



## Solving Your Business Dilemma by Solving Other People's Dilemmas

**INSEAD's award-winning business case studies help executives make better decisions.**

"We will now break into groups. You have 30 minutes to tell the CEO of L'Oréal China how you plan to turn Yue Sai, their tired Chinese cosmetic brand, into a must-have for today's Chinese women." These are the instructions that I give to the MBAs and executives in my class when we discuss the latest case that I wrote. On their way to their cubicles, some of the students are already talking about how they plan to leverage Youku and Taobao to appeal to reach Chinese teenagers. Others, however, have that puzzled look of someone who has no idea about even where to start.

I understand them.

Why would anyone want to solve other people's dilemmas? In fact, what is the value of the case studies that we, at INSEAD, are so proud of? In pure case discussion style, let's consider these issues by telling you more about the L'Oréal in China case that I wrote with **Haiyang Yang** (INSEAD Phd student at the time) and which you can view at <http://cases.insead.edu/loreal-china>.

L'Oréal's strategy is "beauty for all," and so everyone applauded when they bought Yue Sai, China's number one luxury cosmetic brand at the time. They now had a Chinese brand to add to their portfolio of brands hailing from Europe (Lancôme, L'Oréal Paris, Armani), America (Maybelline, Kiehl's), or Japan (Shu Uemura).

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But L'Oréal was in for a surprise and some tough lessons. They first tried to turn Yue Sai into a Chinese version of L'Oréal Paris, with scientific claims and wide accessibility. When this didn't work, they tried a more luxury positioning and featured a Taiwanese movie star in their ads. When this also failed, they decided to appeal to today's emancipated Chinese women with the tagline "I hold the future in my hands". Nothing worked. Yue Sai managed to be one of the few brands in the fast-growing Chinese market to manage to lose both volume and money.

In the classroom, this is when I show the **video** of Alexis Perakis Valat, the 40-year-old CEO of L'Oréal China explaining that turning around Yue Sai "had become a matter of pride". I also show another video that we shot in Shanghai in which Stéphane Wilmet, the brand director, explains that Yue Sai was now perceived as "cosmetics for my mom". Enough said.

### Story time

What have we achieved by sharing this information so far? Of course, we have learned something about today's Chinese cosmetic consumers, but this is not what a case study is about. What we have is a series of important business dilemmas, perhaps even universal ones, such as how much to absorb or preserve acquired companies, whether to focus on

functional or lifestyle consumer benefits, selective versus wide distribution, managing a portfolio of brands and their relationship with their corporate parent (Yue Sai from L'Oréal anyone?).

You may ask why I don't simply start a discussion on these topics without the detour through China and L'Oréal. Great question! The answer is simple: we would miss the power of storytelling. It is easy, and often very boring, to list and discuss abstractly the often obvious pluses and minuses of, say, a purely functional value proposition. The case has given us a story. We have a plot (will they turnaround Yue Sai?); we have characters (a humbled multinational company, aspirational young executives easy to identify with). There is even a little suspense and the added spice of authenticity and personal identification (it could happen to me soon!).

The power of storytelling, combined with the challenge of solving a new and difficult problem in the safety of a classroom environment where everyone's opinion is respected is a powerful mix. If you come to my classroom, you will see seasoned executives with no apparent connection to the situation described in the case argue passionately one way or another and even plead with me to tell them what happened.

When I meet former students during alumni reunions, they don't bring up the frameworks or the research results that I shared with them. But they will mention specific details of the case that we studied and tell me how they faced a similar problem in their job in the banking industry or in their start-up. Recently for example, former student Ana Sandra Ruiz Entrecanales wrote to me about my **Unilever in Brazil** case study: "I'm now doing a lot of work on value propositions and positioning for a new product offering, so the training was very useful. I've also been revisiting some of your material for it."

### **Back to business**

Case studies allow us to describe not just what happened but also what did not happen and why. Of course, these insights can only be learned via a close collaboration of the companies involved in the case. By collaborating, these companies get an opportunity to share their expertise and passion—which of course cannot hurt in a tight market for talent, such as in China today. They also benefit by rethinking the decisions they made. As Stéphane Wilmet told us on a visit to campus to discuss the case: "It was a unique opportunity for me and my team to pause and to think back to what we did and why we did it, what worked, but also think forward to what all of this means and what we could do."

Most companies also value the opportunity to explain what happened in details. This motivation was shared by Benetton, the Swatch group, Virgin Atlantic, and the other companies featured in the six INSEAD cases **among the top ten most-read case studies** of the past 40 years. They all understood that the value of a case as a pedagogical material comes from our ability to tell the truth about what happened, to mention the failures as well as the successes.

Ironically, case studies which are many decades old are also proving to be sharp tools that can penetrate the digital realms, making them not just transportable, but also accessible to those looking to learn from them. INSEAD has innovated in this regard. With our new **cases portal**, it is now easier than ever for everyone (students, alumni, etc.) to purchase INSEAD cases. **Many of our recent cases** also have a dedicated website where students can access video interviews or sample television advertisements to get to grips with the dilemmas of the case and get a feel for the protagonists before arriving in class. These case websites also offer additional material for registered educators, including a detailed teaching note describing what happened and how to teach the case, classroom presentations, and, for some of them, even a video of the case author leading the discussion at INSEAD during a class.

### **The story ends...**

So how did L'Oréal solve its challenge in China? The company did something unprecedented, challenging the assumption that emotional benefits always trump functional ones and that all brands should strive to become lifestyle icons. To find out more, check out their Youku channel or their T-mall stores or come and take part in an INSEAD course in Fontainebleau or Singapore.

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