

A CASE STUDY OF L'ORÉAL

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Course Information

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## **A Case Study of L'Oréal**

### **Internal and Strengths and Weaknesses**

Being a leading brand in the field of cosmetics and beauty products, L'Oréal's strength lies in its strong portfolio of products. As such, L'Oréal is the only brand in the entire world of cosmetics and beauty that offers such wide range of products currently. There is currently no other brand that exists in this world offering so many various types of beauty, hair, and skin products at such inexpensive pricing. This is possibly the biggest strength of the company. While several other of its competitors have decided to venture into this industry by offering just a couple of products or product lines, L'Oréal had invested completely and heavily into this particular industry vertical right since the time of their inception. Clearly, the company evidently is a dominant player of the beauty and cosmetics industry because they have, over years, acclaimed such high-profile products under their brand portfolio. That said, there are however certain weaknesses that are associated with L'Oréal. Notable among such weaknesses is the increasing saturation levels of few of their product offerings like for instance, hair care products, as the company is launching a new product almost every day, essentially targeting various types of hair care and problems associated with the same.

### **Nature of External Environment**

The external environment of an organization consists of political, economic, social, technological, legal, and environmental attributes. For L'Oréal, among all the external environmental factors, the economic attribute seemingly has a key role to play because, changes in the economy might result in changing trends in employment, change in buying behavior, and various other similar things, all of which are sure to impact the organization's revenues. For example, if L'Oréal acquires any company from a nation where the economic situation is promising, then such a move would only benefit the company; but on the contrary, it might also be vice versa. So, care should be taken to choose or design appropriate strategies to handle such issues.

### **SWOT**

This section presents a brief SWOT of L'Oréal which would be elaborated later.

| Strengths   | Weaknesses   |
|---|--|
| <ul style="list-style-type: none"> <li>• Strong product line and portfolio</li> <li>• Quality product offerings</li> <li>• Focus on safety of the user</li> <li>• Scientific excellence</li> <li>• Constant focus on Innovation (L'Oréal Paris, 2021).</li> </ul> | <ul style="list-style-type: none"> <li>• Increasing product saturation (especially hair care products)</li> <li>• Weakening profit margins</li> <li>• Higher human capital resulting in slower and slightly ineffective management of the product portfolio (Seth, 2015).</li> </ul> |
| Opportunities   | Threats  |
| <ul style="list-style-type: none"> <li>• Entering the Organic segment</li> <li>• Focus on making new products for niche markets or customer segments</li> <li>• Can make further industry expansions within the same segment as body care, etc.</li> </ul>        | <ul style="list-style-type: none"> <li>• Growing Competition</li> <li>• Current pandemic situation</li> <li>• Changes in the economic situation might hamper cash flows, owing the countless number of product offerings that the company has currently</li> </ul>                   |

### Corporate-level Strategy

### Business-level strategy

### Company's structure and control system

### Recommendations

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