

How L'Oréal, a century-old company, uses experimentation to succeed in the digital age

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L'Oréal's focus on experimentation and innovation has kept it at the forefront of the beauty industry. Kim Larson, Google's head of global brand services, spoke with two of the company's marketing leaders to find out more.

History is replete with stories of once-dominant companies being displaced by smaller, faster, and more digitally savvy startups.

I've worked with hundreds of these nimble newcomers, and they have a lot to teach marketers. But I'm also interested in what we can learn from the few established brands that have bucked that trend; those rare companies that, rather than being swept away by the digital transformation, are riding the wave of change.

At over 100 years old and still a leader in the beauty industry, L'Oréal is one of those rarities. Its willingness to innovate and take marketing risks—from [Snapchat lenses](#) to [YouTube bumper ads](#)—is clearly paying off across its portfolio of more than 30 iconic brands. In 2016, for example, NYX Professional Makeup sales had [quadrupled in two years](#), and L'Oréal Paris was named the world's [most valuable and powerful](#) cosmetic brand for the third year in a row.

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How does it do it, and more importantly, what can other brands learn from its approach? I spoke with two of the company's marketing leaders—Axel Adida, global digital chief operating officer, L'Oréal, and Nadine McHugh, senior VP of omni media, strategic investments and creative solutions, L'Oréal USA—to find out.

Kim Larson, Google: L'Oréal was founded in 1909, and over a century later, you're still one of the leading cosmetic brands. What's your secret sauce?

Nadine McHugh, L'Oréal USA: For us, it's always about what's next. We're proud of our past, but we want to maintain our leadership in the beauty industry, and that means testing, co-creating, and innovating with our media partners on a regular basis.

Axel Adida, L'Oréal: As marketers, it's on us to maintain relationships with consumers as their appetites change, which often means using new tools and technology, and rethinking how we tell our stories.

Here's an example: We've always relied on celebrity spokespeople and brand ambassadors—think Jennifer Aniston and the "Because you're worth it" ads of the '90s. But we also know that young people today increasingly [relate to influencers](#) who look and sound like they do.

That's where the idea for "[Essie's Naming Department](#)" came from. We partnered with YouTube stars and our digital agencies to develop a video series that helped us connect with people, and communities we'd never reached before.

You can only innovate in this way if you have a deep understanding of your customers. So we're always monitoring consumer trends and tailoring our marketing strategies accordingly.

This isn't about looking for shiny objects, this is about taking big bets.

Once you've spotted an interesting consumer trend or have identified a new tool you might want to experiment with, what happens next?

McHugh: Whether you're a global company like L'Oréal or a smaller brand, testing new ideas or tools takes investment and resources. That's why anything we test has to be something we think can really make a difference at scale. This isn't about looking for shiny objects, this is about taking big bets on things we think will really help achieve a wider business goal, then seeing whether or not we were right.

To make sure we're staying on track and getting the biggest bang for our buck, every test has to have what we call a "learning agenda." That's where we outline what questions we're looking to answer, what new insights we'd like to uncover, and the steps we'll take to get there.

Once we're clear on that, we'll look at upcoming campaigns and select brands or products that we think are best suited to testing our hypotheses. From there, testing is constant and iterative. Throughout, we're looking to see what effect it is having on a handful of important metrics. For a YouTube ad campaign, that would include things such as viewability, reach, scale, brand suitability, and sales lift.

We don't always get the results we were hoping for, but even in those cases, there are usually important lessons that can help us decide which direction to move in next.

And once you've carried out all your tests, how do you apply the lessons you learned?

Adida: Since we're often testing with multiple cosmetic brands in multiple countries, it's really important that we collect together all the lessons in a coordinated way, then pull out the "golden rules."

Golden rules are a mixture of things that worked really well and things that didn't. We share these across brands, categories, and countries, as well as with our external media partners and agencies. If we make

sure everyone is up to speed, we can focus our marketing on making a difference, rather than redoing and reinventing.

Again, even if you're a smaller business, this is a useful exercise. If you bring all the lessons together in one place, you can make sure that your new marketing manager is building on the work of their predecessor, rather than just repeating the mistakes of the past.

Concept up rather than down ... The six-second story arc is much easier to expand than condense.

Can you tell us about some recent tests you've carried out to help illustrate all these different steps?

McHugh: We've recently been really focused on answering questions like "What's the right amount of time to capture someone's attention?" and "How do they want to hear from us?" That led us to start experimenting with shorter ad lengths, which has helped us explore consumer receptivity to messaging in ways we haven't before.

We identified a few cosmetic brands on which to test the different hypotheses we had. For example, for a Maybelline "Push Up Angel" campaign, we experimented by using a [longer ad](#) that was designed to be more traditional, and run as [TrueView](#), so users didn't watch it unless they chose to.

We complemented that with several [six-second ads](#), featuring behind-the-scenes footage at different events and locations. We found that being able to serve viewers different cuts with the same product front and center helped keep the message feeling fresh and entertaining.

Adida: Testing six-second ads has also helped us understand what building for shorter attention spans looks and feels like. There are certain things the format forces you to do. It's all about having one clear message with a unique value proposition.

For example, in our [“Root Cover Up” campaign](#), we found it particularly effective to pair a visual ID of the value proposition with an explanation—in other words, to show and tell at the same time.

What “golden rules” came out of these tests that you plan to scale across the organization?

McHugh: Concept up rather than down. Marketers are conditioned to think in longer formats, so we start from a 30-second piece of creative, and then we try to cut that down into a shorter form. But the six-second story arc is much easier to expand than condense. We learned to start with the time constraint and build messaging for it, then think about how that translates to a longer ad.

Read more about [L’Oreal’s digital transformation](#).

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