

Market SWOT Analysis on L'Oréal Beauty Company

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Abstract. The introduction of the novel coronavirus pandemic as well as the transition to the digital era have altered the sales market model. L'Oréal, the pioneer of beauty industry excellent its development despite the external interference. In this study, a SWOT analysis is employed to analysis the company's current market situation, by identifying the strengths, weaknesses, opportunities, and threats of L'Oréal. In each dimension of the SWOT model, an in-depth investigation is conducted, and a corresponding suggestion is put forward. The study focuses on how to enhance strengths, avoid weaknesses, create opportunities, and face threats. Through this analysis, the core competencies of L'Oréal are recognized, and a comprehensive overview of the competitive landscape is drawn. Understanding these core competencies and the competitive landscape will be essential for a successful sales market model in the future. This study aims to have a thorough understanding of the beauty market where L'Oréal thrived in and provide market suggestions for those who want to learn about the domain.

Keywords: L'Oréal; Strength; Weaknesses; Opportunities; Threats.

1. Introduction

L'Oréal, a French cosmetics corporation founded in 1907, has a global distribution network and lots of subsidiaries such as Ambre Solaire and Giorgio Armani [1]. L'Oréal is one of the most successful companies in the cosmetics industry and, despite its French origins, has grown to become a truly global firm. 'This well-known brand's success can be attributed to its innovative use of technology and marketing strategies, as well as its ability to cater to the different consumer requirements around the world. L'Oréal is not only a leader in cosmetics, it also produces skin care products, hair dye and perfumes, with a presence in pharmaceutical and dermatological research. L'Oréal mainly satisfies consumers through innovation, in which adaptation and change of conditions are the key factors to encourage growth [2]. Therefore, it would be worthwhile to explore how should L'Oréal as the industry leader, develop innovative products and seize the beauty market to maintain its leading position in the industry for the next ten years.

In the United States, large companies such as Procter & Gamble and Estee Lauder are strong competitors for L'Oréal in the fierce beauty market. Similar situation happed in China, many domestic brands are born, customers are willing to try those relatively low-cost products and reduce the idea of buying big-name products. The advantage of L'Oréal is that they have their own cross-products matrix own brand in every field. The deficiency is how L'Oréal should use its current advantages to develop continuously and lead the new trend of the industry in the future. What opportunities can L'Oréal create for the company to break through and bring better profits? And how can it deal with the threats they face in today's society? L'Oréal has been using both aggressive and conservative marketing methods to capture the emotional needs of customers. In recent years, women have played an irreplaceable role in advancing the progress of technology, making the beauty industry sustainable. L'Oréal gives women their rightful social status and makes beauty a responsibility [3].

Sustainable safety is now a change for the beauty industry and the market as a whole after COVID-19, with the main focus on sourcing and researching products with safety in mind [4]. L'Oréal, one of the leaders, strictly adhered to the act and quickly reversed the trend to remain ahead of the times during the epidemic to achieve profitable results [5]. Since its founding in 1909, L'Oréal has been committed to creating innovative products of the highest quality for more than 100 year and sustain the top level by consistent development. Brands have advantages and disadvantages; Taking advantage of opportunities and facing threats in the market, challenges have made L'Oréal what it is

today. By leveraging its strengths, such as its long-standing reputation for quality, new ideas and research capabilities, L'Oréal has been able to remain competitive in the marketplace. They have overcome obstacles, made sacrifices, given up unsuccessful product. In the end, they build the world's largest beauty company, and possess superior innovation and brand acquisition skills.

Research on L'Oréal can not only seek out better development strategies for L'Oréal's to broaden its product range and break through the existing system but also enlighten other beauty product for their future path. This study uses the SWOT method to study each of its four aspects, then propose suggestions for L'Oréal's subsequent development and to establish a model for other rising beauty companies to follow.

2. SWOT Analysis on L'Oreal's

2.1. Analysis Model

SWOT is an in-depth analysis for a project or organizations, including Strengths, Weaknesses, Opportunities, and Threats. They respectively represent the Strengths and advantages within the enterprise; Weaknesses and deficiencies; Opportunities and prospects in the industry; Threats and challenges.

2.2. Strengths - a World Leading Beauty Company

As the world's largest premium cosmetics company, L'Oréal has acquired several brands to form a comprehensive brand matrix. This brand matrix enables L'Oréal to offer a wide range of cosmetics and services that cater to different markets and tastes. The four major areas are high-end cosmetics (Giorgio Armani, Lancôme, YSL, etc.), mass cosmetics (L'Oréal, Maybelline, etc.), health cosmetics (Vichy, etc.) and professional hair care products (L'Oréal, Kerasotes, etc.) [1]. This strategic approach to brand development is a smart move for L'Oréal, as it allows them to tap into different consumer segments without having to create a new product or brand from scratch. L'Oréal has been focused on innovation from the beginning, developing safe and effective beauty and hair care products to expand globally. For example, ColourMe is an artificial intelligence-powered virtual makeover tool developed by L'Oréal, ModiFace, and Watsons, which uses facial recognition and augmented reality to enable users to try on different makeup products in real time. This innovation expands the digital market, where people can use virtual makeup to determine the products they want and buy their favorites without the need for in-store service [6]. In addition, L'Oréal also tailors a wide variety of products and services for different markets and consumers, while also leveraging their existing research and development. L'Oréal's success cannot live without their different market segments and a constant customer care all the time.

2.3. Weaknesses - Challenging Breakthrough

L'Oréal has had success and is recognized as a leader in the beauty industry, but how to break through to achieve a growing revenue without being impacted by the headwinds is now the crucial question. Finding additional breaks and new value in the brand can be a bottleneck for L'Oréal in the industry. Therefore, L'Oréal should continue to explore innovative ways to increase its presence in the beauty industry. If the product is satisfied with the current situation, then it will be defeated by society. However, the lack of strong competitors in the market and the formation of a mutual promotion relationship exacerbates the lack of motivation. First, L'Oréal's dominant position in the market makes it difficult for them to feel a sense of urgency and break out of existing values. Second, in 2020, revenue growth in L'Oréal's premium products segment was negative for a period of time due to the impact of the pandemic [5]. This shows that no matter how high a product's market share is at present, it will still be affected by external factors, and the brand should constantly strive to innovate to keep up with the changes of the times. Right now, L'Oréal is offering quality services to women and not focusing on men's products. In order to gain a competitive advantage in the market and increase customer loyalty, L'Oréal should expand their product line and actively anticipate

emerging trends and demands. There is a huge market of consumers other than women; men also love beauty, and older people have more energy to care about their looks. In order for L'Oréal to truly achieve global and multi-field development, it still needs continuous improvement and efforts to avoid being overtaken by the times. In conclusion, it is clear that the best way to ensure L'Oréal's competitive advantage in the market is to implement a proactive strategy. Continuous research and improvement of current products and services, not being satisfied with the current situation, and being able to predict the needs of customers are the best ways for L'Oréal to improve itself.

2.4. Opportunities - Prosperity of Digital Marketing

In recent years, digital marketing has expanded the market for beauty products, and L'Oréal can promote its brand through multiple channels. From developing its own website, using social media platforms such as Instagram and YouTube, to running targeted advertising campaigns, L'Oréal can reach a wider audience with the click of a button. Through mass media marketing to display new products to quickly achieve the effect of product promotion. The marketing of online shopping has changed the way young people shop. By utilizing digital marketing, L'Oréal can reach potential customers through multiple channels, gaining access to a much wider audience than ever before. They pay more attention to spatial sense, personal nature, and personalized products [7]. To attract younger audiences for such era opportunities, L'Oréal can capitalize on new age characteristics. Everyone can be specially treated by tailoring products to suit their skin through online means. Without doubt, the progress of the times also promotes the development of science and technology. People can start to do in-depth research on the skin, and the shared skin microecology has made great progress under the research of L'Oréal [8]. This allows consumer to enjoy the customized the products they need and provides a more convenient experience for users, allowing people of all ages to experience the convenience of skin care. Digital marketing has helped companies gain a sustainable role and grow their businesses during the COVID-19 pandemic outbreak [9]. Out of the way, marketing is constantly finding and creating online sales to reduce costs [9]. L'Oréal used modern technology to increase the click-through and conversion rates of its product marketing, giving the product a strong competitive advantage. L'Oréal has well grasped the opportunity of the times and promoted its products to a new wave by using technology and digital marketing, which improves the credibility of the products and solves the existing problems of human beings.

2.5. Threats - Rising Competitors

In such a competitively pressured society, L'Oréal is not immune. There are many excellent products on the market, and many are successful, each with its own uniqueness (cheap, beautifully packaged, innovative design). Consumers are becoming increasingly savvy, and L'Oréal must continue to innovate in order to stay ahead of the competition. For L'Oréal, this is the threat of peer pressure. There is a typical positive example for threats responding that is worth mentioning. At the beginning of the twentieth century, people were suspicious of dyeing their hair as this is something only vulgar women did [1]. However, by the mid-twentieth century, attitudes had changed. Schueller taught people how to use hair dye properly and let go of their old feelings [1]. He offered a way to enjoy beauty without guilt or stigma, and this shifted people's perception of hair dyeing, which allowed the brand to make an indelible mark in the industry. The hair dye threat was removed because of Schueller's actions. However, in today's society, opportunities are always lay with uncertainties, to be more specific, children may not need to use good skin care products, men who use cosmetics are possibly be rejected, and the elders sometimes no longer have the appeal of the traditional idea of cosmetics. The limitations of cosmetics are a threat to L'Oréal; they should focus on these traditional ideas to break them. As Schueller proved, the power of L'Oréal is in its ability to redefine beauty. Everyone has the right to pursue beauty and responsible brands should bring ideological help to all people, not just women.

3. Suggestions for L'Oréal

3.1. Expanding Market

L'Oréal is a sustainable company, but there's a lot of social pressure to expand its reach beyond women. As a result, the company has made great strides to expand its sustainable reach to men, aged people, and babies. Baby cream, paper towels, men's skin care products, toiletries, elder care products, and beauty products are all industries that can grow. L'Oréal has become a leader in the sustainability movement, not only because of its commitment to women's products, but also for its innovative approach to reaching new customers. The main limitation of the beauty market is the secular perspective. L'Oréal should face the limitations of the market and break from traditional thinking. On the other hand, to overcome the weakness of L'Oréal, we can improve the system. In order to break from traditional thinking, L'Oréal should focus on innovation, research, and the development of products that cater to the needs and desires of the modern consumer. For sustainable development, L'Oréal can collectively emphasize the three dimensions of economic change, social change, and reducing environmental activities [10]. L'Oréal needs to challenge the limitations brought by society, expand the market, and systematically improve itself in three dimensions. By incorporating innovative technology, understanding customer needs, and keeping up with the trend of environmental protection, L'Oréal will be able to stay ahead of the competition in the industry and be an example for other companies.

3.2. Keeping up with the Trend

L'Oréal also faces external opportunities, such as digital marketing. With the rise of digital marketing, companies like L'Oréal have lots of opportunities to reach an ever-growing global audience and promote their products more effectively than ever before. Websites like ColourMe help customers simulate how a product looks on their faces, offering a walk-in service and a pick-up service after a purchase [6]. Furthermore, the online presence that digital marketing provides gives L'Oréal access to real-time data and customer insights, which allow them to better understand customer needs and tailor their products accordingly. That also allows customers to experience the products of L'Oréal without leaving home. L'Oréal can further improve the sense of science and technology in its products and use AR to make customers feel more real. People can download the app from the store or on Steam, and it will use augmented reality to show all of the products as well as a real-time simulation of the effect on the customer's real life. This will help to bring the products of L'Oréal closer to customers and make it easier for them to understand the effects of the products in their everyday lives. L'Oréal should seize all the opportunities presented by today's society and use them to make the customer experience better and increase the value of the brand.

3.3. Alliance and Acquisition

The beauty industry is oversaturated, and L'Oréal should acquire more brands and turn its competitors to allies. As a global brand, L'Oréal should be associated with internationalization. L'Oréal can broaden its own brands to meet the excessive demand for beauty products on the market, enrich its matrix to make more products work for L'Oréal. This will help to balance the business and reduce the competition in the industry for L'Oréal. At the same time, L'Oréal shall continue to launch new products and strengthen its commitment to research and development, ensuring the brands are keeping up with the trend. The main methods are applying celebrity endorsements or brand spokesperson to keep the brand consistent and increase consumers' willingness to buy [11]. By putting a barrier on the brand, it is saying that no other brand can ever be better than L'Oréal, whose vision, innovation, and technology are unparalleled in the industry. With its celebrity endorsements, brand spokesperson and dedication to innovation and technology, L'Oréal has managed to create a powerful brand that is almost irreplaceable.

4. Conclusion

This study employs SWOT analysis to gain an insight of L'Oréal' internal situations and external matters, concludes that L'Oréal can be relatively improved from the perspectives of market segmentation, creative branding, and brand acquisition. First, L'Oréal can address the need to create customized products in multiple ranges for men, seniors, and children to increase product coverage. Secondly, seizing the opportunity of digital marketing allows the product to use modern technology to keep up with the times and increase the revenue of the product. Finally, it is possible to turn emerging small competitors into their own and work for L'Oréal. This study can help people who want to understand what competitive pressures the beauty industry may encounter in our society. L'Oréal shall not remain stagnant but instead continue to innovate and lead the world. It is proposed that a research progress for technology utilization should be conducted for a better customer experience, thus the branding system as a whole is improved, and the value of the product is enhanced. However, this research is a business strategies driven analysis, some product quality related improvements such as optimization of product ingredients and analysis of human skin were not addressed, more such data could be collected for a further analysis, this shall be the next steps for L'Oréal related research. Researchers can be interested in how product ingredients can be upgraded and how the business can be expanded to strengthen L'Oréal's position as the world's leading cosmetics company. Continuing to research future beauty industry trends and suggesting new types of product innovation.

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