

STRATEGY 1: Internationalisation

- China emerged the most attractive country from the decision matrix
- Strengths and growth opportunities from SWOT and Pestle also saw China emerge as most attractive.
- Lucrative market, opportunity to expand customer base, & diversify revenue streams.
- ROI: €4 Billion
- Strategic Partnerships, an acquisition, & introduction of new skin health product.

STRATEGY 2: Internal Diversity & Diverse Market Penetration

- Ansoff Matrix: Market Penetration.
- SWOT: Acquisition Capabilities & R&D Capabilities (S), Male Market (O), Imbalanced Product Offering (W), Competition (T), in line with Broad Differentiation Strategy.
- ROI: over €1 billion
- Advertising campaign, training programme, male rebranding & an acquisition.

STRATEGY 3: Customer Retention with Beauty Tech

- SWOT: Emerging Technology (O) & R&D Capabilities (S).
- Broad Differentiation Strategy: Patent Portfolio.
- Porter's 5 Forces & Mature Industry Lifecycle: Customer Retention & Underserved Revenue Streams.
- ROI: over €1.4 billion
- Personalisation platform, an immersive training platform and a metaverse retail store.

Total Revenue Growth:
over €8.7 billion
(22.94% from 2022)

Horizon 1.1: Ecommerce Partnership with Alipay

Implementation: Deloitte Three Step Strategic Alliance Lifecycle Framework

Justification: Alipay are the leading payment platform in China & China has largest online population in the world

Value: Direct channel to large growing market, access to greater consumer base

Finance: €5.8 million initial investment with ROI of €1.6 billion

ESG: Partnership with Alibaba to make China's beauty industry greener

Risk: Overvaluing of partnership, unforeseen costs during merger, ethical practices not aligning

Key Sources: L'Oréal Annual Reports, Academic and Professional Research, Grey Literature

Horizon 1.2: Retail Partnership with Bonnie&Clyde



Implementation: Nine-Step Implementation Framework.

Justification: Decision Matrix evaluating Brand Popularity, Product Diversity, Target Demographic, Market Reach, and Innovation and Digital Integration

Value: Access to Vast Consumer Base, Brand Visibility, Brand Portfolio and Innovation

Finance: €184,000 **Investment ROI** €660,700,000

ESG: Environmental and Social Pillar.

Risk: Overvaluing of partnership, unforeseen costs during merger, ethical practices not aligning

Key Sources: L'Oréal Annual Reports, Academic and Professional Research, Grey Literature



Horizon 2: Acquisition of “Florasis”

Implementation: 5 Step PwC acquisition process: Preliminary Review, Letter of intent, Due diligence, Negotiations, Post closure integration and implementation

Justification: Provides sustained competitive advantage and increases market share using existing acquisition capabilities

Value:

1. Access to luxury (50% of the worlds luxury goods consumption, 28% of consumers prefer luxury) and male markets (5.1% CAGR)
2. Innovation and technical knowledge acquisition leads to a SCA according to a VRIO framework

Finance: Cost: €586,000,000 **Revenue:** \$2,300,000,000 **ROI:** €1,700,000,000

ESG: Social treatment of underserved consumer stakeholders via product impact

Risk: Insufficient return on capital investment, inaccurate marketing campaign

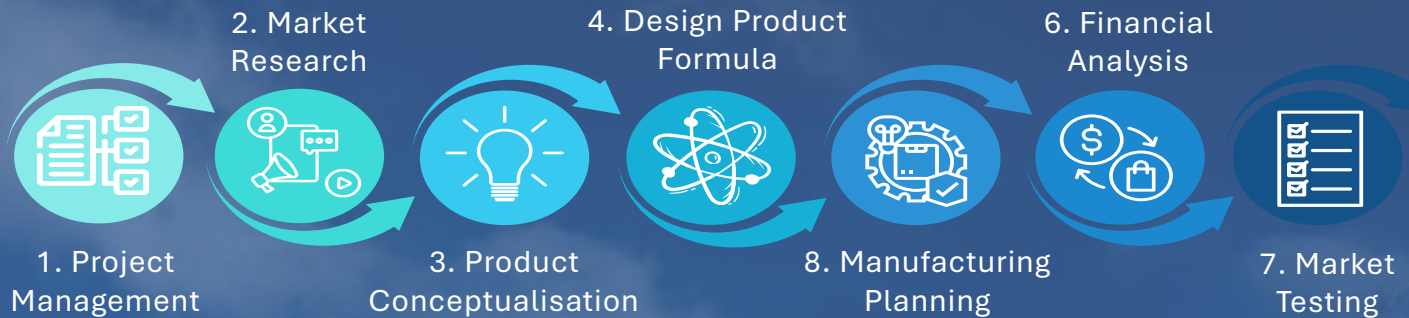
Key Sources: Barney (1991), Market Research Reports, Academic Literature on Corporate Structure and Chinese Consumer Culture, High Quality Grey Literature Relating to Chinese Beauty Trends, L’Oréal’s 2022 Universal Registration Document, Florasis’ Website

Horizon 3: CeraVe's New Holistic Skin Health Product



Implementation:

(Cheng *et al.*, 2009)



Justification: Decision Matrix, shifting consumer preferences, reinforce L'Oréal's position in their second largest market, aligning with L'Oréal's broad differentiation strategy.

Value: Identified **ideal product concept** with L'Oréal's strong *R&D capabilities* will meet *Chinese consumer demands* and *drive sales and foster brand loyalty*. Over **25%** of revenue comes from new product launches.

Finance: ROI = over €693 million

ESG: The product's packaging to be made from recycled materials to mirror L'Oréal's commitment to sustainability.

Risk: Availability of new product, alignment with sustainability, no profit

Key Sources: Market Research Reports, Academic Literature on New Product Development, L'Oréal's 2022 Universal Registration Document, CeraVe's Website



Horizon 1: Diverse Workforce Campaign Video

Implementation: PWC Five Step Strategy

Justification: Consumers look for brands who show support for diversity and inclusion, consumers are willing to pay more money for products from diverse and inclusive brands.

Value: Input from diverse workers can help L'Oréal to better understand and represent their consumers,

Finance: The video will inform consumers of L'Oréal's commitment to diversity & inclusion and will attract new consumers who seek diverse and inclusive brands leading to greater sales and revenue

ESG: Satisfies social ESG considerations and highlights L'Oréal's commitment to sustainable and conscientious business practices

Risk: Inadequate representation of diversity, misaligned target audience

Key Sources: L'Oréal Annual Reports, Academic and Professional Research, Grey Literature

Horizon 2: Diversity & Inclusion Training Programme



Implementation: Five-Step Implementation Plan: Define Goals, Conduct Research, Map Out Risk, Assign Responsibilities and Tasks, Allocation of Resources

Justification: Decision Matrix evaluating Impact on Workforce Diversity, Impact on Brand Image, Cost Efficiency, Feasibility, and Time to Implement

Value: Expanding Talent Acquisition, Enhanced Employee Engagement and Trust, Innovation and Better-Decision Making, Improved Business Performance and Profitability, and Increased Employee Retention

ESG: Social impact addressing inequality and enriching the talent pool. Environmentally as the adoption of digital platforms reduces physical resource use. Governance structure strengthened through D&I strategies

Risk: Inadequate training, failure to meet diverse needs, resistance from current employee, legal challenges

Key Sources: L'Oréal Annual Reports, Academic and Professional Research, Grey Literature

Horizon 3.1: Male Brand Image Transformation

Implementation: 1. Alter advertising, 2. Adjust operations to sell consumers hair loss prevention

Justification: Market research indicates L'Oréal are not advertising or providing products effectively to traditionally masculine men

Value: Penetrates an underserved market using existing products and capabilities. Hair loss prevention market has a 5.1% CAGR

Finance: Cost: €3,000,000 **Revenue:** €5,100,000

ROI: €2,100,000

ESG: Social impact of serving an underserved market via product impact on quality of life

Risk: Alienation of existing customer groups, not connecting with new target audience

Key Sources: Market Research Reports, Academic Research, Internal Company Reports, High Quality Grey Literature

Horizon 3.2: Acquisition of Male Cosmetics Company



Implementation:

(PwC, 2022)

1 - Assessment & Preliminary Review

2 - Negotiation & Letter of Intent

3 - Due Diligence

4 - Negotiations & Closing

5 - Post-Closure Integration & Implementation



Justification: Decision Matrix, gap in market and in L'Oréal's brand portfolio.

Value: Stryx's Expertise + L'Oréal's Global Capabilities = Synergistic Acquisition

Finance: ROI = over \$1 billion, **Cost** = \$1.4 million

ESG: Social impact by satisfying male consumer needs.

Risk: Reputational damage due to misalignment of brands, financial costs

Key Sources: Market Research & Consultancy Reports, Internal Reports, Stryx's Website, High Quality Grey Literature.

Horizon 1: Personalised Web Platform



Implementation: Five phase Waterfall Project Management Methodology and intra portfolio embedded licensing agreement

Justification: Consumers now seek products and recommendations for products that are specifically suited to them

Value: The convenience factor of having everything available in one place can increase consumer engagement and satisfaction. The one stop shop will attract new and existing consumers where loyalties will be built and consumers will potentially spend more money increasing sales.

Finance: Projected total revenue of €5.3 million

ESG: Enables L'Oréal to improve their ESG rating by providing a high quality service to satisfy evolving consumer demands. This strategy also focuses on reducing environmental impact, drives innovation and equips L'Oréal to address environmental challenges effectively.

Risk: Property infringement, copyright implication, budget overruns, loss of trust from consumers

Key Sources: L'Oréal Annual Reports, Academic and Professional Research, Grey Literature



Horizon 2: Immersive Training Platform

Implementation: Strategic Partnership with Cognii using a Seven Step Implementation Strategy

Justification: Competitors Incorporate Digital Technologies into their Training Platforms.

Value: Improved Knowledge Retention and Reduced Training Time

Finance: **Cost:** €200,000 **Revenue:** €11,000,000 **per annum ROI:** €109,800,000

ESG: Educational Content catered to various skin and hair types reflects societal needs

Risk: Inaccurate advice, privacy breaches, low market demand

Key Sources: L'Oréal Annual Reports, Academic and Professional Research, Grey Literature

Horizon 3: Metaverse Retail Shop



Implementation:



Justification: L'Oréal's competitors are actively engaging with metaverse, which sets high consumer expectations for digitalisation. The metaverse is expected to generate \$4-5 trillion in consumer and enterprise value by 2030. Already at forefront of exploring with past partnerships.

Value: Enhanced Customer Experience, Engagement & New Revenue Stream, aligning goal of becoming the beauty tech powerhouse.

Finance: ROI = €1.3 Billion, by selling 'Phygital Items' and establish an engage-to-earn model.

Cost = €368,000

ESG: Waste Reduction, Inclusivity & Responsible Data Usage

Risk: Low adoption, competitive market, maintenance expenses

Key Sources: Market Research & Consultancy Reports, Internal Reports, High Quality Grey Literature.

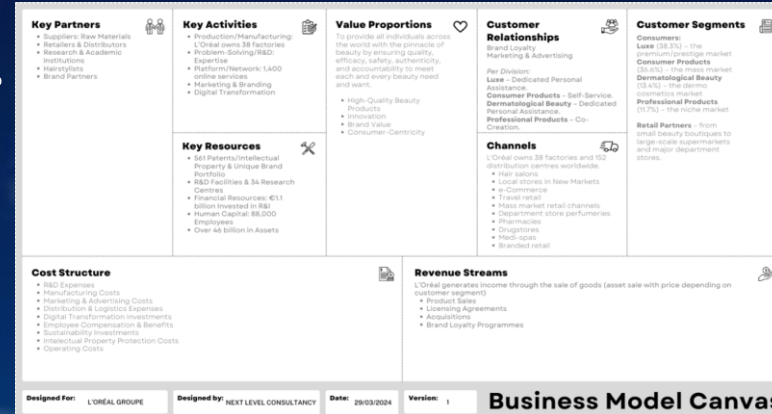
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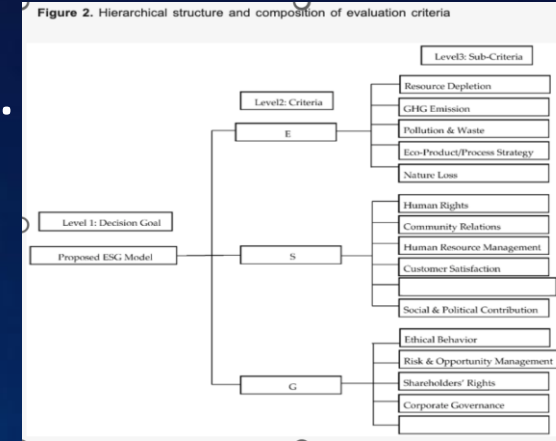
1.

SWOT		
Internal	Strengths	Weaknesses
	Acquisition Capabilities Research and Development Capabilities Access to Capital	Imbalanced Product Portfolio Lack of Investment into Emerging Technology
External	Opportunities	Threats
	Market Growth in China Market Growth in Diverse Consumer Segments Emerging Technology	Risk Negative ROI

2.



3.



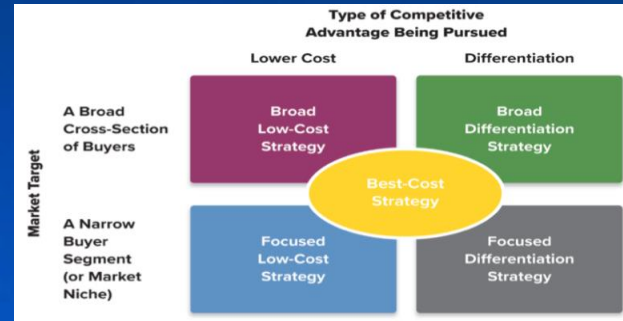
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Porters Fiver Forces L'Oréal	
Threat of New Entrants	Low to Medium
Bargaining Power of Suppliers	Medium
Bargaining Power of Buyers	Medium to High
Threat of Substitutes	Medium
Intensity of Competitive Rivalry	High

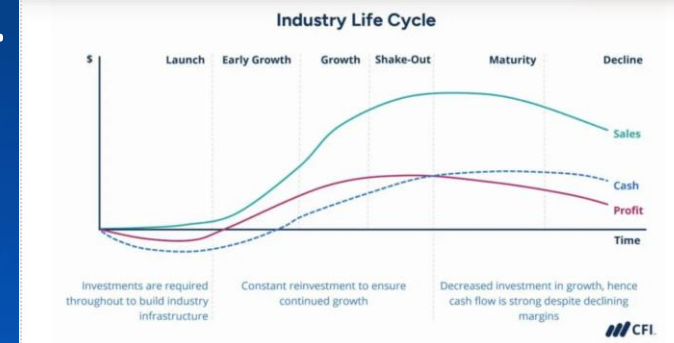
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PESTLE ANALYSIS L'ORÉAL					
POLITICAL	ECONOMIC	SOCIAL	TECHNOLOGICAL	LEGAL	ENVIRONMENTAL
Poltical Stability	Economic Conditions in Internation Markets	Opportunities from Social Trends	Use of Technological Advancements	Adherence with Regulations and Standards	Commitment towards a sustainable future

6.



7.



8.

Barney (1991)			
V	R	I	O
Valuable	Rare	Inimitable	Organised
Yes	Yes	Yes	Yes

Competitive advantage

9.

