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YEARS
OF CELEBRATING
BEAUTY

L'ORÉAL[®]

100 YEARS OF BEAUTY

LOOKING BACK WITH

PRIDE

LOOKING AHEAD WITH

PASSION

Congratulations to our partners and friends at L'Oréal.
Here's to another 100 beautiful years.



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Cover: McCann Erickson



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100 YEARS OF *Beauty*



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Eugène Schueller and his team of researchers, 1935

By Nancy Giges

L'Oréal: The name evokes the image of beauty. For most of the company's 100 years, the name has been synonymous with the image of the quintessential Parisienne—upscale, exclusive and aspirational.

Over the last 25 years, that image has been expanding. Today, L'Oréal is recognized as the global leader in all aspects of beauty—for men as well as women, for the everyman and woman as well as for the upper crust. The company says its track record today reflects a quest for diversity to meet the needs of men and women around the globe and to make its products available to as many people as possible.

This transformation has occurred by implementing a well-formulated strategy of acquisitions and expansion geographically as well as into all distribution channels, while remaining true to the spirit on which L'Oréal was founded—that research and innovation should serve beauty and that product innovation should drive business.

With global sales of more than €17.5 billion in some 130 countries and 23 global brands as of 2008, L'Oréal claims leadership worldwide in the beauty market—hair care, hair color, skincare, makeup and fragrances—rising from an 11 percent share in 2000 to 15.8 percent in 2008. It is especially strong in Western Europe, where it is a leader in most countries with an estimated 22.7 percent share overall, and in North America, where it has an 18.2 percent share, according to L'Oréal estimates based on research company numbers.

In specific segments globally, L'Oréal is considered No. 1 in makeup and hair color; it also claims pre-eminence in professional hair products, leadership in luxury cosmetics, fine fragrances and in pharmacies. In the U.S., it is No. 1 across the total beauty category, in salon and mass-market hair color, salon hair care, mass makeup and department store fragrances.

In the luxury segment in the U.S., the company ranks second in total beauty and in each of its major segments—makeup, skincare and fragrances—according to the NPD Group/BeautyTrends.

L'Oréal's list of recognizable beauty brands, organized as professional products, consumer products, luxury products, The Body Shop and active cosmetics (dermatologic cosmetics sold in pharmacies and medi-spas), is a long one.

Françoise Lauvin, a financial analyst with CA Cheuvreux, Paris, who has been following the company for more than 20 years, says that one of L'Oréal's major assets is its portfolio of brands and their diversity. "They are of different origin and different cultural backgrounds," some very French, some Italian, some American and some Asian, she says.

The company's approach to innovative new products

McCANN ERICKSON
CONGRATULATES L'ORÉAL PARIS
ON 100 YEARS OF LEGENDARY BEAUTY

...here's to the next 100!



L'ORÉAL
PARIS

100
YEARS
OF beauty

starts with a heavy emphasis on science and R&D. Each year it develops several thousand new formulas and registers more than 500 patents. At the company's financial meeting in February, analysts and investors heard senior executives promise aggressive new-product plans for 2009 involving technological breakthroughs, innovation and entering new categories, resulting in an even more diverse brand portfolio.

GLOBAL DIVERSITY

The portfolio of L'Oréal's "spokesmodels" is as diverse as the brands themselves. "We have never sought to impose a single model of beauty—our product lines can include many items that are deliberately different from one country to another in order that they reflect the local forms of beauty, culture and tradition. Beauty is not perceived in the same way in India as it is in Asia, the Middle East, northern or southern Europe or America," says Beatrice Dautresme, exec VP-corporate communications and external affairs, L'Oréal S.A.

The company's well-known slogan "Because you're worth it" started out as "Because I'm worth it" in 1973 for Preference hair color and was created by agency McCann-Erickson. "Although its roots were distinctly American, in 1996 'Because I'm worth it' became the signature for the L'Oréal Paris brand around the world," says Sir Lindsay Owen-Jones, L'Oréal S.A. chairman, who is widely credited with masterminding the company's globalization.

Ms. Lauvin says such marketing and advertising prowess has been an important factor in the company's growth. When "Because I'm worth it" was introduced, L'Oréal Paris had less than a 20 percent share of the U.S. hair color market. Today, L'Oréal Paris' share of hair color in the U.S. stands at 44 percent.

L'Oréal over a long period has consistently invested huge amounts of money in advertising and marketing to develop its brands, and "with great success," Ms. Lauvin says. "They've consistently spent 30 percent of their total turnover. And when you think about it, last year it was €5.3 billion, or almost \$7 billion, that they spent as a whole on marketing and advertising."

Even in these past months of challenges for all marketers, L'Oréal has not held back. Jean-Paul Agon, CEO, L'Oréal S.A., told investors at the company's financial meeting that in 2009 the intention is to further strengthen investment allocated to advertising and promotional resources and to take full advantage of a buyer's market and sharply falling costs for media. "Overall, our firepower should thus clearly increase, helping us to develop the worldwide positions of our brands and our products," he said.

This commitment to heavily supporting its brands elevated L'Oréal into the third-largest global advertiser, behind only Procter & Gamble Co. and Unilever in 2007, the latest year for which figures are available. Measured spending for that year was \$3.426 billion, with more than \$2 billion being spent in Europe, according to Advertising Age figures. This ranking was up from No. 12 in 2000. In the U.S., the company ranked No. 16 in 2007.

THE IMPORTANCE OF ADVERTISING

Innovation in advertising has permeated L'Oréal's history. Although a chemist by trade, company founder Eugène Schueller understood the importance of getting attention for his products. For instance, in 1931, he came up with the idea of draping a sheet over the face of a Parisian building to create a giant billboard for O'Cap hair lotion. In 1932, in the early days of radio advertising when commercials were read by an announcer, Mr. Schueller aired what is believed to be one of the first jingles.

L'Oréal's history goes back even earlier than the company's founding in 1909. As a student, Mr. Schueller developed an interest in hair dye during chemistry classes and created a formula using a blend of harmless chemical compounds, a breakthrough providing a subtle range of colors in contrast to the use of henna or mineral salts that produced an artificial look. He called his product Oréal and filed for a patent in 1908.

After completing his education and a short stint as a phar-

macist's assistant, he decided to start his own company. This was despite a warning from his boss that hair dye had very limited potential. He named his company Société Française des Teintures Inoffensives pour Cheveux (the Safe Hair-Dye Co. of France) and made contacts with a group of hairdressers in Paris who supported his efforts.

His small company began to grow as he took a scientific approach to developing products instead of following the common practice of using family recipes and traditional prescriptions. Throughout the 1920s, the company introduced innovations, which paved the way for L'Oréal's first major breakthrough: Imédia, an ultrafast coloration process launched in 1929 that put the company into the spotlight of the beauty industry.

Growth and innovation continued, and in 1939, the company officially became L'Oréal. Over the years, there have been many firsts: L'Oréal Blanc bleaching powder, called the secret for platinum blondes; Dopal, the first soap-free shampoo; Ambre Solaire, the first protective suntan oil; Oréal, the first cold permanent wave product; and the list goes on.

When Mr. Schueller died in 1957 and leadership passed to François Dalle, L'Oréal had entered most Western European countries and the U.S. (in 1953) by forming a licensee, Cosmair Inc., to sell its hair-care products to beauty salons. Mr. Dalle's plans for growth focused on selling products through different channels of distribution and expanding L'Oréal's offerings.

As part of that plan's implementation, two key acquisitions, Lancôme in 1964 and Garnier in 1965, strengthened L'Oréal in the mass and luxury segments while forming a strong base for the fragrance and upscale cosmetics businesses.

The next major growth spurt came in the 1980s when then-CEO Sir Lindsay Owen-Jones set out to conquer the U.S. market and become a truly global player, since most revenue at that time still came from Western Europe. L'Oréal went on an acquisition spree and, by the beginning of the 21st century, had acquired or established licensee agreements with Ralph Lauren, Giorgio Armani, Redken, Maybelline, SoftSheen, Carson, Kiehl's and Matrix.

The current decade has seen continuing acquisitions and geographic expansion, as L'Oréal undertakes socially responsible initiatives and increases its focus on diversity. Among the highlights: taking a majority stake in shu uemura Cosmetics, the namesake of the well-known Japanese makeup artist, and acquiring Yue-Sai Cosmetics, a leading company in China, and The Body Shop, with its commitment to natural ingredients and social responsibility. L'Oréal made what it considers an extremely important addition to its designer portfolio last July in signing a strategic alliance with Yves Saint Laurent, including the purchase of YSL Beauté.

The expansion is paying off: Fifteen years ago, L'Oréal depended on Western Europe for 70 percent of its cosmetics revenue. Today, Western Europe contributes 45 percent, with 23 percent coming from North America and 32 percent from the rest of the world. Its business is increasingly diversified, with 51 percent of sales coming from consumer products, 26 percent from luxury products, 15 percent from professional products and 8 percent from specialty dermatologicals. Within cosmetics, 26 percent of sales come from skincare products, 23 percent from hair care, 21 percent from makeup, 15 percent from hair color and 11 percent from perfumes.

Even so, geographical balance and brand diversity remain high on the to-do list. The company sees a lot more room for its products in new markets, especially its mass-market brands in emerging countries. For instance, subsidiaries are now being set up in Egypt, Kazakhstan and Pakistan. Mr. Agon acknowledges that 2009 will be a challenging year, but he told analysts, investors and the financial media that L'Oréal is well-equipped to "weather the [current economic] storm, to make the best of the crisis and seize all opportunities. [Our] model has to be adapted in a pragmatic way to take into consideration the reality of the crisis. The initiatives we are taking are initiatives that we've never taken before, and they are going...to help us adapt, sail through the crisis and pick up again after it"—for another 100 years. •

BECAUSE EVERYONE'S WORTH IT



Although mainstream cosmetics, fragrances and hair-care products for women remain the majority of L'Oréal's business, growth in recent years has also come as the company segments the beauty market in several ways—by age, ethnicity, prestige, gender and marketing approach.

"I don't believe that there is one consumer that is not part of our total communications," says Joe Campinell, president of L'Oréal USA's Consumer Products Division.

"In the mass market, it runs from 3-, 4-, 5-year-olds with L'Oréal shampoo for kids, to anti-aging products for wrinkles and dryness and firmness for 65-to-70-year-old women. ... We also target men," he says.

SoftSheen-Carson directly targets men and women of color, and is the No. 1 beauty brand in hair care in its segment, according to L'Oréal. The Body Shop, which L'Oréal acquired in 2006, appeals to consumers who want natural ingredients.

Plus, products formulated for older women are incorporated in most of the company's collections for the face and body.

"We are closely connected with women over 50, over 60, over 70, and have been for a long time," says Mr. Campinell. "There are very special needs of that adult group, but there are also the famous baby boomers who are fighting it right to the end. Feeling beautiful and in good shape is part of how we want to contribute to their sense of well-being."

Carol Hamilton, president of L'Oréal USA's Luxury Products Division, says, "It was quite a milestone in marketing to seniors to sign actress Diane Keaton for L'Oréal Paris, who is fabulous at the age of a little over 60 and such a dynamic role model."

At the high end, the company has put together an enviable portfolio of brands aligned with some of the most exclusive names in fashion design, both classic and contemporary. They include Giorgio Armani, Cacharel, Diesel, Guy Laroche, Paloma Picasso, Ralph Lauren, Viktor & Rolf and Yves Saint Laurent, as well as Japanese makeup artist Shu Uemura. Kiehl's Since 1851, an exclusive specialty brand, has a particular personal relationship with a loyal following in the luxury segment and, since it was acquired in 2000, is L'Oréal's fastest-growing luxury brand.

"We're able to cover the spectrum with different prestige tiers as well as different category strengths, and also from an approach of either a beauty expert or a designer orientation," Ms. Hamilton says. "So there are many different ways that we cover the entire consumer base."

R/GA congratulates our friends at
L'Oréal Paris on their 100th anniversary.

Enduring Partnerships

Interviews by Christine Bunish

AGENCIES REFLECT ON THEIR L'ORÉAL EXPERIENCE



SHERI BARON
President-COO
Gotham Inc.

Gotham's role as the lead global creative agency for Maybelline New York predates L'Oréal's acquisition of the brand in 1996. We've been involved with Maybelline since 1990. Maybelline was then headquartered in Memphis and known as a lower-end, mass brand primarily sold in the U.S.

L'Oréal's goal was to take the brand global, and today Maybelline New York is the No. 1 mass cosmetic brand in the world. L'Oréal brought the power of its marketing muscle and product innovation to Maybelline and enabled it to find its rightful place as a formidable player on the global cosmetics stage.

What makes L'Oréal L'Oréal is their incredibly unique, creative and innovative culture. They are dedicated to the consumer. And they're vigilant about quality: Every piece of the mix goes under the microscope. Nothing is considered unimportant.

When Gotham started working with Maybelline, virtually everyone on the team was American. Today it's one of the most diverse groups I've ever had the pleasure of working with; and with that diversity comes creative freshness.

Maybelline dominates the mascara business with a diverse portfolio of products, including Great Lash, which is probably the most publicized mascara on the planet. So coming up with completely fresh ideas for new launches is a challenge. Take new Stiletto mascara. The campaign is based on a simple premise: Stiletto heels change the way a woman carries herself—she's longer, taller, sexier. It's a story about sexy, tapered length with an elegant package shaped like a stiletto heel, advertising featuring a chorus line of legs and all the imagery in dramatic black and red. A great product wrapped in unique imagery and executed flawlessly—that's the L'Oréal way.



JOHN DOONER
Chairman-CEO
McCann Worldgroup

McCann Erickson's role as global creative agency of record for L'Oréal Paris dates back to 1973. From a human perspective, how we work together and feel about each other really hasn't changed in 36 years. It's always been a very passionate, intense and extraordinarily collaborative relationship. Our partnership has always been about a shared passion for the brand. That's why it has endured.

In 1973 we created L'Oréal's "Because I'm Worth It" campaign, which evolved into "Because You're Worth It," which continues today. It's much more than simply a communications slogan. It embodies the essence of L'Oréal, their commitment to high-quality products and reinforcing women's confidence in themselves. There are very few long-running campaigns that have that kind of endurance, and those that do are successful at conveying the essence of the brand and the culture of the company and its people. I'm not surprised that "Because You're Worth It" has enjoyed such a long run, and I'm sure it has many more years ahead of it.

When you have a chance to work with a company that really knows what they are and doesn't try to be something else, you can do a lot of good things. That's L'Oréal. They are very confident about the brand, their product offerings and their strong human values.

L'Oréal is like a beautiful swan: You see it gracefully gliding along on the water. What you don't see is that all of us—McCann and L'Oréal together—are paddling like crazy to keep the swan on its magnificent course. We've worked with a succession of wonderful leaders at L'Oréal over the years, all of whom have played critical roles in protecting and honoring the essence of the brand, and ensuring that it is enduring and classic.



MAURICE LÉVY
Chairman-CEO
Publicis Groupe

Our relationship with L'Oréal started in the early 1930s with the founder of L'Oréal, Eugène Schueller, and the founder of Publicis, Marcel Bleustein-Blanchet. L'Oréal was at that time a midsize company, and Mr. Schueller was a great entrepreneur and remarkable chemist with a marketing vision. He was a great believer in advertising.

With L'Oréal, Publicis has developed numerous memorable campaigns, great creative ideas and many, many firsts. Lancôme is clearly a great story. The incredible success of Lancôme is probably due, among many other things, to a campaign featuring Isabella Rossellini developed under the leadership of Sir Lindsay Owen-Jones, then CEO of Cosmair, the U.S. arm of L'Oréal.

Another great story was the launch of Fructis. Garnier and Publicis worked like one single team on every aspect of the marketing and decided to break the advertising conventions for shampoo. Instead of showing the classic woman, they showed a bunch of friends, young and irreverent but environmentally conscious, outdoors instead of indoors. In those days it was a revolution. And the success was immediate, fast and spectacular.

L'Oréal is a very challenging client—never satisfied, never complacent, and always brings out the best in us. It could be impossible to work for such a client were it not for this unique way of building teams with strong emotional links. L'Oréal involves the agency from day one—sometimes just when they have the [product] idea.

I see our partnership growing, progressing with a lot of great ideas, great campaigns and great success under the leadership of Jean-Paul Agon. We have a collaboration of a little more than 70 years. It won't be long before we celebrate a century!



MATT SEILER
Global CEO
Universal McCann

As the media agency partner for L'Oréal Paris for the last 36 years, we've had a very storied relationship with L'Oréal. During that time L'Oréal has grown from a limited scope of business to encompass almost everything in the women's beauty space; and we've been delighted to grow with them.

One of the things we're all really proud of is the work we do for the causes that L'Oréal is committed to. When you are embedded in what it is to be a woman, as L'Oréal is, there are causes you find very natural to support. One of them is the Ovarian Cancer Research Fund.

We've been very successful at raising awareness of their issues by getting on-air mentions into daytime television programming with "The View." In prime-time programming, we were able to capitalize on a "Grey's Anatomy" story line where a character was suffering from the disease, along with developing a custom PSA with one of Grey's main characters.

We have also worked closely with a number of media partners for Points of Light, an organization of women making a difference in their communities.

One of the best things about working with L'Oréal is the people we deal with are in a position to say yes. And that means great ideas get done.

It's unusual to find a partnership that has lasted as long as ours with L'Oréal. It's a very integrated relationship at its core, but there's also a great freshness on their side and ours as new people come on board to work on the business.

We are always looking for opportunities to extend L'Oréal's messaging and for synergies from each of our partners to ensure that the effort is organic and beneficial, and matches the passion L'Oréal has for its audience.



TIM JONES
CEO
ZenithOptimedia, North America

ZenithOptimedia's media relationship with L'Oréal goes back to 1981 when, as Publicis, we began working on Lancôme and Isabella Rossellini was the face of the brand. Since then it has been a fantastic story of partnership and growth.

I think what makes the relationship work is L'Oréal's relentless pursuit of excellence. They're selling beauty to the world, and the performance of those products—how they look and are presented—requires a massive amount of attention to detail in how they execute their marketing. Beauty is a very elevated territory for a brand to exist in, and L'Oréal treats it with unerring passion.

L'Oréal is constantly looking to do things differently, and the media landscape has helped them in that sense. We've moved from a push world of brand launch and awareness to a push-pull world where you also have to engage and involve consumers in the brand story through sponsorship and integration, or through digital programs, where you talk directly to consumers.

L'Oréal sees the media impact advertising has on brand performance, so it's taken seriously at the highest levels of the company. We discuss media plans and buys with division presidents, which reflects well on how they see media as a powerful marketing tool.

L'Oréal puts huge store by their ethics—what they describe as the "L'Oréal spirit," part of which is a commitment to building strong and lasting relationships with suppliers. They really live that. They are committed to enduring partnerships. At ZenithOptimedia we have people who have worked on the account for a long time; they enjoy it and find it rewarding. When you work so closely side by side with a client, it engenders a winning culture.

THE BEAUTY OF *Green*



By Nancy
Coltun Webster

From earthworm tanks in India to a biofuel plant in Belgium, L'Oréal's global efforts and long-term plan to decrease its carbon footprint are on track to substantially reduce greenhouse gas emissions, water use and waste generation by 2015.

The company has long been a supporter of safety, health and environmental issues. L'Oréal introduced its waste and recycling efforts in the late 1980s when it created its first environment department, pioneered by Marcel Lafforgue, former exec VP-operations until 2006. The first research on sustainability and contact with nongovernment organizations that hold companies accountable in this area began in the mid-1990s. In 2002, the department became the sustainable development department.

"I remember when I joined the company in 1990 and was struck by the emphasis L'Oréal put on the environment," says Pierre Simoncelli, director of sustainable development for L'Oréal. "The teams in the factories and warehouses were very proud to have their facilities meet the highest standards for the environment. Environment has been in the DNA of the company for a very long time."

New goals, announced on Earth Day in April, target cuts of 50 percent over 2005 figures in greenhouse gas emissions, as well as water use per unit of finished product and waste generated per unit of finished product.

These are the latest steps in the company's efforts to take responsibility for its consumption and waste, and to communicate this information to consumers, employees, investors, vendors and other stakeholders—no small undertaking for a company with more than 67,500 employees in 62 countries, 23 global brands and distribution in 130 countries.

Says Mr. Simoncelli: "We need materials, packaging components, etc. The policy of the company is exemplary. We have more than 800 labor standards audits conducted in our supply chain every year. Those audits have become the standard used by our competitors."

In fact, the company was named one of the Global 100 most sustainable companies in the world by Corporate Knights and Innovest for 2008 and 2009.

L'Oréal's efforts are outlined in the company's "Sustainable Development

Report." The annual report on sustainability efforts, the document showcases what the company has already accomplished, with information L'Oréal brings together from its human resources, research and development, and industrial arenas. The information is critical to a variety of stakeholders—everyone from employees and consumers to vendors, suppliers and investors.

Because its long-term goals for safety, health and environment shape the investments and priorities corporations make for their facilities, Mr. Simoncelli says the report "is a piece of information that is absolutely necessary to share with our stakeholders."

As detailed in the report, L'Oréal's worldwide Safety, Health and Environment Policy (SH&E) applies to the development, production, distribution and sale of its products. L'Oréal aims to fulfill its mission to produce high-quality products in an ethical manner by minimizing its impact on the environment and guaranteeing the safety and health of all of its employees, customers and the communities in which it is located. "We set worldwide goals for facilities, but locally it doesn't prevent a factory from going further," Mr. Simoncelli says.

GLOBAL-LOCAL EFFORTS

Indeed, while the overall sustainability campaign may be global, L'Oréal's efforts start at the local level as the company works with each of its facilities to reduce, recycle and convert waste to fuel.

For example, in L'Oréal's efforts to conserve energy, solar panels represent an important investment in reducing consumption. The L'Oréal plant in India was built using them. Mr. Simoncelli says such investments have their costs, but added that "very quickly, you have savings."

"One of our biggest installations is in Burgos, Spain. We have a huge installation of photovoltaic [cells] and thermic solar panels there. In Europe, the electricity you produce is sent into the grid, and you are invoiced on the electricity you consume from the grid," he says.

Another key area for the company is waste reduction, and a major factor here is reusable packaging in the manufacturing process. Mr. Simoncelli says in any normal factory there is an enormous amount of waste in boxes, plastic bags and other packaging. One guideline now instructs L'Oréal facilities to empty, fold and return packaging to suppliers to be reused. In Suzhou, China, such reuse of packaging allowed the company's plant to reach a 100 percent waste recovery rate.

A more complicated area of waste reduction is organic waste, and here L'Oréal has excelled. "You and I send more waste to landfill than most L'Oréal factories. [L'Oréal] has a recovery rate of 95 percent. The difference between 95 percent and 100 percent is the [company] cafeteria—the food," Mr. Simoncelli says, adding that the only way to reuse or recover the food waste in cafeterias is to use it to create compost.

"In India we have a composting facility using earthworms. We have huge tanks with earthworms. In the processing of the organic waste, this is very efficient. In India, after having used the compost on lawns and trees and so forth, we give [the rest] away to farmers. For organic waste, composting is the only way out."

L'Oréal is also concerned about water conservation, Mr. Simoncelli says. The plant in Montreal, where fresh water is plentiful—and free—is the corporate pacesetter for water conservation. The plant reuses water in various industrial processes and has reduced its overall consumption. "There is this thought that water is going to be increasingly scarce within the next few decades," Mr. Simoncelli says. "If we can reduce the water consumption, we must do it."

LINES OF COMMUNICATION

Communication is an important part of L'Oréal's sustainability strategy as well. Mr. Simoncelli says it's easy to communicate its conservation efforts to experts because there are key performance indicators that alleviate misunderstanding.

He says it is very important to build credibility with consumers, and L'Oréal has been able to measure consumer response at the brand level.

"There is a real growing demand from consumers for greener products using less—or no—controversial chemicals. Also there is a huge interest in organic ingredients [and] fair trade ingredients. It is a very deep trend, and every year we see the market share of these products increasing.

"To be quite frank, it is not difficult [to make these changes]. The people in the company are absolutely enthusiastic. We all know what's going on. There are billions of people who [perhaps] won't have access to clean water. People want to work for a company that is doing the right thing. I don't believe any normal person wants to work for a company that doesn't care about the environment." •

THE BEAUTY OF Diversity



By Julie Liesse

A corporate commitment to diversity comes to life at L'Oréal. It lives in product lines for every type of hair, every color of skin and every view of beauty—developed at a worldwide network of R&D facilities that provide local insights for a global marketplace.

It lives in a work force where diversity and inclusion training are priorities and more than half of international managers—and 60 percent of U.S. managers—are women.

It lives in partnerships with a diverse list of vendors and suppliers.

And it lives in philanthropic efforts designed to boost diversity in the next generations of scientists, consumers and employees.

Ed Bullock, VP-diversity & inclusion for L'Oréal USA, says the company's diversity initiatives cover three important components: the work force, the workplace and the marketplace. The three “must be integrated to ensure that your organization is a leader and meets the needs of your consumers,” he says.

His U.S. department oversees diversity and inclusion initiatives in five areas: representing diverse voices in the L'Oréal work force; training employees and managers; ensuring that minority- and women-owned businesses are among the company's suppliers; providing a resource for brand advertising; and philanthropy. “We believe that a company can be both socially responsible and progressive from a business standpoint,” says Mr. Bullock. “They go together; they are not mutually exclusive.”

In the marketplace, Mr. Bullock says, “From the company's beginning it was important to have a catalogue of products that were relevant to consumers. L'Oréal has made acquisitions to ensure we have a portfolio of products that are relevant to our global consumers.”

L'Oréal has a knack for acquiring targeted brands and expanding both their portfolios and their reach. For instance, the company acquired SoftSheen in 1998 and Carson in 2000, adding brands such as Dark & Lovely and Mizani. Merged together, the SoftSheen-Carson brands have established themselves as the worldwide leaders in ethnic hair care.

In 2000, the company acquired shu uemura, a line of upscale cosmetic products created by the world-famous Japanese makeup artist, and has broadened the brand to reach makeup enthusiasts around the world.

L'Oréal also relies on its global network of 18 research centers and 13 cosmetics evaluation centers to identify the impact of climate, environment and culture on beauty practices and to develop new and relevant products for people of diverse backgrounds and needs.

L'Oréal calls it “geocosmetics.”

“We gather and collect information about consumer preferences through our research centers around the world,” says Mr. Bullock. “And although we work to develop global formulas for all our brands, we are flexible enough to respond to specific local needs.

“We think that having response centers and laboratories around the world, from Chicago to Asia, allows us to be on the ground with consumers in terms of their habits, routines and rituals. We get insights from them in terms of current and future product needs and usage.”

Famously, after purchasing U.S.-based Maybelline in 1996 and revamping the brand to include new products such as WonderCurl mascara, L'Oréal took WonderCurl to Japan, where young women frustrated with short, straight eyelashes made the mascara an overnight sensation.

Similarly, L'Oréal researchers realized that Japanese women wanted lipstick that offered more shine and less color—leading to the development of Maybelline WaterShine wet-look lipstick.

More recently, in Brazil, close attention to local habits led the company to develop the first transparent gel mascara to simply curl lashes that already were long and dark.

In addition to R&D centers in France, the U.S. and Brazil, the company has two research centers devoted to advanced knowledge of the hair and skin of people of diverse backgrounds: The Institute for Ethnic Hair and Skin Research, opened in Chicago in 2003, is dedicated to the study of the hair and skin of people of African descent, while the company's research center in Pudong, China, focuses on Asian hair and skin research.

Says CEO Jean-Paul Agon: “A diverse work force in all functions and levels enhances our creativity and our understanding of consumers, and allows us to develop and market products that are relevant.”

Internally, the company is committed to hiring a diverse group of employees—including a mix of genders, ages, nationalities, ethnic backgrounds and social backgrounds. The company also has a training program for managers to help them implement the L'Oréal vision of corporate diversity and inclusion. The program began in the U.S. and rolled out to Europe.

“Our belief is that diversity plus inclusion equals innovation and success,” Mr. Bullock says. “We think that diverse talent is critical to the lifeblood of any organization. You can imagine that a company's growth is going to be based on having diverse thinkers around the table representing different cultures and different backgrounds, all moving toward the most innovative solutions and products.”

Among the milestones in L'Oréal's commitment to diversity: In 2002, Mr. Bullock, a longtime company employee, was named to the new post of VP-diversity for L'Oréal USA. Subsequently, headquarters also named a global diversity director, Jean-Claude Le Grand. In 2003, L'Oréal signed the Global Compact to respect ethical behavior as an organization.

The following year, L'Oréal's work was recognized when it was named the first recipient of Diversity Best Practices' Global Leadership Award for its ongoing commitment to creating an environment of diversity and inclusion for L'Oréal employees, customers and suppliers.

In 2005, then-CEO Sir Lindsay Owen-Jones was presented with the International Leadership Award by the Anti-Defamation League, a U.S. organization dedicated to promoting tolerance and diversity. In presenting the award, Abraham H. Foxman, ADL national director, said, “L'Oréal is not just the leading cosmetic company in the world, but a leader in promoting diversity and respect for culture and identity, setting standards to be emulated.”

In March 2006, L'Oréal received the World Diversity Leadership Council's Corporate Diversity Innovation Award for product innovation. This was the first time L'Oréal received international recognition for the cultural diversity of its products.

Last year L'Oréal created an internal global diversity council and appointed a diversity executive in South Africa “to lead the charge there,” Mr. Bullock says.

“It is important that we all recognize that this is a journey,” he says. “We all can make progress in this area. It is critically important for organizations not only to understand demographic shifts but also to embrace and respect those differences within our demographics as a competitive advantage—which is critical to innovation.”

1910: The company opens the first hair-coloring school for hairdressers.



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1918: With World War I over, a new age begins. Around the world, women are working, earning money, growing more concerned about their appearance and seeking ways to prevent gray hair from revealing their age. Oréal hair dyes become a great success.



©L'Oréal/DR

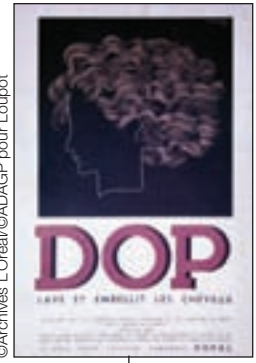
1930: The company has an established presence in 19 countries.

1933: Eugène Schueller creates the women's magazine *Votre Beauté*.



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1929: L'Oréal introduces Imédia, an ultrafast hair color process.



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1909

Eugène Schueller creates La Société Française des Teintures Inoffensives pour Cheveux—the Safe Hair-Dye Co. of France—which became L'Oréal in 1939. Aureole, Mr. Schueller's first signature hair dye, is introduced.

©Archives L'Oréal/Tous droits réservés pour Jean-Claude



1920

1925: Eugène Schueller creates L'Oréal d'Or, a groundbreaking hair-lightening product that creates golden tints, which lend a more natural look to blond hair.



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1930

1931: Eugène Schueller drapes a sheet over the face of a Parisian building to create a giant billboard for O'Cap hair lotion.

Individual-dose Imédia is introduced.

1934: DOP, the first shampoo without soap, is sold to the public, marking the start of L'Oréal's efforts to make advanced-technology products available to mass audiences. It had formerly been available only through salons.

1914: A network of sales agents now operate throughout Europe and in Russia.

1932: Radio advertising is in its early stages, with commercials read from start to finish by announcers. Eugène Schueller is among the first to air a commercial that is sung rather than spoken.

100 YEARS



1985: Biotherm introduces L'Homme, a complete men's skincare line.



©L'Oréal/DR



1989: L'Oréal supports the launch of the "Look Good... Feel Better" program in the U.S.

1993: L'Oréal acquires Redken Fifth Avenue NYC, which manufactures and distributes salon products for professional hairdressers.



1996: Fructis by Garnier, a shampoo line with real fruit acids, debuts.

1980 cont.

1985: Andie MacDowell becomes a L'Oréal Paris spokeswoman for Excellence Crème, cosmetics and skincare in the U.S., beginning a relationship that continues today.



1988: Sir Lindsay Owen-Jones becomes chairman-CEO of L'Oréal, succeeding Charles Zviak.

1989: The company acquires Helena Rubinstein and La Roche-Posay.



1990



1994: L'Oréal labs successfully produce a synthetic replica of ceramide, which is found in hair cuticles.

Cosmair becomes a wholly owned subsidiary of L'Oréal Group.

The company opens L'Oréal India and L'Oréal Israel.

1939: The company officially adopts the name L'Oréal and opens its headquarters at 14 rue Royale in Paris, which remains its main office today.

1935: L'Oréal introduces Ambre Solaire, the first protective suntan oil.



1947: Eugène Schueller creates the sponsored road show, traveling around France from 1947 to 1957 and attracting up to 50,000 people a day. Podiums are bedecked in DOP brand colors and products handed out to the public while the crowd cheers for its favorite singers by chanting "DOP, DOP, DOP, il est adopté par DOP!"



1954: Clean Children Day debuts, to revolutionize hygiene habits in France, with the introduction of Berlingot DOP single-use shampoo packets.



1957: With the death of company founder Eugène Schueller, François Dalle becomes president-CEO.

1940

1950

1945: L'Oréal launches Oréol, the first cold-wave permanent, called a revolution in hairdressing.



1953: Cosmair Inc. is created to become the exclusive licensee of L'Oréal in the U.S. It was headquartered in New Jersey.

1954: The company signs a technical agreement with Vichy.



1957: Elnett hairspray, a technological breakthrough in the hairstyling market, is introduced.



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ARSOEIL'



1996: Heather Locklear is named to represent L'Oréal Paris Preference and ColorVIVE during her run with the company, which continued until 2009.



1998: The international program L'Oréal-UNESCO For Women in Science launches.



2000: L'Oréal acquires Matrix, Kiehl's Since 1851, Carson and Dermablend.

Cosmair changes its name to L'Oréal USA.

2001: L'Oréal joins the World Business Council for Sustainable Development.

L'Oréal acquires Biomedic



2002: L'Oréal and Dutch designers Viktor & Rolf enter into a partnership to launch new fragrances.



1996: L'Oréal Group acquires Maybelline.

1997: The company establishes an affiliate in China.



1998: The company acquires SoftSheen Products.

1999: Anthélios from La Roche-Posay is launched with Mexoryl XL for UVA/UVB protection.

2000



2001: Beyoncé Knowles becomes a L'Oréal Paris spokeswoman for Féria hair color, cosmetics and skincare, a relationship that continues today.

1959: L'Oréal becomes more international with the opening of a Brazilian subsidiary.

1964: L'Oréal acquires Lancôme, its first step to becoming a luxury goods empire.

1960



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1965: The company acquires Laboratoires Garnier and its flagship product, Moelle Garnier.

1966: L'Oréal develops the first designer fragrance, Fidji by Guy Laroche.

1966: L'Oréal introduces Récital, its first at-home hair dye kit.

1970: The company acquires Biotherm.



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1970



1973: L'Oréal Paris launches the "Because I'm Worth It" campaign, created in the U.S. by McCann-Erickson, supporting L'Oréal Preference hair color, which sold for \$1 more than its competition.

1979: L'Oréal Research creates the first model of a reconstructed epidermis, providing a significant advancement in product safety testing.

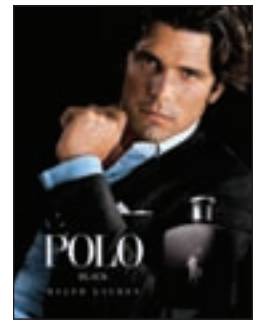
1982: L'Oréal Paris launches Plénitude (today known as Dermo-Expertise), marking the brand's entry into mass-market skincare.

1980



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1984: Charles Zviak succeeds François Dalle as CEO.



1985: L'Oréal becomes the licensee for Ralph Lauren Fragrances.

ORÉAL

2004: L'Oréal acquires the Chinese makeup and skincare brand Yue-Sai.



2005: Eva Longoria becomes a spokeswoman for L'Oréal Paris hair color, hair care and cosmetics, and continues today.



2005: L'Oréal acquires SkinCeuticals.

2006: L'Oréal signs a licensing contract with Diesel to launch fragrances.

L'Oréal acquires The Body Shop and Sanoflore organic cosmetics.



2007: L'Oréal acquires PureOlogy, the luxury hair brand sold through professional hairdressers.

2005: L'Oréal opens an Asian hair and skin research center in Pudong, China.

L'Oréal's Professional Products Division and UNESCO launch Hairdressers Against AIDS.



©Photo Stéphanie de Bourgies pour l'Oréal

2006: Jean-Paul Agon is named CEO, with Sir Lindsay Owen-Jones retaining the title of chairman.



2007: The L'Oréal Corporate Foundation is created.

2008: L'Oréal acquires YSL Beauté.



2003: L'Oréal opens the Institute for Ethnic Hair and Skin Research in Chicago.

L'Oréal becomes the majority shareholder in the Japanese company shu uemura.

L'Oréal acquires Mininurse, the leading mass-market skincare brand in China.

THE BEAUTY OF Giving



Dr. Shirley Ann Jackson, president of Rensselaer Polytechnic Institute and 2008 For Women in Science Role Model Award recipient

By Julie Liesse

The foundation of L'Oréal's corporate giving is part of its heritage. L'Oréal founder Eugène Schueller was, first and foremost, a scientist. As his company grew, he made it a personal and corporate crusade to use its products to improve personal hygiene in France—even handing out shampoo and soap for Clean Children Days. And he recognized the role beauty specialists could play in effecting social change.

Those themes—advancing scientific research, using beauty expertise and education to improve society and employing hairdressers as agents of change—have been woven through L'Oréal's 100-year history as not only the dominant beauty company in the world but also as a leading corporate citizen in its local markets and on the world stage.

"The mission of [current CEO] Jean-Paul Agon is that L'Oréal be a great place to work, that it be a successful business and that it be a great citizen of the world," says Jennifer Campbell, L'Oréal director of philanthropy and partnerships.

Ms. Campbell also serves as secretary-general of the L'Oréal Foundation, created two years ago as a signal of the company's long-term commitment to being a great world citizen. The foundation leads the company's efforts, but each business unit adds its own local initiatives.

"Because L'Oréal is a product manufacturer, with laboratories and factories all around the world, it has always been important that we be an integral part of these communities," Ms. Campbell says. L'Oréal's support "ranges from a factory in Ireland working with handicapped youth or a unit in China promoting cleaning up rivers to save a certain rare species of dolphin."

The foundation leads several large corporatewide initiatives. The oldest and most extensive is For Women in Science, which supports the development of female scientists around the world.

"Since L'Oréal was founded by a chemist, promoting scientific education was a natural fit," Ms. Campbell says. "And because a large number of the thou-

sands of researchers we employ are women, it made sense to focus on the advancement of science through women."

For Women in Science recently recognized its 11th set of laureates: five women, one from each of five regions of the world, who have produced groundbreaking achievements in the sciences. Each receives a personal grant of \$100,000—although Ms. Campbell says many of the 57 recipients have chosen to use that money either as travel grants for their own students or to set up research programs in their own countries. This year's laureate group includes scientists whose research runs the gamut from polymers and miniaturization of electronics to astrophysics and cancer therapy—and who hail from Brazil, Canada, Japan, South Africa and the U.K.

"We are creating role models for young women all around the world," Ms. Campbell says. "This is a way to show young girls—whether they are from western Africa, Malaysia or Brazil—that they too can have a career in science because a woman from their continent has done it."

In addition to the five established scientists honored as laureates, For Women in Science reaches out to young women early in their scientific careers. Through a partnership with the United Nations Educational, Scientific & Cultural Organization (UNESCO), For Women in Science awards 15 international fellowships annually—to women working on their theses or pursuing post-doctoral work.

Finally, L'Oréal's operating divisions in 43 countries also award national fellowships and scholarships to young women scientists through the partnership with UNESCO.

"If you ask almost anyone around the world to name a woman scientist, they are going to say Marie Curie," Ms. Campbell says. "We would like them to know about the other great female scientists in the world."

The L'Oréal Foundation's second key initiative is Hairdressers Against AIDS, a program started in 2005 and now extending into 24 countries.

As a company doing business in South Africa, L'Oréal had created an HIV/AIDS education and prevention program for its employees. The company decided to expand the program to its vast global network of 2.5 million hairdressers and salons. Again, its decision links back to Mr. Schueller's relationship with hairdressers and his recognition of their role in society.

The L'Oréal founder referred to his company as the "University of Hair Dyes" because of its role as a training center for hairdressers. In deference to the stylists' role in influencing beauty trends, he frequently used the network to launch new products and offered business-development help for hairdressers.

"There is such a strong link between a woman and her hairdresser—people will speak to their hairdresser about things they won't talk to anyone else [about]," Ms. Campbell says. "The point of Hairdressers Against AIDS is for these people to learn about AIDS so they can counsel their clients—to point them in the right direction or counsel on treatment or further advice."

The third key focus of the L'Oréal Foundation and the company's worldwide philanthropy programs is what it calls "Beauty From the Heart": using its products and expertise, as Ms. Campbell says, "to help people who have been disadvantaged by life and lost their appearance." These can be individuals affected by joblessness or homelessness, those who have undergone treatments for cancer, or even young women coping with eating disorders.

"We seek to use cosmetics and personal care to help these people rebuild their self-confidence—so they can take the first steps toward integrating back into society."

L'Oréal supports the Look Good ... Feel Better program started in 1989 in the U.S. by the Personal Care Products Council to help cancer patients regain self-esteem by providing makeovers and beauty consultations. L'Oréal partners with Look Good ... Feel Better programs in 24 countries.

One of its most recent solidarity efforts is supporting Opération Sourire with Médecins du Monde, a program offering reconstructive surgery primarily to children who suffer from cleft palate and disfigurement from illness. A network of French doctors volunteers their time; the funding from L'Oréal helps pay for logistics and surgical setups in developing countries.

These philanthropic efforts are supported not only by the foundation but also by L'Oréal employees who donate time, expertise and money.

And in a gesture reminiscent of the corporate founder's interest in using personal care to improve society, L'Oréal employees support a soup kitchen in France, and through it give out 50,000 hygiene kits each year to homeless individuals.

"These programs resonate with L'Oréal employees and reflect the values of the company," Ms. Campbell says. "They show that using cosmetics isn't something meaningless and futile. The way you look is very important. It affects how you feel and how others look at and react to you."

"These programs bring this home in a very serious way." •

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ANOTHER 100 WONDERFUL YEARS OF YOUR DARING AND PIONEERING SPIRIT.
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FOR THE NEXT 100 YEARS !



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Q & A

TWO TOP
U.S. EXECS
LOOK AT
L'ORÉAL'S
GROWTH
AND WHAT
IT PLANS
FOR THE
FUTURE

Joe Campinell and Carol Hamilton, colleagues for more than 20 years, lead the two largest businesses of L'Oréal USA. Mr. Campinell, president of the Consumer Products Division, has responsibility for the company's mass-marketed brands, including L'Oréal Paris, Maybelline New York, Garnier and SoftSheen-Carson. Ms. Hamilton, president of the Luxury Products Division, oversees Lancôme, Kiehl's Since 1851, Giorgio Armani Fragrance & Beauty, Ralph Lauren Fragrances, Viktor & Rolf, Diesel, shu uemura, Yves Saint Laurent Beauté and Fragrances and Cacharel.



Carol Hamilton



Joe Campinell

Mr. Campinell joined L'Oréal USA in 1986 as VP-marketing for the L'Oréal hair care division. He subsequently served as the unit's senior VP-general manager and assumed responsibility for SoftSheen. He was named to his current position in 2002.

Ms. Hamilton, who also worked in mass-market brands until she was appointed to her current position in luxury last year, joined L'Oréal USA in 1984 as director of marketing for the former L'Oréal cosmetics division. She assumed increasingly responsible positions in the hair care division and was named senior VP-general manager of marketing for L'Oréal Consumer Products, the merged hair care and cosmetics divisions. She was appointed president, L'Oréal Paris, in 2002.

They talked with writer Nancy Giges about how L'Oréal has become America's No. 1 beauty company. An edited transcript of the interview follows.

ADVERTISING AGE: Under your leadership, L'Oréal has become not only the largest hair color brand in the U.S. but also a major cosmetic and skin-care brand as well. How did you make that happen?

JOE CAMPINELL: We always start with the hallmark of the company, which is innovation—from enormous investment in R&D, resources to develop the next generation of products with highly performing formulas. That's where it all starts. If we think back to the beginning of our careers here, there's been no change in the general strategy of how to develop a stronger business and to become the leading beauty company.

AD AGE: What differentiates L'Oréal?

MR. CAMPINELL: The first part of the separation is the amount that we invest in R&D, which is twice [that of] our next competitor. The one thing that separates us is that we only do beauty. We don't do soap; we don't do diapers. And since we cover all the classic trade from department stores to salons to the mass market, it's all we think about, all we talk about and all we worry about every day.

AD AGE: Who do you consider your chief competitors?

MR. CAMPINELL: That depends on the class of trade. In the mass market, Neutrogena, Revlon, Procter & Gamble would be our key competitors.

CAROL HAMILTON: In luxury it would be the Lauder Group and LVMH primarily.

AD AGE: Getting back to how L'Oréal has become such a powerhouse, are there other reasons?

MR. CAMPINELL: Having strong R&D is only helpful if you have frequent and complete interaction with the consumer to understand their needs. That's a big part of what we do, a critical part of being in the beauty business.

MS. HAMILTON: I would add that we innovate strongly in our formula technology, but we also believe in innovating every single step of the way. We pay a lot of attention to detail. ... Our lipstick packaging for Infallible for L'Oréal Paris had the first two-step product with a mirror attached. And Rouge Volupté for YSL ... has an incredible package that is more like a piece of jewelry than just a lipstick case. So we believe that the beauty experience starts with the formula but that you have to have that surprise and attention to detail, and innovate in every single detail of the product presentation.

MR. CAMPINELL: In the way we talk to our consumers we're quite unique. We consider our consumer like we consider ourselves in how we talk to them, how we communicate in an honest, straightforward way. That began with our first campaign on hair color, in which we have a spokesperson who connects well with consumers.

AD AGE: What are some of the firsts that L'Oréal is known for?

MS. HAMILTON: In luxury, we have two recent firsts, which have become powerful. Oscillation is the first vibrating mascara. That was launched last year, and we're the No. 1 company in mascara, both in mass and in class. To continue that kind of innovation, taking the way the consumer applies mascara and the benefits that a mascara has to the next level is a big deal. We captured the No. 1 position in the luxury mascara market in the first month of launch.

Then just in April we launched the first technology which addresses the concept of genes for the skin and the youth proteins associated with keeping skin young. It's called Génifique. That's a first in skincare. Going back historically, we've had many firsts.

MR. CAMPINELL: The milestones are when the L'Oréal Paris brand became the largest brand in beauty in the 1990s in the U.S. This goes back to the history of starting with hair color, which was often treated as a commodity, but we made it into a beauty brand: first, Excellence hair color, and then Preference hair color. We built our strong connection with the consumer; then we added cosmetics and skincare and hair care. Over time, there was no one particular moment that stands out as much as becoming such a critical connection with consumers as a brand that covers all these important categories.

MS. HAMILTON: From a luxury perspective, in skincare Lancôme launched Rénergie in the '80s. It was the first firming and lifting treatment product in the U.S. So that created a whole antiaging category. We also were the first to launch the lip gloss tube category, with Juicy Tubes, which recruited a new, younger consumer to department stores.

Most recently we've launched L'Absolu Rouge, which takes a skincare approach to lipstick in luxury. That includes a proprietary ingredient that plumps the lips from the inside. So we have a lot of historical firsts, especially in our Lancôme brand, where we tend to introduce our luxury technology.

AD AGE: What about with fragrances?

MS. HAMILTON: Five years ago we launched our first Viktor & Rolf designer fragrance, called Flowerbomb. It has become an iconic fragrance absolutely loved by women. We still are using the original visuals, and they are as powerful today. It's an amazing, timeless piece of advertising.

AD AGE: That's a good segue into discussing what are some of the most memorable and successful ad campaigns throughout the years.

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NETWORKS

MR. CAMPINELL: For L'Oréal Paris, clearly the hair color spokesperson testimonial work, which started in '73. It's still running with different spokespeople today. That is probably the longest-running campaign of anything in beauty. In Maybelline, our mascara campaigns have been enormously successful, which has allowed us to become the premier mascara brand in the mass market, with brands as well known as Great Lash to the recent launch this year of Stiletto, a lengthening mascara.

MS. HAMILTON: The famous slogan, "Because I'm worth it," was born on behalf of L'Oréal in 1973. It's now 36 years old, and we have used it consistently. It started on Preference and has been incorporated in every single L'Oréal Paris brand and category, not only in the U.S. but worldwide. It has served to define how we feel about the consumer, how we want her to feel about her self-esteem as well as about our product quality. It's a powerful statement, and we believe it's the longest-running tagline in advertising—certainly beauty advertising and maybe in all of advertising.

AD AGE: In terms of the amount of advertising and promotion support for the brands, do the biggest ones get the most spending?

MR. CAMPINELL: Not necessarily. Generally our approaches, after the formula development and packaging, depend on strategy. In the launch of a new brand, we spend more money in the initial phases; but a consistent approach year after year to build advertising dollars to support the brands is as much a part of our heritage as our formula development.

AD AGE: Can you describe how your advertising and marketing areas are organized and how you work with your agencies?

MR. CAMPINELL: Very classic. We have marketing teams with a head of marketing, category heads and then brand managers who work directly with the creative and account teams of our agencies. It's a collaborative development of our creative product. We don't simply have the agency develop advertising and bring it back to us. We always participate and consider them our partners in both understanding the brand and the creation of advertising.

AD AGE: How much are you involved with new media?

MR. CAMPINELL: You name it, we're in it—from well-developed and special Internet sites, where we connect directly with the consumer, to product integration and TV programs like "American Idol." We have our brand name in video games. We support [the] Golden Globes. We sponsored a race car for [the Garnier] Fructis [unisex hair care brand] at NASCAR three years ago. So we're quite involved. I don't think I've tweeted anybody recently, but there are some Twitterers in our midst. So I don't think there's anything we haven't touched in "new media"—to also using TV and, of course, women's books to reach women.

AD AGE: Are those still important to you?

MR. CAMPINELL: Oh, yes. There's much talk about the one-on-one and personal connection, and that's an important part of today's communication. But, with the size of our brand, you also need to be broadly recognized and available. That's where TV and print play a critical part.

AD AGE: We hear so much about magazines declining. What does that mean for companies like yours?

MS. HAMILTON: Magazines are especially important to luxury. We have great relationships with our magazine partners. We spend quite a lot with them. We haven't pulled back.

AD AGE: Celebrities have played an important role in your advertising. How do you choose spokespeople?

MR. CAMPINELL: The L'Oréal Paris brand is primarily where we use spokespeople in the mass market. We essentially are looking for women, certainly age-targeted, but also [we are looking] for interesting people. The face is something that people know, but when we meet them we're trying to understand their values—what's important to them, what charities are important to them, what do they give back, do they appreciate the importance of self-esteem for women. The intention is to

find people who can connect directly with the consumer in a meaningful woman-to-woman way or in some cases a man-to-man way.

MS. HAMILTON: And the fact that they're role models, that women respect them for their accomplishments, not just as actresses. It's important that women relate to them and what they've accomplished.

AD AGE: How closely do you work with L'Oréal businesses in other parts of the world?

MR. CAMPINELL: We develop brands for total global launch. For the mass-market L'Oréal Paris brand, the brand development group is in Paris but works with the U.S. and Asian teams to develop brands for the world and to adjust based on the marketplace. Often brands in L'Oréal Paris are developed in the U.S. and then launched worldwide. Carol mentioned one earlier, Infallible lipstick, which was developed in the U.S. and [then] was a worldwide launch. In the case of Maybelline, based in New York, we develop for the U.S. first because the home market is the most important. If you can't be successful in your own market, it probably won't travel globally. We have a team that works globally, so it's quite a global collaboration, and it's the strategy of the company.

AD AGE: This past year has seen a challenging economic environment. What do you do to adapt?

MR. CAMPINELL: We've all been through cycles. This is clearly the most serious recession we've had since the 1930s. Our strategy has not changed. Obviously, you adjust how you talk to your consumer, but the strategy is you spend your way through tough times because the objective is to build your share, connect with the consumer, launch new products, bring them innovation, fight like cats and dogs to get the best positioning in the store and the best support of the retailer. When we come out of this, we want to continue to be the stronger player.

Last year, we spent the same amount of advertising in the back half as we did the year before. We're increasing our business support this year vs. last year, and it's going to be a tough year. We see some "glimmers of light," as President Obama has said, in terms of our categories. We're starting to see some positive return on the activities we've taken. It isn't just give them a price and give them value. What consumers are buying is something that's innovative and interesting, [something] that attracts them and they feel good about. So that's the beauty of the beauty business.

MS. HAMILTON: Exactly the same for our luxury brands. The numbers are not favoring the luxury segment today, even though it's tough in all segments. But our attitude is this is a time to service the luxury consumer, to work with our retailers to make sure that the luxury consumer comes into their stores and to just keep innovating. The power of innovation is as strong as it ever was; that hasn't diminished at all.

MR. CAMPINELL: Honestly, we have not changed one bit how we approach the marketplace and what our strategy is in the U.S. and the world. •

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distinguished inspiring
legendary
celebrated uncommon
transcendent amazing
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100?

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ALL DESIGNS GO ON THE WALL, NO MATTER HOW EARLY-STAGE

“EVEN THE MOST HALF-BAKED OF IDEAS FROM OUR INDUSTRIAL DESIGNERS ARE POSTED ON THE WALL OF THE DESIGN STUDIO.”

ERIC RYAN, BRAND ARCHITECT, CO-FOUNDER METHOD



DECONSTRUCT, THEN REBUILD

“IT'S ABOUT UNDERSTANDING YOUR MEDIUM, BREAKING IT DOWN TO ITS FUNCTIONAL PARTS, CHALLENGING THEM, FINDING THE ESSENCE IN THEM AND PUTTING THEM ALL TOGETHER IN A MEANINGFUL, POWERFUL WAY.”

GRANT ACHATZ, CHEF/OWNER ALINEA



BEAUTY+ PERFORMANCE+ SUSTAINABILITY AWESOME

“INNOVATIVE BRANDS SHARE THREE COMMITMENTS: TO AESTHETICS, TO FUNCTIONALITY AND TO NOT DESTROYING THE WORLD.”



JUST LEAK IT

“THERE ARE LOTS OF LAPTOPS ON THE MARKET FOR \$350. NOW THAT THEY'RE DOING THIS, I AM SAYING TO MYSELF, 'WOW, THEY COPIED MUCH FASTER THAN I ANTICIPATED. SO LET ME LEAK THE NEXT MODEL.'”

NICHOLAS NEGROPONTE, FOUNDER AND CHAIRMAN ONE LAPTOP PER CHILD



IT'S LIKE A BAND, MAN

“THE IDEA OF THINKING IN AN OPEN-MINDED, EXPRESSIVE WAY, LIKE AN ARTIST, IS REALLY IMPORTANT.”

CHRIS STEPHENSON, MICROSOFT



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