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THE RELAUNCH OF SERIE EXPERT – A L'ORÉAL PROFESSIONNEL'S PORTFOLIO BRAND

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Abstract

This master's thesis consists of an in-company project developed in cooperation with L'Oréal, a leading company in the cosmetics market, and it is focused on the brand where the author completed a twelve-month internship, L'Oréal Professionnel.

In 2017, L’Oréal Professionnel decided to relaunch the oldest hair care brand in its portfolio, named Serie Expert. Considering the constraints faced by the brand, namely stagnant sales, lack of incentives for hair salons to push the products and lack of awareness by end-consumers, L’Oréal decided to rethink its marketing strategy.

To build a theoretical framework, extensive research on key concepts such as Brand Awareness, Brand Loyalty, Consumer Behaviour, Product Life Cycle, and Personalisation was conducted, and supported by scientific research.

To sustain the project outlined, it was necessary to gather sufficient knowledge and information about the cosmetic industry, especially regarding the professional hair care market - its customers, products, and competition – to identify possible opportunities and threats. An internal analysis was also carried out, which allowed for a better understanding of the company and the brand, specifically its current positioning, distribution, and portfolio as well as potential strengths and weaknesses.

Globally, the brand updated more than one hundred products, designed a more innovative and attractive packaging and increased their package capacity.

Locally, several strategies were implemented to promote L’Oréal Professionnel’s products in hair salons and to increase end-user engagement. The focus of this thesis is to detail the development and execution of these marketing strategies.

Keywords: hair care, relaunch, personalisation, marketing, communication

Resumo

Esta tese de mestrado consiste num projeto empresa desenvolvido com o apoio da L'Oréal, empresa líder no mercado de cosmética, focado na marca onde a autora completou um estágio de doze meses – L'Oréal Professionnel.

Em 2017, L'Oréal Professionnel decidiu relançar a sua marca de cuidado capilar mais antiga, Serie Expert. À luz de constrangimentos enfrentados pela marca, nomeadamente vendas estagnadas, falta de incentivos para os salões impulsionarem os produtos e a falta de sensibilização dos consumidores finais relativamente aos produtos, a L'Oréal decidiu repensar a sua estratégia de marketing.

De forma a construir um enquadramento teórico, foi realizada uma pesquisa extensa sobre diversos conceitos-chave relacionados com lealdade e notoriedade das marcas, comportamento do consumidor, ciclo de vida de um produto e personalização, suportada por pesquisas científicas.

Para sustentar o projeto delineado, foi necessário reunir conhecimentos e informações suficientes sobre a indústria de cosmética, especialmente no que diz respeito ao mercado profissional de cuidado capilar – os seus clientes, produtos e concorrência – de maneira a identificar possíveis oportunidades e ameaças. Foi igualmente realizada uma análise interna que permitiu uma melhor compreensão da empresa e da marca, especificamente sobre o seu posicionamento, distribuição e portfólio atual, bem como potenciais pontos fortes e fracos.

Globalmente, a marca atualizou mais de cem produtos, desenvolvendo embalagens mais inovadoras, atrativas e com mais capacidade.

Localmente, várias estratégias foram implementadas para promover os produtos em salões de cabeleireiro e para aumentar o envolvimento do consumidor final. O foco desta tese é detalhar o desenvolvimento e a execução dessas estratégias de marketing.

Palavras-chave: cuidado capilar, relançamento, personalização, marketing, comunicação

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1. Executive Summary

L'Oréal S.A. is a company based in France, specialized in cosmetic products, with one hundred and thirty subsidiaries located in all five continents, operates and develops business activities in the beauty sector. The company consists of four departments – L'Oréal Luxe, Active Cosmetics, Consumer Products, and Professional Products. This project was developed in a hair care brand that is within the Professional Products department, which markets products for hair salons and cosmetic wholesalers.

The main purpose of the project is to understand how the leading cosmetics company transformed a mature hair care brand, that was stagnant in the market, in a modern and more dedicated brand, with a strategy that focus on both the hairdresser and consumers.

The hair care category in the Portuguese beauty care market has grown over time, thanks to the rising importance given by both women and men to their physical appearance, that is directly linked to their health and beauty routines. This category is characterised as a highly saturated and fragmented one. With so many brands present in the market, which are constantly launching new products and innovations, both hairdressers and consumers have a tough time differentiating one brand from another. Since consumers are purchasing more personal care products, they are faced with numerous choices at the time of the purchase, making it increasingly difficult to choose the brand that fits their hair care needs. With a more technological and informed consumer, who has no time to waste, brands try to offer solutions and results that are up to the high expectations of this "modern consumer", with the goal of increasing his/her satisfaction and gaining his/her loyalty.

With this in mind, L'Oréal identified the need to renew one of its oldest professional hair care sub-brands – Serie Expert. This mature brand that is available in the professional products market was experiencing **stagnant sales and no growth for several years**. This brand has the most complete range of hair care products included in L'Oréal Professionnel's portfolio, with fourteen different treatment ranges for every hair care need at a reasonable price, and is available at hair salons and cosmetic wholesalers.

The relaunch of Serie Expert was divided into three stages and took place in 2017. The strategy began with the renovation of the packaging, to a more modern, premium and simpler design, with an increase of capacity and a decrease of plastic used in every product. Retail merchandising guidelines were defined by the L'Oréal Professionnel's global retail design and merchandising team, to serve as a basis for the development of the point of sale communication materials, to be implemented in hair salons that purchase products from the new relaunch. These materials are essential to create awareness at the point of sale to encourage consumers attending the beauty places, to give preference to Serie Expert over other brands, for in-salon and at-home use. Digital communication materials were also developed for the end-consumer with the goal of communicating the relaunch of the brand through social networks and possibly reaching the desired target audience.

Analysis of the market, the competition, and the consumer were conducted, based on data collected from two studies: the "Usage and Attitude study (U&A) – Hair care 2017" from IPSOS, and the "Professional Beauty" study, conducted by the Professional Products Division of L'Oréal Portugal in 2016. These studies help to understand the hair care market in Portugal and its consumer, from their preferences to their hair needs. The communication and marketing plan is built on the results of these studies, to properly adapt all strategies designed to achieve the target set for this relaunch.

The main objectives defined by L'Oréal Professionnel for this relaunch are to strengthen the brand's position in the market, increase the level of awareness among its target consumers, improve the consumer experience inside the hair salon, achieve a differentiating and innovative positioning that meets the needs and expectations of consumers, and improve Serie Expert's sales results.

Throughout this project, it is possible to perceive the importance of understanding the market where the brand is inserted and its competitors, the profile of its target audience, and especially, the importance of understanding the problems that the brand is going through and the possible solutions to bypass them.

2. Research Problem

L'Oréal Professionnel, a universal brand produced exclusively for hair salons, decided to **relaunch one of its oldest hair care sub-brands, the Serie Expert**. This relaunch was constructed in three pillars: 1) new packaging, 2) new ranges and 3) new bespoke hair care treatments. The relaunch started in April 2017, with the renewal of four classic ranges and the launch of a new range and the in-salon bespoke treatments, the Powermix. The second stage occurred in September and consisted of the relaunch of five more ranges and the launch of the at-home treatment, the Powermix Shots. Finally, the third stage entailed the relaunch of the scalp ranges.

L'Oréal, being one of the leading companies in the hair care industry and the first in professional hair care, decided to invest in the **renewal of a sub-brand that was in a mature phase – Serie Expert – with stagnant sales, no growth potential and lack of awareness and loyalty from professional clients and end-consumers**. The objective of this thesis is to identify and analyse L'Oréal's plan on how to make the brand more appealing and essential to the eyes of its professional clients and end-consumers, with the goal of increasing its proximity by offering new services, bespoke solutions and through the development of new training sessions for professionals in the sector.

Theoretical frameworks will be determined to help frame the ultimate marketing plan for how the company communicated the relaunch, how it approached and gained new consumers and how it helped hairdressers to improve their commercial performance. The goal is to have a clear path on how L'Oréal Professionnel improved its business through the revitalisation of one of its mature brands.

With the objective in mind, it is only possible to construct this plan by studying and analysing the following elements:

- **External Analysis**: Market; Consumer; Competitors.
- **Internal Analysis**: Company; Brand (Distribution and Portfolio); Serie Expert.

3. Literature Review

Editorial Verbo's encyclopaedia (2004) explains that cosmetics are the art of **preserving beauty through cosmetics** and a set of objects and products suitable for the toilet. The same source refers to cosmetic as the ingredient that seeks to preserve or re-establish the beauty of the skin and hair, and Cosmetology the part of hygiene that teaches the correct or less dangerous way to use cosmetics.

This Literature Review intends to study the main theoretical concepts that were identified to **better understand the hair cosmetic industry** and to determine the possible ways that will serve as a foundation for the strategies that will be drawn later. It is, therefore, a matter of working on the theoretical foundations that will allow us to trace the conceptual lines of the Serie Expert relaunch, a L'Oréal Professionnel's sub-brand.

This Literature Review aims to understand why and how L'Oréal decided to relaunch one of its oldest hair care brands, through the study of the cosmetics industry, with particular focus in the following concepts:

- **Integrated Marketing Communications: From Traditional to Digital Media**
- **How Digital Trends Affect Consumer Behaviour and its Decision-Making Process**
- **The Effect of Brand Experience on Consumers' Brand Awareness and Brand Loyalty**
- **Product Relaunching: The Opportunity for a Mature Brand**
- **How Does Personalization Win More Customers?**

These topics will be essential to understand better and study the marketing and communication strategies used during this project.

3.1 Integrated Marketing Communication: From Traditional to Digital Media

Due to the new media consumption that divides the consumers' attention span across multiple media platforms, the integration of marketing communications has become more relevant for companies (Batra and Keller, 2016).

Keller (2001) defines marketing communications as "*the means by which firms attempt to inform, persuade, incite, and remind consumers - directly or indirectly - about the* *brands they sell*". These communication strategies are fundamental to **deliver consistent messages to critical audiences, throughout different channels**.

Luxton, Reid, and Mavondo (2015) state that constant effective marketing communication strategies **develop continuing brand value**. These strategies help to make sure that consumers know and prefer a particular brand over another.

Marketing communication strategies can be defined as **Integrated Marketing Communications** (IMC). Duncan and Mulhern (2004) explain IMC as "*an on-going, interactive, cross-functional process of brand communication planning, execution, and evaluation that integrates all parties in the exchange process to maximise the mutual satisfaction of each other's wants and needs*". Luxton *et al.* (2015) follow the same line of thought, claiming that IMC adds value to brands in the sense that it joins all the marketing and communication tools into a process that is persuasive, reliable, and meaningful, and **can be measured and assessed for efficiency and productivity**. It also encourages companies to coordinate all their communications, transforming them into one consistent **company-wide framework**.

Not so long ago, marketers could only communicate with their audience through traditional media. Brands with several communication objectives would be limited to broadcast television, outdoor, radio and print ads or even coupons in newspapers when they wanted to communicate their brand and build lasting relationships with their customers (Batra and Keller, 2016). Nowadays, brands use social media, blogs, ads on third-party websites, paid or organic search ads to achieve a much higher number of consumers than they would have if they only used traditional media. This significant increase of communication channels allows brands to **segment their audiences by specific targets**, enabling them to create content such as online communities or targeted promotions, which will influence consumers towards a specific product or service. Marketers should take advantage of the different strengths of each media channel to **deliver stronger messages to its audience, thus facilitating the decision and purchase moment** (Batra and Keller, 2016).

The Salem Press Encyclopaedia (2013) defines digital marketing as the "*marketing of products or services carried out through digital technology such as the Internet, mobile devices, and video games*". The author explains that companies which develop marketing strategies based on digital communications, can differentiate their marketing campaigns, at a time when using traditional media is no longer enough to communicate with the target audience.

Digital media is driving brands to re-think their communication strategies to better reach consumers. The new methods for gathering information are also changing the way people choose brands. Thanks to blogs, websites, social media, and its influencers, consumers do not need to rely on mass media to obtain information for later use, they can get it "on the go" through their mobile phones, **shortening their path-to-purchase.** Brands need to be aware of what is being said about them across all channels since the information consumers have access to more quickly is not controlled by them (Batra and Keller, 2016).

Batra and Keller (2016) believe that marketers are lucky to have a much broader range of communication means, making it easier to **customise content** and achieve their communication goals. To build a well-integrated marketing communications program, the authors developed a **Communications Optimization Model**, which is based on seven considerations ("the 7Cs"): coverage, cost, contribution, commonality, complementary, cross-effects and conformability. We will be focusing on the three considerations that are most significant for the scope of this project:

1. **Consistency**: reinforce a persuasive message across different means with the goal of simplifying and induce action.
2. **Complementarity**: meet different information needs from consumers by complementing communication options that have different strengths and weaknesses. This way, each communication option can achieve several brand goals which will consequently influence consumers, build brand equity and lead to sales.
3. **Cross-effects**: communications used together are more powerful when they cooperate and generate synergetic effects that intersect with other communications, according to an appropriate sequence. The impact of this concept can be perceived, for example, when combining online with offline media for an advertising campaign.

These three considerations are the base of successful integrated marketing communication programs, which will meet the communication needs of consumers and drive their path to purchase, with the help of digital platforms.

3.2 How Digital Trends Affect Consumer Behaviour and its Decision-Making Process

Over the last years, we have been witnessing several changes in the modern consumer. Knaggs (2010) considers that some of these changes are a *"result of a more competitive marketplace, an increase in available consumer information and knowledge via new communication channels such as the Internet as well as an increase in the number of choices of Personal Care products"*. These factors can result in consumers becoming more demanding about the products they use (Knaggs, 2010). Thus, companies must be willing to **follow these changes in consumer behaviours and present new or improved products and services,** since the consumer has always been the decider on whether a product will succeed in each market.

This significant transformation of the consumer and the industry is mostly due to the digital revolution that is happening in the world of business. Cianni and Steckler (2017) state that *"In many businesses today, the new quest is to be "digital." Companies across an array of industries are devoting resources to becoming a* ***digital company*** *as a perceived means to streamline work processes, to embed new products with added technology, and to reach more customers"*.

Dionísio, Rodrigues, Faria, Canhoto, and Nunes (2009) claim that the **emergence of Web 2.0 and the shift to a new interactivity paradigm has modified the behaviour of Internet consumers**. The transition from monologue to dialogue has made them more informed and proactive. The current Internet users are much more aware, demanding, heterogeneous, individualised, compliant, need greater mobility and global access, and require their needs to be met.

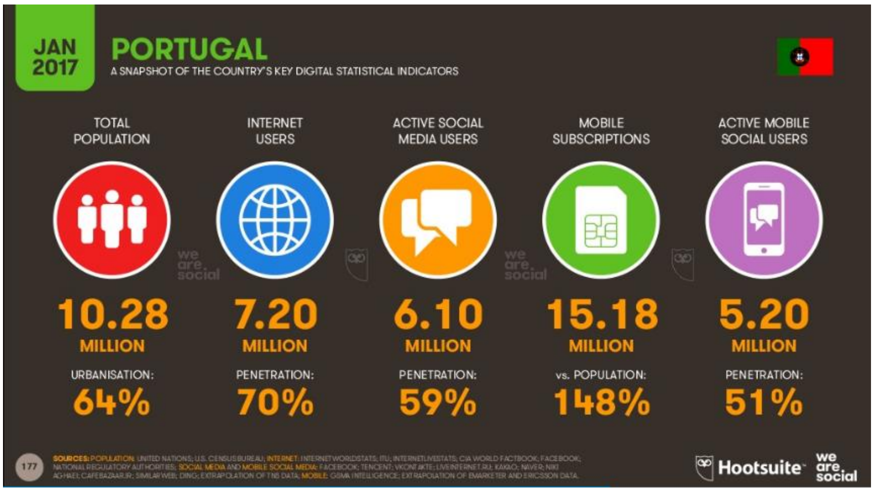
As stated by Stephen (2015), **billions of people are active on social media, mobile apps, and other digital platforms**. Social media is partly responsible for this growth in Internet usage. According to the "*2017 Digital Yearbook: Digital data for every country in the world"* study from We Are Social – a global agency that specializes in social media –, from the 7.476 billion people worldwide, 3.773 billion are Internet users (50%) and 2.789 billion are active social media users (37%).

Figure 1 – Key statistical indicators for the world's Internet, mobile and social media users.

Source: *We are social*, 2017 Digital Yearbook: Digital data for every country in the world.

Focusing on Portugal's data, the conclusion is that the results are even higher for those from the figure above. Approximately **70% of the Portuguese population uses the Internet**, and more than half are active social media users. When compared to the world indicators, Portugal presents a high penetration of Internet usage (+ 20 p.p.).

Figure 2 – A snapshot of Portugal's digital statistical indicators.



Source: *We are social*, 2017 Digital Yearbook: Digital data for every country in the world.

People are spending more and more time online and, by doing so, are continually being **exposed to new products, services, reviews, ideas, thus becoming more receptive to new experiences** when it comes to beauty products and services (Ziv, 2017).

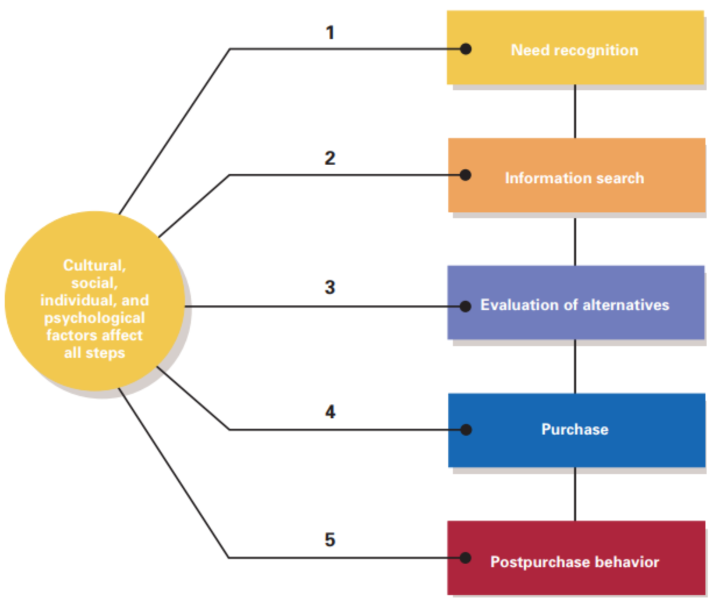
The modern consumer is **not afraid of the diversity of products** available in the market. The most significant share of consumers will try several different products before choosing the one that suits them the most. As soon as they find their "perfect product", **brand loyalty speaks higher than price or availability**, *"whether for a shampoo or a particular salon"* (Sena, 2017).

Consumers are presented every day with limitless opportunities to purchase and consume goods and services, which may lead them to make product purchase decisions impulsively. Through the study of **consumer behaviour**, it is possible to perceive what, why, when where and how individuals buy, and how often they use what they buy (Schiffman and Kanuk, 2000).

Fornell (2007) claims that **when a customer is satisfied with a particular brand, he/she will be more loyal to this brand and will thus repeat the purchase**. Nevertheless, Neal (1999) disagrees with Fornell (2007) on this issue and affirms that even after years of prioritising customer satisfaction, there is little basis for supporting the link between satisfaction and future behaviour regarding purchases.

Concerning the consumer decision-making process, Lamb, Hair, and McDaniel (2009) presents a **consumer decision-making process**: (i.) Need recognition, (ii.) Information search, (iii.) Evaluation of alternatives, (iv.) Purchase and (v.) Post-purchase behaviour.

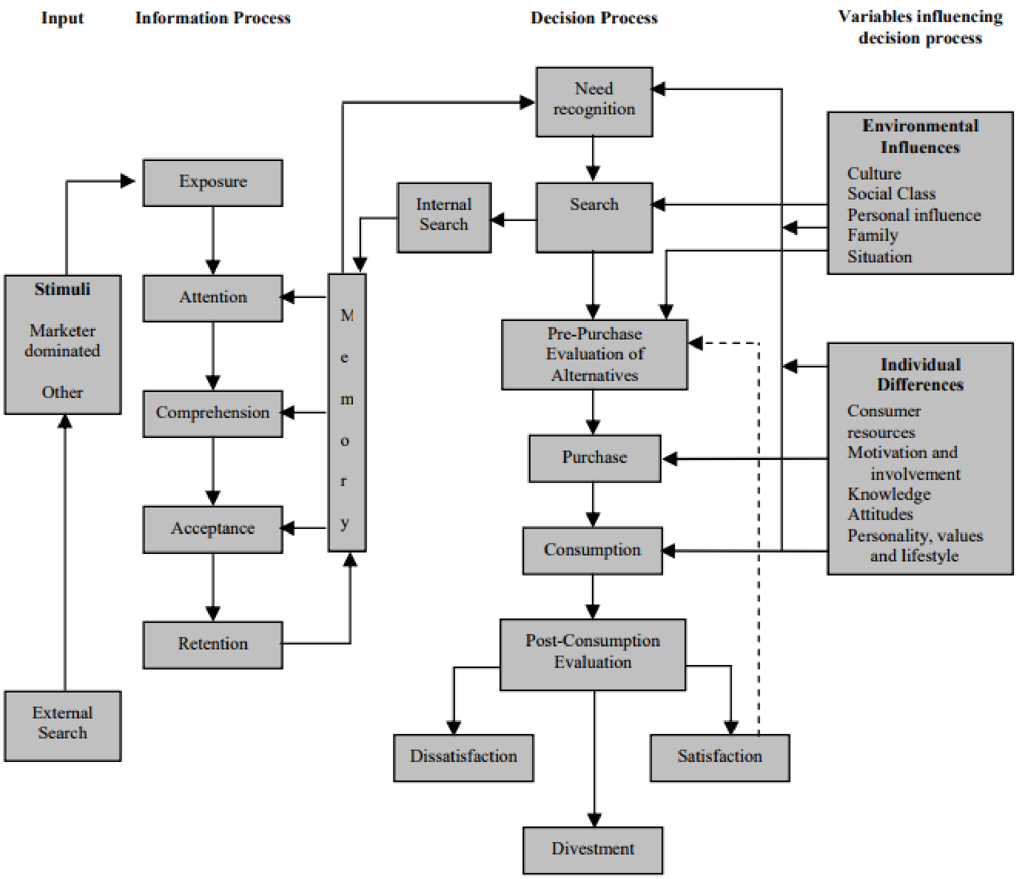
Figure 3 – Consumer decision-making process.



Source: Lamb, Hair and McDaniel, 2009. Essentials of Marketing (6th ed.).

Adding two more steps to the definition above, Blackwell, Engel, and Miniard (2001) identify seven significant steps which consumers usually go through in the purchase decision process, in their c**onsumer decision model**:

Figure 4 - Consumer decision model.



Source: Blackwell *et al.*, 2001.

Those steps are: (i.) Need recognition, (ii.) Search for information, (iii.) Pre-purchase/Evaluation of alternatives, (iv.) Purchase, (v.) Consumption, (vi.) Post-consumption evaluation and (vii.) Divestment. These seven steps explain the process of **why consumers buy or not a particular product** and what it is possible to do to have them purchase more goods or from a specific provider (Blackwell *et al.*, 2001).

The only way for companies to keep up with their most demanding customers is if they **study their behaviour regularly** to better adapt their products/services and their communication. This way, the least loyal consumer may feel that his needs are being heard by a certain brand and may start to choose it over another.

3.3 The Effect of Brand Experience on Consumers’ Brand Awareness and Brand Loyalty

The concept of brand experience can be easily translated as **brands create unique and memorable experiences** for all their audiences. However, for the scope of this work, it is necessary to understand this concept at a deeper level.

Brakus, Schmitt, and Zarantonello (2009) describe brand experience as “*sensations, feelings, cognitions, and behavioural responses evoked by brand-related stimuli that are part of a brand’s design and identity, packaging, communications, and environments*”. The authors emphasise the importance of **understanding the way consumers experience brands**. If a consumer has a memorable experience with a specific brand, then he/she is more likely to choose that brand over another on a next occasion. Understanding this helps marketers to develop strategies that will help brands to have an advantage over others. These stimuli described by Brakus *et al.* (2009) may also mean that **brand experience induces behavioural and internal responses in consumers** (Şahin, Kitapçi, and Zehir, 2011).

Alloza (2008), who defines brand experience as the consumers' perception of brands, which they form during the first personal contact or when they are exposed to brands’ communications and images, reveals that **face-to-face connection with consumers is a crucial element for brands** that want to build the best brand experience possible and be perceived as the most valuable to their customers. Sahin, Kitapçi, and Zehir (2011) verified that this concept is framed by an individual’s perception of direct and indirect interactions with products or services from certain brands.

However**, the brands that involve consumers the most are not necessarily those that have the strongest and most appealing experiences**. The experiences provided by a particular brand can happen even when consumers are not interested nor connected with it since brand experiences do not implicate a motivational state (Shieh and Lai, 2017).

When consumers and brands meet, the experiences begin. This interaction happens thanks to media (mass and digital), sponsorships, point of sale materials, word-of-mouth and other ways of communication, which account for 90% of marketing communications investments (Chattopadhyay and Laborie, 2005).

Brand experience plays a significant role in brand loyalty since it affects, directly and indirectly, consumers’ loyalty through brand personality associations (Brakus *et al.*, 2009). However, it is essential to understand the concept of brand awareness and brand loyalty before going deeper into this topic.

Brand awareness and brand loyalty are two concepts that go hand in hand with the success of brands and their products. They could not be more different, while at the same time complement each other.

Aaker (1991) and Keller (1993) identify **brand awareness as the concept that translates the ability of the consumer to identify the brand**, under different conditions, as belonging to a given category of product.

Keller (2003) explores this theme, identifying three types of benefits present in high-level brand awareness. The first benefit consists in the learning advantage provided by awareness: the higher the level of awareness, the easier it will be for consumers to learn about a brand and the more likely the brand will be present in their mind. The second benefit comprises the advantages provided by awareness regarding highly visible brands which appear more easily in the consumer’s reflection moments. Lastly, if there is a case of lack of motivation and the ability to purchase goods or services, awareness gives an advantage in low-involvement purchase decisions.

Consumers today often choose their favourite brands because they instinctively appear in their subconscious, which makes it necessary for businesses to create **love for their brands**, so that they are competitive in the market and win relevance in the mind of those consumers (Malik, Ghafoor, Iqbal, Riaz, Hassan, Mustafa and Shahbaz, 2013). Regarding the communication of a brand, Kumar and Raju (2013) affirm that **advertising presents itself as a tool of choice to reach good brand awareness levels**, influencing the final purchase decision. Delgado and Navarro (2012) complete this affirmation stating that when it comes to a brand that is already familiar within consumers, communication should have the role of reviving the interest of consumers in the brand through consistent messages that can engage them and will linger in their minds.

Concerning **brand loyalty**, The American Marketing Association[1] divides it into two definitions:

1." The situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category".

2." The degree to which a consumer consistently purchases the same brand within a product class."

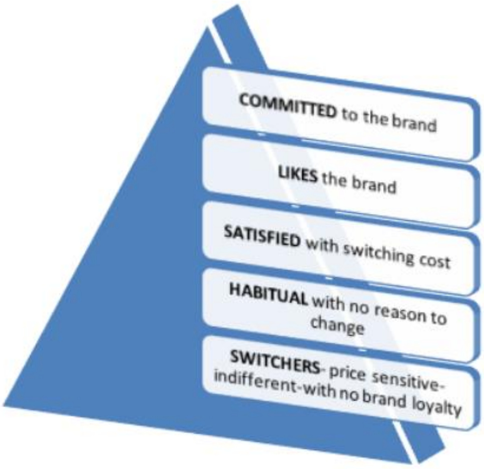
Loyalty is usually perceived as an essential concept in the world of marketing, which functions as the driving force of companies and organisations. In the end, every company wants the same: a **loyal consumer**.

Oliver (1999) defines brand loyalty as *"a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situation influence and marketing efforts having the potential to cause switching behaviour"*. This definition highlights two approaches: **attitudinal** and **behavioural.** Attitudinal brand loyalty entails the degree of commitment towards a particular value of a brand, while behavioural brand loyalty consists of repeated purchases of the brand (Chaudhuri and Holbrook, 2001). It can be understood from this concept that **consumers decide to purchase products and services based on their feeling of satisfaction and utility**.

Aaker (1991) also enforces that brand loyalty calculates the amount of connection a customer has with a brand, regarding the probability of a customer switching from one brand to another, specifically when the brand in question makes some alterations like in product features or pricing. The author identifies five levels of brand loyalty in the **Brand Loyalty Pyramid** with the lowest level at the bottom:

[1] Source: American Marketing Association's website - https://www.ama.org/resources/pages/dictionary.aspx?dLetter=B.

Figure 5 - Brand loyalty pyramid.



Source: Aaker, David A. (1991), Managing Brand Equity: Capitalizing on Value of Brand Name.

1. **Switchers**: these buyers are **not loyal to a specific brand**, they are indifferent to brands. The purchase is based on convenience and price since brands do not affect the decision-making process.
2. **Satisfied/habitual buyer**: these buyers purchase a brand because they are used to it and are **satisfied with that specific brand**; this means they are not going to look for alternatives brands to buy since they have no reason to do so.
3. **Satisfied buyer with switching costs**: buyers who are **unwilling to switch to a competitive brand** because they are contented with the current brand and have switching costs: either money, time and performance.
4. **Brand liker**: buyers who like a brand based upon **experimental, rational and symbolic assets**, which are resultant of the usage of a branded product.
5. **Committed buyers**: these are **proud brand users**. They purchase certain brands and products because it resonates with their ideals and personality.

Bloemer and Kasper (1995) state that brand loyalty implies that consumers are attached to certain goods and services because of a deep commitment. To demonstrate their findings, the authors made a distinction between *"repeat purchases and actual brand loyalty"*. A repeat purchase behaviour "*is the actual re-buying of a brand' whereas* ***loyalty includes 'antecedents' or a reason/fact occurring before the behaviour****"*.

Nevertheless, in a study carried out by the TABS Group involving 1,250 respondents (1,000 women and 250 men) called "2014 Beauty Consumer Insights Study", the conclusion drawn on brand loyalty conflicts with some of the statements from the authors above. TABS concluded that **heavy buyers should be the most treasured targets**. These buyers purchase four times more brands than light buyers and are responsible for 58% of all cosmetics acquisitions. They are not loyal to any specific brand, and most heavy buyers buy more than four brands on a regular basis. To attract heavy buyers, retailers should offer good deals – 57% of heavy buyers and 59% of medium buyers claim that good deals are “very important” (see **Figure 6** in Annexes).

After studying deeper these three concepts, it is possible to conclude that **brand experience can affect positively or negatively brand loyalty and awareness**. When a brand induces an experience in a consumer, the outcome will be affected, being that if the experience is terrible, the consumer will not want to repeat it; if the experience is good, the consumer may wish to repeat the purchase and may recommend it to others. This repetition can be seen as brand loyalty. (Mittal and Kamakura, 2001; Oliver, 1997; Reicheld, 1996, as cited in Brakus *et al.*, 2009). With brand experiences varying in strength, intensity, positivity, and negativity, it is crucial for brands to **generate positive experiences, to create awareness in consumers’ minds**. As Malik *et al.* (2013) referred, for companies to win relevance in the mind of people, it is essential for them to create love for their brands, this way making them the consumers’ favourites in an increasingly competitive market, where **whoever offers the best experience wins**.

3.4 Product Relaunching: The Opportunity for a Mature Brand

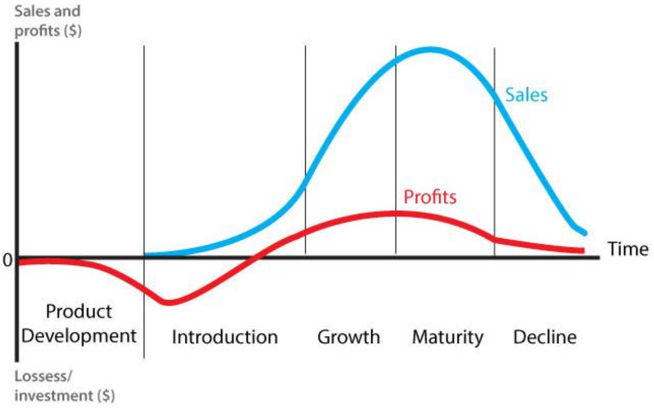
The product policy is to design, organise and renew what the company sells - or presents - to its customers, whether it is a good or service (Sampaio and Coimbra, 2004).

Product life cycle is the cycle through which every product goes through **from introduction to withdrawal or eventual demise**. Usually, the life of a product is linked to the category to which it belongs, but product life cycles often have distinct phases: a new product may be launched at a stage where the category it belongs is at the maturity or even at the declining stage (Lindon, Lendrevie, Lévy, Dionísio and Rodrigues, 2004).

Although it is possible to analyse several alternative theories of the product life cycle, the predominant theory suggests that the product will go through **at least four stages of sales growth** and that the sales growth curve will be S-shaped (Soo, C.S., 2010).

The theory that will be adopted in this thesis belongs to Kotler and Armstrong (2003), who identified five distinct product life cycle stages:

Figure 7 – Product life cycle stages.



Source: Armstrong, G. and Kotler, P. 2003. Princípios de marketing.

1. **Product development**: this stage begins when the company discovers and develops an idea for a new product. At this stage, sales are equal to zero and investment costs increase.
2. **Introduction**: the period of low sales grow as the product is being introduced into the market. At this stage, profits usually do not exist due to the substantial expenses of the launch.
3. **Growth**: the period of rapid market acceptance and profit growth.
4. **Maturity**: the period of decline in sales growth because the product has achieved the acceptance of most potential buyers. The level of profits stabilises or declines due to increased marketing expenditures to defend the product of the competition.
5. **Decline**: the period when sales and profits decrease.

At some point, the sales growth of a product will decrease, and the product will enter the maturity stage. This stage usually lasts longer than the previous ones and poses significant challenges for marketing managers as they will be dealing with a mature product.

Although many mature products appear to remain unchanged for a long time, the most successful ones are **evolving to meet consumer needs, which change over time**. Product managers must do more than monitor and defend their mature products; they need to **consider a modification in the market, in the marketing mix, or in the product, to be able to attack their competitors** (Kotler and Armstrong, 2003).

Based on Kotler and Armstrong's research, there are three modification strategies:

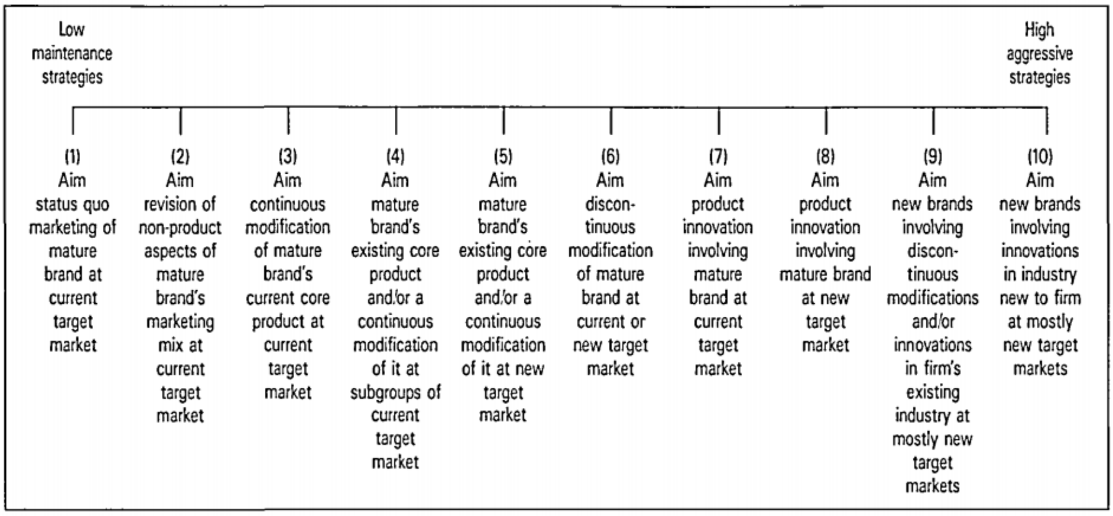
- **Modification in the market**: the company tries to increase the consumption of the current product. It looks for new users and market segments and may even change the initial target audience of the product or reposition the brand to attract a larger or faster-growing segment.
- **Modification in the marketing mix**: the company can improve its sales by changing one or more elements of the marketing mix. It can lower prices to attract new users and customers from the competition. It can launch a better advertising campaign or use aggressive sales promotions tactics - business deals, promotional prices, contests, and prizes. It can also broaden its market channels to growing channels, using wholesalers. Lastly, it can offer customers new or improved services.
- **Modification in the product**: changing characteristics such as quality, features or style to attract new customers and lead to greater use is one of the hypotheses when a product is at the stage of maturity. The company can improve the quality or performance of the product by changing characteristics such as its durability, reliability, and so on, or it can add new features that increase its usefulness, safety or convenience, thus revitalising the purchase of the product.

The relaunch of Serie Expert will fall on the strategy of **Modification in the Product**. The company chose to modify Serie Expert's packaging, in an attempt to revitalise a mature brand and improve its sales and awareness among professional clients and end-consumers.

When L'Oréal was faced with the need of rethinking its marketing strategy for one of its oldest hair care brands, the big step the company decided to take was to renew the brand's image and "refresh" it. **Relaunching a product** is a modification that creates a new positioning, whether it is a change in brand, a new way of communicating, visual changes in the packaging or even in the product itself. It can be combined with a change in price positioning or a significant shift in marketing support (Villena, Cerqueira, and Gazzola, 2014).

According to Evans and Lombard (1993), there are several possible marketing strategies for relaunching mature products or brands in the market where they are found. The ten marketing strategies outlined in the table below do not have to be used exclusively. A company can apply more than one strategy at the same time. Analysing these strategies, it is possible to state that the **third, fifth, seventh and eighth are the ones most closely related to the present analysis** and will be the strategies explored below:

Figure 8 – Marketing strategies available to firms with mature brands.



Source: Evans and Lombard, 1993. Marketing strategies for mature brands.

- Third strategy – "*Aim continuous modification of mature brand's current core product at current target market*".
  The objective of this strategy is to maintain or increase the sales of mature brands among its present target market, thus keeping existing customers and recruiting potential new buyers. The objective of a continuous modification is to **provide solutions that meet the changing needs and desires of current customers** and deliver the required characteristics to attract the majority of customers who have not yet tried or purchased the product.
- Fifth strategy – *"Aim mature brand's existing core product and a/or a continuous modification of it at new target market"*.
  In this strategy, the company's goal is to **attract a new target market through its mature brand**, with the support of an existing main product and a continuous modification which can replace this main product. The objective is to create 1) sales within a new target market as well as sustain or grow the brand's sale in its current target market or 2) to create sales exclusively in a new target market. This

way, the company can reach its original buyers and new ones simultaneously or focus solely on a new target market by repositioning the mature brand.

- Seventh strategy – *"Aim product innovation involving mature brand at current target market"*.

  A company presents an **innovation** (which does not have to be a significant one) **in the mature brand to entice its present target market**; this can be a replacement for the main product or a product that is part of a category extension (yet remaining in the original product category). The objective is to improve the present target market buyers' loyalty to the brand.
- Eight strategy – "*Aim product innovation involving mature brand at new target market"*.

  Similar to the previous strategy, an innovation (incremental or not) is presented **replacing the main product or becoming a part of a category extension**. However, in this case, the innovation will target a new market. The aim is to create sales within a new target market.

According to Andrews and Kim (2007), a revitalised brand tends to show improvements in terms of its image, its attitude and associations made to it, while the product innovations, developments and advertising communications will revive a brand that has a negative image.

3.5 How Does Personalisation Win More Customers?

With consumers expectations growing, the challenges faced by marketers increase proportionately. Due to the substantial growth of platforms available to the consumer (online and offline), organisations are obliged to enhance and improve their messages, with the added difficulty of lack of information regarding customers. In this scenario, **personalisation, when applied based on suitable customer information and across all the platforms, becomes an excellent process to "*win, serve, and retain customers*"** (Forrester Research, 2015).

Del Rowe (2017) explains that personalisation is used to **improve the relationship with the consumer**, by using information gathered about its past, preferences, objectives, and background. However, when a company tries to do it on a larger scale, it becomes more complex, since it is challenging and expensive to customise messages for each person and every cross-channel communication. Companies should focus on building strategies that, with the help of the right technologies, will support the implementation of personalisation on a large scale.

The author explains that over two-thirds of companies today consider personalisation a priority as it impacts consumer behaviour, increases loyalty and revenue, reduces costs and makes consumers happier, making them feel more appreciated. The author continues to state that, according to the Harvard Business Review, personalisation reduces "*acquisition costs by as much as 50%, lift revenues by 5% to 15%, and increase the efficiency of marketing spend by 10% to 30%*".

Karwatzki, Dytynko, Trenz, and Veit (2017), citing Chellappa and Sin (2005), explain that personalisation consists in creating products and experiences that **fit the taste of each consumer, based on their individual information**. The authors divide this process in two ways: personalised advertising and personalised services. Companies build consumer profiles for each, using data provided voluntarily by the consumers or acquired while observing their online behaviour.

Karwatzki *et al.* (2017) allude to research conducted by information systems researchers, where they enumerate the risks and benefits of personalisation. Concerning the benefits, consumer satisfaction can be increased by personalised services through the reduction of an excess of data and the increase of feelings of control and freedom in each, through the implementation of services like "***personalised order tracking, purchase histories, or e-mail notification of new products and special deals***". Concerning the risks personalisation brings, the most common is the **lack of trust** from the consumers when it comes to the use of their data by companies. This mistrust will eventually cause consumers to question their privacy and to refuse offered services, even if they think personalisation has value. Regarding this project, the personalisation phase is carried out in front of or by the consumer and is adapted to their type of capillary needs, thus that risk does not apply.

Brands are taking a step forward from personalisation, into **mass customisation**. Through this concept, it is possible to increase customer engagement and loyalty and use these loyal customers to recruit new potential buyers and boost brand's sales (Bain Insights, 2013).

Da Silveira, Borenstein, and Fogliatto (2001) define mass customisation as the "*ability to provide customised products or services through flexible processes in high volumes and at reasonably low costs"*. The authors claim that mass customisation can help companies to differentiate themselves in an extremely segmented and competitive market.

Mass customisation's purpose is to transform uncertainties present in the market into sources of advantage towards competitors (Hart, 1995), by creating products that have meaning to customers, are possible to design, manufacture, distribute and service, but are also more valuable than competitor's products (Hart, 1996).

After comparing personalisation with mass customisation, it is possible to conclude that the second process is the one companies should apply if they want to make personalisation possible for a more significant number of consumers.

3.6 Conceptual Reference Framework

The following table sums up the fundamental concepts and conclusions gathered from the Literature Research, and will be integral parts for sustaining the marketing and communication plan developed for this project. Based on the theoretical concepts addressed, this plan is outlined containing several strategies to design and support Serie Expert's relaunch.

Table 1 - A reference framework that summarises the key issues identified in the Literature Review, explaining their analysis in the construction and planning phase of the project.

Theme	Key issues	Relevance to the project
Integrated Marketing Communication: From Traditional to Digital Media	The amount of media available for companies to share their products and services nowadays allows them to reach a higher number of clients (Batra and Keller, 2016). IMC can be used as a tool to join communication and marketing messages into a reliable process that can be measured (Luxton *et al.*, 2015)	IMC, as a concept, should be applied to the marketing and communication plan of Serie Expert, with the goal of joining and coordinating all communications, making them consistent for their target audience.
How Digital Trends Affect Consumer Behaviour and its Decision-Making Process	Understanding consumers' behaviour is essential to comprehend the reasons that lead an individual to buy a particular product and how often they buy and use such product (Schiffman and Kanuk, 2000).	The growing awareness of consumers is a market opportunity for L'Oréal Professionnel, not only to captivate consumers with a more appealing product but also communicating it in a more logical and modern way.

The Effect of Brand Experience on Consumers' Brand Awareness and Brand Loyalty	When a consumer has valuable experience with a brand, he is more likely to identify it and will be more loyal to it (Aaker, 1991; Keller, 1993; Oliver, 1999).	For L'Oréal Professionnel, recruiting loyal consumers is one of the relaunch's goals, and that can only be possible if the brand offers positive experiences to its customers. Marketers must aim for Serie Expert to be a love brand and the top of mind choice.
Product Relaunching: The Opportunity for a Mature Brand	Every product goes through a life cycle, which can end in demise if it does not keep up with market trends. What distinguishes a successful product from others in the same category is the brand's ability to reinvent it (Kotler and Armstrong, 2003). This can be done by relaunching the product, modifying the current one and creating a new positioning (Villena *et al.*, 2014).	With Serie Expert being in a mature stage for a few years now, L'Oréal decided to move forward with a renewal of the brand and its products. It is crucial to understand the importance of relaunching a mature brand, since the ones that revitalise themselves attract and recruit more loyal buyers – the latter being one of the brand's main goals with this relaunch.
How Does Personalisation Win More Customers?	Personalization is a powerful tool to improve the relationship with the consumer (Del Rowe, 2017). To apply it on a larger scale, companies should use mass customisation, to offer customised products to their target audiences (Da Silveira *et al.*, 2001).	With the relaunch of Serie Expert, innovations in customised hair care treatments were introduced to give consumers a personalised experience, which can help to differentiate L'Oréal Professionnel from its competitors.

Source: Author's elaboration.

4. Methodology

To start this marketing plan, it was necessary to collect a set of vital information about the topics being studied. For this, the databases available in online libraries such as B-ON and Business Source Complete were used, which the admission provided by ISCTE gave access to scientific articles and international journals that formed the necessary **theoretical support** to complete the present marketing plan.

After collecting this information, it was necessary to make an intensive external and internal analysis of the company (L'Oréal), with a focus in the industry at hands, the brand (L'Oréal Professionnel) and its sub-brand (Serie Expert), the market in which operates and its consumer. **Secondary data was collected through the analysis of two different studies** - "Usage and Attitude (U&A)" study and "Professional Beauty" study – with the purpose of **understanding the market and the behaviour of consumers**. A competitive analysis was crucial to contextualise the marketing plan.

This chapter details the methods and techniques of data collection and analysis that will support the development and implementation of the marketing and communication strategies.

4.1 Data Collection

Data collection is divided into two types: primary data consists in "*original data collected for a specific research goal*" whereas secondary data involves "*data originally collected for a different purpose and reused for another research question*" (Boeije and Hox, 2005). To collect the information studied in this analysis**, secondary data was used**. This data comprises an external analysis regarding the company's market, competitors and consumer behaviour, which was supported by an IPSOS research entitled **"Usage and Attitude study"** (U&A), that aims to understand the hair care market and to identify opportunities to grow.

To better understand the preferences of the Portuguese women, a study carried out by the Professional Products Division of L'Oréal Portugal in 2016, named **"Professional Beauty",** will also be analysed. These two studies were carried out by L'Oréal Portugal and will be further examined in the context of this thesis.

An internal analysis explicitly focused on the company, its brands and ranges being studied was also conducted. The data was provided mostly by the company, while other information was gathered from reports elaborated by external firms and L'Oréal's institutional websites.

4.1.1 Usage and Attitude (U&A) Study – Hair Care 2017

The "U&A" study provides data regarding the **usage and attitude of Portuguese consumers towards hair care**. This study compares the results collected in the 2013 and the 2017 study. With a total sample of 1,002 individuals in 2017 and 1,514 individuals in 2013, the conclusions are drawn to help to realise that there have been several changes in consumer behaviour.

The core information available consists of the following:

- Meaning of hair
- Characterization and problems of hair and scalp
- Hair washing and drying habits
- Focus on hairdressers
- Brands/categories' consumer profile
- Notoriety and image of hair care brands
- Shampoo/hair products
- Products after shampoo (conditioners and others)
- Hair care products
- Styling/styling products
- Buying behaviour in the face of brands and the impact of promotions
- Characterization of hairdressers' buyers

Through the results obtained in this study, some interesting conclusions can be drawn:

- Problems in scalp have increased: among the most researched hair care topics on Google, seborrheic dermatitis and dandruff can be found on the "top 10";
- Hair loss is a bigger concern: in 2013, 58% of respondents claimed that they have **never suffered from hair loss**, whereas in 2017 that percentage decreased to 27%, with **51% responding that they suffer from hair loss** from time to time and 22% suffer from this problem frequently;
- Most women (66%) have long hair, which leads to more concerns about its care;
- **The frequency of hair washing has decreased**, with a significant increase in wash frequency every other day. This decrease may be linked to the concern of hair loss;

- **The hair is exposed to more aggression**, as respondents claim they use more the hairdryer and straightening plate over the natural drying method and with the increased habit of hair colouring (+ 14 p.p.);
- The alternatives to regular shampoo are growing (low shampoo, 2-in-1 shampoo, and dry shampoo);
- **The demand for more natural products has increased**. However, the knowledge that respondents have about them is limited;
- The use of specialised products increased: Masks are replacing conditioners;
- 67% of consumers do not buy products at the hairdresser. The most common reason is the perception of higher prices;
- **The usual place to buy shampoo is the super or hypermarket, with a purchase rate of 83%.** On the other hand, **the purchase rate of shampoo in the hairdresser does not exceed 3%**;
- There is a higher perception of loyalty to the brand regarding treatment products;
- The purchase planning is done before reaching the store.

The data collected in this study and the analysis detailed in the Literature Review will be part of the support for the designing and implementation of the marketing and communication plan.

4.1.2 Professional Beauty Study – 2016

The "Professional Beauty" study consists of a survey of 2,150 people conducted by L'Oréal Portugal's Professional Products Division in 2016. It sought to understand the habits of Portuguese women in the area of professional beauty (aesthetic treatments practised in places such as hairdressing salons or beauty centres) and to discover how to bring them closer to this concept.

The results of this study were collected through focus groups with salon consumers, home and salon visits, qualitative questionnaires to hairdressers and interviews with opinion leaders.

It is possible to identify the following key points of this study:

- **The hair care category accounts for 23% of all beauty categories**, followed by face treatments with 18%;
- **68% of Portuguese women are concerned about their look**, looking to maintain a good physical appearance using the basic care;

- 47% would like to have more time to look after their appearance daily;
- **84% of Portuguese women consider aesthetic treatments essential for individual well-being**;
- However, hygiene categories (oral hygiene, soap, shower gel, deodorants, shampoos and personal hygiene) are still more important than the beauty and care categories, weighing 84%;
- 33% of Portuguese women dedicate more time to beauty care at home, compared to what they did a few years ago, due to the increased concern with their appearance, to save money and on account of user-friendly devices that allow satisfactory results, even at home;
- **76% of consumers trust hairdressers, with 67% admitting they make decisions together** (+12 p.p. versus 2009);
- The consumers considered that environment (1), the professional's role (2), the products and services (3), the time and price (4) and the customer itself (5) are the five strategic points to increase the approach;
- Three factors that inhibit the purchase of products in the salon: (1) distance created in the exhibition of the products, (2) the absence of visible price in the products and (3) the lack of advice during the choice of the products;
- Respondents reported that the **price is usually a surprise** because there is no clear exposure to the values of products and services in the salon. The absence of price references on brand's social networks and websites is also common.

This survey will provide additional insight into the study of the hair care preferences of Portuguese women, data that will be crucial for the definition of the target.

5. External and Internal Analysis

5.1 External Analysis

5.1.1 A Brief History of the Cosmetic Industry

"The beauty industry is becoming increasingly complex. Our instinct is to dislike complexity. But we either embrace it, or we're not going to be around"[2] (Camillo Pane, CEO of Coty).

The use of cosmetics can be dated as early as 10,000 BC (Before Christ). It has been around for thousands of years, with the first use of cosmetics documented in 4,000 BC, in ancient Egypt. Some beauty products went from oil-based perfumes that were used during baths to alcohol-based perfume, introduced in Europe by crusaders and traders (Taylor, Coates, Anyansi-Archibonga and Tanaka, 2014).

This industry has been around for centuries to help people all around the world, from different genders and cultures, to look their best. However, since the definition of "looking our best" is very volatile, the beauty industry has the greatest opportunity in their hands – they can and should **innovate as the consumer's taste and trend changes** (Sena, 2017).

Not too long ago, trends were defined by celebrities *"*taste-makers*"*, as their wardrobe or beauty choices were the source of influence for most consumers' purchases. However, nowadays **most women look for fashion trends in social networks**. Social media is a constant stream of information that comes from everywhere: from *it girls*[3], celebrities and influencers, to friends and even an infinity of strangers (Sena, 2017).

5.1.2 The Hair Care Industry

The cosmetic sector also called the **beauty or personal care market** can be divided into several categories. However, it can be summarised in the following: 1) skin care, 2) hair care, 3) oral care, 4) sun care, 5) decorative cosmetics, 6) body care and 7) perfume (Cosmetics Europe, 2017). Each category is divided into subcategories that correspond to the several types of products that can be found in each one. Looking closely at the hair care category, one of the possible subcategory divisions is as follows:

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[2] Source: Forbes website - How the beauty industry is adapting to change. https://www.forbes.com/consent/?toURL=https://www.forbes.com/sites/richardkestenbaum/2017/06/19/how-the-beauty-industry-is-adapting-to-change/#398b5eeb3681

[3] Young women who achieved celebrity status thanks to their socialite lifestyle.

Figure 9 – Subcategories of hair care.

Source: Adapted from Cosmetics Europe and Third-I, 2017. Consumer Insights.

To this day, **the cosmetics market is estimated at 205 billion euros worldwide** (see F**igure 10** in Annexes), with L'Oréal being the top player (28 billion dollars), followed by Unilever (20 billion dollars), Procter & Gamble (18 billion dollars), Estée Lauder (11 billion dollars) and Shiseido (7 billion dollars) [4]. **The hair care market is worth approximately US$ 75 billion worldwide**[5] , and this value has been increasing gradually since 2013, with the modernisation of the consumer being one of the factors that have led buyers to change their purchasing patterns. Companies, in turn, evolved to **deliver customizable products to answer to all their customers' needs** (Future Market Insights, 2014). This topic will be analysed in more detail further in this work.

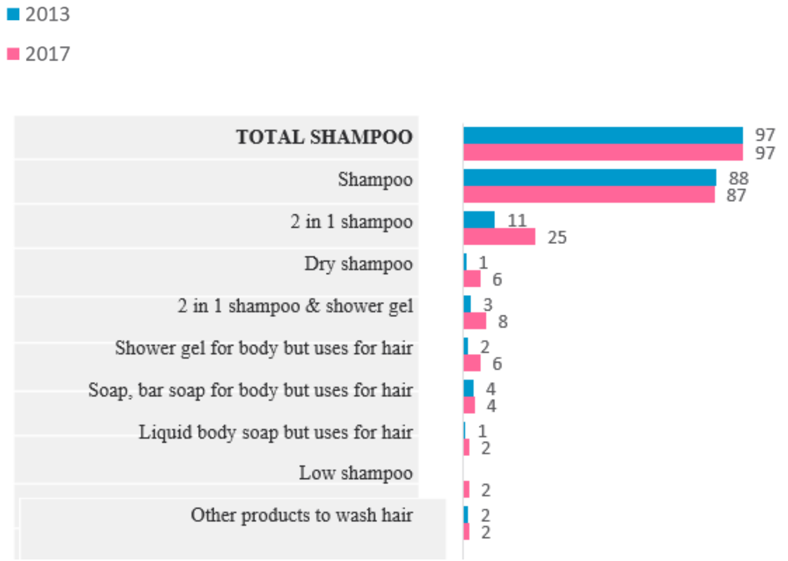
5.1.3 Hair Care Consumption

When analysing the results from the 2017's "U&A" study on hair care, the first conclusion that can be drawn is that **hair is a very relevant element for both men and women** since it seems to have a strong connection with an exterior (appearance) and interior (emotional) dimension. This becomes clear when 2013's hair care product usage penetration is compared with 2017's

[4] Source: L'Oréal's Annual Report: The World of Beauty in 2016 - http://www.loreal-finance.com/en/annual-report-2016/cosmetics-market.
[5] Source: Mordor Intelligence, 2017. Global Hair Care Market - https://www.mordorintelligence.com/industry-reports/hair-care-market-industry.

values. Almost all categories increased their usage; only shampoo and hairspray had a marginal decrease of 1 p.p (see Figure 11).

Figure 11 - Penetration values for shampoo used in the last 12 months, 2017 vs 2013 (Values in percentage).

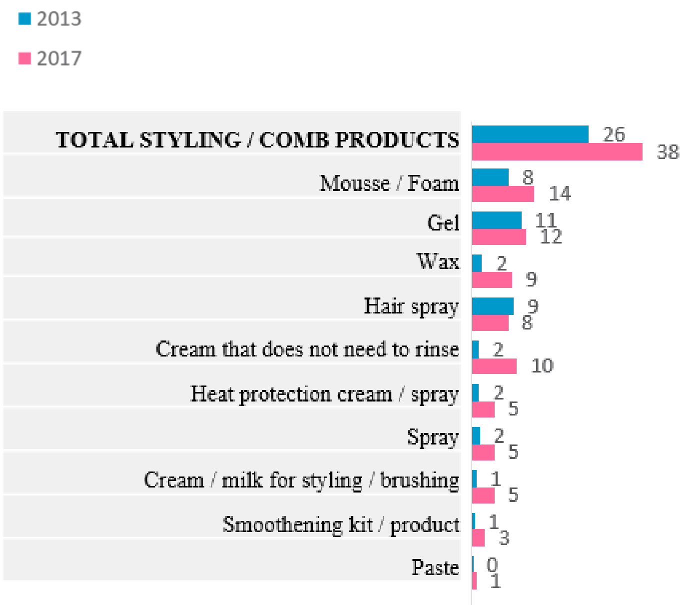


Source: Ipsos, U&A Hair Care 2017.

Figure 12 - Penetration values for products after shampoo used in the last 12 months, 2017 vs 2013 (Values in percentage).

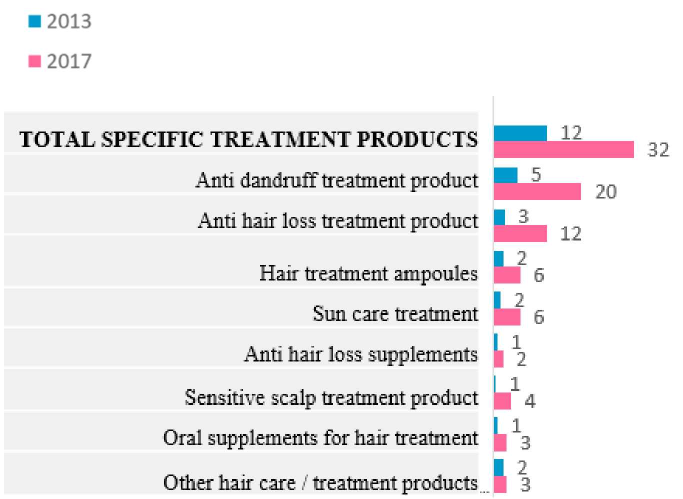
Source: Ipsos, U&A Hair Care 2017.

Figure 13 - Penetration values for styling products used in the last 12 months, 2017 vs 2013 (Values in percentage).



Source: Ipsos, U&A Hair Care 2017.

Figure 14 - Penetration values for specific treatment products used in the last 12 months, 2017 vs 2013 (Values in percentage).



Source: Ipsos, U&A Hair Care 2017.

After analysing the graphics above, it is possible to conclude that shampoo is the largest segment of the hair care market in Portugal, with 9 out of 10 consumers using it. **Figure 11** shows that alternatives to regular shampoo such as 2 in 1 shampoo, dry shampoo, and low shampoo are growing. **Figure 12** shows us that the use of hair masks has increased significantly compared to 2013, and through **Figure 13** and **14** we can see that the use of styling products and specific treatment products has also increased, which means that **Portuguese consumers have been more careful with their appearance and are giving more importance to their hair**.

Overall, the hair care market is increasing at a healthy pace, and the consumer is ever more concerned about the health and appearance of its hair.

5.1.4 Professional Hair Care Market

The professional beauty market is worth more than **10.2 billion euros worldwide,** and a large part of this amount belongs to the hair colouration and hair care categories (Real, 2016).

A report titled "Professional Hair Care Products Market: Global Industry Analysis and Opportunity Assessment 2014 – 2020" by Future Market Insights, segments this market based on **product type and distribution channels**. The layers of products that comprise the professional hair care category are: 1) conditioners, 2) shampoos, 3) hair colourants, 4) hair serums, 5) hair masks, 6) hair sprays, and others.

The same report concludes that this market *"is expected to witness growth due to factors such as* ***increased consumer spending on personal care products, growing disposable income of consumers in emerging nations, and increasing penetration of hair salon services across the globe***".

Some of the issues that lead the hair care market to expand are related with "*damage due to pollution, dryness, dandruff, improving quality of hair, care for straight, wavy or curly hair*" (Mordor Intelligence, 2016). Numerous professional beauty brands in the industry offer products dedicated to solving these problems, with L'Oréal Professionnel being one of the most influential players in this market, presenting multiple solutions for these issues.

Nevertheless, market growth is being restricted by price increases together with the scarce availability of professional hair care products on the marketplace, across the various distribution channels. Even so, it is anticipated that the market will grow over the years, due to the **continuous introduction of highly specialised products** in categories like shampoo and hair colouration. The introduction of specialised hair products in developing countries that target specific issues like dandruff, hair loss, grey or ultra-light hair and loss of density is also a driving force for market growth. This also holds true in mature markets[6].

5.1.5 Competitor's Analysis

Inside the professional hair care market, several players are competing with very similar products, with L'Oréal Professionnel leading the segment. To analyse the competing companies of L'Oréal Professionnel, it is essential to distinguish the different professional segments where the company is present: **the direct market and the indirect market**. The direct market includes **brands that sell directly to hairdressers and hair salons**, through business consultants, like L'Oréal Professionnel, Kérastase, Redken, Wella, Schwarzkopf, Shu Uemura, and others. In this market, it is necessary to consider competing brands within the same company. The indirect sector consists of wholesalers, usually located in shopping centres or on the street, that **resells products of various beauty and treatment brands to hairdressers and final customers**. The wholesalers present in this market sometimes develop their own "home brands", which are usually only available for sale at their private commercial venues (for example, Pluricosmética and iBeauty).

The Portuguese hair care market has a vast number of competitors, fighting for the market leadership position. In this analysis, we will only consider the most direct competition of L'Oréal Professionnel.

5.1.5.1 Direct Market

a) **Wella**

Franz Stroher, the founder of Wella, started his business with wig bases in the year 1880. In 1924, the hairdresser and inventor from Eastern Germany founded the company Wella. In 1927, he developed a product that created permanent waves for women and men. It was in 1930 when Wella created "Wella Junior", the first portable "permer machine". At this point Wella made the decision to have a solid proposal for the industry and its customers: i) hair care products for end-consumers (from the first hair balm that protected and moisturized hair in 1939, to a product line in 1945), ii) training courses, and magazines dedicated to hairstylists for sector professionals.

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[6] Source: "Professional Hair Care Products Market: Global Industry Analysis and Opportunity Assessment 2014 – 2020" report by Future Market Insights.

Wella's portfolio is divided into five categories: 1) colour, 2) care, 3) styling, 4) texture and 5) appliances and accessories. Regarding hair care, we find the following sub-brands: Oil Reflections, Brilliance, Enrich, Elements, Balance, Color Recharge, Sun, Resist, Service, Fusion, and Wellaplex. These products and services are available in more than 100 countries worldwide and can be purchased in hair salons and wholesalers.

Strengths: Strong brand in product development; a pioneer with the introduction of Koleston – the first cream colourant that also nourishes the hair; a solid distribution network in stable and growing markets.

Weaknesses: Products and services are very similar to those offered by other brands in the market; the packaging is not appealing.

b) **Schwarzkopf Professional**

Schwarzkopf Professional was a brand born in 1898, in a drugstore in Berlin, in the hands of the chemist Hans Schwarzkopf. The chemist, who strongly disliked the products available in the market for hair wash, developed a "powder shampoo" in 1903, a solution that was an improvement compared to the products available at the time, like aggressive soaps or costly oils. With Hans Schwarzkopf creating the first ever liquid shampoo, the high demand for his products encouraged the opening of the "Schwarzkopf Institute of Hair Hygiene" – the first ever hairdressing training centre in 1927.
The innovations continued with the development of the first non-alkaline shampoo (1933), the first cold perm and Poly Color, the first ever home coloration product (1947), which was later expanded to Poly Hair Cosmetics, a range that included products that comprised all market segments: colour, perm, hair care and styling (1962). The brand's silhouette, which is present in every package, has also become one of the brand's most prominent features.
Schwarzkopf's portfolio is made up of several brands that extend into three categories: hair care, hair styling, and hair colouration. The sub-brands that comprise the hair care category are BC Bonacure Hairtherapy, BlondMe, Seah, and Fibreplex. These products are available for purchase in hair salons and wholesalers.

Strengths: Strong brand image; present in all professional hair care categories.

Weaknesses: Products and services are very similar to those of the competition; considered an expensive brand, thus limiting the number of buyers.

c) **Redken**

In 1960, the American actress Paula Kent together with Jehri Redding, a chemist who developed a tailor-made product with low PH level for Paula's delicate hair, founded the brand Redken. At the time Paula bought the part of the company that belonged to Jehri in 1965, Redken sales exceeded one million dollars.
The brand's core lies in the desire to improve the expertise of every professional while providing the tools necessary for each hairstylist to offer the most suitable solutions to their customers, from product innovations to education programs for industry professionals.
In 1993 L'Oréal purchased the brand and relocated it from California to the 5th Avenue in New York City, adding "5th Avenue NYC" to its logo (becoming one of the brands that **compete with L'Oréal Professionnel within the same company**). It was from here that Redken established itself as a fashion brand, working closely with top designers during Fashion Week events worldwide and strengthening its presence in the backstage.
Redken's products are available in 43 countries and can be found in hair salons and wholesalers. This brand competes in the categories of hair care, man, and styling. Its hair care star products are Color Extend, Color Extend Magnetics, All Soft, Frizz Dismiss and Extreme.

Strengths: High-performance hair care products; perceived as a fashionable and urban brand; an extensive portfolio of hair care products.

Weaknesses: a well-known brand in the United States of America but little recognised in Europe; the brand is present only in exclusive and selective hair salons, making the brand awareness level very low, which, consequently, causes inferior performance in sales.

d) **Kérastase**

Kérastase, another in-house competing brand, started in 1954 when François Dalle decided to create a union between science and luxury hair treatments, built on more advanced formulas and better performing products. The brand was the first to designate the hairdresser a leading role in hair care diagnosis, placing hair care treatment at the same level of importance as the dermatological treatment.

Kérastase presented, in 1974, what remains the most iconic product of the brand: the Bain Divalent, a shampoo created especially for long hair that deals with issues like oily roots and dry tips.

In 1980 the brand expanded to Morocco, which exposed the need to diversify its portfolio of products, to answer the requirements of potential customers from Europe to Australia. With this in mind, Kérastase creates the first hair mask – Masque à l'Huile de Germes de Maïs – enriched with corn germ oil, thus reinforcing the brand's continuous search for nutritious and active natural ingredients.

Kérastase was also the first brand to create a range of solar hair care, which boosted its entry into the markets of South America.

2011 was an important year for the brand with the introduction of the first bespoke hair treatment, only available in hair salons. Fusio-Dose consists of four super-concentrated formulas and five boosters that can be combined to create the ultimate luxury personalised treatment, according to the specific hair needs of each person.

With several other ranges being introduced in the market and with a new and renewed vision for the brand, Kérastase leaps into the twenty-first century and bets on travel retail to enrich the on-the-go experience of its customers. Additionally, it opens the first Kérastase institutes in major world capitals. In 2016, Kérastase relaunched the packaging of its products, making them lighter and allowing the brand to save 45 tons of plastic per year, only on the lid, this way making luxury more sustainable.

Kérastase products range from deep nutrition to the most specific capillary needs, with its ranges being Reflection, Discipline, Nutritive, Spécifique, Elixir Ultime, Thérapiste, Volumifique, Densifique, Aura Botanica, Chronologiste, and Soleil. The brand can be purchased at more premium hair salons.

Strengths: High brand awareness; perceived as a luxury hair treatment brand; research and development (R&D); extensive range of hair treatment.

Weaknesses: limited distribution does not facilitate the purchase of products; the high price of products lowers the purchasing power of most consumers; low brand loyalty by buyers.

5.1.5.2 Indirect Market

i) Pluricosmética

Pluricosmética is a Portuguese company that sells beauty and cosmetic products, with 68 stores in Portugal. Since 2001 Pluricosmética has become a renowned shop for professionals and the public, offering all types of hairdressing and aesthetic articles, such as furniture, clothing, and accessories, as well as various products from well-known brands such as L’Oréal Professionnel, Wella, and Schwarzkopf.

In 2018, the company founded the “Instituto Pluri”, a technical education centre with the objective of training professionals, promoting innovation and creativity, with the effort of increasing the quality of the Hairdressing and Aesthetics market in Portugal.

Strengths: an extensive variety of products and brands in each store; desirable prices compared to the prices of the same products sold in the salon.
Weaknesses: lack of professional advice at the time of purchase; stores are disorganised due to high stocks of product, making it difficult to locate and choose the desired products.

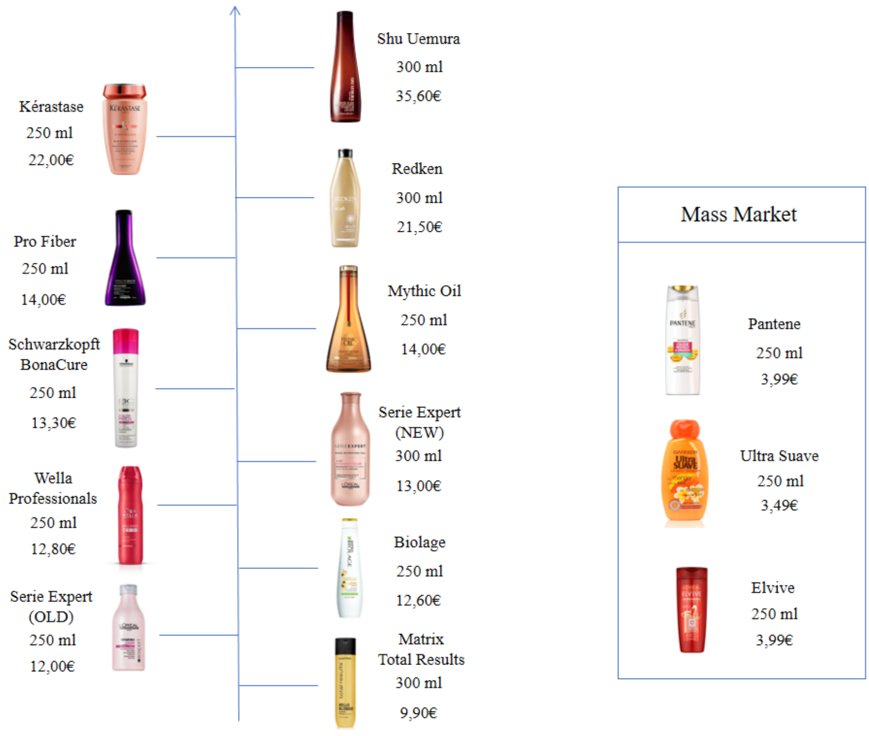
ii) iBeauty

iBeauty cosmetics is a hair cosmetics company dedicated to the diagnosis and hair care advice of internationally recognised professional products. L'Oréal Professionnel, TIGI, Babyliss Pro, and Wahl are some of the hair cosmetic brands represented by this wholesaler.

Strengths: an extensive variety of products and brands in each store, from professional tools to hair care and makeup; attractive product prices compared to the ones practised on hair salons; the number of stores has grown over the years.
Weaknesses: lack of professional advice at the time of purchase; it is possible to find, in some stores, products that have already been discontinued for a few years now.

An analysis of the recommended retail price (RRP) of some of the L’Oréal Professionnel’s shampoos and its competitors was conducted and can be analysed in the following image:

Figure 15 – Shampoo competitor pricing – RRP.

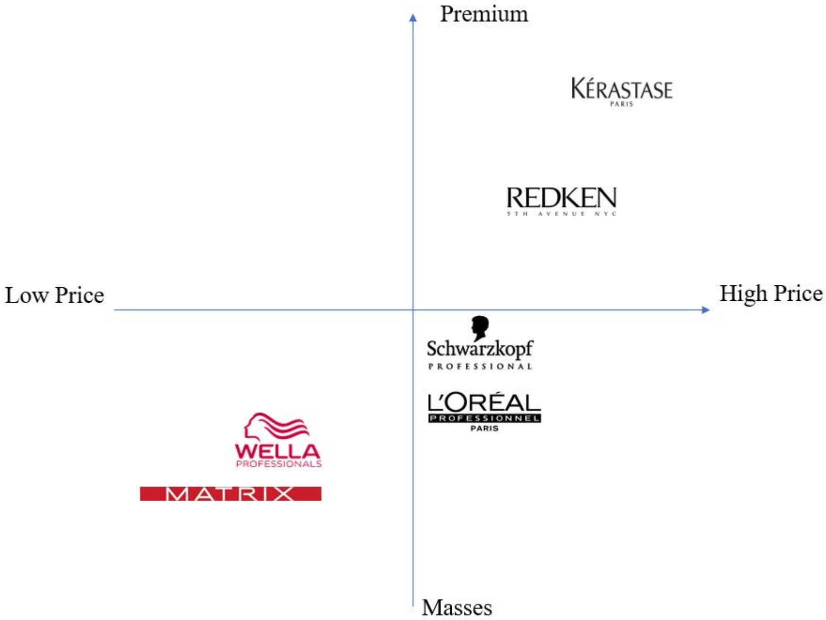


Source: Author's elaboration, based on the average of the prices practised in hair salons and wholesalers.

As concluded from **Figure 15**, **many brands belonging to L'Oréal are positioned above competing brands**. Shu Uemura and Kérastase are more exclusive brands, while Matrix is more affordable and can be found in various hair salons. The price of L'Oréal Professionnel's products varies according to the specificity of the treatment that the product provides, and the quantity and quality of the ingredients used in the formulas (Shu Uemura and Kérastase shampoos are more concentrated and have a more considerable amount of natural ingredients).

Regarding the **positioning of L'Oréal Professionnel's competitors**, we can conclude from the positioning chart in **Figure 16** that Kérastase and Redken have a more premium position compared to other brands, due to their higher price and the quality of its products. These brands are aimed at a more exclusive audience, who gives more value to product quality and does not mind spending extra money on a more premium salon experience. Regarding Schwarzkopf and L'Oréal Professionnel, these brands are positioned in a lower segment and are targeted to a less premium public. **This public does not want to stop using quality products. However they do not wish to spend too much money doing so**. These brands are not as expensive as the ones discussed above, but they remain in a high price segment. Wella and Matrix are brands aimed at the masses, who usually prefer a less expensive salon experience and who prefer to buy less expensive products. These brands are generally cheaper and are available at salons nationwide.

Figure 16 – Positioning chart of competitors.



Source: Author's elaboration, based on the average of the prices and the features of each competitor.

5.1.6 Hair Care Consumers' Profiles

To delineate the marketing strategy appropriate to the target, it is fundamental to analyse and get to know the consumer, considering that there are several types of profiles and types of hair care products available in the market.

As stated before, the Portuguese consumer is becoming more concerned about appearance and the health of its hair. As we can see in the Literature Review on consumer behaviour (see chapter 3.2), there is a "new consumer". **More informed, technological and with no time to waste, this "modern consumer" expects a solution from brands and hairstylists that matches his/her expectations.** Having a deeper understanding of the consumer is an asset that allows companies to have the advantage versus competitors and step up to the challenge.

The "Professional Beauty" study presented by L'Oréal Professionnel in 2016 that included 2,150 respondents, together with consumers, professionals and opinion leaders, revealed that **68% of Portuguese women seek to keep a good physical appearance**. According to this analysis, this greater concern and the change in the relationship of the Portuguese with beauty was proven when respondents were asked about what makes them happy. The answer to this question was often focused on hair, makeup, clothing or skin treatments[7].

Although it is possible to attribute transversal characteristics to most Portuguese women, the "Professional Beauty" study demonstrates that the relationship consumers have with beauty varies according to their age. The same study distinguishes two types of consumers, with different degrees of demands and expectations:

- **The vanguards**
  - Women from 15 to 40 years old;
  - See beauty in a social dimension, as a need for expression and affirmation;
  - They are highly digital and therefore very knowledgeable about the market;
  - They seek to be in line with the latest trends;
  - Visit hair salons less frequently;
  - Opt for beauty places with innovative concept and services.

- **The traditionals**
  - Women over 40 years old;
  - Beauty takes on a personal dimension;
  - They are afraid to take risks and have less confidence in themselves;
  - Usually, they do not follow trends;
  - Visit the hair salon more regularly;
  - Consider the professional service differentiator.

Given these results, L'Oréal sought to answer the question "*How to approach Portuguese women to professional beauty?*". Five aspects were determined to answer this question: 1) products and services, 2) environment, 3) the role of professionals, 4) price and time and, of course, 5) the customer. The following conclusions were drawn:

- Portuguese women give significant importance to intimate and comfortable environments;
- The professional should have **extensive knowledge of each consumer's history**;

[7] Source: Article in Público Magazine - http://lifestyle.publico.pt/noticias/362652_portuguesas-vao-ao-salao-fazer-mais-do-que-tratar-do-cabelo-diz-a-loreal.

- The **products should be more visible** and at reach, with the **price explicit** and the professional must **advise the consumer** on which product is better suited for its needs;
- The tendency to use additional services like massages, skin treatments or makeup has been increasing;
- **Reducing waiting time** and **service time** was one of the suggested points to improve the experience in the hair salon: only 20% of respondents visit these venues frequently – 4.8% visit every week, 2.5% every fifteen days and 12.6% in a monthly basis –, while 80% visit less frequently - 15.9% visit every two months, 16.2% every three months, 12.7% every four months, 23.2% every six months and 12.2% visit once a year.

From the results of the study is possible to conclude that there is still an enormous scope for **improving the environment, the offer and the services provided by the hairdressers**, with the aim of bringing the Portuguese consumer closer to the concept of professional beauty.

After analysing the data from the IPSOS "U&A" study that focuses on the hair care consumer and its relationship with the category brands, the following conclusions were drawn and can demonstrate the similarities with the results above, regarding the profile of consumers.

In relation to women, it seems that **the theme "hair" is transversal to all age groups**. For them, hair is an element that impacts on their self-esteem and in their relationships with others. As previously stated, hair is a very relevant element for women since it seems to have a strong relationship with an outer and an inner dimension. The outer dimension, which is governed by the appearance, tells us that hair is an element that stands out immediately in the personal contact with third parties, functioning as an essential feature in the impression it causes. It can also be a component that can work as an **identity element**. In the inner dimension, it is an element with strong implications on a more emotional side, since its appearance may reflect the mood and can have consequences on women's **self-esteem**, **safety** and **confidence**.

Nowadays, **hair is a prominent issue for men as well**. There seems to exist a dynamic that puts some pressure on the hair theme to gain expression in the masculine territory, namely with the appearance of new concepts of barbershops, with the increasing diversity of hair and beard styles, accompanied by different cuts and the greater variety of products and brands. However, in the male universe, there seems to be a **difference between the younger and older men** interviewed, regarding the implications of this theme in their lives: Older men seek to feel good; for them, hair is an element that should be able to respect a compromise between the practical and the aesthetically pleasing. Younger men are looking for aesthetic identity; they feel that hair is a relevant element to reflect their personality and that it also completes and strengthens/enhances their style.

Ultimately, both **men and women like to have healthy and good-looking hair** and they do their best to make it happen by **maintaining a hair care routine**. The basis of this hair care seems to focus on three determinants: **hygiene, health, and aesthetics**. Regarding hygiene, there is no standard because it depends on the person and the type of hair. In the case of health, hair is considered healthy when it has brightness, has no split or dry ends, is strong and hydrated; the products and the haircut have an essential role in this determinant. Aesthetics is related with hair that meets the aesthetic models of each and today that seems to be based on the "natural" trend, which is strongly related to the use of products and styling devices and dryers, which can work either on washed or dry hair, to give a "natural" look.

This study also concludes that there are **essential differences between men and women**: women, in addition to having longer hair (42% of female respondents have long hair), have more cases such as dry hair, abundant hair, thin and thinning hair (32%), brittle and dull hair (25%), as well as other problems. Men have more cases of oil (31%) and dandruff. Concerning **dandruff**, women are more demanding in the face of market supply, valuing more products that take care of hair in general and not only dandruff, SOS dandruff products, or exfoliating products to remove dandruff.

Hair loss is a problem that has a significant impact on both men and women, although it is more common in men. Along with those who have hair loss, the use of products or oral supplements to battle this problem is 10% for men and 14% for women.

The hairdresser and the pharmacist stand out as the prescribers for women, with the dermatologist being the main prescriber among men. Due to the importance given by women to a medical prescription, it is believed that the role of the pharmacist and the hairdresser in counselling women is due to circumstantial conditions, such as more frequent and convenient contact with both types of prescribers.

Regarding **hair washing and drying habits**, men wash their hair more frequently, possibly because of the problem of oiliness. Concerning **hair washing in salons**, approximately a quarter of the respondents do it once a month or frequently, while 20% never wash their hair in these places. Among those who wash frequently, 7% usually bring their shampoo.

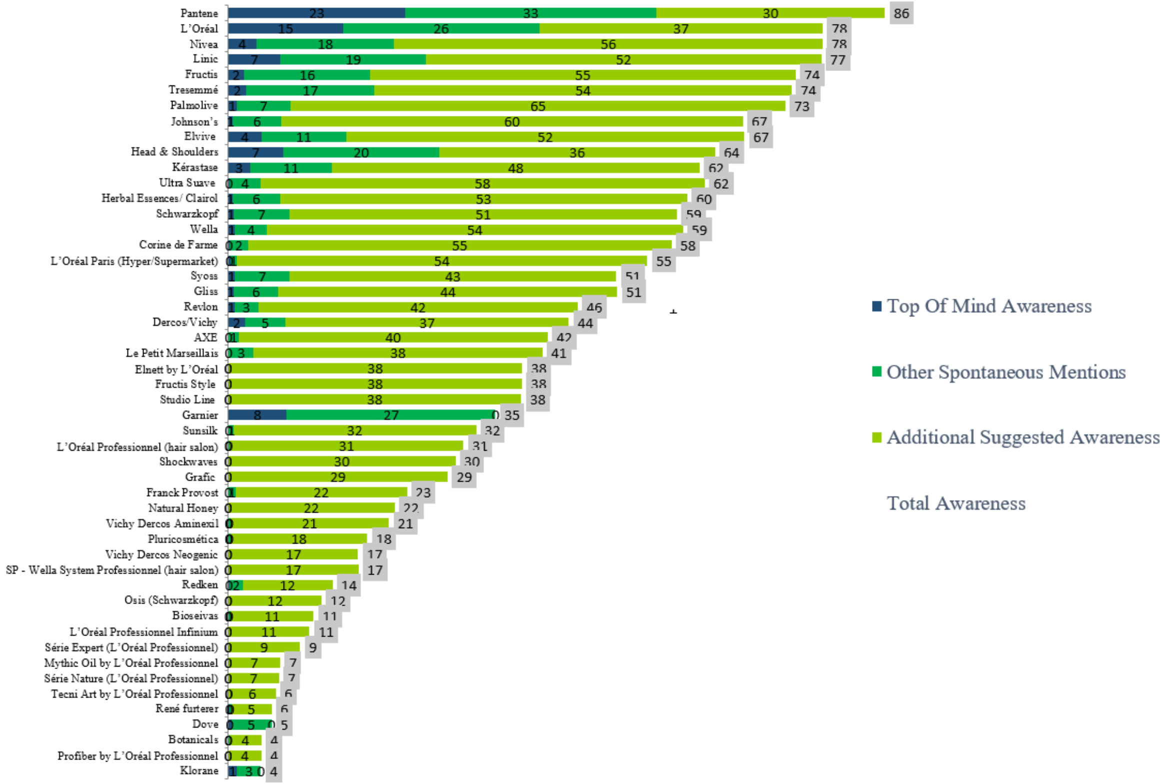
When talking about the **frequency of visits to the hairdresser**, 59% typically visit the hair salon/barber shop, with the incidence among men being higher than with women (65% versus 53%). Regarding reasons for **visiting frequency**, men visit with the regularity necessary to **control hair length**; women have more extreme behaviours - they have higher values at both ends of the scale (more frequent visits - once a week - and 2 to 3 times a year or less). In relation to the **reasons why respondents do not visit the hairdresser/barber regularly**, they do not feel the need to do so, because it is expensive (reason more often referred to by women) and because they can do at home what they do in the hair salon (reason more often referred to by men).

Loyalty is a crucial topic since 90% of respondents always go to the same salon. When choosing a hairdresser, the most important attributes for consumers are **professional quality**, **price**, and **sympathy**.

5.1.7 Brand Awareness and Brand Image of Hair Care Brands

An important analysis carried out on the awareness of hair care brands through the IPSOS "U&A" study, highlighted three essential metrics: **Top-Of-Mind (TOM) Awareness**, **Total Spontaneous Awareness** and **Suggested Awareness**. TOM Awareness consists of the brand that comes to mind first when a customer is asked about a specific category. Total Spontaneous Awareness occurs when a customer can name brands spontaneously, without assistance. The more spontaneous, the more relevant the brand's reputation is. Suggested Awareness happens when the customer is presented with a list of suggests brands, which then indicates whether he/she recognises the brands or not.

Figure 17 – Total Spontaneous and Suggested Brand Awareness of Hair Care Products (Values in percentage).



Source: IPSOS, U&A Hair Care 2017.

Pantene and L'Oréal (unspecified) lead the TOM Awareness list, with the former taking the advantage (23% versus 15%). The list of highlighted brands widens when considered other spontaneous mentions - in the list of brands that reach at least 25% of mentions in this indicator are also listed, in addition to Pantene and L'Oréal, Garnier, Head&Shoulders, Linic, and Nivea.

Concerning professional hair care brands, **Kérastase is the predominant brand in the minds of consumers**, with 14% of Spontaneous Awareness and 62% of Total Awareness. When suggested to the respondents, almost 50% recognised the brand. Schwarzkopf and Wella come next with 8% and 5% of Spontaneous Awareness respectively, with more than half of the respondents only identifying these brands when suggested by the interviewer.

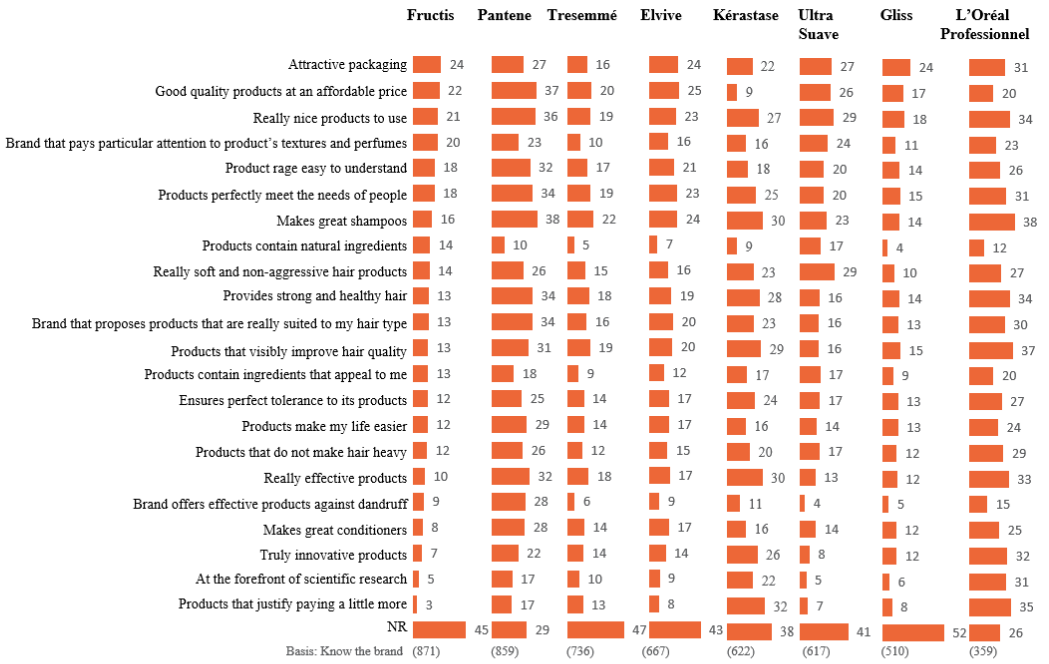
L'Oréal Professionnel appears in the bottom half of the list, with **0% of Spontaneous mentions**; its recognition only happens when it was suggested. It is possible to conclude that **the level of awareness L'Oréal Professionnel has in the universe of hair care brands is extremely low**. This situation is critical considering that L'Oréal Professionnel is one of the brands with the broadest portfolio of products and one of the most present in hair salons nationwide. It is possible that the consumers using the brand are not aware of it, and that is more likely to happen during their experience in the hair salon, mostly due to **lack of communication and counselling from the hairdresser**. It is also important to consider the possibility that the respondents do not distinguish L'Oréal Professionnel from the L'Oréal brand, given the similarity of the name.

Regarding the **brand image** component evaluated in this study (see **Figures 18** and **19**), there is a more significant differentiation for Kérastase and Ultra Suave, being the two brands which consumers manifest clearer and more precise insights. **Kérastase is seen as a brand with prestige**, with products that justify paying a little more for, since they are considered effective and innovative. Ultra Suave is considered for all ages and is distinguished by the naturalness and softness of its products, textures and perfumes, price and attractiveness of its packaging and advertising.

At the second level of differentiation, the image of **L'Oréal Professionnel** is very similar to that of Kérastase, with some favourable distinction in attributes such as **affordable price and brand with history**. The image of Fructis is like that of Ultra Suave, but the power of perceptions is slightly more blurred. Regarding Pantene, it stands out for its history, its affordable price and for being the most effective brand in the treatment of dandruff (among the brands whose image was evaluated in this study).

Elvive is one of the three brands with the lowest index of differentiation - the perceptions are very flat, not standing out in any image attributes.

Figure 18 – Brand Image of Hair Care Brands – I.



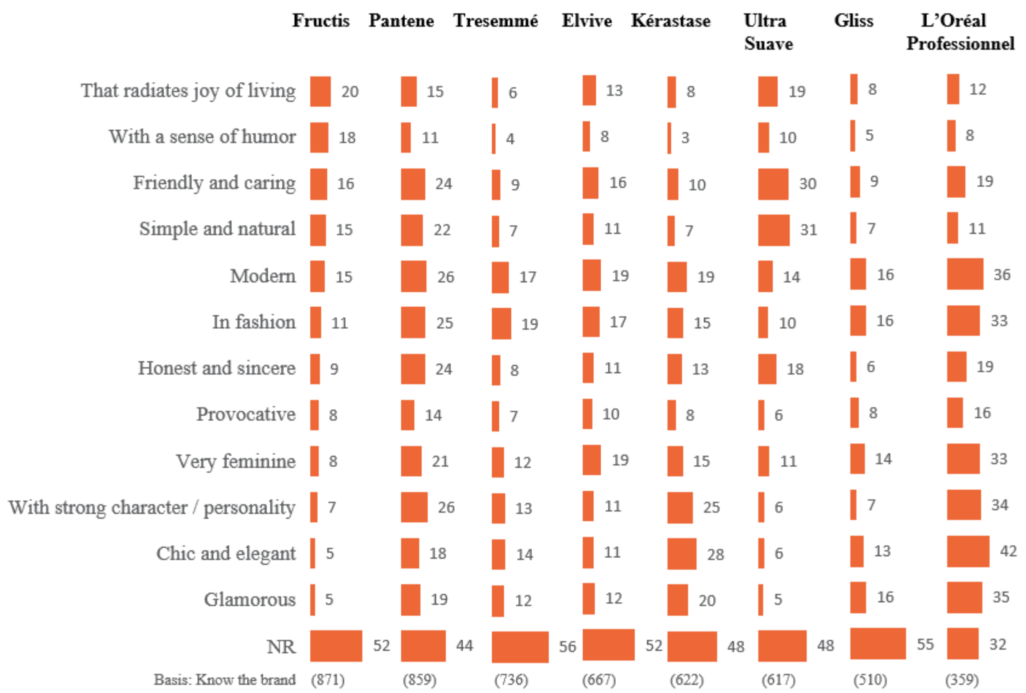
Source: IPSOS, U&A Hair Care 2017.

Figure 19 – Brand Image of Hair Care Brands – II.

Source: IPSOS, U&A Hair Care 2017.

If we reflect on the personification given to these brands, the ones that stand out the most because they have a well-defined profile are Ultra Suave and L'Oréal Professionnel. Ultra Suave is characterised as being simple and natural, friendly and caring, honest and sincere. It is a brand that consumers trust**. L’Oréal Professionnel is seen as a chic and elegant brand, modern and glamorous, very feminine and fashionable**. This characterisation is reasonable, especially if we consider that this brand is often used in hair salons and fashion events worldwide.

Figure 20 – Personality of Hair Care Brands.



Source: IPSOS, U&A Hair Care 2017.

Fructis and Kérastase are two brands with a very clear and defined profile. Fructis radiates the joy of living and consumers believe it has a sense of humour. Being a brand for younger consumers, this profile is in line with the brand’s vision. Kérastase is considered a chic and elegant brand, glamorous, with a strong personality, much like L'Oréal Professionnel, distinguishing itself by not being considered a feminine brand.

Some brands, however, were poorly defined. Gliss is seen as being glamorous, Pantene is seen as honest and sincere, Tresemmé as a fashionable brand and Elvive only stands out as being a feminine brand.

5.2 Internal Analysis

5.2.1 Company Analysis

L’Oréal S.A. is one of the **biggest cosmetics companies in the world**, producing a wide range of beauty products such as makeup, colouring, skin care, hair care, and perfumes. The company sells its products through timeless brands such as L’Oréal Professionnel, Kérastase, Vichy, Giorgio Armani, Lancôme, Yves Saint Laurent, Kiehl’s, among others. With its headquarters in Paris, France, the company operates in all five continents, with offices in one hundred and thirty countries around the world.

L’Oréal is divided into 4 divisions: 1) L’Oréal Luxe, 2) Active Cosmetics, 3) Consumer Products and 4) Professional Products.

1) The L’Oréal Luxe division specialises in skin care, makeup, and perfumes. The most common points of sale (POS) of this division’s products are department stores, perfumeries, travel retail stores, a few owned boutiques and e-commerce websites. This division includes brands such as Yves Saint Laurent, Giorgio Armani, Lancôme, Biotherm, Ralph Lauren, Kiehl’s, Cacharel, Diesel and Urban Decay.
2) The Active Cosmetics division is made up of products that meet the most fundamental needs of the skin, making it the front-runner in dermo-cosmetics and the number one among health professionals. Its products can be found mostly in healthcare channels like drugstores, pharmacies, and medi-spas. Brands like Vichy, Roger & Gallet, La Roche-Posay and SkinCeuticals can be found in the portfolio of this division.
3) The Consumer Products division targets products that are accessible to most people across the world since they are sold through mass-market retailing channels like hyper and supermarkets, drugstores and traditional stores. This division operates in most beauty product categories, such as hair and skin care, colouring and makeup. The following brands can be found in this division: Maybelline New York, Garnier, L’Oréal Paris, Essie and, more recently, NYX.
4) Lastly, the Professional Products division is responsible for developing products for all hair salons and beauty institutes worldwide, from hair care to colour, shape, and styling. Professional training is also a key focus of this division, with all brands having several training plans specially developed for all their professional clients. The brands in this division include L’Oréal Professionnel, Shu Uemura Art of Hair, Kérastase, Matrix, Redken, Pureology, Biolage, Seed phytonutrients, Decléor, Carita, and Mizani.

Figure 21 – Structure of L'Oréal.

Source: Author's elaboration.

Since Jean-Paul Agon is CEO of L'Oréal, the company's profit and share price have increased at a healthy pace, thanks to **a global expansion and ingenious acquisitions of several brands**, but also thanks to a big bet on digital, especially in e-commerce, which had a rise of 33% in profit last year (Griffith, E. 2017).

5.2.2 The history of L'Oréal

In 1904, a young French chemist and entrepreneur named Eugène Schueller formulated the first inoffensive hair dyes (named *Oréal*) and sold them to Parisian hairdressers. In 1909, Eugène Schueller created the "*Société Française des Teintures Inoffensives pour Cheveux*", a company which would later be called "L'Oréal".

From a member of the editorial and head of the science column of the magazine "*La Coiffure de Paris*" to buying the magazine, Eugène Schueller started to build an empire in the beauty industry. In 1910, he decided to expand and bring in representatives who would travel throughout France, selling his products. The creation of a Hair-colouring School was the beginning of the relationship between L'Oréal and hair stylists, a bond which grew stronger over the years.

Oréal hair dyes started to become the favourite choice between women who grew more and more conscious about their appearance and began to look for ways to conceal their grey hairs or to get that perfect and natural blond hair look with L'Oréal d'Or, the hair-lightening product created in 1925. Schueller was sure that bleaching solutions were going to become more popular in the years to come, claiming "*This little bottle holds a huge industry! One day, millions of brunettes will want to be blonde*". Eugène was spot on, as the "Platinium Blonde" was becoming a trend among Hollywood stars and women all over the world wanted to look like their idols. Blond was now seen as the "most seductive" and wanted hair colour.

Nevertheless, Schueller was not only an inventor of products; he was also an innovator in new advertising strategies. He believed that there were two types of advertising: "*publicité d'attaque"*, designed to raise interest, and "*publicité de rendement"*, designed to maximise sales. In 1931, Schueller came up with the idea of placing a sheet over a Parisian building, thus creating a giant billboard, to promote the *O'Cap* hair lotion (developed in 1928, it was the first shampoo available in the market) and to raise awareness among Parisians about the importance of personal hygiene. He was also the first to air a commercial that was sung and not spoken – creating the famous "jingle". With **innovative approaches to advertising, from sponsoring to street marketing, Eugène Schueller became a pioneer of modern advertising.**

With the death of Eugène Schueller in 1957, François Dalle was appointed Chairman and Managing Director of L'Oréal. Inspired by the company's motto "*Savoir saisir ce qui commence*" (**seize new opportunities**), the group starts its international expansion with the acquisition of brands such as Lancôme, Garnier, and Biotherm. Some products started to be seen as **symbolic** and began to have a place in the heart of consumers, like the Elnett Hairspray. These acquisitions were crucial "*to expand the Group's positions in new market sectors and new distribution channels; develop research, the driving force behind internal growth; increase the Group's international presence, and make beauty more accessible to win new consumers*".[8]

From 1984 to the year 2000, L'Oréal entered a period of growth, which was not only due to the substantial investments made in Research and Development (R&D), but also to the launch of a handful of strategic products that will forever be a part of the Group's history as the backbone of L'Oréal's brand image.

Powered by a strong portfolio of international brands, current CEO Jean-Paul Agon keeps stirring the Group towards new and different acquisitions. The new motto **"Beauty for All"**

[8] Source: L'Oréal website - http://www.loreal.com/group/history/1957-1983.

encourages L'Oréal to come up with and **provide innovative solutions to answer every beauty needs all over the world**.

For over a century L'Oréal has been focusing its strength in Research and Innovation, the two pillars of the company's DNA. Since the beginning, L'Oréal has the conviction that "***only strong research can create cosmetic products that are capable of generating real results***"[9]. This principle, which is present in every Research and Innovation division at L'Oréal, makes it possible for every team to **create bespoke products and services** that meet every beauty wish from women and men all over the world.

With solid research in mind, the company believes that when it comes to innovating in the beauty segment, science is vital. Laurent Attal, Executive Vice President of Research and Innovation at L'Oréal states that "*research has always been at the heart of L'Oréal's growth, with three major drivers of innovation:* ***active ingredients, formulation, evaluation***"[10]. These assets are the basis of L'Oréal's Research and Innovation model, exclusive in the industry in which the company operates, and are crucial to the constant progress of the company: the active ingredients are annually enriched with new elements thanks to **Advanced Research**; **Applied Research** develops the formulation systems that are present in the different product ranges; the **evaluation** is an essential phase in the launch of new products because it evaluates scientifically and rigorously their safety and efficiency.

L'Oréal's Research and Innovation model allows for the company to continue at the forefront of the scientific knowledge of the cosmetics market, while continually developing new formulas that aim to satisfy the beauty needs of everyone in the world.

5.2.3 The brand: L'Oréal Professionnel

L'Oréal Professionnel has been the benchmark of the biggest names in hairdressing and has been present in the major fashion shows since 1909. The reason behind this success lies in the **quality of the products** and the **constant innovations** presented by the brand, which are also tested first-hand by the best-known experts in the field of professional beauty.

The history of L'Oréal Professionnel starts with L'Oréal's founder, Eugène Schueller, with the first safe hair dyes that did not irritate and harm the scalp. From here, L'Oréal Professionnel

[9] Source: L'Oréal's website - http://www.loreal.com/research-and-innovation/our-innovation-model.

[10] Source: L'Oréal's website - http://www.loreal.com/research-and-innovation/our-innovation-model.

continued to improve its formulas and its technology to present the highest quality, safer and environmentally friendly products to its consumers and hairdressers worldwide.

The brand's mission is based on the commitment to **help every professional in their daily work lives** by sharing essential knowledge such as the latest techniques and hairstyles, aiding them in the development of the services that will **highlight their technique** and **improve their working conditions**, all of this with the help of a dedicated education team. This is also possible thanks to the program "L'Oréal Professionnel with YOU against MSDs", a 15-minute program created by the brand, dedicated to fighting Musculo-Skeletal Disorders - a disorder that accounts for 75% of hairdressers' diseases.

5.2.4 L'Oréal Professionnel's Positioning

L'Oréal Professionnel is positioned as a **dominant** and **strong** brand inside its division, and it is seen as a **technologically advanced and innovative brand**, especially in the hair colouring field. The brand is one of the biggest players in most hair segments, from hair care to styling and hair colour, and it is available in over three thousand salons nationwide.

With a great focus on fashion, L'Oréal Professionnel is also positioned as a **backstage brand**, being present in the most prominent fashion shows around the globe. In Portugal, the brand has been a regular sponsor of *Moda Lisboa* and *Portugal Fashion*.

Concerning price, L'Oréal Professionnel products are **priced above the market average**. However, when compared with brands such as Kérastase and Shu Uemura, it becomes a reasonably priced brand[11]. Two price strategies need to be defined: on the one hand the sales price to L'Oréal Professionnel's professional clients (hairdressers and wholesalers) and on the other the price that the hair salons offer their customers.

Nevertheless, as previously stated, however much the customer shows an intention to buy products in the salon, they point out the **absence of visible prices, the distance created in the exhibition and the lack of advice as some of the obstacles to the purchase**. These issues will be addressed in the relaunch of Serie Expert.

[11]Source: Global Strategy of L'Oréal Professional Products Division - https://www.academia.edu/5032319/Global_Strategy_of_LOr%C3%A9al_Professional_Products_Division.

5.2.5 The Distribution

L’Oréal Professionnel distributes its products to national hairdressers and cosmetic wholesalers like Pluricosmética through its **sales representatives**. They act as intermediaries between salons and the marketing team and are consultants for the hairdressers, helping them to **develop their business**, as well as presenting them all the **new products and services** of the brand, filling **stock shortages** and **boosting product purchases** through promotions and discounts developed by the marketing team. They are only allowed to sell products to hairdressers and wholesalers since company policy does not allow them to sell products directly to the end-consumer.

Sales representatives are trained by the sales team, at which point they learn all the sales and relationship techniques to work alongside the professional client – the owner of the hair salon – in the best way. After developing a good relationship with the owner of the salon, he will play a crucial role in communicating and advising the brand’s products to its customers, the end-consumers. The success of the renovation goes through L’Oréal Professionnel’s’ professional clients as they are crucial to reassert the “professional” nature of Serie Expert in the eye of the consumer. Finally, each consumer will, ideally, introduce the product to his/her friends, family or even on social networks – this can be good or bad for the brand, depending on the experience on the salon being positive or negative.

Sales representatives are the great allies of the marketing team, as they are always in direct contact with professional clients, being the primary source of information about the market, such as market trends, client and consumer preferences, acceptance of products, and so on. The interaction between the sales representatives and the marketing teams can take place on field trips, by telephone and especially at monthly meetings, with representatives from all regions, where the marketing team presents the proposals for each month.

5.2.6 L’Oréal Professionnel’s Product Portfolio

L'Oréal Professionnel has an extensive portfolio of products, with the aim of **satisfying all the needs of consumers**, by offering various hair care, colouring, styling products and services. The brand adapts the quality/price ratio desired by its buyers, presenting a range of products that diverge from speciality to more traditional care, without compromising the products’ quality, thus responding to all **customers’ needs**.

Table 2 – L’Oréal Professionnel’s portfolio.

Hair care	**Hair colour**	**Hairstyling**
Serie Expert	Inoa	Wet Domination
Mythic Oil	Majirel	Dual Stylers
Pro Fiber	Dia	Hollywood Waves
Serioxyl	#colorfulhair	Tecni.Art
Steampod Care	Blond Studio	Wild Stylers
Smartbond	Hair Touch Up	Infinium
Homme	Luo Color	Steampod
		Dulcia Advanced
		Xtenso

Source: Author’s elaboration.

Through table 2, it is possible to verify that the hair care category is divided into seven sub-brands: Serie Expert, Mythic Oil, Pro Fiber, Serioxyl, Steampod Care, Smartbond, and Homme. Hair colour is divided into Inoa, Majirel, Dia, #colorfulhair, Blond Studio, Hair Touch Up and Luo Color. Finally, the hair styling category consists of nine sub-brands, where each product is categorised into three different styling results: texture, volume or smoothness. Below, a more in-depth analysis of the sub-brand Serie Expert will be presented.

5.2.6.1 Serie Expert

Serie Expert was introduced in 2000, as being a **complete sub-brand of professional hair care products**, featuring innovative formulas and molecular technology. The fact that this sub-brand has several ranges to treat various types of hair, with formulas that target even the most damaged hair, makes it a **remarkably complete brand** regarding its offer[12]. With new products came new hair care routines and in-salon treatments, which completed the already vast offer of the brand.

In 2017, L’Oréal relaunched Serie Expert. With a new eco-friendly packaging, a new claim – “*Bespoke Professional Haircare for Perfect Salon Hair Every Day”* – new home and in-salon bespoke treatments and new ranges, **Serie Expert got its much-need reinvention, after seventeen years without profound changes**.

[12] Source: L’Oréal’s website - http://www.loreal.com/group/history/1984-2000.

With sustainability in mind, Serie Expert **reduced the use of plastic in their packaging by 13%**, which allows saving 54 tons of plastic per year. By doing this, the brand can maximise the capacity of its packaging and still manages to save plastic: 9% of plastic per millilitres (ml) for shampoos and 12% of plastic per ml for conditioners and masks. Through the redesign of its in-salon treatment, from small glass containers (30 per packaging) to bigger plastic multi-dose containers with reusable chambers, it is possible to save 90% of plastic per ml and to **avoid the use of glass completely**. Serie Expert's professional litre shampoos have also gained a new design, to optimise the space of the shipment boxes, thus avoiding unused space and reducing the number of trucks necessary to ship them.

Thanks to fourteen different treatment ranges, divided into four categories, Serie Expert claims to meet every person's hair needs from problems such as lack of nourishment, dandruff, oil and lack of volume to several types of hair such as curly and straight hair (**see Figures 22 to 32** in Annexes for more for more information on the different ranges).

Figure 33 - Summary of the different ranges of Serie Expert.

Source: Adapted from L'Oréal Professionnel archives.

L'Oréal's ambition with this relaunch is to offer each woman perfect salon hair every day. This can be achieved in-salon through a **new experience of personalised treatments** named Powermix, and at-home with more professional and modern care, with the Powermix Shots and also the retail size products.

5.2.6.2 Powermix and Powermix Shots

As previously stated, **personalisation improves loyalty, and the relationship brands have with customers, by offering customised products, based on people's background, preferences and objectives, this way making them feel more valued** (Del Rowe, 2017). The Powermix was developed to offer instant personalised treatment, tailored to each consumer, allowing hundreds of variations for an instant deep hair treatment.

This innovation created with micellar technology consists of two liquids that, when mixed, transform into a personalised mask made from highly concentrated and pure ingredients. This mask, which is mixed at the moment at the salon and in front of the customer, provides a bespoke treatment tailored to the needs of each consumer. This treatment entails a previous diagnosis and consultation with the hairdresser, which will later proceed with dosing the required quantity of formulae from the base and the chosen additive(s) and, after mixing the two liquids, creating a **personalised mask at the moment**.

Powermix consists in one base and five additives formulated based on different ranges of Serie Expert (see **Figure 34** in Annexes):

- Transversal Base: Conditioning agents that bring softness and allow easy detangling.
- Powermix Color: Instant shine with A-OX (a technology that inhibits the natural hair oxidation), for coloured hair.
- Powermix Liss: Instant smoothness with three amino acids (Arginine, Serine, and Glutamic Acid) and wheat protein, for unruly hair.
- Powermix Repair: Instant resurfacing with lactic acid and ionene G (basic protein elements), for very damaged hair.
- Powermix Force: Instant strength with vitamin B6 and biotin, for brittle hair.
- Powermix Nutri: Deep nutrition with Glycerol (a set of lipids) and an embellishing polymer (Polyol), for dry hair.

Following the concept of personalisation, L'Oréal Professionnel conceived a sub-range of **Powermix for home-made hair treatments**. This range allows consumers to apply a **customizable** hair care treatment, without needing to go to the hair salon so often, making the experience with the brand more comfortable and personalised. As discussed in the Literature Review, **it is essential for a brand to create positive experiences to increase awareness in the minds of consumers**.

The Powermix Shots are the first at-home personalised treatments, that consist of five different shots dosed with highly concentrated and pure ingredients. These shots are to be mixed in any Serie Expert treatment mask to provide the instant and deep treatment suitable for each hair.

The shots were launched following the Powermix, as the custom treatment solution to be used at-home (see **Figure 35** in Annexes).

- Shot Color: Color radiance additive with omega, for softness and vibrancy.
- Shot Liss: Control additive with oil, anti-frizz and moisture protection.
- Shot Repair: Repairing additive with lipids, that fortify and repair.
- Shot Nutri: Nourishing additive with glycerol, for elasticity and nutrition.

6. Marketing and Communication Plan

6.1 Introduction

This plan aims to define the marketing and communication strategies implemented in Serie Expert's relaunch. These strategies were developed based on the characteristics and positioning of the renewed brand, and its desired targets. The results from the "U&A" and the "Professional Beauty" studies, together with the theoretical analysis that was carried out in the previous chapters, were also crucial for the foundation of these strategies.

Through this plan, L'Oréal Professionnel wishes to **increase its awareness and proximity to the professional clients and end-consumers**, through tactics created to leverage Serie Expert's new and improved image and its benefits.

The relaunch of the Serie Expert consisted of 3 stages:

- First stage – The relaunch began in April 2017 with the renovation of four ranges (Vitamino Color, Absolut Repair Lipidium, Silver and Liss Unlimited), the launch of a new range called Inforcer and the launch of the customizable in-salon treatments named Powermix.
- Second stage – In September, five more ranges were relaunched (Lumino Contrast, Shine Blonde, Volumetry and Curl Contour) and the new at-home bespoke treatments, the Powermix Shots, were introduced.
- Third stage – the last stage of the relaunch of Serie Expert consisted in the renovation of the scalp ranges: Intense Clear, Sensibalance, Pure Resource and Density Advanced.

The marketing plan was designed for all the stages of the relaunch and is based on **strategies to boost sales and growth, and improve the awareness and loyalty of hairdressers and end-consumers**, this way tackling the main issues that led to the need for this relaunch. The communication plan's goal is to recruit and engage end-consumers, and to help hairdressers advise their customers to choose Serie Expert's products over the ones from the competition.

6.2 SWOT Analysis

This diagnosis consists of Serie Expert's internal and external analysis, identifying the strengths and weaknesses of the brand and the aspects that differentiate it from its competitors. Through this analysis, it is possible to identify potential prospects for market evolution, its main opportunities and threats. At the end of this analysis, it must be possible to determine the risks to be considered and the problems to be solved (Lindon *et al.*, 2004).

Table 3 – Serie Expert SWOT Analysis.

SWOT ANALYSIS	
STRENGTHS	WEAKNESSES
Association with a very strong and well-known brand – L'Oréal Professionnel – that carries the company's name in its own name and logotype. A mature sub-brand, well-known and used by hairstylists for more than 15 years. Extensive range of products, for all types of hair and needs. Products for customized treatments, in salon and at home.	Lack of communication above the line: TV, outdoors and sponsorships. Lack of natural ingredients in the products' compositions. Poor POS implementation from promo to pricing, as it is not centralized via a merchandising team. Lack of sell-out data in the hair salon industry which makes it a challenge for marketers to understand the consumer beyond sell-in data. There is a lack of product advice on the part of the professional. Lack of consumer awareness and proximity to the brand due to its distribution circuit (versus the awareness that a product sold at the supermarket has).
OPPORTUNITIES	THREATS
The hair care category is #1 in Portugal. Recruitment opportunity: 98% of women go to the hair salon, but only 10% buy professional products. The Portuguese are concerned about maintaining a good appearance. Expansion & renovation of indirect channel stores, which allow the brand to be closer to consumer and have better POS implementation. Expansion of e-commerce, with several relevant e-players growing in Portugal. Recruit clients from mass market. Develop the diagnosis and counseling at the salon and reinforce professional performance: advice and product quality are the top drivers for salon purchases.	The search for products with more natural ingredients is increasing. The distribution channels are not attractive (hair salons). Price and lack of differentiation are the biggest barriers to purchase. Increasing competition. Similar products from competition. Reduction of the frequency of hair washing, reduces the need to buy more products.

Source: Author's elaboration.

The analysis shows that one significant weakness to overcome is **the lack of advice from the hairdresser to the end-consumer**. This problem can be overcome by providing the professional client with the necessary tools he/she needs, such as training and technical sheets, to increase customer experience and awareness towards Serie Expert's products.

Nonetheless, the strengths and opportunities detailed above should be leveraged to overcome the weaknesses and reduce the threats. Considering strengths, Serie Expert is a mature brand present in the professional hair care market for over seventeen years, with an extensive portfolio of treatment ranges. These characteristics should help to surpass threats such as the increasing competition with very similar products and should be considered as **advantages to differentiate the brand in a fierce marketplace**.

6.3 STP Analysis – Segmentation, Targeting and Positioning

6.3.1 Segmentation

Market segmentation consists of a process that divides potential customers into a small number of subsets called segments, based on similar characteristics such as needs, behaviours, age, income or location. These segments are expected to react in a similar way to different types of messages, thus helping companies to customise marketing campaigns instead of targeting each consumer individually (Ruckno, 2017).

The first stage of segmentation consists of choosing the criteria on which the market will be divided. After analysing the profiles of the hair care market consumers (see chapter 5.1.6), and considering the industry where Serie Expert is inserted – cosmetics –, the market should be broken down into **criteria that focus on the customers' needs**.

Despite being extremely difficult to segment a market due to its constant changes (McLoughlin and Aaker, 2010), it is possible to divide the segmentation into more flexible variables, such as **demographic, behavioural and psychographic**.

The second step is to analyse each of the chosen variables, according to the objective of this project. Regarding demographics, the target segment of the population that was considered by L'Oréal Professionnel marketing team consists of women, aged between 20 and 55 years old, with any marital status. The age criteria arise following the modernisation of the brand; since it gained a more innovative image to become more appealing, the target should follow this image modernisation and appeal to an audience consisting of young adults and middle age people (the latter because the brand does not want to lose its current consumers).

Regarding economic condition, in this case, income, the middle, middle-high and high class is the preferred target. Referring to the conclusions drawn from the "U&A" study, consumers do not tend to buy products from hair salons since they perceive the prices to be higher than the ones charged on other distribution channels. This perception leads to the rate of purchase of shampoos in hair salons to not exceed the 3%. To fill this gap, it is important that our target has economic power so that the price of the products is not one of the obstacles at the time of purchase.

Regarding the psychographic criteria which focus on lifestyle, interests and activities, attributes such as active, social, demanding, fashion sensitive, concern about appearance and health are considered essential characteristics for the desired target to have. The target audience should consider **this new and improved version of Serie Expert as being a professional solution with a fair cost** for active and modern women who enjoy spending time taking care of their hair, but do not want to pay a premium cost for the products they need to have a healthy and good-looking hair.

6.3.2 Targeting

After dividing the market into segments, market targeting becomes essential to decide which segment(s) the brand is going to prioritise. Since one of the objectives of this relaunch consists in **increasing professional client and consumer engagement and loyalty and to recruit new consumers**, the target should be divided into two segments: the end-consumer and the professional clients (hair salons).

Regarding the end-consumer target, it should comprise the following characteristics:

Table 4 – Target segment for Serie Expert’s relaunch: end-consumer.

Gender	Age	Economic Status	Marital Status	Lifestyle	Interests
Female	20 – 55	Middle-Class Middle-High Class High Class	Single Married Divorced Widower	Active Digital Healthy	Beauty Cosmetics Fashion

Source: Author’s elaboration.

Being a brand with products for various types of hair and medium-high prices, the desired target for Serie Expert’s consumers range in age from 20 to 55 years old, from high, middle-high and middle class, of the female gender as there is another sub-brand for the male segment in L'Oréal Professionnel's portfolio (named HOMME).

Regarding the lifestyle segment, attributes such active, social and healthy are chosen since, according to the “Professional Beauty” study conducted by L'Oréal Portugal, women consider that **aesthetic treatments are essential for individual well-being**. However, they feel that **the time she spends in the salon is poorly monetised**. This shows us that women nowadays care about their health and beauty, but they do not care for very time-consuming services. The same study finds that younger women are highly digital. Serie Expert can take advantage of this characteristic and **connect with a younger audience**, possibly becoming a more present brand at the digital level, leveraging on customer reviews.

For the last target, every hair salon that comprises the following characteristics is considered within the aim of this relaunch:

Table 5 - Target segment for Serie Expert's relaunch: hair salons.

Gender	Environment	Customer's Income	Brands
Women Unisex	Clean Modern Comfortable	Middle-Class Middle-High Class High Class	Premium Less Expensive

Source: Author's elaboration.

L'Oréal Professionnel's local marketing team aims for Serie Expert to be available in almost every hair salon nationwide; for this reason, this target's characteristics are not extremely segmented. However, it is necessary to define the significant features of the venues where the brand wants its products to be available.

It is crucial to consider hairdressers with services for women since most of Serie Expert's products and potential services are more targeted for that specific gender. Regarding the environment, the **characteristics can be associated with the products it carries**. If the hair salon has a bad appearance, customers can associate the products used and sold in the venue as being of low quality. However, if the salon looks modern, comfortable and clean, the customers feel more at ease, happy and satisfied with their choice in hair salon. **This feeling increases the quality of the experience and can generate purchase and a return visit**.

Regarding the customer's disposable income, Serie Expert's products are primarily available at hair salons. Thus the customers must be willing to spend more when buying a professional shampoo than they would when purchasing a regular shampoo in a supermarket. The brands available in the hair salon are also a characteristic to consider. Serie Expert is a brand targeted to an audience that enjoys using quality products, and for that reason, it makes sense for the brand to be available in venues that offer everything from **premium to other brands**.

6.3.3 Positioning

The third stage of the STP analysis involves a strategic move by a company that seeks to place the brand in a different position within the market where it operates, and in the minds of consumers. This will allow consumers to **place the brand and its products in a universe of comparable products and distinguish them from the competition**.

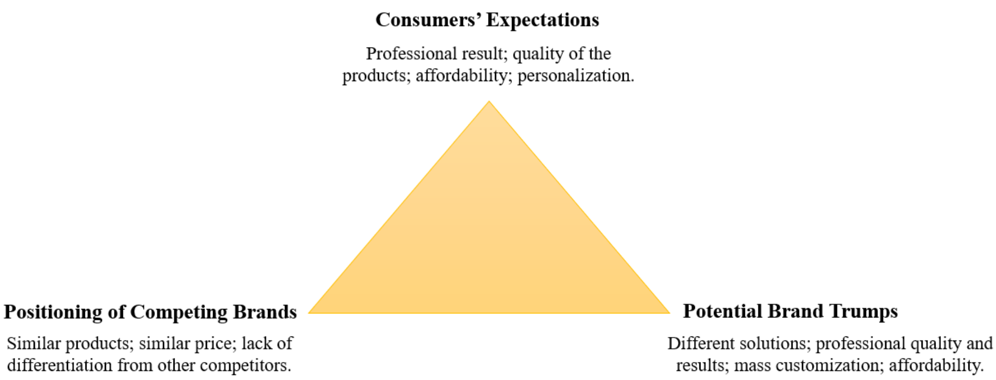
In an increasingly competitive market where the price factor plays a significant role, it is necessary to **develop new forms of differentiation**. The objective is to capture the attention of potential consumers and increase the loyalty of current ones, through the development of marketing strategies fitted to the target segments.

According to Lindon *et al.* (2004), two complementary aspects of positioning should be considered: Identification and differentiation. **Identification entails the characteristics of the product/brand** in question, inserting it into one or more categories. In the case of Serie Expert, the category is practically imposed, in the sense that its products, such as shampoos, conditioners, masks and so on, are intended for hair care. The second strand – **differentiation – consists of what distinguishes the product/brand from the rest of the competition**. There are countless differentiation sources and very distinct positionings, even for identical products. Three main factors should be considered when choosing the distinctive attributes that will be the basis for Serie Expert's positioning:

1. Consumer's expectations regarding the category in question;
2. Competitors' current position to fulfil these expectations;
3. The potential trumps of the brand in the segment where is inserted.

These three factors create the **"golden triangle" of positioning**:

Figure 36 – Serie Expert's golden triangle of positioning.



Source: Author's elaboration.

The first axis consists of collecting consumers' expectations, to understand if the positioning created for Serie Expert corresponds to the expectations of the target audience. In the second axis of differentiation, the potential advantages of Serie Expert to respond to competing brands are analysed. The third and last axis entails the positioning of competing brands, as the perception of a brand by the public is made by comparing it to its competitors. It is essential to know the positioning of the competitors before choosing the one for Serie Expert so that the distinction can be more significant.

There are several possible differentiation axes as there are numerous ways to show the potential advantages of Serie Expert, to meet the expectations of consumers and to distinguish the brand from its competitors. Lindon *et al.* (2004) suggest a typology of differentiation axes, divided into four areas:

1. Positioning based on the attributes and performances of the product or brand;
2. Positioning based on the imaginary of the product or brand;
3. Positioning based on the target audiences;
4. Positioning based on the situation or ways of consumption.

Concerning the relaunch of Serie Expert, the new positioning of the brand can be based on the **attributes and performance of its renewed products** and its **target audiences**. With a renewed image and new bespoke treatments, the brand maintains its professional quality, while remaining affordable for its customers.

6.4 KSF – Key Success Factors

McLoughlin and Aaker (2010) considered the Key Success Factors identification an essential part of the market analysis. These factors consist of crucial skills and assets that enable brands to meet their objectives and to be a fierce competition for other brands, now and in the future.

The essential factors for the successful relaunch of Serie Expert are:

- **Product:** Serie Expert has a large portfolio with over ninety products that cover all the hair needs.
- **Professional quality:** The quality of the products is essential to provide the best care and treatment to customers.
- **Innovation:** L'Oréal is a leader in cosmetic innovations which allows Serie Expert to always be in the forefront with the best formulas and ingredients for hair treatment.
- **Communication:** with the relaunch came a stronger bet in communication across different channels, being that the focus is digital platforms and POS materials.
- **Customisation:** Serie Expert has taken a big step in customising in-salon and at-home treatments for each hair type, thus responding to the hair needs of each of its consumers.

- **Price:** While operating in one of the most competitive markets, price becomes an eliminatory factor when it comes to consumers choosing products and services.

With its key competencies and the needs of the market, Serie Expert has several competitive advantages within its segment.

6.5 The Stages of the Relaunch

6.5.1 The New Packaging Design

The renovation of Serie Expert began with the renewal of its packaging. To modernise and innovate the brand image, every product gained a new look, thus creating a more significant impact when exposed in the exhibitors present at the POS. **Each range kept its predominant colour** (for example Vitamino Color kept the colour pink, Absolut Repair kept the colour yellow, and so on) since it is an i**mportant feature that facilitates the identification of the range**, being that the tones were altered, becoming more intense. The big differences between the new packaging and the old are the shape, the size, and the labelling. This new visual identity is **simpler, more premium and more appealing**.

With sustainability in mind, L'Oréal increased the size of the retail formats and saved 9% of plastic/ml in shampoo packages and 12% of plastic/ml in conditioners and masks packages (see **Figure 37** and **38**).

Figure 37 – The difference between the old and the new shampoo package.

Source: Author's elaboration.

Figure 38 – The difference between the old and the new conditioner and mask package.

Source: Author's elaboration.

The in-salon treatments were also transformed, from a package with thirty glass vials (a treatment named Powerdose) to a single multi-dose format, the Powermix, with a reusable chamber. This change resulted in a 90% decrease in plastic/ml and a reduction in glass usage (see **Figure 39**). This redesign of the packaging allows the brand to save on average about 13% of plastic in each packaging, **making an annual saving of 58 tons of plastic per year**.

Figure 39 - The difference between the old (Powerdose) and the new (Powermix) in-salon treatments.

Source: Author's elaboration.

The packaging design of the litre size shampoos, conditioners, and masks were redesigned, to optimised palletisation and reduce the number of trucks needed to transport the products.

Regarding the label, the text was simplified, emphasising the **use of professional formulas**. An environmental claim was added to the text present in the back label, indicating the amount of plastic saved with each product.

Figure 40 – Comparison between the old and new labels.

Source: Author's elaboration.

To identify the differences between the old and the new label, the Vitamino Color range is used as an example in **Figure 40**. The following significant changes in the design and texts of each label can be observed:

1. The Serie Expert logo is more visible, occupying a prominent place on the label;
2. The product description is more evident, appearing following the name of the range. In the old label we can see that there is a bar between the name of the range and its description, giving a feeling of separation;
3. In the redesigned label we can find the indication of "professional formula", an essential feature that the brand wants to emphasise. In the old label, it is only indicated that the product has a new formula, not mentioning the professional nature of the products;
4. The L'Oréal Professionnel logo gains a less prominent place in the label, leaving Serie Expert to be the focus.

The remaining Serie Expert treatment products had similar changes to those described above.

6.5.2 New Marketing and Communication Strategies

The launch of a brand and a product involves several means of communication. As evidenced by Luxton *et al.* (2015), Integrated Marketing Communications are essential to **add value to a brand** in that they bring together all the necessary strategies into one consistent, reliable and meaningful brand communication process.

L’Oréal Professionnel **divided its marketing and communication strategies** between its two targets: the professional client and the end-consumer. The plan for the professional client consisted mainly of **offline marketing** (point of sale communication materials), while the strategy for the end-consumers consisted of **digital marketing** (communication materials for the brand’s social media networks).

Regarding the POS materials, by purchasing a certain number of products, professional clients are entitled to receive **materials to decorate the salon**, to expose the brand and drive the sell-out of the retail products. This type of communication through merchandising at the POS can be considered **offline marketing**. This process increases the acquisition of leads, through the promotion of the brand, by developing communication strategies such as flyers, pamphlets, posters, brochures, television and so on. These strategies are used to target within specific locations (Khadar, 2016). Following Aaker (1991) and Keller’s (1993) inputs, the communication materials placed in the POS **increase brand awareness**, since they help the consumer to **identify the brand under different circumstances** and associating it with the category of professional hair care.

These offline marketing strategies were divided throughout the three stages of the relaunch (see **Figure 41** in Annexes), whereas on the third stage the approach comprised a discount to the professional client on the campaign’s purchase value, instead of a POS material.

Digital marketing was a big part of the marketing and communication strategy, through the creation of content – photographs, videos and GIFs (Graphics Interchange Format) – for Facebook and Instagram. Since billions of people are active on social media and digital platforms (Stephen, 2015) and thanks to the Internet and mobile apps, the path-to-purchase of each consumer has shortened (Batra and Keller, 2016), making it possible and crucial to reach a **much larger number of consumers through these platforms**, than if the brand had only resorted to communication at the POS. The online strategies for the relaunch occurred throughout the three stages, with a higher volume of social media posts in the first phase.

6.5.2.1 Offline Marketing

Understanding the business of hairdressing and how to take advantage of all physical places for product communication is essential for a product launch. The following steps represent the journey taken by a consumer, from the moment he/she enters the beauty environment until he/she leaves.

The goal is for the brand and its products to try to be present in every step:

1. Salon window
2. Reception
3. Consultation
4. Back bar
5. Client service
6. Home care
7. Checkout

This journey was conceived by L'Oréal, as an integral part of the Salon Emotion programme, developed in 2015, which aims to strengthen the hairdressing industry by **renovating hair salons** to meet clients' needs. Salon Emotion focus in seven key moments of the customer's journey through an emotional and physical transformation of the environment, whether it is a simple renovation or a complete makeover. The objective of this programme is to **transform six thousand salons in Europe in three years**. This is a topic that deserves a more in-depth study, however it goes beyond the scope of this work.

Regarding communication strategies, L'Oréal Professionnel focused Serie Expert's communications on its **B2B** and **B2C clients**. Usually, L'Oréal Professionnel communication focuses on female visuals, with a solid beauty component, which is already easily associated with the company. In the case of Serie Expert**, the focus was on product and customisation**, through a merchandising kit that consisted of posters, leaflets, stoppers, highlighters, and material for product exposure.

Regarding the POS execution, it was necessary to comply to the follow **retail merchandising guidelines**, as indicated by L'Oréal Professionnel's global retail design and merchandising team:

- Maintain the graphic identity of L'Oréal Professionnel (Logos and fonts, colour codes and cropping);
- Increase brand awareness and visibility in hair salons by displaying the products on several shelves at eye level;
- Increase sell out in each salon by increasing the visibility of the star products (best sellers, new, favourites);
- Display the products by type of hair concern.

As previously stated, the materials that each hair salon receives depends on the size of the order they make to the sales representative. These orders are divided into different campaigns, depending on the number of products. Typically, **professional clients who order campaigns with a bigger number of products, receive more merchandising offers for their salon**. These materials can range from posters to electrical equipment (such as hair dryers and electric shavers), furniture or hair brushes. The various types of campaigns and the minimum quantities of purchase per campaign are usually defined by the brand's marketing team, together with the commercial director, to create “attractive” campaigns with matching offers.

Taking into account the results obtained through the SWOT analysis that was conducted in the Marketing Plan (see chapter 6.2) – especially considering the weaknesses of the brand –, and the data collected and analysed from the “U&A” and the “Professional Beauty” studies, the following communication strategies and merchandising elements were developed to increase brand awareness and visibility, based on the seven steps of the consumer’s journey:

1. Salon Window

A shop window can positively or negatively impact a customer even before he/she enters the hair salon. If it is not organised or clean, it may be the first hindrance to a customer who would visit the place. Therefore, L'Oréal Professionnel requires the visuals that are placed in the salon’s windows to be always updated and in right conditions, so as not to send a negative image of the brand and to the hair salon.

Figure 42 – Example of Serie Expert’s relaunch poster, placed in a window.

Source: Adapted from L’Oréal Professionnel archives.

This poster was part of the merchandising kit and was distributed to all the professional clients who purchased at least twenty units of selected Serie Expert's products. They were encouraged to place this poster in the front window of the place. However, this was not always the case since sales representatives often found posters placed in less strategic locations, inside the salons.

2. Reception

A cardboard stand-up (see **Figure 43** in Annexes) was designed to showcase the relaunch of Serie Expert, focusing on the new packages and sizes, to all customers who entered the hair salon.

As previously mentioned, according to the "Professional Beauty" study conducted by L'Oréal Portugal, women feel that, despite enjoying aesthetic treatments**, the time spent in the hair salon is poorly monetised.** To avoid negative feelings before what was supposed to be an enjoyable experience, a Pantone (colour chart) was designed to help customers visualise all Serie Expert ranges and their benefits before their appointment (see **Figure 44** in Annexes). This material, created in the form of the new shampoo package, can also help the customer to decide what treatment range he/she wants to use during the service in the salon, thus becoming more informed and eliminating possible uncertainties and surprises during the back-bar service.

3. Consultation

For the consultation step, a technical sheet and a service menu were provided from the global marketing team and adapted to Portuguese, to distributed to every professional client who bought any Serie Expert product.

The technical sheet explains in a simple way all Serie Expert ranges, how to apply and preserve the Powermix and how to sell the product for use in-salon and at-home (see **Figure 45** in Annexes).

The service menu entails different types of treatments that focus on individual problems or hair needs, using Serie Expert products. The consumer, during his/her appointment, should be given to choose one of the possible services from the menu (provided they are available in the hair salon), giving the consumer the power to decide what he/she wants to do and apply on his/her hair. Through this service menu, hairstylists were **encouraged by their sales representative to recommend Serie Expert to their customers,** while providing the consultation before the service, considering the hair care needs of each customer, thus encouraging their customer to choose the brand over another and possibly make a purchase at the end of service.

Sales representatives, through training provided by the marketing and the education team, were also able to **teach hairstylists the best practices in customer consultation**. The training was divided into three courses:

1) Diagnosis – identify the hair needs of each customer;
2) Product – understand the products specific characteristics and how to use them;
3) Retail – learn critical sales strategies to close the sale.

4. Back bar

The back bar is often a neglected area in hairdressing salons. Since it is mostly the working place of a hairstylist, for treatments and colouring, it tends to be a dirty and messy environment. L'Oréal Professionnel's marketers developed materials in the wake of this relaunch to **improve the organisation and the appearance** of the place, focusing more on the organisation of Serie Expert's technical products.

Bases were developed to support the shampoos, conditioners, and masks (see **Figures 46** and **47** in Annexes) and were included in the merchandising kit, making it possible for hairdressers to place more of these products on display, in an orderly way.

For purchases that included the Powermix treatment, a metallic exhibitor was created for hairdressers to display the treatment and to make the experience even more professional in the eyes of the customer. With personalisation and experience in mind, L'Oréal also designed a spatula and a bowl, to **mix the treatment in front of the customers**, just before the application. This way, customers could see the transformation of the two treatment liquids into one mask, that would be applied in their hair (see **Figure 48** in Annexes).

At the L'Oréal Academy, located at L'Oréal's headquarters in Portugal, which serves as a training facility for beauty professionals, a model back bar was set up, based on the Salon Emotion Programme, to inspire hairdressers who visit the Academy to follow the same path of organization and modernity in their own salons (see **Figure 49** in Annexes).

5. Client service

Consumers spend a lot of the time in front of the mirror, during their experience in the beauty place. Whether it is to dry, comb or colour their hair, this is a great opportunity to impact them.

Thanks to a front bar glorifier (see **Figure 50** in Annexes) that could be placed in the mirror counter, professional clients were able to **showcase the Serie Expert products they used during washing and styling**, while the consumer was on the styling area. This glorifier, which could hold most of Serie Expert's package formats, was a good chance for consumers to see the product in its retail version and to encourage the purchase.

6. Home care

The home care step can also be considered as the resale step. A large metal exhibitor was developed for professional clients who purchased bigger campaigns, to display L'Oréal Professionnel's resale products to the final consumer (see **Figure 51** in Annexes). Sales representatives were instructed to aid their clients in the assembly of the exhibitor, thus ensuring that it was well assembled and **placed in a visible and accessible location**, **with product prices properly indicated and the ranges duly specified and organised**. Regarding the assortment of the ranges on shelves, L'Oréal has rules to ensure a visual impact. A minimum of two to three packages per range must be displayed and, within each range, the packages must be in the order of the beauty routine (shampoo, conditioner, mask, leave-in, and so on).

To complement this exhibitor, plastic highlighters were developed to point out specific products such as "favourites", "new" and the "star product" (see **Figure 52** in Annexes), price-holders (see **Figure 53**), shelf-stoppers (see **Figure 54**) and a big shampoo package in a cardboard frame (see **Figure 55**), to draw the customers' attention and **advertise promotions.** Horizontal and vertical labels were created to **describe the ranges of each brand of L'Oréal Professionnel** (see **Figure 56** and **57**), to simplify the sub-brands and their treatments and help the final consumer to find the right product for their hair care needs.

7. Checkout

In the last step, the hairstylist should remind the customer of its hair care needs and should **encourage the purchase** by advising him/her to use the range of Serie Expert that best suits his/her hair. Following the personalisation at-home concept that L'Oréal created, a display was developed to exhibit the Powermix Shots. This display, created by the global marketing team, was designed to stand out in the hair salons and caught the eye of the customers. Professional clients were advised to place the display in the checkout areas, to **create the last opportunity for impulse buying**.

Figure 58 – Powermix Shots display.

Source: L'Oréal Professionnel archives.

To boost sales, complement the product offer hairdressers have in their hair salons and to "reward" consumers who make product purchases, the local marketing team developed three gifts aimed at the final consumer: (1) Scarfs, (2) sachets with samples of shampoo and mask and (3) hair brushes branded with Serie Expert's logotype (see **Figure 59** in Annexes). Several sets of each gift were delivered to each professional client, with the quantities depending on the size of the product purchase order that was made.

6.5.2.2 Digital Marketing

As previously demonstrated through Batra and Keller's (2016) **Communications Optimization Model**, when communications are combined or interact with each other, they become more effective in helping companies achieve their communication goals. To implement a well-integrated communication strategy for the relaunch of Serie Expert, digital actions were defined with the explicit goal to **significantly grow the online presence of Serie Expert**. The primary objective of the digital marketing plan was to increase brand awareness and position it as a more modern and digital brand.

To create a closer relationship with the target audience, L'Oréal Professionnel elected a very influential ambassador in the world of fashion and social media. An international supermodel and daughter of a former hairdresser, Taylor Hill was chosen to be the face of the new Serie Expert. Taylor's Internet presence counts with **10,8 million Instagram followers**.

Figure 60 – Taylor Hill's Instagram post announcing the partnership with L'Oréal Professionnel.

Source: Taylor Hill's Instagram profile.

As previously discussed in chapter 3.2, the number of active social media and mobile apps' users has reached a billion, making social media somewhat accountable for the growth in Internet usage (Stephen, 2015). Serie Expert's digital marketing plan consisted of the **development of social media posts and videos**, publicising the products' new packaging, its benefits and how to use them. The premise used was to **develop communication materials where the products were well evidenced while maintaining a modern and fun graphic lines**. Most images and videos were sent from L'Oréal Professionnel's global digital team, while the brand's local digital agency developed others. In **Figure 61** (see Annexes), it is possible to see images, and GIFs of some Serie Expert packages, mixed with illustrations of famous television series, used in "flat lays"[13] and assembled with other elements that **evoke some characteristics of the products**.

L'Oréal Professionnel Portugal's Instagram page had similar posts, however by the decision of the global marketing team and with the aim of standardising the brand's image across the social media platform, all Instagram pages from other international countries were consolidated and

[13] Photography technique, in which the objects that compose the image are aligned on a flat surface and photographed from top to bottom.

centralised in a single Instagram page, managed by the global digital team. This consolidation resulted in the loss of all previous posts from every other country's Instagram page.

Five short advertising videos were developed to communicate the relaunch of Serie Expert and the new instant and personalised in-salon treatment, the Powermix. The videos were created by L'Oréal Professionnel's global marketing team and adapted for the Portuguese audience (see **Figure 62** in Annexes).

Locally, a video was developed to advertise the Powermix treatment. This video presents end-consumers and hairstylists who work in partnership with the brand L'Oréal Professionnel and aids to explain how the treatment works, its benefits and results.

Figure 63 – "New Serie Expert" Local Video.

Source: L'Oréal Professionnel Portugal's YouTube Channel.

7. Conclusions and Limitations

This project started from the need to relaunch a sub-brand of L'Oréal Professionnel’s portfolio – Serie Expert –, which had no significant changes for the last seventeen years. Serie Expert was in a mature stage, with stagnant sales and difficulties in boosting product sales in hair salons, which was mainly because consumers were not aware of the brand.

The hair care category is one of the leading segments on the beauty and personal care market in Portugal. This category has grown considerably in the last years, which is mostly due to the modernisation of the consumer, a growing concern with health and appearance, and the increase of disposable income, which subsequently leads the consumer to spend more on personal care products. The professional hair care market consists of hundreds of brands that offer products dedicated to solving hair problems of superior quality, to those of the mass market. However, because of the excessive quantity of products and brands available in the marketplace, it is becoming increasingly difficult for the consumer to distinguish between brands, ultimately making their purchase decision based on price and not on other more relevant factors.

Considering the analysis on the image and awareness of hair care brands conducted by IPSOS’s “Usage and Attitude study (U&A) – Hair care 2017”, it is possible to conclude that consumers perceive L'Oréal Professionnel as a brand with history, affordable and elegant. However, the level of awareness is extremely low, with 0% of spontaneous mentions by the respondents. In a competitive market such as this one, the goal is always to be the top-of-mind brand for hairstylists and consumers.

The focus of the relaunch strategy was mostly on brand development inside the beauty salons, from the creation of point of sale materials to effectively communicate the new products, to training sessions for professionals in the sector, developed by L'Oréal Professionnel’s education and presented by sales representatives, to teach the best product techniques and the key methods to boost sell-out.

In the course of this project, several limitations were encountered that caused constraints in the development of the relaunch strategies. In the absence of a sales model that controls the retail purchases that are carried out in a hair salon – the sell-out –, the performance of the Serie Expert retail sales is practically non-existent in the professional hair care sector (with very few exceptions). This data is vital to measure the sales performance of each hair salon and each particular brand or product. To fill this gap, it is necessary to change the culture of the sector so that it also analyses and tracks the sell-out, however this is something l'Oréal has no direct control over. One possible solution is to create incentives that motivate hairdressers to start registering sell-out data and share it with the company, potentially through a points-based retail loyalty program, using a reward scheme. With the ability to analyse sell-out data, L'Oréal can aspire to provide more personalisation to its professional clients and end-consumers.

Another constrain identified during Serie Expert's relaunch project was the centralisation of some tasks in L'Oréal Professionnel's global marketing team that operates from the headquarters, centralising ideas and standards in them, making it difficult for local teams to adapt communications and innovations according to the local culture.

L'Oréal Professionnel's implementation challenges are not complete and there is still a long way to go, with the following challenges to overcome : Keep the momentum after the relaunch, through the continuous launch of new products on a smaller scale; continue to ensure excellent POS implementation, both in the Direct and Indirect market; focus on clarifying the differences between professional products and mass market products, with the help of personalization and professional formulas; increase proximity with the consumer, through communication.

By overcoming these obstacles, L'Oréal Professionnel will undoubtedly be successful in becoming the benchmark in professional hair care and Serie Expert the sub-brand that offers "*Bespoke Professional Haircare for Perfect Salon Hair Everyday*".

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9. Annexes

Figure 6 – Cosmetics Buyers: Who They Are and What They're Buying.

Source: TABS Analytics, 2014. Beauty Consumer Insights Study.

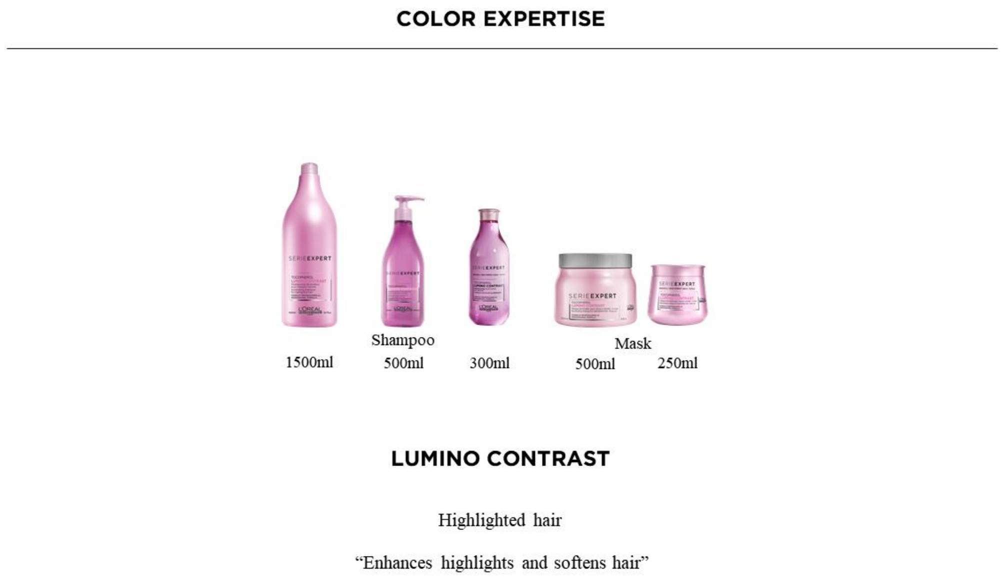
Figure 10 - Growth of the worldwide cosmetics market over ten years.

Source: L'Oréal Annual Report 2016.

Figure 22 – Vitamino Color Range.

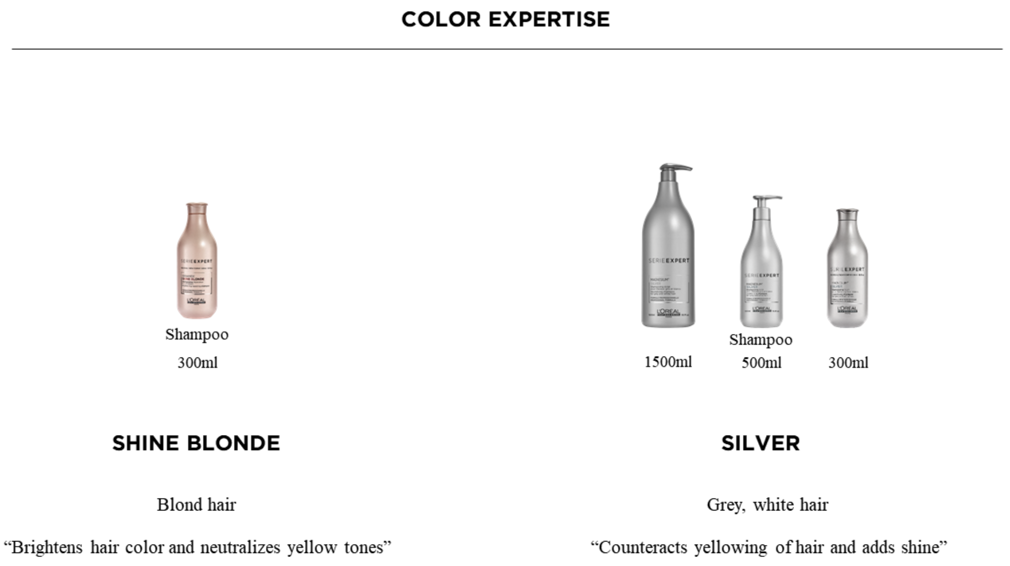
Source: Author's elaboration.

Figure 23 – Lumino Contrast Range.



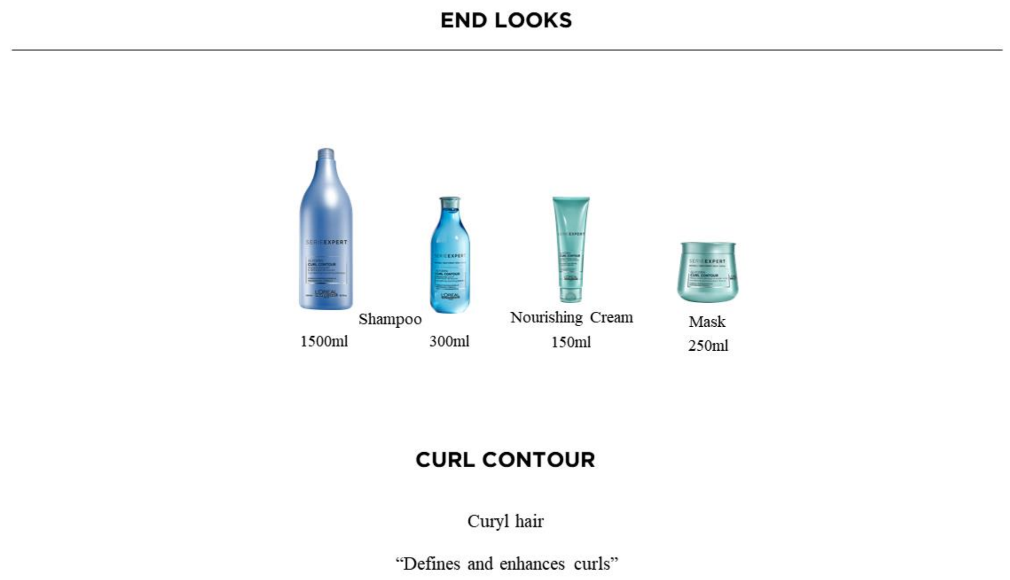
Source: Author's elaboration.

Figure 24 – Shine Blonde and Silver Ranges.



Source: Author's elaboration.

Figure 25 – Curl Contour Range.



Source: Author's elaboration.

Figure 26 – Volumetry Range.

Source: Author's elaboration.

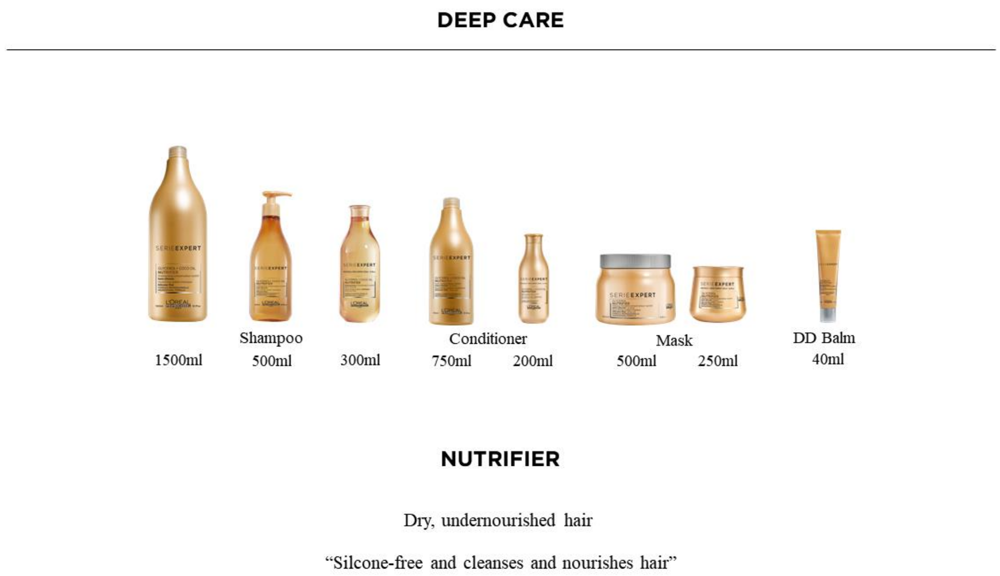
Figure 27 – Liss Unlimited Range.

Source: Author's elaboration.

Figure 28 – Absolut Repair Lipidium Range.

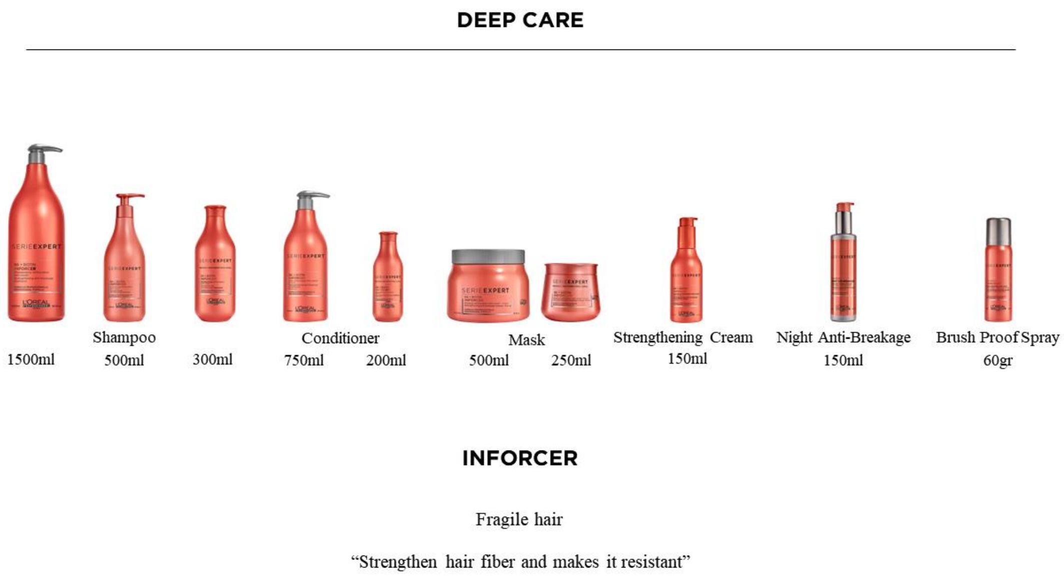
Source: Author's elaboration.

Figure 29 – Nutrifier Range.



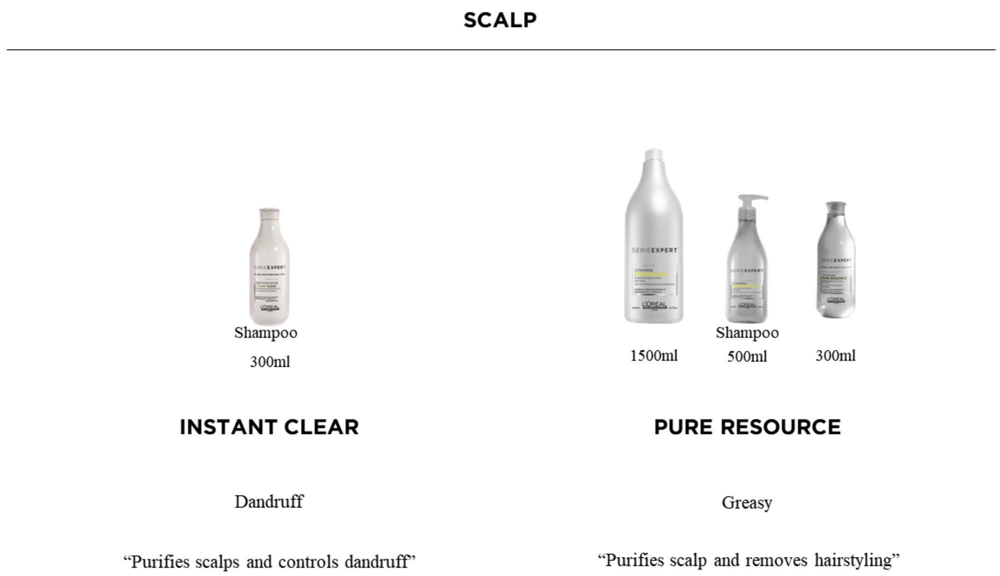
Source: Author's elaboration.

Figure 30 – Inforcer Range.



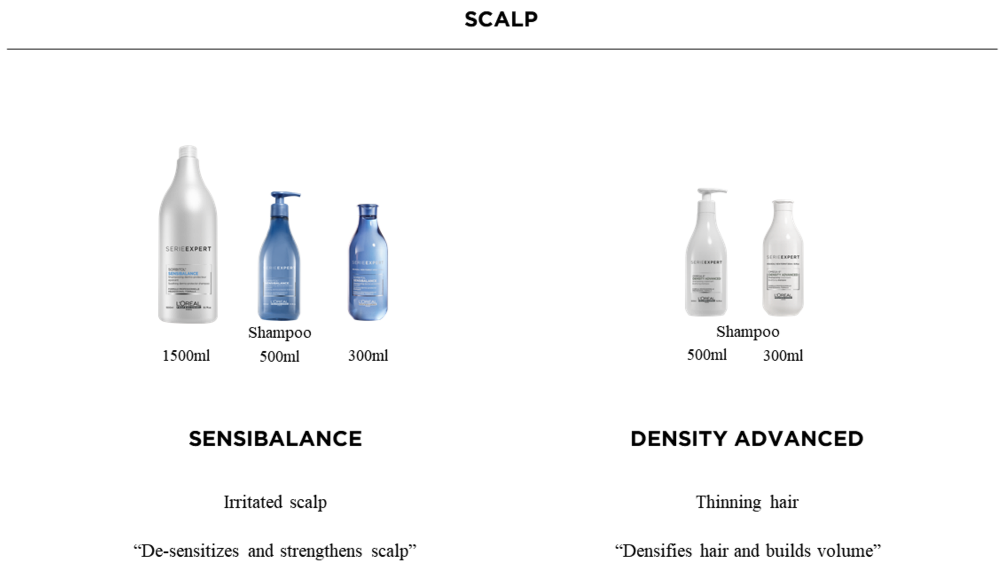
Source: Author's elaboration.

Figure 31 – Instant Clear and Pure Resource Ranges.



Source: Author's elaboration.

Figure 32 – Sensibalance and Density Advanced Ranges.



Source: Author's elaboration.

Figure 34 – Powermix.

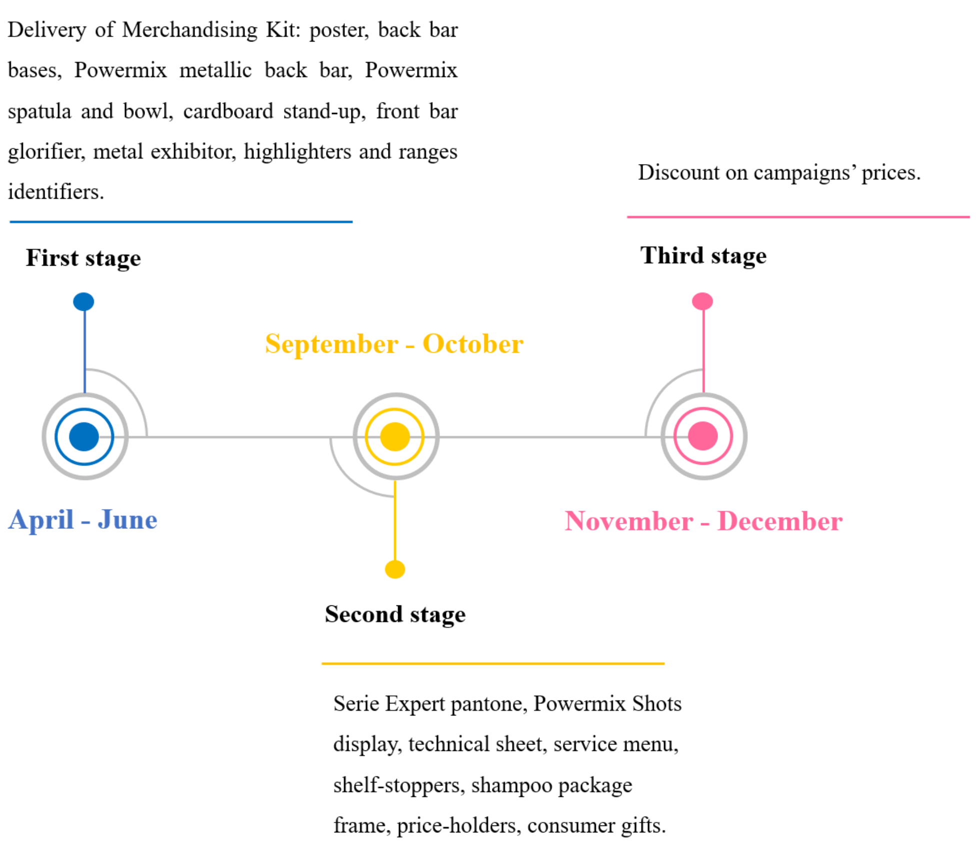
Source: L'Oréal Professionnel archives.

Figure 35 – Powermix Shots.

Color **Liss** **Repair** **Nutri**

Source: L'Oréal Professionnel archives.

Figure 41 – Timeline of offline marketing actions throughout the three stages.



Source: Author's elaboration.

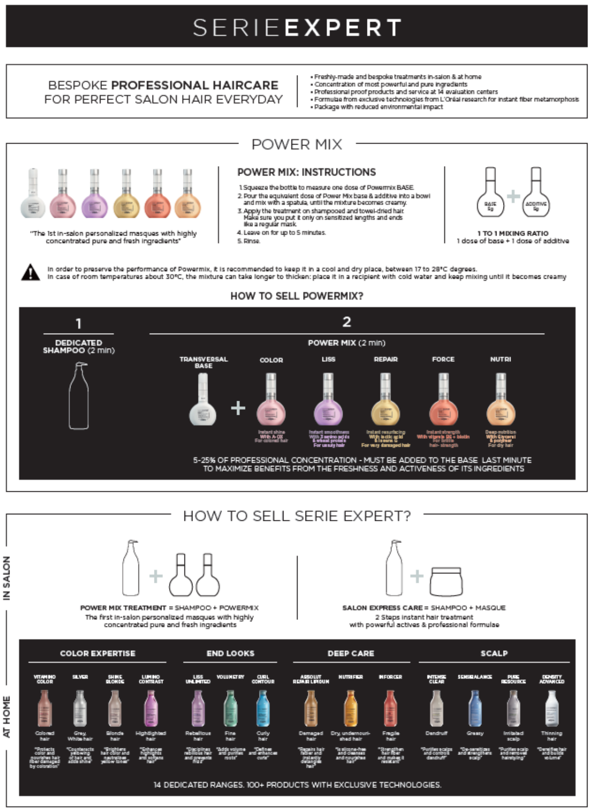
Figure 43 – Cardboard stand-up for the reception counter.

Source: L'Oréal Professionnel archives.

Figure 44 – Serie Expert Pantone (colour chart).

Source: Author's photograph.

Figure 45 – Serie Expert's Technical Sheet.



Source: L'Oréal Professionnel archives.

Figure 46 – Shampoo, conditioner and mask base.

Source: L'Oréal Professionnel archives.

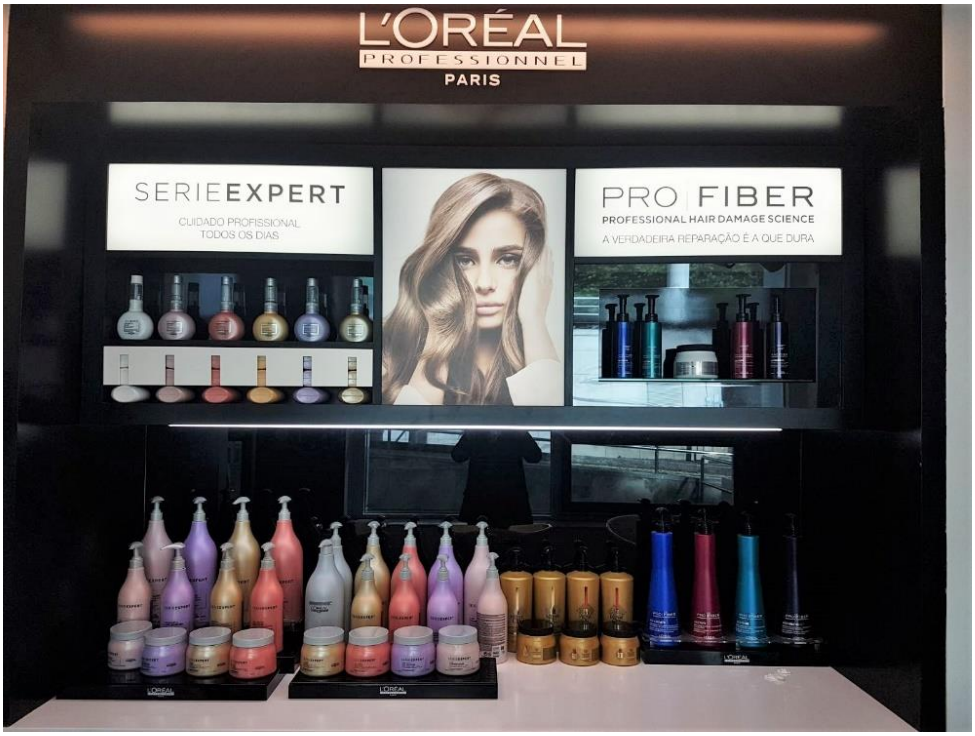
Figure 47 – Wider base for larger orders.

Source: Author’s photograph.

Figure 48 – Metallic back bar for Powermix, with bowl and spatula.

Source: L’Oréal Professionnel archives.

Figure 49 – Back bar located in L'Oréal's Academy, in Portugal.

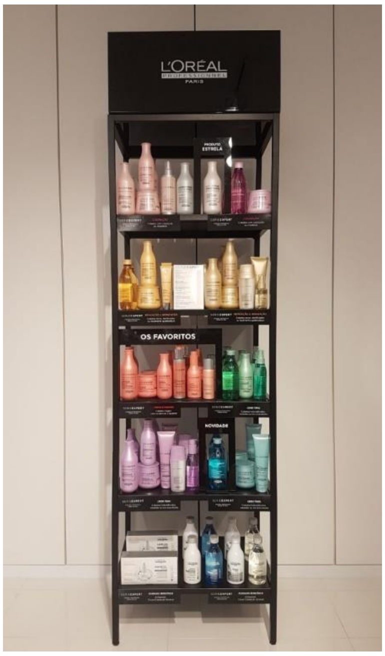


Source: Author's photograph.

Figure 50 – Front bar glorifier.

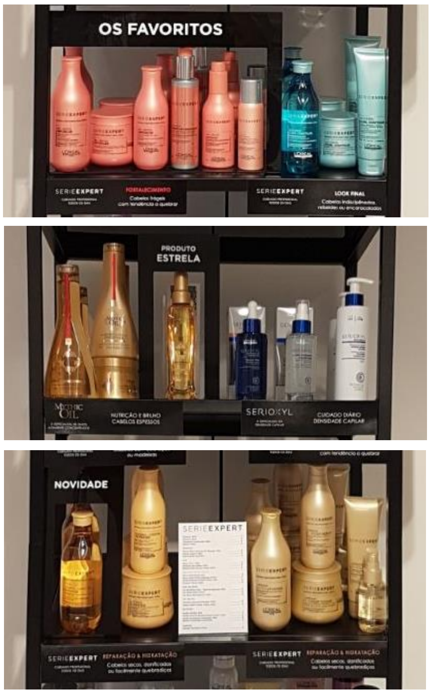
Source: L'Oréal Professionnel archives.

Figure 51 – An example of an exhibitor, placed at the L'Oréal Academy in Lisbon, Portugal.



Source: Author's photograph.

Figure 52 – Favourites, Star Product, and New Highlighters.



Source: Author's photograph.

Figure 53 - Price Holder.

Source: L'Oréal Professionnel archives.

Figure 54 – Promotional shelf stoppers.

Source: L'Oréal Professionnel archives.

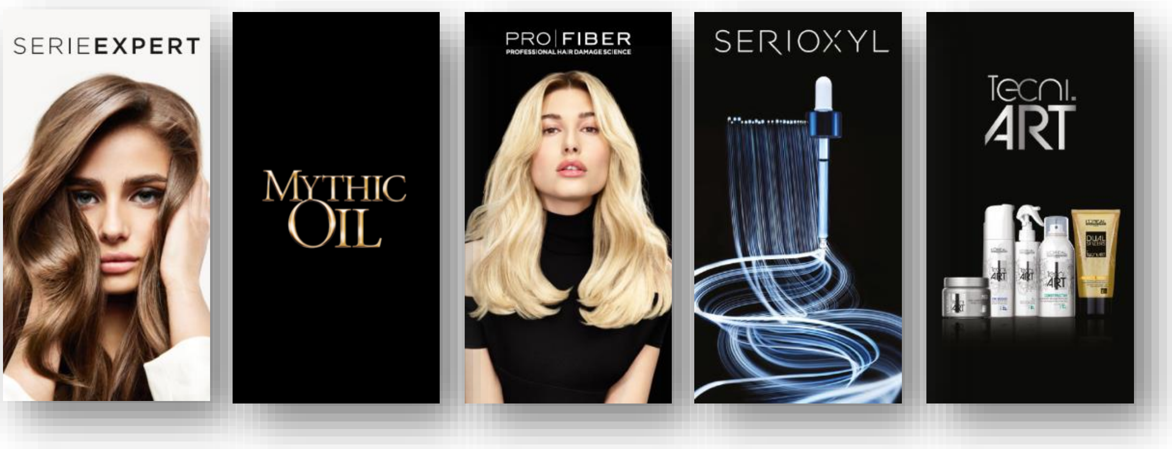
Figure 55 – Shampoo package cardboard frame.

Source: Author’s photograph.

Figure 56 – Horizontal labels for shelves.

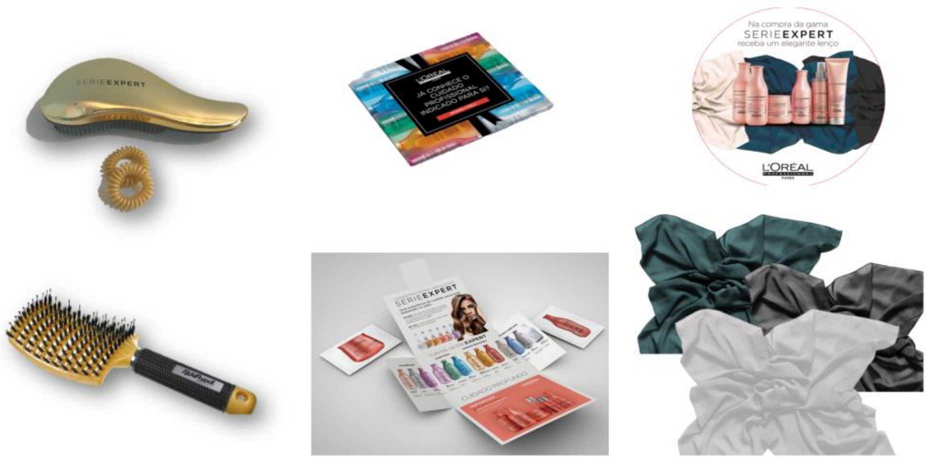
Source: L’Oréal Professionnel archives.

Figure 57 – Vertical labels for shelves.



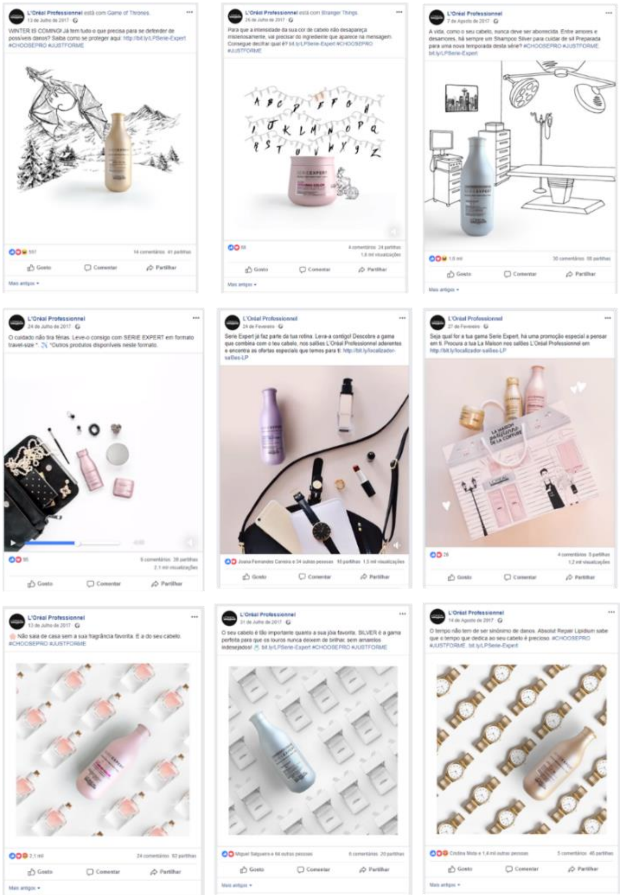
Source: L'Oréal Professionnel archives.

Figure 59 – Gifts for the consumer.



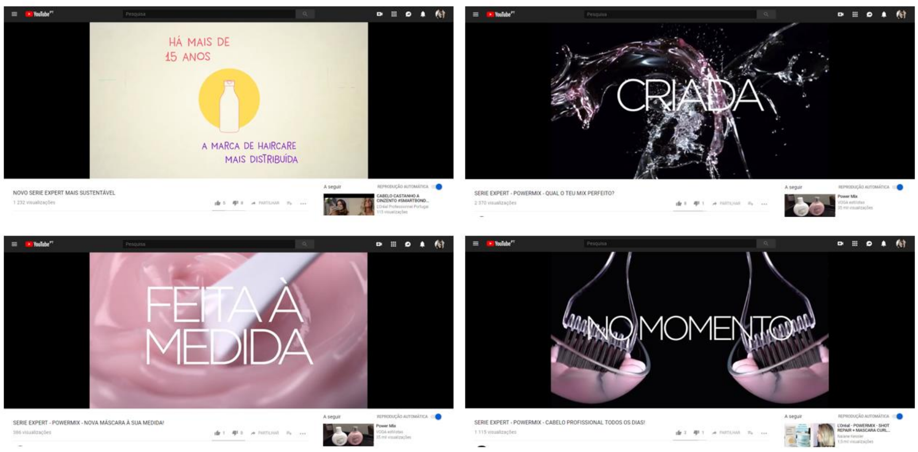
Source: Adapted from L'Oréal Professionnel archives.

Figure 61 – Examples of L'Oréal Professionnel's Facebook posts.



Source: Adapted from L'Oréal Professionnel's Portuguese Facebook page.

Figure 62 – Advertising videos developed by the global marketing team.



Source: L'Oréal Professionnel Portugal's YouTube Channel.