

Globalization and oreal

[Business](#), [Company](#)



L'Oréal 1. How did L'Oréal become the world's largest beauty company? What was the role of acquisitions in this growth? L'Oréal is the largest beauty company in the world and in the past 100 years that it has expanded, it has supplied to 130 countries with offices in 58 different countries. This global company is the number one premium cosmetic product in the world today and has taken the core and beauty of people's everyday lives since 1907, the beginning of L'Oréal. The superior leadership of a guy named Eugene Schueller started this strategic company with basic products such as hair care and also the first man-made hair color product. Five years later you could find these products in Austria, Italy, and the Netherlands. In 1934 Eugene invented the first mass market of soap less shampoo and this led the success of L'Oréal in the country of Europe which soon recognized them as the leader in body care and hair coloring products. Finally soon after World War II L'Oréal moved into the United States and the company seemed to change. When L'Oréal expanded the competition was more involved and more growth was needed in order for the company to be more successful. With problems like this, the strategy and planning that has been applied in L'Oréal has been huge for the success of the company. L'Oréal realized they needed to expand in other fields of the beauty market and target markets in order to stay alive and successful. This would mean that L'Oréal would need to acquire other companies as part of their expansion and through this they have kept the constancy of the leading company with acquisitions of many small companies. Finally in the 1980s they started their globalization into new markets all around the globe by acquiring new companies that would form the cosmetics that we know today. Although the role of acquisitions has

never been the main focus of the company, internal growth and strategy was the number one reason for L'Oréal becoming such a big name. The main strategy was to adopt new companies and expand it from within believing that the brand could be taken globally and benefit their overall brand portfolio. The main role of acquisitions was to increase and lengthen the internal growth rate. L'Oréal started acquiring companies from the beginning of their name. They started with the basics of their own brands such as L'Oréal Professional, L'Oréal Paris, Kerastase, and Club des Createurs de Beaute. These departments were beneficial but as we already stated, expansion needed to happen in the company. In the 1960s L'Oréal consumed some other companies such as Garnier, Lancome Paris, and Biotherm. In the 1980s L'Oréal took full possession of two companies, Ralph Lauren Fragrances and Helena Rubinstein which was a cosmetic maker that distributed internationally. At first the quality of these products suffered in the United States but did fairly well in other countries. L'Oréal then wanted to make these products more of upscale brand. The acquisition of Ralph Lauren was put in place to seal an opening in the luxury division. Maybelline is another brand that L'Oréal consumed because they were in need to be restored. L'Oréal's research and development teams came in and work miracles within Maybelline. The company had huge potential so L'Oréal found a new face for it and also was able to change advertising and marketing schemes to make the products more attractive to a younger crowd. After this happen competitors knew L'Oréal was turning into a strong competition in the US market. L'Oréal made its biggest acquisition by purchasing Redken which allowed them to reassess the whole hair care

division. Redken was well known for its extensive network of salon educators. L'Oréal soon realized that Redken had global potential as an American brand of American origin. L'Oréal knew how to apply its approach of acquiring US brands to match its existing European ones. L'Oréal saw its competition and learned how that company functioned. Then they would find a better way to manage the competition and they would buy them and make an even better stature of the brand. The last acquisition that I want to talk about that stands out above all the others is the purchase of Kiehl's. They are a New York based specialty store that sells high end cosmetics which gives L'Oréal a new advantage into another market of the luxury division with the goal of selling in higher end stores. As you can see all these acquisitions play an important role in the growth L'Oréal and how they became the world's largest beauty company.

2. L'Oréal offers consumers worldwide "American" and "French" concepts of beauty. Are there any limits to the national beauty images it can globalize? With L'Oréal being such a widespread company they really don't have many limits to the national beauty images that it can globalize. However there are complications with this issue. One of L'Oréal's main goals is to become a complete global corporation and sell their brands everywhere. If they only observed the perception of beauty through just American and French consumers they would have issues. They would need to view beauty from all other countries in order to reach all different types of ethnicity. L'Oréal did not want to just focus on local brands and this is where they have complications when trying to sell globally and put their name around the world. In order for L'Oréal to do that they would use a matrix organizational structure and this would help

delegate leaders and teams to run a multinational company. In this structure they have international brand teams, chief regional leaders, and other forms of teams that make it up. A limit that might be placed on global beauty is that different countries around the world may not be able to afford L'Oreal because of their low economy. Certain products that L'Oreal carries might not sell in specific geographic areas based off demographics or there could also be difficulty with distribution, manufacturing, lack of resources, and cost like I stated before. The United States is one of the richest countries in the world. Therefore the majority of Americans are able to afford the products as well as view L'Oreal from TV commercials and billboards from all around. But in other countries such as Africa they are not able to view these things because of a lack of resources. In order to address these problems and become a widely successful global company there would be a demand for a strong research and development team. L'Oreal has studied and found what specific markets need and what product to produce based on culture and demographic. In doing this some of the products produced did not make it past the test areas but this is what is needed in research and development in order to find out what works in every region around the world. As you can see the limits to national beauty images it can globalize are few with L'Oreal being such a huge successful company producing successful products. 3. What are the global opportunities for Kiehl's? What are the limits, if any? In 2000 Kiehl's became a part of L'Oreal after a three year courtship and after much trust was built between the two companies. The owners of Kiehl's finally agreed to sell the company because it could no longer meet the demand for its products. From reading the article Kiehl's was a small

business known for its products by word of mouth to its customers. Kiehl's is a high end specialty store that also distributes to a more local area of stores such as Saks, Nieman Marcus, and Bergdorf Goodman. Kiehl's products was prestige because you could not get this product anywhere else but a small shop in New York when they first started. It was well-known for its unique style and neighborhood feel but keeping it this way would be difficult in trying to sell the product around the world. Most luxury brands that are sold globally have the same advertising and imagery everywhere they are sold. This is where the company is different because it is focused as a New York luxury product that might be hard to replicate in other countries and more importantly not knowing if other demographics will appeal to the New York feel of the store. In order to do this in each store, location has to be more unique in areas to be easily accessible for consumers. I think globalizing this product is very possible even though it is difficult to replicate the identity of Kiehl's in other countries. Kiehl's became even greater when celebrities began to talk about its products. By word of mouth this drew people in to this company. When this happened the demand blew up and there was no way for this small New York Company to meet all the demands. L'Oreal has a good brand that needed to be globalized well so they bought out Kiehl's seeing the potential that it had to be greater. The greatest global challenge that Kiehl's was faced with was finding a local champion from L'Oreal's luxury division that could go global. Some of the global opportunities for Kiehl's could is becoming a multinational product line that can be sold through free standing stores or through internet websites. Kiehl's president Clough wanted to bring the company to major cities in every region, so he

would have to find a way to make the product available and accessible to a wide variety of people through the internet, specialty stores, and global network of Kiehl's stores. I think this company would be great if they did this and became more accessible and visible for everyone to see and when the name is known well enough; the company has the potential to expand everywhere. Kiehl's would just need to stick with precise decision making and have the proper strategy and research in order to be completely successful and reach out.