

L'Oréal – An Approach to the Organization

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ABSTRACT: The objective of this work is to conduct an in-depth analysis of the company, focusing on its development, its international strategy, and the elements that differentiate it from its competitors. This analysis will help us better understand how a French company can achieve global success while maintaining a strong and coherent brand identity. At the organizational level, L'Oréal illustrates how a large multinational can remain agile without losing structural stability. By balancing standardized global processes with strong local adaptation, the company manages to protect its core activities while continuously experimenting with new products, technologies, and business models. This balance significantly reduces strategic risk while supporting long-term growth.

KEY-WORDS: L'Oréal; Organization; Strategy; SWOT

I. INTRODUCTION

We chose this company because it is one of the most successful companies in our own country. As a French company, it has not only established a strong leadership position in France but has also expanded far beyond its national borders, successfully operating in almost every country around the world. This international expansion highlights its ability to adapt to different markets, cultures, and consumer expectations. It is particularly important to analyze this company to understand the reasons behind its success and the strategies that allowed it to become one of the leading cosmetic companies worldwide. By studying its history, organization, and market strategy, we aim to identify the key factors that have contributed to its long-term growth and global influence.

II. THE COMPANY

L'Oréal's story began in 1907 with its founding by Eugène Schueller, a French chemist driven by a scientific vision of beauty. He developed a synthetic hair dye that was safer and more effective than the solutions available at the time, which he sold directly to Parisian hairdressers. This connection with industry professionals is one of the enduring foundations of L'Oréal's strategy. From the 1910s and 1920s onward, the company developed new lines of hair care products and gradually established itself through the scientific quality of its formulas, making innovation a central pillar of its identity

From the 1930s onward, L'Oréal gradually expanded its operations internationally, opening subsidiaries notably in Belgium and Switzerland, marking the beginning of its transformation into a multinational corporation. During the 1950s and 1960s, the group diversified its product range by launching skincare and makeup products, while also developing innovative advertising campaigns for the general public. In 1963, L'Oréal reached a decisive milestone by becoming a structured international group, thanks to the acquisition of several European brands and the establishment of specialized divisions for each product type, thereby strengthening its organizational and strategic efficiency. The 1970s to 1990s marked a period of consolidation and innovation. In 1973, L'Oréal acquired Lancôme, thus entering the luxury and fragrance market, while also launching the iconic slogan "Because I'm worth it" that same year, which would become a powerful symbol of the group's brand image. At the same time, L'Oréal developed dermatological brands such as Vichy and La RochePosay, strengthening its scientific and medical credibility.

This period was also marked by major geographic expansion in the United States, Asia, and Latin America, as well as a rise in targeted marketing and brand communication. From the 2000s onward, L'Oréal entered a phase of accelerated globalization and diversification, driven by the acquisition of numerous innovative brands such as Kiehl's, Yves Saint Laurent Beauté, NYX Cosmetics, and Urban Decay. The group also strengthened its commitments to social and environmental responsibility, launching programs aimed at reducing its carbon footprint and prioritizing more sustainable ingredients. At the same time, L'Oréal positioned itself as a pioneer in beauty tech, integrating e-commerce, augmented reality, and artificial intelligence very early on (developing Albased skin and hair diagnostic tools such as Skin Consult AI and Skin Genius,

Using image analysis algorithms to recommend personalized skincare routines, and launching services like Perso that allow users to create customized skincare formulas from individual data) to offer personalized beauty experiences. Today, L'Oréal is recognized as the world's leading beauty company, with sales of approximately €36 billion in 2023 and a portfolio of more than 35 brands covering the luxury, dermo-cosmetics, professional, and consumer segments. The Group is now focusing its strategy on scientific and technological innovation (AI, biotechnology, green science), diversity and inclusion, and sustainability, with the goal of achieving 95% bio-sourced or circular economy ingredients by 2030. Finally, L'Oréal affirms a strong social and ethical commitment through initiatives such as the Stand Up program against street harassment, Share & Care for its employees, and the annual organization of a World Ethics Day, illustrating its commitment to creating beauty that moves the world forward.

III. SWOT

Strengths : L'Oréal's primary strength is strong international presence and massive global reach. Operating in over 130 countries, the company benefits from a cost-efficient supply chain and distribution network that allows products to be available at competitive prices. Its ability to combine global scale with highly localized marketing strategies gives L'Oréal a decisive advantage in adapting to regional consumer preferences. Another major strength is its exceptionally wide and diversified product. From affordable mass-market brands such as Garnier and Maybelline to premium and luxury labels. This diversification across makeup, skincare, hair care, sun protection, and fragrance reduces dependency on a single product category and limits overall business risk. L'Oréal also stands out for its heavy investment in research and innovation. In 2023 alone, the company invested over \$1.3 billion in R&D, positioning itself not only as a trend follower but as a trend creator. Its innovations include AI powered skin diagnostics, augmented-reality makeup try-ons, and personalized skincare solutions. The company collaborates closely with dermatologists, skin scientists, cosmetologists, and researchers, ensuring that its products meet the highest standards of safety, performance, and efficacy. In response to evolving consumer expectations, L'Oréal places strong emphasis on ingredient safety and health-conscious formulations. Modern consumers increasingly seek healthy hair and glowing skin while avoiding toxic chemicals. L'Oréal addresses this demand by carefully selecting ingredients and increasingly incorporating natural components, even when this results in higher production costs. Additionally, L'Oréal has built a powerful digital ecosystem. Its digital-first strategy, supported by influencer partnerships, TikTok-friendly content, and seamless e-commerce experiences, has made beauty more accessible and engaging for younger, digitally native consumers. These strong ties with influencers and online platforms reinforce brand visibility, desirability, and customer loyalty.

Finally, L'Oréal's strong brand value and financial resources reinforce its competitive position. According to Forbes, the company's market capitalization reached approximately \$162.5 billion in 2020, ranking it among the world's most valuable brands and within the Global 2000 companies. These substantial financial resources allow L'Oréal to continue investing in innovation, marketing, sustainability, and global expansion, securing its long-term leadership in the beauty industry.

IV. WEAKNESSES

Despite its strong global reputation, L'Oréal faces several weaknesses that can affect its brand image and operational efficiency. Over the years, the company has been exposed to reputational challenges, including criticisms related to animal testing practices in China, accusations of greenwashing, and concerns regarding workplace diversity and inclusion. These issues, frequently highlighted in the media, have at times tarnished the company's otherwise polished and responsible image. Another is in L'Oréal's historical focus on female consumers. While the company has started to enter the male grooming and beauty segment, it has missed early opportunities in the rapidly growing men's beauty market. This late positioning has allowed competitors to establish stronger brand loyalty among male consumers, reducing L'Oréal's first-mover advantage in this segment. L'Oréal also suffers from organizational complexity and structural inefficiencies. Although it offers a vast product range, the company operates with relatively limited divisional categories, despite employing more than 80,000 people across customer care, manufacturing, logistics, and product development. This heavy human capital can lead to bureaucracy, slow decision-making, and delayed market responses, reducing agility in an industry where speed and adaptability are critical.

Furthermore, L'Oréal's very high investment in research and development, while essential for innovation, significantly increases operational costs. The continuous need to innovate in order to stay ahead of competitors puts pressure on profitability. The company also operates in one of the most competitive industries in the world. The global cosmetics, beauty, and personal care market is highly saturated, especially in skincare and haircare. The constant launch of new products has reduced growth opportunities, intensified competition, and increased the risk of market share erosion, thereby threatening L'Oréal's long-term dominance. Finally, L'Oréal shows a strong dependence on key geographic markets, particularly Europe and North America, which generate a large portion of its revenue. This reliance exposes the company to economic downturns, political instability, regulatory changes, or shifts in consumer behavior in these regions. Any disruption in these mature markets could have a significant impact on overall financial performance.

V. OPPORTUNITIES

L'Oréal faces significant growth opportunities in emerging markets, particularly in Asia, Africa, and Latin America, which are rapidly becoming new beauty powerhouses. Rising disposable incomes, urbanization, and increasing digital savviness in these regions are driving higher demand for beauty and personal care products. By adapting its offerings to local needs and strengthening digital and e-commerce channels, L'Oréal can further expand its global footprint and reduce its dependence on mature Western markets. Another major opportunity lies in the shift from surface-level beauty to inside out wellness. Consumers are increasingly viewing beauty as part of overall health and well-being. L'Oréal can capitalize on this trend by expanding into ingestible beauty products, nutritional supplements, and dermatology-based services, combining cosmetic expertise with medical and scientific credibility to offer more holistic beauty solutions. Changing consumer preferences also represents a strong opportunity. Today's customers increasingly demand products that are free from silicone, parabens, and sulfates, as well as formulations that are cleaner and safer.

L'Oréal is already active in organic and clean beauty lines, and further development in this area would allow the company to strengthen its position among health-conscious and environmentally aware consumers. Thanks to its long-standing presence in the beauty and personal care industry, L'Oréal benefits from strong brand trust and customer loyalty, while consumers simultaneously seek new, innovative experiences. This creates continuous opportunities to launch novel products, textures, and formats that respond to evolving expectations and reinforce customer engagement. Additionally, leveraging digital technologies offers substantial growth potential. L'Oréal can further use AI, data analytics, and digital platforms to personalize products and services, enhance customer interaction, improve demand forecasting, and optimize its supply chain. Digital innovation also supports faster product launches and more efficient inventory management. Finally, the growing importance of sustainability presents a key opportunity for L'Oréal. By continuing to invest in environmentally friendly, ethical, and sustainable products, the company can appeal to eco-conscious consumers, comply with stricter regulations, and strengthen its corporate reputation. Sustainability can thus become not only a responsibility but also a competitive advantage and a driver of long-term growth.

VI. THREATS FACING L'ORÉAL

L'Oréal operates in an extremely competitive and fast-moving beauty industry. On the luxury end, competitors such as Estée Lauder challenge L'Oréal with strong prestige brands, while indie disruptors like Glossier and The Ordinary innovate faster and often at lower prices. These agile competitors can quickly capture market share by responding more rapidly to trends, transparency demands, and price sensitivity. Another major threat comes from constantly shifting consumer preferences, particularly among Generation Z. Younger consumers are highly volatile, value-driven, and trend-sensitive, frequently changing brands based on social media influence, reviews, and ethical positioning. This makes brand loyalty more fragile and forces L'Oréal to continuously invest in innovation and marketing to remain relevant. Geopolitical and economic risks also represent a significant threat. China, one of L'Oréal's largest growth markets, has shown signs of economic slowdown and regulatory uncertainty. Changes in government policies, testing regulations, or consumer sentiment could negatively impact sales and long-term growth in this strategically important region. Additionally, L'Oréal faces increasing regulatory pressure worldwide. Stricter rules on packaging, ingredients, product safety, labeling, and carbon emissions raise compliance costs. Any failure to meet these regulations could result in legal penalties, financial losses, or reputational damage, making regulation a persistent threat in a highly scrutinized industry. The company's broad product diversification, while generally strength, can also become a threat. Demand across different beauty segments fluctuates depending on macro-environmental factors such as economic conditions, social trends, and consumer purchasing power.

When demand rises in one segment but declines in another, this imbalance can impact profitability and create cash-flow challenges. The beauty and personal care industry is also highly volatile. Trends driven by celebrity endorsements, influencer marketing, viral reviews, and rapid product launches constantly reshape the competitive landscape. Keeping pace with these dynamics requires substantial financial investment, making innovation increasingly expensive and risky. Finally, global economic uncertainty, reinforced by recent crises such as the pandemic, poses an ongoing threat. Lockdowns, rising unemployment, and tighter household budgets have reduced consumer spending on nonessential and luxury products, including premium beauty items. In times of inflation or recession, consumers tend to prioritize necessities, directly affecting L'Oréal's revenue and net profitability.

VII. CURRENT STRATEGY

Within an organization, it is important to understand its purpose before implementing any strategy. L'Oréal has therefore defined its vision, mission, and values, which form its reason for being and guide, in the long term, its strategic decisions.

It vision – “What we want to be” : L'Oréal's vision is to create beauty that moves the world forward. The group sees beauty as a universal force, capable of boosting self-confidence, fostering human connection, and contributing to social, environmental, and economic progress.

L'Oréal thus aspires to be the world leader in beauty, innovative, responsible and sustainable, serving all forms of beauty, everywhere in the world.

It mission – “What we do every day”

L'Oréal's mission is to offer everyone, worldwide, the very best in beauty, by responding to the infinite diversity of consumer needs and desires. This mission is realized through the creation of products and services that combine quality, effectiveness, safety, sincerity, and responsibility, made possible by continuous innovation based on science, technology, and the inspiration of nature. Furthermore, the Group is committed to removing barriers to women's ambition and promoting their empowerment, notably through the Stand Up program, which aims to combat street harassment and reflects this commitment to moving the world forward.

Its values – “How we achieve it”

L'Oréal's values guide all of its strategic actions and decisions:

● **Innovation:** L'Oréal invests more than €1 billion annually in research and innovation, employing 4,000 researchers and conducting intensive work in advanced technologies, AI, data, and nanotechnology to anticipate consumer needs. This demonstrates that L'Oréal does not simply sell products, but continually reinvents beauty, enabling it to remain a global leader. (Beaut Tech, Green Sciences)

● **Diversity and Inclusion:** The company is ranked among the world's top companies for diversity and inclusion in the FTSE Russell D&I Index. Initiatives such as making salons accessible for visually impaired individuals (e.g., the Blindlook partnership) and packaging innovations with accessible QR codes demonstrate its practical commitment to inclusion. The Inclusive Sourcing program helps more than 106,000 people access employment through partnerships with socially vulnerable suppliers.

● **Environmental Responsibility:** Commitment to having 95% bio-based or circular economy ingredients by 2030. The Fund for Nature Regeneration finances reforestation, mangrove regeneration, and biodiversity protection projects across several continents.

● **Ethics:** Every year, L'Oréal organizes a Global Ethics Day, during which employees worldwide can discuss ethical issues online with the Chairman and CEO of L'Oréal and the Managing Directors of each country. In 2017 and 2018, L'Oréal received the Grand Prix de la Transparence (Transparency Award) for its Ethics Charter.

● **Social commitment:** The Inclusive Sourcing program provides real access to employment for vulnerable populations in nearly 70 countries. In addition, the group offers social initiatives such as the Share & Care program, providing extensive social benefits (parental leave, health, etc.) to employees in all countries.

L'Oréal's strategy is a clear intention declaration:

To dominate the global beauty market

Through innovation, brand differentiation, and portfolio diversification

While adapting to local markets and consumer segments

Porter's Competitive Strategy Applied to L'Oréal : differentiation : L'Oréal has clearly adopted a differentiation strategy (distinguishing itself from its competitors through the perceived value of its products). This differentiation is based foremost on massive investment in research and development, one of the highest in the cosmetics industry, with several thousand researchers spread across international research centers. This scientific expertise allows the group to offer science-based innovations, particularly in dermatology with brands like La Roche-Posay and Vichy, whose products are recommended by dermatologists and developed according to rigorous clinical protocols. L'Oréal also strengthens its credibility through recognized labels and certifications, such as the B Corp™ certification obtained by several of its brands (including Garnier), and the CDP (Carbon Disclosure Project) recognition for its environmental performance. L'Oréal's differentiation also relies on green science, with more sustainable formulas incorporating bio sourced and traceable ingredients, assessed through tools like the Green Impact Index, which informs consumers about the environmental and social impact of products. Furthermore, the group's strength lies in its portfolio of powerful and distinct brands, each with a clear positioning and a strong identity: Lancôme embodies scientific luxury and anti-aging expertise, Kérastase differentiates itself with high-end professional hair care, while L'Oréal Paris combines technological innovation with appealing accessibility. Thanks to this strategy, the group benefits from a premium image, particularly strong in the luxury and dermo-cosmetic segments, where trust, proven efficacy, and scientific credibility are crucial.

L'Oréal does not seek to compete with its rivals through a low-price policy, but rather justifies higher prices through quality, performance, continuous innovation, certified environmental responsibility, and the strength of its labels and brand image, there by difficult-to-imitate competitive advantage.

Secondary Strategy: Focus (Differentiation Focus) : In addition to its core differentiation strategy, L'Oréal employs a focus-based differentiation strategy by finely segmenting its markets and developing specialized brands, each addressing specific needs. In the luxury segment, brands like Lancôme and YSL Beauty target a premium clientele seeking exclusivity, performance, and image, through iconic products such as the Advanced Génifique serum and Libre fragrances, distributed primarily in select perfumeries and department stores, with highly aspirational communication featuring international brand ambassadors. In dermo-cosmetics, La Roche-Posay and Vichy target consumers with specific skin concerns (acne, rosacea, sensitive skin, aging), offering products like Effaclar, Anthelios, and Mineral 89, developed according to strict clinical protocols, recommended by dermatologists, and distributed mainly in pharmacies and drugstores. In the professional hair care market, Kérastase and

L'Oréal Professionnel focus on hairdressers and expert consumers with ranges such as Nutritive, Résistance, and Serie Expert, used in salons and sold through professional networks, thus reinforcing their image of expertise and performance. Finally, in the mass market segment, L'Oréal Paris and Garnier target a broad customer base by offering accessible yet innovative products, such as Revitalift treatments, Excellence Crème hair color, and Garnier's certified natural ranges, while maintaining inclusive and high-profile communication. Through this multibrand organization, L'Oréal precisely tailors its products, pricing, distribution channels, and communication to each segment, allowing it to meet specific expectations without diluting its brand positioning. This strategy confirms that L'Oréal is not seeking to achieve a competitive advantage through cost leadership, but through targeted value creation based on expertise, innovation and differentiation within clearly defined segments.

Miles & Snow Strategic Typology : L'Oréal perfectly fits the Analyst profile, a strategy characterized by a controlled balance between the efficient exploitation of existing activities and the continuous exploration of new opportunities. The group relies primarily on a base of high- volume, established products, such as the Elseve, Excellence Crème, Revitalift, and Garnier Fructis ranges, which benefit from significant economies of scale thanks to standardized and highly automated global production sites.

These products are rarely replaced but are the subject of regular incremental innovations, such as sulfate-free reformulations, the integration of naturally derived ingredients, and eco- design of packaging, allowing for cost optimization while meeting new consumer expectations. In parallel, L'Oréal is investing heavily in advanced innovation hubs, with research centers specializing in biotechnology, green sciences, and data. These are exemplified by concrete technologies such as Skin Genius and SkinConsult AI, which use artificial intelligence to offer personalized diagnoses, and the Perso device, capable of creating customized skincare. This analytical approach is also evident in the digitalization of the customer experience, through augmented reality tools like ModiFace, which allows for virtual makeup try-ons and is now integrated into e-commerce sites and physical points of sale. Furthermore, L'Oréal is adopting a selective acquisition strategy, acquiring established brands in promising niches, such as CeraVe in dermo-cosmetics, SkinCeuticals in premium dermatological skincare, and NYX Cosmetics in digital-native makeup, before scaling them up and deploying them globally.

Finally, the group demonstrates a consistent ability to adapt to market trends, such as clean beauty, ingredient traceability, inclusive beauty, and the rise of ecommerce, while maintaining a stable organizational structure and tightly controlled industrial processes. This ability to secure existing revenue while testing and integrating new sources of growth perfectly illustrates Analyst's strategy, typical of large, established multinationals seeking to mitigate risks while remaining innovative.

Secondary Traits: Prospector : Although L'Oréal's dominant strategy corresponds to the Analyst profile according to Miles and Snow's typology, the group also exhibits secondary traits characteristic of a Prospector strategy, particularly in the areas of technological innovation, sustainability, and the exploration of new growth models. L'Oréal positioned itself very early on digital technologies applied to beauty, as evidenced by its early adoption of artificial intelligence for skin and hair diagnostics, with concrete tools such as SkinConsult AI, Skin Genius, and Hair Genius, which allow consumers to obtain personalized recommendations online or in stores. Furthermore, the group is investing heavily in biotechnology and green science, developing bio-based ingredients derived from fermentation or cell culture processes, reducing environmental impact while paving the way for new cosmetic performance. This exploratory approach is also reflected in pioneering sustainability initiatives, such as the L'Oréal for the Future program, the integration of the Green Impact Index to inform consumers, and the development of refillable packaging and solid formats.

Moreover, L'Oréal is adopting a prospector stance through a strategy of targeted acquisitions and investments, acquiring or supporting innovative brands and startups such as CeraVe, SkinCeuticals, Youth to the People, and ModiFace, in order to rapidly test new concepts, digital channels, and consumer expectations. However, despite this ability to explore and anticipate trends, L'Oréal cannot be considered a pure Prospector, as these initiatives are embedded within a highly structured organizational framework based on controlled industrial processes, rigorous control systems, and the effective exploitation of established brands. Thus, L'Oréal's Prospector activities remain channeled and secure, complementing, not replacing, its dominant Analyst strategy.

VIII. LEADERSHIP

L'Oréal is currently led by Nicolas Hieronimus, who has served as Chief Executive Officer since 2021. His appointment reflects the company's commitment to continuity, as he has been part of the L'Oréal Group for more than 30 years and has held several key strategic positions within the organization. This long internal career has allowed him to develop a deep understanding of the Group's culture, values, and global operations, ensuring stable leadership during a period of rapid transformation in the beauty industry. Nicolas Hieronimus's leadership style can be described as innovation oriented, people-centered, and focused on long-term vision. He strongly promotes scientific excellence and technological advancement as the main drivers of competitive advantage. Under his leadership, L'Oréal continues to position itself not only as a beauty company but also as a global leader in beauty technology, integrating artificial intelligence, data analytics, and biotechnology into product

development and consumer experience. One of his most significant strategic decisions has been the continued high level of investment in research and development, exceeding €1 billion per year. This decision reinforces L'Oréal's differentiation strategy by enabling the creation of science-based, high-performance products across all segments, from mass market to luxury and dermo-cosmetics. It also supports the development of innovative tools such as AI-powered skin diagnostics and personalized beauty solutions, strengthening the Group's technological leadership. Another key decision under his leadership is the strong emphasis on sustainability and environmental responsibility. Nicolas Hieronimus actively supports L'Oréal's long-term sustainability goals, including the ambition to use 95% bio-sourced or circular economy ingredients by 2030. These commitments are integrated into the company's overall strategy and decision-making process, allowing sustainability to function both as an ethical responsibility and a source of competitive advantage. In addition, his leadership places significant importance on diversity, inclusion, and social responsibility. Programs such as "Stand Up" against street harassment, the Inclusive Sourcing initiative, and global employee well-being policies demonstrate his people-centered approach. By fostering an inclusive corporate culture and encouraging employee engagement, Hieronimus strengthens internal cohesion while enhancing the company's external reputation. Overall, Nicolas Hieronimus's leadership ensures strategic continuity while driving innovation, responsibility, and long-term growth. His decisions play a central role in maintaining L'Oréal's position as the world leader in the beauty industry and in adapting the organization to evolving consumer expectations and global challenges.

IX. CONCLUSION

Rather than being the result of a single factor, L'Oréal's success is built on the coherence between its history, strategy, and leadership. The company demonstrates how long-term vision, when consistently supported by scientific innovation and strong brand management, can create sustainable competitive advantage in a highly saturated and fast-changing industry. What clearly distinguishes L'Oréal from many of its competitors is its ability to transform external challenges—such as changing consumer expectations, digital disruption, and sustainability pressure—into strategic opportunities. Instead of reacting defensively, the Group integrates these challenges into its strategic framework, reinforcing its position in beauty technology, responsible innovation, and inclusive growth. Finally, the leadership of Nicolas Hieronimus strengthens this coherence by aligning innovation, sustainability, and people-centered values with the Group's strategic objectives. His approach confirms that effective leadership in global organizations is not only about financial performance, but also about guiding transformation in a responsible and forward-looking way. Overall, L'Oréal represents a strong example of how strategic consistency, combined with adaptability and ethical responsibility, can ensure long-term success in a dynamic global environment.

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