

L'Oreal's Marketing on YouTube & Facebook

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Abstract

The aim of this report is to analyse the L'Oreal's social media marketing situation and the two main platforms (YouTube and Facebook) which are using by this company. This report has been divided into three parts. The first part of the report will cover the importance of the social media in marketing segment of the organisation. The second part of the report evaluate the current social media marketing position of L'Oreal group in YouTube and Facebook by using SWOT analysis. The findings and conclusions will be analysed and the related recommendation will be provided in the last part of this report to help a company to know the importance of using social media marketing to do advertisement.

1.0 Introduction

In the 21st century, the advent of social media has changed the way of people do advertising and marketing research (Ramsaran-Fowdar 2013). Social media users are growing rapidly by 1 million per day in 2018. Most of the users are using the platforms such as Facebook, YouTube and Instagram due to the increase in internet penetration globally. There is 3.196 billion social media users in 2018 and increased 13% more than last year (We Are Social 2018). This data proved that there are more people using the social media worldwide and that will be more effective for companies to gain more profits as well as reputation . 92% marketers indicated that social media is significant for their business (Kusinitz 2017). Therefore, social media marketing having a board development opportunity and it is necessary for companies to utilize social media to market their products. According to appendix 1, YouTube and Facebook has the largest number of active users among all social media platforms. This work aims to analyse the opportunities and limitation of L'Oreal group marketing on YouTube and Facebook.

2.0 L'Oreal's Position of Social Media Marketing

L'Oreal ranked the 1st global cosmetics group in 2018, this company has lead the cosmetic industry with the sales of €26.02 billion in 2017. The operating profit of the

company was €4.68 billion which increased 3% than 2016. L'Oreal was founded by a young chemist, Eugène Schueller in 1909. Until now, the company has launched 150 countries. There are 34 brands under L'Oreal group, for instance, Lancôme, La Roche-Posay and so on (L'Oreal Annual Report n.d.). They are utilizing many different types of marketing method, such as magazines, television advertisements and digital channels to promote their products across the globe. The successful experience of this company is enlightening for the companies who are going to do marketing on social media.

2.1 Opportunities and Challenges of Social Media Marketing

2.1.1 Opportunities

Chaffey (2015) states the definition of e-CRM is using digital communications to increase sales to customers and encourage them to continue using online services. Based on the e-CRM, L'Oreal group could manage their customer profile to increase the ability of target by advertising on social media platforms. They can also provide their customers' service instruments on social media. The company could get the user experience of their product from comments more frequently. Multichannel customer experience could be managed by the company when they use multiple media platform as a portion of the purchasing process and customer lifecycle (Chaffey 2015). Standberry (2015) suggest that the cost of marketing on social media is relatively lower than other avenues (appendix 6). L'Oreal could build a customer culture by applying these methods. Brand recognition can also be increased through the social media networks, exposing on the different platform could make potential customers and existing customers more familiar with the brand.

L'Oreal has been making great efforts to social media marketing and other digital investments. They had spent 15% of their marketing budget on digital platforms in 2013 and in 2016 the amount of it has sharply increased to 30% (Howarth 2016). It probably continues to increase in the future. The types of L'Oreal digital marketing mainly including personalized communications, video advertising, social media influencers,

and recommendations. They applying social media marketing activities in order to connect with their local and global customers. For example, the company corporate with influencers to create contents about their product on Facebook. The complete social media strategy of L'Oreal help them gain wider customers (Trefis 2017).

2.1.2 Challenges

Since social media marketing is still new to some companies, many of them considered social media is just a channel for communicate rather than a way to create a complete customer culture (Chaffey 2015). It is important for those companies to understand that social media marketing is necessary for doing business. Australia Department of Industry (2018) states that if companies have not prepared for an integrated social media strategy, their revenue or profit might not be able to increase. Results of an investigation by Ramsaran-Fowdar (2013) indicate that customers are now engaging in information creation because they are offering the product using experience on social media. Positive remarks are certainly beneficial for companies. However, some negative comments will damage the brand's reputation.

2.2 SWOT Analysis for YouTube Influencer Marketing

2.2.1 Opportunities and Strengths

YouTube is the second largest social media platform and the biggest video-on-demand website for UGC (user-generated content) in the world. Wendt et al. (2016:251) suggest that videos can stimulate emotions easier and explain more complicated topics than other social media. The videos on YouTube are more focused on positive sentiment than other social media platform such as Facebook. A Forbs contributor Halls (2016) states that the "Influencer Marketing Goldrush" trend is about to increase. Influencer marketing is an important marketing measure on YouTube. Companies using this raising method by sponsoring influential YouTuber to create videos, the aim is to market products or services (Halperin 2014). According to Appendix 2, the number of people watching beauty content on YouTube increased significantly after 2016, from 59 billion

to 169 billion in 2018. YouTuber's videos can be defined as a tool of endorsements. For example, L'Oreal has been corporate with a popular makeup YouTuber Lisa Eldridge in order to promote one of their brands Lancôme products. Lisa Eldridge uploaded some makeup tutorial videos with Lancôme cosmetics and all the product she used were providing in the description box. The most popular video generated over 720 thousand views within a year (Lancôme USA 2017). L'Oreal is also providing free product samples for YouTubers. They expected YouTubers feature their products in videos. Urban Decay is a cosmetic brand under L'Oreal group. A famous makeup YouTuber Goss has received a set of Urban Decay products and he shared it in a video (gossmakeupchat 2014). This is especially a cost-effective way for beauty companies to increase their brand exposure.

Companies could created their own business channels on YouTube, L'Oreal has already create their own channels (L'OrealParisUK). This could make them promote their products and build brand images easier. YouTube has already adopted with many different devices, such as mobile phone and television which means their user is about to grow in the future.

2.2.2 Weaknesses and Threats

L'Oreal can gain multiplied comments from YouTube and these comments related to active and interactive user action. Since YouTube is a UGC video-on-demand website, it is more focused on self-presentation. The communication on YouTube is more likely defined as a general broadcasting. Compared to other platforms their companies and customers could communicate more directly, and the users on YouTube is also rather unconnected (Shoham 2013). So, It is difficult for L'Oreal to gain customer feedback on YouTube. Furthermore, the company cannot control the number of views. There might only seldom views of the videos after they uploaded. This is a risk that a company has to take into consideration of market their products on YouTube. Some competitors might use the same tags to increase their views, if this situation happens it is difficult

to avoid.

2.3 SWOT Analysis for Facebook Marketing

2.3.1 Strengths and Opportunities

Facebook marketing appeal to the users who have the time and money to purchase products online (Guilbeault 2018). Based on the investigation of We Are Social (2018), Facebook is the largest social media platform in the world, it has over 2,167 million active users a month (appendix 1). The user age is more focused on the younger generation which is around 18 to 34 years old (appendix 4). Facebook can use these massive user data to target the potential customer precisely and create a predictive model. Facebook can monitor the posts and photos all the time by using this model (Turow 2017). These factors are incredibly helpful for L’Oreal to promote their products. The sales and awareness of L’Oréal’s La Roche-Posay were increasing after partnered with Facebook. During the campaign period, their product sales uplift 16% (Facebook business). Moreover, Facebook is investing AI-powered bots in order to communicate with users and predict their behaviour (Constine 2017). Nowadays, loyal customers are expected to connect with the brands they favoured on social media. Having a Facebook account is requisite for most of the famous brands. The loyal customers are more likely to provide positive comments and also negative comments which can help them to do improvement of products. Robert Williams (2018) states that L’Oreal has partnered with Facebook to brought AR makeup sampling on the mobile phone application. This AR beauty tech lets guests transform a 3D image of their faces to try on different kinds of lipstick, eyeshadow and blush whenever they want on a mobile phone. Facebook is also offering L’Oreal their vast user data to help L’Oreal increase the AR experience. This new technique could allow L’Oreal promote their products, boosts online sales of the products and fulfil the needs of people that need physical try-on.

2.3.2 Weakness and Threats

Some Facebook users thought that the advertisements are annoying and these users were ignoring advertisements (CNBC 2018). Ex-president of Facebook, Sean Parker admitted that the design aim of Facebook is to create an addictive platform in order to maximize the extraction of user data (Glum 2018). There are some users even stop using Facebook because the company has abused their data, the reputation of Facebook is declining (Gilbert 2018). The declining reputation of Facebook may affect the companies those wants to promote their products on it. Furthermore, the company has to recruit some employees who are expertise in social media platform maintenance and this may generate an extra cost. According to appendix 5, the cost of per advertisement is kept growing after Q2 2017 as the number of advertisements is decreasing. Because the space of advertisement is limited, there will be more competition for each single advertisement space. Therefore, the cost of advertising on Facebook is increasing (Gollin 2018). L'Oreal may cost more marketing budget than before on Facebook because of this. The algorithm has changed in 2018, this causes the declining of the brand's organic reach. Facebook users could not see the content that brands posted on their homepage. This issue makes lots of companies confused about how to communicate with their customers (Gollin 2018).

3.0 Conclusion & Recommendations

In order to conform the development of the internet, social media marketing has already become an important marketing method. The marketing method on YouTube and Facebook are novelty which could motivate customers interest and curiosity in order to make them click on the advertisements. Social media is a strong tool of marketing, a company will acquire remarkable result if they can use it well. As discussed above, although there are some issues that L'Oreal has to face, they did a great marketing on YouTube and Facebook. They used their excellent social media marketing strategy to ensure their leading position of the beauty industry.

As for some companies which are going to market on YouTube or Facebook, they could learn from the successful experience of L'Oreal. Recommendations for those companies are as follows:

- Based on the example of L'Oreal, companies could partner with authentic professional YouTubers who already have a large number of subscribers to ensure the high level of view counts and make sure the YouTuber is perfectly fit for the product. This will make marketing much more effective.
- For some small companies who do not have so much budget for marketing, they can send free products to famous YouTubers. Although they may not create a video for your products, the cost of this method is much lower than other marketing measures.
- Creating a Facebook brand page is necessary for a company who wants to market on social media. This can increase customer loyalty and gain product feedback from their customers.
- The companies could pay for advertisements space of Facebook, this can ensure Facebook using their vast user database to promote the brands' page and targeting potential customers.
- Companies could partner with Facebook and invest some application which can increase customer experience, such as the AR makeup of L'Oreal. This can also let companies know customers preference in order to develop the next products.

(Word count: 2026)

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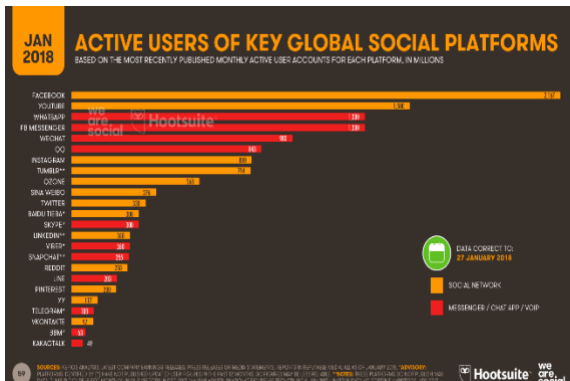
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5.0 Appendixes



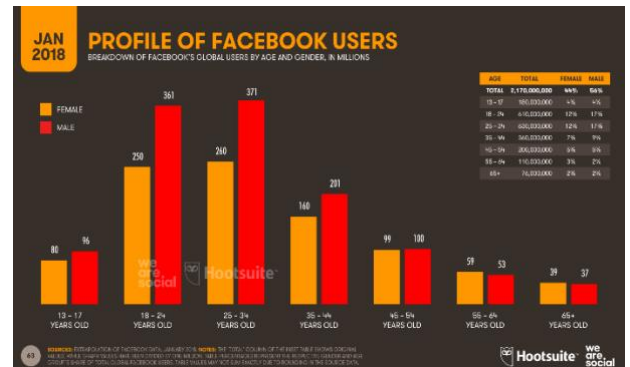
Appendix 1



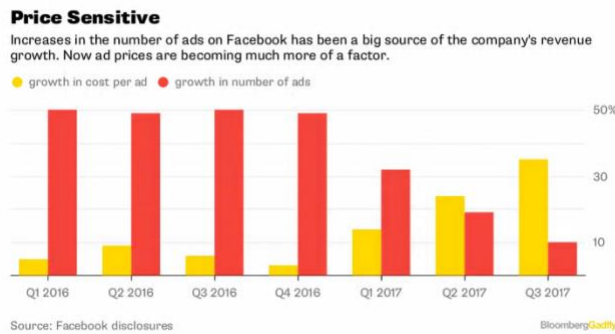
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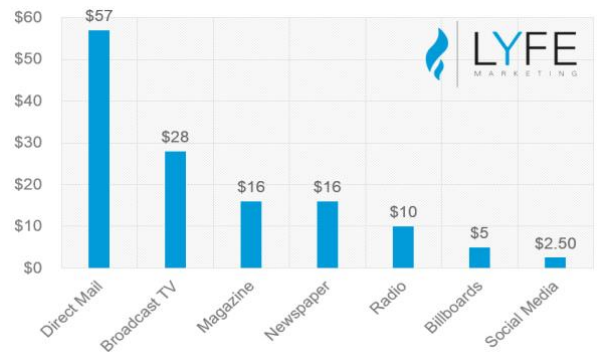
Appendix 3



Appendix 4



Appendix 5



Appendix 6