**Mini case-study:**

**The youth-oriented businesses in France aren't in crisis; they're thriving. Laboratories, manufacturers, and specialized doctors form the backbone of this remarkable industry.**

From cosmetic procedures by aesthetic doctors to L’Oréal's anti-wrinkle creams, these merchants of youth foresee a robust growth trajectory in the years ahead. And they have good reason for their optimism: this market is set for a prosperous future.

**"Botox" Generates Impressive Profits**

"It's not more expensive than a good meal at a restaurant or a couple of tanks of gas!" Dr. BEILIN shares that aesthetic medicine is becoming accessible to all. Though we're not at the stage of refilling faces like a gas station, that's the goal for anti-aging professionals. France, the second most enthusiastic country in Europe after Italy, is estimated to see nearly 407,733 aesthetic medicine procedures in 2022. Since 1991, "Botox" has been a gold mine for the leading pharmaceutical company, the American laboratory Allergan. Last year in France, thousands of individuals refreshed their appearance through facial injections, the global size was valued at USD 17.6 billion in 2022 and is expected to hit USD 36.8 billion by 2032. This industry has become a lucrative venture! To seize this opportunity, the merchants of youth have effectively targeted their market. Their primary demographic remains French women over 35, but the landscape has expanded. Men now make up 20% of the clientele, a demographic largely overlooked a decade ago. And this is just the beginning! "It's no longer something out of reach or taboo; people from all walks of life come to see me," attests Dr. MICHAUD. His colleague, Dr. BEILIN, confirms: "Those who consult me aren't necessarily affluent. It could be a fifty-year-old seeking a career change, someone recovering from an illness, or an overlooked spouse…"

**Anti-wrinkle Creams Boost Profit Margins**

Eternal youth comes at a price. Cosmetic giants understand this well and sell the dream at a premium. The laboratories of the "L'Oréal Group" offer three creams, under different brands, promising to reduce wrinkles, tighten pores, and even out skin tone. They all contain the same molecule believed to combat aging skin. But when it comes to price, there's a stark difference. "Visionnaire" by Lancôme is priced at 83 euros, "Idéalia" by Vichy at 27, and "Sublimist" by L'Oréal-Paris at 12. In the cosmetics world, selling aspirations trumps comparisons based on numbers. In French perfumeries alone, 150 new products are released each year. And they come at increasingly staggering prices: 293 euros for 50 ml of Guerlain's anti-wrinkle cream, 352 euros for La Prairie's, and 450 euros for Sisley's. "For the past three years, there's been a race for the most expensive creams! Most customers believe that the higher the price, the more effective," notes the CEO of Clarins. These brands are exclusively available in reputable perfumeries (in their stores or on their websites) and major professional hair salons.

**Questions:**

1. Specify the sector classification and the industrial classification of the activity mentioned in the text.
2. What marketing segmentation criteria are used by the youth-oriented businesses?
3. In what stage of the product life cycle are the following products: anti-aging creams; "Botox"? Explain your answer using evidence from the text.
4. What pricing strategies does the "L'Oréal Group" use for its two anti-aging creams: "Visionnaire" and "Sublimist"? Explain them and explain why there is a price difference even though they are based on the same molecule.
5. Identify the market coverage distribution strategy of the brands "Guerlain," "La Prairie," and "Sisley" to market their anti-wrinkle creams. Explain.
6. What sales methods are used by these brands? Provide their advantages.

**1. Specify the sector classification and the industrial classification of the activity mentioned in the text.**

Sector classification: secondary (2.5 Pts)

Industrial classification: Healthcare (pharmaceutical) (2.5 Pts)

1. **What marketing segmentation criteria are used by the youth-oriented businesses?** (5 Pts)

The segmentation criteria are essentially socio-demographic criteria:

• Age: over 35 years old

• Gender: men & women

Justification: "Their primary target is French women over 35. But not only that, men now represent 20% of the clientele."

1. **In what stage of the product life cycle are the following products: anti-aging creams; "Botox"? Explain your answer using evidence from the text.**

Anti-aging creams and "Botox" are in a growth phase. (5 Pts)

* The market continues to expand: "[...] And this is just the beginning!"
* France, the second most enthusiastic country in Europe after Italy, is estimated to see nearly 407,733 aesthetic medicine procedures in 2022Last year in France, thousands of individuals refreshed their appearance through facial injections, the global size was valued at USD 17.6 billion in 2022 and is expected to hit USD 36.8 billion by 2032.
* Profits are on the rise: "This business has become a real cash cow!"
* There are still product innovations: "150 new products are launched every year."

1. **What pricing strategies does the "L'Oréal Group" use for its two anti-aging creams: "Visionnaire" and "Sublimist"? Explain them and explain why there is a price difference even though they are based on the same molecule.**

• For the cream "La Visionnaire": a skimming strategy It involves setting a high price to reach only a reduced target, meaning a market segment capable of paying a price above the average (83 euros). Its objective is to establish a positive image and recognition. (2.5 Pts)

• For the cream "Sublimist": a market penetration strategy It involves setting a low price to increase the quantities sold and quickly acquire a significant market share. It is intended for small budgets (customers with limited income). (2.5 Pts)

• Justification for both strategies: "La Visionnaire by Lancôme is priced at 83 euros, [...] and 'Sublimist' by L’Oréal-Paris at 12." There is a price difference even though both creams are based on the same molecule because they do not target the same customer category (different incomes). To avoid confusing consumers (same quality but very different prices), the "L’Oréal Group" chose to market the cream under two different brand names.

1. **Identify the market coverage distribution strategy of the brands "Guerlain," "La Prairie," and "Sisley" to market their anti-wrinkle creams. Explain.** (5 Pts)

The distribution strategy for the brands "Guerlain," "La Prairie," and "Sisley" to market their anti-wrinkle creams is an exclusive distribution strategy: it's a strategy recommended for high-end and/or professional products where the number of distributors is very limited.

• Justification: "These brands are only sold in reputable perfumeries (in their stores or on their websites) as well as in major professional hair salons."

1. **What sales methods are used by these brands? Provide their advantages.**

* Traditional in-store sales (in reputable perfumeries and major professional hair salons) Advantage: This sales method with personal contact is still highly appreciated by customers (being able to try the product, ask for advice, etc.). (2.5 Pts)
* E-commerce or online sales Advantage: Purchasing is done remotely (via the Internet) (no need to travel, save time, availability, etc.). (2.5 Pts)

**Problem set:**

"An industrial company needs to purchase a significant quantity of a product for its operations. This company has the choice between four suppliers A, B, C, and D.

The coefficients assigned to the supplier selection criteria are as follows:

Price=1

Quality=3

Delivery time=2

Uncertainty=1

Proximity= 2

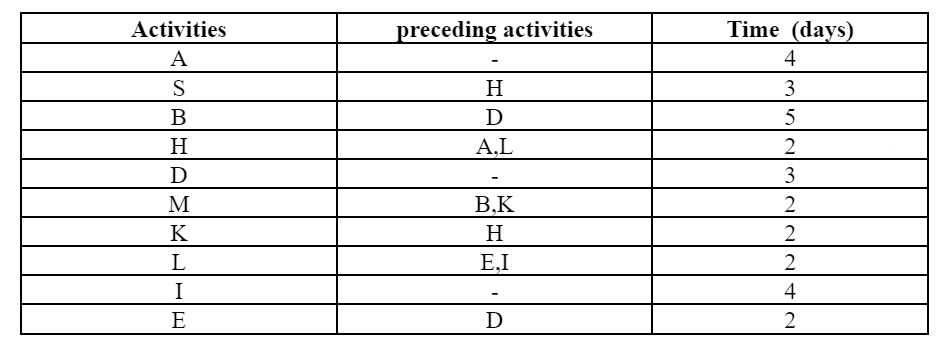
The details of the various offers and the criteria considered are presented in the following table:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Providers** | **Price** | **Quality** | **Delivery time** | **Uncertainty** | **Proximity** |
| **A** | 80 | Good | 50j | Exceeding 40% | Aboard |
| **B** | 100 | Very good | 60j | Exceeding 20% | Immediate |
| **C** | 90 | Average | 40j | Consistent | Regional |
| **D** | 80 | Below average | 90j | Over 50% | Nearby |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **FRS** | **Quality**  (2.5 Pts) | | | **Delivery time**  (2.5 Pts) | | | **Uncertainty**  (2.5 Pts) | | | **Proximity**  (2.5 Pts) | | | **Tot**  **∑nici** | **Price** | **Tot Div** | **Px Pondéré**  ***Px/T*** |
| **ni** | **ci** | **nici** | **ni** | **ci** | **nici** | **ni** | **ci** | **nici** | **ni** | **ci** | **nici** |
| **A** | 3 | 3 | **9** | 3 | 2 | **6** | 2 | 1 | **2** | 1 | 2 | **2** | 19 | 80 | 1,19 | **67,22** |
| **B** | 4 | 3 | **12** | 2 | 2 | **4** | 3 | 1 | **3** | 4 | 2 | **8** | 27 | 100 | 1,27 | 78,74 |
| **C** | 2 | 3 | **6** | 4 | 2 | **8** | 4 | 1 | **4** | 2 | 2 | **4** | 22 | 90 | 1,22 | 73,77 |
| **D** | 1 | 3 | **3** | 1 | 2 | **2** | 1 | 1 | **1** | 3 | 2 | **6** | 12 | 80 | 1,12 | 71,42 |

* 1. **Which provider should the company choose?**

A production project of the company is presented as follows



* 1. **Represent the PERT chart**
  2. **Identify the critical path and explain what it is**
  3. **What will be the project completion date if the duration of task H becomes 5 days**

**2 : PERT**(10 Pts)

A diagram of a diagram

Description automatically generated

* Le chemin critique est constitué alors par les étapes 1, 2, 3 , 4 , 5, 6 et 7, reliées par les tâches D,E,L,H,K et M (10 Pts)

# La tâche H appartient au chemin critique au niveau duquel aucun retard ne peut être admis donc un retard au niveau d’une tâche critique aura la même incidence sur la durée de réalisation de la production.

Donc si la durée de H est 5 jours, soit un retard de 3 jours alors la durée du projet deviendra 13 + 3 = 16 jours (10 Pts)

**BREAKEVEN POINT**

The accounting management of the company presents the following data as of 31/12/2023:

Unit selling price: 50D

Raw materials: 10D per unit

workforce: 12D per unit

Insurance: 3,000D

Depreciation and provisions: 35,000D

Electricity expenses: 4,000D

Rent: 5,000D

* 1. **Determine the fixed costs and variable costs.**

CF It consists of charges related to insurance, depreciation and provisions, electricity, and rent."

* **Top of Form**
* **CF = 3.000 + 35.000 + 4.000 + 5.000 = 47.000 D** (5 Pts)
* **Cvu = 10 + 12 = 22 D** (5 Pts)
  1. **Determine the break-even point in quantity and value.**
* In Quantity 🡺 Q\*=47.000/(50-22)=1678,57 **1679 units** (5 Pts)
* **In Value 🡺** SR = CA\* = Pvu × Q\* = 50 × 1679 = **83.950 D** (5 Pts)

**7.What’s the impact of a 5% increase in the overall variable cost?** (10 Pts)

New VC= Vc + (VC\*5%)= 22+ (22\*0,05)= 23,1

Q\*= 47,000/ 50- 23,1= 1747,2 => 1748 units