

Example answers to questions on culture in the loreal group



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The L'Oreal group has been the market leader of cosmetics and the beauty industry. The products it mainly sales are in the fields of cosmetics including, hair color, makeup products, skin care products, perfumes etc. Company has also launched its several products in the field of dermatology and pharmacy. The sales and profits are maintained through its wide range of professional consumer luxury and active products showing a strong through it. It was founded in 1909 by Eugene Schueller and soon it grown into world's largest company in the industry. The turnover of the company has grown over 19 billions euro's with over 11 percent of growth which considerably indicates the success of marketing strategies of L'Oreal group. The company market over 70 international brands along with a number of local brands made specifically for the country it is marketing with the same international standards and flexibility according to the local needs and requirements that are to be sold to both men and women over 150 countries. The company has shown enough growth in the continents of North America and Western Europe with its outstanding performance of twice the market trend growth of the markets of Asia pacific, Eastern Europe, Latin America, Africa and Middle East. The global marketing efforts of the company with its smart selling efforts brought the tremendous amount of success for it. The differences between the different cultures and the needs of the native people of those different cultures have been quite successfully understood by the company's marketing personals. To understand and to answer the cosmetic requirement of the different types of people in the world the company has setup its five worldwide research and development centre which are established in the different continents like 2 in France, 1 in the US and 1 in Japan and 1 in China in order to make the products manufacturing managed according to <https://assignbuster.com/example-answers-to-questions-on-culture-in-the-loreal-group/>

the needs of different culture. L'Oreal group has successfully projected itself as a nice example of a good multi national corporation that manages its profit with considerable success through the competitions in the market's surrounded by the various geographical, social, economical and cultural risks. The company reached out to the variety of the customers with different economic status and cultural background in overall different perception through its fine global branding strategies. Through its selling of different products the company sold different genre of products like Italian elegance, New York street smarts, French beauty, etc through different global branding methods. In this report we are asked to discuss about different global marketing strategies adopted by L'Oreal group and how much the company is successful in understanding the different cultural distinction in the different international market. (L'Oreal Group)

Part 1

COMPANY'S GLOBAL MARKETTING STRATEGIES

The famous L'Oreal group utilized its global marketing strategies to its extreme extent in order to show and generate the great growth opportunities in a very elegant way. The company is known for and has always been imposition of its customers as a supreme elegant French product with smart prices and superb packaging. The general belief of the management of the company is about the basic existence of two different dominative beauty cultures which are French and the American . This has been a major reason behind the company to setup two headquarters one in the Paris and one in New York. These two countries are culturally far different in terms of the background of the people, the mind set of the society and the

creative background of their culture. The company even laid down the establishments of the different brands as the part of same organization in competition to each other in the field of marketing but takes the research and developmental part in the collaboration as suggested by marketing head of the L'Oreal, Owen Jones. He suggested and implemented various smart and innovative marketing strategies that stimulated the creativity in his department like moving around the streets of the local market to explore and analyze the needs and expectation of the product in the point of view of the native customers so that the product can be designed and marketed accordingly. The decisions over the marketing strategies in the headquarters of the L'Oreal group are made after consulting examining and having the proper insight of the local markets while delivering with the touch of international standards maintained giving the feel of the popular method of implementing the global along with the local satisfaction . The L'Oreal effectively focused on the international scale with its revolutionary which brought lot of success to the company across many countries and continents. The growth of the company in countries like India , Mexico , Malaysia , few African countries was along with its immense success in its homeland of Europe and America also with its appreciative expansion in the tough markets of china and Japan which was quite significant and miles stones . The main problems faced by the marketing teams of the company in the countries in which L'Oreal has not been that successful as compared to other parts of the world like japan and china where there are strict health related rules and regulations and the complex distribution of markets is the considerable example may be that of Japan which is the second largest cosmetics market in the world . The company very well shouts its global

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presence with its subseries factories and manufacturing units and selling outlets all across the various continents of north America , Europe , Asia and Africa. To support this fact with the data and the statistical requirement the company has 18 subsidiaries and 8 factories in the continent of north America , 169 subsidiaries and 22 factories in the countries of Europe, 29 subsidiaries and 5 factories in Latin America , 23 subsidiaries and 4 factories in south Asia and with its extension in Australia, middle east and many other African countries as per the information available according to the data at the end of the 20th century. The global brands of l'Oreal includes the L'Oreal itself the Garnier , Lancome , Biotherm , vichy, Maybelline , Redken, Ralf Lauren , Goirgio and Helena which are being launched in different types of markets of the world for the different types of people in the world. The company also adopted famous marketing policy of acquiring the market through acquisition policies . This not only helped the company to settle in the overseas market but also to expand and become its leader. Some of the popular acquisitions of the L'Oreal group include the acquitted companies like body shop, soft sheen, matrix, etc.

To summarize the overall marketing strategy the company has to maintain the standardization globally as well as to have the scope of local optimization as per the needs and requirements of the different cultures existing all round the globe. The company always had some standard product with incomparable core features and the most importantly its scope of being coupled up with the optimization required with the products in order to maximize its local response by the native customers by making adjustments in the features of products with its prices without compromising with its

international brand value and quality. These were the major reasons behind the company's emergence as the global leader of the cosmetic market for different cultures and hopes of the beauty of the local men and women worldwide.

BASIC CORPORATE CULTURE IN THE COMPANY

The culture of any company described is in the basis of how it handles the individuals operating in the group and manages its diversity in its very own style, its own working conditions, hierarchy and the general involvement. The L'Oreal has been adopting nice effective policies to not only handle the personal but also the professional activities of the individual employee's through different methods like motivational rewards, training and education, employee's appraisal through different schemes etc. The company takes the talent development and understanding of the corporate culture by its employee as one of its responsibilities. Company allows the employees to be geographically mobile, provide high working cadencies and various other French benefits. The career development of the employee are maintained through the rewards like the rise and pay, internal promotions, in transfers options it also conducts the activity like bi-development interview and even hence established several management development centre's as well. The annual expansion plan of the individual with the company is done through interviews, evaluation of the annual performance, taking into the consideration their need and professional aspiration, the coordination and communication between the employees and the employees with the top level management is effectively maintained inside the organization, the external communication with the customers with the market is done through

effective brand managing with the help of press and media and having the well customer care management to resolve any issue that may arise. With the use hierarchal way of communication among the employees of the organization, the relations among them is maintained and also the internal conflicts is resolved through effective management. Emails are one of the most important ways of communication for day to day disposal of information and the general purpose to convey information with the employees of the company. The company promotes its brand through its effective way of external communication through press, electronic media, web promotion, etc it also maintains its brand image through promotional campaign done through sponsorships. There are various clubs and communities within the company that are established to maintain the better relationship between the employees . The company also very effectively follow the customer responsive culture . The proper internal and external functioning of the company is handled by the strong cultural backgrounds of its ethics and principal.

The company has developed an embracing culture which has short procedures for doing the work which not only provide the purpose of less wastage of time and energy but also gives the feeling of independence and autonomy to each of its employees . The oral communication is considered better than the written procedure in order to have flexibility in work but it also provides a type of ease to solve any conflicts if they arise. The company very well handles its diversities in its team and the clients which is reflected through its successes at every level . The company serve his products to many cultures according to the requirement of any culture through its

dedication and proper understanding. The management adopts such policies so as to utilize the working capabilities of its employees to its maximum extent. Sometime the pressure on the employees also builds up but overall they work their according to the individual perception.

THE CORPORATE STRUCTURE OF THE COMPANY

The companies like any other multinational company with a high prestige consist of board of directors, management committees and the stockholders. The board of directors as the governing body including fifteen members. The present members belonging to core committee are : jean paul Agon, Francisco Basco, Werner Bauer, Liliane Bettencourt, Francoise Meyers, Peter Brabeck, Charles Fillipi, Xavier Fontanet, Bernard Kasriel, Marc LachARRIER, Jean Meyers, Lindsay Owen-Jones, Franck Riboud, Annete Roux and Louis Schweitzer. The management committees have different committees responsible for administrating the different departments. The committee includes Jean-Paul Agon as Chief Executive Officer, Beatrice Dautresme as EVP of corporate communications, Christian Mullieze as EVP of finances, Fredrick Roze as Chief Executive Officer of L'Oreal USA, Jean Grollier as EVP of R&D, Jean Lebel as the president of consumer products, Nicolas Hieronimus as the president of professional products, Geoff Skingsely as EVP of Human Resources and Marc Menesguen as the president of Luxury Products. The major stockholders of the company are Bettencourt family, Nestle, treasury shares and the others holded by the general public for the trade. The distribution of the shares are the Bettencourt family acquiring the 31 per cent of the company's share, 29. 8 percent of the shares are acquired by nestle , 2. 4 percent shares reserved for the treasury for the future and

the remaining 36 percents of the share available in the market for the general public trade.

Part 2

DEALING WITH THE DIFFERENT CULTURES OF THE WORLD

As described by the famous author Schein, the culture in reference to the corporate world is the different corporation's learning that is developed by different discoveries, invention and the development for handling the internal and the external issue effectively . These learning and development should be successful enough to be passed and taught to the coming and joining employees for handling such affairs in the future . He also remarked the famous quote ,” the culture has a same meaning to the group what personality has to with individual”. Also it is well understood in the current era of global market that a successful multinational company has to have an in-depth knowledge of the environment and the different cultural background of the different countries and regions in which it is operating to have a considerable amount of success. As a world leader in the field of cosmetics and beauty industries, the L'Oreal group is always up with the blend of beauty with the design of products by intense research in science and technology with a tinge of innovations . The company has been selling its products to the men and women to more than 130 countries based on different cultures, different mindsets and with the different perceptions to evaluate its products. For surviving in these diversities, the company has to take innovation and quality management as one of its major requirement for its product manufactured. The company sells the most advanced product in

each and every country it is serving independent of any culture it has to serve . Being present in any country the company always gives the credits to its employees to build the L'Oreal a leader in the beauty and cosmetic Industry of the country by their unequal and unparallel talent and ambition in doing so. As described above the company has opened its subsidiaries and research centers factories etc all around the globe with the vision of having some standardized ethics and principles along with scope of flexibility to adopt the different cultures for its employees and customers to maintain its brand value at the international level. The four different cultures that can be taken under the consideration can be that of USA, India, Canada and China which can describe how well the company has been successful in dealing up with the cultures which were entirely different in many perspectives.

The L'Oreal USA which is based in New York has worked successfully well to sell its products mainly related to hair color, hair care, skin care, skin care, fragrances and the color cosmetics in the consumer and the professional markets. The major causes of the success of the company had been its progressive research and development of the new and innovative products, high amount of the dedication shown by its employees and the well distributed marketing of its products. The company also did some success providing acquisitions for example that of the Maybelline, Soft Sheen, matrix, etc. (L'Oreal USA) The L'Oreal group in the country of India succeeded with its objective of focusing all its energy and know-how of the Indian requirement which it used during the manufacturing of the products and then its selling through effective Indian style marketing strategies. The company provided the Indian men and the women with its all new and

innovative products with latest advancements developed in its research and the development centers. The company gives the credit to its more than 600 employees who worked with all the devotions to build the L'Oreal India with all success in beauty and the cosmetic market in India. (L'Oreal India) The L'Oreal China had entered into the Chinese market in 1996 with all efforts to provide the customers in China their desired cosmetic requirements but providing its key products of international quality and some especially made products suiting the Chinese skin, hair, etc. The company did very well in adopting the local marketing strategies by coming up with the products like that of whitening and the anti-aging creams, etc. The L'Oreal group performed extremely well in the country of Canada with same commitment of innovations, best quality products and its effective marketing and distribution. The company launched its 25 prestigious brands to overcome the high amount of beauty and cosmetic needs of the people of this country. There are 1200 employees working in L'Oreal Canada with the same dedication and devotion for the profits of the company.

THE IMPORTANCE OF UNDERSTANDING THE CULTURAL DISTINCTIONS

For any of the successful MNC, it is very essential to understand the different cultural distinctions between the different cultures. The selling of same kinds of products in the markets that are entirely different in terms of their cultural backgrounds has always proven to be quite a tough task. Also, the product or services should not violate any rule or regulation based on the culture of the country it is operating. The promotional campaigns and the mode of the advertisements also should be designed according to the cultural

background of the region it is going to be launched or shown. If these things is not taken into the marketing strategy, the product which had been very much successful in one country, may even fail in the other. The local branding strategies, management of the human resources, etc all should be decided and implemented while taking into account the cultural distinctions on whose basis its applicability and the feasibility has to be decided. The same reward schemes, motivational methods, desired working environments, etc also cannot be the same for different employees working for the company in the different nations and thus it also needs the understanding of different aspects of the impacts of the cultural differences. For good relationship of foreign supervisor with its subordinate local employees, the cultural understanding of both becomes an essential object. When it comes to the market, the customers with entirely different cultures have a different perspective of looking the product and deciding its feasibility for them which depends upon their general mindset, price tags, quality and features required as per the natural climate, and its importance for them as an individual.