



L'ORÉAL  
U S A

# Omnichannel Strategy Proposal



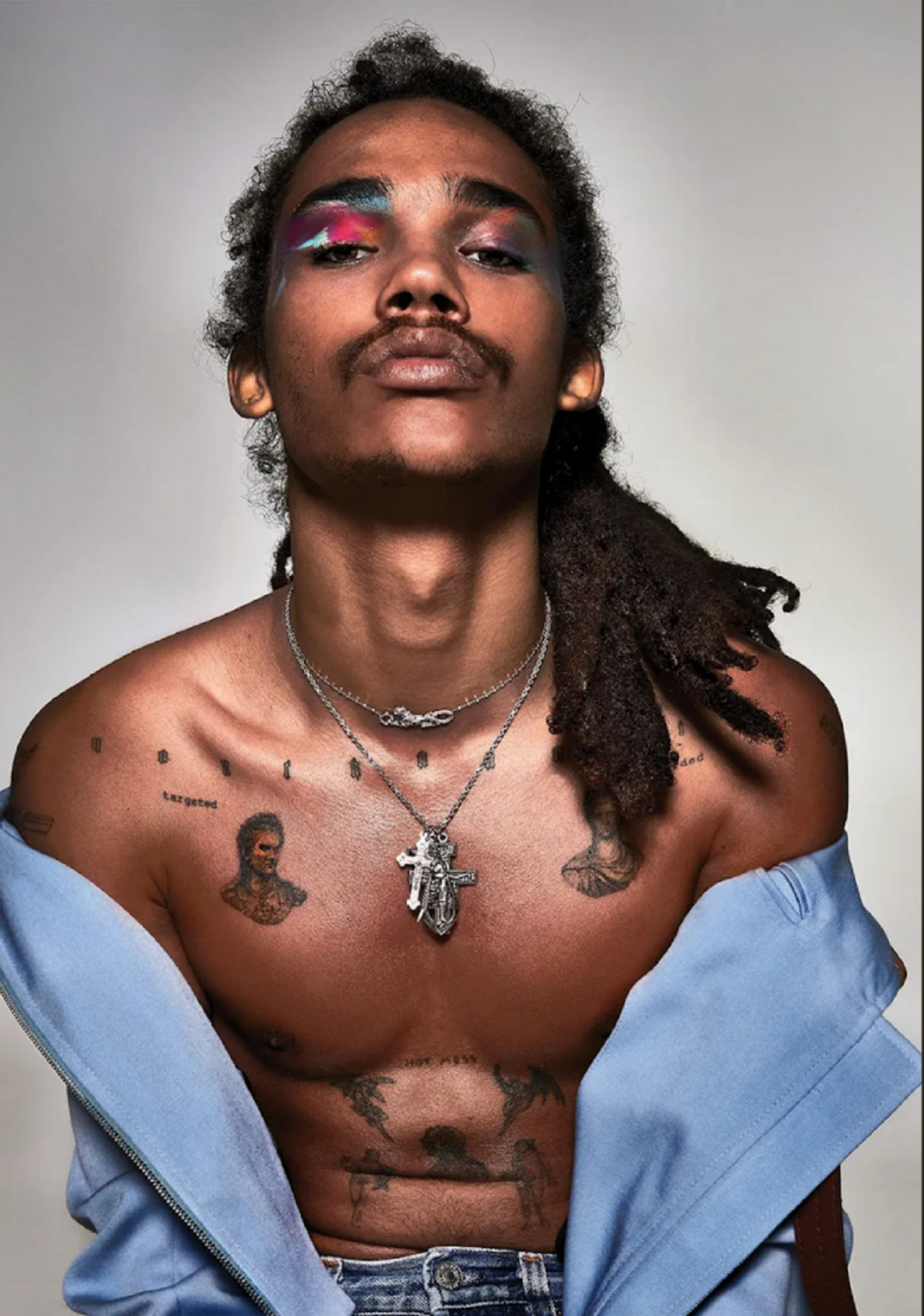


# The Proposal

When consumers and the market continue to change, brands, such as L'Oréal, need to adapt to stay relevant. In this presentation, we take a closer look at what is happening and why. A drastic shift is found caused by a multichannel shopper.

Therefore, we take a closer look at her identity and what she needs.

Finally, several recommendations are given for an omnichannel strategy that matches the new market.



L'Oréal

# L'Oréal

Where it all began..

L'Oréal is founded in 1907 by Eugene Schueller. The company is a unique leader in Beauty products. In 1909, the first hair dye was produced until now the innovative Beauty Tech products and services of today. In the last decades, L'Oreal has become a pure player and leader in the beauty industry (L'Oréal, n.d.-a).

Mission, vision & strategy

The mission of L'Oreal is “to offer to all women and men on the planet the best of beauty in terms of quality, efficacy, safety, and responsibility. With such strong foundations, we conceive and build an infinite diversity of beauty products and services – in order to share the best of beauty with everyone, everywhere (L'Oréal, n.d.-a).”

L'Oreal's strategy is Universalization. “It means globalization that captures, understands, and respects differences. Differences in desires, needs, and traditions. To offer tailor-made beauty, and meet the aspirations of consumers in every part of the world (L'Oréal, n.d.-f)”



# Four Divisions

## The Consumer Products Division (CPD)

It contains about 50% of the sales. In this division, the following brands are included L'Oreal Paris, Maybelline New York, Garnier, and Essie. These brands are sold in mass, drug, and food outlets.

The mission of this division is to democratize the best of beauty, and for the company, beauty has to be sustainable.

“We embrace and enhance emerging trends to create the most relevant and sustainable beauty products and experiences, making them accessible to each and everyone all around the world, thanks to the diversity of our brands and their communities (L'Oréal, n.d.-c).”

## Luxe

It contains about 30% of sales. The following brands are Lancome, Kiehl's, Clarisonic, Yves Saint Laurent, and various fine fragrances. The brands are sold mainly in department stores and specialty stores.

The mission of this division is to provide our consumers with the best products and brands experience by making them unique. The strong, balanced and complementary portfolio they are able to meet the needs of every consumer at every price level. This portfolio consists of 26 bands and 17 global brands (L'Oréal, n.d.-d)

Example of brands



Example of brands



# Four Divisions

## The Professional Products Division (PPD)

It contains 15% of sales. The brands are Redken, Matrix, and Kerastase brands. The products are mainly sold in hair salons.

The mission of this division is to support hairdressers and develop the hair industry sustainably and benefit from them all. This division goes hand-in-hand with the hairdressers. The mission is to always reinvent professional beauty and lead digital transformation with a customer-centric approach. There are 6 global brands and 3 local brands for safe and more sustainable professional haircare (L'Oréal, n.d.-e).

## The Active Cosmetics Division (ACD)

It contains about 5% of sales. The products are sold through dermatologists' and general practitioners' offices, and it is starting to gain distribution in drugstores, Target, and Ulta. These stores are behind brands like La Roche-Posay and Vichy.

This division helps everyone in their quest for healthy and beautiful skin. The division contains 6 brands originating from France and the USA (L'Oréal, n.d.-b).

## Value Proposition

Based on L'Oréal's statements the value, relative to competitors, can be captured. The figure set up is based on a model by Selimi's (2021) guest lecture.

L'Oréal's strong aim to make quality products shows its dominant position. They differentiate by selling a variety of products with the experience of reinvention of professional beauty. The provided service is similar to the market. Lastly, price and access deviated significantly based on the brands from L'Oréal.

Example of brands

L'ORÉAL  
PROFESSIONNEL  
PARIS

KÉRASTASE  
PARIS

REDKEN  
5TH AVENUE NYC

MATRIX

PUREOLOGY  
serious colour care

Example of brands

LA ROCHE POSAY  
LABORATOIRE DERMATOLOGIQUE

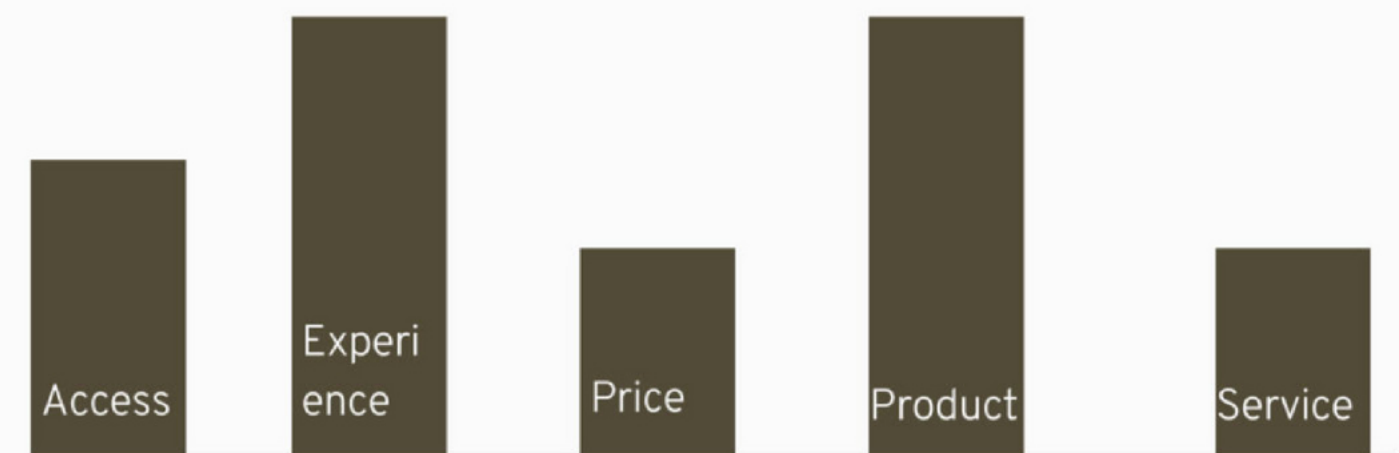
VICHY  
LABORATOIRES

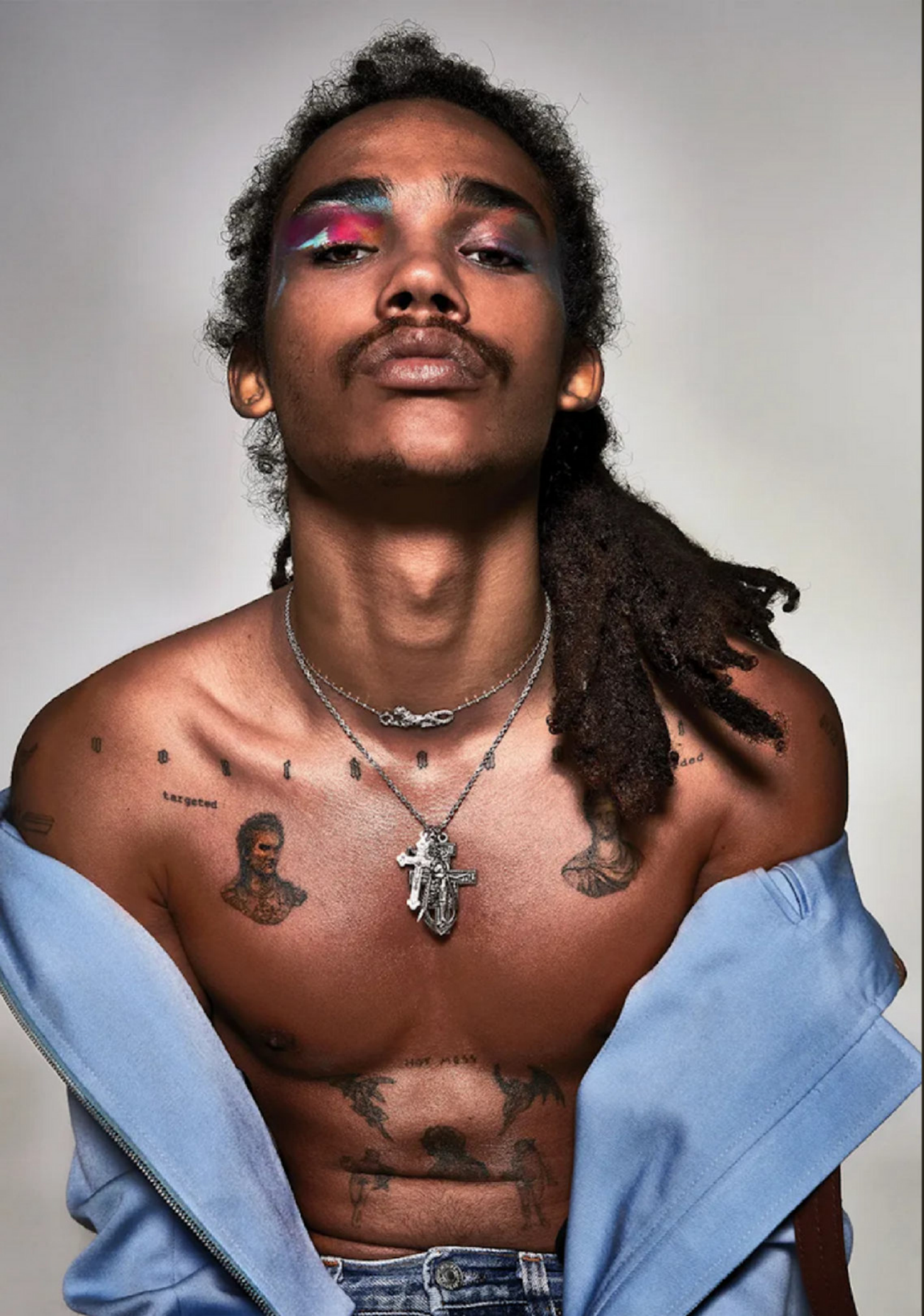
CeraVe  
DEVELOPED WITH DERMATOLOGISTS

SKINCEUTICALS  
ADVANCED PROFESSIONAL SKINCARE

DECLÉOR  
PARIS  
ESSENTIAL OILS SKINCARE

Value Proposition L'Oréal





The market

# The market trends

9 industry trends

## Consciously consuming

Consumers are more aware of the ingredients used in products,<sup>2</sup> by:

- Online reviews
- Social media
- Online browsing

Which led to higher product quality demand.

## More interaction

Interaction between brand and consumer grows through:

- commercials
- partnerships with celebrities
- social media

## Personalised

Brands try to be personalized<sup>1</sup> by:

- speaking directly to consumers
- offering personal deals and recommendations.

All to gain a long term relationship with the brand.

## Redefining the customer identity

A new norm has been set, by for example the refinement of Masculinity, making make up that is for all:<sup>1</sup>

- genders,
- backgrounds,
- skin colours

Brands are required to be inclusive and diversifying.

## Environmentally friendliness

Consumers start demanding products with a lower carbon footprint.<sup>2</sup> The products must minimize waste production, limit carbon emissions and use recycled materials.

- Having limited ingredients added, with slogans as: "free from ..".

## From product to service

By using subscription services, many brands started offering personalized boxes of small products to try out.<sup>1</sup> Which focuses on the experience of finding new lovable items.

## Overload on choices

The market is penetrated by more brands and products

## Shut down stores

Due to pandemic, many brick stores have closed.<sup>1</sup>

## Online

- reviewing products
- having conversations about brands
- making online purchases



*"Nowadays, data suggests that 69% of women claim they only visit a physical store if they have to pick up a particular product." (Banaba, 2022)*

<sup>1</sup> Banuba (2022); <sup>2</sup> Lee & Kwon, (2022).





Our Persona

# Meet Tina "The Trialista"



## Who is she?<sup>1</sup>

- **Trialista:** She has an insatiable appetite for trying new products
- **Trendy:** She is at the forefront of all the latest trends in beauty
- **Knowledgable:** Tina is well-aware of what's out there
- **Involved:** She watches beauty YouTubers, magazines and award shows
- **Communicative:** She enjoys interacting with beauty advisors



## What is on her mind?<sup>1</sup>

"Finding **new products** makes me excited & happy"

"I like to **experiment** and change my look"

"Getting a **free sample** gives me a **new experience** to look forward to"

"I need to **try every brand** on the market. Sometimes I don't remember what I haven't tried!"

# Shopping with Tina



## Shopping Behaviours<sup>1</sup>

- **Thrill of Discovery:** Loves exploring and discovering new products.
- **Sampling:** Finds pleasure in trying out samples/testers and loves to buy trial-sized palettes and monthly try-boxes.
- **Communicative:** Enjoys interaction with beauty advisors.
- **Small Incentives:** Pays/buys more when given free samples and testers.
- **Influenced:** Willing to pay more if a YouTuber recommends the product.
- **Not Loyal:** Even if she liked a brand, she won't necessarily buy it again.
- **Specialty Sometimes:** Prefers specialty outlets, but the prices can be daunting, then she shops in lower-priced outlets.

### Why does she shop?

Desire for new products

Exploration

Wants to try every brand

Happiness & Excitement

Experimenting

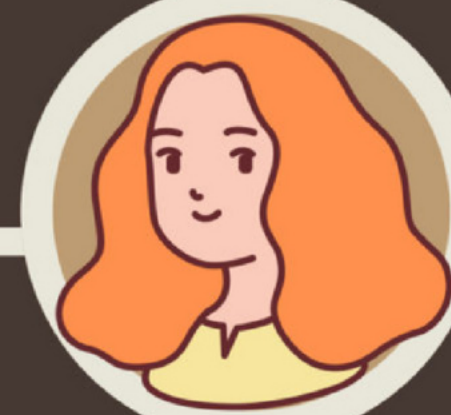
### What does she shop?

Sample-sized products

Monthly try-new boxes

Medium-High budget brands

Non-routine items and brands



Specialty Stores

Department Stores

Mass Outlets

### Where does she shop?

Interacts with beauty advisors in-store

Willing to pay more when given free samples

Not loyal to brands

Buys more if YouTubers recommend the product

### How does she shop?

# Why did we choose Tina?



## Types of Fit between Tina & L'Oréal Group<sup>1</sup>

### Channel Fit

We hold 24% market share in Mass Retail, and 16% in Department & Specialty stores, which are Tina's top 3 channel preferences.

### Behavior Fit

We have 4 divisions with 20 different brands and many products, which fits with Tina's love for trying and discovering new products and brands.

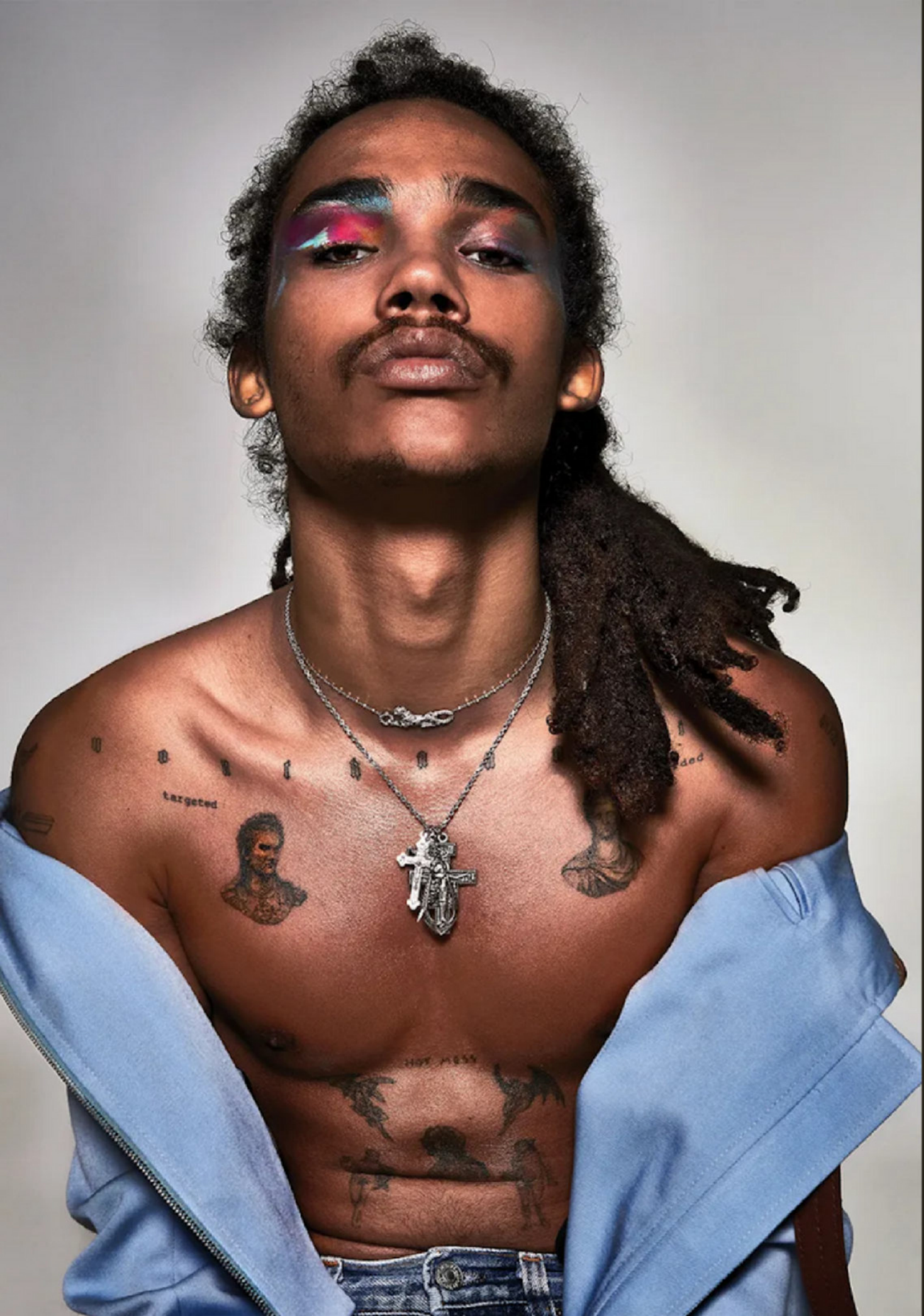
### Budget Fit

Our brand portfolio contains brands with pricing ranging from high to low, which fit Tina's interest in high- to medium-end products and medium sized budget.

### Relevance Fit

At the moment of truth, Tina chooses other brands over L'Oréal. This segment does not currently perceive our benefits as relevant. By targeting her, L'Oréal will be better able to motivate this segment.

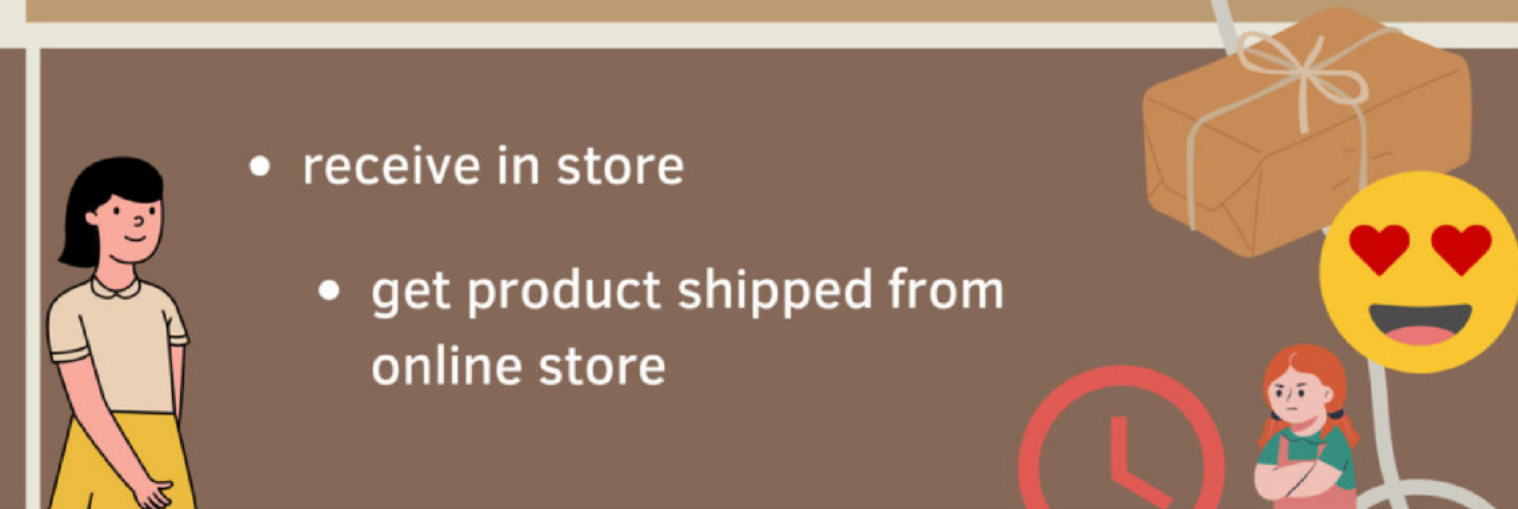
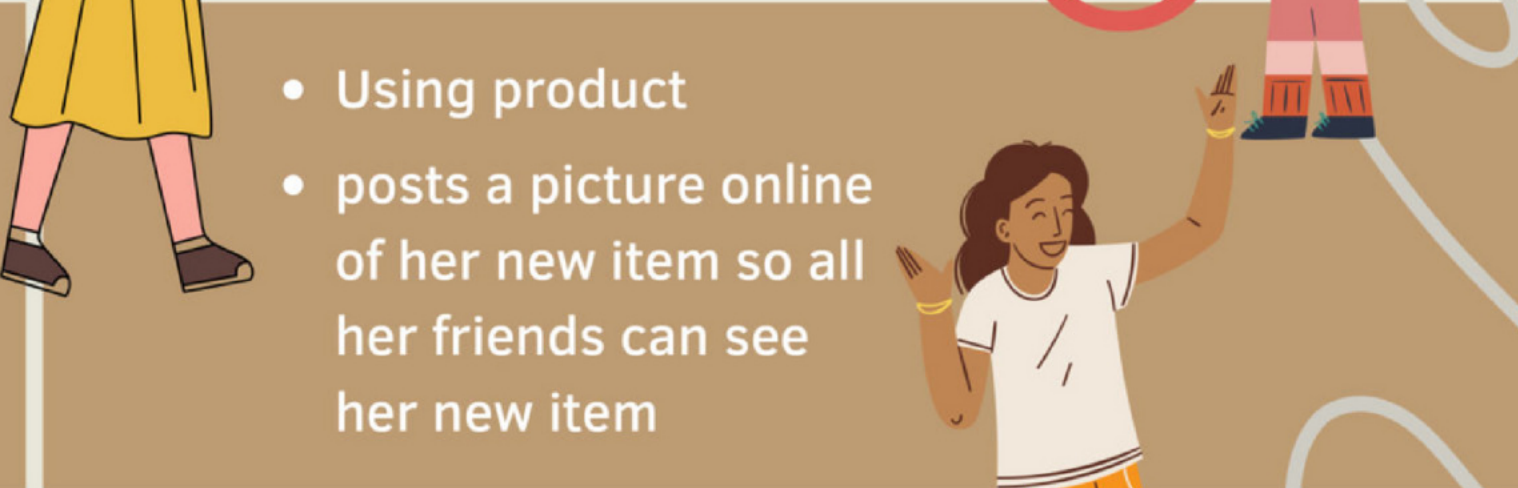


<sup>1</sup> Farris et al. (2017)



# Customer Journey

# Customer Journey

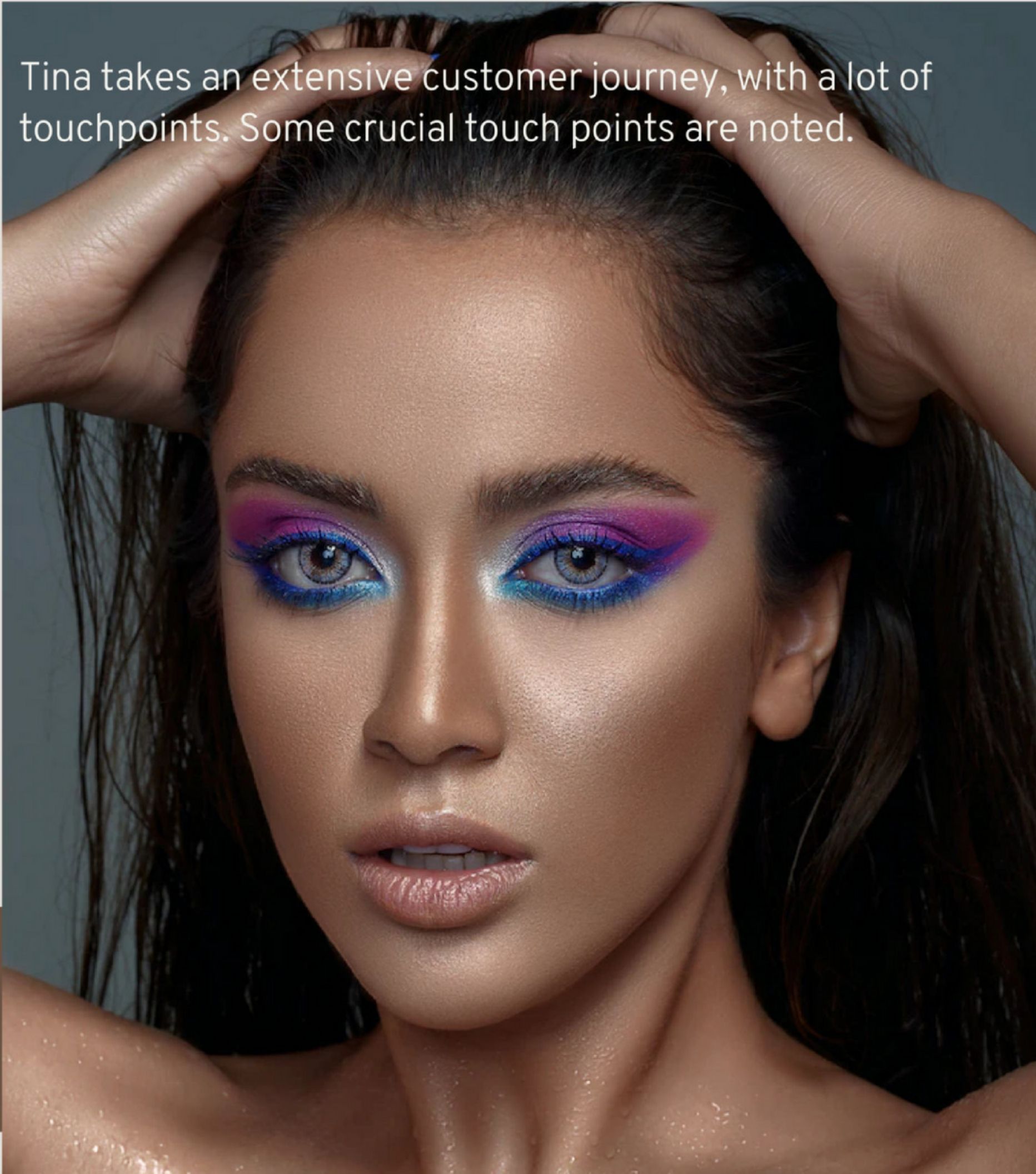
	Touch point	Pleasure points	Pain points	Emotions
Awareness	<ul style="list-style-type: none"> <li>Discover new products               <ul style="list-style-type: none"> <li>CSV</li> <li>News</li> </ul> </li> <li>Youtube reviews</li> <li>Advertising, beauty magazines, beauty awards</li> <li>Online retailers</li> </ul> 	<ul style="list-style-type: none"> <li>feeling excited to try new products</li> <li>finding bargains</li> <li>testers in stores</li> </ul>	<ul style="list-style-type: none"> <li>cluttered advertising</li> <li>hard to find stores</li> <li>bad youtube reviews</li> <li>prices to high</li> </ul>	<ul style="list-style-type: none"> <li>Feeling adventurous</li> <li>Sometimes overwhelmed in the amount of content</li> <li>Curious</li> <li>Excited</li> </ul>
Consideration	<ul style="list-style-type: none"> <li>Using testers               <ul style="list-style-type: none"> <li>adverts</li> </ul> </li> <li>youtube reviews</li> <li>price</li> <li>newness of the product</li> <li>newness of the product</li> </ul> 	<ul style="list-style-type: none"> <li>feeling excited to try new products</li> <li>finding bargains</li> <li>testers in stores</li> </ul>	<ul style="list-style-type: none"> <li>price to high</li> <li>bad youtube review</li> <li>testers bad/ no testers</li> <li>products not in shop</li> <li>difficulty navigating between products in store</li> </ul>	<ul style="list-style-type: none"> <li>curious</li> <li>feels in control (industry knowledge)</li> <li>excited</li> </ul>
Purchase/Billing	<ul style="list-style-type: none"> <li>purchasing in store</li> <li>purchasing online</li> <li>subscription to makeup box</li> <li>purchase through adverts redirects</li> </ul> 	<ul style="list-style-type: none"> <li>finding deals</li> <li>options to buy product</li> <li>fast delivery (to try the new product)</li> </ul>	<ul style="list-style-type: none"> <li>price too high</li> <li>inconvenient purchasing methods</li> <li>sites not working properly</li> <li>unhelpful employees</li> <li>bad subscription models (12 month obligatory stuff)</li> </ul>	<ul style="list-style-type: none"> <li>price anxiety</li> <li>thrilled</li> </ul>

	Touch point	Pleasure points	Pain points	Emotions
Receive	<ul style="list-style-type: none"> <li>• receive in store</li> <li>• get product shipped from online store</li> </ul> 	<ul style="list-style-type: none"> <li>• fast delivery</li> <li>• immediate availability in store (can try product immediately)</li> </ul>	<ul style="list-style-type: none"> <li>• shipping takes too long</li> <li>• general waiting for new products</li> <li>• no tracking</li> </ul>	<ul style="list-style-type: none"> <li>• excited</li> <li>• possible frustration</li> </ul>
Use	<ul style="list-style-type: none"> <li>• Using product</li> <li>• posts a picture online of her new item so all her friends can see her new item</li> </ul> 	<ul style="list-style-type: none"> <li>• can now engage in her hobby</li> <li>• finally, use the new product she has had a blast hunting for</li> </ul>	<ul style="list-style-type: none"> <li>• product not as advertised</li> <li>• hard to use/ not satisfying to use</li> </ul>	<ul style="list-style-type: none"> <li>• satisfaction</li> <li>• pleasure</li> <li>• dissatisfied</li> </ul>
Support	<ul style="list-style-type: none"> <li>• magazine tips</li> <li>• youtube tutorials</li> <li>• own creativity in using the product</li> </ul> 	<ul style="list-style-type: none"> <li>• thinking of a new look</li> <li>• watching favorite beauty youtubers and emulating new looks</li> </ul>	<ul style="list-style-type: none"> <li>• hard to find tutorials/tips</li> <li>• product doesn't inspire</li> </ul>	<ul style="list-style-type: none"> <li>• experimental</li> <li>• adventurous</li> </ul>
Abandon or deepen loyalty	<ul style="list-style-type: none"> <li>• price (again)</li> <li>• public perception in beauty industry</li> <li>• being distracted when finding other new products.</li> <li>• product assortment</li> <li>• subscriptions</li> </ul> 	<ul style="list-style-type: none"> <li>• regular new products coming out</li> <li>• good assortment</li> <li>• receiving testers</li> </ul>	<ul style="list-style-type: none"> <li>• similar products</li> <li>• price problems</li> <li>• no new products</li> <li>• getting bored with products she owns.</li> </ul>	<ul style="list-style-type: none"> <li>• in tune</li> <li>• confident</li> <li>• un loyal by default</li> <li>• searching</li> </ul>

# Moment of Truth

- **The news:** Tina may encounter negative news about the brand, which will steer her away from the brand.
- **Youtube review:** Tina may find that her idol loves the product. She does not want to miss out
- **Information overload:** Tina loves discovering new items, but when researching she has so many options. This overwhelming feeling will decrease the likelihood of purchasing at our brand.
- **Price sensitive:** Tina loves quality brands, finding a good deal will make her excited to buy now.
- **Discover a new item:** Tina loves discovering new items. Her excitement will trigger her to buy.
- **Samples:** Tina loves finding samples. If the product is good, she will consider buying the item.
- **Beauty advisors:** Tina listens to recommendations of intern staff.
- **NEW NEW NEW:** If Tina has used the product before, she will love to try something else instead.

These moments highlight the opportunities and treats of Tina her customer journey. By creating an OMNI-channel strategy, Tina will be targetted even better.



Tina takes an extensive customer journey, with a lot of touchpoints. Some crucial touch points are noted.



# Channel Functions

With a growing size of touchpoints as a market trend, this table highlights a few, and the effect on its customer. Some touchpoints Tina uses technology, some she did offline.

Tina uses technology

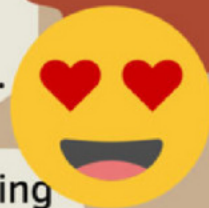


Awareness

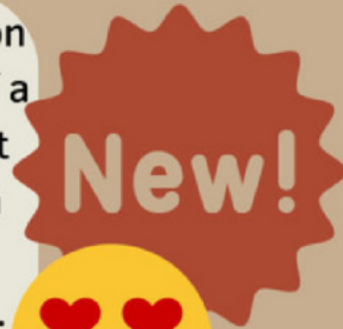
Youtube is reviewing the product that Tina has not heard of using her phone



Youtube is reviewing the product positively, which makes Tina excited.



Get excited on the launch of a new product she sees on the social media page.



Consideration

Purchase/Billing

Receive

Use

Support

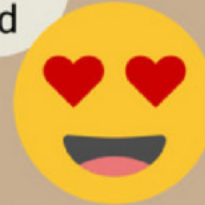
Abandon or deepen loyalty



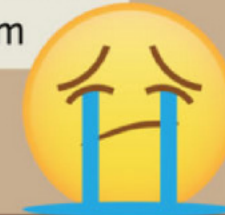
Tina searches for the product online



Tina finds the product and buys it, she is so excited



Tina needs to wait for delivery of the item



Tina makes a snapchat post of her new item. She is so excited!

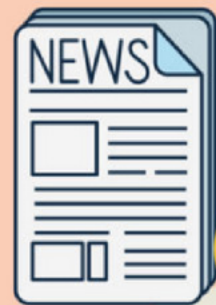


Tina watches tutorials on youtube to use the product better



Tina finds a new product online that shows interests, she forgets all about her excitement her latest purchase.

Offline



Tina hears news that the brand is not sustainable



Tina tries a small sample product and loves it! She wants more.



Tina goes exploring in the store and finds a good deal of a product.



Tina tries the product on



Tina finds more tips how to even better use the product in a magazine.



Tina considers buying again, or continuously discovering new products.

# Technology

As seen in the market trends, online becomes more and more important for this industry. This is one of the many technologies impacting Tina's customer journey. This slide is placing some additional emphasis on the impact of technology on Tina's relationship and satisfaction level to the brand.

## Relationship effects

### All information accessible

Tina is able find and get confronted with all information of the brand. She can find out:

- Positive or Negative news about the brand
- New launches of products.
- Ingredients of every item

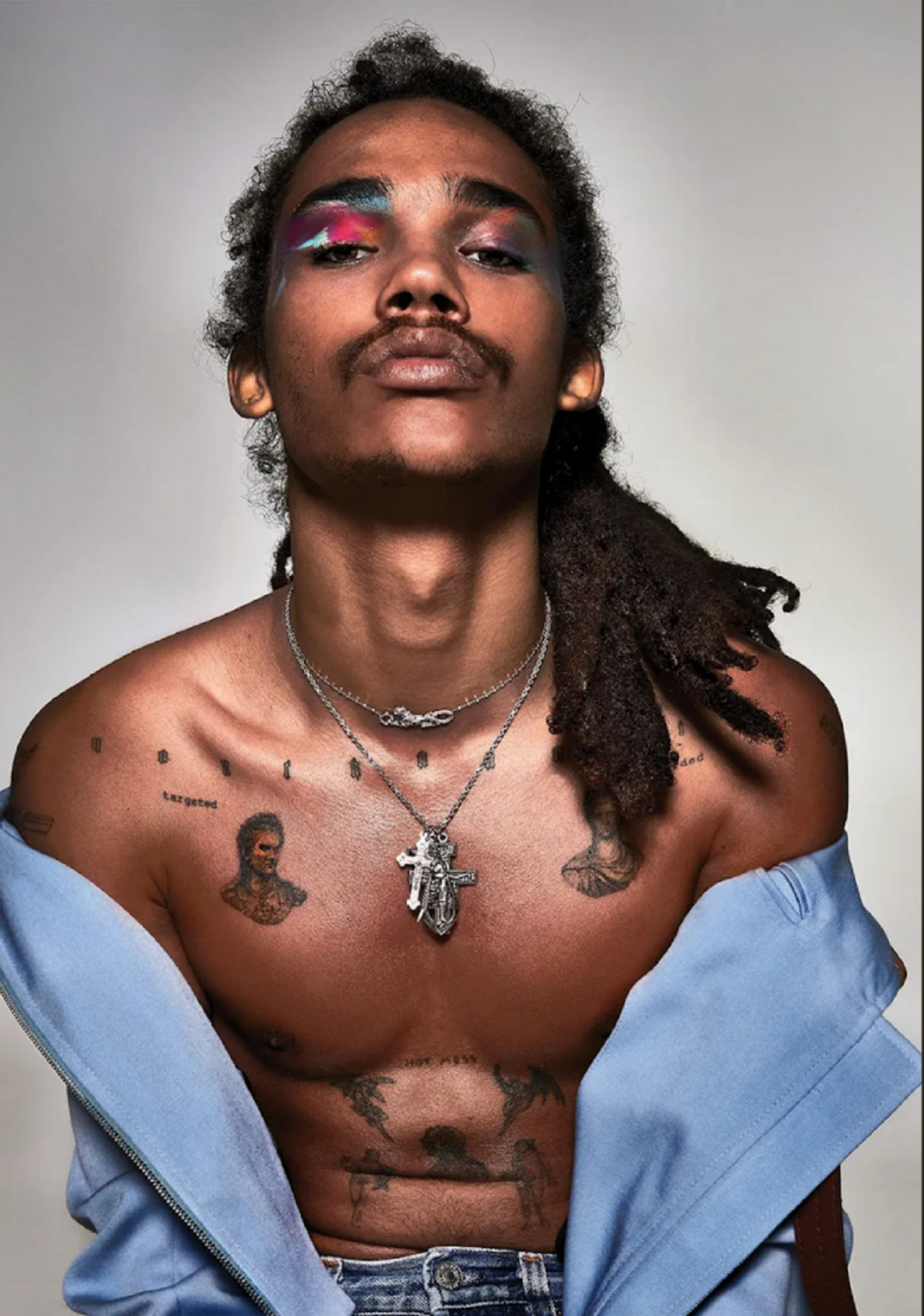
## Satisfaction effects

### Same day delivery & fast checkouts.

Based on competitors, Tina is expecting that technology is working at high speed. She has a need for instant gratification and gets frustrated if items get delayed. She wants fast delivery and fast checkouts.

### Phone scrolling and apps.

Tina is able to endlessly keep on scrolling through all products online. She loves exploring new products. Now she can do it any time of day. Apps show her more and more information, while also tracking her by using cookie data.



# Omnichannel Strategy



# Tina's Strategy

Tina is in an overflowing market, with a lot of information accessible. An Omnichannel strategy helps ensure she is better able to go successfully through the customer journey, making her not only purchase products but also become loyal.

The strategy, found in the next slides, is including:

- Optimizing In-Store Experience
- Other Offline Channels
- Increasing Impulse/Unplanned Buying
- Online and Offline Assortment
- Online Channels
- Integrating Offline & Online
- New technology to create loyalty and increasing touchpoints:  
The L'Oreal Discover App
- Monthly moment to connect with Tina: The L'Oreal Masterclass

# Optimizing In-Store Experience

Almost 30% of shoppers make buying decisions when they are in-store<sup>1</sup>, making this channel very important for L'Oréal.

## Promotion

To circumvent "evaluation of alternatives", research has found in-store promotion to be very effective<sup>2</sup> for the customer who has a buying intention but no brand preference, which applies to Tina as well.

### • Types of In-Store Promotion:

- **Displays:** they have been found to draw more attention and increase unplanned purchases<sup>3</sup>. Our persona is susceptible to unplanned purchases, as she likes to explore new products and brands<sup>4</sup>.
- **Free Samples:** our persona has been found to increase her willingness to pay when given testers with her purchase<sup>4</sup>.
- **Coupons:** coupons have been found to increase the likelihood of planned purchases<sup>5</sup>, this is relevant for our persona as it addresses her lack of loyalty for specific brands<sup>4</sup> by establishing an intent for purchase of a specific product pre-store.



## Environment

Although some consumers believe they know what they want to buy, almost 15% of impulsive buying happened because they enjoyed shopping at the store<sup>1</sup>. This showcases the importance of the in-store environment.

### • Environment-improvement efforts:

- **Consultants:** our persona has been found to enjoy the interaction with beauty specialists in-store<sup>4</sup>.
- **Retail Technology:** implementing elements such as QueVision and self-checkout<sup>6</sup> to reduce the waiting time improves the overall experience<sup>7</sup> and addresses the "recency effect"<sup>8</sup> when the checkout is the last in-store touch point.
- **Atmospheric Elements:** elements such as amenities, ambience, attractiveness and layout are important touch points for the overall customer experience<sup>7</sup>.

<sup>1</sup> Clark (2008); <sup>2</sup> Yang & Lee (2016); <sup>3</sup> Inman et al. (2009); <sup>4</sup> Farris et al. (2017); <sup>5</sup> Kahn & Schmittlein (1992); <sup>6</sup> Inman & Nikolova (2017); <sup>7</sup> Stein & Ramaseshan (2016); <sup>8</sup> R&OM Lecture 1

# Other Offline Channels



## Magazine

Tina has indicated that she values beauty magazines when keeping up with the latest trends. Based on Tina's key interests mentioned in the case<sup>1</sup>, we focus on two main content types for our magazine: (1) covering the latest trends in beauty and makeup, and (2) sharing information about new products and the development of future products.

## Coupon Flyers & Circulars

Distributing brand information periodically has shown positive effects in two aspects<sup>2</sup>: (1) it shortens the customer journey in-store directly to testing of the product or to the purchase moment, and (2) reduces the chance for customer to evaluate other brands. Furthermore, for Tina this has additional benefits because she has shown price sensitivity and is willing to pay more if given an incentive<sup>1</sup>.



## Public Relations & CSR

Market and consumer trends after COVID-19 have experienced a shift, reflecting growing interest in safe and environmentally-friendly ingredients, recyclable containers, minimizing carbon emissions, water use and reduction of waste<sup>3</sup>. L'Oréal's CSR policies and actions should reflect that to avert any PR disasters such as the "mica mining child labor" scandal<sup>4</sup>.



<sup>1</sup> Farris et al. (2017); <sup>2</sup> Yang & Lee (2016); <sup>3</sup> Lee & Kwon (2022); <sup>4</sup> Sine (2022)

# Online Channels

Research has shown one of the key trends influencing the path to purchase is the dramatic move to online purchases<sup>1</sup>.



## Social Media

Our persona has shown a higher willingness to pay when a beauty YouTuber recommended the product she is interested in<sup>1</sup>. This shows how important social media influencers are in the path to purchase. Whatsmore, new consumer trends point towards higher environmental and social awareness<sup>6</sup>. These two findings dictate our social media focus, namely: (1) utilize our own social media outlets to inform about company environmental initiatives and product transparency, (2) commission product reviews and sponsorships for influential online figures in the beauty space, especially YouTube, Instagram & TikTok.

## Mobile

Stores are becoming more and more used for planned purchases<sup>4</sup>, furthermore periodic promotional information ensures the shortening of the in-store consumer journey, skipping to testing the product or directly to the purchase moment<sup>5</sup>. Based on these findings we create a L'Oréal mobile app prioritizing 4 functions: constant communication through push notifications, AR-powered makeup try-on, personalized deals and rewards.

## Website

Consumers buy different products online than offline<sup>3</sup>, making online channels essential in expanding sales, and consumer base and freeing up in-store space. Our eCommerce platform reflects these findings by focusing on selling longtail products which not only will prevent cannibalization of offline sales but will enrich the online shopping experience for shoppers like Tina who love discovering unseen products<sup>1</sup>.

## Email

Research shows email marketing is best suited for customer retention<sup>2</sup>. With this in mind we design not aggressive, but rather client relationship nurturing initiatives. To accomplish this we will utilize periodic discounts & promotions, personalized product suggestions and surprise sample packs of to-be-released products; fitting also to our persona<sup>1</sup>.

Primary Objectives

CSR Initiatives

Product Information & Showcase

Product Exploration

Communcation

Niche Markets

Long-tail Sales

Customer Retention

Customer Loyalty

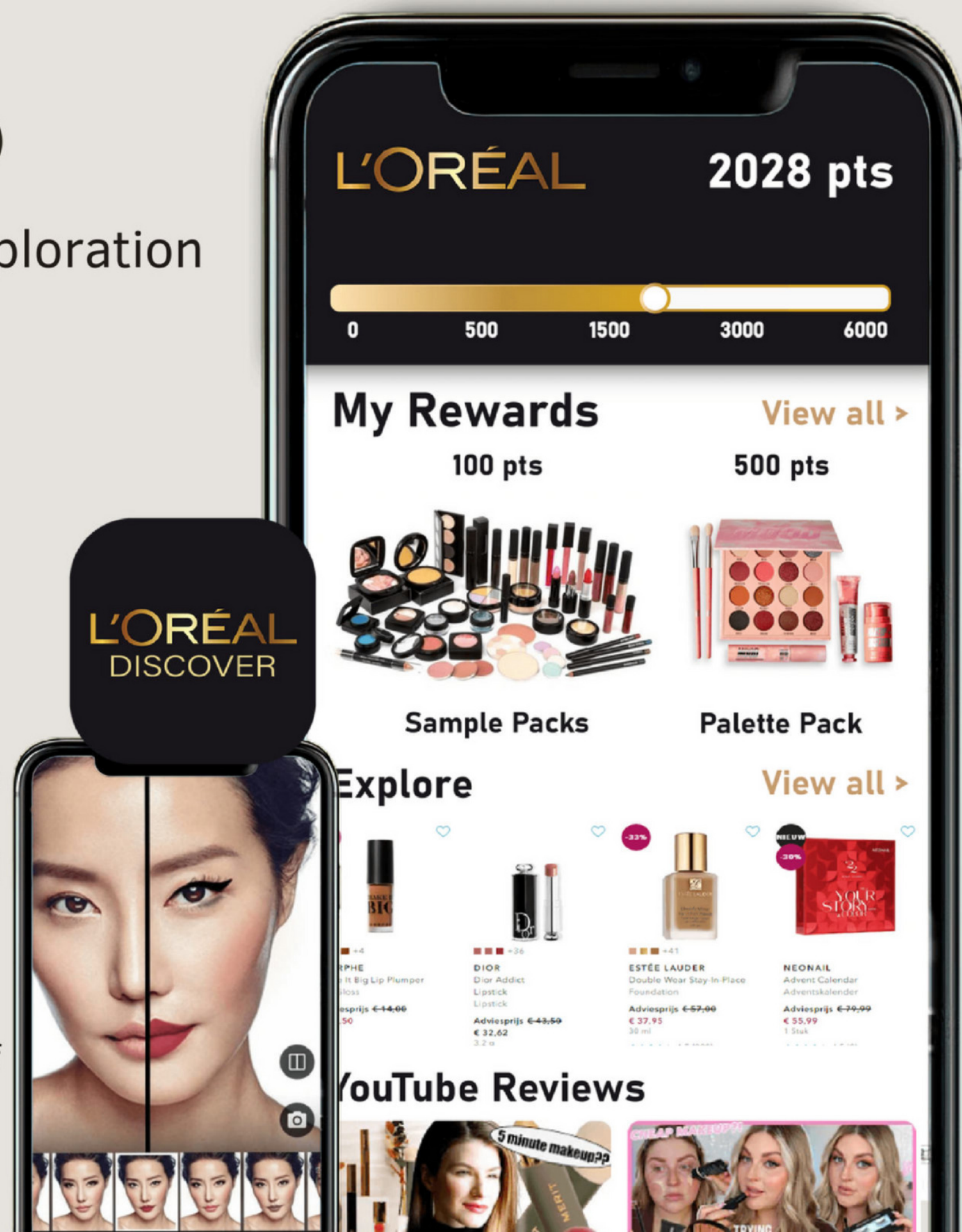
<sup>1</sup> Farris et al. (2017); <sup>2</sup> Rettie (2002); <sup>3</sup> Ratchford et al. (2022); <sup>4</sup> Banuba (2022); <sup>5</sup> Yang & Lee (2016); <sup>6</sup> Sine (2022)

# L'Oréal Discover App

L'Oréal Discover combines rewards, product exploration and information, all in one portal.

- **Rewards:** Tina will spend more in the store if she is incentivized by free testers or samples. Our app enables this through reward points.
- **Video Reviews:** Tina has a higher willingness to purchase when a beauty YouTuber recommended the product she is interested in. Our app enables this by having YouTube reviews directly in the app. Her favourite Youtube urges that she can't miss out on new and hip products.
- **Constant Communication:** periodic promotional information ensures the shortening of the in-store consumer journey, skipping to testing the product or directly to the purchase moment<sup>1</sup>
- **Personalised deals:** weekly change coupons allows Tina to discover and get personalised deals. Allowing her to get high-end products for a captivating price, when purchasing in a limited timeframe.
- **Try-on online:** Online try-on, since stores become more for planned purchases<sup>2</sup>, the app will encourage Tina to explore and have fun! One of the app features is to try on makeup products by uploading her photo and with AR technology that applies the make up dynamically<sup>3</sup>.

<sup>1</sup> Yang & Lee (2016); <sup>2</sup> Banuba (2022); <sup>3</sup> L'Oréal (2020).





# L'Oréal Masterclass



L'Oréal Masterclass is an exclusive subscription program

In which top L'Oréal beauty advisors set up a monthly beauty box, which will be sent to a limited number of participants. All carefully selected products will be used in an exclusive tutorial video, explaining:

- How to use the products to create a new look,
- Why these products are special
- How the products are sustainably made

This is a match with Tina, as:

- She is able to explore new products every month.
- Get better hooked with the L'Oréal brand
- Gets an exclusive opinion from experts.
- Gets quality products to try for a good price.



# O&O Integration Efforts

When done right O&O integration can increase online & offline willingness to purchase, can lead to more favourable overall behaviour towards the firm, and can build consumer preference for the well-integrated firm over the non-integrated one<sup>1</sup>.



## BOPS Functionality



"Buy online, pickup in-store" functionality has been shown to increase store traffic and increase in-store sales, this is attributed due to a cross-selling effect where consumers who go pick up their order often buy something extra<sup>2</sup>. Therefore one of our O&O integrations will be to connect our online store with our offline stores' inventory, allowing customers to pick up their beauty products at a convenient beauty store near them.

## ROPO Enablement



The "Research online, purchase offline" phenomenon is also a contributing factor in the increase of offline sales and in-store traffic<sup>2</sup>. Therefore to facilitate this we will make product information, articles, and advice available through our own online channels, including our app, the website and our social media outlets. Information will be integrated with purchase links and directions to nearby stores where the product is currently in stock and can be purchased.

## Blending Physical & Digital

In order to reduce showrooming behaviour it is crucial to blend the physical in-store experience with the digital one<sup>3</sup>. To do this, we introduce a feature in the L'Oréal Discover app, which enables shoppers to scan products, which will bring up related product information, makeup inspiration and video reviews of YouTubers using the product. Furthermore, the scan data will be used to push personalized deals and discounts, further incentivizing in-store purchases. Finally, we will employ location data to push product discounts to users in close proximity to the store.

<sup>1</sup> Herhausen et al. (2015); <sup>2</sup> Gallino & Moreno (2014); <sup>3</sup> Quach et al. (2020)

# Online and Offline Assortment

## Assortment

Tina likes free samples and finding new products and she needs to try every brand.

For the online assortment, the long tail should be used based on the long tail theory, which means that online sales are less concentrated at the top of sales distribution than offline sales. There is more variety of products that can be bought online and because Tina likes to try a variety of different products, this gives more possibilities for purchases. Because E-commerce is growing, the tail becomes less sensitive to sales<sup>3</sup>.

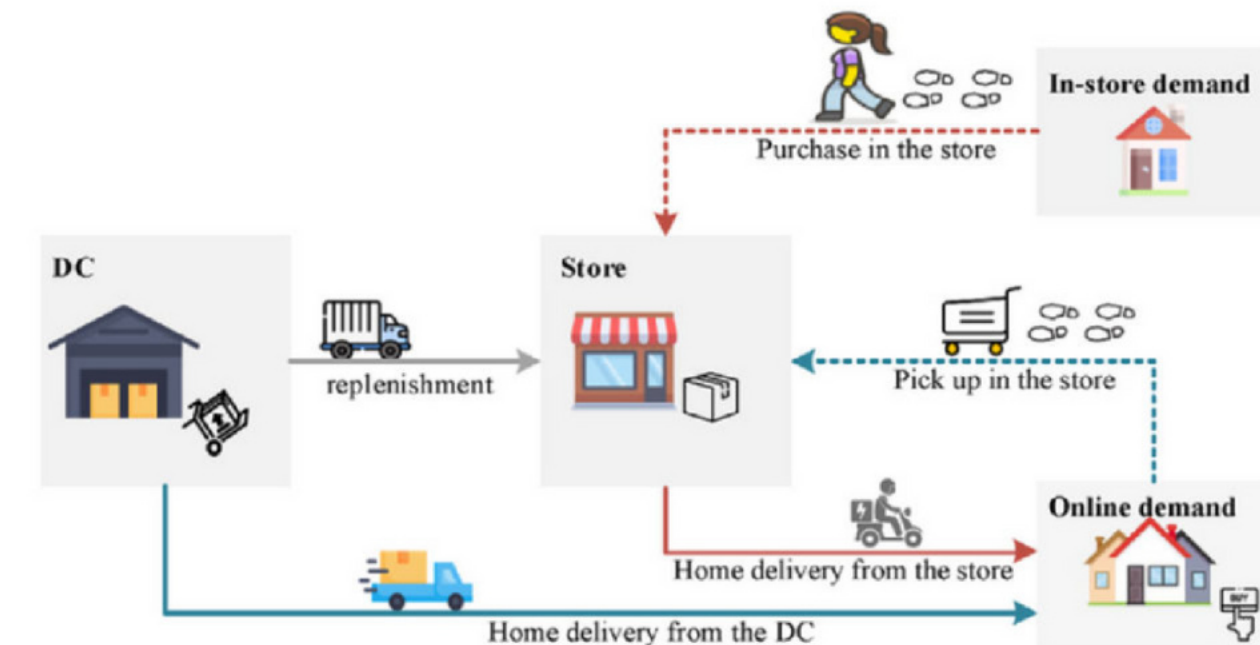
L'Oréal should take into consideration that consumers buy different products online than they would have bought offline. So, in this case, Tina likes to find new, possibly niche, products that are easy to find online<sup>1</sup>. Offline assortment should be new incoming products that the persona can try or get a free sample of. Offline assortment should consist of short tail assortment as well, which means only popular products and products that can add to giving a satisfying experience in the store<sup>2</sup>.

## Fulfillment / logistics

For the omnichannel strategy, fulfillment and logistics should be implemented for getting the products to the customers. The customer should not feel a big difference in the delivery when buying a product online or offline. L'Oréal should include buying online then picking up in-store (BOPS), buying online, shipping from the store (BOSS), and buying online, shipping to store (STS). This is not only an advantage for the flexibility of the customer but also for L'Oréal since research shows that it increases sales<sup>4</sup>.

For Tina, it could relieve some pain points.

One pain point for Tina is when a product is not in the shop or is out of stock. L'Oréal could make use of the fulfillment strategy DC shipment or STS. When Tina could not find the product in the store then L'Oréal has to make use of the DC shipment because it sends the product directly to the customer's home. In this case, the customer does not waste time getting to the store again to pick up the product. However, some customers like to pick it up from the store<sup>4</sup>.



<sup>1</sup> Ratchford et al. (2022); <sup>2</sup> R&OM Lecture 2; <sup>3</sup> Ratchford, Soysal, & Zentner (2022); <sup>4</sup> Yang, Li, & Zhong, (2022)

# Increasing Impulse/Unplanned Buying

Research by POPAI and EFMI showcased that 34% of purchases in their study are impulse purchases<sup>1</sup>, highlighting the importance of facilitating unplanned buying.



Many factors on the path to purchase can increase the likelihood of impulsive buying, such as in-store stimuli, shopper emotional states, aisle design, payment method, time in store and more<sup>1</sup>.

## In-Store Displays

In-store Displays have been found to increase unplanned purchasing by as much as 40% from baseline<sup>2</sup>. Make use of online and offline displays to grab Tina's attention.

## Hedonic States

Our chosen persona, Tina, is a hedonic shopper as she values the experiential aspects of shopping, such as adventure and "feeling of being in another world"<sup>3</sup>. Hedonicity has been found to play a contributing role in impulse buying<sup>1</sup>.

## Time-spent In-Store

Spending an extra 18 minutes in the store has been shown to increase unplanned buying propensity by 13%. To facilitate this we will improve essential atmospheric elements of the store, such as amenities, ambience, and attractiveness<sup>4</sup>. Having testers/personal readily available in stores might keep Tina in store for longer .

## e-Coupons

Smartphone-generated coupons have been found to increase unplanned spending by 16%<sup>1</sup>.

## Payment Method

Payment by card is increasingly the preferred method of payment due to its convenience. Additionally, it has been found to increase the likelihood of unplanned purchases, as it decreases the pain of payment<sup>2</sup>. Making the payment process fast and convenient would be appreciated by budget conscious Tina

## Aisle Design

Shopping all aisles has been found to increase unplanned purchases by 24%<sup>2</sup>. Therefore, we can employ an aisle design with a pre-determined path similar to Kruidvat and IKEA.

## Shopping Experience

15% of impulse buying happened because in-store shopping enjoyment<sup>5</sup>. Tina would enjoy knowledgeable consultants & product variety<sup>3</sup>.

<sup>1</sup> R&OM Lecture 3; <sup>2</sup> Inman et al. (2009); <sup>3</sup> Farris et al. (2017); <sup>4</sup> Stein & Ramaseshan (2016); <sup>5</sup> Clark (2008)

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