L'ORÉAL BRANDSTORM

MOVIE4BEAUTY

Strategy & Marketing Project - A.Y. 2020/2021

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group 42

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L'ORÉAL X FILM/TV SERIES MAKING

L'Oréal professional products entered in the film/TV series making industry thanks to makeup artists such as Molly Stern, Shauna Giesbrecht and Jane Walker. Those artists had the chance to make up famous actors and actresses using **L'Orèal signature products** like L'Oréal Voluminous Waterproof Mascara for touching and crying scenes.

But the company presence in the cinema world was already consolidated through big sponsorships. For *22 years*, L'Oréal was the major sponsor and official makeup of the ***Festival De Cannes,*** using the red carpet as main stage. Other collaboration are related to *Venice, Berlin* and *Shanghai* film festivals.

Featured collections with *Disney* films *Mary Poppins* and *The Beauty and the Beast* were launched together with the films premieres.
Another example is the *Grace of Monaco* related makeup collection and the L'Oréal promotion that rewarded their customers with a free cinema ticket for the film.

Emilia Clarke
Game Of Thrones
• Lancome's eyeliner
• Armani Luminous Silk Foundation

Gina Rodriguez
Jane the Virgin
• Urban Decay's 24/7 Glide-On Lip Pencil
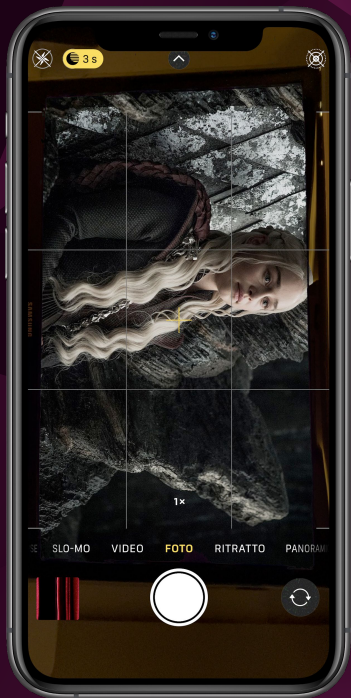• L'Oréal Voluminous Waterproof Mascara

Reese Witherspoon
Big Little Lies
• YSL's Rouge Pur Couture in 57.

How to do a stage makeup by L'Oréal: link - article
Partnership with Festival De Cannes: link
Exact beauty product used by movie/TV series character: link

OUR INNOVATION: MOVIE4BEAUTY

Movie4Beauty is an App that combines image-recognition, machine learning and data analysis to create a unique user experience *connecting* directly the filmmaking industry and the world of L'Orèal.

Are you watching a film and an actress makeup amazes you and you **want to know what is she wearing**? That's easy with **Movie4Beauty!**
By opening the **camera** via the App and **framing the scene** the process of image-recognition starts and the system finds the film and the scene by matching them with a stored library of contents. This **library** will contain all the production in which L'Orèal products are used.

Once this process is over, the App displays all the product used in the scene. Each cosmetic is directly linked with reviews, rating and of course, a direct **purchasing link** it's available to buy them.

1 The mokup shows the image-recognition phase when a scene is framed through the smartphone camera
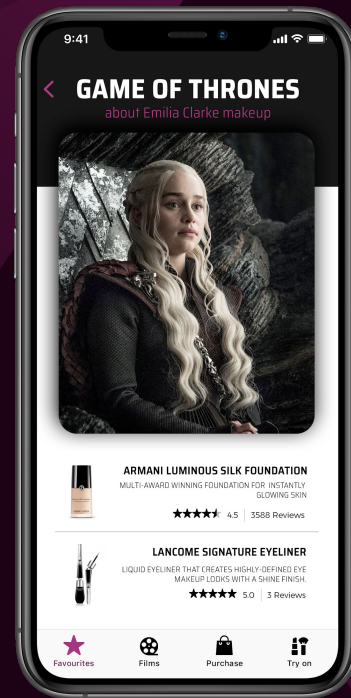
2 The mokup shows the product list referred to the framed scene
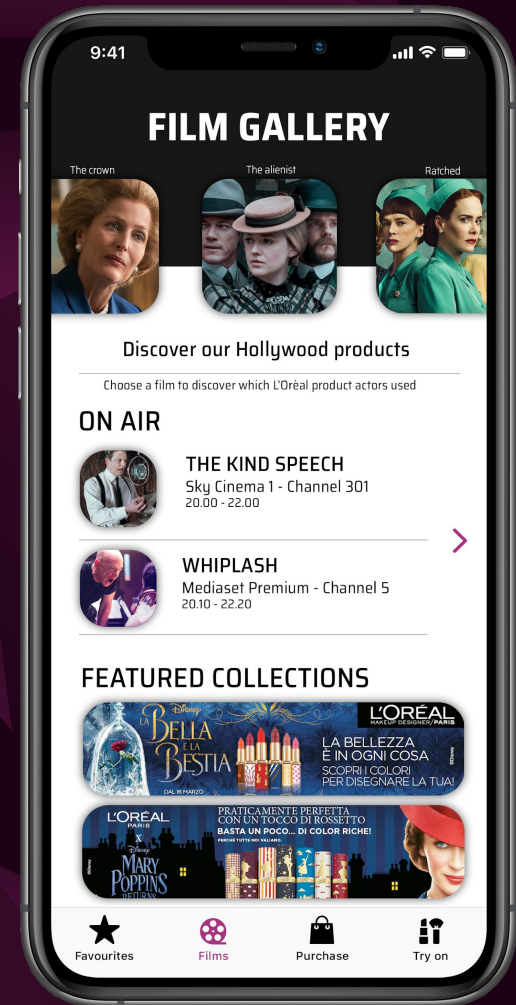
Movie4Beauty Homepage

Among the **Movie4Beauty** functionalities we have an Homepage full of contents.

The **film gallery** is presented with a slider bar of film/TV series previews that the user can interact with: he/she can discover the *most used products* in that production, some *insights*, *interviews* to the makeup artists or the actors, and more.

Thinking about the future, L'Oréal can engage some collaboration with industries such as Sky, Amazon Prime Video, Netflix, Mediaset Premium and more. In this way, currently **"on air"** programmes can be seen via the App and the user will be able to combine Tv watching and cosmetics purchasing in real time.

It is not a news that L'Orèal created film **featured collections** such the ones with Disney. This platform will be the perfect stage to show this collections, linking products with film scenes.

Four tabs in the bottom part of the Homepage redirects to: **Favourites** films/products list, **Film** galley, **Purchasing** platform with purchased products list, **Try on** page where AR already developed by the company can be integrated.

FILM GALLERY

The crown   The alienist   Ratched

Discover our Hollywood products

Choose a film to discover which L'Orèal product actors used

ON AIR

THE KIND SPEECH
Sky Cinema 1 - Channel 301
20.00 - 22.00

WHIPLASH
Mediaset Premium - Channel 5
20.10 - 22.20

FEATURED COLLECTIONS

Favourites   Films   Purchase   Try on

CORPORATE STRATEGY

L'Oréal owns a big Business Portfolio, therefore the company has to adopt a Corporate Strategy in order to make the right strategic decisions. It is really important to define **two factors of the strategy:**

WHAT
Our choice is to expand the **product scope** of the Portfolio trying to exploit the power of the Movie Industry.

HOW
We chose for an **organic growth** as in our opinion L'Oréal already owns the necessary resources and competences in itself.

MOVIE4BEAUTY

In particular in this case we chose for a **Concentric expansion.** In fact our main aim is to create new opportunities to sell the existing products of L'Oréal.

The products that will be sold through the service are already present in the L'Oréal product portfolio on the following brand.
We selected mainly **cosmetics related brands** and hair care professional business because we thought about the possible products that can easily be used by **both professional stylists and normal consumers.** We want that the products present in *Movie4Beauty* can easily be used by a non-professional user willing to replicate a Stage makeup.

Consumer Products

L'ORÉAL PARIS   MAYBELLINE NEW YORK   NYX PROFESSIONAL MAKEUP

L'Oréal Luxe

LANCÔME PARIS   Yves Saint Laurent   GIORGIO ARMANI beauty

UD URBAN DECAY

Professional Products

REDKEN 5TH AVENUE NYC   L'ORÉAL PROFESSIONNEL PARIS

SWOT ANALYSIS

#1
Cosmetics Group

35
Brands

Strengths

➤ Brand
➤ Leadership in cosmetic industry
➤ "Digital-first" mindset
➤ Experience
➤ Entertainment partnerships
➤ Upskiller people
➤ Widespread Distribution

Weaknesses

➤ Presence in a single industry
➤ Big Competition in Cosmetics Industry
➤ Decentralized organizational structure: too many sub divisions
➤ Dependence on suppliers
➤ Huge human capital expenditure

+5,5%
Market growth in 2019

Opportunities

➤ Digital transformation
➤ Market Growth in E-Commerce
➤ New consumer in D2C
➤ Product mix expansion

Threats

➤ Dynamic nature of cosmetics industry
➤ Cash crunch
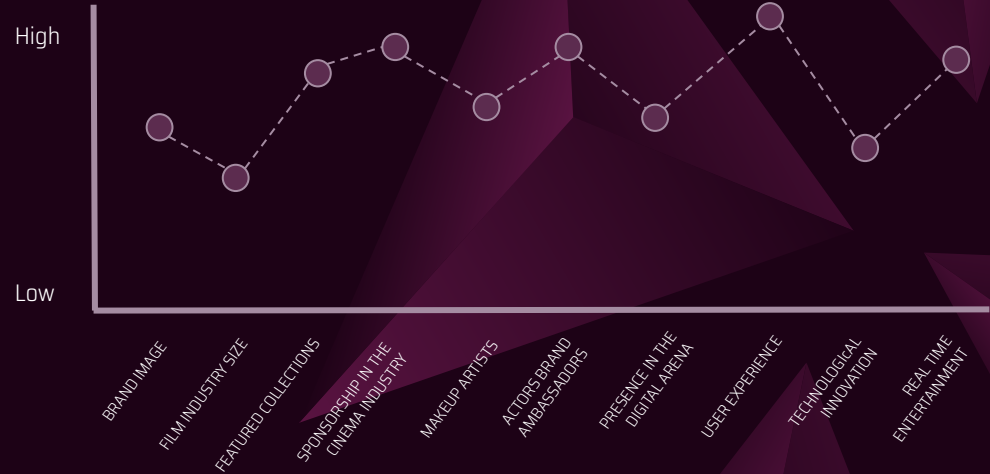➤ Decrease of cosmetics demand due to pandemic

88,000 employees
Huge human capital expenditure

21
Research centers

POSITIONING ANALYSIS

Perceptual Map

Cinema Secrets

Ben Nye

Make Up
For Ever

L'Orèal

Digitalisation

Coty

Shiseido

Unilever

Procter &
Gamble

Yardley

Presence in Film Making Industry

Identification of the key variables of the product

High

Low

BRAND IMAGE · FILM INDUSTRY SIZE · FEATURED COLLECTIONS · SPONSORSHIP IN THE CINEMA INDUSTRY · MAKEUP ARTISTS · ACTORS BRAND AMBASSADORS · PRESENCE IN THE DIGITAL ARENA · USER EXPERIENCE · TECHNOLOGICAL INNOVATION · REAL TIME ENTERTAINMENT

On the Perceptual Map an unexplored area is highlighted in the High digitalyzed cosmetics Companies working with the Filmmaking industry. On the other side, the key variables Value Curve identifies the differentiating aspects that our innovative idea exploits.

BUSINESS MODEL CANVAS

Key Partners

- Film/TV series making companies.
- Festival de Cannes, Venice Film Festival and other festivals.
- Online Retailers

Key activities

- Software Design
- Signing partnerships
- Updating of software data (insertion of new scenes with makeups).

Key resources

- Assets: Partnerships with Film Making companies
- Makeup artists skills

Value Proposition

An innovative service aimed at improving the customer experience in choosing the right products in order to repeat easily the makeup of many film and TV series stars.

Customer relationship

- Social Media
- Promotional Offers
- Retail special events

Channels

- Mobile App for iOs
- Mobile App for Android
- Retailers

Customer segments

- **B2B:** FilmMaking Companies that want to give more visibility to their movies
- **B2B:** Film Streaming providers that want to improve their recommendation quality
- **B2B**: Advertising companies willing to buy personal data
- **B2C**: People who want to repeat the style of their favorite film/TV serie characters

Cost Structure

- Signing new Partnerships
- Promotion through social media marketing
- R&D to develop the App

Revenue Streams

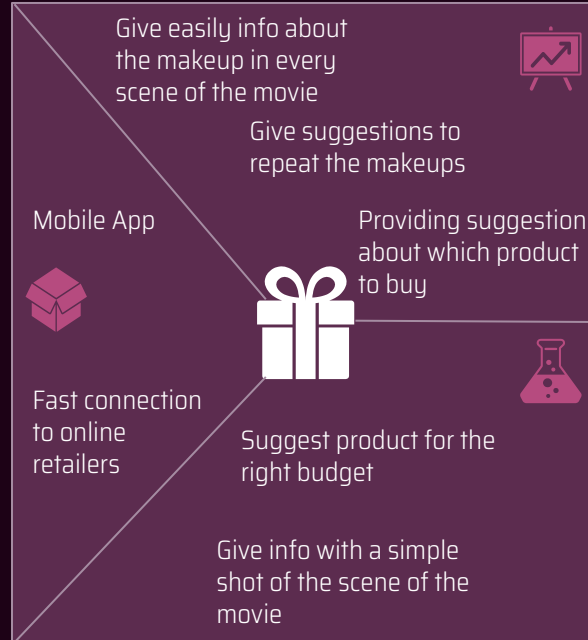- Retail sales (in-store and online)
- Data Selling

VALUE PROPOSITION CANVAS

Value Proposition:

an innovative service aimed at improving the customer experience in choosing the right products in order to repeat easily the makeup of many **film and TV series stars.** Therefore the customer:

• exploits the expertise of high qualified **makeup artists** in finding the right balance of the makeup

• has access to the makeup of their favorite stars and is also guided in the purchase of the right products to repeat them considering the declared budget

• has **fun** trying to repeat a perfect makeup

Give easily info about the makeup in every scene of the movie

Give suggestions to repeat the makeups

Mobile App

Providing suggestion about which product to buy

Fast connection to online retailers

Suggest product for the right budget

Give info with a simple shot of the scene of the movie

Going out with a perfect makeup

Repeat the makeup of famous actors/actresses

Learning something about makeup in movies

Search info on the Internet

Search cosmetics similar to those used in movies

Limited budget

Hard to find information about makeups in movies

TARGETING

Persona - Cosmetic addicted woman

Passionate | Dreamer | Courageous | Movie Lover

Goals
- Have a perfect makeup every time she goes out with her friends.
- Resemble her cinema idles.
- Feeling good with herself.

Frustrations
- She is used to buy many products, but she is not able to put them together correctly.
- She is in love with a lot of makeups she sees in films and TV series but she can't repeat them.
- The existing services are not suggesting her which products are more suitable to repeat the amazing makeups of the stars but with a lower budget.

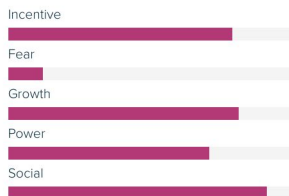*"You only live once, but if you do it right, once is enough." - Mae West*

Age: 25
Work: Company employee
Family: Not married yet
Location: Milan
Character: Effusive

Personality
Introvert — Extrovert
Thinking — Feeling
Judging — Perceiving

Bio
Miriam is a company employee who loves going out with friends during the weekend nights. She loves watching movies and TV series and she is amused by some actresses' makeups, but she can't find how to repeat them on her own. She doesn't want to spend a lot of money to put on her makeup so she needs some suggestions to buy the right products considering her budget. During a TV show she notices the advertisement of this new L'Oréal App that will help her in feeling good with her style trying to resemble her movie idles.

Motivation
Incentive
Fear
Growth
Power
Social

Preferred Channels
Traditional Ads
Online & Social Media
Guerrilla Efforts & PR

Brands & Influencers
L'ORÉAL PARIS | LANCÔME PARIS

The **customer segment targeted** by L'Orèal is made of Salons, Beauty parlors, SPAs and recreational outlets who serve the end customers with the *flagship products of the brand.* In **Retail segment**, it targets the young, upper middle income and upper social class customers in the age group of 20-45 years who believe to buy best cosmetic products which have no harmful side effects.

From our point of view, the most relevant customer segment is the Retail one. Among these customers we would target more directly **film lovers, fangirls and makeup artists** willing to work in the filmmaking industry. Additionally, many information about personal preferences of users can be collected. For this reason, **another important segment** includes **companies** that would buy these *data*. Finally, even companies that produce contents for the filmmaking industry are targeted in means of collaborations or sponsorships.

Since the application will be available on all the main mobile application platforms, **everyone** in the world will be able to use the service. Anyway, the filmmaking industry is characterized with some specific influenced areas. The geographical area designed for this application can be the *Occidental* one including:

- ➢ *North America*
- ➢ *Central America*
- ➢ *Southern America*
- ➢ *Northern, Western and Southern Europe*
- ➢ *South Africa*
- ➢ *Australia and New Zealand*

This is due to a certain first focus on this fragment of the sector, but does not exclude that in the future this service could include **other** filmmaking **cultures** such as the *Indians'* or the *Chinese's*.

BUYER'S JOURNEY

Awareness

The prospect is used to know the makeup of their favorite **Instagram influencers**, so they feel the luck of this opportunity when they see a movie in which one of their favorite actor is playing with an *amazing makeup*, but they are not allowed to know in any way how to repeat such a beautiful makeup.

The customer is aware of the fact that l'Oréal provides the makeup for a lot of movies and TV shows.
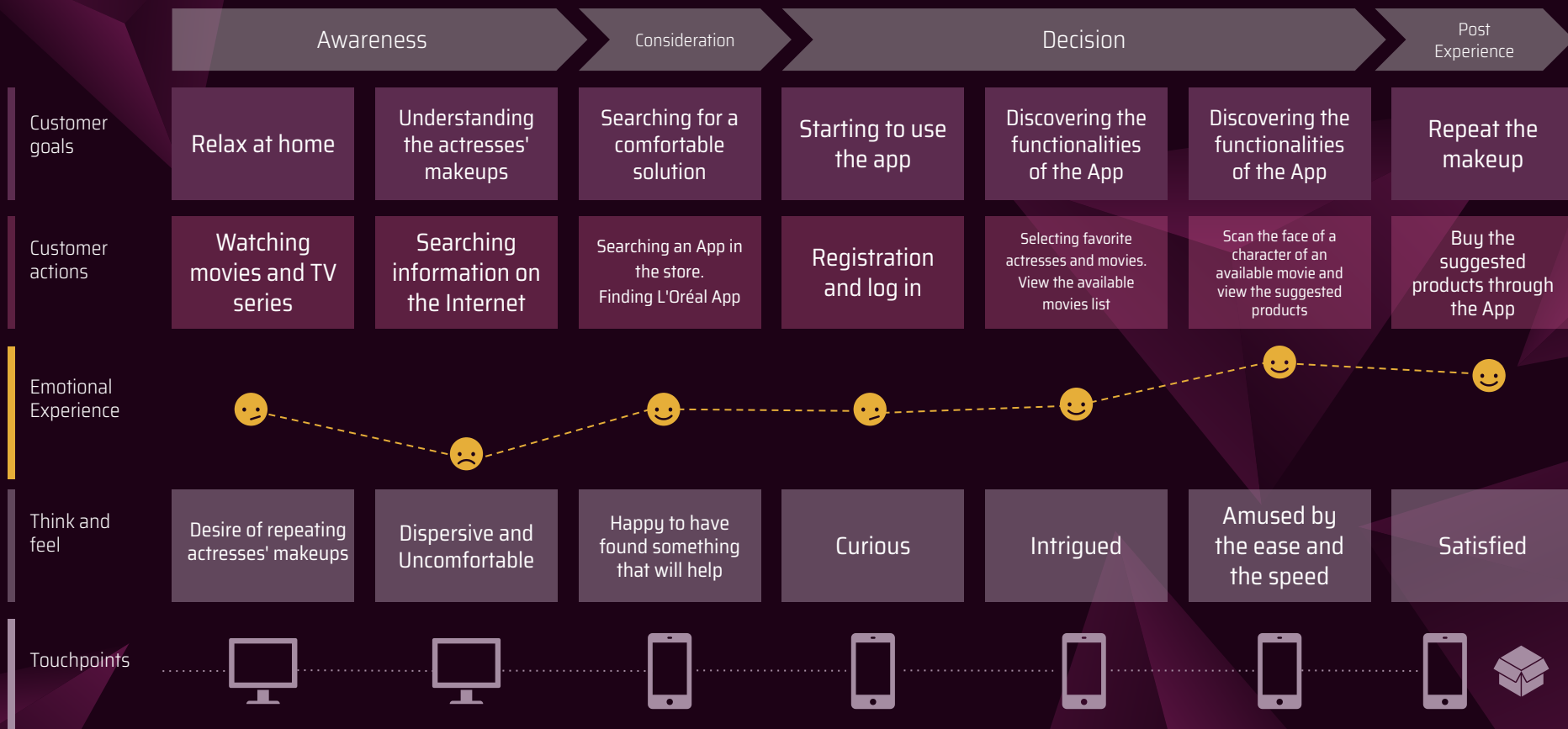
Consideration

The prospect gets to know that L'Oréal has created a **free App** through which they can scan the face of a character and they will exactly know the treatment the actor has received, so they will be given some **suggestions** about which products to buy to repeat it. The prospect got to know the existence of this App because the app has been **promoted** during shows like *Festival de Cannes* and they were watching it because they are *movie addicted people.*

Decision

The prospect now understands that L'Oreal owns a huge amount of partnerships with movie making companies and with famous actors and actresses. They understand that installing the App is essential to repeat the makeup of a lot of characters that will never be put in another App because of their partnership with L'Oreal.
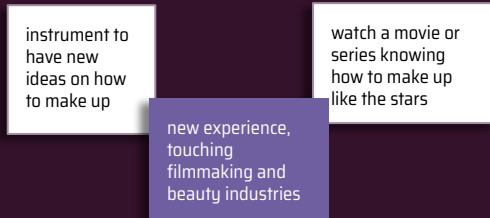
CUSTOMER JOURNEY

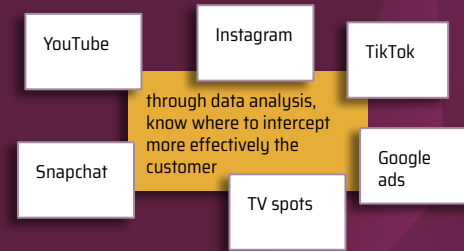|	Awareness		Consideration	Decision			Post Experience
Customer goals	Relax at home	Understanding the actresses' makeups	Searching for a comfortable solution	Starting to use the app	Discovering the functionalities of the App	Discovering the functionalities of the App	Repeat the makeup
Customer actions	Watching movies and TV series	Searching information on the Internet	Searching an App in the store. Finding L'Oréal App	Registration and log in	Selecting favorite actresses and movies. View the available movies list	Scan the face of a character of an available movie and view the suggested products	Buy the suggested products through the App
Emotional Experience	😐	😦	🙂	😐	🙂	😄	🙂
Think and feel	Desire of repeating actresses' makeups	Dispersive and Uncomfortable	Happy to have found something that will help	Curious	Intrigued	Amused by the ease and the speed	Satisfied
Touchpoints	🖥	🖥	📱	📱	📱	📱	📱

PERCEPTION OF THE CUSTOMER: MARKETING MIX

The customer will be able to **disguise as the stars** from the TV series and the movies only by taking their phone. This experience is a new way to see the industry of beauty and the film making one. One can now watch a movie just to have new ideas on how to appreciate him/herself better.
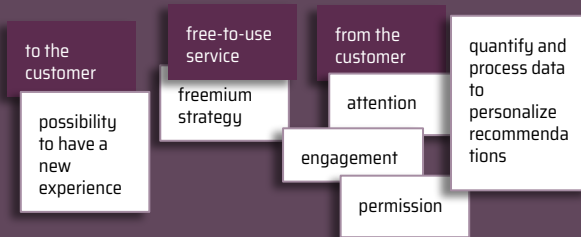
Experience

instrument to have new ideas on how to make up

watch a movie or series knowing how to make up like the stars

new experience, touching filmmaking and beauty industries

Everywhere

YouTube

Instagram

TikTok

Snapchat

through data analysis, know where to intercept more effectively the customer
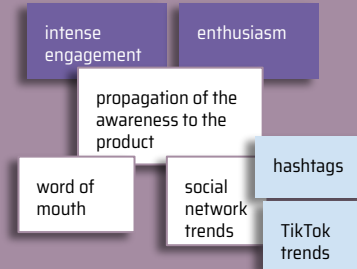
Google ads

TV spots

The customer is now to be intercepted on her turf. **Data Science** provides instruments to better understand the customer's needs and preferences, so that a potential Marketing campaign could be more personalized and based on the preferences expressed through the interactions with the service (a *tap on a certain product*, a *fixed time spent on watching some product*, …)

The customer has other values to exchange rather than the money. Since the service is free: **attention**, **engagement** and **permission** are themself values that can be quantified and processed in order to better personalize the advertisements, and enhance the value provided by the customer. The value gained for them is the dream to be a star from a TV series or a famous movie.

Exchange

to the customer

free-to-use service

from the customer

possibility to have a new experience

freemium strategy

attention

engagement

permission

quantify and process data to personalize recommendations

Evangelism

intense engagement

enthusiasm

propagation of the awareness to the product

word of mouth

social network trends

hashtags

TikTok trends

The service proposed includes an **intense engagement** from the customer. This leads on **enthusiasm for the experience** which can be shared between the peers. The word of mouth and the social networks will effect on a sense of proudness that promote itself the yet-known Big Ideal *"We are Worth It"* even through this service. Customers are now worth to look like stars.

COSTS AND REVENUES: AN OVERVIEW

New partnerships

Big investments have to be made in order to be present into the filmmaking industry. These costs can include some important partnership contracts with big leaders of the industry such as *Netflix*, *Amazon*, *Disney* or *Universal Studios*. These investments can reach **1M €/2M€** per sponsorship, reaching **20M€** in an year considering 20 sponsorship.

R&D

In order to develop a great mobile application, comprehensive of the new technologies such as image recognition, it is needed a good investment, but not as big as the others. An estimation could be approximately around **200k/300k** euros with 2 or 3 weeks of work duration. Without considering the maintaining costs.

Social media marketing

The presence on the emergent social medias is not sufficient: on *TikTok*, L'Orèal counts only 11.5k followers. An effort has to be made in this direction. L'Orèal could be nearer to the targeted customers. The investment could be of around 50k€/month, reaching about **1.8M€** in 3 years and **3M€** in 5 years.

COSTS

| 20'000 | 1'000 | 600 |

expressed in k
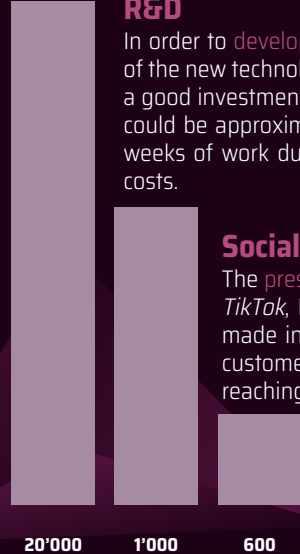
Online retail sales

In the best scenario, the targeted sales could grow even **60M€** in 3 years in online sales. This platform could bring a 1-to-1 association between a L'Oréal application and a L'Orèal product online. Considering the portion of the market and the current online sales.

Data selling

Application can be find what are the preferences of the users regarding cosmetics, movies, TV series, and from that it can be made many assertions on user's personal preferences. It is estimated that this type of data can quantifies on 7.5k€ per day considering the fluxes of users expected. Making about **1.8M€** per year.

In-store retail sales

The in-store retail sales are more related to the ones related to the event of a new movie or the the ones used during the tutorials and live classes. This could bring the in-stores sales to grow up in 3 years, considering the targeted market, up to **300k€**. And without considering the new loyalty brought.

REVENUES

| 300 | 1'800 | 60'000 |

expressed in k

Tool used for the data selling in the link

IN STORE STRATEGY

Movie4Beauty is a digital based innovative idea that starts from an App and attempt to **enlarge the visibility** of the L'orèal products usage in the cinema industry. Other from that, it could have also a direct return concerning retail stores.

Direct selling indeed is one of the main source of revenues of our business model that unified with the online purchasing offered by the Movie4Beauty app, will boost sellings of promoted products.

Moreover, shops represents a perfect spot to sell for advertising: filmmaking companies that will sign a partnership with l'Orèal will **showcase** their new film directly through l'Orèal retailers.

Furthermore some related activities can take place in shops.

In store activities

1 Themed **events** based on film/Tv series with special guests from the cast or the makeup artists that worked on set.

2 **Repeat the makeup:** live classes and tutorial by cinema makeup artists on how to replicate a particular scene makeup.

Final considerations

● Expected growth rate in sales during new film launch, **around 300k revenues**. This is due to movie/tv series madness and willing to emulate movie stars or fandoms.

● Possibility to create **featured collection** of makeup products to support **film premiers** or dedicated advertising campaigns. Film producers would also have the interest of collaborating with L'Orèal also thanks to this exchange: new products for advertising.

Featured Collection Examples
Mary Poppins Featured Collection: link
Alice Through the looking glass featured collection: link

KPI - KEY PRODUCT INDICATOR

In order to have a look at the **future**, we decided to point out some possible Key Product Indicators that could be used to evaluate the success of Movie4Beauty. Yo give some measures also we pointed out **two different goals:** the first one express the values expected after **3 years** from the launch of the Application, the second one after **5 years.**

Sales growth

Expected sales growth both online and in retailers.

GOAL 1   **GOAL 2**

300k

200k

New clients acquired

New customers engaged via the app from the targeted group

GOAL 1   **GOAL 2**

+3%   +3%

App use time

Amount of time spended in using Movie4Beauty

more partnership » more film in the gallery » more engagement

GOAL 1   **GOAL 2**

3h/day

2h/day

App users

Expected number of app users from release.

GOAL 1   **GOAL 2**

40M

20M

Scenes recognized

Number of film scene correctly scanned via the App for which L'Orèal product have been found

GOAL 1   **GOAL 2**

300k

100k

New Partnerships

Expected new partnership that L'Orèal would be able to sign thanks to App

GOAL 1   **GOAL 2**

20par./year   10par./year

* all those metrics are based on our assumptions