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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91184456
Party	Plaintiff L'Oreal USA, Inc.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Application Serial No. 76/596,736
Published in the Official Gazette on May 6, 2008
Mark: L'OREAL PARIS

L'ORÉAL S.A. and L'ORÉAL USA, INC.,

Opposer,

v.

ROBERT VICTOR MARCON,

Applicant.

Opposition No. 91184456

ORAL ARGUMENT REQUESTED

EXHIBIT I-2 TO OPPOSER'S NOTICE OF RELIANCE



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Chain Drug Review

June 29, 2009

SECTION: Pg. 29(1) Vol. 31 No. 11 ISSN: 0164-9914

ACC-NO: 203229791

LENGTH: 583 words

HEADLINE: Behind L'Oreal a belief that beauty adds value to society;
L'OREAL 100: A Century of Inspiration and Creation;
L'Oreal Paris;
Company overview

BODY:

[ILLUSTRATION OMITTED]

CDR Special Report -- From the beginning, L'Oreal has kept itself on the cutting edge of beauty care.

Founded in Paris a century ago this month by Eugene Schueller, a chemist who worked briefly as an assistant pharmacist before striking out on his own, the company has always been guided by the conviction that a science-based approach to the beauty business will lead to the development of products that have a meaningful point of difference for the consumer. Revolutionary at the start of the 20th century, that philosophy is now common currency among top-tier beauty suppliers.

Working out of his home, with the kitchen as a laboratory and the dining room as a demonstration area, Schueller first made his mark in hair coloring. He rolled out his initial product, L'Aureale, in 1907 and marketed it to Parisian hair salons.

Societe Francaise des Teintures Inoffensives pour Cheveux, the company that evolved into L'Oreal, was founded two years later. A steady stream of product innovations followed, culminating in the launch of media in 1928. The technology behind the brand, fast-oxidation hair dye, was the first of its kind and is still in use today.

Schueller was a visionary in another respect. Early on he recognized the potential of the international market. The L'Aureale brand was sold in Italy, Austria and the Netherlands before the start of World War I, and shortly thereafter it was available in Great Britain, the United States, Canada and Brazil.

Today the basic tenets of Schueller's strategy continue to guide L'Oreal, the world's largest stand-alone beauty

Behind L'Oreal a belief that beauty adds value to society; L'OREAL 100: A Century of Inspiration and Creation;
L'Oreal Paris; Company overview Chain Drug Review June 29, 2009

supplier with a 15.8% share of the global market.

"Our centenary is an opportunity to reaffirm our commitment to our vision and values--a robust scientific approach, a constant quest for innovation, a taste for real challenge, a respect for diversity and a deep-rooted belief in the valuable role that beauty plays in society," says chief executive officer Jean-Paul Agon. "The globalization of the cosmetics market is only just beginning. It provides our company with a huge opportunity for at least the next 20 years."

L'Oreal, whose offerings run the gamut from such luxury brands as Lancome to professional products like Redken and such mass market staples as Garnier Fructis, is well positioned to capitalize on that phenomenon. The company has employees in 65 countries, and its products are sold there and in 65 more. As a result, multiculturalism is a way of life.

"There is no such thing as an 'ideal model of beauty,'" chairman Lindsay Owen-Jones comments. "Beauty takes on many forms and expresses itself in many different ways."

L'Oreal is committed to creating products that address myriad needs. An annual investment of 600 million euros (\$832.3 million), or some 3% of the company's 17.5 billion euros (\$24.3 billion) in sales, keeps more than 3,000 scientists at work in 18 research centers and 15 evaluation facilities around the world. Their task is not simply to apply existing knowledge to hair care, cosmetics and skin care products but to develop molecules that represent true breakthroughs in beauty care.

To celebrate L'Oreal's 100th anniversary, Chain Drug Review sat down with the people who oversee the company's mass market business in the U.S. On the pages that follow, Joe Campinell, Karen Fondu, David Greenberg and Dave Waldock share their thoughts about L'Oreal's history, its expansion in the U.S. market and what's being done to ensure that the company's future is as momentous as its past.

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June 29, 2009

SECTION: Pg. 29(1) Vol. 31 No. 11 ISSN: 0164-9914

ACC-NO: 203229792

LENGTH: 188 words

HEADLINE: An invaluable partner for retailers;
L'OREAL 100: A Century of Inspiration and Creation;
Brief article

BODY:

NEW YORK -- With its impressive range of capabilities--including technologically advanced cosmetics, hair and skin care products, sophisticated marketing, knowledge of the consumer, and insights into what goes on in-store--L'Oreal has earned a position as a valued partner for leading mass market retailers in this country and abroad.

The experience of Rite Aid Corp. is typical.

"The L'Oreal brand has consistently represented quality and innovation to women," says Bill Bergin, vice president of health and beauty care at the Camp Hill, Pa.-based drug chain, which operates more than 4,800 stores in 31 states and the District of Columbia. "As a premium mass market brand, L'Oreal draws women into Rite Aid with products that are technologically advanced and prestige-inspired."

Although L'Oreal is celebrating its centennial, the company didn't begin building a major presence in the United States until 1953, when it teamed up with Cosmair Inc. (which became a wholly owned subsidiary in 1994).

"L'Oreal has been a great partner and strong supporter of Rite Aid, and we wish it continued success for the next 100 years," Bergin adds.

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June 29, 2009

SECTION: Pg. 31(1) Vol. 31 No. 11 ISSN: 0164-9914

ACC-NO: 203229793

LENGTH: 1071 words

HEADLINE: L'Oreal changes with times;
100 L'OREAL: A Century of Inspiration and Creation

BODY:

NEW YORK -- Joe Campinell's interpretation of the L'Oreal USA experience differs markedly from those of his colleagues. More specifically, the president of L'Oreal's consumer products group frames the evolution of the U.S. unit of the world's largest beauty care company not by examining the company internally but rather by studying the changing retail and consumer environment in which L'Oreal, under Campinell's direction, has competed, grown, flourished and emerged as the most important and relevant beauty care marketer the world has seen.

Campinell's view is that L'Oreal's biggest strength has been the company's ability to anticipate, understand and respond to the cataclysmic changes that have transformed the business of doing business in America during his 23-year tenure at L'Oreal.

"The business model has changed in many dramatic ways over the last two decades, and those changes have challenged us to change as well," says Campinell. "One change that comes to mind is the acceleration of innovation within our industry. The products that come to market today are simply better--more effective than they've ever been. As a result, our retail customers and the consumers who buy our brands expect them to perform as advertised.

"The increased expectations that have made product performance critical have played to one of our strengths as a company: our commitment to R&D. L'Oreal was founded by a chemist. Over 3% of consolidated sales are devoted annually to research and product development, more than any other beauty care marketer commits to new-product development. On average we file over 500 new patent applications each year.

"My point is that this emphasis on R&D has been, in part, our response to the acceleration of innovation in our industry. We've become better at discovering and marketing innovative products--products with a proven benefit--because the market has challenged us to do so."

The president of L'Oreal USA's consumer products group points to the consolidation within the chain drug industry over the past two decades as another development that has brought change to L'Oreal, by forcing the company to realign its approach to the chain drug community.

"Once upon a time the 20 largest drug chains accounted for 80% of our chain drug business," he says. "More recently 80% of our business came from the 10 largest drug chains. Today, three drug chains dominate.

"This consolidation has made our approach to the industry far more complicated and challenging. Miss an opportunity with one of the three major drug chains and you pay a huge price."

Campinell points to a similar pattern of consolidation within the grocery business, though he insists that it has not been as dramatic as the chain drug consolidation. "The food industry is still characterized by a powerful regional segment, one that, while challenging us across a broad geographical landscape, still compels us to devote energy and resources to so small a segment of the industry," he says.

Another of the changes L'Oreal has successfully addressed over the past two decades has been the evolution of different go-to-market retail strategies, strategies that today vary, sometimes dramatically, by account. "We have been compelled not only to recognize and identify these different strategies," says Campinell, "but to respond to them."

So it is that L'Oreal has customized its approach to the mass retailing community. Today its marketing approach to Target Corp., a retailer that emphasizes its own brand, is different from its approach to price-oriented, customer-sensitive Wal-Mart, and its offering to CVS Caremark Corp., which puts a heavy emphasis on providing the customer with unique beauty brands, differs from its offering to Walgreen Co., a retailer that, in the past, has focused its efforts on not disappointing the customer but is today remaking itself under new, modern leadership.

A final change in the marketplace that has caught the attention of the president of L'Oreal USA's consumer products group is the growing diversity and sophistication of the options open to marketers in their efforts to communicate with consumers.

"Where print and television were once the only viable options for communicating with the consumer, the options available today threaten to overwhelm us," he says. "The catalyst for this dramatic expansion of options has been the consumer. Today's consumer wants to know what she wants to know when she wants to know it. That's particularly true when it comes to making buying decisions.

[ILLUSTRATION OMITTED]

The Internet and the ability to link people have given consumers the ability and resources to evaluate the quality and effectiveness of different products immediately."

Campinelli acknowledges that mastering this communications revolution has been a learning experience for L'Oreal. "Content is king: That's the learning that has come from this communications revolution," he says. "As with all change, it has affected some of our retail customers more than others, and some of our retail customers have become more involved in the new media while others have not."

Withal, Campinell believes the mass retailing community is stronger today, for all the changes it has endured, than it has ever been. Yet he still finds room for improvement. "Service is still missing from the mass market," he says. "Customers are not always given enough pertinent information to make intelligent buying decisions at the store because the retailers don't always provide easy access to data. But that's changing, and it's changing very quickly."

And how has all this accumulated wisdom affected the thinking and decision making of L'Oreal's consumer products group president? "I've learned that we can't be local in our outlook or approach," he says. "We must be national, even global. While we've become more efficient at adapting ideas from one country to another, we are still learning."

In a broader sense, Campinell is more convinced than ever of the advantages of having a cadre of senior staffers with long tenures at L'Oreal. "Having the same people here for 10, 20, even 30 years has been a huge plus for L'Oreal, as it would be for any company," he says.

Finally, L'Oreal's consumer products group chief insists that he and his team are at last grasping the intricacies of that most difficult lesson of all--"how to tailor our marketing and sales efforts to each retailer as if that retailer is the only retailer."

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SECTION: Pg. 31(1) Vol. 31 No. 11 ISSN: 0164-9914

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LENGTH: 251 words

HEADLINE: Wal-Mart's rise alters equation;
100 L'OREAL: A Century of Inspiration and Creation;
Wal-Mart Stores Inc.;
Brief article

BODY:

NEW YORK -- Perhaps the most dramatic change at L'Oreal during the tenure of Joe Campinell, president of the supplier's consumer products group, was the one forced on it by the growth of Wal-Mart Stores Inc.

"In the early days of Wal-Mart's growth, there were some people here who felt that we shouldn't sell to them," he says. "Kmart was our only national account in those days, and many inside L'Oreal took the position that selling to Wal-Mart would upset that relationship."

Campinell felt otherwise, believing that Wal-Mart represented an opportunity if L'Oreal had the imagination to seize it.

"I told our people that the issue we had to confront was not whether to sell Wal-Mart but how to sell them," he remembers. "I encouraged them to select the right SKUs, the ones that Wal-Mart's customers wanted and would buy."

Today, the Wal-Mart people are, in Campinell's view, "among the best people we deal with. They're very fair and honest in their approach to the business. And they recognize and respect the strong L'Oreal culture."

Campinelli acknowledges that Wal-Mart, like all retailers, can be difficult. "Their people battle us at times, but it's an honest battle, one based on doing what they believe is right for their business," he says. "But even when we disagree, they listen to us--and take us seriously. They understand and respect our belief that you can't convey innovation with just price, and they recognize that our passion for the beauty business is equal to their passion for the customer."

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June 29, 2009

SECTION: Pg. 34(1) Vol. 31 No. 11 ISSN: 0164-9914

ACC-NO: 203229795

LENGTH: 213 words

HEADLINE: L'Oreal USA milestones;
100 L'OREAL: A Century of Inspiration and Creation;
Brief article

BODY:

1953

* Cosmair Inc. becomes the exclusive licensee of L'Oreal Group. Headquartered in Clark, N.J., Cosmair has 20 employees and sales of \$6 million.

1965

* Cosmair moves its headquarters to New York City.

1966

* L'Oreal introduces Preference, a mass market hair color line.

1973

* The first ad campaign that includes what is to become the company's tagline "Because You're Worth It"--debuts.

1974

* Lancome is introduced.

1983

* L'Oreal Paris unveils a complete color cosmetics line for the mass market.

1984

* Ralph Lauren Fragrances is acquired.

1986

* Biotherm is introduced in the U.S.

1991

* Annual sales for the company reach \$1 billion.

* The company buys Redken.

* Cosmair becomes a wholly owned L'Oreal subsidiary.

* The company acquires Maybelline.

* SoftSheen is purchased.

* The name of Cosmair is changed to L'Oreal USA. The company acquires Carson, Matrix and Kiehl's.

* Shu Uemura is purchased.

2002

* L'Oreal buys ARTec and integrates it into its professional products division.

2005

* The company purchases SkinCeuticals.

2007

* PureOlogy is acquired. The company strengthens its salon division with the purchase of key distributors Beauty Alliance and Maly's West.

2008

* Columbia Beauty Supply and YSL Beaute--a high-end line with six cosmetics, fragrance and skin care lines--are acquired.

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June 29, 2009

SECTION: Pg. 34(1) Vol. 31 No. 11 ISSN: 0164-9914

ACC-NO: 203229796

LENGTH: 999 words

HEADLINE: Collaborating with customers key to success;
100 L'OREAL: A Century of Inspiration and Creation

BODY:

NEW YORK -- Behind L'Oreal's success in the mass beauty business in the United States are many factors, some obvious, others more subtle.

The one that comes most readily to mind is the innovative nature of the company's brands, innovation based on the most extensive, far-reaching and effective R&D component ever organized to support a major beauty care company anywhere in the world. Less apparent to some observers is the character of L'Oreal's senior executives and, even more notably, the length of their tenure with the company--and with each other.

That is particularly true of Dave Waldock, senior vice president of sales and business development for the company's consumer products division.

Waldock joined L'Oreal in 1987, at a time when the world's largest beauty care marketer was still working to develop a strategy, a business and an image in the United States. For most of the past 22 years he was responsible for directing the company's national accounts sales force. Last fall he was promoted to the sales and business development role, one that was expressly created for him.

This length of service has given Waldock a unique perspective on the company and the milestones it has passed en route toward assuming the U.S. leadership position it today commands in beauty care marketing.

"One of the events that everyone around recognizes as transformational for L'Oreal was the introduction, in the 1970s, of the advertising tagline 'Because You're Worth It,'" says Waldock. "As I've heard the story--it happened before I joined L'Oreal--it was coined, almost by accident, by a young woman who worked as a copywriter for our advertising agency, at the end of a long and fruitless meeting to develop a slogan for Preference, our new hair color brand. At any rate, it ultimately came to represent our relationship to our customers, how we want them to feel about their self-esteem

and the quality of our products, as well as justifying for them the premium prices our products commanded."

[ILLUSTRATION OMITTED]

Waldock recalls the importance of cosmetics in transforming L'Oreal from a company known in the U.S. only for marketing hair color brands to one that came to be recognized as a complete beauty brand marketer. In that transformation he recognizes the role that the late Vern Brunner, then merchandising chief at Walgreen Co., played by perspicaciously agreeing to stock and merchandise L'Oreal's new cosmetics offering.

"Most retailers at the time didn't take us seriously as a cosmetics company," says Waldock. "But Vern did. Not only was he willing to give us a chance, he helped develop our go-to-market strategy. That was a major turning point for us."

L'Oreal's sales and business development VP recalls with equal clarity the company's road to success as a cosmetics marketer--its relentless pursuit of space on the cosmetics wall; the introduction of Plenitude, the prestige-priced skin care brand that L'Oreal insisted be positioned within the beauty care section and not, as most retailers preferred, on the cosmetics wall; and finally the Maybelline acquisition.

"The acquisition of Maybelline, at the time an iconic U.S. mass brand, was particularly significant," Waldock remembers. "It rounded out our portfolio as a complete beauty marketer, enabling us to meet consumers' beauty care needs everywhere in the world at a variety of price points."

As well, Waldock cites the U.S. launch and success of Garnier, then the No. 3 L'Oreal brand globally, as a milestone for the beauty care company. "Garnier opened up the opportunity for distribution across all beauty care product segments, as well as new opportunities for retailers to turn to us to help build their business."

Through all the years of growth and change, out of which emerged the company that retailers today accept and embrace, Dave Waldock cites L'Oreal's steady relationship with America's mass retailing community as critical to its development. "There was a time when we weren't sure we should sell our products to and through Wal-Mart's stores," he remembers. "Some people here believed our customers were not Wal-Mart's customers. Happily, however, as several upscale beauty companies did at the time, we determined that Wal-Mart would do well with our brands. And that has indeed been the case.

"Our relationship with the trade throughout the years I've been with L'Oreal has invariably worked to our mutual benefit," Waldock continues. "We've always found ways to work with our retail customers and to find mutually acceptable solutions to common challenges. That's been at the heart of our success."

At the end of the day, however, Waldock ties L'Oreal's success very closely to the nature of the company. "Most companies claim that their people are the difference," he says. "In our case it's really true. The longevity of our senior-level people attests to that."

Equally responsible for the company's success, Waldock believes, is its dedication to research and development. "Most companies laud their R&D capabilities," he says. "In our case we have reason to laud them."

Foremost among those reasons, Waldock points out, are the 3,000 scientists L'Oreal employs in its search for new chemicals, new formulations and new products. "No beauty company anywhere approaches that kind of commitment to R&D," he says.

Still looking internally, Waldock also views as critical to L'Oreal's success the fact that beauty is its only business. "Being exclusively in the beauty business has helped us better understand and market to our consumer," he says simply.

Then there's the company's consistently demonstrated ability to make long-term brand commitments. "Before I came to L'Oreal, I worked for another beauty company. There, if a new product or project didn't succeed at once, we

immediately looked for an exit strategy.

"Here, the opposite is the case: If something doesn't work initially, we look harder for ways to make it work. We're willing to lose money on a brand for a long time if we believe in the brand."

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June 29, 2009

SECTION: Pg. 34(1) Vol. 31 No. 11 ISSN: 0164-9914

ACC-NO: 203229797

LENGTH: 415 words

HEADLINE: Always looking for something new;
100 L'OREAL: A Century of Inspiration and Creation

BYLINE: McNeill, Kathleen

BODY:

L'Oreal is near and dear to our hearts at drugstore.com.

L'Oreal is extremely innovative in the industry while staying true to their brand and their heritage. We've seen a lot of pioneering new products and categories from them. They're always looking for something fresh and new for customers. As a result, they're one of our fastest-growing beauty brands on drugstore.com. We also developed a relationship with the L'Oreal Prestige team last year with Beauty.com.

I've always looked at L'Oreal as a glamorous, high-quality French line. My first foundation when I was 16 was L'Oreal Mattique.

How I developed my relationship with L'Oreal is one of my favorite stories. In April 2007 I met L'Oreal senior vice president of sales David Waldock at my very first NACDS Annual Meeting. Drugstore.com was doing a small business and had a somewhat spotty assortment. We did not have a broad partnership at that time. Dave looked at me and said, "Do you want to develop a long-term partnership? I believe in online but want to make sure you are committed to growing this business." We both saw the potential. It was an "aha" moment for me.

We talked about putting together an initiative, and we decided drugstore.com could take a pretty bold stance as a retailer. The upshot was that we now carry every single SKU in their entire assortment. We carry every L'Oreal, Maybelline and Garnier product. That's over 1,200 SKUs! The thought process is that if you love one of their products and it gets discontinued by a brick-and-mortar retailer because it has been replaced by a new product, you will search for it online.

The results of this deep assortment test have been tremendous. For the last two years L'Oreal has been one of our fastest-growing beauty brands on drugstore.com. We've evolved to where [customers] do a cart transfer from lorealparisusa.com to drugstore.com.

The L'Oreal mix fits our strategy of offering a customer the ability to trade up or trade down in a single checkout between drugstore.com and Beauty.com. People may buy their favorite high-end product, but they've got to have their Maybelline Great Lash mascara. It's still one of the best products out there.

I have immense respect for the L'Oreal brand. It has a long, rich heritage, and they're true to themselves while continuing to innovate. It's refreshing to see a 100-year-old brand be one of the most innovative in the beauty industry. Cheers to another 100 years!

Kathleen McNeill is drugstore.com's vice president of beauty.

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SECTION: Pg. 37(2) Vol. 31 No. 11 ISSN: 0164-9914

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LENGTH: 881 words

HEADLINE: Parallel success stories: Karen Fondu and L'Oreal;
 100 L'OREAL: A Century of Inspiration and Creation;
 L'Oreal USA Inc.;
 Occupation overview

BODY:

NEW YORK -- Karen Fondu is celebrating her 30th anniversary with L'Oreal. Put another way, she has worked for L'Oreal for upward of a third of the company's 100-year lifespan.

Fondu joined L'Oreal in June 1979 as a sales representative for a then-unknown U.S. unit of a French-based hair coloring company. From that point, she routinely gained more responsibility and larger roles at L'Oreal, even as the company she worked for was slowly emerging as the world's foremost beauty care marketer.

Two years after joining Cosmair, then L'Oreal's U.S. licensee, Fondu was promoted to key accounts manager. A year later she was named district manager. So began a steady climb that brought her, last fall, to the pinnacle of her career and her industry, when she was named president of L'Oreal Paris.

Along the way she held various sales positions at L'Oreal, becoming vice president of sales for the L'Oreal Cosmetics and Fragrance division in 1992. But her big break came in 1996 when, in the immediate aftermath of L'Oreal's acquisition of Maybelline, she was named senior vice president of sales for the brand. Five years later she was appointed general manager for Maybelline-Garnier, and three years after that she was named the division's president.

[ILLUSTRATION OMITTED]

Today, 30 years after signing on with Cosmair, Fondu is at the very top of her profession. Yet she has changed little from the girl fresh out of college, full of confidence and ready to change the world. With one difference: She has changed the world--or at least the world of beauty care that she has embraced and that in turn has embraced her. Indeed, it is fair to say that no mass retailing supplier executive has achieved the respect accorded Fondu in that retailing

community, and no senior manager has gained the access routinely granted her at the senior levels of retailing.

Fondu has reached that plateau for two reasons: She has never doubted herself, and she never doubted the potential of L'Oreal.

"My father was a hairstylist," she remembers. "And one day, when I was a young girl, he came home with a new hair-coloring product produced by a French company. He was so impressed with it that he introduced the line into his salons. That was my introduction to L'Oreal."

The product was Preference, the brand that launched L'Oreal in the U.S. Years later Fondu joined the company as a sales rep.

Looking back over 30 years, the president of L'Oreal Paris identifies several milestones in the company's inexorable march to the very top of the mass beauty care business in the United States. At the top of her list are the contributions of Lindsay Owen-Jones, the legendary Welshman who ran L'Oreal's U.S. business for a time before becoming the company's global CEO in 1988.

"In the 1980s OJ took L'Oreal beyond hair coloring and hair care by broadening our presence in this country to include cosmetics," she says. "Our initial entry into the cosmetics business was in lip and nail. From there we slowly added categories, ultimately reorganizing the company into two divisions: one to oversee hair care, the other for cosmetics."

Fondu also fondly recalls the introduction of Plenitude, the upscale mass skin care brand that created a stir in the retailing community when L'Oreal insisted that it be positioned within the toiletries category and not, as most retailers preferred, in the cosmetics department.

As it turned out, L'Oreal's positioning was the correct one. L'Oreal Paris skin care is today the third best-selling mass skin care brand in the U.S.

Fondu also remembers well L'Oreal's Maybelline acquisition, one in whose aftermath she was to become so critical a factor. "Maybelline extended L'Oreal's reach, positioning and impact globally," she says. "We were smart enough to keep Maybelline separate from L'Oreal, giving us two distinct niches--L'Oreal's French chic positioning and Maybelline's mass identity. From there we went on to reinvent the Maybelline brand, which is today the leading mass cosmetics brand in the U.S."

L'Oreal Paris' president also recalls the decision to bring Garnier, then the No. 3 L'Oreal brand globally, into the U.S., and put it under the Maybelline umbrella. "Maybelline and Garnier are accessible brands that complement L'Oreal, which has a prestige cachet," she says. "In that context, it made sense to put them together under one division. And it turned out very well for us."

Through all these reminiscences, Fondu routinely overlooks or downplays the one that links them: her presence. Both within L'Oreal and throughout the mass retailing community, she gets much of the credit for the success of both Maybelline and Garnier under the L'Oreal banner. But the sense one gets of Karen Fondu is that any success she has helped her company to achieve is a by-product of a career she has thoroughly enjoyed, one that has brought her interesting friends and unprecedented influence within a retailing community she has done much to change, shape and orchestrate.

Of course, any attempt to convince her that this is so is wasted. For in many ways she remains the 20-something college graduate who has convinced herself, all evidence to the contrary, that a small French-based hair coloring company would change her life.

That, in the end, is what Karen Fondu has always been about.

Parallel success stories: Karen Fondu and L'Oreal; 100 L'OREAL: A Century of Inspiration and Creation; L'Oreal USA Inc.; Occupation overview Chain Drug Review June 29, 2009

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LENGTH: 906 words

HEADLINE: 'When I think about L'Oreal, I think ...;
100 L'OREAL: A Century of Inspiration and Creation;
L'Oreal USA Inc.;
Occupation overview;
Column

BYLINE: Steirly, Kathy

BODY:

When I think about L'Oreal, I invariably think about Karen Fondu. It is particularly appropriate that I remember both these days, since I understand that L'Oreal is celebrating its 100th birthday--and Karen is marking her 30th anniversary with one of the finest companies with which I've done business over the years.

But this isn't about L'Oreal. It's about Karen--easily the most passionate person the beauty business has ever produced.

I can offer many examples to support that statement, but the one that comes most readily to mind involves Walgreens and Maybelline Gamier, the L'Oreal division Karen headed until she was named president of L'Oreal Paris late last year. The incident I recall involved the introduction of the Garnier Fructis skin care line. We had incredible success with Garnier Fructis hair care, but the skin care launch did not get off to a great start. As a result, our team decided to drop some of the skin care SKUs.

To put it in its simplest terms, when Karen found out she went through the roof. "Here's why you can't do this," she said. And as usual, she was right.

Eventually, with lots of perseverance, insistence, involvement and encouragement from her, Gamier Nutritioniste turned the corner at Walgreens. And it's still going great guns.

'When I think about L'Oreal, I think ...; 100 L'OREAL: A Century of Inspiration and Creation; L'Oreal USA Inc.; Occupation overview; Column Chain Drug Review June 29, 2009

Even in those instances--relatively few I might add--where a product or program didn't start out as well as we thought it would, Karen never got discouraged and never allowed us to get discouraged. Indeed, that was Karen at her best, the supplier executive who always believed in her products and was always certain she could improve the situation if only we gave her the chance.

Karen was always honest and eminently fair. She would come into a room and talk openly about what was working and wasn't. Perhaps the advertising program was wrong, or the strategy or the placement of a product on a planogram (she invariably insisted, when a product wasn't selling to her expectations, that we had put it in the wrong location).

But at bottom, what she really wanted was to get it right. To that end, she would empower her internal Maybelline Garnier teams to help figure out how to correct a situation gone bad. And she never stopped trying until she turned things around.

Her question was never

"Why?" It was always "Well, why not?" She was exciting to work with, she created an electric atmosphere, and her passion was contagious. In the end, we always worked twice as hard to make something work because we didn't want to disappoint Karen.

I first met Karen after L'Oreal acquired Maybelline and she was given a senior-level job at the newly acquired company. I met her at Maybelline's Little Rock manufacturing facility. I was there as vice president of merchandising for Shopko, with responsibility for beauty.

I saw very quickly that Karen was different, that she had more than her company's interest at heart, that surprisingly she was committed to both Maybelline and Shopko. She cared as much about us as she did about herself--and she recognized that if we won, she would win.

That's always what has made Karen special. Each side could think it had the better ideas and strategies. There could be violent disagreements, acrimonious discussions. But we always managed to find a solution.

Working with Karen paid off for me when I was at Shopko, then when I moved first to Eckerd and then to Walgreens. We didn't always agree. She would come flying into meetings and (using her pet name for me) would say, "Here are all the reasons you're wrong, Katrina," or "Here's what I'm going to do for you, Katrina."

It was interesting to watch the interplay when Karen was in charge of Maybelline and Carol Hamilton was heading L'Oreal Paris. Though they were fierce competitors, each loved the business and saw its possibilities. Still, the quickest way to incur the wrath of Karen or Carol was to give one brand an extra foot on the wall, or move one in front of the other. Boy, did my phone ring off the hook.

My most telling memory of Karen is of an incident that happened a couple of winters ago in Chicago. Walgreens has a team of 24,000 or so beauty advisers, and every January--a delightful time in Chicago--we bring our beauty supervisors in for a weeklong meeting. It's a group of maybe 80 ladies, and they come to learn about new products, merchandising strategies and upcoming launches.

[ILLUSTRATION OMITTED]

The second or third year I was at Walgreens we invited L'Oreal and Maybelline, both of which were tremendous supporters of ours, to send representatives. Well, Karen decided to come herself--something she had never done before. And when she spoke to the supervisors and talked about how she started as a saleswoman and worked her way up, she mesmerized the audience.

I still recall the e-mails these women sent me--e-mails that lauded Karen, mentioned what an inspiration she was

'When I think about L'Oreal, I think ...; 100 L'OREAL: A Century of Inspiration and Creation; L'Oreal USA Inc.; Occupation overview; Column Chain Drug Review June 29, 2009

and dwelled on the fact that she was a regular person. Most impressive of all, she gave everybody in that room her personal e-mail address and invited them to stay in touch, to send her comments and questions anytime and anywhere. And they did.

I told her afterward, "You're going to get bombarded. I hope you know what you've done." And from what I hear, she answered every single e-mail.

Karen Fondu totally gets it. She knows that that's where it all comes together--in the stores.

Kathy Steirly has run the beauty business at several leading mass market retailers, most recently at Walgreen Co.

LOAD-DATE: July 14, 2009



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Chain Drug Review

June 29, 2009

SECTION: Pg. 37(2) Vol. 31 No. 11 ISSN: 0164-9914

ACC-NO: 203229800

LENGTH: 582 words

HEADLINE: Fresh perspective makes all the difference;
100 L'OREAL: A Century of Inspiration and Creation

BYLINE: Levin, Alan

BODY:

Thirty years ago the professional cosmetics world was dominated by the likes of Herm Schnitz, Allan Kurtzman, Arnie Zimmerman and Joe DeKama. All were white males whose only connection to the industry was that they had a seemingly good eye for what was fashionable and what would be the newest trend. To my knowledge, none of them wore makeup or knew what it was like to wear it.

In short, the industry was clueless as to what women wanted and, more importantly, what its customers expected. But 1979 brought a change that each of us have benefited from. That was the year that the career of Karen Fondu began at L'Oreal Consumer Products.

Karen brought to the job a fresh perspective, one filled with youth, femininity and an eye for what was hot and what appealed to a woman. In an industry dominated by testosterone, here was someone with estrogen, one who knew what it was to wear makeup and, more importantly, what it meant to be a woman. No longer was the company relying on focus groups--in Karen it had the real thing.

Throughout her career she distinguished herself through not only her hard work and effort but her knowledge, ability and personality. And while she always felt she had to work harder than her male counterparts, Karen should know that whenever she was in the room there was never any proving necessary.

Thoughtful in her speech and far more talented than the others in the field, she knew when to keep quiet and when to add her valued opinion, which has been sought out by every retailer in the industry. Most important, she never had anything bad to say about anyone. Coming from this industry, that says much about her character.

Rising through the ranks of L'Oreal to become president of Maybelline New York-Gamier and now L'Oreal Paris, Karen touched all those who were privileged to be associated with her. It did not matter which division she worked for; she brought the same tireless energy and enthusiasm to the job every day. And while we have seen the cosmetics industry go through many changes and owners, it seemed that the only constant was Karen Fondu at L'Oreal and its divisions.

Several years ago Karen was approached by another firm and asked to jump ship and become the company's president and chief executive officer. If she had made the switch, Karen would have been the first woman to assume that type of leadership position in the industry. She decided to stay put, proving what we all knew about Karen: Loyalty was and remains one of her strongest characteristics.

As it turns out, her decision to stay with L'Oreal proved fortuitous, as her suitor company has changed hands and CEOs several times since it made the offer to Karen. And while many of us have sacrificed family for achievement, nothing could be further from the truth for Karen. There is nothing more important to Karen than her husband, Henry, and her two boys. She is a great example that women can truly do it and have it all.

After 30 years, certainly Karen has earned the right to relax and enjoy the fruits of her efforts. But that is not what any of us should expect. Karen has served as a role model, mentor and leader to hundreds in this industry.

We have all benefited from this remarkable trailblazer and friend. As she begins her next 30 years, we all thank her for what she has done for our industry and what she will no doubt do in the days and years to come.

Alan Levin, former president and CEO of Happy Harry's Inc., is director of economic development for the state of Delaware.

LOAD-DATE: July 14, 2009



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June 29, 2009

SECTION: Pg. 42(2) Vol. 31 No. 11 ISSN: 0164-9914

ACC-NO: 203229803

LENGTH: 1264 words

HEADLINE: Reliving L'Oreal's golden years;
100 L'OREAL: A Century of Inspiration and Creation;
L'Oreal USA Inc.;
Company overview

BYLINE: Zimmerman, Arnold

BODY:

I started at L'Oreal in 1967, when we were pioneering the mass retail business. The president at the time was Walter Mishkoff, who came out of the salon world.

Cosmair Inc. started selling L'Oreal products in the U.S. around 1965, first entering the U.S. in salons. A year or two later they expanded into retail stores, department stores and better, high-end drug stores.

Jacques Courge, the true U.S. founder, brought the L'Oreal business to America. The company wanted a retail business in the U.S. and selected Walter to run things.

When L'Oreal started to emerge in retail, the company sold not only hair color but other hair items and a full line of cosmetics. Every order that came in had to be reviewed by Mishkoff.

That was the beginning, and the company soon was aggressively attempting to get drug store penetration. I'd get into my car, drive up the thruway to every exit and every little town, step into a pharmacy and soon was opening new stores at the pace of 25 to 30 a week.

At the time, L'Oreal was facing unbelievable competition in the hair color business from Clairol, Revlon, Max Factor, Dorothy Grey, Ogilvie, Alberto Culver--even Gillette had a hair color line. One by one the competition started to drop out. Clairol was the leader at the time, but L'Oreal quietly began to move up.

L'Oreal started its hair color business in the U.S. with a product called Excellence. They developed superior

technology early on--L'Oreal was always very research-oriented.

The breakthrough came when L'Oreal announced a new technology in a color creme formula that clearly overwhelmed the industry. We called the brand Preference hair color, and believe its technology provided the best product on the market, with Excellence second in our color regimen.

Preference was the most expensive hair color brand on the market. We made a daring free offer one year, where anyone using a Clairol hair color brand could send it in to us and receive a box of Preference free. We gave away a half-million boxes of hair color in an extremely successful promotion that established Preference as a future power brand.

Meanwhile, we were trying to figure out how to position the brand. As we were getting up to leave after one of many meetings on the subject, one of the agency ladies said, "Why don't you just say it's more expensive 'because I'm worth it'?"

That's how the positioning of the Preference brand happened in the early 70s, and that became the format of L'Oreal's advertising: "It's more expensive because I'm worth it."

We were now growing by leaps and bounds, and went through a number of different presidents. John Caste, a marketing and financial manager, took the reins, running the company for over a decade, increasing market penetration and fortifying Cosmair's profitability in the U.S.

Lindsay Owen-Jones came over in the early 1980s, revised all the factories and started to manufacture Lancome in the U.S. His leadership and strategic vision accelerated the company's growth immediately. I have never come across a more brilliant, decisive marketing executive. He challenged everything and turned Lancome into a luxury brand powerhouse by improving the factories and manufacturing all the items in the U.S. and controlling its destiny.

When one looks at the early years, the company was very strategic, with incredible research in France.

I was with L'Oreal for 20 years, moving from sales to vice president to senior vice president. For my last three years, I was president of all the hair care business. When I arrived, the company was doing \$5 million; when I left, it was doing close to half a billion.

During my tenure we had a major launch aside from hair color that created a new generation of products for styling called Free Hold mousse, creating the technology for spray foam styling, selling \$15 million to \$20 million in its first year and establishing L'Oreal as a very strong technology-driven business.

The issue with living with a French company based in the U.S. was to understand their strategy. Early on, they tried to launch every one of their products here. It was challenging working with them until they got it. Owen-Jones was a great mediator in this regard.

We had a finite amount of resources, so we took Preference hair color and used that as the driver for L'Oreal in the U.S. It was a great period in my business life.

A major decision by Owen-Jones was a total reinvention of the lipstick and nail enamel package and formula, which supported the marketing initiative that put the company in the color cosmetics business.

A major shift in the market was when permanent hair color users drifted from 32 years of age to 42 years of age. We launched highlight kits, blinding kits, etc., that replaced permanent color within the vacuum of the changes taking place.

With all the challenges we were going through, the industry survived and thrived. There were only about 30 million in-home users when I was there; now it's about 55 to 60 million.

It was a lot of fun when I started in the business, There were also 40 to 50 drug chains in America, and the independents were very strong. There were no cell phones, no database system to work from--it was all hustle and hard work.

There were warehouses to which you shipped 30- to 45-day supplies. Now they want goods in three days at 100% fulfillment.

Now you're at the mercy of everyone--all the discounts, returns, slotting allowance. It wasn't like that then, it was all about partnerships.

There were executives like Vern Brunner, whom I call the genius of the drug store business, who really wove the fabric that created the industry and made the relationships with manufacturers of prime importance and made Walgreen Co. a market maker.

We poured out vital new ideas at every dinner, every drink after work. There was imagination and passion. Now it's "Give me that computer and let me look at the numbers," waiting for a decision that may or may not come. Something definitely has been lost, something that challenges the entrepreneurial spirit to give birth to new ideas and new products.

It was a great time, and we had a great relationship with the French management of L'Oreal. We had terrific people, and it was run like a family. We were all close, passionate working toward the same goal.

We'd nurture a strong relationship with a pharmacist, a chain store executive, and as they grew, the relationship remained and strengthened and business flourished.

The most significant change that happened during my tenure was when third-party pharmacy kicked in. Drug chains were making 38% margins in pharmacy right before and 19 % soon after. That's when they realized they had to consolidate or they'd go out of business.

[ILLUSTRATION OMITTED]

When this occurred, the charm of the chain drug industry evaporated.

One of the biggest changes in the business was the dissolution of fair trade. When discounting started, retailing became a different world: dog eat dog. Tonnage was supposed to deliver profits lost in price erosion.

Along with its incredible research, the greatest strength at L'Oreal was always the great relationship it always had with retailers. Once again it came down, as it always does, to the people aspect. Many of the people I brought in to L'Oreal are still there, including current leader Joe Campinell, a strong executive with a calming voice.

All these people grew in scope and capacity and built an empire, now a company of over a \$4 billion in the U.S. alone. In the end it still comes down to innovation, people and relationships.

Arnold Zimmerman is the former president of L'Oreal's hair products division.

LOAD-DATE: July 14, 2009



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November 29, 2004

SECTION: Pg. 6(1) Vol. 21 No. 19 ISSN: 1080-0794

ACC-NO: 126313015

LENGTH: 702 words

HEADLINE: What sets L'Oreal apart in beauty;
Opinion

BYLINE: Pinto, David

BODY:

In a supplier community preciously short on innovation and excitement, it's time to recognize the singular accomplishments of L'Oreal, the French beauty care company whose U.S. presence has had a significantly positive impact on mass market retailing in America.

Indeed, it is not too much of a stretch to say that L'Oreal has redefined the role that beauty care products play in today's retailing environment. While other major beauty care suppliers, even the very good ones, have made the delivery of beauty products part of their total product portfolio, beauty care is L'Oreal's only business, its sole reason for existence.

Moreover, in what may well serve as a model for supplier companiesgoing forward, L'Oreal's beauty offering reaches across all retail and consumer segments. Thus, its portfolio of brands includes such mass consumer offerings as L'Oreal Paris, Maybelline New York and, most recently, Garnier, each presented with a single-minded focus and dedication that positions each brand as the only brand. An indication of just how successful this effort has been can be found in the fact that no one brand interferes with another, either in the retailer's buying office or the consumer's mind.

At the same time, the company offers Lancome to the department store trade and Redkin for the salon trade. Niche consumers can buy the company's Vichy line of men's and women's skin care products at carefully selected outlets, while ethnic shoppers can easily find the company's Soft Sheen/Carson brand. There are other, smaller brands as well, each marketed to a limited but sharply defined segment of the beauty care business.

If the brand is successfully marketed across trade segments, it ismarketed with equal success across the consumer spectrum. Men, women, ethnic or niche-brand shoppers, children of most ages each can finda beauty care product,

brand or regimen designed, it would appear, exclusively for them. At a time when many suppliers are paring and pruning products and portfolios to focus more heavily on fewer, high-profile brands, L'Oreal's commitment to a broad spectrum of brands is remarkable--and remarkably effective.

So too is the supplier's approach to its retail customers. It is one that turns on a group of managers, sales and marketing people, who combine knowledge, ability, experience and commitment to a degree not often duplicated these days. It is an approach that emphasizes long-term relationships rather than short-term gains. And, rare these days, it is one that respects, or at least acknowledges, all customers equally, to the point where even the smallest retailer occasionally sees a L'Oreal or Maybelline salesperson.

This approach has been its own reward. L'Oreal is routinely the vendor of the year at one retailer or another. New products, aided by a strong retailer commitment, invariably succeed. Even new brands quickly emerge as category leaders. Witness Garnier's Fructis.

Now, L'Oreal has opened its first freestanding beauty boutique in 2,000 feet of space in the Beverly Center in Los Angeles. It is just what the L'Oreal people say it is: a laboratory in which to test new products and marketing, merchandising and promotional approaches in an environment that will not directly impact its business through massmarket outlets. Credit the trust the company has built for the fact that retailers, always skeptical of independent supplier initiatives or thinking, really believe that L'Oreal's intention is as stated. Credit the company's curiosity and self-confidence for the fact that this innovative Beverly Center retail laboratory, to be followed next spring by a second boutique, in Connecticut, really is, in addition to an effort to find new customers for its L'Oreal brand, a laudable attempt to market that brand more effectively.

This, then, is arguably the way for a supplier to succeed in this new millennium: Develop innovative products, put them in the hands of a strong and loyal sales and marketing staff, base retail partnerships not on short-term goals but on long-term involvement, and constantly seek to improve both the products and the way you go to market. That definition applies to L'Oreal today as it does to few other major suppliers.

LOAD-DATE: February 1, 2008



1 of 1 DOCUMENT

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Advertising Age

March 1, 2004, Monday

SECTION: Pg. 3

LENGTH: 642 words

HEADLINE: Unilever stamps corporate name on all packages ; Kao, P&G adopt similar strategy

BYLINE: JACK NEFF

BODY:

Unilever is placing its corporate brand-which now lurks in the background of its packaging-more prominently across its far-flung lineup. The move is the latest by multibrand package-goods manufacturers including Kao Corp., Procter & Gamble Co., S.C. Johnson and Johnson & Johnson, which are experimenting with highlighting their names across brands at a time when corporate reputations have been buffeted by financial scandals and product-safety scares.

"There's a good reason and a bad reason companies are doing (more corporate branding)," said Robert Passikoff, founder of the consulting firm Brand Keys. The good reason is corporate branding is more cost efficient, he said. "The bad reason is that it's much easier to do (corporate branding) because the categories where multibrand companies are competing are turning more and more into commodities and trying to brand on the basis of any real differentiation has gotten tougher and tougher."

under wraps

Details of how Unilever will play up its corporate brand remain under wraps and largely under development at this point, a spokesman said. But one change happening already is that the Unilever name will appear at least in small print on almost all brand packaging, replacing in some cases names of such companies as Chesebrough-Pond's and Helene Curtis that Unilever acquired and consolidated long ago.

"Increasingly, we feel consumers will be using (corporate reputation) as a factor in how we look at brands," said a Unilever spokesman.

For decades, Unilever and its forbears did little to play up parentage of its brands. Similarly, many of its competitors and peers have played down the corporate link. The reason, said industry executives, was the somewhat defeatist theory that a problem with the parent company or any one brand or business could taint the entire lineup if the corporate link became too clear with consumers.

good rep

Unilever stamps corporate name on all packages ; Kao, P&G adopt similar strategy Advertising Age March 1, 2004, Monday

But in a presentation to investors last month, Unilever Co-Chairman Niall FitzGerald turned the theory on its head. Although corporate reputations generally "have never been at such a low ebb," he said, Unilever, by contrast, enjoys a strong reputation that it should take advantage of, he said. "We believe the Unilever name would add real strength across all aspects of our business through association with our consumer brands." The company has no plans to put media support behind a corporate brand-building initiative.

"I think part of (the global industry trend) is the L'Oreal effect," said Brad Kirk, VP-marketing and sales, Andrew Jergens Co., noting that L'Oreal's success in stamping its corporate brand across a wide range of sub-brands and categories is making competitors take note. "Some of it has to do just with the cost of building a new brand. (With a corporate brand) you can launch new stuff at a lower risk." After operating for more than a decade in the U.S. under the name of the acquired Andrew Jergens Co., the Japanese company is changing the unit's name to Kao Brands and preparing a corporate branding initiative.

P&G, a global rival of Kao, L'Oreal and Unilever, also inched toward corporate branding two years ago with its Brandsaver program in the U.S. The program combines a 10-times-a-year newspaper coupon insert produced by coupon distributor Valassis Communications and WPP Group's Landor Associates, Cincinnati, with an online Web and loyalty program from Bridge Worldwide, Cincinnati.

SC Johnson in 2001 also began playing up its corporate brand more in ads from Interpublic Group of Cos.' Foote, Cone & Belding, Chicago, featuring Sam Johnson, patriarch of the family company. And J&J, despite its considerable decentralization, last year sponsored a multibrand, corporate-branded interactive quiz on ABC's "The View," and plans to use the format twice more in 2004.

LOAD-DATE: March 03, 2004



1 of 1 DOCUMENT

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June 23, 2003, Monday

SECTION: Pg. 12

LENGTH: 671 words

HEADLINE: Skin care next beauty battlefield; Budgets grow, players try to figure out men

BYLINE: JACK NEFF

BODY:

Playing off the popularity of Botox, L'Oreal in July launches Wrinkle De-Crease with "Boswelox," a botanical ingredient from India, backed, according to a sales rep, with \$15 million in TV and print ads in its first six months alone.

That line is one of a host of skin-care initiatives from L'Oreal, Unilever, Procter & Gamble Co. and others showcased at the National Association of Chain Drug Stores show recently in San Diego, where it was clear that skin care will be the next beauty battlefield.

Unlike Botox, a biotoxin that immobilizes muscles to reduce wrinkles, Wrinkle De-Crease fills them in and smoothes them out. Retailing for less than \$20 at mass retailers, the line is similar to L'Oreal's Lancome Resolution, which sells for \$50 in prestige beauty outlets. Besides an "advanced wrinkle correction" cream, De-Crease also comes in an eye line eraser stick.

At the same time, L'Oreal is restaging its Plenitude and Pure Zone brands, folding both into a L'Oreal Dermo-Expertise facial cleanser and moisturizer brand that gibes with the Body Expertise line. Interpublic Group of Cos.' McCann Erickson Worldwide, New York, handles L'Oreal's skin-care brands.

L'Oreal's overall market share in skin care has risen over the past year with the launch of Pure Zone last fall and Body Expertise last winter. But sales of Plenitude facial moisturizers are down by double digits in the 52 weeks ended May 18, according to Information Resources Inc., and Pure Zone has disappointed some retail executives. Now, Pure Zone, aimed at the 12 to 24 age range, will become one of five color-coded sub-lines, each addressing skin-care needs of a different range, in the new Dermo-Expertise lineup meant to attract and keep women in the fold from their teens through old age.

Spending wasn't disclosed, but Dermo-Expertise will get both TV and print support.

L'Oreal is fending off P&G's Olay Regenerist super-premium line launched this spring and Unilever's Dove, which this month ships the Essential Nutrients facial moisturizer and cleanser line and a new Dove Exfoliating Bar and Body

Skin care next beauty battlefield; Budgets grow, players try to figure out men Advertising Age June 23, 2003, Monday

Wash backed by more than \$60 million in total marketing support.

Exfoliating may be the rage in women's skin care, but it's become a dirty word in the nascent men's segment. Beiersdorf's Nivea for Men recently renamed its men's "Exfoliating" scrub to "Deep Cleaning."

secret endorser

Coty will try to beef up the masculine appeal of its Adidas Active Skincare for Men by using an undisclosed athlete endorser in the brand's first TV ads, set to break in August, said John Galantic, president, Coty U.S. Coty in August also introduces Stetson Unlimited, a fragrance to be backed by TV, print and sampling.

P&G, through licensee Universal Razor, recently launched Old Spice's first entry into Nivea-style men's skin care. The macho image Old Spice cultivates in ads could add legitimacy to the rest of the category, said an executive with Johnson & Johnson's Neutrogena. And in another sign men's skin care may be gaining broader acceptance, Unilever later this month launches Suave for Men body wash, an extension of the hair-care line launched this winter.

Big budgets will also support products outside skin care. In oral care, P&G's Crest in September launches a Crest Whitening Effects featuring three "extreme" flavors, such as Citrus Breeze, defying the category's heritage of tame tastes. One retail executive said Crest will put more than \$50 million in marketing behind the launch. Publicis Groupe's Saatchi & Saatchi handles Crest.

SC Johnson & Son's Glade, meanwhile, is looking to reverse share losses in recent years to Reckitt Benckiser's Airwick with two gadgets to drive its air-freshener oil business. Next month it launches Plug-Ins oil scents with built-in variable-speed fans, backed by \$15 million in ads, from Interpublic's Foote Cone Belding, Chicago. Glade Car, an oil-based air freshener that clips on to auto vents, ships at the same time, backed by \$5 million in ads.

LOAD-DATE: June 25, 2003



1 of 1 DOCUMENT

Copyright 2002 Crain Communications Inc.
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August 26, 2002, Monday

SECTION: Pg. 3

LENGTH: 318 words

HEADLINE: Exclusive: L'Oreal chases after youth with PureZone ad campaign; Actress Biel featured in TV, print for line of women's skin care

BYLINE: RICH THOMASELLI

BODY:

L'Oreal Paris, a division of L'Oreal USA, breaks a \$10 million campaign today to introduce Pure Zone, its line of skin-care products aimed at young women.

The national rollout, including TV and print work featuring actress Jessica Biel, is handled by Publicis Groupe's Publicis in New York, one of L'Oreal's roster agencies.

"We've worked with L'Oreal for a long time and had been successful in launching products that targeted women 25-plus," said Linda Joselow, managing director for Publicis in New York who also heads up the L'Oreal business. "This line is going after the younger woman and it was an opportunity for both of us to talk to this (15- to 29-year-old) market."

Ms. Biel, 20, has been under contract to L'Oreal for several months and was previously featured in a commercial for one of L'Oreal's hair care products. She was one of the stars of the WB's "7th Heaven," but gained notoriety for trying to get kicked off the show by posing for provocative photos in Gear magazine in order to pursue a film career.

"Jessica's natural beauty, youthful spirit and self-confidence embodies what Pure Zone is all about," said Carol Hamilton, president of the L'Oreal Paris Brand Division of L'Oreal USA, part of France's L'Oreal Group.

The three-step L'Oreal Pure Zone line offers cleansers for normal, oily and combination skin, along with Pore Tightening Astringent and Skin Relief Oil Free Moisturizer.

TV will run on network and cable. Print ads will appear in September issues of young women's magazines, including Time Inc.'s Teen People, Gruner & Jahr's YM, Primedia's Seventeen, Hachette Filipacchi Media's Elle and Elle Girl, Hearst Magazines' Cosmo and Cosmo Girl and Conde Nast's Lucky.

In addition to launching a Pure Zone Web site, which features a Q-and-A with dermatologist Lydia Evans, L' Oreal also sponsors teen site Bolt.com's back-to-school section.

Exclusive: L'Oreal chases after youth with PureZone ad campaign; Actress Biel featured in TV, print for line of women's skin care Advertising Age August 26, 2002, Monday

GRAPHIC: 'Youthful spirit': Jessica Biel, 20, of "7th Heaven" has been featured previously in L'Oreal ads. Now she is the face of the company's PureZone line, which targets females age 15 to 29.

LOAD-DATE: August 30, 2002



1 of 1 DOCUMENT

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Advertising Age

August 26, 2002, Monday

SECTION: Pg. 3

LENGTH: 318 words

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L'Oreal Paris, a division of L'Oreal USA, breaks a \$10 million campaign today to introduce Pure Zone, its line of skin-care products aimed at young women.

The national rollout, including TV and print work featuring actress Jessica Biel, is handled by Publicis Groupe's Publicis in New York, one of L'Oreal's roster agencies.

"We've worked with L'Oreal for a long time and had been successful in launching products that targeted women 25-plus," said Linda Joselow, managing director for Publicis in New York who also heads up the L'Oreal business. "This line is going after the younger woman and it was an opportunity for both of us to talk to this (15- to 29-year-old) market."

Ms. Biel, 20, has been under contract to L'Oreal for several months and was previously featured in a commercial for one of L'Oreal's hair care products. She was one of the stars of the WB's "7th Heaven," but gained notoriety for trying to get kicked off the show by posing for provocative photos in Gear magazine in order to pursue a film career.

"Jessica's natural beauty, youthful spirit and self-confidence embodies what Pure Zone is all about," said Carol Hamilton, president of the L'Oreal Paris Brand Division of L'Oreal USA, part of France's L'Oreal Group.

The three-step L'Oreal Pure Zone line offers cleansers for normal, oily and combination skin, along with Pore Tightening Astringent and Skin Relief Oil Free Moisturizer.

TV will run on network and cable. Print ads will appear in September issues of young women's magazines, including Time Inc.'s Teen People, Gruner & Jahr's YM, Primedia's Seventeen, Hachette Filipacchi Media's Elle and Elle Girl, Hearst Magazines' Cosmo and Cosmo Girl and Conde Nast's Lucky.

In addition to launching a Pure Zone Web site, which features a Q-and-A with dermatologist Lydia Evans, L' Oreal also sponsors teen site Bolt.com's back-to-school section.

Exclusive: L'Oreal chases after youth with PureZone ad campaign; Actress Biel featured in TV, print for line of women's skin care Advertising Age August 26, 2002, Monday

GRAPHIC: 'Youthful spirit': Jessica Biel, 20, of "7th Heaven" has been featured previously in L'Oreal ads. Now she is the face of the company's PureZone line, which targets females age 15 to 29.

LOAD-DATE: August 30, 2002



3 of 5 DOCUMENTS

Copyright 2000 Crain Communications Inc.
Advertising Age

October 9, 2000, Monday

SECTION: Pg. S10

LENGTH: 351 words

HEADLINE: L'Oreal targets 'final frontier'; Haircare: Array of line extensions splashed across media landscape

BYLINE: Mercedes M. Cardona

BODY:

For carol hamilton, L'Oreal USA is still worth it.

As senior VP-general manager of the brand, she continues to extend the product lineup and advertising presence.

In the last year, L'Oreal has continued expanding its products aimed at men, who Ms. Hamilton calls "my final frontier." In addition, she has been catering to children and women of a certain age. The expansion efforts have all been supported with advertising, including new media for the brand: the Internet and men's magazines. Still, the marketer maintains a high level of spending on network TV and other mass media.

MORE TARGETED

"Today, to be successful (at marketing) you have to be more targeted," says Ms. Hamilton. "We want to use more media in more targeted ways than we have in the past."

For example, she says L'Oreal has promoted some of its brands with Internet "mini-sites." The sites function online in the same way advertorial inserts function in magazines.

The diversification strategy also plays out in the product line, where L'Oreal has extended successful brands such as its Vive shampoo, Plenitude skincare and Feria hair-color lines.

This summer, L'Oreal launched Casting ColorSpa for Men, a male version of its semi-permanent ColorSpa hair coloring, backed by a McCann-Erickson Worldwide campaign in May issues of men's health and fitness magazines. This was the second male hair-color extension after last year's launch of Feria's brand extension "Dyes for Guys," a group of 10 shades.

GRAY CHIC IN PLACE

Later in the summer, the brand also took aim at seniors with Gray Chic, a line of hair-color products targeting

L'Oreal targets 'final frontier'; Haircare: Array of line extensions splashed across media landscape Advertising Age
October 9, 2000, Monday

gray-haired women. This month L'Oreal added new products to avoid sagging skin in its Plenitude Revitalift sub-brand, a lineup of products aimed at 40-plus women.

More line extensions will follow in 2001, starting with hand and body wash and bath and body gel under L'Oreal Kids, the company's successful 3-year old children's haircare line. The line extensions will ship to stores in January, backed by advertising and promotions in January and February magazines.

GRAPHIC: Mixing it up: Carol Hamilton keeps rolling out new endeavors.

LOAD-DATE: October 13, 2000



1 of 1 DOCUMENT

Copyright 1999 Crain Communications Inc.
Advertising Age

October 11, 1999

SECTION: Special Report; Pg. S14

LENGTH: 410 words

HEADLINE: SHARP PRINT, SHARP COLORS SCORE FOR L'OREAL

BYLINE: Mercedes M. Cardona

BODY:

Because i'm worth it," could be the motto for all of L'Oreal's marketing, not just its Preference hair color.

That 1973 pitch is still valid today, when the brand -- which sells in mass-market outlets -- advertises and promotes itself in a way similar to brands sold in department stores.

L'Oreal has succeeded in building an upscale brand image among mass brands, says Burt Flickinger a consultant with Reach Marketing. The creative and media for its print advertising is more similar to department-store brands such as Estee Lauder and Elizabeth Arden than to other brands sold in drugstores and supermarkets, he says.

The company has used its print schedule wisely, choosing to advertise in fashion books and publications that appeal to the hip and young, rather than mass-appeal titles, Mr. Flickinger says. He notes L'Oreal has allied itself with publications such as Elle for promotions in the U.S. and overseas to create an upscale image as a fashion-conscious company.

L'Oreal is the big spender in the Cosmair family, which also includes Maybelline, Laboratoires Garnier, Lancome and Redken. L'Oreal consolidated its haircare and cosmetics and fragrance units in 1997, putting Senior VP of Marketing Carol Hamilton in charge of the largest spender in the beauty category.

Under her leadership, the retail division extended the "Because I'm worth it" positioning to launch the L'Oreal Kids shampoo line in 1997 and launched Feria hair color and Plenitude Revitalift, an extension of L'Oreal's skincare line.

At the same time, the existing hair-color lines were all revamped with new formulas and additional advertising. Casting was relaunched as Casting ColorSpa in spring and L'Oreal's top lines, Preference and Excellence, were both reformulated this summer.

Feria is the best example of L'Oreal's fashion-focused approach to product development and marketing. The line was pitched for its fashionable shades, rather than gray coverage. The strategy was used to attract younger consumers who see hair color as a fashion accessory.

SHARP PRINT, SHARP COLORS SCORE FOR L'OREAL Advertising Age October 11, 1999

In spring, L'Oreal took on a bolder marketing step when it introduced Dyes for Guys, an assortment of shades aimed at men. The line was based on research that showed a growing group of young men were coloring their hair with women's tints.

Shades were packaged in the boxes with men's pictures and advertised in men's magazines, but where displayed in stores along with women's shades.

GRAPHIC: Colorful: Carol Hamilton is having success at expanding her brand franchise. Profile on page S-4.

LOAD-DATE: October 12, 1999



1 of 1 DOCUMENT

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Advertising Age

October 11, 1999

SECTION: Special Report; Pg. S14

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HEADLINE: SHARP PRINT, SHARP COLORS SCORE FOR L'OREAL

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GRAPHIC: Colorful: Carol Hamilton is having success at expanding her brand franchise. Profile on page S-4.

LOAD-DATE: October 12, 1999



1 of 1 DOCUMENT

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The Denver Post

August 7, 1999 Saturday 2D EDITION

SECTION: A SECTION; Pg. A-16

LENGTH: 248 words

HEADLINE: Pop stars will unite for benefit show

BYLINE: By Percy Ednalino Jr., Special to The Denver Post

BODY:

Some of today's hottest teen pop-music acts - including Britney Spears, 'N Sync, 98 Degrees, BWithed and Christina Aguilera - will combine their talents at a concert near San Diego to benefit victims of the Columbine High School shootings.

The concert, "L'Oreal's Summer Music Mania '99," will be held and taped Monday at the Coors Amphitheater in Chula Vista, Calif., a suburb of San Diego. The UPN network (Channel 20) will broadcast the concert at 7 p.m. on Aug. 31.

"It's really been touching to see these artists take the initiative in helping their peers," said Michael Levitt, one of the concert's producers. "We hear so many bad things about what young people are doing that it's really heartwarming to see the positive side of teenagers."

The event is being billed as "Lollapalooza for the teen audience," a reference to the defunct alternative-rock summer festival.

All of the Music Mania artists are donating their performance fees to the A Friend of Mine Foundation, which supports victims of the shootings and their families. During the concert, a presentation of the donation will be made by 98 Degrees to two of the students who were injured in the April 20 shootings, Makai Hall and Dan Steepleton.

The donation wasn't part of the concert's original plans.

Members of 98 Degrees "were happy to do the special, but they wanted to do something to benefit Columbine," Levitt said. "When the idea was presented to 'N Sync and Britney, they immediately agreed."

LOAD-DATE: August 09, 1999



1 of 1 DOCUMENT

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Chain Drug Review

January 31, 2005

SECTION: Pg. 16(1) Vol. 27 No. 2 ISSN: 0164-9914

ACC-NO: 127935772

LENGTH: 506 words

HEADLINE: Cosmetics--eye makeup;
Beauty Aids Report/Best-Sellers In Key Categories

BODY:

While EYE
MAKEUP

sales were flat in the overall
mass market

for the year 2004, the drug channel reported an uptick of 2.7% in dollar
sales and a 3.9% advance in unit sales.

Maybelline

New York

, the category leader, continues to set the pace with its Great
Lash

brand, which
captured

a 5.4%
market share

. The supplier's

Volum

Express,

Sky High

Curves

and Expert Eyes were also among the top 10 in drug stores

, and the supplier expects to maintain this category leadership position with a number of innovative launches in 2005.

L'Oreal

placed three brands on the best-seller

list in 2004, with its

Voluminous

brand in second place right behind Great

Lash

, its

Wear

Infinite

brand capturing the fourth

slot

and its Double

Extend

brand holding the sixth position.

Procter

&

Gamble

Co.'s

CoverGirl

Eye

Enhancers

captured

the third position, while

Revlon Inc.'s

ColorStay

and

Almay

One

Cosmetics--eye makeup; Beauty Aids Report/Best-Sellers In Key Categories Chain Drug Review January 31, 2005

Great Lash	
Maybelline	
New York	
5.4%	
Voluminous	
L'Oreal	
3.8%	
CoverGirl Eye Enhancers	
Procter & Gamble	
3.2%	
Wear	
Infinite	
L'Oreal	
2.9%	
ColorStay	
Revlon	
2.8%	
Double Extend	
L'Oreal	
2.7%	
Volum'	

Cosmetics--eye makeup; Beauty Aids Report/Best-Sellers In Key Categories Chain Drug Review January 31, 2005

Express
Maybelline

New York
2.6%

Sky High

Curves

Maybelline

New York
2.5%

Expert Eyes
Maybelline

New York
2.4%

Almay
One
Coat

Revlon
2.4%

Brand	Dollar sales (add 000)	Unit sales (add 000)
-------	---------------------------	-------------------------

Great Lash \$23	,252	6,201
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Voluminous	16,351	2,730
------------	--------	-------

CoverGirl Eye Enhancers 13,780	3,709
---	-------

Cosmetics--eye makeup; Beauty Aids Report/Best-Sellers In Key Categories Chain Drug Review January 31, 2005

Wear

Infinite

12,280 2,615

ColorStay

11,879 1,867

Double
Extend

11,425 1,246

Volum'

Express 10,978 2,100

Sky High

Curves

10,861 2,059

Expert Eyes 10,375 2,785

Almay

One
Coat

10,235 1,895

([

dagger

]) Sales are through
drug stores

, supermarkets

and discount stores (excluding Wal-Mart Stores Inc.) for the 52 weeks ended
October 31, 2004.

Source: Information Resources Inc.

LOAD-DATE: January 15, 2008



1 of 1 DOCUMENT

Copyright 1985 The New York Times Company
The New York Times

May 12, 1985, Sunday, Late City Final Edition

SECTION: Section 3; Page 1, Column 2; Financial Desk

LENGTH: 3622 words

HEADLINE: COSMAIR MAKES A NAME FOR ITSELF

BYLINE: By WILLIAM MEYERS; William Meyers is a New York business writer.

BODY:

TWO years ago, a little-known American cosmetics company called Cosmair quietly began buying up the supply of customized aerosol cans in Europe, where they were used to package a break-through hair styling foam called mousse. It was a product that had not yet reached America's shores and when Cosmair introduced its Free Hold mousse here six months later, its can strategy paid off: Cosmair got a running start in the market, preventing rivals from posing a challenge for several months until the can supply could be replenished.

By then, American consumers were already equating Free Hold with mousse. And although competitors quickly started selling their own products, Cosmair has kept its commanding lead, now controlling about 40 percent of the lucrative \$150 million American mousse market. It far outpaces the rivals that patterned their own products on the mousse developed by L'Oreal, one of Cosmair's European owners.

Cosmair's aggressiveness in shaping the mousse market, and its move last year past the venerable Estee Lauder into the No. 3 spot in America's \$7 billion cosmetics and fragrance industry, has confirmed for analysts and competitors that Cosmair is a force to be reckoned with. Until recently, the products of this privately held company - which include Lancome and L'Oreal cosmetics, as well as Vanderbilt, Chaps and Lauren fragrances - have been better known than its corporate name.

"Cosmair is clearly the most successful cosmetics firm in the United States today," says Deepak Raj, an analyst at Merrill Lynch. "Not too many companies could come in like they have and take significant business away from such tough players as Revlon and Lauder. The people I talk to say they haven't seen anything like this since Charles Revson first appeared on the scene with Revlon 40 or 50 years ago."

Analysts say that Francois Dalle, who recently stepped down as L'Oreal chairman and now heads L'Oreal's strategic planning, is Cosmair's equivalent of Charles Revson. Working with Cosmair officials in New York, he helped engineer a strategy that is a shrewd mix of money, muscle and marketing savvy.

Cosmair's research spending exceeds the industry average by far. It has demonstrated an ability to find potentially profitable niches in a maturing American cosmetics market and to back those findings with hefty budgets for

advertising and promotion. Its aggressive sales force has undertaken a two-pronged assault on the marketplace, pursuing consumers in such mass outlets as drug chains as well as in tonier department stores. It has bought itself a strong presence in the lucrative fragrance market with its \$146 million purchase of Warner Cosmetics a year and a half ago. And throughout, analysts say, Cosmair has shown itself to be one of the toughest players in an ad-mittedly aggressive industry.

"This is a ruthlessly competitive enterprise and it has a killer instinct that's part of its corporate culture," said Allan Mottus, a cosmetics consultant who publishes an industry newsletter called *The Informationist*. "Its executives target an opponent, whether it's Lauder or Revlon, and then go after it with a vengeance. If you were going to write a book about this company, you'd have to title it 'Blood and Guts,' not 'Fire and Ice,'" he said, referring to the book about Revlon and Mr. Revson.

Another reason cited for the effectiveness of Cosmair's assault on the American market is the strong financial backing of Nestle S.A., the Swiss-based food conglomerate that owns 62 percent of Cosmair.

"Nestle is Cosmair's Swiss godfather," said Mr. Mottus. "They've got awfully deep pockets and are pumping a lot of money into the company. This is one of the reasons why Cosmair is so formidable." But how much, exactly, does Nestle contribute? "Nobody really knows for sure; that's the \$64 million question," said Mr. Mottus. The dollar's strength and the stability of the American economy are behind Nestle's commitment to Cosmair, which posted sales of \$665 million last year, analysts said.

Cosmair, which is the American licensing agent and distributor for L'Oreal, denies that it is getting any financing from Nestle. But it is clear that a major battle is under way in cosmetics - and that Cosmair wants to win it.

"The establishment must understand that they can't be winners by right," says the 53-year-old Jean Levy, who has been Cosmair's president since December 1983 and a L'Oreal executive for about 25 years. "They're going to have to fight every day for this. Their leadership isn't perennial - it isn't given by heaven or God."

Stories are rife in publishing and retailing about what Mr. Mottus called Cosmair's "ferocious jockeying" for position in magazine advertising and department store counter location. He described its tactics as "heavy-handed and confrontational." For example, analysts and publishing sources say that when Cosmair demanded better placement for its ads in *Architectural Digest*, the magazine would not accommodate that change and Cosmair promptly withdrew its considerable advertising patronage. Now, two years later, Cosmair still does not advertise in the magazine, despite *Architectural Digest's* efforts to woo it back.

For his part, Mr. Levy did not deny that Cosmair was demanding better treatment from department stores. "Having, in many stores, the biggest productivity per foot, we think that, in most of the cases, we deserve more space and we are telling this to the stores," he said.

Cosmair started life as a wholesale distributor of L'Oreal hair-care products to American beauty salons. It was founded in 1953 as a joint venture by L'Oreal and Jacques Correze, who is Cosmair's 73-year-old chairman and a part owner.

Despite Mr. Correze's involvement, it is the 67-year-old Mr. Dalle who is credited by outsiders with establishing and expanding Cosmair. Mr. Dalle is a prominent French businessman who has been friends with French President Francois Mitterrand since the two were in college. IN the 1970's, Mr. Correze and Mr. Dalle pushed Cosmair into high gear. It entered the consumer market with L'Oreal's Preference hair coloring and Lancome skin treatment and beauty products, all of which were already being sold in Europe by L'Oreal. And in 1974, Mr. Dalle helped attract the interest of Nestle, which now owns 62 percent of Cosmair and an indirect 27 percent share of L'Oreal. (The remaining 38 percent of Cosmair is closely held by L'Oreal; Mr. Dalle; Liliane Bettencourt, the daughter of Eugene Schueller, L'Oreal's founder, and Mr. Correze.) Cosmair's purchase of Warner Cosmetics from Warner Communications helped establish the company as a major force in fragrances.

Cosmair's results, so far, have been impressive. Although Avon Products Inc., is the country's biggest beauty company, analysts say that if Cosmair's sales momentum continues, it could push Revlon out of the No. 2 spot in this country before the decade is out.

In 1984, Cosmair's annual growth rate was about 40 percent, far above its two most fervent rivals: Revlon, which had \$798 million in North American sales last year, grew at about 1 percent. And Estee Lauder, a private company that had sales of \$660 million, grew at about 12 percent, according to analysts. And Mr. Levy says that his goal is to add approximately \$120 million a year in revenues, making Cosmair a \$1 billion enterprise by 1988. (Despite Avon's size, analysts do not compare its sales with such companies as Cosmair, Estee Lauder or Revlon because Avon sells cosmetics door-to-door rather than in department stores and drugstores. And evaluating the worldwide market is even more complicated, mainly because of currency fluctuations and Avon's insistence that, despite L'Oreal's higher sales figure, Avon is the larger company. Avon insists that it be recognized as the world's largest beauty company because it is one single corporate entity, unlike L'Oreal's confederation of licensees and consolidated companies.) Cosmair's strong performance notwithstanding, its heavy spending on research, advertising and promotion has kept it from turning in blockbuster profits. Cosmair said it paid about \$25 million in royalties last year to L'Oreal for the use of L'Oreal's brand name and all research data. And Cosmair's advertising and promotion budgets, analysts say, total about \$230 million, or 35 percent of sales, higher than the industry norm of about 25 percent.

"I've gone over their numbers time and time again," says Mr. Mottus, the consultant, whose figures are supplied by company executives and through an annual department store audit of cosmetics, fragrances and toiletries sales. "There's no way they're making much money if we use standard American accounting methods. The cosmetics business is exceedingly competitive right now, and Cosmair probably won't be able to continue supporting this kind of expansion unless it begins generating some meaningful profits."

Jack Salzman, who follows the cosmetics business for Goldman, Sachs & Company, sees it another way. "Cosmair is spending a fortune to establish its place in the market, but I think they're spending wisely," he said. "This is a dynamite company and their business strategy is realistic. The United States is the largest cosmetics market in the world, representing about 40 percent of global sales. It's worth penetrating, even if Cosmair has to forgo a fair return on investment short term."

YET maintaining strong growth rates could prove increasingly difficult because of the sluggish growth that the cosmetics business is now experiencing. Cosmetics unit sales rose only 2 percent in 1984, and they are expected to flatten over the next few years. Analysts say that the industry's growth has plateaued, after 5 to 10 percent annual unit gains during the 1960's and 70's, when women were first flooding the workplace.

"Taking control of a mature market like cosmetics is next to impossible," says a senior executive at one beauty supply company, who asked not to be identified.

Cosmair denies that it is spending excessively. A private company under no obligation to disclose financial data, it claims that its spending levels are in line with the competition and that its profit margins are healthy.

Whipping out a black looseleaf notebook during an interview in his New York office, Mr. Levy points to various figures on a balance sheet. "You see our operating margins are almost 9 percent, very close to the other companies in the industry," he says. "We're not mortgaging this business to grow. We'll even have profits to pay our shareholders by the end of 1985."

And, Mr. Levy claims, Cosmair is financing its own efforts, without help from Nestle. "We're not getting money from anyone, not Nestle," said Mr. Levy. "We are independent from a management point of view. We are self-financing, have no debt and a positive cash flow." Nestle, he added, "has never been involved in our business."

Instead, he says, Cosmair's growth is financed, for the most part, by what he calls the company's "cash cows" - Lancome, Vanderbilt and Polo fragrances and L'Oreal hair coloring products, which together account for about 45

percent, or \$310 million, of the company's total sales. In all, hair care products account for 34 percent of sales, fragrances, 33 percent, makeup, 25 percent, and skin care, 8 percent.

Cosmair, with its L'Oreal line of cosmetics, is now fighting one of its toughest battles to take a bigger share of sales from mass-market outlets, where some 60 percent of all beauty aids are now sold in this country. In such outlets as drugstore chains, it has gone head-to-head with Revlon, which now outsells L'Oreal by about a 3-to-1 margin - and Cosmair managed to trim that margin from about 5 to 1 in 1981. And Cosmair's products sold through these outlets are growing at a 30 percent annual clip, about three times faster than Revlon's.

Under a strategy devised by Beatrice Dautresme, vice president of marketing for L'Oreal's cosmetics line in this country, Cosmair is catering to the high end of the market, selling L'Oreal cosmetics in drug chains at higher, department store prices. Each unit price is about 20 to 30 percent higher than the competition at the drugstore.

THE rationale behind this unusual approach is that today's busy working woman does not have time to shop in several places, so Cosmair offers prestige beauty products with French allure in the same place she buys her deodorant or mouthwash.

"This is a smart way to sell women cosmetics today," says Diana Temple, an analyst at Salomon Brothers. "Cosmair understands the dynamics of the marketplace, and its ability to promote class products in a mass environment definitely fits in with the active new feminine life style."

Says the 38-year-old, Miss Dautresme, a Frenchwoman who is credited by analysts with having an uncanny understanding of the American woman: "Women will spend a little more to get department store products in mass outlets."

Helen James, the cosmetics buyer for Hook Drug, a 300-store chain based in Indianapolis, agrees. "L'Oreal has brought a bit of panache to the mass outlets," she said. "It's made shopping in them respectable for the upscale woman. We're doing very well with their products, even though they are expensive."

In its bid for additional sales in mass outlets, Cosmair has decided to go all out with its L'Oreal brand of makeup. It recently repackaged the products and created elaborate in-store displays in the hopes of wooing affluent and sophisticated consumers. Cosmair is also spending nearly \$25 million this year to advertise the line - and as a result, trade sources say, L'Oreal makeup has been sapped of its profitability.

For his part, Mr. Levy claims that the makeup products are making money, but not "a lot." He adds that the makeup line will attain real success in "three to four years," when he estimates that its sales will reach \$180 million.

While Cosmair has undertaken this aggressive strategy, Revlon seems to have lost some of its once-vaunted product innovation and marketing drive, buyers and analysts say.

"Revlon has been asleep," says Mrs. James. "It has dropped the ball by not trying anything new. They're letting L'Oreal take over." Dale L'Amoureux, the cosmetics buyer for Fay's Drug Company, a 120-store chain that spreads across upstate New York, northern Pennsylvania and western Massachusetts, believes that Cosmair could eventually overtake Revlon in mass outlets. "L'Oreal is marketed better than anything else today," she says. "They've done a number on Revlon."

Revlon's sales of cosmetics, fragrances, toiletries and treatment products in the United States, Canada and Puerto Rico, increased by just 1 percent in 1984 after a flat 1983. Its diversification into health care and pharmaceuticals in the late 1970's is cited by analysts as a factor in Revlon's less focused efforts in cosmetics. And Revlon's slump helped Cosmair get its foot in the American market.

To get back on track, Revlon recently introduced Custom Eyes - an economical eye shadow compact with

replaceable powder pans that allows consumers to select whatever color combinations they want. And it has been a hit, recording what the industry considered to be impressive sales of \$20 million in its first year.

REVLON has also repackaged its nail polish line in an effort to stay ahead of Cosmair in mass outlets. Analysts estimate that it is spending \$10 million to repackage and market the line.

"We are still the most innovative and creative company in the business," says Paul P. Woolard, president of Revlon's Beauty Group. "We have enormous consumer loyalty. You can't achieve this without the kind of high quality products we offer."

Cosmair faces different challenges in department stores, where about 40 percent of all cosmetics in this country are sold. Here, however, the company does not have to worry about a lack of profitability. The company said its \$125 million Lancome cosmetics line is growing at an annual rate of 36 percent, with operating margins of close to 20 percent. The growth rate for Vanderbilt, Polo and Chaps ranged from 15 to 20 percent last year, and their operating margins are an impressive 30 percent.

Cosmair is now lining up its Ralph Lauren fragrances - Polo, Chaps and the newly introduced Monogram - for an assault on Lauder's Aramis, which has been the best-selling men's scent in department stores for almost two decades. But not to be outdone, Estee Lauder several weeks ago introduced Lauder for Men, a line of fragrances and skin care products that analysts say is intended to compete with Monogram and Polo, and help Lauder maintain its top position in department stores.

Despite its strong sales figures for cosmetics and fragrances in department stores, Cosmair must still confront Estee Lauder, which refused comment for this article. Lauder holds a dominant 37 percent share of that market and Cosmair holds 14 percent. According to analysts and retailers, it is doubtful that Cosmair can surpass Estee Lauder in upscale retail outlets anytime soon.

"Cosmair is doing extremely well with us," says Maria Hynds, divisional merchandise manager for cosmetics at Bloomingdale's Manhattan store. "They are a strong second and it's clear to me that their goal is to close the gap with Lauder."

IN COSMETICS THE JAPANESE CONNECTION

TOKYO In the Japanese beauty world, Shiseido is the company to follow. Japan's largest cosmetics manufacturer, Shiseido is a stylish, aggressive company that posted \$1.5 billion in sales and a net income of \$62 million in the fiscal year ended Nov. 30, 1984. The company estimates that it ranks third in worldwide cosmetics sales, behind Avon and L'Oreal.

Its products sell well in France, Italy, West Germany and Canada, but the United States is Shiseido's second-largest market after Japan. American sales last year were estimated at about \$60 million, Yoshikuni Sato, a company spokesman, said, and the company plans to double that within three years. A key strategy, he said, is to create a luxury image for its products, selling them only through such chic department stores as Bloomingdale's and by advertising chiefly in magazines such as Harper's and Town and Country. Over all, sales abroad accounted for 9 percent of Shiseido's total revenues, Mr. Sato said, and the company is the market leader in Taiwan, Hong Kong and New Zealand.

In Japan, Shiseido has been known for aggressive and imaginative marketing and promotion. The tactic, says Aiichiro Endo, of the Daiwa Securities Research Institute, has helped Shiseido withstand heavy competition and slow industrywide growth brought on by the decline of the number of Japanese women in their 20's, Shiseido's biggest market. And the company, aware that cosmetics is a maturing market, has also moved into a new growth area. It recently diversified into restaurants and now runs 12 - ranging from bistros to elegant, nouvelle-cuisine restaurants done up in pink and black decor, mainly in Tokyo.

Mr. Endo estimated that Shiseido now has a little bit more than 30 percent of the Japanese cosmetics market and it is working to maintain that lead, particularly in the area of cosmetics research. It recently announced the development of a new biotechnological method for moisturizing the skin.

Susan Chira

THE MOUSSE MYSTIQUE The first mousse-like products hit the cosmetics world in the late 1970's, but it took a few years to get the formula in working order. A permanent-wave formula based on a frothy cream was developed in West Germany in the 1970's. About the same time, L'Oreal was testing, but without satisfaction, its own permanent-wave product in the United States. And Bristol-Myers was selling three foam-based hair-coloring products.

But, according to L'Oreal, the birth of hair styling mousse - as we now know it - did not come until 1980. Then, after five years of development, L'Oreal lab technicians in France married two molecules once thought to be incompatible and came up with a patented hair styling mousse, which holds hair in place without the brittle feel of sprays or the greasy look of gels. In January 1983, L'Oreal introduced a mousse - called Valence - in French beauty salons and within two months, the company believed it had a hit. In March 1983, mousse was offered to consumers in Britain. By the end of the year, almost 5 million cans of L'Oreal's Freestyle mousse in its slender aerosol can were sold in Britain and 1.5 million cans of Valence were sold to French salons.

In April 1983, mousse made its debut in America, when Cosmair test-marketed Valence in beauty salons. It was such a hit that in December of that year, it appeared in retail outlets, named Free Hold.

Today mousse is a hot seller. Total sales registered approximately \$150 million last year, and according to Allan Mottus, a cosmetics consultant, they are expected to rise by about 35 percent this year.

L'Oreal is the leading producer, but about 35 companies now sell some mousse-like product in this country that are used for purposes ranging from skin cleansing to tanning. There is an herbal-laced mousse hair conditioner from Klorane, even lightly scented mousse hair styling products from Jheri Redding that come in chocolate for brunettes, lemon for blondes and strawberry for redheads.

"We live in a push-button society and people want less mess and more convenience," says Mr. Mottus, citing liquid soap and pump dispensers for toothpaste as other examples. "Mousse has suddenly created an entirely new way of looking at packaging in the health and beauty aids business."

GRAPHIC: Graph of U.S. cosmetic, fragrance and toiletry sales (Mottus & Associates Ltd.); Photo of sampling of Cosmair products; Photo of Jean Levy (NYT/Jack Manning)