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Strategic Analysis of L'Oréal's Marketing Practices in the Global Cosmetics Industry

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Abstract. The global cosmetics industry has continued to grow driven by the upgrading of consumption and the rise of emerging markets. As a leading enterprise in the industry, L'Oréal's marketing strategy is significant for maintaining its market leadership position and leading industry trends. This study takes "How does L'Oréal maintain its leading position in the highly competitive global market through marketing strategies" as the core issue. Based on the 4P marketing framework and the SWOT model, combined with academic literature and industry data in the past five years, it conducts a sys-tematic analysis of L'Oréal's product portfolio, pricing strategy, distribution network and promotion methods. L'Oréal has constructed a significant com-petitive advantage through a diversified product matrix (such as professional brands for different skin types), a multi-price range coverage strategy, an omni-channel distribution network (especially the e-commerce layout in emerging markets), and the integration of celebrity endorsements and social media marketing. However, it faces challenges such as high reliance on ma-ture markets and controversies over animal testing. In addition, the expan-sion of the male cosmetics market and the development of e-commerce in emerging markets have created new opportunities for it, while the rise of niche brands and regional regulatory differences pose the main threats. The research suggests that L'Oréal further consolidate its market position by deepening localization in emerging markets, strengthening the dissemination of alternative testing technologies, expanding its male product line and op-timizing its sustainable development strategy. This research provides practi-cal references for brand strategy management in the beauty industry.

Keywords: L'Oréal, Marketing Strategy, Global Cosmetics Industry, SWOT Analysis, Emerging Markets.

1. Introduction

The cosmetics industry has witnessed significant growth and transformation in re-cent years. With the improvement of living standards and the evolution of consumer attitudes, global demand for cosmetics has trended steadily upward. As Sin notes, the cosmetics market has expanded remarkably, growing by over 5% annually in the past five years [1,2]. Driven by factors such as the rising middle-class population in emerging economies and increasing focus on personal grooming and self-expression. Against this backdrop, studying L'Oréal—a leading enterprise in the cosmetics

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in-dustry—holds significant academic and practical value. L'Oréal's marketing strate-gies have not only sustained its market leadership but also influenced industry trends.

Understanding how L'Oréal formulates and implements these strategies provides valuable insights for other brands to compete in the market and adapt to evolving consumer behaviors. The central research question is: How has L'Oréal designed and executed its marketing strategies to retain its leading position in the highly competi-tive global cosmetics market? To answer this, a comprehensive review of literature from sources like Google Scholar, Web of Science, and Elsevier was conducted, focusing on articles published within the past five years. This study aims to analyze L'Oréal's marketing strategies in depth, identify its strengths, weaknesses, opportu-nities, and threats, and propose practical improvement suggestions.

2. Brand introduction

L'Oréal has established itself as a globally recognized leader in the cosmetics indus-try with a history dating back to 1909. The company originated from French chemist Eugène Schueller, who developed a safe, synthetic hair dye that formed its founda-tional product [3]. In 1929, it achieved a significant breakthrough by launching the world's first ultra-rapid hair dye, which, as analyzed by industry research in, not only cut down the traditional hair-coloring time by a substantial margin but also made the hair-coloring process more convenient and accessible [4].

Strategic acquisitions have been pivotal to L'Oréal's expansion. The 1964 pur-chase of Lancôme marked its entry into luxury cosmetics, "the 1996 acquisition of Maybelline strengthened its presence in the affordable cosmetics segment." [4]. As the world's largest cosmetics company today, L'Oréal operates in over 150 coun-tries, managing a diverse portfolio that includes prestige brands like Yves Saint Laurent and Kiehl's, alongside mass-market labels such as Garnier and L'Oréal Par-is.

L'Oréal maintains a dominant market position, consistently ranking top in market share and revenue. Even during the 2020 pandemic, it reported revenues exceeding €30 billion [4]. Key success factors include its comprehensive product range—addressing skincare, haircare, makeup, and fragrance needs across price points—and continuous R&D investment, allocating over 3% of annual revenue to innovation [4].

However, regional adaptation remains a challenge. Consumer preferences vary significantly; for example, Asian markets often prioritize different skincare ingredi-ents and packaging than Western markets, requiring extensive research and product customization. Additionally, growing consumer focus on environmental and ethical issues has amplified the need for sustainability initiatives. While L'Oréal has ad-vanced in areas like sustainable packaging, further progress is needed to meet eco-conscious consumers' rising expectations.

3. Marketing strategies analysis

3.1. Strengths

3.1.1. Product

L'Oréal boasts an extremely diverse product portfolio, covering skin-care, haircare, makeup, and fragrance [5]. As Yi highlights, varied skin types require tailored formulations, and L'Oréal caters to these by offering specialized products for oily, dry, and sensitive skin [6]. Brands like La Roche-Posay, under its umbrella, are specifically designed for sensitive skin, offering clinically tested,

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dermatologist-approved solutions. In haircare, L'Oréal addresses various concerns—from hair loss to damage—with professional-grade products like Matrix, available for both salon and home use.

The company's focus on R&D is a core driver of its product advantages. Investing about 3.4% of annual revenue in R&D has fostered innovative ingredients and tech-nologies [4]. For instance, the use of hyaluronic acid in skincare to enhance moisture retention stems from its R&D efforts. Holding numerous patents, L'Oréal not only protects its innovations but also gains a competitive edge in the market.

3.1.2. Promotion

L'Oréal is recognized for its proactive and effective promotional strategies. Celebrity endorsements play a crucial role: the company collaborates with a diverse range of figures, including Hollywood actors, athletes, and social media influencers. As Situmorang et al. note, celebrity ambassadors positively im-pact brand image and consumer purchase decisions [7]. Beyoncé, for example, serves as a global ambassador, helping L'Oréal attract a broad and diverse customer base.

Social media marketing is another key component. L'Oréal actively engages con-sumers on platforms like Instagram, Facebook, and YouTube by sharing makeup tutorials, product reviews, and behind-the-scenes content—efforts that build brand awareness and loyalty. Additionally, the company participates in major international events such as the Cannes Film Festival, where it showcases new products and trends to enhance brand image.

3.2. Weaknesses

3.2.1. Negative publicity on animal testing

Despite L'Oréal's commitment to reducing and eliminating animal testing, the issue occasionally generates negative publicity. In some regions, growing consumer movements against animal testing in cosmetics may lead to boycotts of L'Oréal products. While the company has invest-ed in alternative testing methods (e.g., in-vitro and computer simulations), persistent consumer perceptions that it still engages in animal testing harm its brand image [2].

3.3. Opportunities

3.3.1. Growth of the male cosmetics market

The male cosmetics market has expe-rienced rapid growth in recent years, with increasing interest in skincare, grooming, and makeup among men. L'Oréal can capitalize on this trend by expanding its male-focused product lines. For instance, its Biotherm Homme brand already offers men's skincare products. Biotherm Homme currently serves as a foothold in the male skin-care market, which could be further developed through product innovation and tar-geted campaigns. Further market research into male preferences—and development of innovative products like men's makeup or advanced beard care—could help L'Oréal tap into this growing segment and increase market share [8].

3.3.2. Expansion of e-commerce in emerging markets

E-commerce is thriving in emerging markets such as China, India, and Brazil, which feature large and growing middle classes with rising internet access and purchasing power. L'Oréal has the opportunity to enhance its e-commerce presence in these regions by optimizing web-sites for local

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languages and payment systems, partnering with local platforms, and implementing targeted digital marketing. In China, its success in livestream com-merce—collaborating with influencers on Taobao Live to promote and sell prod-ucts—has notably boosted sales [9].

3.4. Threats

3.4.1. Intense competition

Niche brands often emerge with unique selling proposi-tions, such as The Ordinary's transparent pricing and ingredient-focused branding [5]. This approach has allowed such brands to carve out distinct positions in the market by addressing specific consumer needs or preferences that may not be fully met by larger, more established companies. Meanwhile, large multinationals like Procter & Gamble and Unilever pose significant competition. For example, Procter & Gamble's Olay brand offers a wide range of skincare products at various price points, challenging L'Oréal's market position [4].

3.4.2. Regulatory challenges

The cosmetics industry is subject to strict regulations regarding product safety, ingredients, and labeling, and these regulations vary signif-icantly across different regions. For instance, the European Union has implemented stringent restrictions. According to Regulation (EC) No 1223/2009 of the European Parliament and of the Council, over 1,300 substances are prohibited from use in cosmetics, such as hydroquinone, which has been banned due to its potential to cause skin damage [10]. Additionally, during a pilot enforcement inspection conducted by the European Chemicals Agency (ECHA) from November 2023 to April 2024, it was found that certain non-compliant products contained substances like perfluorooc-tanoic acid (PFOA) and certain cyclic siloxanes (D4 and D5) [10]. These substances are restricted under the regulations of Persistent Organic Pollutants (POPs) and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) due to their persistence, bioaccumulation, and toxicity [10].

4. Suggestions

Based on the analysis, several recommendations emerge for L'Oréal: market de-pendence diversification through increased investment in market research and mar-keting in emerging markets and development of products tailored to local cultural and aesthetic preferences (e.g., expansion and refinement of whitening product lines in Asian markets); animal testing perception addressment by enhancing communica-tion with consumers about alternative testing methods via official channels, social media, and product packaging to rebuild trust through transparency; male grooming trend leverage through collaboration with male influencers and celebrities in the grooming space for effective promotion of male-focused products; product differen-tiation fostering by accelerating development of eco-friendly formulations with bio-based ingredients (e.g., plant-derived hyaluronic acid) and refillable packaging sys-tems, as seen in L'Oréal's "Zero Waste Beauty" initiative supported by its 3.4% an-nual R&D investment; and regulatory compliance strengthening through establish-ment of dedicated regulatory affairs teams in major regions to monitor changes and collaborate with R&D for timely compliance [4].

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5. Conclusion

This study analyzed L'Oréal's marketing strategies in the global cosmetics industry. With a long history and diverse product portfolio, L'Oréal has established a strong global presence. Its strategies, evaluated through the 4P framework, demonstrate strengths in product diversity, pricing, distribution, and promotion. However, chal-lenges include over-reliance on mature markets and animal testing-related reputa-tional risks. Opportunities lie in the growing male cosmetics market and e-commerce expansion in emerging markets, while threats include intense competition and regulatory complexity.

The proposed suggestions—including investing in emerging markets, improving communication on animal testing, partnering with male influencers, driving innova-tion, and enhancing regulatory management—can help L'Oréal refine its strategies. Implementing these could increase market share, improve brand image, and foster adaptability to changing consumer demands and regulations. Academically, this study contributes to understanding marketing strategies in the cosmetics industry and serves as a reference for future brand management research. Overall, L'Oréal can further solidify its market leadership by addressing challenges and seizing op-portunities.

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