research teams to identify an appropriate space

PROMOTION

- Begin campaign tasking other companies with joining L'Oreal to do the hard work needed for the earth. Create a social strategy and team for The Coalition.
- Celebrate clean and sustainable certifications as they are earned by brands.

- Select certain marketers to join The Coalition task force to create these campaigns and manage the social strategy.
- Emphasize L'Oreal's work to make products even *better* by using clean ingredients and draw awareness to brand changes.



PROFIT & LOSS STATEMENTS

PROFIT & LOSS STATEMENTS

<i>Profit and Loss Statement</i>									
€ millions	2018	2019	2020	2021 (Expected)	2022 (Worst)	2022 (Expected)	2022 (Best)	2023 (Expected)	2023 (Best)
Net Sales	26,937.40	29,873.60	27,992.10	32,032	35,400	41,961.84	47,207.07	57,502	66,621
Cost of Sales	-7,331.60	-8,064.70	-7,532.30	-8,619	-10,852.10	-10,852.10	-10,852.10	-13,085.20	-13,085.20
Gross Profit	19,605.80	21,808.90	20,459.80	23,412	24,548	31,109.74	36,354.97	44,417	53,536
R&D	-914.4	-985.3	-964.4	-1,036.02	-3,706.92	-3,706.92	-3,706.92	-6,377.82	-6,377.82
Advertising & Promotion	-8,144.70	-9,207.80	-8,647.90	-10,881.31	-13,644.41	-14,244.41	-14,244.41	-17,607.51	-17,607.51
SG&A	-5,624.70	-6,068.30	-5,638.50	-6,260	-6,773.60	-6,773.60	-6,773.60	-7,287.20	-7,287.20
Operating Profit	4,922	5,547.50	5,209	6,173.00	423	6,384.81	11,630.04	13,144	22,263
Other Income & Expenses	-94.7	-436.5	-709	-778.3	-2120.1	-2120.1	-2120.1	-3461.9	-2120.1
Operational Profit	4,827.30	5,111	4,500	5,395	-1,697	4,264.71	9,509.94	9,683	20,143

PROFIT & LOSS STATEMENTS

<i>Profit and Loss Statement</i>									
<i>€ millions</i>	2018	2019	2020	2021 (Expected)	2022 (Worst)	2022 (Expected)	2022 (Best)	2023 (Expected)	2023 (Best)
Finance Costs on Gross Debt	-34.8	-75.4	-79.2	-116	-156.6	-156.6	-156.6	-197.2	-197.2
Finance Income on Cash and Cash Equivalents	47.9	28.7	19.8	9.5	-9.7	-9.7	-9.7	-28.9	-28.9
Finance Costs, Net	13.1	-46.7	-59.4	-106.5	-166.3	-166.3	-166.3	-226.1	-226.1
Other Financial Income (expenses)	-15	-16	-36.5	-17	-18	-18	-18	-19	-19
Sanofi Dividends	358.3	363	372.4		4.7	4.7	4.7	9.4	9.4
Profit before Tax & Assoc.	5,183.70	5,411.40	4,776.50	5,639.10	-3,740	3,918.81	9,164.04	9,221	19,681
Income Tax	-1,284.30	-1,657.20	-1,209.80	-1,634	-2,006.90	-2,006.90	-2,006.90	-2,379.80	-2,379.80
Net Profit	3,899.50	3,755.20	3,567.60	4,842	-5,747	1,911.91	7,157.14	6,841	17,302

OVERVIEW

BEST CASE

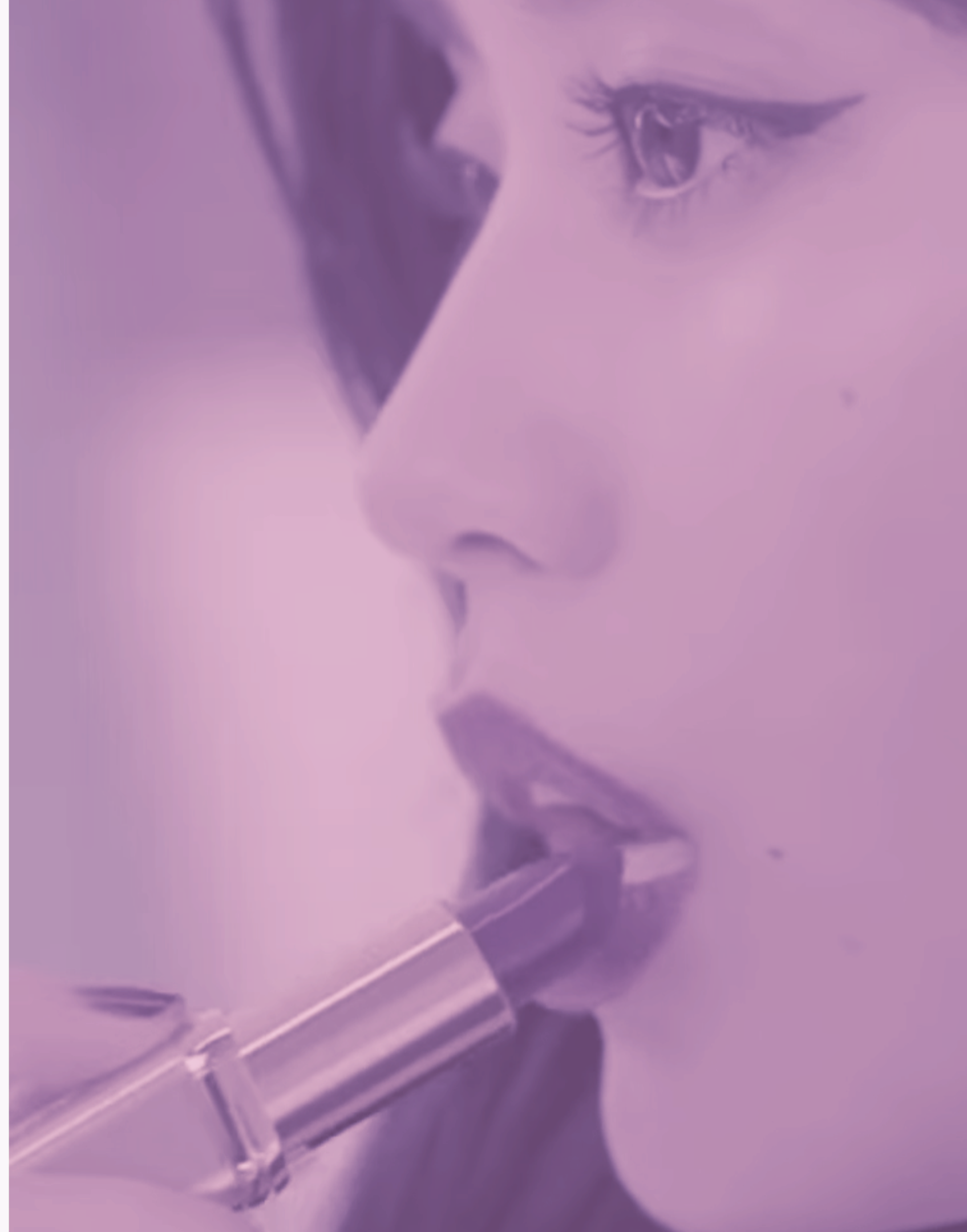
Sales grow 35% due to sales in Asia, success of Perso YSL, and pre-orders of L'Oreal Perso.

EXPECTED CASE

Sales grow 20% due to free shipping incentives, sales in Asia, and social media sales.

WORST CASE

Sales are minimal, and costs are still incurred.





IMPLEMENTATION PLANS

RECOMMENDATION 1

[illegible]

RECOMMENDATION 2

Category	Activity	Responsible Departments	Sept 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	March 22	April 22
Research	Determine Final Target Countries for Campaign	Research, Marketing								
Development	Begin L'Oreal ID Project	R&D								
Legal	Determine Social Media Use & Marketing Laws in Target Countries									
	Ensure L'Oreal Trademarks are all Registered in Target Countries (& neighboring nations)									
Finance	Determine Number of Customers Who Will Be Able to Recieve Free Shipping	Finance, Marketing, Distribution								
	Determine Which Products Can Have Price Decreases	Finance								

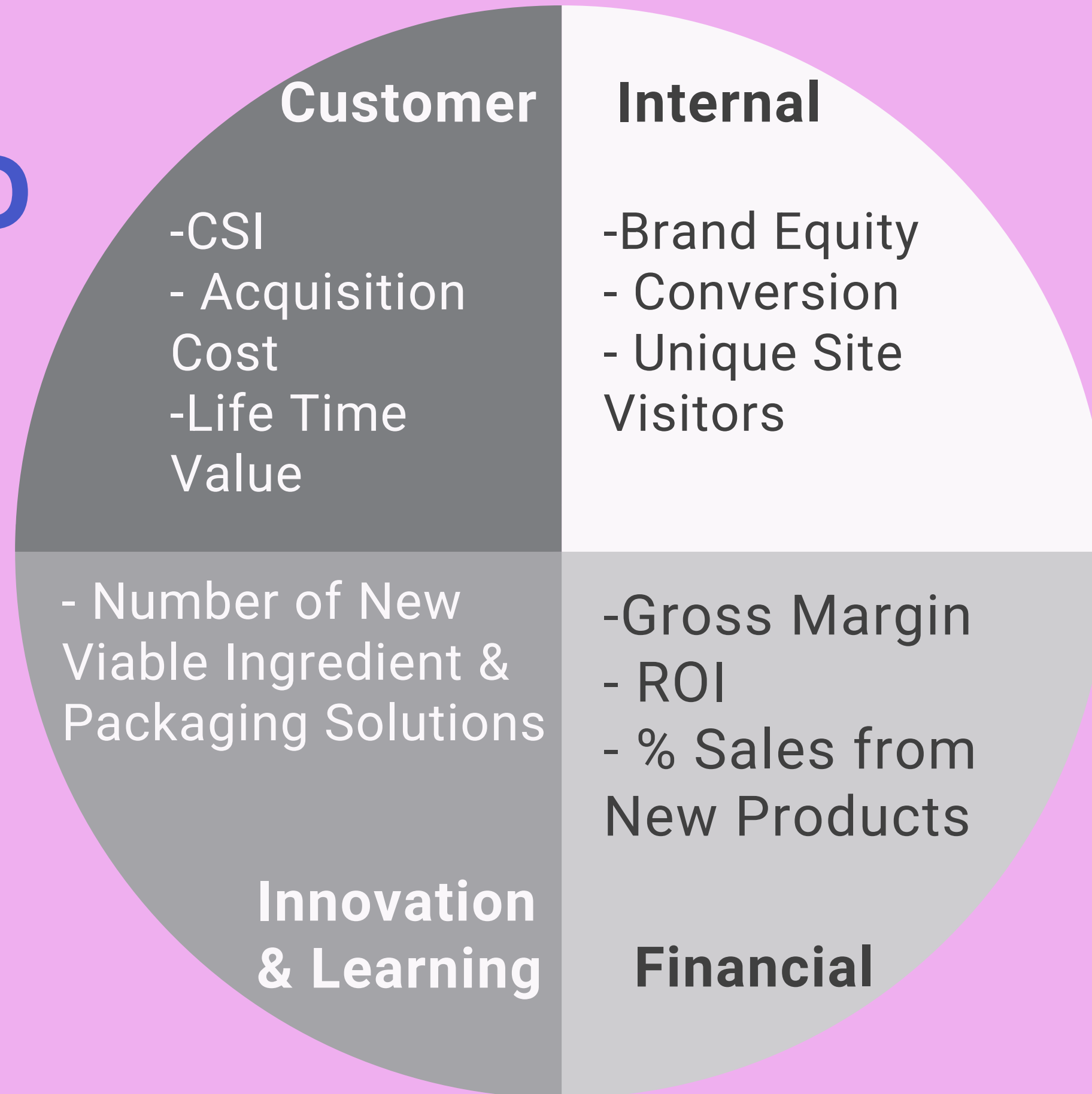
RECOMMENDATION 3

Category	Activity	Responsible Departments	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Coalition for Clean Beauty Task Force	Create an Internal Task Force to lead The Coalition for Clean Beauty	All Departments								
	Set Charter Statement and Governing Rules for Coalition	Coalition Task Force								
	Begin Process of Recruiting an Advisory and Governing Board	Coalition Task Force								
	Identify Potential Coalition Partners	Coalition Task Force, Marketing, R&D								
	Begin Contacting Potential Partners	Coalition Task Force								
	Finalize Coalition Partners	Coalition Task Force								
Legal	Create Contracts with Partner's for R&D funding & membership dues	Legal								
	Determine a L'Oreal R&D facility that can be shared with Coalition Members	Legal, R&D, Coalition Task Force								



CONTINGENCY PLANS

BALANCED SCORECARD





RECOMMENDATION 1

IF EXPECTED CASE IS NOT MET

- Slow plans to release L'Oreal Perso
- Evaluate Production & Distribution Costs of YSL Perso
- Determine what holes were in marketing campaign
- Conduct CSI Research to understand any flaws.

METRICS

- % YSL Customers who Purchase Perso
- Share of Voice in Custom Beauty
 - ACV, ROI, ROMI
- % Sales from YSL Perso

IF EXPECTED CASE IS EXCEEDED

- Begin mockups of specialty colors or skin care for Perso
- Tap a celebrity collaborator to create a limited edition Perso
- Begin researching expanding Perso to hair care and mens care as well.



RECOMMENDATION 2

IF EXPECTED CASE IS NOT MET

- Conduct more research to determine the cause of low success in these countries.
- Determine if any retailers are too costly to distribute through.
- Decide how to alter campaigns & partners to attract more customers.

METRICS

- Acquisition Cost
- Customer Lifetime Value
- Brand Preference
- Share of Voice
- Sales of Seasonal Trend Products
- ROMI

IF EXPECTED CASE IS EXCEEDED

- Expand list of Country Specific L'Oreal Social media accounts to other neighboring countries.
- Create a line of special makeup packages for different events and holidays in the Target Market's life (back to school, start college, start a new job).



RECOMMENDATION 3

IF EXPECTED CASE IS NOT MET

- Slow research on sustainable packaging and focus first on non-toxic ingredients.
- Expand list of full, paid members of the Coalition.
- Evaluate how to change campaigns to garner more support from the public for sustainability efforts.

METRICS

- % Sales from New Products
 - % of Mixa, Keihl's and IT Cosmetics customers who are retained after changes
- ROI on sustainability & clean ingredient efforts
- Brand Equity after Launching Coalition for Clean Beauty

IF EXPECTED CASE IS EXCEEDED

- Determine what other brands in the L'Oreal family should be targeted for conversion to sustainable packaging.
- Begin phasing out certain well-known toxic ingredients from all L'Oreal products.
- Begin working with other sustainable businesses to ask the US government for better regulation on what "clean" beauty is.

THANK YOU

EMAIL

ESTHER.DRAGT.2021@MARSHALL.USC.EDU

A close-up portrait of a woman with long, wavy, light brown hair. She is looking directly at the camera with a neutral expression. The background is a soft, out-of-focus light color. The L'Oréal Professionnel Paris logo is visible in the bottom right corner.

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