

Loreal and the globalization of american beauty date

[Business](#), [Branding](#)



The central theme of this case is LOreal's Beauty business globalization in the USA with its carefully planned acquisition strategies. From the case we can see that LOreal has successfully defined and set the beauty industry standard and adopt it as the competitive advantage from the domination of an industry standard. Look back to the time when LOreal first entered the US market 1950s, the company formed licensee Cosmair Inc. to distribute its hair products to US beauty salons.

The acquisition of the US brands can be categorized with main three product divisions: consumer products division, profession products division and luxury products division. LOreal initiated the concept of selling beauty through several channels of distribution corresponding to economic level as well as psychographic and psychological levels. By looking at the different purchasing habit, LOreal offered four channels of distribution with different price levels, from accessible to luxury, which serves as the beauty industry standard even nowadays.

For the first channel, self-service for easy access and convenience for any lower end beauty products is available in the supermarket. For the second channel, professional advice from hair specialist in salons is provided for the sales. Thirdly, highly trained beauty advisors in perfumers and department stores, can be seen in various stands with various brand names. Last, medically trained advisors in pharmacies are hired for some products in beauty industry such as clinics, etc.

Building the US operations, LOreal successfully formed a separate unit to handle the Ralph Lauren Fragrance business and established LOreal's first

US-based international brand management team, which was responsible for creating new products and developing market positions and strategies.

Acquiring Red Ken, LOreal realize a division focused entirely on sales to salons and hairdressers. To wake up the brand Maybelline, LOreal successfully applies their expertise and technology to improve Maybelline's products, its marketing, its brand image, and increased its share of US sales.

It surprised industry observers that LOreal didn't develop its existing brands, but had the American values and street smart as opposed to traditional elegance. Phase 2, LOreal successfully purchased the top two U. S. ethnic hair-care manufacturers. Carson's management was moved to Chicago and integrated with the soft sheer team. In 2003, LOreal built a multimillion-dollar research and development facility in Chicago to focus exclusively on the hair and skin needs people of African American descent.

LOreal's Ethnic Skin and Hair Research Institute was the only such facility of its kind in the world. Purchase of Matrix is to add the hair-care brand in the professional market as another wise step of acquisition. Last and most recently with its successful acquisition strategy in purchasing Kiehl's, LOreal has fully utilized LOreal's infrastructure. It opened 15 freestanding stores, developed its distribution network and internet business. LOreal has made it successful to acquire and globalize the American beauty with its outstanding vision and strategies to create and set industry standard.