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The Universalization of L'Oréal

The beauty business is what I call a supply-driven, rather than a demand-driven market... which means there is no such thing as a mature market, because you can always imagine new products and new ideas.¹

— Jean-Paul Agon, CEO, 2010

In 2010, half of the world's cosmetics sales came from the so-called emerging markets for the first time; L'Oréal opened three new subsidiaries, in Egypt, Pakistan, and Kazakhstan;² and the Paris, France-based cosmetics and personal care powerhouse declared its intention to double its consumer base to two billion and increase its share of sales from emerging markets. CEO Jean-Paul Agon made it his number one goal to "prepare the company to keep its global leadership in this new era."³

By the first half of FY 2012, emerging markets were the firm's largest contributor to sales.⁴ This had required a new perspective on globalization, especially in beauty: "It is clear that people on different continents have their own specific needs, habits, dreams, and desires—so one product, or even one formula, does not fit all," Agon said. "Rather, you need a global brand, which is then adapted to the key markets on the key continents in order to offer consumers the right and relevant products, which is what universalization is all about."⁵ "The traditional way was to have a product that worked in the U.S. or Europe, then take it to emerging markets and give it a try there," Consumer Products Division Worldwide President Jean-Jacques Lebel noted. For him, the next stage was to say that:

People don't have the same tastes and start with the brand but adapt it. So L'Oréal Paris started in China for example, still looking like L'Oréal Paris, sold in department stores, but is somewhat adapted for the local market. Stage three is universalization. We have now localized in the big markets marketing competence and laboratories that use local raw materials and analyze how products work in local skin and hair. In cooperation with local offices and laboratories we develop new brands and products.

Achieving stage three required careful organizational orchestration, the ability to transfer learning across geographies, a deep understanding of customer needs across regions and within larger countries, and speed to market. India had led the way, growing L'Oréal sales by 30% per year over the previous decade thanks to several innovations, including the launch of sachets^a in India at a lower price point, a decision that had been debated within the firm. In mid-2012 L'Oréal's leaders wondered what opportunities and pitfalls lay ahead and what success the India hair and skin care

^a A sachet is typically a small plastic or paper bag that contains a small quantity of something.

market meant for the firm as a whole. More generally, how would the firm continue to evolve to make globalization work and excel at the "third stage of globalization"?

Background

Originating in 1909, L'Oréal's most important growth was fuelled by the huge post-World War II increase in demand. In 1953 the company began selling its products in the U.S. under the licensee Cosmair. François Dalle took over from founder Eugene Schueller in 1957 and initiated the concept of selling beauty through several channels, growing the firm's products and reach over nearly 30 years. His successor in 1988, Lindsay Owen-Jones, then pruned L'Oréal's brands and activities to focus on five core businesses and technologies: hair color, hair care, skin care, color cosmetics, and fragrances, and drove to take them global.⁶ "We didn't just accept to have local brands," he said then. "We tried to put our brands everywhere. We [sold] the United States to Americans, the United States to the Chinese, Italian elegance to the Japanese, French beauty to Africans, and Japanese chic to Brazilians."⁷

In 1996 L'Oréal acquired Maybelline in the U.S., Chilean company Unisa, and the German company Jade. Such purchases made L'Oréal the leading producer of mass-market makeup. By the late 1990s, L'Oréal Paris (the supremely elegant, high-priced mass-market premium brand) and Maybelline (a high quality/low-price value brand) were the two fastest growing brands in the U.S.⁸ Subsequently L'Oréal acquired more brands, expanding its portfolio and geographical presence. Small to medium-sized acquisitions were common, as opportunities for large deals were rare in the cosmetics industry.⁹

In 1999, L'Oréal began targeting men by introducing L'Oréal Fera for Men. In 2000 it introduced Casting ColorSpa for Men, a semi-permanent hair coloring treatment. In the same year, L'Oréal acquired two ethnic hair care marketers in the U.S.: Soft Sheen Products (a manufacturer of products for individuals of African origin), and Carson Products Co., which had a presence in over 60 countries and sales of \$200 million.¹⁰ These acquisitions underscored L'Oréal's commitment to multicultural markets, as did then-president of L'Oréal USA Agon's launch of a center to research black skin and hair in 2003.¹¹ Also in 2003, L'Oréal acquired one of the three top skin care brands in China, Mininurse, a brand that complemented its strengths in high-end and middle-range cosmetics in China. The following year it acquired Chinese brand Yue-Sai, which produced makeup and skin care products, along with a new manufacturing plant in Pune, India.¹² In 2005, L'Oréal opened a research center in Shanghai to gain insight into the structure and behavior of Chinese skin and hair.¹³ In 2006, new CEO Agon was seen by the press as the "quintessential L'Oréal man."¹⁴ Joining the group in 1978, he had risen to the top via key roles across all divisions and all key geographic zones.¹⁵

Accessible Innovation

L'Oréal tightly coupled innovation and speed to market with expansion of its geographic and consumer base.¹⁶ L'Oréal believed that launching new innovative products was key and spent 3.5% of revenue on R&D in 2010, more than competitors Procter & Gamble (2.7%) and Revlon (1.7%).¹⁷ While Charles Revson was credited for claiming that the beauty industry sold "hope in a jar," L'Oréal wanted to sell the "science of beauty in a jar."¹⁸ "It's really up to us to be capable of bringing them these novelties, which is why innovation is so critical in this industry," Agon said, "and why we invest so much in R&D. We firmly believe that it is through research and development that we are going to create higher performance products and new services which will appeal to consumers and develop new markets."¹⁹ The firm's 3,420 research employees in 12 evaluation centers and 18 research centers comprised chemists, biologists, medicinal doctors, physicists, and toxicologists.

L'Oréal's researchers were able to get first-hand understanding of the regional differences in customers' beauty routines and product demands, learning for example that women in Mexico City sometimes mixed crushed contraceptive pills into their shampoo to combat hair loss resulting from high levels of air pollution.²⁰

L'Oréal developed and sold some products in a category known as "masstige" (a combination of mass and prestige) or *prestige for the masses*. These products were defined as "premium but attainable," and had two key traits: (1) they were considered luxury or premium products, and (2) they had price points that filled the gap between mid-market and super premium products.²¹ A concurrent strategy was accessible innovation designed to help broaden the L'Oréal consumer base. "It allowed us to keep in mind the idea that innovation is right, as long as it benefits many," Agon explained.²²

In 2010 L'Oréal applied its science to expand in the emerging markets of China, India, Brazil, Mexico, and Eastern Europe, where the company expected 50% growth in the market for cosmetics, hair care, and skin care products by 2020, bringing the number of potential L'Oréal customers worldwide to about 2 billion. In 2010 L'Oréal already took in more than one third of its sales from these markets, including over €1 billion in sales in China, making it L'Oréal's number three market behind North America and Western Europe. (See **Exhibits 1 and 2**.) L'Oréal's sales strategy in emerging markets focused on solving the unique needs of its customers, based on their ethnicity, culture, and geographic location.

L'Oréal's 2010 sales were €19.5 billion (half outside Europe); 66,600 employees of 113 nationalities supported and managed 23 global brands across 130 countries and filed 612 patents. Its 38 factories produced 5.7 billion units in 2010. L'Oréal products included hair coloring, hair care products, cosmetics, skin care products, and fragrances across professional salon brands, mass retail brands, and luxury brands.²³ L'Oréal Consumer Product Division comprised brands distributed through mass-market channels. Consumer brands, including Garnier, L'Oréal Paris, Maybelline, Softsheen-Carson, accounted for over half of the company's cosmetics sales.²⁴ The Luxury Products Division oversaw the prestigious international brands selectively distributed through perfumeries, department stores, and duty-free shops.²⁵ The Professional Products Division offered specific hair care products for use by professional hairdressers that were sold exclusively through hair salons. Finally, the Active Cosmetics Department created and marketed products for selective distribution through pharmacies and specialist health and beauty outlets. L'Oréal also sold cosmetics through direct marketing.²⁶

Organizing for Globalization

Diversity and Competition

The need to cater to a diverse world shaped L'Oréal's culture and organization, Agon explained: "Our experience shows that variety breeds more creativity and innovation, both of which are paramount to our success. Teams made up of diverse profiles cover any issue from multiple angles and thus come up with more holistic approaches." He also saw employee diversity as "a mirror of the ever changing world [where] a more diverse workforce is better equipped to deal with change."²⁷ To cater to its multicultural customers, the company hired ethnically diverse spokespersons, advertised in ethnic magazines, and partnered with specific ethnic groups. L'Oréal reported that 58% of managers and 38% of management committee members were women, and the company was ranked among the world's most attractive employers.

The company also promoted experimentation and constructive competition, building on the tone set by Owen-Jones. He had fostered internal competition and creativity via "the unique combination of delegation and control," he explained, setting up multiple brands in different places.²⁸

Moving Ideas across Boundaries

The company operated as a matrix. Country operations maintained full P&L responsibility and sought to learn from each other and import product lines across geographies.²⁹ To promote such exchanges the company moved staff and managers across categories, brands, and countries. The Direction Marketing International (DMI) was responsible for international development of products for different locations and cultures and for related marketing as it related to public relations and press releases. International teams developed products and were responsible for the integrity of each brand's positioning. "Some innovation is done locally," explained Alexandre Charpy, controlling and finance director of L'Oréal India from April 2007 to November 2010. "Some flexibility in the mindset is needed and [headquarters] needs to give some freedom to local management." "The first reaction anyone used to have was, 'this is not invented here.' Now more and more people are looking for what works instead of always trying to reinvent the wheel," Lebel said. He elaborated:

I travel a lot to meet the people, see consumers, and go to stores, which is how you see opportunity. We spend time in people's homes and talk to customers to see how our products are perceived, how they evolve, and what we should do next. This happens in India, in China, and in Brazil. I go and sit with families.

He was not alone. In Paris sat an International Brand Manager for L'Oréal Paris and an International Brand Manager for Garnier, with counterparts for Maybelline based in New York. Under these managers, teams looked out for each category, applying their vision of the world for that category in that brand. The Brand Manager for Garnier hair care would be familiar with the projects across the brand's geographies. He might not be directly active in the development of a product in a particular geography but he might prod a particular development in a particular geography, in terms of the right fragrances, package sizes, or manufacturing. The country management and regional zone would also be involved. "Imagine that each brand is a box. Each box is really very precisely defined, in that it occupies a very distinct market position," Agon explained. "It is sold to a particular type of customer through a particular distribution channel. Our managers around the world know that they can't play with the position of the brands. We don't play with the boxes. The trick is to do innovative things inside of each box."³⁰

The *zone* functioned as a bridge between the DMI and the country and assumed many operational activities. "L'Oréal is a global company which empowers its large regions to create new ideas" explained Jacques Challes, L'Oréal India General Manager. "Within them, the zones summarize everything about the countries to us, and then those that are more business-oriented than us attend the budget meetings," International Project Manager Asia Pacific at L'Oréal Paris DMI Aurore Nguyen explained, adding: "They know the budget of the country, whereas we develop the ideas, we look at consumers, among other things." Vaidehi Vimadalal echoed: "The zone does the job of a consultant. If a country is launching something, we say whether or not it's a good idea but the country decides because they're responsible for how the business does." Vimadalal had spent five years at L'Oréal India as a Marketing Project Manager. She recently moved from being in charge of the launch of L'Oréal Paris Total Repair 5 Shampoo in India to Garnier Development and Coordination for the Asia Zone at the headquarters in Paris.

With this approach, L'Oréal saw more ideas coming through the pipeline from the world market. Emerging markets were now a source of information for new ideas and products, not just a

destination for products. "If we find a good idea and create a great product, it will go somewhere else if it is a great idea," Lebel believed. One such example was the Total Repair 5 franchise.

Generating Total Repair 5

Total Repair 5

Tailored to solve the five most common hair problems faced by the women of any given country, Total Repair 5 was launched by L'Oréal Paris in 2008 in Brazil under the Elseve brand name. In 2009 it rolled out elsewhere in Latin America, throughout Western Europe (under the Elvive name), and in parts of Asia. The marketing campaign featured a series of ads with the slogan "five problems, one solution." Ads starred actresses and models from around the world including Megan Gale in Australia, Anne Curtis in the Philippines, Aishwarya Rai in India, and Ximena Navarrete in Mexico. In Mexico, Navarrete told customers that it would solve hair loss, dryness, dullness, lack of movement, and split ends. In Australia, Gale spoke of its power to fix damage, thinning, dullness, brittleness, and split ends. All ads focused on the scientific and research background of the product, which used "bio-ceramide" to repair damaged hair.

Getting Started in Brazil

The product launch was very successful in Brazil: in six months over 7 million units were sold; in 2009, the Elseve brand posted more than 27% growth in Latin America. In 2007, Olivier Blayac (now SoftSheen Carson International Managing Director) was sent to Brazil to develop L'Oréal Paris and Garnier brand-specific products for local and regional consumers while respecting the codes of the two brands. The existing Elseve brand was not performing very well, at more or less 5% market share and at a standstill in a very competitive sector that recorded about 1.2 billion units of product sold per year, with solid growth prospects. "In Brazil the number one category for beauty is hair," Blayac explained. "Brazilian women wash their hair very frequently, especially since 80% of them live near the beach, they swim all the time, and are exposed to sun. And like many women in the world they are never happy with their hair. But in Brazil hair is at the center of the concern of women. They keep their hair extremely long since it is a symbol of their femininity. Many women are born with very curly or wiry hair so they do a lot of relaxing or flat ironing that damages the hair and then do anything they can to bring it back to life."

Blayac and his team decided to focus on repair: "Everyone was talking about the key ingredient to repair hair but everyone had the same product, so we tried to convince consumers that we repair hair more fully than other brands. We ran massive focus groups and found that women saw five signs of damaged hair. We tried many formulations until we were certain to beat the competition at all five." With a media investment of \$10 million, Total Repair 5 was born: shampoo had come a long way from its commercial origins 200 years before, when English hair stylists boiled shaved soap in water and added herbs to give the hair shine and fragrance.

Marketing the Franchise

Total Repair 5 was marketed as a franchise under the Elseve brand, and became its number one product in 2008 in Brazil. Elseve had not been a particularly strong brand for L'Oréal Paris, and before launching Total Repair 5, the company had wanted Elseve to have greater brand awareness and a good reputation. "We wanted it to be the expert hair care brand for damaged hair," Blayac explained. Elseve was piloted for years in Europe, where the number one franchise was for colored hair. "We had done some ads for sleek hair," Blayac said, "But nothing in eight years for the

damaged hair segment. It was perceived as a shampoo brand with multiple destinations, but no one saw it as the most 'caring' brand."

Total Repair 5 included a shampoo, conditioner, treatment for split ends, overnight treatment cream, and a combing cream. Blayac added, "Because women used multiple hair care products (e.g., conditioners and combing cream), we needed to develop an offer in all these segments. We also decided that the advertising should be focused on the deepest care because shampoo was 'wash off.' So we reshuffled the line-up and focused the advertising on that total range offering." Focusing franchise communication across multiple years was also new for L'Oréal, and new for Elseve. "We used to launch a product, launch the communication, wait for sales to peak, and then launch a new product," Blayac explained. "But for this, we decided to do something different. We decided to keep on communicating until the franchise has reached its full potential."

As Brazil's GDP per capita grew, so did spending, and in cosmetics consumers migrated up from one segment to the next in droves. Elseve was positioned as mass premium. L'Oréal Paris increased the price to increase the appeal and also make it clear to consumers that they were paying for technology as well as "something special inside," as Blayac put it. This reflected consumer behavior. Unilever had been the segment's historical leader in Latin America, via its shampoo sold under the SEDA name in Brazil and as SEDAL in other countries in the region. By 2010, however, Unilever had lost market share. L'Oréal's management believed that in 2000 Unilever had been successful in targeting consumers in the bottom two layers, but lost some of them as consumers' disposable income and aspirations grew. "Their image went down as ours went up," Blayac said. Unilever's products were sold in 300ml containers (for 4.7 *real*) versus L'Oréal's 250ml (for 5.24 *real*). Consumers had perceived SEDA and Elseve as very similar, but with the launch of Total Repair 5 the gap between them increased. P&G then decided to launch Pantene at an even higher price point, selling 200 ml for 6.2 *real*. In response, Pantene sales grew even faster than L'Oréal.

Taking It around the World

L'Oréal managers described Brazil as the "torture test" market for hair care. Brazilians combined very demanding women, very diverse women with all types of hair, a centrality of hair as a beauty asset (trumping skin, etc.), and the way Brazilian women abused their hair, subjecting it to all kinds of chemical treatments and, as Blayac put it, "hairdressers who run all kinds of experiments." Success in the Brazilian context meant that a product developed there would have a good chance of doing well around the world. By 2009, it was time to test that hypothesis.

Total Repair 5 became successful in most geographies, depending in part on how it was positioned, and had become Elseve's number two franchise by mid-2011 (colored hair was number one because of the credibility built over time by L'Oréal as HairColor leader). Elseve's market share was about 10% (one point of market share amounted to about 10 million units) and the market continuously grew. "The simple driving force was the rise of the middle class," Lebel believed. "When people have money to spend on something other than food, they buy cosmetics. Everywhere around the world it is the same picture, absolutely the same. You just have to have products that work. Total Repair 5 traveled everywhere." "We're just at the beginning," Nguyen said. "Growth is really accelerating, countries are investing a lot in hair care, whereas before that was not the case."

L'Oréal in India

Across the globe in India, an experiment and local adaptation had become the base for a global franchise. L'Oréal India's consumer products division included L'Oréal Paris, Garnier, and

Maybelline New York. After first venturing into India with a distributor in 1991, Garnier India was established in 1994 with the launch of conditioners. A year later the subsidiary launched the first anti-wrinkle cream in the Indian market. In 1996 L'Oréal Paris entered the market launching Excellence hair coloring in India; in 1998, it launched Maybelline; and in 2000, Garnier Nutrisse with several subsequent hair care launches every 24 months or so. The division wanted to be known for innovative products. According to former India CFO Charpy, only in the early 2000s did the business reach critical mass. In 2008, "we made the decision to invest a lot of our bottom line behind our business drivers," Charpy explained. "We invested for the future and built a large factory in India. We only imported makeup into the market."

L'Oréal believed that local production would ensure that its cost of goods sold would be proportionate to local price levels. Distribution was via a network of dealers. These decisions had paid off. "Today we're one of the top beauty companies in our field in India," Vimadalal remarked. L'Oréal had a strong presence especially in brands such as Color Naturals, a premium and valued product created in India in order to upgrade consumers who were using cheap powder hair colors. "This product today is a leader in Crème hair colors in India," Vimadalal continued. "This product was customized to suit the Indian pocket. It is not as premium as we would sell in other countries, because that would be inaccessible for the bulk of India's middle class." When Total Repair 5 launched, it was positioned competitively in the hair care market at only a slight premium, as an extension of L'Oréal Paris. With Garnier, L'Oréal was looking to go into the market with competitive market pricing and accessible formats like sachets. (See **Exhibit 3** for a hair care market snapshot.)

In total L'Oréal had 25 million to 30 million customers and aimed for 150 million in 2020 in two ways: by upgrading consumers from their current product usage habits, and by reaching a larger number of consumers with lower-priced products. The value of the urban market in India was estimated at Rs. 116 billion (growing 16% per year), while the value of the rural market accounted for Rs. 65 billion (and also growing rapidly, around 14%). Charpy recalled:

Our business accelerated when we introduced products at prices more adapted to the local customers. For instance the premium L'Oréal Excellence Hair Color established our image in terms of reputation very early on. This helped to build a foundation. Then we adapted products to the local prices, but still not targeting the low end. Our successful Garnier Color Naturals is still relatively expensive, in a way, for India. Next step is to go more in-depth, to target volume business with cheaper products. We cannot be entirely successful without going into the mass market. The middle class holds promise, but you cannot ignore the other 40% of the market. Profitability works when you get to a certain scale. This has been a long thought process. The strategic choice has been made to go to a deeper distribution, so we must move forward. So for us it's adapting the way we're working, adapting our operations, and putting in place the infrastructure – e.g., supply chain, IT systems – that helps us go one step further.

India's Beauty Context

The importance of beauty in Indian culture meant demand was great. India had very elaborate traditions with complex rituals. "In this context, things considered beautiful were symbolic in nature—fair skin and sharp features meant you came from a higher caste and social class," noted Head of Consumer & Market Insights L'Oréal India Comal Hâté-Malik. "It was not acceptable to have hair that was out of control because it signaled that you were not a 'controlled' woman. Our paintings, our sculptures, our dance forms and even our folklore do great justice to depicting the beauty of the female form in all its glory. While in a traditional, male-dominated, caste-ridden society, beauty was not openly flaunted, in today's world, beauty, like education, is considered a

passport to a better life," via marital or career success. "Beauty attitudes in India have changed—beauty today is less glorified, more accessible, less ritualistic, more focused on the end result. Beauty today means that you can become Miss India, a Bollywood actress, or marry a NRI (Non Resident Indian)," Hâté-Malik noted. "So, expressing your beauty is not a taboo. Besides, while traditional beauty was more face-centric, today there is increasing body consciousness."

Combined with rising disposable incomes, urbanization, liberalization, and exposure to international media, these forces fueled growth in sales of beauty products and services in India. What persisted was a holistic approach to beauty. "It means that beauty is closely linked with wellness. So customers expect 'do-good' benefits from beauty products. Also, beauty is considered to be something to be acquired in harmony with nature. Hence, the belief in natural ingredients and the premium placed on natural beauty over acquired beauty. This explains why the no-makeup look is popular. Also, why we don't stress about aging, or didn't, until recently, to the extent that the West does," Hâté-Malik explained.

India presented beauty-related specificities. Skin color, which ranged from fair to very dark, and hair that was brown or black, very long, and usually oiled, created specific demands. Unlike Russia or China, when economic change in the 1990s suddenly made beauty brands available, in India consumers had always had access to beauty brands from Indian and international companies. Consumption was an evolution and not a revolution; there had been no "craze" for Western brands. "This means that each and every brand has to earn the respect of the consumers, with the right products at the right price, with the right advertising," Challes explained.

Earning consumers' respect meant little without access to them. Modern distribution in India accounted for only 5% of overall consumption and 15% of L'Oréal sales. The rest was done via half a million small stores, some of which were about 3 or 5 square meters. Most consumers bought their cosmetics from grocers, general stores, chemists, and cosmetic stores. "With our brands," Challes explained, "we should reach 1 million stores, but if you count rural India, the total number of stores adds up to 4.7 million. How do you service these stores on a daily basis? How do you make sure that your launches are visible? And how do you get paid? This is what we have been learning for the past 15 years and we are still learning a lot." Some estimated the growth of modern Indian retail at over 100% from 2010–2015, but 80% of the potential was still expected to lie in traditional retail.

Existing relationships with distributors and shopkeepers were essential, because shelf space depended on the goodwill of individual shopkeepers. Thibault Tetrel, Marketing Director L'Oréal Paris (Total Repair 5) explained: "With L'Oréal Paris, we were strong with hair color. You come and ask and people give you shelf space. In the little stores it's individually decided by the storekeeper, mostly based on goodwill." In certain larger stores, shelf space had to be bought, usually not for a large amount but based on the relationship with a shopkeeper. "They can give you shelf space, but after a few weeks if it doesn't sell, they give the space to someone else. That's why time to launch and time to market is so important," he added, as was getting quick traction in the market. "We advertise about 21 days after we start to place a product in the top 10,000 stores," he said. "We give store managers three weeks to get it there."

Another challenge was the subcontinent's regional specificities. Challes described Northern Indians as more likely to flaunt their beauty, and Southern Indians as more conservative and prone to using natural hair products such as turmeric and oil. "Having your advertising in seven languages is the easy part," Challes said. "The difficult part is to understand the specific regional consumer insights." Hâté-Malik, though, saw a pan-Indian notion of beauty that involved clear, glowing, and fair complexion and thick, long, dark and glossy hair.

In this rapidly changing cultural context, L'Oréal India had averaged 30% growth in the decade ending in 2010, which put L'Oréal India on track to be a €220 million business, still small compared to other large BRIC countries for L'Oréal – but another 10 years of such growth could place India among L'Oréal's top 10 countries. In just 15 years L'Oréal India had become the country's second largest beauty company with 10% of the urban market. The subsidiary directly employed 1,000 staff, and in 2010 was doubling the capacity of its plant in Pune (near Mumbai), creating a national distribution center, and scaling up its direct and indirect sales force to cover 1 million stores (up from 500,000) by 2012. Talent shortage was a key constraint at all levels.

Challes explained how that all felt: "Growing at over 30% per year is a little bit like driving Formula 1. If you don't have in mind the next 10 seconds of the track, things can really go wrong!" To avoid a crash, the Group in 2011 decided to invest in a research and innovation center in India. "We have had some great ideas over the years," Challes noted. The first one, and largest to date to originate in India, was the launch of Garnier Color Naturals, a simplified hair kit that was mixed in a bowl which made three separate touch-ups possible. It was launched in 2002 and was expected to sell over 30 million units in 2011. In 2009, L'Oréal India launched Garnier Fructis Shampoo + Oil 2-in-1, which allowed people who had no time to oil their hair due to modern life to oil their hair each time they shampooed. In 2009 Garnier Men skin care was launched, and in 2010 Garnier Deodorants.

The amount of experimentation in India had a personal component. Lebel and Challes had a close connection and Lebel, as head of Latin America 10 years prior, had already experienced the success of developing products locally for Brazil rather than importing French ones. Challes had been product manager up to the position of Marketing Director when Lebel served as head of Garnier France. "When he showed me Garnier Men here I said, 'Go ahead,' and I tried to encourage him."

Total Repair 5 India

Lebel and Challes soon hit on developing L'Oréal's hair care franchise in India. Hair was very important to women, and in 2010 L'Oréal commissioned a skin care versus hair care market study to find an entry into the Indian market. They found that Indians valued hair care more than skin care, and estimated 65% of the beauty market lay in hair care. Most men and women in India had wavy hair with reddish/copper undertones and diverse textures; it was difficult to straighten. While there were shorter hairstyles, 80% of women kept their hair shoulder-length to long, precluding the use of mousse, favoring instead products such as detanglers. Indian women also tended not to change hair color, but rather just covered up grey.

Even though Indian hair was among the thickest in the world, many women complained of thin hair, leading Hâté-Malik to see a "lot of untapped potential" for products with thickening/anti-thinning benefits. Hair loss was a big concern among women, as were split ends and premature gray. "All women have it to an extent," Hâté-Malik said. In terms of expectations, an Indian woman had very specific ideas about what a product did; hair oil was the primary product that nourished and strengthened hair and prevented hair problems including breakage and hair loss; shampoo was second and cleansed and eradicated dandruff; conditioners came third. Shampoo units accounted for 43% of the hair care products sold, while hair oil sales accounted for 55%. "In 2006 we decided that we needed to *Indianize* the range," recalled Marketing Manager Richa Singh. "We started to evaluate two things: can we innovate with packaging and use sachets, and the second was 'what can we bring that is different?' as a franchise. Pantene stood for shine; we needed to have something else."

The team felt that L'Oréal needed a blockbuster product, something unique and at the right price point to really appeal to the market. Focus groups in India showed an immediate inclination to buy

the product. Priced around Rs. 130, it would be on par with Head & Shoulders (Rs. 134) at that time, and more expensive than Dove, Pantene, and Fructis (all clustered around Rs. 117).

Commercials for the product featured 1994 Miss World, former model and Indian film actress Aishwarya Rai, considered by many to be one of the most beautiful women in India if not the world. After 20 years L'Oréal Paris built a liberated image of a woman, moving to a more feminine, woman-to-woman brand. "We are trying to be more loved in a way," Tetrel said. "In India, it's kind of the opposite. We've moved back 20 years because it's more adapted to the Indian market. It's about glamorous actresses. People might have a tough life but want to aspire to that and have part of it. Emerging countries are not at the same state of mind than developed countries. We need to find the right balance."

In India at the time, Head & Shoulders was the only shampoo at a price of Rs. 134. For the launch of L'Oréal Paris hair care in India, India had got a few things right—the right product, a generalist shampoo that catered to five problems (hair fall, dry hair, rough hair, dull hair & split ends). These problems were the most common problems in India as well. It was indeed 5 problems, 1 solution (Total Repair 5). The price was right, as was the packaging (premium), the brand name (L'Oréal Paris), and the spokesperson (Rai).

China launched L'Oréal Paris Hair Care in 2008, a launch that Vimadalal described as best practice in an emerging market. The India team learned from the "premiumness" that China was able to bring to their hair care range. The team decided to "be bold enough" to drop the name Elsève and launch Total Repair 5 with L'Oréal Paris—Hair Expertise Shampoo—highlighting "L'Oréal Paris," which immediately connected with customers. Sold with very simplified packaging, the launch was a phenomenal success. Total Repair 5 shampoo was a shampoo made for damaged hair. Different geographies had different notions of what dryness and damage were; and the notions were subjective. Total Repair 5 was sold as a generalist product, while in the past damage and dryness might have required for two different shampoos. Also the basic formula did not stay the same. L'Oréal India had the option to use the China formula that contained a lot of silicon to account for the damage blow drying did to Chinese hair; but Indians did not blow dry their hair as much. Two years after the launch, L'Oréal Paris Hair Care had 6% market share in the bottle market (half from Total Repair 5).

GarnierMEN in India

"In India, you have to challenge or rather reinvent everything that you have learned from category management to merchandising, etc.," explained Challes. Garnier, originally started in 1904 as a lotion from plant extracts—Ambre Solaire (1935–1936), Fructis (1996), Natea/Nutrisse (1998), and Skin Naturals in 2002. In 2009 the brand debuted a new tagline: "Take Care. Garnier—Innovative. Natural. Accessible." In 2009 L'Oréal introduced GarnierMEN under the tagline "fuel your skin with natural energy."

The Opportunity

A 2008 usage and attitude study showed that Indian men wanted to look good. Some believed that "when I look good, I can concentrate and get more work done." To Indian men, the ideal skin was fair and glowing, clean and fresh, smooth, with no marks or spots. The main triggers for use of products were skin darkening, preference for fairness (as evident in personal ads underscoring fairness as a positive attribute), and sun tanning. Two-thirds were worried about oiliness and many had pimples. Some Indians started using fairness enhancing products at age 12.

An exploratory study on men in 2008 segmented “emerging” Indian men into three categories: those with a functional approach (basic lifestyle) who tended to be value conscious, believed it was important to be presentable, and used limited products; those who were fashion conscious (trend follower) who tended to lead an active lifestyle, be experimental and try new products; and the individual (trendsetter) who believed in his own style and identity, was brand conscious, and used specific grooming for special occasions. Men groomed to feel good from within (to boost confidence and enhance self-identity) and to look good for others (to get compliments and gain advantage in competitive situations). Grooming product usage rates varied by category, from 91% for shaving to 8% for face masks/scrubs. L'Oréal considered the market potential to be huge. The total Indian face care market was Rs 28.8 billion in 2010, growing at 25%, out of which Rs.1.7 billion represented the men's skin care market growing at 41%. Men's face care accounted for 4% of India's total skin care market.

Overall, Indian men traditionally had a propensity for grooming. For example, the penetration of modern hair color was slightly higher among men than women; men visited hairdressers more often than women and had higher disposable income. The men's beauty segment in India was growing at twice the rate as the overall market.

Launching

In 2009 L'Oréal decided to launch GarnierMEN in India. Specific formulas and relevant packaging were developed, as well as a high impact communication strategy. The GarnierMEN range included skin products focused on *whitening*: The range comprised Fairness Moisturizer with SPF15, Fairness & Oil Control Moisturizer, and Facewash. The products went on sale in May 2009.

The GarnierMEN brand imagery evoked a dynamic, trendy, modern, healthy, ultra-confident, accessible and energetic “real guy's guy.” A 2009 DMI presentation described the promise of GarnierMEN as a dedicated brand; its attributes were simplicity, rapidity and efficacy, light texture and naturalness. Indian actor and former model John Abraham was picked as superstar endorser, using a fairness measuring ruler to show the impact of the cream on his skin color. Abraham had made his film debut in 2003; L'Oréal described the 39-year-old as “athletic, young, and edgy,” “the quintessential Bollywood hunk.” “The brand essence of Garnier Men was the no-nonsense brand that speaks to me as a friend,” Challes noted.

L'Oréal invested in a 360-degree launch – TV (advertisement on 50 channels across India preceded by a 22 channel road block for two days), print across leading English, Hindi and vernacular dailies and top magazines for men (from GQ and Maxim to India Today and Business World), and outdoor advertising (see **Exhibit 4a**) and in-store displays at traditional and modern retail (see **Exhibit 4b**). Banner advertisements promised users would become “two tones fairer – performance you can measure.” *Man's World Innovation* featured a cover study on John Abraham with GarnierMEN a double page spread. GarnierMEN also sponsored television shows such as “Men Can't Dance and Other Myths” and “I'm a Celebrity – Get Me Out Of Here.” Metro stations and cabs featured ads as well. In July 2009, 1.2 million travelers used local airline boarding passes featuring Abraham and his fairness measuring ruler.

Results GarnierMEN did very well in India, reaching the number two position after Fair & Handsome, a much cheaper brand sold by a local company Emami. In 2012, the brand was still growing at 50%, reaching 12 million in unit sales. A December 2009 survey in Delhi and Chennai showed that the brand rated very high on brand parameters. Men tried it because of its promise to make skin fairer and because it was a good quality product. About a quarter of the triers liked the

creams' good smell and impact on fairness; 65% of them could not conjure up anything to dislike. Users had also appreciated the advertisement campaign, finding it relevant and credible, and hence promoting purchase intention. L'Oréal management credited its success to three key growth drivers: relevant product, strong brand proposition, and high impact visibility.

The broader launch in Asia followed in November 2009 in Thailand, China, Indonesia, and Malaysia, where it was rolled out with very little modification. In China and Thailand L'Oréal added the word "control" oil because that worked best in those markets. Lebel was not sure when GarnierMEN would reach the U.S., he noted, "because U.S. men are very different."

Growing the Garnier Franchise in India

The main goal for the franchises in 2010 was to recruit new consumers via accessible and relevant offerings. Another focus was entry categories. To be accessible, GarnierMEN launched three small packs—SFP15 Moisturiser (7.5 mg sachet); SFP15 Moisturiser (20g); and Powerlight Facewash (50g). By December 2010 small packs were contributing 35% of total value and had been successful in driving trials and penetration. Sachets were a very price sensitive format. (See **Exhibits 5, 6, and 7** for data on price points, forecasts, profitability of sachets vs. bottles, and the sachet market scenario.)

The focus on new entry categories clearly pointed to the deodorant segment: for over 60% of men that was the first thing they purchased for themselves in the grooming department. The category was growing at 48% in value terms and 40% in volume terms. Spray constituted 98% of the market. Unilever's AXE dominated the deodorant perfume market in India. L'Oréal decided to focus on efficacy, launching in 2010 an "innovative anti-perspirant" that boasted "absolute dry" and "extreme cool" as results for men and "absolute dry" and "extra care" for women, selling around Rs. 150. It became the first 48-hour anti-perspirant in the market. It claimed five times the absorbency of talc, which enjoyed high usage in India. Here too, L'Oréal invested heavily across communication platforms, and again met with high consumer appreciation for its uniqueness, relevance, appeal and ease of understanding; good fragrance and heat control drove trials, and users ranked the product high on satisfaction and uniqueness. Heavy investment was expected and needed as competition was significant (**Exhibit 8**).

A Fourth Stage?

At the end of the day, however, "the competition have the same opportunities as we do," Lebel said, "but they don't seem to move around things as fast as we do. I think being good at this is a competitive advantage for us. Continuing to be successful requires continued innovation within L'Oréal standards." "There's a novelty factor in every consumer product that wears off with time. At some point there is no choice, you have to bring new news to your franchise. But you won't have a new product launch each year," Tetrel explained.

Others such as Charpy underlined that products should be adapted for regions but that quality could not be sacrificed. "If we go from one extreme to another," Charpy noted, "there's a risk of dilution of what makes a brand a brand. On the other hand, if you don't adapt to the country, you cannot succeed. Part of the marketing in these emerging countries is to come up with something more consumer-oriented, and maybe reassess where the value is in the eyes of the consumer." The product had to remain true to the brand and uphold L'Oréal standards. Lebel illustrated the tension: in Spain a Brazilian shampoo was adapted for curly hair but promoted for "Mediterranean hair." "They tweaked the idea and now they own it," Lebel explained, "but don't change it so much that I don't

recognize it." Remaining true to the brand and to L'Oréal's vision and commitment to quality was important, as Owen-Jones explained:

Does the theory match the facts, and do the facts match the theory? We have this great strategy back in the head office of how we are going to do it worldwide. But when you go out and look at what's happening, is there a big gap between your projections and the reality of what you see and hear? It's so important to have a world vision because otherwise, decentralized consumer-goods companies with many brands can fracture into as many little parts if somebody isn't pulling it back the other way the whole time with a central vision.³¹

Owen-Jones had also warned that many requirements for survival in the next century were going to be scale-related. "[Yet] the imperative for size is balanced by the need for genuine innovation, creativity, flair, intuition, imagination, taste, a sense of what is cool and what is not, and those are not qualities which go with huge companies."³² Agon had reiterated: "I want L'Oréal to be known for the top quality of its brands and products. That's very important; our first stakeholders are our consumers. At the end of the day, we sell five and a half billion products to almost one billion consumers all over the world, so our number one responsibility is to fulfill their expectations. Our mission and our passion must be to give these global consumers the best beauty products in terms of quality, performance and safety."³³ Nguyen explained: "We are trying to rationalize and we think in terms of zone—if we think it's too specific to one country, we cannot have something very local in Hong Kong because it's very small. If a request comes from China, of course, we have to consider them. Or from a huge market like the Philippines. And everything has to be consistent with the image we are trying to maintain."

One thing was certain: emerging market development made things much more exciting for employees and helped in recruiting, training, and development, as Lebel noted: "If you are in a big country you are developing—you are not just implementing ideas. You are managing an advertising company's work and developing your own ideas. People like to be at the starting point of great projects." The challenge was getting the right people in the right places, in addition to the right products in the right place.

Exhibit 1a Professional Products Division Sales by Region (in € millions)

	2009	% of Sales	2010	% of Sales	2011	% of Sales
Western Europe	930.7	39.0%	965.1	35.5%	977.6	34.7%
North America	825.2	34.5%	982.7	36.2%	1018.6	36.2%
New Markets	632.6	26.5%	769.3	28.3%	817.6	29.1%
Total	2,388.5	100.0%	2,717.1	100.0%	2813.8	100.0%

Source: Company documents.

Exhibit 1b Consumer Products Division Sales by Region (in € millions)

	2009	% of Sales	2010	% of Sales	2011	% of Sales
Western Europe	3,583.5	41.9%	3,664.9	38.5%	3,686.2	37.5%
North America	1,943.1	22.7%	2,167.4	22.7%	2,191.9	22.3%
New Markets	3,028.6	35.4%	3,697.6	38.8%	3,957.1	40.2%
Total	8,555.2	100.0%	9,529.9	100.0%	3,957.1	100.0%

Source: Company documents.

Exhibit 1c Luxury Products Division Sales by Region (in € millions)

	2009	% of Sales	2010	% of Sales	2011	% of Sales
Western Europe	1,758.4	43.5%	1,798.7	39.9%	1,836.2	38.2%
North America	933.7	23.0%	1,016.4	22.6%	1,064.8	22.2%
New Markets	1,349.3	33.0%	1,691.4	37.5%	1,899.1	39.6%
Total	4,041.4	100.0%	4,506.6	100.0%	4,800.1	100.0%

Source: Company documents.

Exhibit 1d Active Cosmetics Division Sales by Region (in € millions)

	2009	% of Sales	2010	% of Sales	2011	% of Sales
Western Europe	725.5	57.0%	752.3	54.3%	746.6	52.5%
North America	111.3	8.0%	125.0	9.0%	130.4	9.2%
New Markets	435.3	34.0%	508.3	36.6%	544.2	38.3%
Total	1,272.0	100.0%	1,385.6	100.0%	1,421.2	100.0%

Source: Company documents.

Exhibit 2 L'Oréal Financials: Income Statement, 2005–2011 (in \$ millions)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenue	17,214.5	20,835.4	24,916.5	24,511.7	25,041.3	26,142.5	26,428.2
Other Revenue	--	--	--	--	--	--	--
Total Revenue	17,214.5	20,835.4	24,916.5	24,511.7	25,041.3	26,142.5	26,428.2
Cost Of Goods Sold	5,149.6	6029.0	7,189.5	7,248.2	7,397.5	7,638.6	7,601.8
Gross Profit	12,064.9	14,806.4	17,727.0	17,263.5	17,643.9	18,503.9	18,826.4
Selling General & Admin Exp.	8,737.9	10,678.1	12,764.2	12,635.4	13,076.6	13,513.5	13,612.9
R&D Exp.	587.8	702.6	834.3	820.9	873.1	891.3	936
Other Operating Exp., Total	9,325.6	11,380.7	13,598.5	13,456.3	13,949.7	14,404.8	14,548.9
Operating Income	2,739.3	3,425.6	4,128.6	3,807.2	3,694.2	4,099.1	4,277.5
Interest Expense	-99.9	-185.5	-303.0	-291.8	-131.9	-58.7	-62.5
Interest and Invest. Income	227.6	319.5	413.7	390.3	395.7	403.6	421
Net Interest Exp.	127.7	133.9	110.7	98.5	263.8	344.9	358.6
Income/(Loss) from Affiliates	-0.8	-1.6	0.1	--	--	--	--
Currency Exchange Gains (Loss)	-55.1	-72.8	--	--	--	--	--
Other Non-Operating Inc. (Exp.)	-3.9	-4.8	-11.0	-10.1	-18.8	-12.1	-7.3
EBT Excl. Unusual Items	2,807.2	3,480.4	4,228.4	3,895.6	3,939.2	4,431.9	4,628.8
Restructuring Charges	-2.6	0.1	-46.1	-190.5	-319.5	-24.0	-64.3
Impairment of Goodwill	--	-70.9	--	-15.2	-62.3	-40.8	-48.2
Gain (Loss) on Sale of Invest.	--	--	938.7	--	--	--	--
Gain (Loss) on Sale of Assets	13.6	11.2	17.2	5.0	-1.3	0.4	2.2
Asset Write-down	--	-20.7	-2.0	-17.7	-14.8	-34.9	-42.6
Other Unusual Items	--	--	--	--	--	-106.2	27.8
EBT Incl. Unusual Items	2,818.2	3,400.1	5,136.2	3,677.2	3,541.4	4,226.5	4,503.7
Income Tax Expense	480.8	679.2	1,255.4	951.2	969.0	1,220.1	1,332.6
Earnings from Cont. Ops.	2,337.4	2,721.0	3,880.8	2,726.1	2,572.4	3,006.4	3,171.0
Earnings of Discontinued Ops.	--	--	--	--	--	--	--
Extraord. Item & Account. Change	--	--	--	--	--	--	--
Net Income to Company	2,337.4	2,721.0	3,880.8	2,726.1	2,572.4	3,006.4	3,171.0
Minority Int. in Earnings	-1.1	-1.5	-2.2	-3.6	-3.9	-3.1	-3.2
Net Income	2,336.3	2,719.5	3,878.6	2,722.4	2,568.5	3,003.3	3,167.8

Source: Capital IQ, accessed September 2012.

Exhibit 3 Hair Care Market Snapshot in India, 2009 to 2012 YTD

Units							Value					
2009	2010	2011	Ev	YTD 2012	Ev		2009	2010	2011	Ev	YTD 2012	Ev
698	809	957	18	344	16	Market	20,535	23,959	28,746	20	10,460	21
680	786	927	18	327	14	Shampoo	19,364	22,374	26,740	20	9,613	19
211	220	242	10	83	12	Bottles	11,248	12,767	15,244	19	5,500	22
469	566	684	21	244	15	Sachet	8,116	9,607	11,496	20	4,113	14
18	24	31	31	17	100	Conditioners	1,171	1,585	2,005	27	847	50
14	18	21	20	11	84	Bottles	1,006	1,338	1,571	17	635	41
4	6	9	65	6	139	Sachet	164	247	434	76	212	89

VOLUME (Millions Units)							VALUE (RS. Millions)					
2009	2010	2011	Ev	YTD 2012	Ev		2009	2010	2011	Ev	YTD 2012	Ev
469	566	684	21	244	15	SACHETS	8,116	9,607	11,496	20	4,113	14
0.0	0.0	0.0	659	0.2	1800	L'OREAL PARIS	0.0	0.0	0.1	652	0.6	1891
1.2	1.4	1.3	13	1.1	(5)	FRUCTIS	2.4	2.8	2.6	11	2.1	(10)
1.2	1.4	1.3	16	1.3	11	L'OREAL INDIA	2.4	2.8	2.7	16	2.7	12
12.2	12.8	11.6	10	9.8	(9)	SUNSILK	12.5	12.2	10.1	(1)	8.0	(17)
27.3	27.7	26.2	15	24.2	3	CLINIC PLUS	16.8	17.6	16.7	14	15.3	2
0.6	3.3	3.9	43	3.7	3	CLEAR	1.3	5.3	5.6	28	5.4	4
3.4	4.3	6.5	82	11.8	187	DOVE	6.9	9.0	11.2	49	14.0	64
52.2	52.4	50.3	16	50.8	15	UNILEVER	46.8	47.9	45.0	12	43.5	9
7.6	7.7	10.3	61	12.6	63	PANTENE	12.8	12.8	15.2	43	17.2	37
11.6	11.4	12.7	34	13.8	27	HEAD & SHOULDERS	18.2	17.8	20.1	35	21.5	26
20.2	19.6	23.1	42	26.4	41	PROCTER & GAMBLE	31.8	31.0	35.5	37	38.8	30
6.8	7.0	6.3	10	4.8	(18)	DABUR	5.2	4.8	3.8	(6)	3.2	(17)
3.7	3.1	2.1	(19)	1.5	(27)	ITC	2.9	2.6	1.8	(18)	1.3	(30)

Exhibit 3 (continued)

VOLUME (Millions Units)							VALUE (RS. Millions)					
2009	2010	2011	Ev	YTD 2012	Ev		2009	2010	2011	Ev	YTD 2012	Ev
4	6	9	65	6	139	SACHETS	164	247	434	76	212	89
73.1	69.3	51.4	22	34.2	44	GARNIER FRUCTIS	82.5	77.3	53.6	22	45.8	44
0.0	0.0	1.6		5.1		L'OREAL PARIS	0.0	0.0	2.1		8.5	
79.0	70.3	53.1	24	39.3	65	L'OREAL INDIA	83.0	77.4	55.7	27	54.3	71
0.0	2.3	28.8	1946	20.7	129	DOVE	0.0	2.6	30.1	1967	27.7	130
17.3	26.1	17.0	8	9.7	11	SUNSLK	11.2	18.7	13.2	24	9.7	14
0.0	0.0	0.0		2.4		CLINIC PLUS	0.0	0.0	0.0		1.6	
17.3	28.4	45.9	166	32.8	84	UNILEVER	11.2	21.2	43.2	258	39.0	89
3.8	1.3	1.0	32	27.9	9885	PANTENE	5.8	1.4	1.1	35	6.7	1634
3.8	1.3	1.0	32	27.9	9885	PROCTER & GAMBLE	5.8	1.4	1.1	35	6.7	1634

Source: Company documents adapted from A.C. Nielsen data.

Note: "EV" stands for Evolution in Percentage.

Exhibit 4a GarnierMEN Marketing Campaign

Source: Company documents.

Exhibit 4b Retail and In-Store Displays

Source: Company documents.

Exhibit 5 Information on Sachets in India

	Units Converted (millions)			Values (Rs. millions)			Stores		PCV		SAH	
	YEC09	YEC10	YEC11	YEC09	YEC10	YEC11	Dec11	Dec11	Dec11	Dec11	Dec11	Dec11
Shampoo—By Segments	680.0	785.8	926.5	19,364.0	22,373.8	26,740.5	2,207.7	100.0	100.0	100.0	100.0	100.0
Bottles/Tubes	69.0	72.0	73.9	41.9	42.9	43.0	2,104.5	93.8	93.8	44.9	44.9	44.9
Bottles/Tubes Base	469.1	565.6	684.3	8,115.9	9,606.8	11,496.3	2,104.5	93.8	93.8	44.9	44.9	44.9
< Re.1 Sachet	20.3	19.4	18.6	6.3	5.7	5.4	560.9	30.6	30.6	7.1	7.1	7.1
Garnier	0.0	0.2	0.1	0.0	0.0	0.0	1.7	0.0	0.1	0.0	0.0	0.0
Pantene	0.3	0.0	0.5	0.0	0.0	0.0	33.4	3.1	3.1	0.0	0.0	0.0
Dove	0.5	0.6	1.5	0.0	0.0	0.0	297.8	30.6	30.6	0.0	0.0	0.0
Sunsilk	0.1	4.1	1.6	0.1	0.1	0.0	14.8	0.8	0.8	0.0	0.0	0.0
Head & Shoulders	2.8	1.3	0.4	0.0	0.0	0.0	60.1	9.9	9.9	0.0	0.0	0.0
Clinic Plus	43.0	39.5	37.2	46.4	46.3	44.6	560.9	24.7	24.7	3.9	3.9	3.9
Rs.1	39.5	43.0	46.0	27.4	30.5	32.6	1,090.3	51.1	51.1	29.2	29.2	29.2
Pantene	0.6	0.2	6.7	0.9	0.3	6.7	251.4	47.8	47.8	3.4	3.4	3.4
Dove	0.0	0.0	3.2	0.0	0.0	3.2	119.8	26.5	26.5	6.3	6.3	6.3
Sunsilk	16.9	20.2	20.0	16.9	20.1	20.1	752.6	22.7	22.7	12.3	12.3	12.3
Clinic Plus	41.8	43.6	40.7	41.9	43.4	40.7	1,527.4	51.1	51.1	10.4	10.4	10.4
Rs.1.5	10.2	11.9	11.3	10.5	12.6	12.1	1,042.0	49.8	49.8	9.5	9.5	9.5
Fructis	0.0	0.0	0.5	0.0	0.0	0.5	83.0	7.4	7.4	1.0	1.0	1.0
Dove	0.0	0.0	1.4	0.0	0.0	1.4	104.9	13.3	13.3	1.8	1.8	1.8
Pantene	24.8	27.5	18.0	24.9	27.5	17.8	247.8	9.1	9.1	2.7	2.7	2.7
Sunsilk	0.0	0.0	0.1	0.1	0.0	0.1	6.9	1.1	1.1	1.0	1.0	1.0
H&S	44.1	46.8	57.0	44.3	46.8	57.1	794.4	49.8	49.8	6.2	6.2	6.2
Clinic Plus	1.8	0.0	0.0	1.2	0.0	0.0	0.4	0.3	0.3	0.2	0.2	0.2
Rs.1.5-2.99	9.7	5.0	4.4	13.3	6.8	6.3	76.5	10.5	10.5	21.0	21.0	21.0
Pantene	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	1.9	1.9
Sunsilk	54.3	26.6	35.5	54.6	27.7	35.8	258.3	10.3	10.3	7.2	7.2	7.2
Clinic Plus	16.0	23.3	15.6	15.8	24.2	15.7	76.5	10.5	10.5	2.7	2.7	2.7
Rs.3	19.2	20.1	19.5	39.4	42.3	41.6	660.9	55.2	55.2	31.0	31.0	31.0
Fructis	6.0	6.6	6.1	6.1	6.7	6.2	153.5	16.7	16.7	5.5	5.5	5.5
Dove	17.3	21.1	23.8	17.6	21.2	23.9	226.1	24.1	24.1	15.4	15.4	15.4
Pantene	23.9	21.5	26.0	24.2	21.6	26.1	553.1	48.1	48.1	10.2	10.2	10.2
Sunsilk	1.4	9.8	3.1	1.4	9.9	3.0	93.4	12.8	12.8	2.2	2.2	2.2
H&S	32.6	27.9	31.5	33.1	28.0	31.6	660.9	55.2	55.2	10.5	10.5	10.5
Clinic Plus	1.7	0.7	0.2	0.4	0.2	0.0	10.6	1.4	1.4	0.3	0.3	0.3
RS.>3	1.2	0.6	0.5	3.1	2.1	2.0	216.4	22.3	22.3	4.5	4.5	4.5
Fructis	0.0	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A
Pantene	20.8	9.2	3.0	13.4	4.6	1.3	3.7	1.3	1.3	0.8	0.8	0.8
Sunsilk	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	1.6	1.6	1.6
H&S	27.5	6.3	1.9	17.7	3.2	0.8	2.8	0.3	0.3	1.4	1.4	1.4
Clinic Plus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
L'Oreal Paris	0.0	0.8	7.5	0.0	0.6	5.3	50.8	10.6	10.6	1.8	1.8	1.8

Exhibit 5 (continued) Shampoos (Bottles) – Bottles Share on Shampoos & Segment Share on Bottles and Brand Share on Segment

	Units Converted (millions)			Values (Rs. millions)			Stores	PCV		SAH
	YEC09	YEC10	YEC11	YEC09	YEC10	YEC11	Dec11	Dec11	Dec11	
Shampoo—By Segments	680.0	785.8	926.5	19,364.0	22,373.8	26,740.5	2,207.7	100.0	100.0	100.0
Bottles/Tubes	31.0	28.0	26.1	58.1	57.1	57.0	1,112.3	86.6	66.8	66.8
Bottles/Tubes Base	210.9	220.2	242.2	11,248.1	12,767.0	15,244.2	1,112.3	86.6	66.8	66.8
10-50 ML	32.7	30.3	26.8	7.4	6.3	5.2	545.1	49.4	5.6	5.6
Garnier	0.0	1.3	2.5	0.0	0.2	0.1	8.8	2.0	0.1	0.1
Dove	0.0	0.0	0.0	0.0	0.0	0.1	2.5	3.4	0.1	0.1
Pantene	0.5	0.1	0.0	0.0	0.0	0.0	0.2	0.4	0.0	0.0
Sunsilk	21.0	15.5	13.5	23.6	19.0	16.5	167.2	23.3	1.8	1.8
Clinic Plus	37.9	45.0	42.4	29.5	36.0	34.6	545.1	49.4	1.8	1.8
Clear	3.8	8.5	6.7	3.9	11.5	10.7	114.9	18.6	1.7	1.7
Chik	14.8	11.7	13.0	10.1	8.6	9.5	72.6	6.3	4.7	4.7
Clinic All Clear	7.1	1.3	0.4	9.7	1.4	0.5	6.8	0.9	0.8	0.8
51-89	2.4	2.4	3.2	1.4	1.5	2.4	316.1	43.5	8.0	8.0
Garnier	0.0	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A
Dove	0.0	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A
Pantene	0.0	0.0	13.6	0.0	0.0	16.7	128.2	32.3	3.9	3.9
Sunsilk	0.0	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A
Clinic Plus	0.1	0.2	0.1	0.1	0.2	0.1	0.4	0.0	1.5	1.5
Clear	0.0	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A
Clinic All Clear	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.5	0.5
Johnson's Baby	61.5	81.3	67.6	81.4	89.8	67.1	316.1	43.5	2.5	2.5
H&S	4.8	2.2	7.4	6.5	3.3	9.9	71.6	20.1	5.0	5.0
90-100 ML	39.9	41.1	41.3	39.3	38.4	36.0	199.2	35.3	54.4	54.4
Garnier	6.5	6.6	5.9	6.8	7.1	6.3	71.4	23.5	5.4	5.4
Dove	6.7	8.4	10.1	8.1	10.0	11.9	66.5	23.7	11.5	11.5
Pantene	9.4	10.6	11.1	10.3	11.3	11.2	79.3	14.5	8.9	8.9
H&S	10.6	11.2	12.0	13.8	13.9	14.2	113.2	19.0	11.3	11.3
Clinic Plus	18.3	18.1	17.5	15.2	15.4	14.8	199.2	30.5	9.6	9.6
Sunsilk	13.8	12.7	11.2	13.6	12.7	11.1	147.1	34.8	6.4	6.4
L'Oreal Paris	0.2	1.3	2.2	0.1	1.7	2.8	38.0	19.3	3.0	3.0
101-200 ML	18.0	18.5	19.9	32.9	33.2	33.8	182.8	39.2	49.7	49.7
Garnier	8.6	7.7	6.9	9.0	8.0	7.3	44.7	22.6	6.2	6.2
Dove	7.9	10.7	11.0	9.3	11.9	12.3	57.3	24.2	9.5	9.5
Pantene	11.5	13.0	13.9	13.1	14.1	14.4	71.9	27.4	10.0	10.0
H&S	10.9	11.5	13.4	15.0	15.0	16.3	52.2	19.0	16.0	16.0
Clinic Plus	13.6	13.6	12.5	11.0	11.1	10.4	182.8	39.2	5.1	5.1
Sunsilk	12.7	11.6	10.9	12.2	11.1	10.4	87.1	29.8	6.4	6.4
L'Oreal Paris	0.9	3.4	4.8	1.4	4.2	5.5	35.5	19.5	6.5	6.5
201-400	4.2	4.8	5.6	12.4	13.8	15.5	84.6	26.3	33.3	33.3
Garnier	3.1	2.1	2.2	3.6	2.3	2.4	3.4	8.0	2.5	2.5
Dove	11.8	15.9	17.3	14.6	19.0	20.4	19.5	17.5	8.9	8.9
Pantene	7.4	8.8	9.7	9.0	10.0	10.6	249.7	17.5	7.8	7.8
Clinic Plus	21.1	22.9	20.3	18.4	20.9	18.3	84.6	26.3	5.4	5.4
Sunsilk	26.2	21.4	19.1	27.4	22.0	19.5	48.4	21.7	7.0	7.0
H&S	10.3	10.5	10.4	13.7	13.6	12.7	23.8	15.2	8.3	8.3
L'Oreal Paris	0.8	0.6	3.5	1.1	0.7	4.3	5.9	10.2	4.8	4.8
>400	2.9	3.0	3.1	6.5	6.8	7.2	103.2	22.6	18.2	18.2
Garnier	0.0	0.0	0.2	0.0	0.0	0.4	0.9	2.1	1.9	1.9
Dove	0.0	1.2	3.1	0.0	3.0	6.6	2.6	6.4	4.4	4.4
Pantene	0.7	1.7	3.5	0.3	3.5	6.8	5.5	8.5	3.5	3.5
Nyle	24.2	21.8	19.0	25.4	21.5	17.6	25.1	12.6	6.2	6.2
Ayur	41.9	36.4	34.4	42.6	33.7	29.7	103.2	22.6	5.0	5.0
Sunsilk	0.0	0.8	1.5	0.0	1.7	3.0	2.2	6.5	2.0	2.0
H&S	0.2	1.3	2.7	0.6	3.6	6.4	5.7	9.4	2.6	2.6

Source: Company documents from A.C. Nielsen data.

Note: PVC stands for "prix de vente au consommateur" or sales price to end user. SAH stands for share among handlers.

Exhibit 6 Sachets versus Bottles*Sachets*

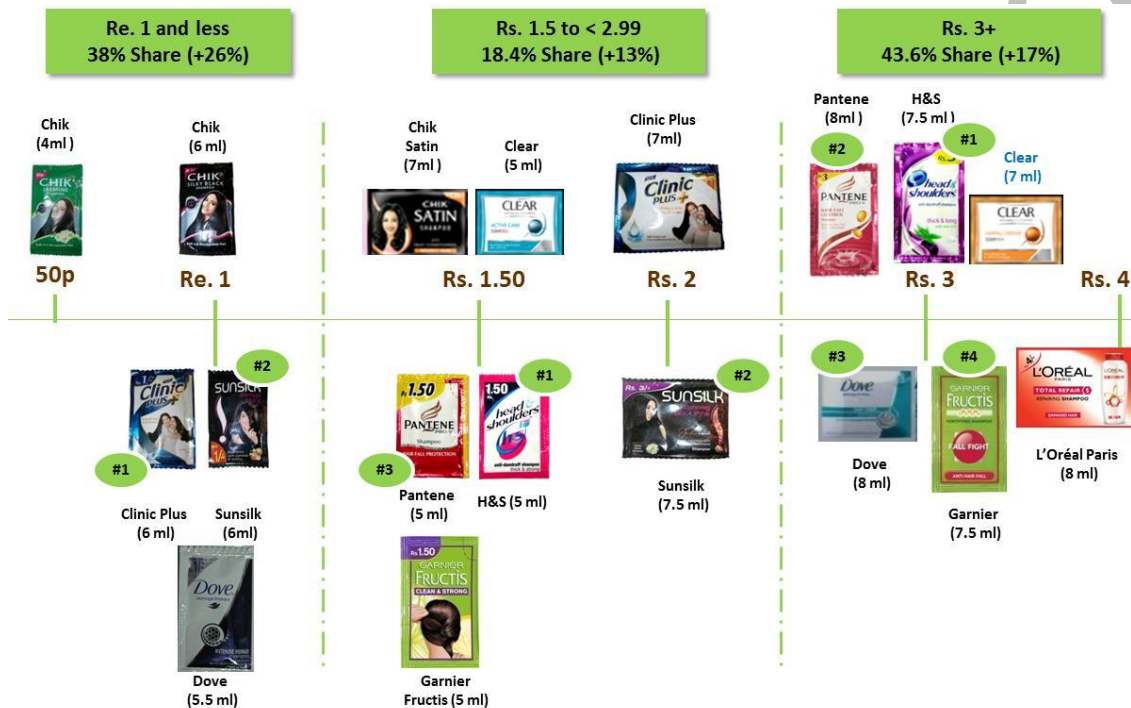
8047 (Rs. Million (Net))		< Re 1	Re 1	Rs. 1.5	Rs 1.5 - 2.9	Rs 3	> Rs 3
		5.4%	32.6%	12.1%	6.3%	41.6%	2.0%
Fructis	2.6%			0.5		6.2	
				0.1		2.6	
Pantene	15.2%		6.7	17.8		26.1	1.3
			2.2	2.2		10.9	0.0
Dove	11.2%		3.2	1.4		23.9	
			1.0	0.2		9.9	
Sunsilk	10.1%		20.1	0.1	35.8	3.0	
			6.5	0.0	2.2	1.3	
HEX	0.1%						5.3
							0.1
H&S	20.1%			57.1		31.6	0.8
				6.9		13.1	0.02
Clinic Plus	16.7%	44.6	40.7		15.7	0.05	
		2.4	13.3		1.0	0.02	

Bottles

10671 (Rs. Million (Net))		10 -50 ml	51 to 89 ml	90 to 100 ml	101 to 200 ml	201 to 400 ml	> 400 ml
		5.2%	2.4%	36.0%	33.8%	15.5%	7.2%
Fructis	5.1%			6.3	7.3	2.4	0.4
				2.3	2.4	0.4	0.03
Pantene	11.4%		16.7	11.2	14.4	10.6	6.8
			0.4	4.0	4.9	1.6	0.5
Dove	12.0%	0.1		11.9	12.3	20.4	6.6
		0.004		4.3	4.1	3.2	0.5
Sunsilk	11.6%	16.5		11.1	10.4	19.5	3.0
		0.9		4.0	3.5	3.0	0.2
HEX	3.5%			2.8	5.5	4.3	
				1.0	1.9	0.7	
H&S	13.3%		9.9	14.2	16.3	12.7	6.4
			0.2	5.1	5.5	2.0	0.5
Clinic Plus	13.5%	34.6	0.1	14.8	10.4	18.3	
		1.8	0.0	5.3	3.5	2.8	

Source: Company documents from A.C. Nielsen data.

Exhibit 7 Sachet Market Scenario in 2011



Source: Company documents.

Exhibit 8 International Competitor Snapshot in India

Company	Company Profile (global turnover, beauty sales turnover in India, main brands, evolution)	Qualitative Comments
P&G	N° 2 Global beauty sales (source WWD Beauty Inc.); Pantene, Wella, Olay in India	N/A
Unilever	N° 3 Global beauty sales (source WWD Beauty Inc.); Clinic, Dove, Sunsilk, Fair and Lovely, Pond's, Lifebuoy, Lakme	N° 1 beauty player in India
Henkel	N° 13 Global beauty sales (source WWD Beauty Inc.)	Exited India in 2011
Godrej	330 million euros annual sales (source Annual Report); Hair color expert	34 % of the color market (leader in henna); Present in South Africa (Inecto), Indonesia, Argentina, Nigeria
Dabur	N° 53 Global beauty sales (source WWD Beauty Inc.); 24.8 billion rupees, Amla, Organic Root, Vatika	Big reach: 3.4 million retail outlets—30% of turnover in hair care; Purchase of Namaste laboratories (USA) and Hobi Kozmetik (Turkey)—Presence in Dubai
Marico	424 million euros annual sales (source Annual Report)	Big reach: 50% of sales in hair care (oils essentially—parachute oil: 42% of sales)

Source: Company documents.

Endnotes

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