

L'Oréal Paris - Your Personal care is taken care.

Every day we wake up in the morning, brush our teeth, shower our body, wash our hair and wear clean clothes. Have you ever wondered why we do this every day.? Because this is called taking personal care or in other words personal Hygiene which is a part of our daily routine.

Personal Hygiene refers to the things we do to clean and care for our body. This habit just does not help in maintaining personal hygiene but also adds social benefits.

L'Oréal Paris has been a pioneer in this industry that manufactures almost all the personal hygiene products for men and women across the world. The growth of L'Oréal has been significant over the years.

Research and Development.!!!

"To stay ahead of the game, we are both quick and inventive" – **Laurent Attal** (Executive vice president, Research & Innovation).

The fundamental principle of L'Oréal is the safety of the customer and equal importance is given to the environment. L'Oréal fully satisfies different safety norms across 150 countries where it operates. The R&D team fully ensures that each product is exposed to a variety of tests which includes human subject and environmental safety before hitting the market for consumers.

On the other hand, the innovation team is supported by the wealth of data and proficient research team to revolutionize the market with new products in record time to serve the customer.

For L'Oréal beauty is above all scientific adventure. The success of L'Oréal is not by chance, they strongly believe in investing in Research and development which has been

steadily increasing each year. L'Oréal listens from its customer very often to understand the needs and trends, which then its team around the world to create new products for tomorrow.

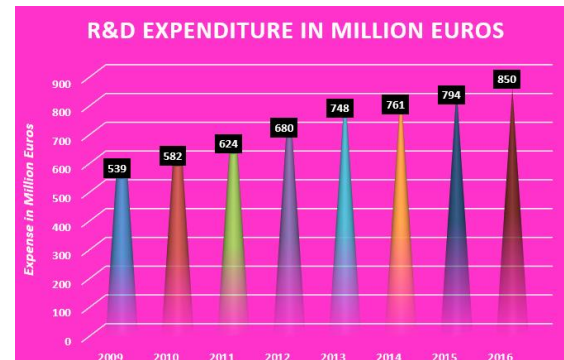


Figure 1: R&D Expenditure by L'Oréal

Work Force.!!!

Is it possible to achieve what L'Oréal has achieved over these years without their employees.? Certainly not, L'Oréal has a strong belief in making their employees get its customer happy through them. The main objective of the "Grow With Us" program by L'Oréal is to re-invest a significant portion of their revenue back in developing its employees.

Wide varieties of facilities which includes in-house physician consulting, wellness lounge which operates all day and offers services like yoga, Gym for relaxation. L'Oréal is intolerant to biased work atmosphere and extremely careful in taking measures to maintain gender and region equality which is vital while having employees from all over the world.

Over the years L'Oréal kept increasing its workforce all over the globe except in 2017 there is a sudden decrease in their workforce in Europe.

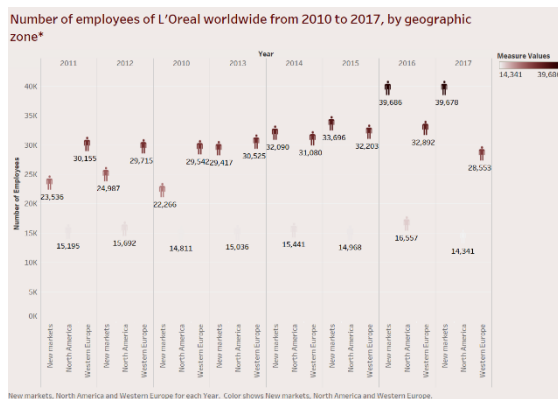


Figure 2: Workforce across regions for L'Oréal

Sales across the globe.!!!

The empire of L'Oréal is widespread across the globe, people from all over the globe are using L'Oréal products at the day to day life. Western Europe, North America and the Asia Pacific have been L'Oréal prime business market which generates almost 80% of L'Oréal revenue. The success of L'Oréal is not just a myth, the sales number proves it all with a constant increase in revenue in all business market every year.

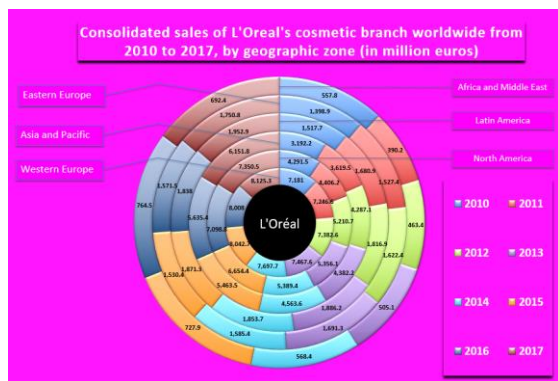


Figure 3: Sales across regions from 2010 to 2017

Sales Share by Business segment.!!!

L'Oréal has a wide variety of products in its bucket, which includes Skincare, Haircare, Make up items, perfumes etc. L'Oréal has established a unique presence of its products

in the market. However, the company's primary area of focus has always been Skincare products, which constitutes around 30% of its overall sales of products in the market. The next big selling area of L'Oréal is their Hair care products, but in recent years there is a steady decrease in its hair product sales, especially when their sales took a toll in 2017.

Consolidated sales share of L'Oréal's cosmetic branch worldwide from 2011 to 2017

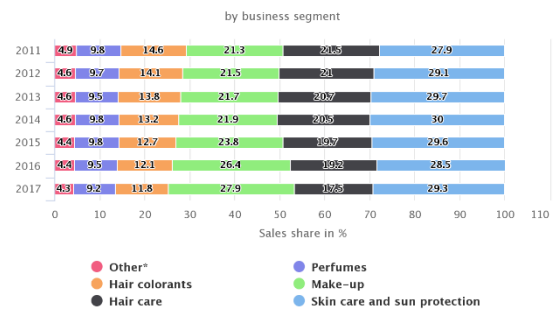


Figure 4: Sales share of cosmetic by business segment

Revenue by Division.!!!

The products of L'Oréal are mainly categorized into five divisions namely Consumer Products, Professional Products, L'Oréal Luxe, Active, and The Body shop. The consumer product division comprises of brands that are sold in the retail channels, this division generates almost one half of overall revenue of L'Oréal worldwide, for example in 2017 L'Oréal consumer products generated 12118.7 million euros across world whereas the remaining division generated about 13903 million euros in total.

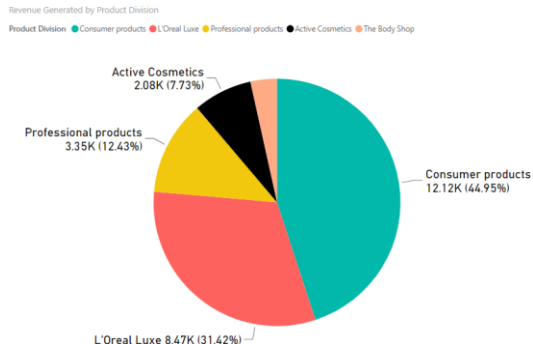


Figure 5: Revenue generated by each division in 2017

Social Media Fans.!!!

Social media is a key platform and plays a significant role in brand popularity of any industry, especially the products that have the general public as their consumers. The popularity of beauty products in Social media is very important, the more popular the more benefit for the company, because the popularity in social media works like a chain reaction and the products will reach the consumers very easily and effectively, especially the young crowd.

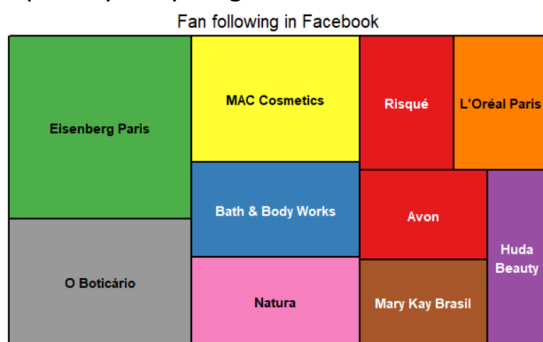


Figure 6: Cosmetic followers in Facebook by company

This can also be disadvantageous because when the product is being reviewed or portrayed as bad by only some groups or in some region it might affect the products overall reachability. As of January 2019, L'Oréal has around 7.35 million followers on Facebook which are seventh in the list. This clearly shows that L'Oréal is a frontrunner in the business. Apart from L'Oréal companies like Eisenberg Paris, O Boticário and MAC cosmetics hold a strong interest in the people mind when it comes to the social media race.

Advertisement.!!!

Apart from the popularity of Social media, it is important that companies like L'Oréal keep investing in their advertising and marketing.

L'Oréal advertises whenever there is a new launch of any products in any division all over the world. The history of L'Oréal spending in the advertisement is a roller-coaster, it is because it can be seen that from 2011 to 2013 L'Oréal has spent more each year in advertising their product, but after 2013 there is a constant decrease in their investment in advertising their product and it has again taken an upward movement in 2017. When looked deeply into this it can be observed L'Oréal has acquired a lot of companies like Valentino, NYX cosmetics, Carita and Decléor in the year 2014, this has made L'Oréal to cut their investments in advertising their products. Though, it didn't affect the company's revenue as L'Oréal sailed past another year with significant improvement in their revenue than any other year.

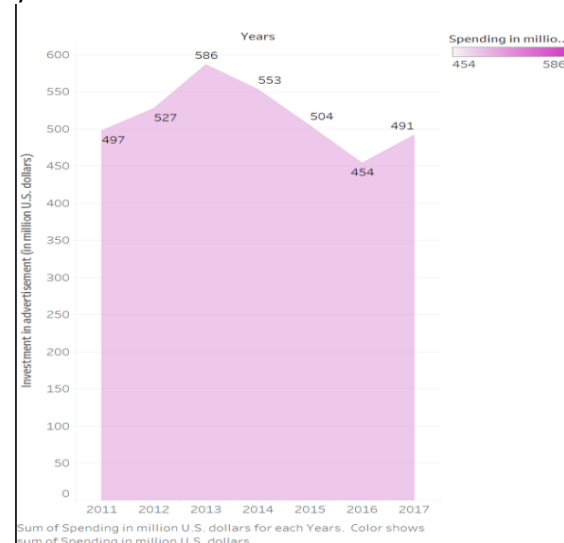


Figure 7: Expense on advertising from 2011 to 2017

Importance of Gender.!!!

Alright, now let's look on some of the statistics based on gender. L'Oréal as a company can be easily overlooked as a cosmetic manufacturer that mainly focusses on females and this is true to some extent. But the company statistics says a different story. Now let's look at the share of customers based on gender when it comes to products related to personal hygiene.

Which gender is the main target of L'Oréal.? Well, the results are appalling, because Men turns out to be the major share of the customer for L'Oréal when it comes to the personal hygiene products like soap, shower and bath products, deodorants and hair removal cream etc.

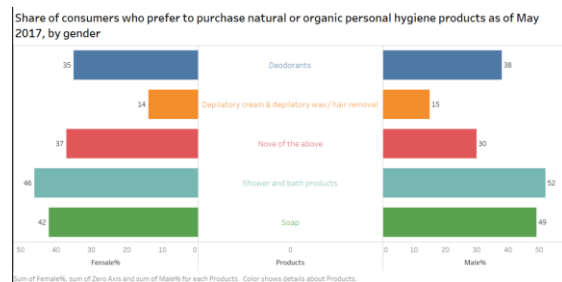


Figure 8: Share of products based on Gender
Unlike any other line of business, the cosmetic industry should make a careful consideration of products based on gender. This is because of the structural differences between the skin of men and women. The texture of men's skin is thicker and tougher at least by 25% than women skin due to the testosterone simulation in the skin of men. The collagen density is also much higher for men than women. Considering all these factors L'Oréal makes definite changes in the formulation of products.
L'Oréal has categorized its products for men and women based on the type of products. For example, under L'Oréal Age perfect, products like "Golden serum", "Skin moisturizer" which helps in maintaining the skin to look fresh and young are marketized. Similarly, there are at least 6-7 product categories for each gender. Apparently, L'Oréal total repair is the most popular and highly voted products among women for the third straight year (from 2015 to 2017). For men, L'Oréal Men Expert has been the favorite choice of products. But there is a noticeable slump in 2017 than the rest of the years with the difference of about 185

thousand votes than in 2016.

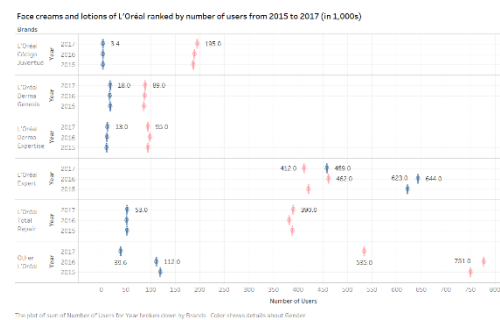


Figure 9: Face cream and lotion ranking by Gender

Importance of Age Group.!!!

Another interesting statistic to look in the cosmetic/Personal hygiene business is the age of the consumer. The organic products market is expected to grow leaps and bounds in the future. This market includes products for skin care, Oral care, cosmetics, and hair care. United States of America is leading the market place for many organic product manufacturers, while Europe is anticipated to be following USA. The reason for the fast development of organic products is because of its acceptability and trust in natural products by the consumers. L'Oréal has products for all age group people, but for L'Oréal, a major share of consumers when it comes to buying organic personal hygiene products range between the age group from 18 to 29. As we already know that L'Oréal has set a strong footprint in its shower and bath products, around 57% of consumers in the USA between the age group 18-29 has preferred to buy shower and bath products of L'Oréal.

Share of consumers who prefer to purchase natural or organic personal hygiene products as of May 2017
By age group

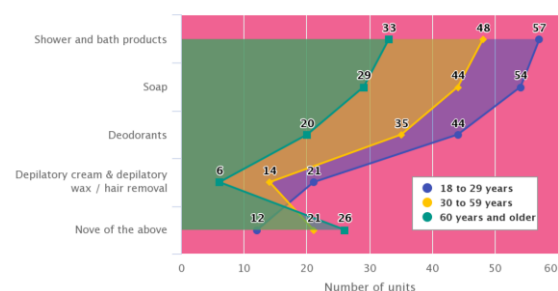


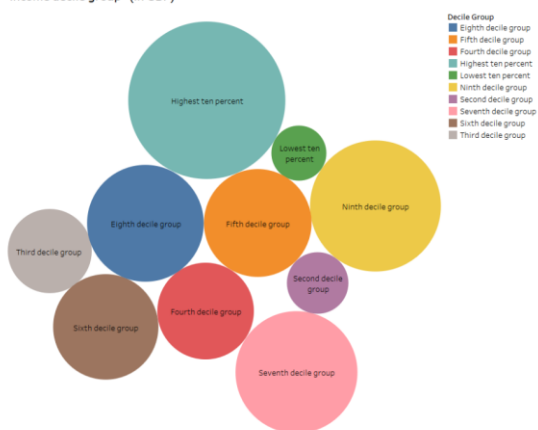
Figure 10: Share of products based on Age Group

cosmetic expenses like skin care, hair care, etc. while the bottom decile group spends about 1.2£ each week for their personal care.

Spending by households.!!!

An interesting study made by Groupon which revealed that around 70000£ is being spent by British women in her lifetime for the cosmetics.

Average weekly household expenditure on hair products, cosmetics and related electrical appliances in the United Kingdom (UK) in 2017, by gross income decile group* (in GBP)



Decile Group. Color shows details about Decile Group. Size shows sum of Average weekly household expenditure in GBP. The marks are labeled by Decile Group.

Figure11: Average expense on cosmetics by UK each week.

An interesting study made by Groupon which revealed that around 70000£ is being spent by British women in her lifetime for the cosmetics.

It's obvious that any women would be tempted whenever a new shade of lip gloss or any anti-aging cosmetics. Apparently, the study revealed that approximately around 112.65£ is being spent every month by an individual. Another shocking fact is that around 53.87£ of this overall monthly expense is spent on face alone. But there are still some discrepancies in this study, for example, ladies from middle or lowest decile of the UK cannot afford to spend 112.65£ each month in cosmetics. When having a deeper analysis, the more the people get rich the more they spend on their cosmetics. Each week around 9. 2£ is being spent by top decile group only for their

Hope this article explains about the legacy and business growth of L'Oréal. Cosmetic industry is a very delicate business as it deals with human subjects and more importantly the hygiene and beauty are involved with it. L'Oréal has successfully remained trust worthy across the world and will keep deliver more products to make humans even more clean and beautiful.

Justification:

Graph1: A 3D bar chart is chosen to visualize the amount spent by L'Oréal in their Research and development between 2009 to 2015. A Bar chart is chosen because the data is related with time and has one continuous variable. The chart developed using Ms Excel. A pinkish background is given to emphasis the brand colour.

Graph2: A line chart is chosen as the data involves time and multiple categories which is very easy to visualise using line chart. A human picture is combined with the line chart to show the workforce strength. This graph is developed using Tableau.

Graph3: A stacked donut graph is designed using Excel. A donut chart was used because it is better than a pie chart as it doesn't draw the attention of a viewer towards the centre of the circle and brain can interpret length quickly over area. This graph allows to compare the sales happened at each year at each region.

Graph4: A stacked bar graph is developed from online tool (HighCharts.com). This graph is chosen to differentiate each product with different colour and at the same time to explain the sales happened for each product during the year 2010 to 2017. For example, "Black" colour is given to hair product which can be easily interpreted while seeing the graph for the first time.

Graph5: A simple Pie chart is designed using Power BI to project the revenue generated by each division during 2017. A pie chart can be very useful when explaining only one categorical variable for one period. Attention is drawn to the bigger pie at the very first look which is very important when explaining the graphs related to revenue of the company.

Graph6: A tree map chosen because a bar graph is more suitable for data related to time. Hence for this data which has information that needs to be compared within, Graphs such as Tree map and Bubble chart is more ideal, which could draw the attention to the bigger/smaller portion of the map very easily. This Graph is designed using R.

Graph7: Area graph is designed using Tableau to project the investment on advertising L'Oréal products between the years 2011 to 2017. Because of huge investments made in advertising area chart is picked to visually make the audience understand the importance of it.

Graph 8: A butterfly chart is developed using tableau, the reason to use this chart to differentiate the gender and to show the value(share) corresponding to each gender with respect to the product used. The label is made at the centre which could be used to label both genders based on products used.

Graph 9: A line chart is chosen as the data involves multiple years, genders and products. Using Tableau, the genders are objectified which could help in differentiating the genders. As it's a combination of line chart it also clearly explains data with time with the products used.

Graph 10: An inverted axis area chart is developed from online tool (Highchart.com). Purple colour is chosen for young age group to emphasize the freshness in age, yellow colour is chosen to express matured age group and Green colours is chosen to express the old age group (more experienced group). Using this graph, the share of the product for each age group can be visualized with more clarity.

Graph 11: Tree map and Bubble chart is more ideal, which could draw the attention to the bigger/smaller portion of the map very easily. From this graph the highest and lowest spending groups of households in the UK can be easily identified based on the size of the bubble.

Tools Used:

1. Tableau
2. Power BI
3. Excel
4. R
5. Highcharts.com

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