

L'oréal takeover the body shop essay sample

[Health & Medicine](#), [Body](#)



Introduction

In July 2006, L'Oréal welcomed The Body Shop to its family of brands. L'Oréal places great value on The Body Shop's exceptional emphasis on being a sustainable and ethical business. It intend that close co-operation between their businesses will result in shared best practice and the identification of opportunities for improving L'Oréal sustainability performance. For example, in December 2006, L'Oréal joined the Round Table on Sustainable Palm Oil, partly due to The Body Shop's experience on this issue.

But, in fact, is the takeover of The Body Shop permits to improve the new eco-friendly image of L'Oréal?

CONTENTS

I. Background information on L'Oréal and The Body Shop companies

A. L'Oréal

1. Historic

L'Oréal's story takes shape in 1907, at a time when women of the demi-mode dyed their hair.

A young French chemist, Eugène Schuller, began to concoct an innovative synthetic hair dye. He formulated and manufactured his own products, which he then sold to Parisian hairdressers under the brand name Auréole. In 1909 Schuller registered his company the Société Française des Teintures Inoffensives pour Cheveux, the original L'Oréal. His strategy was successful; in the end of World War I, hairstyles became fashionable with a new emphasis on shape and color. By 1920, its products were available in a total

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of 17 countries including United States and the Soviet Union. There were 40 000 hair salons in France and L'Oréal new products captured the growing market. In 1928 the company made its first move toward diversification, purchasing the soap company Monsavon. Products began to be sold in pharmacies and perfumers, and subsidiaries were established later.

The shampoo Dop was the first-mass market product, it was promoted through children's hair-lathering competitions and advertising with radio jingles in 1938. The World War II didn't curb the company's growth, on the contrary. Women bought cosmetics to boost their morale. The consumer boom of the 1950s and the arrival of new blond screen idols, like Marilyn Monroe and Brigitte Bardot, meant further expansion for the company. In 1953 Eugène Schuller was awarded an advertising Oscar for his talents and died four years later. François Dalle, a friend of Eugène, took over as chairman and CEO of the company. He launches L'Oréal's hair-care products in consumer market. L'Oréal bought Lancôme in 1965 and gaining a significant entry into the high-quality skin-care, make-up and fragrance market.

Expansion into overseas markets was aided by the company's new alliance with the Swiss foods giant Nestlé, to whom Schueller's daughter, Liliane Bettencourt, sold nearly half of her L'Oréal stock in 1974.

2. 2006: a year of growth

Over the years, the Group acquired Synthélabo, H. Rubinstein, Maybelline, Carson... and imposed its supremacy in the cosmetic field.

Nowadays, L'Oréal's activities involve different players who are associated with them directly (employees, shareholders, suppliers), and indirectly (consumers, local populations, industrial players).

2006 was another year of strong economic growth for L'Oréal. The return to dynamic growth, the quality of its operating performance and the strong increase in both profitability and cash flow have again proved the strength and relevance of the L'Oréal business model. This growth was derived from six key areas: technological innovation, creation of major new products, enhanced value of its products, stronger brands, increased globalization of brands and acquisitions. The Group realized 15,790 million Euros in net sales and invested 533 million Euros in R&D. During 2006 a new position of "Director of Ethics" was created at L'Oréal. The Director of Ethics' role includes promoting and embedding good ethical practices throughout the Group and ensuring adherence to L'Oréal's ethical expectations and standards.

In 2006, L'Oréal acquires The Body Shop, SkinEthic and Sanoflore.

B. The Body Shop

1. Historic

After completing her degree in 1962, Anita Roddick (then Anita Perilli) traveled to different places like Tahiti, New Caledonia, Reunion, Mauritius... Her fascination with the women she encountered in these places became an episodic event in her life.

In the early 1970s, Anita visited a shop in Berkeley selling naturally-scented soaps and lotions called The Body Shop.

This shop began business in 1970 in California by sisters-in-law. At the time, skin care products were produced and sold primarily by large cosmetic companies and the opportunity to buy artisan soaps and custom scented skin care products was extremely limited. The two founders introduced several new concepts that set The Body Shop apart from the mainstream cosmetics industry. The products themselves were just placed in little recycled bottles while its labels were handwritten and many of them emphasized natural ingredients. Products were of the same quality as those of the major cosmetic and skin care companies but were sold at much lower prices due to the lack of expensive advertising and packaging costs.

The natural, environmentally minded cosmetics shop inspired Anita to open her own shop in the UK in 1976. In 1987 the founders sold the rights to the name to Roddick's firm for \$3.5 million. The new firm had intentions to expand their operations globally so in 1992, the original Body Shop changed its name to Body Time.

The "newborn" The Body Shop sold its products with a hype free presentation, reflecting values that set it apart from its competitors. At the beginning, it was just a small shop in the UK painted with green. From the early days, The Body Shop's activities were coined by strong social and environmental engagement and participation in various charities and campaigns. Anita has been London's Business Woman of the Year in 1985.

2. A brand not like the others

The company is based on five strong values representing its “DNA”:

Policies against animal testing,

Supporting community trade,

Activating self-esteem,

Defending human rights

Protecting our planet

Those core values are transferred into high business ethics, fair trade agreements and environmentally friendly production and recycling policies at Body Shop. All products are claimed to be “natural and not supported by any animal testing”.

The Body Shop is aged 30 in 2006. From a small and simple shop, it has grown into a multinational company. It operates in 54 countries with over 1,900 outlets. The Body Shop showed a strong recovery in the second half of the year with sales growth of over 20% for the six-month period, driven mainly by customer response to the “Love Your Body” loyalty program. The same year, it entered in an agreement with the French cosmetics firm L'Oréal.

II. Reasons and construction of the takeover

A. The organic cosmetics market

1. Analysis of the market

Organic market keeps growing. According to the last market study by organic monitor¹, the organic and natural cosmetics market increases each year up to 25% since 2005. From 350 million in 2011, it should reach 500

million euros in 2015. Even though the organics cosmetics represent only 2% of the cosmetic market in France, the latter confirm his leadership with a second place in the European Market, just after Germany. Henceforth, the organic field is spreading: The pioneer SMB2 and international groups like Weleda or Hauschka are followed by more and more new organic brands since 2005. Some of them come from big supermarkets that have decided to develop their own organic cosmetics³ to compete with the others cosmetic brands. Another strategy was to decline an existing range of cosmetics in organic version. L'Oréal adopted the latter with for example Garnier bio active and Ushuaia Bio).

Finally, the strategy adopted by the bigger cosmetic brands is to buy start-up. For example, L'Oréal bought Sanoflore and Body shop, Clarins bought Melvita, and Yves Saint Laurent bought the cosmetic range of Stella Mac Cartney. This spreading of the organic cosmetics is due to the new distribution of organic product. In fact, organic products used to be distributed only in organic stores. Henceforth, the latters has access to chemist' merchandises and superstores. This eases the accessibility of these products for consumers and according to a lot of opinion poll, people want to buy everything in the same place. This results directly in the increasing of the organic products' consumption. Furthermore, the democratization of the access of organic care and hygiene product allowed in 2010 to 26% of French to buy at least one organic cosmetic. Organic is everywhere: barely more 40 brands of cosmetic products were counted in 2006. In the end of 2010 we count more than 500 brands. This show that this market is highly

competitive but one question occurs to our mind...will this booming market continue to grow?

2. Barriers to purchase organic products

The main problem for consumers to buy organic product is the price usually expensive. In fact, while the majority of consumers eighty three percent say that it is important that firms implement programs to protect the environment, only 22 percent say they would be prepared to pay more for an environmental care product⁴. Percentage of consumers whom would pay more for eco-friendly product.

One of the barriers is the excessive Marketing of the organic products. According to the Global Online Survey, the consumers have different opinions about the environmental effects of sustainable practices done by companies. Despite 64 percent of consumers maintain that they believe organic products are good for environment; there is an important disparity of opinion. In Fact, only fifty eight percent of European and fifty percent of North Americans believe that organic products is a way to take care of environment, while Eighty percent of Latin Americans are convinced of that idea. Finally the last barrier is the doubt of the organic products' efficiency. In France for example, thirty five percent of organic cosmetics consumer doubt about their efficiency. That is more than in 2009!

Will this booming continue to grow?

Despite all the barriers, the organic cosmetics market seems to be spared. In fact, like we said in the last part (A), the organic cosmetic market keeps growing. According to the Organic Monitor, this market will follow the organic

food market that is to say increasing each year. Growth of Top 10 Organic Markets and Prospects for Organic Beauty and Personal Care 2010-2015

Source: Euromonitor International

Why L'Oréal acquired The Body Shop?

Sustainable development at the heart of L'Oréal

As part of its 10-year strategy (2005-2015) to reduce its ecological footprint, L'Oréal has set itself an ambitious goal for its plants and distribution centers: halve greenhouse gas emissions, water consumption per unit of finished product and waste production per unit of finished product. To that end, the group has streamlined its resources and implemented novel technologies. The acquisition of The body Shop enhances the willingness of L'oréal to be a sustainable brand. . A good opportunity to change L'Oréal's image and distribution By Buying The Body Shop, L'Oréal acquires a huge networks representing 2000 shop in 52 different countries. Obviously, this takeover is a bargain for The Body Shop, which is quite well established in UK and has a huge potential to gain a foothold in the East European and North and South American market.

L'Oréal took advantage of the bad Christmas of The Body Shop in 2005 to propose an offer very difficult to refuse. In 2005, while The Body Shop generated a turnover of 616 million euros and an exploitation result of 36, 2 million euros. L'Oréal bought The Body Shop for 940 million euros. The is equivalent to 300 pence per action. It is under this circumstances L'Oréal possessed 53, 1% of The Body Shop capital. Thanks to The Body Shop eco-friendly image, L'Oréal can propose to its consumers natural and organic

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cosmetic products. III. The L'Oréal and The body Shop competitors

A. Identification of competitors

1. Different structures of the competition

Competition structures are defined by the number of suppliers and product differentiation. They are five in number: monopoly, oligopoly, differentiated oligopoly, monopolistic competition and perfect competition. The structure that corresponds to L'Oréal and The Body Shop is a differentiated oligopoly. Indeed, it includes a small number of companies that manufacture or sell products partially differentiated. It is the quality, characteristics or style and each competitor seeks an advantage to justify the price difference.

2. Competition levels

The competition has several levels. Indeed, we can distinguish four levels and it is important to analyze these levels so that businesses can understand the demand: Brand competition: The Company considers all those who offer a similar product or service in the same price zone. So for L'Oréal, the immediate competitors are Nivea, Plenitude, Bourjois...

Product competition: This level refers to the type of demand. Company expands its competition to all companies producing the same product. L'Oréal opposes all brands of make-up.

Consumer needs: Level of competition that refers to the needs and desires of consumers. The company can also extend the competition to all firms

satisfying the same need (cosmetics). L'Oréal incorporates into its analysis the brands of soaps, shampoos, shower gels...

General competition: The Company encompasses the notion of competition in all care products purchased by the consumer (in the same household budget item).

3. The main competitors

The main competitors of L'Oréal/The Body Shop are:

The French group Yves Rocher, with a turnover of 2 billion euro and nearly 15 000 employees, which is present in 80 countries.

The German group Beiersdorf, ranked number 2 in the fields of cosmetics, dermo-cosmetic and first aid, just after the French company L'Oréal. Present in the world through 176 subsidiaries, Beiersdorf is a company which employs more than 19, 000 people with a turnover exceeds 6 billion euro in 2010.

The American multinational Procter & Gamble, specializing in consumer goods (health and beauty products). The company employs 127 000 people for a turnover of nearly 80 billion dollars.

B. Competitors' strategies

Due to its size and the positioning of its brands, L'Oréal is subject to constant pressure from local and international competitors in all countries. The development of innovative products and their adaptation to market needs is an ongoing priority for the Group. This competition leads our teams, all over the world, to always do their best to serve the interests of consumers and

the Group's brands. In the context of a constant struggle to obtain the best positions and launch the most attractive and most effective product ranges, with an optimal price/quality ratio, winning market share, improving operating profitability and thereby ensuring growth are a permanent challenge.

IV. Marketing tactics

. How about the redemptions?

Here it is market opportunities. Mode of sustainable development requires, stamped natural areas drain more and more actors. In recent years, there has seen many companies on the green niche. There are successes and there will be heavy failures. What counts with a brand is confidence that it generates for the consumer. L'Oréal strengthens its presence in the distribution by offering itself a positioning on a promising market: products environmentally and ethically correct.

L'Oréal group's strategy

1. Internationalization strategy

L'Oréal owes its success to its presence in foreign markets; the group is now present in 130 countries. Thus, the group generates 40% of its sales in Europe and 20% in the United States; the purpose is to increase this share to 25%. This global presence has earned its position as world leader and L'Oréal believes that each year 70 millions people around the world become potential customers. So, L'Oréal wants to be everywhere.

2. Investment's strategy in R&D

Since its inception, L'Oréal has based its success on

technological innovation. Thus, the group spends more than 3% of its turnover in research. The purpose of the L'Oréal R & D is to find products that need to be safe and well tolerated, innovative and efficient, in addition being nice. That's why, with the excitement of organic products, L'Oréal has focused on Sanoflore and The Body Shop, the latter enjoying a worldwide reputation and offering quality products with affordable prices.

3. Acquisition strategy

The secret of the rapid growth of L'Oréal is the purchase of cosmetics brands in which L'Oréal offers a new life and change the marketing strategy before launching worldwide. Acquisitions made by L'Oréal allowed this one to penetrate new markets, to strengthen rapidly on certain distribution channels and to conquer new geographical areas. All different and highly complementary in terms of cultural origin, or price positioning, brands purchased by L'Oréal are deployed by distribution channel where each division develops a specific vision of beauty: artistic creation for hairdressers, luxury in selective distribution, health and care in pharmacies or retail accessibility. Thus, the positioning of opening and developing every paths of beauty is continued. Acquisitions whose rhythm is sustained follow a clear strategic line, strengthen the brand portfolio in L'Oréal's business and anticipate future trends.

4. Differentiation strategy

L'Oréal was the first company worldwide to develop the beauty in all its geographical and cultural diversity. The Italian luxury with Giorgio Armani, French elegance with Lancôme and L'Oréal Paris, the American style with

Ralph Lauren, the American makeup with Maybelline New York, natural inspiration with the British brand The Body Shop..... In this way, the brand portfolio of the group meets the multiple aspirations of beauty around the world. It does not limit itself to provide universal products, but rather takes into account the cultural diversity of each area where it is present with the need to adapt products to the needs of consumers. Thus, L'Oréal, strategist, chose not to neglect the differences in age and culture and to adapt to diversity.

All products are custom made to customers in different regions. Moreover, L'Oréal does not depend on a single geographical area (it is quickly established on emerging markets) or a single type of distribution network, especially since the acquisition of The Body Shop. This last one offers defensive qualities. However, because of increased competition in the market, the needs and expectations of customers are better taken into account and exert a certain pressure on companies, which must make to meet their expectations under penalty of lose market share compared to competitors. To conclude, the L'Oréal objective is to be everywhere before anyone else. L'Oréal, over the years, acquired a great knowledge of the markets. It has evolved and expanded its presence in the world. But she also knew adopt a marketing strategy based on the interesting diversity of products, and a market open to all. In 100 years, it surprised us with its flagship products, even revolutionary.

The Body Shop strategy

1. Three main objectives

Acquired by L'Oréal, The Body Shop, pioneer in ethical cosmetics, will have to go out of its lethargy to keep its place on a booming market. The strategy of The Body Shop revolves around three main objectives: the launch of a new range of products based on natural ingredients in order to feed continuously the brand and strengthen its identity, expansion into new markets with high growth potential and finally the development of a multi circuit distribution for multiplying contact points with consumers. Pioneering a niche, The Body Shop has faced the entry of competitors in the late 90s, with more or less similar products. In a word, this is to offer high quality products at affordable prices.

Acquired in July 2006, The Body Shop progressively integrates within L'Oréal and begins to benefit from its resources in research and development and its marketing expertise.

2. Respect for the values and brand identity

With an emphasis on ethical business, The Body Shop Operates under a set of five core values: Support Community Trade, Defend Human Rights, Against Animal Testing, Activate Self-Esteem, and Protect Our Planet.

Moreover, Anita Roddick, founder of The Body Shop is always present within the group as non-executive director. Fierce activist, she has been able to print its deepest convictions for the brand, refusing tests on animals, human rights, self-esteem, support fair trade and respect of the environment.

Today, all these values are central to the strategy of the group, synthesized through its new slogan: " Made with Passion." It also undertakes so ambitious environmental policy around packaging reduction, recovery and

recycling. Therefore, clients may be in store with their empty pots to be recycled and reused in the manufacture of hair brushes. Its environmental commitment is also reflected in its manufacturing plants and shops.

The Body Shop has actually invested in a wind farm to power partly one of its plants in Britain and furniture shops are certified eco-friendly materials.

Finally, the brand advocates simplicity and honesty. Through its campaigns, often conducted in partnership with NGOs, The Body Shop wants to educate consumers on issues related to ecology and ethics. That's what it called "activism". L'Oréal is committed to fully respect the values of the brand which will remain an independent entity. For The Body Shop, the majority of the sales price must be in products formula, unlike the Clichy firm, whose priority is the packaging and communication. No question in any case for the French group to merge with The Body Shop's UK subsidiary. Business strategy and management will be kept as is. The founder, Anita Roddick, will also become a consultant for the group.

3. Distribution networks remain separate

No question that The Body Shop sells in stores other thing that its own brand. For the moment, the brand will continue to outsource almost all of the manufacturing and design of its products. The 2085 stores of The Body Shop located in 54 countries currently do not sell other L'Oréal products.

V. Evolution of the new organization

New dynamism

Among the three branches of l'Oréal, The Body Shop Branch represents approximately 4% of consolidated sales in 2011.

For more than a century, L'Oréal has devoted itself solely to one business: beauty. Nowadays, it is one of the largest companies in France; it is the world's largest manufacturer of high-quality cosmetics, producing such well-known brands as Lancôme, Biotherm, Cacharel, Vichy and Maybelline. L'Oréal has operations in over 130 countries in 27 international brands, employing 68, 900 people, 24% of which work in France. The Group was ranked 378 last year in the Fortune Global 500 and it realized 20. 3 billion Euros of sales. In parallel, The Body Shop continues to gradually increase its profitability and expanding in Asia and the Middle East. In mature markets, the brand achieved a solid performance in the Nordic countries and North America.

The Body Shop has the second largest turnover of the Group with 767 million Euros. The brand has all the ingredients that appeal to new generations of consumers, based on innovative, effective and sensorial products, inspired by nature. You can buy their products in 2 800 stores in 60 different countries. In addition, the brand continues to accelerate its growth in e-commerce and now has 17 sites selling online. As L'Oréal, The Body Shop strives to be ubiquitous as well as in communication and geographically: a relentless mobilization. Moreover, the company has launched new products, a new visual identity and a makeover of packaging and shops, but all keeping the original spirit of the brand intact.

Visual relooking

The British retailer The Body Shop revamps its famous green stores, while engaging in a vast expansion policy. Objective: To strengthen the brand

without losing its original values. The logo was very modernized but still recognizable, symbolizing always a very simplified way, the hands holding the Earth. Stores are gradually redesigned for a win clarity and visibility. The establishment of the new concept " Shop Me " commits to purchase. There are eco-design shops correlated with brand values. At the entrance are the best-sellers, while the central display and posters on display highlight promotional products. Eight have tested the concept stores in New York, Hong Kong, San Francisco, Singapore, Paris, Hanover and London Thurrock in England with convincing results and good return customers. The company would therefore be established everywhere as L'Oréal, but carrying values of their own.

Win new fans

Efforts to strengthen and publicize the brand philosophy contribute to increase awareness and thereby retain customers. The Body Shop continues its policy of engagement around its values, continuing to promote his program against domestic violence, Stop Violence in the Home, and to mobilize the fight against AIDS. In 2011, The Body Shop strengthens ties with its customers and winning new fans by playing the card of digital, real source of accelerated growth. The brand has opened new commercial sites in Spain, Denmark and Austria and now has in this strategic area 17 e-commerce sites. Online sales already account for over 10% of sales in some countries, with ambitious development goals for the coming years. In parallel, the brand develops its activity on social networks and has now 80, 000 followers on Twitter and 950, 000 fans on Facebook. .

A brand committed

These changes should take place without advertisement, a habit of The Body Shop, which communicates only for causes that are dear to it. The brand draws its strength from mouth to ear, because it has quality products, very competitive in terms of value (quality-price).

VI. Legal aspects

A. Interests announcement

In March 2006, the French cosmetics giant L'Oréal was forced to make an announcement about its interest in The Body Shop to the Takeover Panel, after The Body Shop's shares rose by more than 10 per cent.

B. Share price offer

L'Oréal's offer represented a 35 per cent premium to The Body Shop's closing price of 223. 5p.

C. What had to still remain of The Body Shop after the takeover? L'Oréal has left The Body Shop as a separate business entity:

L'Oréal said it planned to operate the UK company as a standalone business, with founder Anita Roddick remaining in her current role as consultant.

Anita and Gordon Roddick founded The Body Shop 30 years ago and still own 18 per cent of its stock. L'Oréal said The Body Shop brand would be retained and that the company would continue to be based in, and run independently from, its head office in West Sussex.

In 2010 the two companies were still getting to know one another. To foster better understanding, at least on the legal side, important human

resources from The Body Shop legal service have been transferred to Singapore, where they spent 70 per cent of their time working for L'Oréal.

Back at The Body Shop's HQ in Littlehampton, the legal service day-to-day work involves tackling the constantly shifting world of fast-moving - consumer goods. These can be legal issues surrounding, for example, the group's supply chain or products, encompassing IP or litigation.

The new owner and new legal issues is a reminder that things have changed dramatically over the past few years:

D. Several new legal issues have emerged since the takeover.

The company is buying back some of The Body Shop franchises that are scattered across 66 countries. The acquisitions are just like buying a business, except it's a business we know really well.

The internet has made a huge difference over the past few years.

A lot of carelessness can creep in with language when people communicate on matters using email. There are other issues like data protection and privacy.

The Body Shop legal team can also ask for support from colleagues at L'Oréal.

VII. SWOT Analysis

This takeover results, on one hand, of many internal strengths and external

opportunities and on the other hand, weaknesses and threats. We will see the main influences few months after the takeover. .

Strengths

Brand Loyalty. The Body Shop is greatly dependent on its brand reputation which is a critical factor in sales. It is a leading British brand to complement L'Oréal's portfolio. Moreover, due to its unique products, The Body Shop has come out to be seen as one of the most environmentally friendly retailers.

Niche marketing. The Body Shop targets a niche market. By stating that it is not testing its products on animals and by appearing to have an ecological profile, it has appealed to customers with ethical issues. Being the "only" shop that sells ecological products, has given it advantage in the local market.

L'Oréal's support. By being a subsidiary of L'Oréal, The Body Shop appears to have an increase in sales. Furthermore, L'Oréal's experience in advertisement and marketing can boost overall sales and make up some communication leaks. Indeed, its focus rests on a viral marketing strategy where consumers/customers make advertising upon The Body Shop and tell their friends. It is completely free and is proven but can be improved.

Strong customer community. The Body shop and L'Oréal have both imposed their image worldwide. These two groups were the first to break into their field.

Charity support. The Body Shop provides financial aid in charities by giving small amount of money from particular products they sell. The Body Shop's

support in local charities and non-profit organizations enhances its image and that of L'Oréal in the local society.

Innovative products. Access to L'Oréal research and development means further support The Body Shop brand through improved product development.

Weaknesses

Different way of distribution. Both have different strategies to sell their products; L'Oréal sells its products in label brands (have no store) whereas The Body Shop has its own stores, particularly in the UK.

Animal Testing. L'Oréal keeps going on animal testing during the research and development of new products whereas be against animal testing is one of The Body Shop policies.

Slow service. In The Body Shop, there is an inadequate personnel resulting in slow service for the customers. Customers may be discouraged and might prefer buy their product in any supermarket.

Communication of the merger. This merger was not or not enough been known by the public.

Opportunities

For the most part, it is concerning market opportunities. Like we saw in part II, organic field attracts more and more actors each year. Thanks to the takeover, L'Oréal can compete all the organic cosmetic brands like Yves Rocher. In fact, Body Shop is more than a common brand; it represents an

eco-friendly brand for cosmetic consumers. This permit to L'Oréal to go into a new positioning in the market: ethical and ecological products.

Augmentation of products selling: This directly results from the new positioning in the market.

A new image for eco-friendly products consumers

Threats

Brands comparison. L'Oréal can prove to be harmful for Body Shop's reputation. The public perception of Body Shop ethically and environmentally can be altered due to the fact that L'Oréal is considered to be unethical and to do not care about sustainable development.

New legislation. It could ban animal tested products and the marketing of such policy may raise the competition especially for The Body Shop.

Non-governmental organization and associations. They could decry the merger emphasizing the financial arrangement and the lobbies and so weaken reputation of both L'Oréal and The Body shop. Conclusion

L'Oréal is a powerful multinational, by its structure, its brands, its results and reputation, which continues to grow both geographically and structurally, despite intensifying competition. What is their Secret? The group simply mastered 'to perfection' its key success factors, hence reaching a considerable industrial success. Thus the success of the giant can be explained by various means.

First, L'Oréal has based its success on technological innovation: the group never stopped investing in research to ensure the quality, safety and innovation of its products. This innovative force often lacks to competitors and appeals to consumers. Secondly, through a strategy of acquisitions and expansions carried out successfully, L'Oréal currently controls a lot of other companies such as Lancôme, Maybelline or The Body Shop. L'Oreal also benefits from a large portfolio of brands enabling the Group to position itself in all segments of the cosmetics market and then to remain the market leader.

In addition, the marketing strategy of L'Oréal, thanks to constant advertising campaigns, makes it possible to be present throughout the world.

Finally, thanks to an active policy of external growth, the Group seeks to strengthen its position in growth markets (active cosmetic products and professional). This type of policy leads until now to success. Nevertheless L'Oréal can no longer rely, in Europe, on external growth in a saturated market in which it holds a lot shares. However, emerging markets offer interesting growth perspectives.

All these advantages give the Group a significant financial stability: revenue, growth, net income.... Today, L'Oréal faces an increasingly tough competition. But with all of its key success factors, the group should remain a great leader.

Despite trepidations to the contrary, the acquisition of The Body Shop by L'Oreal appears to have potential to be advantageous to both parties.

Financially, this transaction has caused stock prices to rise. The Body Shop should continue to operate within a ring-fenced division to retain its “raison d’etre” while continuing to embrace and enjoy a new world level by being part of the L’Oreal Group. In its new, highly political position, The Body Shop has the opportunity to influence the researchers, shareholders, and board of L’Oreal of the paramount importance of eco-friendly products and promotions.

To conclude, working together, both companies have the ability to make an impact on the cosmetics industry and on the world.