

Lauren Armstrong  
6809107  
Brand Case Study Assignment  
Due: October 11th, 2013

**L'ORÉAL®**  
**COVERGIRL®**

## **Overview**

This brand case study will compare and contrast L’Oreal and CoverGirl BB foundation creams. It will illustrate and analyze the current positioning, target market and consumer perceptions of both brands.

## **Company Profiles**

### **L’Oreal**

L’Oreal Paris is the worlds largest cosmetics company, founded in 1909 in Paris France. Their product lines include hair care, skin care, perfume and cosmetics, with consolidated sales of 22.5 billion Euros in 2011. They have 27 global brands and are present in 130 countries around the world.<sup>1</sup>

#### Brand Perception:

L’Oreal is perceived as a premium brand, focused on professional grade products. Their products are viewed as premium products, illustrated through their simplistic silver or gold packaging design. They are regarded worldwide as a leader in beauty product innovations.

### **CoverGirl**

CoverGirl is an American brand that introduced in 1960 by a company called Noxzema. It was later acquired by Proctor & Gamble, which still runs the brand today. It also has a wide range of products, including hair and skin care, perfume and cosmetics. CoverGirl is the leading US cosmetics brand, with annual sales over 700 Million USD.<sup>2</sup>

#### Brand Perception:

CoverGirl is perceived as a more accessible, middle of the pack cosmetics brand. They use colorful packaging, big font and eye-catching designs to showcase their eccentric product lines. Although a large player in the North American market, CoverGirl comes off as lower quality, less reputable brand compared to its competition.

## **Brand Positioning**

Although these brands are similar in terms of products and market segments, they have very different positioning strategies. See Appendix A for a competitive analysis.

### **L’Oreal**

#### Brand Position Strengths:

L’Oreal has three major strengths in regards to their brand positioning:

1. Memorability: L’Oreal products are memorable because they are quality products, consistent in expectation and have a good reputation to consumers
2. Meaningfulness: L’Oreal offers meaningful positioning within the market. Their in-store location usually includes a specialized display and their products occupy a larger area in the store than other brands
3. Adaptability: They are also adaptable within their brand, expanding the brand name from cosmetics, to hair and skin care, and even to L’Oreal perfume

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<sup>1</sup> [http://www.lorealusa.com/\\_en/\\_us/html/our-company/facts-figures.aspx](http://www.lorealusa.com/_en/_us/html/our-company/facts-figures.aspx)

<sup>2</sup> <http://thearf-org-aux-assets.s3.amazonaws.com/ogilvy/cs/Ogilvy-09-CS-CoverGirl.pdf>

### Pricing Strategy:

L'Oreal uses the premium pricing strategy, offering little to no sales on cosmetic products. This targets consumer perceptions of the brand, illustrating its quality as opposed to affordability. L'Oreal consumers are paying for the brand name and perceived quality of the product.

### Communication and Promotional strategy:

L'Oreal has utilized their communication strategies to become a global leader in beauty products. They have used a variety of celebrity spokes people, combined with notable health and beauty innovators to come across as knowledgeable behind the brand. This aligns with their brand values as a premium brand with professional grade products.

### Their promotional tactics include:

- In-store specialty displays
- Advertisements in top health and beauty magazines
- Television commercials for newly released products
- Online web presence, showcasing their entire product line
- Social media: Twitter, Facebook and YouTube Channel to show product uses

### Distribution strategy:

As noted previously, L'Oreal cosmetics are available in over 130 countries worldwide and are the largest cosmetics company in the world. L'Oreal is the first cosmetics company when a consumer turns down the cosmetics aisle, while also occupying the largest face area within the aisle. The vertical display allows for more of their products to fit within the aisle, giving the consumer a larger selection of the product line.

## CoverGirl

### Brand Position Strengths:

CoverGirl also had three major strengths in brand positioning: memorability, likability and transferability. CoverGirl is memorable because of their packaging, graphic design and visual appeal. The colours and larger font attract the eye, making their products seem more memorable than L'Oreal packaging. They are a likeable brand due to their balance of quality and price of products. CoverGirl is also a transferable brand, transferring its name while partnering with brands such as Olay, the NFL<sup>3</sup> and Lionsgate Entertainment.<sup>4</sup>

### Pricing Strategy:

CoverGirl uses a price setting to build equity. They have established a lower price than its competitor, L'Oreal, while still remaining a quality product. This targets consumer perceptions of the CoverGirl brand, combining quality and affordability.

### Communication and Promotional strategy:

CoverGirl tends to reach out to a younger audience with its celebrity spokespeople: Taylor Swift, Rihanna and Drew



<sup>3</sup> [http://www.sportspromedia.com/news/nfl\\_introduce\\_new\\_covergirl\\_partnership/](http://www.sportspromedia.com/news/nfl_introduce_new_covergirl_partnership/)

<sup>4</sup> <http://www.thehob.org/2013/05/lionsgate-and-covergirl-announce-catching-fire-partnership.html>

Barrymore. CoverGirl also has a younger voice to its brand, illustrating its more modern style and appeal. It comes across as more accessible, friendly and targeted towards a younger audience.

Their Promotional Tactics include:

- In-store specialty displays
- Coupons and sales on products
- Advertising in North American magazines
- Television commercials
- Social media: Twitter, Facebook and YouTube Channel to show product uses
- Online web presence, also illustrating entire product lines

Distribution strategy:

As the leading cosmetics brand in the United States, CoverGirl has a large presence in the North American market. It is widely available in department stores, drug stores and even grocery stores. CoverGirl has only recently become introduced to the UK market, but remains largely unavailable in Europe.

### **Target Market**

#### **L'Oreal**

L'Oreal is targeted towards women in their mid thirties to mid sixties. It has a variety of professional products with a premium price, which would be aimed at a mid to higher income level. These consumers would be more concerned with how they look, staying younger and using quality products to accomplish that. They also use older celebrity spokespeople such as Beyoncé, Eva Longoria and Scarlett Johansson.

#### **CoverGirl**

CoverGirl is targeted to a much wider range of consumers, anyone from 14 to 65 years old. Although they make quality products, they are more reasonably priced compared to L'Oreal, which makes them seem lower quality. In turn, they attract consumers with a middle range income who are more concerned with expressing themselves through colour and experience.

### **Position Evaluation (Q5/Q3/Q4/Q1) 950**

#### **L'Oreal**

Target market and promotions

<http://searchenginewatch.com/article/2289834/LOreal-Launches-New-Makeup-Line-Designed-by-YouTube-Beauty-Guru-Michelle-Phan>