Ombre, Tie-Dye, Splat Hair: Trends or Fads?

"Pull" and "Push" Social Media Strategies at L'Oréal Paris

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This case was written by David Dubois, Assistant Professor of Marketing, with the help of Katrina Bens, Research Associate, both at INSEAD. The case is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. We thank Maïté Armoudom, Antoine Boulte, Rosa Carrico, Caroline Cochin de Billy, Hélène Hubert and Marie Gulin for their support in the case preparation.

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Marie Gulin, VP of Global Integrated Communications at L'Oréal Paris, replayed a clip of stars walking the red carpet at the 2011 Cannes Film Festival. She had just met with the marketing team to discuss new hair colour product development. The key issue was whether L’Oréal should do anything about the exciting new hairstyles they were seeing on the red carpet, in the press, and online.

Hair colouring was a mainstay of L’Oréal, but the outlook for growth in the home-colouring market at the start of 2012 was not promising. Despite a reputation for innovation and research, L’Oréal Paris was having trouble identifying a new product opportunity in this ultra-competitive market. Was there an emerging trend, she wondered, where L’Oréal could jump in early, beat out the competitors and revitalize its position in the market? She also wondered how best to use social media once a trend was identified. Having seen the innovative campaigns that competitors and other industries had implemented, she was convinced that social media could be a game-changer in the hair colour market.

L’Oréal

In 1908, young chemist called Eugène Schueller patented an innovative hair dye. The following year he formed the L’Oréal Company to begin selling his product. It soon expanded internationally to hairdressers in the US and Canada. After the First World War, the spending power of women significantly increased. Beauty products and salon treatments became increasingly accessible and affordable luxuries. A significant breakthrough occurred with L’Oréal bleaching powder in 1930. For centuries women had bleached their hair using damaging corrosive substances and the product was a huge improvement to their beauty regimes.

Through both acquisition and product development, L’Oréal continued to expand locally and internationally. The 1950s saw a revolution in the hair colouring market with the reduction in the number of steps to dye hair from five to one. Women could now colour their hair without having to go to a salon. In 1966, L’Oréal launched home-colouring kits under the “Recital” brand. With the motto “research and innovation in the service of beauty”, the company forged bonds with professional hairstylists through education and training. It aimed “to make beauty accessible to as many women as possible” – irrespective of income level, nationality or race.

In 2011, L’Oréal spent €791 million (3.5% of sales) on R&D and registered 611 patents, and had five hubs in the US, Japan, China, India and Brazil, 22 research centres and 17 evaluation centres, alongside numerous collaborations with universities, research centres and start-ups. Its brands included L’Oréal Paris, Lancôme, Kiehls, The Body Shop, Vichy, Garnier and Softsheen Carson. By 2013, L’Oréal had become the largest beauty products company in the world.

Competition in the Hair Colour Market

Overview

The Consumer Products Division (CPD) of L’Oréal controlled three main lines: L’Oréal Paris, Garnier, and Maybelline. Both L’Oréal Paris and Garnier had hair care lines, while Maybelline focused on make-up. On a worldwide basis, L’Oréal Paris had the largest market share (7.6%) in hair care (dyes, shampoos, and conditioners), followed by Procter & Gamble's (P&G) Pantene line (7%), and its own Garnier line (5.1%) in third. P&G's Pantene line included shampoo, conditioner and styling products but not hair dye, whereas L'Oréal Paris focused mainly on colouring. The rankings varied from one region to another. In Latin America, L'Oréal Paris was second (8.7%) to Unilever's Sunsilk (10.9%) brand, with Pantene third (6.7%) and Garnier fourth (6.1 %). In its domestic market, Western Europe, L'Oréal Paris was number one, commanding a 15.5% share. Garnier was third with 9.4%.[1]

Hair Colour Categories

Three main categories define hair colouring: temporary, semi-permanent and permanent dyes. Permanent dyes do not wash out (they must be grown out or re-coloured). It made up 70-80% of the colour market in Europe, where 60% of women and 5-10% of men coloured their hair in 2011.[2] In the US, approximately 50% of women coloured their hair and the market was expected to continue to grow as customers aged.

While permanent dyes represented the largest share of the market, the demand for temporary and semi-permanent dyes was on the rise as women – and increasingly men – showed an interest in products that were individually tailored to their style, hair type or condition. Over 10,000 hair care products had been launched worldwide by the end of 2011, and the global value of the market was projected to be $57 million by 2015.[3] Of the world's top ten hair care brands, only #1 L'Oréal Paris, #3 Garnier, #4 Schwarzkopf, #7 Clairol (a P&G brand), and #10 Wella Professional (P&G) had hair dye.[4]

Consumer Motivation for Hair Colouring

Hair colour products responded to a few key consumer criteria. The most common reason for purchasing hair colouring products was to cover grey hair, particularly among women over 50 who made up 70-80% of the colour market. A second reason was to increase self-confidence. A study in the UK, Mexico, China, Russia and the US found that over 88% of women felt that colouring their hair increased their self-confidence.[5] An in-depth study among women in the UK found that they felt significantly more "…impulsive, sexually exciting, rebellious, creative, attractive and able to deal with criticism." Until 2011, the main motivation was purely functional. However, people were increasingly dyeing their hair for fun or "feel good" reasons.[6]

L'Oréal Paris

Matching this typology, L'Oréal Paris's brand portfolio was organized around three key brands:

- The *Casting Crème Gloss* brand, targeted consumers starting to dye their hair, usually in their 20s to early 30s. As a starter dye, the formula only changed the natural shade

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1 All data from 2012 provided by Euromonitor.
2 European Commission – Health and Consumers - Hair Dyes. Accessed 15/10/2013
3 "Translating Trends for Hair Care Product Development" GCI Magazine, March 2013
4 *Ibid.*
5 P&G Hair Color: Research Update
6 http://www.ntu.ac.uk/news_events/news/archive/2008/78348.html accessed 05/11/13

of the hair by one or two shades. Positioned as "my first hair colour" product, the brand included more than 50 shades with a core offering of "luscious colour" for blondes, targeted at young, urban women keen to stand out from the crowd.

- The *Preference* brand, one of the oldest brands of L'Oréal Paris, targeted more demanding and sophisticated women between 30 and 50. The colour range responded to a need for variety and novelty, from purples to bright reds in addition to more traditional shades.
- The *Excellence* brand targeted consumers over 50 and offered "colour supremacy" and coverage for grey hair. Less daring than those in the Preference brand, shades included blondes, browns and blacks.

Distribution

In 2011, the colour market was split between salon services and the home-colouring market. For a large number of consumers, the trip to the beauty salon represented a treat and a social experience. For some it was an opportunity to meet their friends while indulging in professional care. While there was little difference between the *quality* of professional and home products for all-over colour, salons could charge 10 times as much for the expert colour matching and application of professional products. For more difficult techniques such as highlights, professional expertise was of greater importance as it involved several technical steps such as applying the product to small sections of hair and wrapping it in foil to achieve consistent highlights all over, including the back of the head.

Challenges in the Hair Colour Market

Despite the many key players with wide product ranges, in 2011 the hair colour market lacked sparkle. Innovations were scarce and marketing strategies revolved around creating a variation of a new hair colour and finding a celebrity endorsement. L'Oréal Paris was keen to break out of the traditional industry and revitalize its hair colour lines.

Trends versus Fads

One of the biggest challenges of the beauty and fashion industries is to distinguish fads from trends. Fads are styles that rise quickly in popularity and then burn out, usually within a year. Trends last longer – over time they may become "classics". For example, in the 1980s in the US, the "preppy" look was a trend. Over time, the "preppy uniform" of khaki pants and navy blazer became a classic that continues to be worn in many parts of the world, whereas kilts (for women), also part of the preppy look, have become less fashionable.

Deciding whether something is a fad or a lasting trend is extremely difficult. Celebrities can adopt a new style, and designers can launch a new fashion on the runway, but only some will appeal to regular consumers. When products are inexpensive to produce (like "silly bands" – shaped rubber bands), it is less problematic if they are just a fad. But when a company designs and develops a product to take advantage of an emerging style, it is based on the prediction that it will become an enduring trend. If not, it can be extremely costly: the product quickly becomes outdated and sales do not cover the costs of development. Conversely, failing to address a trend can be a missed profit opportunity and be just as costly in the long run if competitors are allowed to own the market.

In order to help determine whether a style is a fad or a trend, marketing teams in cosmetics typically address four key questions:

1. Is the item/style compatible with a change in consumer lifestyle?
2. Does the innovation provide real benefits?
3. Is the innovation compatible with other changes in the marketplace?
4. Who is adopting the trend?[7]

If the answers to all of the four questions point to an innovation or style that has enduring qualities, it may be a trend rather than a fad. To illustrate: Harem pants (Exhibit 1) were first seen by millions on M.C. Hammer in 1990, and again on Justin Bieber in 2013. In 1990, the style was picked up quickly – the pants were comfortable and affordable – yet it turned out to be a fleeting fad because harem pants could not be worn to work, nor were they flattering, so celebrities other than rappers did not pick up on the style.

Food, too, has seen fads and trends. For instance, during the low carb craze of the 2000s, some restaurants started selling "low-carb burgers" – hamburgers wrapped in lettuce leaves (Exhibit 2). While this seemed to fit with a low-carb lifestyle and they were sold in many casual restaurant chains, they were just not practical – it was difficult to eat a loaded burger wrapped in lettuce without getting messy.

Hair Colour Style Variations in 2011

In the beauty industry, a never-ending succession of trends and fads ruled the market. Wearing hair long or short, up or down, slicked back or buzz cut, changed over the years, with some styles more enduring than others. Hair colouring essentially consisted of two types: (1) one colour from the roots down, or (2) highlights spread vertically throughout the hair.

However, the styles that the L'Oréal Paris team started to notice did not fall into these categories. Celebrities such as Giselle Bunchen, Drew Barrymore and the Kardashian sisters were sporting a new type of highlights or lighter coloured hair, starting at the jawline and down to the tips. Instead of highlights throughout the hair, the colour was applied horizontally at the ends, like growing out sun-lightened hair after a summer at the beach. Online and in the popular press the look was referred to as *ombre*,[8] or in the UK as dip-dye (Exhibit 3).

A second bolder look, preferred by Nicki Minaj and other celebrities, was tie-dye. Instead of sun-kissed ends, they had hues of pink, green or other bright colours (Exhibit 4), and often multiple colours at the same time, hence the name tie-dye or "rainbow hair". Lauren Conrad, for example, first sported the ombre look and then switched to tie-dye.

A third trend, "splat hair", was both a style and a brand of hair colouring, achieved by applying bright colours to make splashes of colour on the hair, either at random or all over. It was different from regular hair dye due to the rainbow colours used (Exhibit 5). Splat hair was semi-permanent or non-permanent colour that either washed out or faded after washing and was popular for Halloween and costume parties.

7 *Retailing Management*, Sixth Edition; Michael Levy and Barton Weitz (2007)
8 "Ombré" (with an accent) is French for "shaded", however, most non-French consumers, magazines and bloggers write about "ombre" without an accent mark. We follow this convention.

Marketing 2.0 (A): The "Pull" Challenge

Before the advent of social media, fashion companies had to rely on secondary sources to try to separate trends from fads, often with limited results. Social media provided a novel opportunity for companies to have faster access to consumer insights. With millions of customers searching for information online or engaging in fashion-related conversations on forums and platforms such as Facebook, companies started to think about how they could leverage this new data. Marie and her team were eager to distinguish between hair trends and fads.

Social Media Listening: "Pulling" Information from Consumers

Since the early 2000s, businesses across industries had started to engage in social media listening (SML), the process of identifying and analysing both quantitative and qualitative information on what was said about one or several target(s) (e.g., a company, a celebrity, a product) on the internet. For instance, after being criticised online, the Switzerland-based company Nestlé developed a dedicated internal task force and centre not only to monitor and respond to potential attacks but also to listen to what people said online and incorporate the findings at various intervals along the value chain. Alternatively, companies could use external providers to listen and monitor online content for them. SML was becoming increasingly popular. A 2011 survey found that about a third of the companies had used social media data to get insights about consumers or competitors,[9] and were seeking the services of companies such as Google that could generate insights about emerging consumer trends.

L'Oréal Paris & SML

Capitalizing on its existing partnership with Google, the L'Oréal Paris team began to systematically incorporate Google research on what consumers searched online and talked about when discussing or looking for information related to hair. Deciding whether of these styles (if any) would be an enduring trend or simply a fad was challenging: both ombre and tie-dye were coming up strongly in the data, but the qualitative view of the two was showing a slightly different story.

The popular press and blogs had diverging views on the looks. Given the popularity of tie-dye (or rainbow) hair, Fashionista.com website said it was set to be the next wave and that ombre's popularity seemed to be ebbing.[10] Ombre's time was over and tie-dye was the new trend to follow. *Cosmopolitan* magazine published a review of the stars who had had ombre but had changed their look since the trend was "over". According to the press, tie-dye was the up-and-coming trend. Splat also had its followers, and one company had already launched hair products specific to splat colouring.

Every day there were more and more Facebook posts about ombre and tie-dyeing as well as "how to" videos on YouTube. Unlike the celebrities' salon treatments, most bloggers used generic hair bleach or highlighting kits bought at a drugstore. They applied the product with a brush or a comb, their hands, a squeeze bottle – or even a toothbrush or children's paintbrush – to get the desired effect, wrapping treated sections of hair in foil to help the process. The

9 http://www.gsb.stanford.edu/cldr/research/surveys/social.html
10 http://fashionista.com/2011/07/prediction-lauren-conrads-new-tie-dyed-hair-is-going-to-be-a-huge-trend-plus-a-photographic-look-back-at-the-dip-dye-hair-trend/ accessed 22/10/2013

blogs gave tips on how to do the salon treatment at home. YouTube.com had thousands of videos about the ombre look, including do-it-yourself information for different types of hair and even extensions. At the time of L'Oréal's search, these videos had received a larger number of hits online. Among the most watched videos that came out before L'Oréal decided which trend to go with were:

> "DIY Ombre Hair Tutorial And Talk Through" {dark hair} by ThePersianbabe
> http://www.youtube.com/watch?v=RAB_Aadksp8
>
> "How to: Ombre Hair DIY" by purpleberryx
> http://www.youtube.com/watch?v=6xqodaPfNWI

Methods for tie-dyeing hair at home were even stranger and more varied than for the ombre effect. One recommended Kool-Aid (in the US) or food colouring. With Kool-Aid, the dyer needed to sleep in foil and plastic-wrapped hair to let the colour take. Even after all that, the colour was not permanent. Others used semi-permanent and permanent dyes which required a multistep process of bleaching the hair and then using the dye.

> "How I did my Sunset/Rainbow Hair" by Naomi King
> http://www.youtube.com/watch?v=RFaurTGg18w
>
> "How to Dye Your Hair With Kool-Aid" by thecoolios
> http://www.youtube.com/watch?v=u6ZES2alo3I

Splat styles ranged from all-over colour to multiple streaks. They differed from videos about ombre and tie-dye as they targeted both women and men:

> "Splat blue dye Rock Star: How to go from Geek to Rock God in 30 minutes with Splat hair dye." by Aiden Arrows WTF T.V.
> http://www.youtube.com/watch?v=CpLdLCznu9A
>
> "Turquoise hair - how i got my hair tuquoise :)" by Shro0mylove
> http://www.youtube.com/watch?v=SlA4OtFn-Sg

Fashion magazines featured all of these trends. The ombre look seemed more popular with movie stars and models, while the tie-dye look was seen on pop idols Nicki Minaj, Lady Gaga, Katy Perry and Carrie Underwood. Stars with tie-dye colours got a lot more attention than those with ombre hair.

Challenge #1: Trend or fad?

The marketing team's first challenge was to understand how to use social media to identify new trends. The team decided to conduct an analysis of social media data, including the videos and popular press articles. A secondary goal was to determine what added value the company could bring to consumers – to preserve its reputation for driving innovation rather than simply creating a "me too" product.

With one month and a limited budget of €5,000, Marie and her team needed to address the following questions:

Who could help determine if these were trends or fads? Should the team talk to hairdressers? Regular people? Journalists? Opinion leaders in the fashion world? Crowdsourcing?

1. What sources of information were available on the web that could help? Could Google search provide insight, and if so, how?
2. How should they go about finding the necessary information? How much money should this require?
3. How could L'Oréal Paris create the most added value for the consumer?

Marketing 2.0 (B): The "Push" Challenge

In addition to being an important source of information, the team was convinced social media could help them develop and "push" new products. With millions of consumers discussing fashion-related topics online, they were determined to address the second challenge: once a trend had been identified, how best to leverage the social media data collected and use it to create the new brand and a marketing strategy?

Social Media Strategies: "Pushing" Products and Services Online

Marketing efforts were central to the success (or failure) of products in the hair colour market and key players had started to experiment with social media to accelerate awareness-building of the many new products on the market each year. For instance, a popular social platform launched by Sephora offered a space for consumers to talk about beauty products and exchange tips and advice on hair styling.

For many companies, a Facebook page was one of the first ways in which they interacted with consumers via social media. For example, Dior's Facebook page incorporated gorgeous photography, information about new products, videos, and links to articles that mentioned Dior and people who wore Dior. With well over 12 million 'likes' in 2011, consumers could read content and post comments. Facebook was the most popular way for people to interact with a beauty and personal care brand: 74% of people who had used an online channel to contact a brand or engage in brand discussions had used Facebook. Some consumers did not even own or use the branded product to log on – they simply wanted their friends to know that they liked the brand. Others wanted to be associated with the brand and the community.[11]

One particularly innovative company seeking to leverage social media was newcomer Julep, which used it to learn what customers wanted and to test and sell its products. It listened to comments on Facebook, Pinterest, Twitter and beauty blogs in order to get new product ideas. People who subscribed to Julep's "Maven" programme got a box of make-up and nail polish each month at a discount rate, and would chat on social media about the products. Some were video bloggers ("vloggers") who posted reviews of the products, and could earn commissions on sales made through links on the YouTube pages.[12]

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11 "How Beauty Brands Use Social Media" from www.smartinsights.com/social-media-marketing/social-media-platforms/using-social-media-for-beauty-brands/

12 http://www.youtube.com/watch?v=2u5c-7Mkh5A "Julep Maven Box" MakeupbyMandy24

Ipsy bags and Birchbox in the US, and JolieBox in Europe also had Facebook pages and vloggers who discussed the products in the boxes that were available via subscription.[13] As with Julep, the vloggers could earn a commission on sales that originated from their YouTube sites. Meanwhile the companies got feedback on the products in the boxes.

Challenge #2: What Marketing and Social Media Strategy?

The second challenge for Marie and the marketing team was deciding what marketing and social media plan they should adopt for the trend they decided to target. They needed to create a viable marketing plan for the new product that would be presented for approval at the next monthly meeting. It had to include how to deliver the product to consumers (what form it should take), how it should be branded and named, the price point, and how it would be communicated to consumers.

Product Form

As the videos clearly showed, the ombre, tie-dye and splat hair effect required effort and skill. The products and application techniques varied widely and so did the results. Some bloggers suggested multiple applications of lemon juice (or "Sun In" in the US), bleach, or dye. The bleach and dye needed to be applied with a toothbrush, a regular dying brush, a paintbrush, gloved hands, or a squeeze bottle. For the ombre look, once the bleach was applied, each section needed to be wrapped in foil to help the process, often with assistance from a friend for the back of the head.

A home product would have to make the complex procedure simple enough that women could achieve the same look they wanted consistently. With the additional knowledge from the videos, the marketing team had to identify potential sources of value creation: how could a new product bring the most value to the consumer? What would be the new product's point of difference?

Branding

A second question related to the name of the new product. Historically, L'Oréal Paris used names that reflected the improvement offered to consumers (e.g., mascara called *Voluminous,* make-up called *Visible Lift*). At mass-market outlets, women make purchasing decisions looking at a wall of products without a beauty consultant to advise – hence the need for a name that describes the differentiating attribute(s). The names are changed minimally, if at all, across the globe. "Color Riche", one of L'Oréal Paris's lipstick brands in the UK and other English-speaking countries, is spelt "Colour Riche" in Argentina, Italy and Norway.

Pricing

Equally important was the price point. Having professionally-done ombre, tie-dye, or splat hair began as a luxury that only celebrities and those with access to exclusive salons could

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13 Birchbox.com, ipsy.com, birchbox.fr Example of a video: http://www.youtube.com/watch?v=uHGglKGYXqY "Unboxing: Birchbox vs. Ipsy – AUGUST" by Eleventhgorgeous

afford – up to $US600 at top salons in California.[14] But slowly the necessary expertise (not without risks) was filtering down to regular consumers. For a product that made a complex process simple and accessible to all, and had no direct substitutes at the time of launch, the team essentially had a free hand in setting the price. They had to consider the target, the competition, product substitutes, the economy and the long-term impact of loyal customers.

Competitors and substitutes could come from other manufacturers and even from other L'Oréal brands. In the at-home colour market, L'Oréal Paris had Excellence, Casting Crème Gloss Colours, and Preference, along with the L'Oréal brand Garnier. Competitors included Revlon, Clairol and John Frieda, whose prices ranged from the least expensive Revlon Colour Silk (as low as $2.97) to John Frieda Precision Foam Colour and Clairol Perfect 10 (with special comb) that both retailed at $11.97. Between the extremes, L'Oréal Paris' Preference colour retailed at $8.97, Excellence $7.97, and Garnier Nutrisse $6.97.[15] Splat brand dye ranged in price from $8.99 to $19.99 depending on the shade.

Marketing and Social Media Strategy Decisions

A crucial point was how to integrate social media into the marketing strategy. Marie's team had to come up with a plan to create awareness, excite consumers about the new product, get them to try it, and create loyal advocates. Plus, it had to be one that all countries could sign up to as the product would be launched worldwide.

The team brainstormed options to create engagement around the brand using social media and traditional media. A first option was to create several pages dedicated to the brand on major social media platforms, such as a Facebook page and a Twitter account. A second option was to find consumers that might be willing to create buzz about the brand, and to do so the team would have to determine who to target and what influencer programme to build. Another option was to build a platform for consumers to exchange information about the brand and give tips.

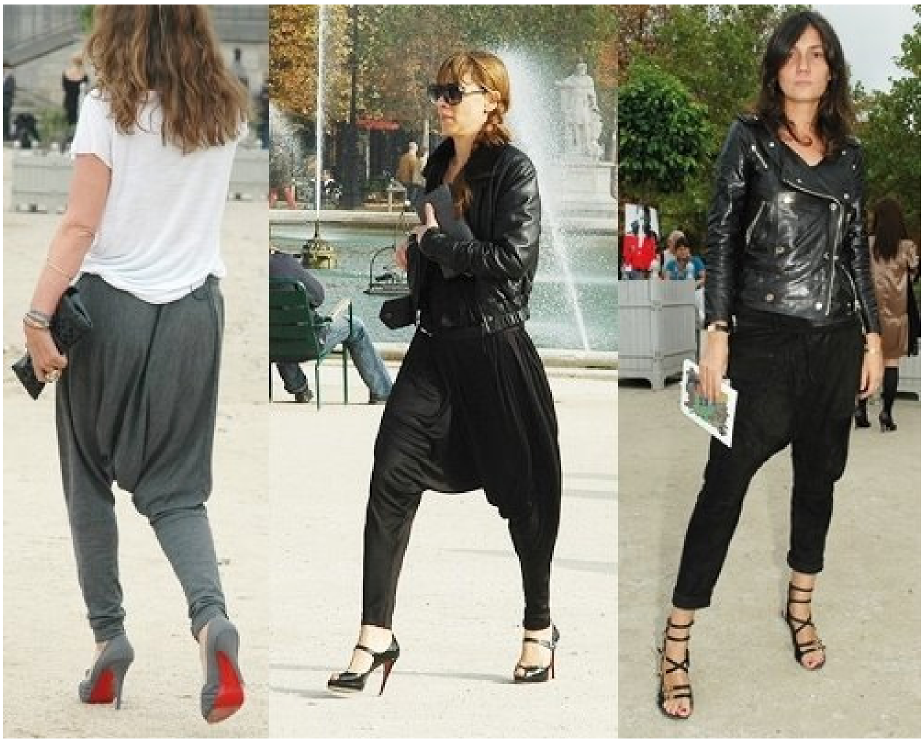
After the brainstorming session, Marie returned to her desk and began listing the different sub-goals to prioritize. She now had to consider how social media engagement could help achieve each of these efficiently.

14 "Jesse James Decker how to highlight hair video" Miss Jessica Rose James, http://www.youtube.com/watch?v=-GsJgtnxfg8

15 All prices in US dollars on Walmart.com on 15/01/2014

Exhibit 1
Fashion Fads

Harem Pants



Source: http://www.feverthrift.com/2011/07/today-we-salute-you-miss-mismatched.html

Exhibit 2
Food Trends

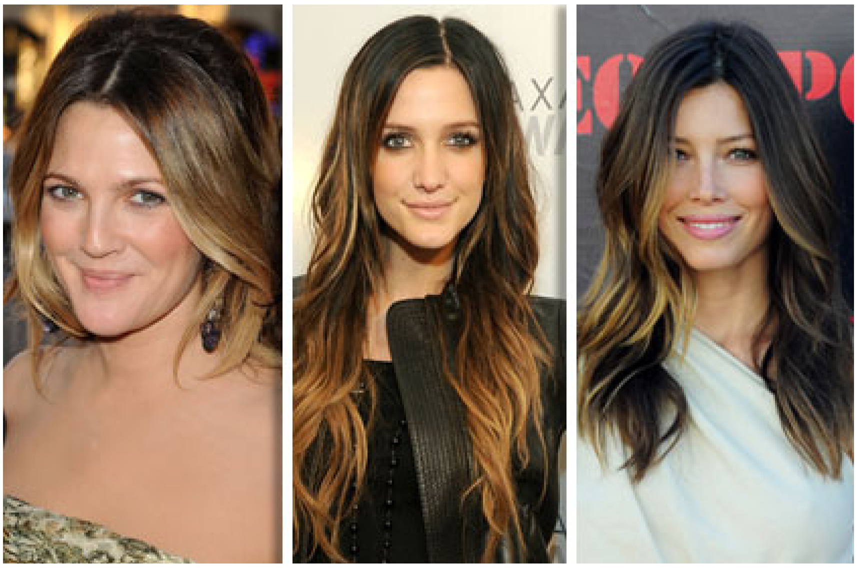
Low Carb Burger

Source: http://lowcarblayla.blogspot.fr/2012/05/eating-out-friday-fast-food-burger.html

Exhibit 3

Hair Colour Trends, Ombre/Dip Dye Examples

Drew Barrymore, Ashlee Simpson and Jessica Biel "Best Hair trends of 2010"

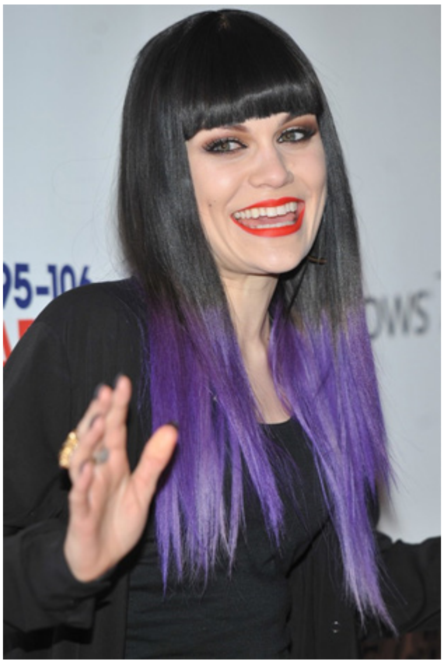


Source: http://www.totalbeauty.com/content/gallery/best-beauty-trends-2010/p75972/page9

Exhibit 4

Hair Colour Styles: Tie-Dye Examples

Jessie J. Capital FM 2011 Jingle Bell Ball (December 4, 2011)



Source : http://www.aceshowbiz.com/events/2011+Capital+FM%27s+Jingle+Bell+Ball+-+Day+2/jessie-j-2011-jingle-bell-ball-day-2-01.html

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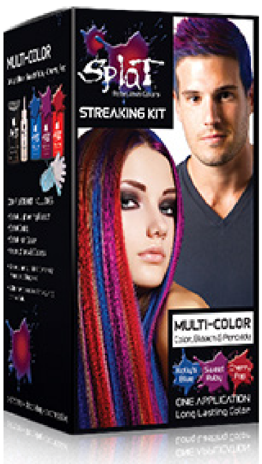
Exhibit 5

Splat

February 17, 2010

Source: http://www.sodahead.com/living/would-you-recommend-splat-hair-dye/question-874005/?page=7&link=ibaf&q=&esrc=s



Source: www.splathaircolor.com