



Case Study “L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

L’Oréal’s decision to fight the European shampoo battle required considerable coordination between company headquarters and the subsidiaries. It became clear to Jacques Challes, Strategic Marketing Director of the Consumer Division, that balancing the global strategy for Elsève with the different market characteristics and particularities was going to be one of the most crucial issues for success. And the main focus was to be the major European shampoo markets: France, Germany, Italy, Spain and the United Kingdom.

L’Oréal’s New Objectives

In 1997 the shampoo market went through important changes that transformed the competitive panorama. Elsève –sold in some countries as Elvive, Elvital or Vive– was one of L’Oréal Paris’s leading brands on certain markets, but the company had never attempted to become the European leader before, mainly because competition had traditionally been based on price, which made margins relatively narrow. The result was a rather lacklustre market where brands were unable to differentiate themselves in the eyes of the consumer or position themselves to stand out from the rest. Therefore, L’Oréal Paris, traditionally interested in markets that generated added value where high margins could be obtained, had never made being the market-share leader in the shampoo market a prime objective, even though the company was the leading brand on some of the markets where it was present.

Copyright © 2000 CEMS.

This case was written by Josep Franch, Professor of Marketing at ESADE (Barcelona), and Neus Quintana, Teaching Assistant. The authors would like to thank L’Oréal for their information and assistance.

The case is intended to serve as a basis for discussion and not as an example of appropriate or inappropriate management of a particular situation.

No part of this material may be reproduced without written authorisation from CEMS.

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

But technological developments and the introduction of new formulas gave the market a shot in the arm, both in terms of volume and value, thus making it more attractive. In this new context, L’Oréal had revised its position and decided to use its Elsève brand to enter the fray in the intense shampoo market.

Besides the changes in the context, there were other reasons why L’Oréal had decided to compete on the shampoo market. L’Oréal had good brand awareness and an excellent brand image among regular users of cosmetic products. But the company wanted to be better known on a much wider market and shampoo is a product with a high penetration rate that is used regularly in all households and by all kinds of people. Leadership in the shampoo market could give L’Oréal a considerable boost in terms of brand recognition and provide access to consumers the company had so far been unable to reach, such as younger consumers and males. With the aim of entering the shampoo market with a flourish, L’Oréal went to work on the development of a global strategy based on the following principles:

- Improving formulas through technological developments, (introducing silicone and then combining silicone with polymers), matching and beating competition.
- Bringing the Technicare and Formule Homme product lines under the Elsève brand umbrella with the aim of targeting the high-end and male segments while adding sales volumes to the Elsève brand, which would also give it greater resources to spend on communications.
- Adapting L’Oréal’s communications strategy, which would involve signing contracts with major international stars from the world of show business and fashion to make them the spokespersons for specific items.
- Increasing prices thanks to stronger claims (“Because I’m worth it” and “Wash the strength back into your hair) to get higher margins.

But this global strategy had to be implemented in the different markets, bearing in mind that each of those markets had its own special characteristics and quirks. Quite often the special features of a particular market can play havoc with the implementation of a global strategy, causing companies to adapt their strategies to a greater or lesser extent than they had intended. In L’Oréal’s case, the differences arose from the nature of hair itself –hair type, length, appearance and image, among other things– and from the way shampoos were used –washing frequency, amount used, use of one shampoo by one or more members of the same family, use of conditioners, etc. (Appendices 1 to 4 contain data on types of hair and the use of shampoo in the different markets.) All this was responsible for determining which brand was the bestseller in a specific country and had an effect on a myriad of issues including product packaging and shelf location.

Besides the specific characteristics of each market, the implementation of the global strategy could not overlook other aspects such as the presence of the Elsève brand and its competitive position in the different countries or the resources L’Oréal had in the different markets. Apart from France, L’Oréal’s main markets in Europe were Germany, Italy, Spain and the UK (see Appendices 5 and 6 for the sales figures in these countries and market shares of the main brands).

France: A Market Led by Elsève

Market surveys showed that French consumers were washing their hair more often than in the past and that there was a trend toward an increased use of complementary products such as conditioners. However, the penetration rate of conditioners in France was still one of the lowest in Europe: for example, in France it was 10.3% compared to 20.1% in Germany.

Greater demand was being generated for more sophisticated products with more technology because these kinds of products gave tangible cosmetic effects to hair and did not simply clean it. This demand led to the launch of new molecules and ingredients such as *Multivitamines* (for normal hair) and *Ceramide R* (for fine hair). At the same time, shampoo prices became more and more differentiated.

The French market was becoming increasingly saturated and highly competitive. New products were launched continuously and distributors’ brands were entering the market with more and more force. Given this trend, manufacturers reacted by specialising in different products such as intense-treatment shampoos. The result was a tendency toward polarisation between low-price products and more sophisticated products. Any brand that was not firmly ensconced in one of these two categories ran the risk of finding itself in a poor positioning situation and losing effectiveness. Manufacturers were trying to target premium markets so as to promote more sophisticated products with higher prices and thereby increase their margins. One sign of this trend was the increase in sales of hair-colouring, a product that provided a great deal of added value.

The leader on the French hair products-related market¹ was Elsève, followed by Fructis, a brand from Laboratoires Garnier, which also belonged to the L’Oréal Group. In third place was Pantene, marketed by Procter & Gamble, followed by two other brands from the L’Oréal Group: Ultra Doux and Jacques Dessange. L’Oréal was clearly the undisputed market leader in France. As far as shampoos were concerned, Elsève was also the market leader in France (with a market share in volume of 11.5%), followed by Fructis (8.5%), Dop (7%), Ultra Doux (7%) and Pantene (7%).

Elsève was launched in 1971 as a conditioner to repair damaged hair. In 1972, the brand was extended into a shampoo line, which was positioned under the same concept. The market later began to favour frequent-use shampoos and once more Elsève was able to adapt its positioning to meet the new demands of consumers.

One of Elsève’s key strategies in France was to divide the shampoo market into a great number of segments and offer a wide product portfolio able to cover the specific needs of each specific segment: an ingredient for each kind of hair. But one of the frequent snags with this type of strategy is that having so many references complicates management and makes it difficult to attain a single positioning for the main brand –in this case Elsève. In addition, Elsève was perceived as a shampoo for dry or damaged hair rather than a shampoo for all types of hair.

¹ It is worth noting that the hair products market shares refers to a combination of the main product categories: shampoos, conditioners and styling agents (hair sprays, mousses and gels). Please refer to the case study “L’Oréal (A): Fighting the Shampoo Battle” for further information.

One of Elsève’s primary challenges was to achieve greater penetration in the segments of traditional non-users of the product –men and younger consumers– because the brand’s positioning was closely linked to cosmetic products, mainly used by women. Therefore, Elsève’s average consumers were mature women.

Product image and profitability was another problem for Elsève. Elsève’s price was too low for L’Oréal’s premium positioning, thus profits were low. But French retailers did not want to raise their prices.

Germany: The Biggest European Market in Volume

By volume, the German shampoo market was the largest in Europe, although the British market exceeded it in terms of value because German consumers were price shoppers. In recent years, an increase in hair-washing frequency had been detected, but in 1998, the market lost a bit of ground. Germany was the European country with the second-highest rate of penetration in the use of shampoos and the highest washing frequency of the main European countries; in terms of age, consumers between 35 and 44 washed their hair most often.

An important feature of the German market was that it was becoming more popular to add natural ingredients to shampoo formulas. The use of plant products, fruit essences, milk extracts and other kinds of natural ingredients was gaining ground and manufacturers were constantly adding vitamins to hair-care products.

There was another significant difference between Germany and other European countries: a high proportion of the population had very fine hair, although they were not necessarily known for buying specific shampoos for fine hair. Consumers were often dissatisfied with their shampoo because they expected the product to give their hair more volume and they did not see much difference between shampoos for fine hair and shampoos for normal hair. Moreover, consumers often had other hair problems so regularly buying shampoo for fine hair was not a priority for them. Thus, for example, they tended to buy shampoo for dry hair rather than shampoo for fine hair. In addition, the German consumer was also more interested in using treatments to get healthier and better nourished hair.

Procter & Gamble was the shampoo market leader in terms of value, while Henkel had the biggest market share in volume, thanks to its acquisition of Schwarzkopf some years back. Procter & Gamble marketed the Pantene and Vidal Sassoon brands, while Schauma and Poly Kur were Henkel’s most important brands. The German market was very closed and dominated by local brands. Schauma, the leading brand in terms of volume, and Nivea, whose presence in Germany was much more important than in other countries, provided solid proof of this.

The local competition was also more price aggressive: Schauma’s strategy was price based and Nivea provided a very good product for the money while adding value to the product through its good positioning as a mild shampoo. Poly Kur had positioned itself as a natural product combined with technological research: a mix of scientific

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

ingredients and nature. Pantene used the same strategy as in the other countries by emphasising its use of the Pro-V B5 vitamin to make hair shiny and healthy looking, and this allowed it to charge a higher price.

Elvital was the leading conditioner brand with a market share of 17%, followed by Pantene with 15.5%. However, Henkel was the leading manufacturer in this product category because its combined market shares of Poly Kur, Schauma and Gliss brands gave it 20% of the market, a market share nearly equalled by Beiersdorf with its Guhl and Nivea brands.

Elvital had traditionally been one of L’Oréal’s strongest businesses, although in recent years the brand had lost market presence, especially in the top-quality line. L’Oréal had originally launched Elvital with the aim of increasing profitability and this objective was met thanks to increased revenues, although there was also a subsequent drop in the market share of its shampoos and conditioners. The high market share in conditioners and its high prices made Elvital a profitable brand.

As mentioned above, the German market was more price-oriented than other countries and price therefore played a very important role. Some sensitivity surveys showed that Elvital’s market share increased significantly when price reductions were offered on the product.

Elvital and Pantene were on the same level in terms of price: they were above the market average and were perceived as premium brands. While Schauma, Poly Kur and Nivea were seen as traditional brands, Pantene and Elvital had an image of being more modern and sophisticated and having similar positionings. A possible difference between the two was that Elvital was perceived as being more specialised in each type of hair because it provided different benefits for each market segment.

On the German market, Elvital was faced with two main challenges: its low sales figures for normal-hair shampoos and its attempt to penetrate the male segment. The low level of sales in the normal-hair segment was an important problem because normal-hair was the biggest market segment and Elvital did not have a strong presence there. Elvital had a good competitive presence in the coloured-hair and dry-hair segments, but sales there were not particularly high. One of the priorities in Germany would be to find a relevant ingredient that could provide added value to the normal-hair segment. The other challenge was breaking into the male segment, which represented half of the market: Elvital was perceived as a very feminine brand, so, in Germany, more than in any other country, changing this perception was a major priority because the consumer profile was female and older.

In terms of the product portfolio, as in the other countries, L’Oréal’s marketing managers in Germany selected the references to be sold from a range of international products based on the specific characteristics of their market. For example, in Germany, instead of mentioning “Nutri-Ceramide”, they stressed the word “nutrition” to reinforce the shampoo’s feature of reconstructing hair, a highly valued attribute in Germany. The German marketing team wanted to continue developing products for damaged hair, but L’Oréal headquarters’ point of view was that they first needed to balance their product range.

Italy: A Market Led by L’Oréal, but not by Elsève

The Italian shampoo market slumped slightly in 1998 in terms of unit sales, although market growth with regard to value was positive. The penetration rate of shampoo in Italy in 1998 was one of the lowest of the main European countries, at 75.8%, compared to the European average of 83.5%. Important differences could be observed, however, in terms of age: the penetration rate was much higher among Italian youth. The penetration rate of conditioner was about 13.4% and this rate fell progressively among older age groups.

The Italian market had buying patterns similar to those of the other countries. The only differentiating characteristic compared to other European countries was a larger dandruff-shampoo segment, which was the second biggest segment. The coloured-hair segment was growing, which made it possible to place more emphasis on innovation. In terms of penetration rates and frequency of use, Italian consumer habits were considered similar to the European average. Italians displayed little product loyalty, were sensitive to price and reacted to discounts.

Competition on the Italian market was entirely international, with a meagre presence of local brands. The strategies of global brands were similar to those being implemented in other countries and consisted of offering product portfolios with similar references.

Mass-market distribution represented the main channel for shampoos and conditioners (74% and 83% of sales, respectively); other channels included perfume and cosmetic shops (12% of shampoos sales and 14% of conditioner sales) and pharmacies (14% of shampoo sales and 3% of conditioner sales). The problem for Elsève was that the points of sales and distribution outlets were inadequate: retail outlets were too small and shelf space was limited.

The market had improved when extracts and vitamins were introduced into the products and specific formulas appeared aimed at consumers with special needs. In general, sales of specific products such as hair lotions were on the rise, possibly due to increased advertising of products that offered specific advantages when it came to repairing damaged hair.

L’Oréal was the market leader if sales of all shampoo brands marketed by its Consumer Division were added together, but Pantene (from Procter & Gamble) appeared as the individual leader with a higher market share. Elsève had good brand awareness and a good image as a treatment shampoo, especially for dry hair, although the market perceived it to be lower in quality than the leading brands (Pantene and Ultra Dolce), probably because the price was too low for L’Oréal’s premium image.

Elsève’s image was markedly feminine (66% women and 34% men) compared to Pantene (51% and 49%, respectively) and somewhat out of date. The market leader in the conditioner market was Elsève Balsam, but the conditioner market was rather small.

Spain: A Market Led by Procter & Gamble

In Spain, hair-care products reached the market via supermarkets and superstores, with 45% and 40% of sales, respectively; *droguerías* –stores selling cleaning materials and other household goods– accounted for 12% of sales and the rest was sold through perfume and cosmetic shops. Cosmetic shampoos represented 67% of sales, family shampoos 16%, children’s shampoos 10%, and the remaining 7% consisted of treatment shampoos. In terms of distribution, the Spanish market was still fragmented and was undergoing a process of concentration. This situation did not directly affect consumers’ buying habits except in one area: if customers did not find the brand they were looking for at a superstore, they waited until it was restocked and bought it later; in *droguerías*, however, if consumers did not find their brand, they could often be persuaded by the salesperson to buy a different one.

The three main shampoo brands in Spain belonged to Procter & Gamble: Pantene, Wash & Go and Head & Shoulders. In Spain, Procter & Gamble had one of its most solid competitive positions in Europe. Other important brands were Timotei and Johnson & Johnson. However, in terms of conditioners and treatment products, Elsève was the market leader with a market share of 19%, followed by Pantene. According to L’Oréal’s Spanish subsidiary, the success of Pantene, the shampoo market leader, was due to the fact that it offered products for greasy hair. Spain was the European country with the most greasy and least straight hair.

According to industry experts, demand on the Spanish market showed a trend toward sophisticated and scientific products focused on specific needs. The market therefore accepted the introduction of new products that contained technological innovations, as well as professional-line products. Natural ingredients were also very well accepted. In terms of consumer habits, the Spanish market did not differ greatly from other markets, except perhaps in the fact that the modernisation and activation of the Spanish market had occurred somewhat later than in other countries.

One of the main peculiarities of the Spanish market was the size of the shampoo bottles, significantly bigger than the European average of 200-250 ml. The Spanish market was less specialised and shampoo was bought and used in bigger quantities. It was not unusual to see 900 ml. or even 1 litre bottles with prices that were quite competitive. Although the average bottle size had gradually been reduced in recent years, it was still around 450 ml. Multinationals marketed 300 ml. formats in Spain, though they appeared reluctant to launch shampoos in the European format with volumes of 250 or 200 ml. for fear that consumers would react negatively to the price difference compared to family-size brands. Marketing a format size that was different from the other countries meant lower production efficiency and also took a bite out of manufacturers’ profitability.

One of the main difficulties of the Spanish market was product differentiation. It was a mature market because the main consumer needs were covered. Brands offered consumers the attributes or benefits expected of a shampoo: to care for hair and make it healthy, shiny and soft. Pantene was positioned as a healthy shampoo, Johnson & Johnson stressed its mildness and frequency of use.

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

Discovering a new unsatisfied need on this market was rather difficult. Shampoo was a basic product and finding a different positioning was a major challenge.

Moreover, due to the maturity of the market, L’Oréal found it very difficult to grow quickly and only managed to increase its market share a little at a time. The level of advertising investment was quite high and improving the brand’s market share meant spending money and taking long-term action. Elsève had been on the Spanish market for years and was associated with mildness and had a feminine image. Its brand recognition was not very high.

The UK: Elvive’s Very Recent Presence

The British shampoo market in 1998 was the second biggest European market in terms of volume, only bettered by Germany, but it was the most important in terms of value. At 90.2% and 25%, respectively, the penetration rates of shampoos and conditioners were among the highest in Europe, where the average penetration rate was 83.5% for shampoos and 16.4% for conditioners. The industry had grown considerably, largely due to the increase in sales of conditioners and colouring products and the launch of new references, known as new-generation products: premium products with high added value.

According to Nielsen data, the best-selling shampoos on the market were family and women’s shampoos, with a market share of 75%, followed by 2-in-1s, which accounted for 21.5%. The market presence of baby shampoos and shampoo specifically for men was somewhat marginal, with shares of only 2.5% and 1%, respectively. Nevertheless, forecasts pointed toward a certain amount of growth in men’s shampoo sales and a drop in 2-in-1 and baby-shampoo sales. The Taylor Nelson panel also confirmed a drop in 2-in-1 sales, compensated by an overall increase in sales of normal shampoos. In 1997, beauty shampoos represented 80% of the market in terms of value and the remaining 20% corresponded to dandruff shampoos.

The British hair-care market had a tradition of being highly influenced by the hairstyles in fashion at any given time. In 1998, natural styles were all the rage, with emphasis placed on caring for hair to make it shiny and healthy looking. Consequently, there was a big demand for shampoos that not only cleaned hair, but repaired it and made it more healthy. Because natural hair was in fashion, sales of styling agents dropped. It was also observed on the market that consumers were becoming more and more aware that they needed to take care of their hair. This led consumers to show greater interest in top-of-the-line shampoos and conditioners. In order to respond to this trend, the main manufacturers began introducing hair-salon technology into their mass-market products. In fact, the UK market was unique in the sense that it was a market influenced by professional brand names (e.g. Trevor Sorbie, John Frieda, Paul Mitchell). Organics, a Unilever brand, even used a well-known hairstylist in its advertising.

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

Among women, shampoo was the hair-care product they used most, followed by conditioner. Statistics showed that older age groups bought fewer general hair-care products, except for lotions and home-perm products, which were used predominately by women over 55. British men used hair-care products less than British women, and older men also tended to use fewer products than younger ones. Single men appeared to be more willing to use products considered non-essential for hair care, such as styling gels and conditioners. Men tended to use more shampoo if they lived in households with a family.

Procter & Gamble was the market leader thanks to its strong presence in the general-shampoo category, where it accounted for nearly half of all sales in terms of value. Procter & Gamble’s main brands were Pantene, Head & Shoulders and Vidal Sassoon (Wash & Go). Ranked second was Unilever, with its Elida Fabergé and Organics brands, followed by L’Oréal with Elvive. Pantene and Wash & Go were the traditional market leaders. In second place came a group of smaller brands targeted at the female segment. Indeed, the male segment had actually yet to be developed on this market. With regard to conditioners, the market leader was also Pantene with 18%, followed by Organics with 6% and Elvive with 4.5%. Another important factor was that distributors’ brands were becoming more original and getting away from repetitive formulas by introducing formulas with different benefits, and adding high-technology ingredients such as ceramides, vitamins and pro-vitamins.

Elvive’s situation in the UK was very different from its situation in other countries because the brand had only been reintroduced in 1997. In the 1980s, L’Oréal had decided to stop selling Elsève shampoo on the British market, mainly because it had not succeeded in becoming one of the major shampoo brands and the product had a very poor image. Furthermore, with regard to this kind of product, British consumers had never shown excessive interest in French brands.

The L’Oréal Paris brand was better known for its hair-colouring and styling products, which are highly specialised and used by a rather small segment, thus making it less interesting in terms of volume. L’Oréal’s competitive position on the British market was considerably different from its position in other countries: L’Oréal’s earnings were lower, it did not market shampoos and its advertising budget was small.

After L’Oréal’s decision to make Elsève a global brand, the company’s British marketing department was reluctant to apply the same strategy that had been used in the rest of Europe. Northern Ireland was used as a test market and the brand won a poor 2% market share, which was seen as insufficient to sustain business. The UK marketing team was convinced that, to be successful, they had to offer consumers something new and different, so they demanded a unique marketing mix and brand name for the UK. Discussion with headquarters continued until they were finally authorised to proceed.

Two years of costly research resulted in a new technology, considered very interesting and attractive for the market: the *Ceramide R* molecule, which was able to “Wash the strength back into your hair”, as claimed by its advertising for the entire range (the UK was the only country with an advertising claim for the entire range). Indeed, the research carried out in the UK would later benefit the entire company throughout the world.

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

The decision was also made to change the brand name because, in distribution channels especially, the name Elsève was associated with a brand that had failed and been taken off the market. Thus, a new name would be used for the brand: Elvive. Vive was the brand name used in the US and the prefix “El-“ would allow it to maintain a certain connection with the Elsève brand. The new brand could also be considered more international. And a new, more original brand history had also been developed.

Elvive’s aim in the UK was to launch a shampoo that could be used on any kind of hair. Instead of using the same celebrities as in the French ads, Jennifer Anniston, an actress on the leading TV sitcom “Friends” and not a model, was chosen as the brand spokeswoman. Jennifer Anniston transmitted a modern, powerful image because she was a famous actress and very popular among generations aged 15 to 35. She was also very much admired for her beautiful, stylish hair.

Elvive was launched on the British market in 1997, with three product families out of the six available, primarily targeting one segment that was not the largest in the market, but was the most sensitive towards technology. Elvive captured more than a 6% market share that same year, which rose to 8% the following year, making it the second-ranked brand on the market. The product line was extended in the second year, launching 2-in-1 shampoos and a product family for damaged hair.

Locally Adapting Elsève’s Global Strategy

At this stage, the L’Oréal teams were faced with the challenge of adapting Elsève’s global strategy to each one of the main European shampoo markets. Finding the right balance between global strategy and market particularities was not going to be an easy matter...

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

Appendix 1: Typology of female hair

(Data in %)	Europe	France	Germany	Italy	Spain	UK
Hair Length	100,0	100,0	100,0	100,0	100,0	100,0
Extremely long	1,5	1,9	1,0	1,7	1,9	1,2
Very long	12,1	10,0	12,4	11,2	13,3	13,9
Long	13,7	14,5	10,0	16,0	15,8	14,3
Medium - Long	15,8	14,7	17,2	13,8	13,6	18,5
Medium	18,4	22,8	14,3	21,6	20,5	14,9
Medium - Short	19,8	16,6	23,5	16,9	14,9	24,2
Short	17,1	17,7	20,7	17,4	19,6	11,9
Very short	0,7	1,1	0,4	1,2	0,3	0,7
Bald	0,0	0,0	0,0	0,0	0,0	0,0
Hair Type	100,0	100,0	100,0	100,0	100,0	100,0
Greasy	9,3	10,8	6,6	11,2	15,1	5,7
Greasy to normal	23,0	27,0	25,1	14,2	18,5	28,5
Normal	41,6	30,1	37,8	53,3	50,8	39,4
Normal to dry	19,0	22,7	23,4	13,6	8,0	22,3
Dry	6,9	8,7	6,9	7,7	7,3	3,8
Hair Look	100,0	100,0	100,0	100,0	100,0	100,0
Straight	55,3	52,9	61,6	50,2	50,6	57,4
Wavy	32,2	33,5	26,4	35,1	36,5	33,0
Curly	9,7	7,6	9,8	11,7	11,7	8,0
Frizzy	2,4	5,2	1,7	3,0	1,6	1,2
Dandruff Prone	100,0	100,0	100,0	100,0	100,0	100,0
Dandruff likely	23,3	26,5	26,2	19,2	20,6	22,1
Dandruff unlikely	73,6	69,6	70,0	78,1	77,6	74,9
DK	2,8	3,2	3,5	2,7	1,6	2,4
Likelihood of Hair Damage	100,0	100,0	100,0	100,0	100,0	100,0
Damages easily	27,2	41,6	19,5	29,8	23,7	24,0
Does not damage easily	58,0	51,7	47,2	65,3	72,5	62,0
DK	7,3	5,9	7,7	4,8	3,5	13,4
Natural Hair Colour	100,0	100,0	100,0	100,0	100,0	100,0
Black	4,9	6,5	1,4	7,6	11,1	1,1
Dark Brown	17,3	17,2	11,4	22,0	23,9	16,6
Medium Brown	22,7	22,2	19,1	22,7	25,5	26,5
Light Brown	13,6	16,9	8,6	15,8	16,3	13,2
Blond	8,1	8,6	12,1	4,0	7,3	6,6
Auburn	2,4	3,1	3,0	1,5	1,1	2,5
Brown/Blood	11,2	6,1	24,2	4,3	2,9	10,4
Brown/Auburn	3,0	3,9	2,2	3,2	1,6	4,1
Blond/Auburn	1,3	0,8	1,8	0,8	0,6	1,8
Grey	12,8	11,9	13,5	15,1	7,0	14,3
White	2,3	1,6	2,3	3,1	2,3	2,3
Hair Amount	100,0	100,0	100,0	100,0	100,0	100,0
Sparse hair	5,5	5,0	4,8	7,7	8,2	2,9
Medium hair	57,1	52,4	55,4	61,1	59,2	58,5
Abundant hair	37,4	42,6	39,8	31,2	32,6	38,6

Source: Taylor Nelson 1998 (panel size: 2,000 women)

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

Appendix 2: Typology of male hair

(Data in %)	Europe	France	Germany	Italy	Spain	UK
Hair Length	100,0	100,0	100,0	100,0	100,0	100,0
Extremely long	0,0	0,0	0,0	0,0	0,0	0,1
Very long	0,7	0,5	0,9	0,3	0,7	1,3
Long	1,7	1,5	1,0	2,6	1,9	1,8
Medium - Long	2,5	3,0	2,3	2,5	1,7	3,0
Medium	8,1	7,1	9,6	8,1	6,4	8,3
Medium - Short	15,1	13,0	13,2	14,2	10,6	24,2
Short	55,8	54,2	63,3	49,8	68,4	43,4
Very short	13,9	17,8	8,8	20,6	7,4	15,2
Bald	1,7	2,3	0,5	1,4	2,6	2,4
Hair Type	100,0	100,0	100,0	100,0	100,0	100,0
Greasy	10,7	10,6	8,5	14,1	17,8	5,5
Greasy to normal	25,5	26,0	33,3	18,7	16,3	27,2
Normal	49,7	47,0	44,4	55,6	58,0	48,0
Normal to dry	10,2	11,9	11,1	7,3	3,8	14,9
Dry	3,5	3,7	2,4	4,1	3,8	3,8
Hair Look	100,0	100,0	100,0	100,0	100,0	100,0
Straight	58,8	55,4	70,3	41,4	59,3	63,4
Wavy	30,5	33,0	21,8	41,6	30,6	28,9
Curly	7,4	6,1	6,3	11,7	7,7	5,3
Frizzy	2,7	4,2	1,0	4,9	1,9	1,8
Dandruff Prone	100,0	100,0	100,0	100,0	100,0	100,0
Dandruff likely	36,0	38,4	41,5	32,6	30,5	33,1
Dandruff unlikely	60,1	57,1	54,9	64,1	65,8	62,8
DK	3,4	3,4	3,5	2,9	3,3	3,8
Likelihood of Hair Damage	100,0	100,0	100,0	100,0	100,0	100,0
Damages easily	12,0	16,9	6,6	17,5	12,7	8,5
Does not damage easily	69,1	74,6	60,0	73,6	80,9	63,8
DK	11,3	7,2	8,2	8,2	6,1	26,9
Natural Hair Colour	100,0	100,0	100,0	100,0	100,0	100,0
Black	10,9	17,1	4,8	12,3	21,8	4,5
Dark Brown	21,5	21,7	18,4	22,8	27,9	20,0
Medium Brown	19,7	18,0	18,0	19,5	16,4	26,4
Light Brown	11,0	14,6	6,1	11,4	12,4	13,2
Blond	5,9	5,7	8,9	3,6	5,9	4,3
Auburn	0,6	0,1	0,4	0,2	0,4	2,2
Brown/Blood	9,7	2,8	24,4	3,7	2,9	6,1
Brown/Auburn	0,9	0,4	1,4	0,6	0,1	1,4
Blond/Auburn	0,6	0,4	0,9	0,0	0,0	1,4
Grey	15,4	15,3	14,9	19,4	10,2	16,1
White	2,8	2,3	1,0	5,7	1,3	4,2
Hair Amount	100,0	100,0	100,0	100,0	100,0	100,0
Sparse hair	21,1	24,7	18,4	22,2	21,3	20,4
Medium hair	47,4	40,4	47,5	50,1	48,8	50,3
Abundant hair	31,5	34,9	34,1	27,7	29,9	29,3

Source: Taylor Nelson 1998 (panel size: 1,000 men)

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

Appendix 3: Female consumer changes

Female consumer changes (data in %)	Europe		France		Germany		Italy		Spain		UK	
	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996	1990	1996
Hair washing frequency												
Daily	7	8	2	6	12	10	2	1	5	6	13	16
Every other day	18	26	13	23	23	29	8	13	15	31	27	38
Twice a week	32	32	32	38	33	32	31	34	37	34	29	21
Once a week	29	23	37	23	24	19	35	35	29	19	19	15
Less frequent	9	6	12	5	5	4	14	15	6	4	6	4
Non users	6	5	4	5	3	6	10	2	7	6	7	6
Hair length												
Total short	51	59	57	59	52	64	39	54	47	51	64	62
<i>Very short</i>	8	8	11	12	9	8	6	6	7	8	9	9
<i>Short</i>	43	50	46	47	43	56	33	47	40	43	55	54
Total medium long	36	28	32	31	40	23	43	31	44	37	24	24
Total long	11	13	11	10	8	12	18	16	9	12	12	12
<i>Long</i>	9	10	9	8	6	10	14	13	8	11	11	10
<i>Very long</i>	2	2	2	2	2	2	4	3	1	2	1	3
No answer	1	1	1	1	1	1	0	0	1	1	1	1
Hair look												
Straight	n.a.	45	38	40	n.a.	62	34	46	n.a.	15	51	47
With volume	n.a.	32	43	40	n.a.	29	23	24	n.a.	36	32	33
Wavy	n.a.	16	13	15	n.a.	5	32	21	n.a.	35	13	13
Curly	n.a.	4	4	3	n.a.	2	6	5	n.a.	10	3	4
Frizzy	n.a.	2	1	1	n.a.	1	4	4	n.a.	2	1	1
No answer	n.a.	1	1	1	n.a.	2	1	0	n.a.	2	1	2
Hair thickness												
Very fine/thin	16	18	18	21	19	22	12	14	17	18	14	12
Fine/thin	29	32	29	31	26	27	29	35	32	34	31	33
Medium	34	31	38	34	29	30	44	36	34	31	27	24
Thick	20	19	14	13	26	20	14	15	16	17	28	30
No answer	1	1	1	1	1	1	1	0	1	1	1	1
Hair type												
Total greasy	21	20	24	21	20	15	19	26	28	27	14	15
<i>Very Greasy</i>	3	2	3	3	2	2	3	3	4	3	1	1
<i>Greasy</i>	18	18	21	18	18	13	16	23	24	24	13	14
Normal	48	45	41	39	48	51	54	47	47	39	50	45
Total dry	22	23	25	26	24	23	19	18	18	24	25	27
<i>Dry</i>	19	21	20	23	20	19	17	16	17	21	22	24
<i>Very dry</i>	3	3	5	3	4	4	2	2	1	2	3	3
Greasy in tip, dry in root	8	10	10	13	7	9	8	9	6	10	10	12
No answer	1	1	1	1	1	2	0	0	2	1	1	2

Source: Europanel femmes 1996

(Note: in 1990, Germany did not include East Germany)

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

Appendix 4: Data on penetration and usage of shampoo

	Europe	France	Germany	Italy	Spain	UK
All individuals						
Weighted penetration (% using) Freq.	83,5	82,9	85,7	75,8	82,0	90,2
Weekly use of shampoo	3,5	3,2	3,9	2,6	3,8	3,8
11-16 years old						
Weighted penetration (% using) Freq.	85,7	83,8	87,4	78,0	87,3	91,9
Weekly use of shampoo	3,5	3,2	3,6	2,8	4,0	3,8
Weighted users (% of all individuals)	10,1	10,3	8,1	10,0	14,6	10,1
17 - 24 years old						
Weighted penetration (% using) Freq.	84,9	82,7	84,6	80,0	86,9	91,9
Weekly use of shampoo	4,0	3,7	4,5	2,8	4,4	4,5
Weighted users (% of all individuals)	14,6	15,5	11,7	16,4	17,4	14,5
25 - 34 years old						
Weighted penetration (% using) Freq.	89,2	88,1	88,6	85,5	86,3	97,2
Weekly use of shampoo	4,0	3,4	4,7	2,9	4,1	4,2
Weighted users (% of all individuals)	20,9	20,4	21,9	21,3	19,5	20,3
35 - 44 years old						
Weighted penetration (% using) Freq.	89,2	88,2	92,3	81,2	84,5	96,8
Weekly use of shampoo	3,8	3,4	4,4	2,7	3,9	4,2
Weighted users (% of all individuals)	18,5	20,5	19,0	17,7	15,4	18,9
45 - 54 years old						
Weighted penetration (% using) Freq.	82,7	84,6	82,9	74,3	80,9	90,8
Weekly use of shampoo	3,4	3,3	3,8	2,6	3,6	3,5
Weighted users (% of all individuals)	14,5	13,1	15,3	14,6	12,8	15,6
55 - 64 years old						
Weighted penetration (% using) Freq.	76,4	75,9	81,7	65,2	70,7	85,4
Weekly use of shampoo	2,7	2,4	3,0	2,2	3,1	2,7
Weighted users (% of all individuals)	12,6	12,1	14,0	12,2	11,7	12,1
65 - 74 years old						
Weighted penetration (% using) Freq.	69,9	68,8	78,7	57,9	71,3	69,1
Weekly use of shampoo	2,1	2,2	2,0	1,6	2,4	2,3
Weighted users (% of all individuals)	8,7	8,0	10,0	7,7	8,6	8,6

Source: Taylor Nelson 1996

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

Appendix 5: Shampoo Sales in the Main European Markets (1998)

	<i>Volume</i>		<i>Value</i>	
	<i>Million units</i>	<i>Increase over 1997</i>	<i>FF Million</i>	<i>Increase over 1997</i>
Europe (Total)	926.2	+1.6%	13,729	+4.1%
France	183.2	+2.0%	2,593	+5.2%
Germany	210.9	-1.2%	2,715	-1.6%
Italy	113.6	-0.4%	1,498	+3.9%
Spain	64.7	+5.3%	999	+10.4%
United Kingdom	174.5	+5.0%	3,043	+6.8%

Source: L’Oréal Paris

CEMS Case Study
“L’Oréal (B): Locally Adapting Elsève’s Global Strategy”

Appendix 6: Market shares in selected countries

<i>Market shares 1998 (% in volume and value)</i>	<i>France</i>		<i>Germany</i>		<i>Italy</i>		<i>Spain</i>		<i>UK</i>	
	<i>vol.</i>	<i>val.</i>	<i>vol.</i>	<i>val.</i>	<i>vol.</i>	<i>val.</i>	<i>vol.</i>	<i>val.</i>	<i>vol.</i>	<i>val.</i>
Alberto									5,5	5,1
VO 5									2,6	2,4
Beiersdorf	0,2	0,2	10,0	9,5			0,1	0,1		
Nivea	0,2	0,2	10,0	9,5			0,1	0,1		
Bristol Myers							2,9	3,3	4,8	4,7
Clairol Herbal Essence							2,9	3,3	4,3	4,0
Colgate	6,9	4,7	4,5	3,1	3,9	2,8	0,2	0,2	0,3	0,2
Gard			4,0	2,5						
Palmolive	6,2	4,0			3,4	2,3			0,3	0,2
Respons	0,6	0,5	0,5	0,6						
Henkel / Schwarkopf	1,2	1,9	23,9	18,6	7,0	5,2	2,0	1,9	1,5	1,3
Henkel	1,2	1,9	3,8	3,3	7,0	5,2	2,0	1,9		
Poly Kur			3,8	3,3			1,5	1,4		
Schwarzkopf			20,0	15,4					1,5	1,3
Schauma			17,9	13,0						
Glem Vital										
Gliss			1,8	2,0					0,3	0,2
Johnson & Johnson			0,1	0,2	5,0	5,0	5,9	6,6	3,8	5,4
L’Oréal	55,1	55,7	11,5	12,5	28,2	29,4	14,3	15,6	13,2	12,8
Elsève / Elvive / Elvital	11,7	12,1	6,5	7,4	7,5	8,4	4,8	5,3	8,6	8,4
Studio Line	1,2	1,2			0,8	0,8				
P’tit L’Oréal	2,0	1,7			1,7	1,8				
Progress Homme	0,7	0,8	0,1	0,2	0,1	0,1	0,1	0,2		
Ultra-Doux	7,3	7,2	3,5	3,1	9,9	8,9	5,1	5,2		
Fructis	9,1	9,5	0,1	0,2	5,5	6,1	4,3	4,8	2,6	2,5
Neutraalia	2,4	2,6			0,3	0,3	0,1	0,1	2,0	1,8
J. Dessange	5,2	6,2								
Procter & Gamble	13,6	17,1	16,4	19,5	15,7	19,3	25,8	30,9	23,0	29,5
Vidal Sassoon	1,0	1,0	3,0	3,2			5,3	6,0	4,3	5,2
Pantene	6,8	7,7	12,1	14,3	14,6	18,2	12,9	15,4	12,0	14,5
Head & Shoulders	2,7	5,6	1,2	1,8			7,6	9,4	6,6	9,9
Shamtu			0,1	0,1						
Petrol Hahn	3,1	2,9								
Revlon							9,9	8,9	1,7	1,7
Unilever	8,8	8,8	9,0	8,3	12,9	13,5	9,8	10,5	13,6	14,1
Timotei	4,3	3,3	5,3	4,4	1,4	1,1	5,9	7,0	3,3	3,3
Sunsilk	1,0	0,9								
Organics	2,5	2,8	3,7	3,9			1,9	2,1	7,8	8,4
Clear	0,9	1,2			6,4	7,3				
Wella	0,1	0,3	4,6	5,5	2,0	2,5	1,8	1,6	5,3	4,9
Wella Balsam	0,1	0,3					1,7	1,4		
Crisan			2,9	3,4						

Source: AC Nielsen and IRI Infoscán