

L'ORÉAL BRANDSTORM 2021

YOUR MISSION:

Invent the Beauty Shopping Experience through Entertainment

Dear Brandstormers,

We are really happy to share with you your Brandstorm mission!

As you're probably all experiencing in your daily life, our tastes and habits are frequently evolving, so than the way with interact with people, with products and brands.

New trends are constantly appearing and growing and we all have a key role to play in those worldwide changes. This is mainly possible thanks to all the digital tools that reduce many barriers and empower you, the young generation.

From booking a table, your next holidays or trying make-up: most people today wouldn't think twice about doing these things through digital channels.

And yet just a few years ago, we would have assumed they had to happen in-person.

As digital innovation continues to accelerate, the range of digital experiences that can take the place of physical ones is expanding rapidly. Technologies like live streaming, virtual & augmented reality, and virtual digital assistants are creating new opportunities, inspiring new types of e-commerce experiences, and enabling new business models.

Audiences' appetite for digital entertainment is growing just as fast, capturing a greater share of consumers' attention – and their wallets. It's fascinating to think of how many hours each day people now spend gaming, watching funny videos, watching an episode of a favorite drama on their phone – or just live-streaming an influencer eating noodles! The spectacular growth of TikTok as a platform during 2020 - downloaded 800 million times in one year - is just the latest example of how quickly the digital entertainment space can develop.

The intersection of these two trends is creating massive opportunities for brands ready to grasp the opportunity for innovation. Today, influencers don't only post videos about products – they also sell them directly. Brands use community platforms to ask consumers about the innovations they want to see – and have products ready within weeks.

L'Oréal has always been obsessed with finding new ways to bring value to customers. Becoming a 'Digital First' company and embedding digital services within our business model has become a crucial part of how we offer better products and experiences. The next phase of this digital transformation will involve us exploring new ways to build relationships with our consumers and develop our products and services.

At L'Oréal we also believe that being ahead of the innovation curve comes with great responsibility, and we want tech to be a force for Good and contribute to create and maintain a sustainable, responsible and inclusive digital economy and ecosystem.

There are massive opportunities for digital innovation in Beauty, since Beauty itself is fundamentally social. As our Chairman and CEO, Jean Paul Agon puts it, "digital and beauty are the perfect match," and as the leader in Beauty, it's the right moment for L'Oréal to take this opportunity.

From strategy to all the departments in the company, L'Oréal is already a 'BeautyTech' business, fluent in digital. Digital and technology are always at the heart of what we develop. This has included creating a set of e-commerce solutions and partnerships with Amazon and Alibaba. L'Oréal has acquired Modiface, an Artificial Intelligence (AI) company, and shoppers are already using its Augmented Reality (AR) technology to try our products. They will soon be able to use voice to order ultra-personalized care offerings through virtual digital assistants. We have digitized our content, enriching customer experiences, and providing innovative experiences like shade finders, virtual make-up trial, online product customization and teleconsultations. Our brands are digital powerhouses – and we are always seeking the next innovation opportunity.

1. YOUR MISSION

- **The Mission:**

Invent the Beauty shopping experience through entertainment

- **The Brief:**

We invite you to create a new way to buy and experience Beauty shopping in a more playful and entertaining way. This can involve using social platforms, live-streaming, social commerce, on-demand content, digital services, data or anything new! Your project must be scalable, to a brand, a L'Oréal division, a distribution channel or to the whole group.

You will need to develop an idea in one of the following three categories:

- **SELECT 1 CATEGORY BELOW FOR YOUR PROJECT:**

1. A new product or service
2. A new business model

3. A new entertaining experience

Here's some more information and inspiration on what each of these categories could involve:

1. A new product or service:

Products include both cosmetic products and devices such as face brushes, and they can be virtual (virtual makeup trial, tailored skincare products to order), as well as physical (skincare diagnosis device, perfume customization). A new service involves a transaction where our brand delivers something of value to a consumer but no property is actually transferred.

2. A new business model

A business model is the mechanism through which consumers or customers pay L'Oréal for our products and services. At present our main business models involve selling products through physical or virtual distributors like Walmart, Sephora, T-mall and Amazon, and also selling products directly to consumers through our websites. However, the digital innovations and payment technologies now available are opening up the potential for new business models, for example: 100% online brand, subscription-based brand, Beauty box, products designed online per the customers etc.

3. A new entertaining experience

Retail stores have been working hard to maintain an edge over digital ones through 'retailtainment' (retail + entertainment) experiences that give consumers a reason to visit. Think of music band classes at an Apple store, fitness classes at a Samsung outlet, Lancôme virtual make-up mirrors or an upscale coffee shop in a high-end fashion store. However, retailtainment isn't just a strategy for physical stores. Alibaba's Singles Day shopping event and shoppable live fashion shows demonstrate how powerful it can be in the online space.

2. CHARACTERISTICS OF AN INNOVATIVE IDEA

However you respond to the brief, you should aim to meet most of the following innovation criteria:

Delighting consumers

The context:

Customers want to feel special and are always looking for more.

Your challenge:

Ask yourself how your innovation will meet and exceed consumer expectations? What friction are you removing from their experience?

Consumer data collection and activation

The context:

'Data is the new oil' and a crucial source of value and competitive advantage.

Your challenge:

Describe the data that you will help L'Oréal to collect and provide examples of how this data can be used.

Use of algorithms

The context:

Our virtual lives run on algorithms, delivering the personalized experiences that our audiences have become accustomed to through Netflix, YouTube or WeChat.

Your challenge:

Describe how you are using algorithms to personalize experiences. How does your algorithm work?

The ethics of AI and algorithms

The context:

The use of algorithms raises ethical questions around inclusion, transparency and fake news.

Your challenge:

Explain the criteria you will use to evaluate whether any algorithm you use is ethical.

Business opportunity

The context:

There are many new ways for consumers to consume products and brand experiences, with business models including monthly subscriptions, pay-per-use, digital products, refurbished products, group discounts and more.

Your challenge:

Describe how you will commercialize your innovation and the reason for your choice of business model.

3. BUSINESS CASE

Your innovation can be targeted to engage a specific target group with a specific L'Oréal brand, division or distribution channel. It can also be focused on a specific country.

Target group:

Choose your target group (for example: men, gen Z ...) and explain your choice.

Brand / product category / distribution channel:

Choose a brand, a product category, a L'Oréal division or a distribution channel within the L'Oréal group to leverage your innovation and explain why you have chosen to focus on this segment.

Market:

If your project is not relevant worldwide, please select a country to focus on.

Point of purchase:

Explain the impact of your innovation on both online and offline sales channels. A presence on both channels is essential as most consumers combine the two when Beauty shopping.

Budget:

There is no limit on budget, but you will need to provide a cost breakdown.

Other factors to bear in mind:

- It should be possible to deploy your project within 6 months.
- Your project must be scalable: at a whole brand (L'Oréal Paris, YSL, La Roche Posay...) or category level (perfumes, skincare, makeup), a L'Oréal division (L'Oréal - consumers products, Luxe, Active Cosmetics, Professional Products) a distribution channel (pharmacy, department stores, perfumeries, large retailers, online...)
- If you are developing a physical product, you must take sustainability into consideration and describe how your innovation is sustainable, as this is a key engagement for L'Oréal.

4. PRESENTATION FRAMEWORK

This framework will help you to structure your thinking and prepare your business case

Selected topics (you can choose more than one)	<ul style="list-style-type: none"> ○ new product or service ○ new business model ○ new experience inspired by the retailtainment trend
Elevator pitch: Describe your innovation in one simple paragraph	
What is the opportunity for L'Oréal and its consumers?	
In which L'Oréal brand/category/division/distribution channel will your innovation be deployed? Why did you choose that brand?	
How much will your innovation cost? Please provide a cost overview breakdown.	
What data will you collect with consumers' consent? What will you do with this data? Please list three use-cases.	
It's likely that your innovation will use an algorithm. Please describe the purpose and output of any algorithm you will use.	
How will you monetize your innovation? What is the business model behind it?	
Describe the Key Performance Indicator (KPI)	

you will use to assess the success of your innovation.	
What is the expected financial ROI from your innovation?	
Is your solution scalable at a worldwide level?	
Do you have additional information we should consider regarding your innovation?	