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Globalizing the Beauty Business before 1980

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This working paper examines the globalization of the beauty industry before 1980. This industry, which had emerged in its modern form in the United States during the late nineteenth century, grew quickly worldwide over the following century. Firms employed marketing and marketing strategies to diffuse products and brands internationally despite business, economic and cultural obstacles to globalization. The process was difficult and complex. The globalization of toiletries proceeded faster than cosmetics, skin and hair care. By 1980 there remained strong differences between consumer markets. Although American influence was strong, it was already evident that globalization had not resulted in the creation of a stereotyped American blond and blue-eyed beauty female ideal as the world standard, although it had significantly narrowed the range of variation in beauty and hygiene ideals.

Globalizing the Beauty Business before 1980¹

This working paper considers the globalization of the beauty industry between the end of World War II and 1980. Like many consumer products, this industry has made the transition since the late nineteenth century from one in which numerous small enterprises sold products for their immediate localities to one in which “global brands” sold by a small number of large corporations can be found worldwide. The beauty industry has a number of distinctive characteristics which make it of unusual interest, however, including that it appeared relatively late, that most of its products were marketed initially to women, that it became characterized by large advertising budgets, that it spanned the health/science and aesthetics/beauty arenas, that demand was shaped by deep-seated cultural and societal norms, and that its products affect – in an intimate fashion – how individuals perceive themselves and others. There is compelling research from a range of social sciences that there is a “beauty premium.” Physical attractiveness, which may be enhanced by the products of this industry, exercises a major impact on individual lifestyles, ranging from the ability to attract sexual partners to lifetime career opportunities and earnings.²

Historical studies of the beauty industry are confronted by definitional issues. Broadly the industry includes products applied to the human body to keep it clean and make it look attractive. It encompasses bath and shower products, such as toilet soap; deodorants; dental, hair and skin care products; color cosmetics (including facial and eye make-up, lip and nail products); fragrances; men’s grooming products, including shaving creams; and baby care products. In recent years, “beauty” has been treated as a single industry; there are listings of the largest firms and their market shares.³ Historically, there

were major differences between product categories, which appeared at different chronological periods, and differ widely in terms of production economics and distribution channels. A distinction was often made between “toiletries,” such as toothpaste and shampoo, and cosmetics and fragrances. At various times the industry was known as “toilet preparations” or “personal care.” In many countries toilet soap was placed in a different industrial classification.⁴ The industry’s porous borders overlap with such services as beauty salons and cosmetic surgery.

There is general agreement that a modern beauty industry emerged during the second half of the nineteenth century. Rising discretionary incomes, urbanization and changing values spurred fast growth, notably in the United States. Subsequently hygiene practices and beauty ideals became widely diffused. The timing, extent and social and cultural impact of this diffusion remains largely unexplored as the existing literature is primarily nationally-based. The best historical studies on the industry are on the United States.⁵

This paper moves beyond national-based studies to examine the globalization of beauty. As this paper will argue, although the process was underway in the nineteenth century, it accelerated after 1945 despite apparent deep-seated obstacles to globalization. As in all consumer products, there were wide cross-national differences in income levels, distribution systems and regulations, but there were also strong physiological and cultural influences on demand. While there is evidence that infants may share basic understandings of “attractive” faces, regardless of ethnicity,⁶ human beings have varied considerably in how they presented themselves through clothes, hair styles and physical appearance. This reflected skin tone and hair texture differences between ethnic groups, climatic and dietary variations which impacted how people smelt and presented themselves, and cultural and religious values.

This paper will consider the drivers of the globalization of beauty, the strategies employed to firms to overcome challenges to globalization, and the outcomes, including the extent to which globalization resulted in homogenization, or Americanization. As a result, it seeks to contribute to understanding the relationships between corporate strategies, consumption patterns and cultural and social norms in the globalization process. The following section briefly reviews the emergence of a modern beauty industry, and its rapid growth in the United States and elsewhere before the Second World War. Section III considers the drivers and obstacles to globalization. Sections IV and V will examine corporate strategies and their impact, and explore why globalization proceeded much faster in toiletries than hair care and, especially, color cosmetics.

II

The emergence of the modern beauty industry was driven by the new possibilities arising from the potential of mass production and mass marketing, and from the application of scientific research to industrial products. Rising incomes enabled growing numbers to engage in discretionary spending. Rapid urbanization heightened concerns about hygiene and the prevention of disease. Changing diets led to new health issues, including increasing tooth decay.⁷

Shifts in values were significant also. In Western societies, most people smelt badly until the middle of the nineteenth century, due to a widespread aversion to washing with water which became prevalent during the outbreaks of bubonic plague in the Middle Ages.⁸ However thereafter personal cleanliness assumed the status of an indicator of moral, social and racial superiority. Hygienic standards became a means to define social hierarchy and

difference, and an attribute of female domesticity. Regular personal washing became routine in middle-class households in the United States at this time.⁹

Following a revolution in soap-making technology in the early nineteenth century, numerous soap manufacturers were established. In the United States these firms included Colgate (1806), Procter & Gamble (P & G) (1837), B. J. Johnson (1898) – renamed Palmolive in 1917 – and, in Britain, Yardley (1770), Pears (1789) and Lever Brothers (1884). These companies initially made cakes of soap for washing clothes. There was a sharp distinction between laundry soap, a minor branch of the tallow trade, whose chief product was candles, and “toilet soap,” part of the perfumery industry centered on France.¹⁰ From the mid-nineteenth century laundry soap companies entered the toilet soap business. The soap industry grew rapidly as a result of the application of the new mass marketing and production methods.¹¹

There was considerable product and marketing innovation, especially in the United States. Colgate sold its first toothpaste in 1873, packaging its powders and pastes in a jar, and in 1896 invented the collapsible toothpaste tube. Shaving creams were developed in response to a rapid decline in the wearing of beards by men. Gillette, a metal fabricator, invented the safety razor in 1901, and sold shaving creams.¹² Cosmetics made a transition from a handicraft to a factory industry as the association between the use of cosmetics and immoral behavior broke down in the United States.¹³ Female entrepreneurs were prominent, typically working outside established wholesale and retailing systems, distributing products by mail order, through beauty salons, and door-to-door sales, and sometimes pioneering wholly new marketing techniques.¹⁴ The California Perfume Company (renamed Avon in 1939) developed direct selling on a large scale, creating markets in rural America.¹⁵ Mass production and mass marketing techniques created new markets. The pioneers included Chesebrough, initially a firm that sold kerosene, which

developed *Vaseline* petroleum jelly in 1878, and Pond's Extract Company, which introduced *Pond's Cold Cream and Vanishing Cream* in 1907.¹⁶

In Europe, product innovations frequently originated from pharmacists and chemists. Beiersdorf, which originated as a pharmacy which pioneered medical plasters, created *Nivea* cream, the first long-lasting moisturizer in 1911. In 1903 Hans Schwarzkopf, a chemist and drugstore owner, developed a powder shampoo. Previously hair had been washed using soap or with expensive oils. In France, L'Oréal originated with the invention by a young chemist of the first safe synthetic hair-color formula in 1907, which was sold to hairdressers.¹⁷ France was the home of Haute Couture in beauty as well as fashion. Its role as the global center for perfumery was enhanced during the nineteenth century by advances in chemistry which permitted the creation of new scents, and by marketing innovations, such as François Coty's selling of perfume in smaller bottles.¹⁸

During the interwar years that the beauty industry grew to a substantial scale in the United States. Retail sales of cosmetics and toiletries were still only \$45 million in 1915, and \$129 million in 1920.¹⁹ By comparison, retail sales of fish in that country at the end of World War I were \$25 million, and fresh vegetables and fruits were \$978 million.²⁰ In 1916 only one in five Americans used toilet preparations.²¹ By 1930 retail sales of cosmetics and toiletries in the United States had reached \$340 million, and \$840 million twenty years later.²² There was further product innovation. Baby powder, first developed by Johnson & Johnson during the 1890s, became a mass market item in the United States, while a range of specialist creams for babies were developed.²³ Existing products became more affordable and accessible. The first metal lipstick container appeared in 1915; the first screw-up lipstick was invented in 1921. American entrepreneurs developed mascara, shampoos, and home-purchased hair dyes. The 1920s saw the emergence of three major women's fashion magazines – *Vogue*, *the Queen*, and *Harper's Bazaar* – which

popularized styles and fashions, and in which beauty companies could advertise. With the advent of radio broadcasting there was a decisive turn of cosmetics towards national advertising and media-based marketing. Cosmetic products such as lipstick and nail polish – developed commercially by Revlon in the 1930s – gained social acceptance. At the outbreak of the Pacific War in 1941, the US government declared the production of lipstick a wartime necessity.²⁴ By 1948 perhaps 90% of American women used lipstick, and two-thirds used rouge.²⁵

Three distinctive types of firm were active participants in the industry. First, large consumer products companies sold toilet soap, dental products, men's shaving, and baby products, categories which could be exploited by mass marketing and mass production. P & G's small personal care business remained largely toilet soap. The firm launched the iconic *Camay* beauty bar in 1926. Colgate-Palmolive, created by merger in 1927, built a large toothpaste business. Unilever, created in 1930 by the merger of Lever Brothers and Margarine Union of the Netherlands, sold toilet soap, toothpaste, and perfumery as a small part of its overall business, which was primarily laundry soap and edible fats.²⁶

Secondly, pharmaceutical companies, especially for Over The Counter (OTC) markets, manufactured dental products, toothpaste and some cosmetics. In the United States, Lehn & Fink sold toothpaste and owned the *Dorothy Gray* brand of cosmetics. Vick Chemical, whose largest business was its famous vapor rub, acquired a man's toiletries and the Prince Matchabelli cosmetics businesses in 1941. Bristol-Myers sold its original pharmaceutical business during the interwar years, and devoted itself entirely to its specialties, including toothpaste – it launched the *Ipana* brand in 1916 – and toiletries, before becoming a large penicillin manufacturer during the 1940s. British-based Beecham, a long-established firm in patent medicine, diversified into OTC powders, pills and cough mixtures and health drinks, and acquired a British toothpaste company, Macleans, in 1938,

followed by the manufacturer of a man's hair preparation *Brylcream*, designed to keep combed hair in place, which was among the first mass-marketed men's hair care products.²⁷ In 1945 the Swiss pharmaceutical company Hoffman La Roche, which had a large vitamin business, entered the personal care industry when the synthesis of the vitamin pathenol led to the development of the hair lotion *Pantene*.²⁸

Finally, there were numerous specialty color cosmetics, skin and hair care firms, some of which sold toilet soap and dental products. This category was populated by numerous smaller, entrepreneurial firms, which typically began as specialists in single products, including make-up (Max Factor), mascara (Maybelline) or shampoos (Helene Curtis). There were an estimated 750 firms in the American cosmetics industry alone in 1954.²⁹ There were smaller numbers of firms in Europe, and occasionally elsewhere, including, Shiseido, founded as a Western-style pharmacy in Japan in 1872.

The emergence of a modern beauty industry coincided with the rapid globalization of the world economy during the second half of the nineteenth century.³⁰ Given the importance of values in the growth of this industry, it is not surprising that it assumed a quasi-ideological role. There was a rapid globalization of certain hygienic practices. The export of soap came to be regarded as an important contributor to the mission of "civilizing" colonized peoples.³¹ In colonial southern Africa, the alleged lack of hygienic habits by indigenous Africans formed an important component of colonial racist rhetoric.³² As Meiji Japan sought to modernize in the late nineteenth century, the government explicitly changed the hygienic and cosmetic practices, discouraging tooth blackening, as well as whitening of male faces.³³

Toilet soap led the globalization process. During the nineteenth century Pears built a large market for its soap in the United States.³⁴ By the 1930s a number of brands were widely sold. Colgate-Palmolive had factories in Canada, Latin America, Europe and

Australia, mainly making laundry soap, but also *Palmolive* toilet soap. This was the leading toilet soap on the British market, even though it was imported from Canada before local manufacture began in 1939. A number of toothpaste and shaving cream brands were also sold internationally. Johnson & Johnson and Gillette manufactured and sold in several countries, as did Unilever.³⁵

In skin and hair care, color cosmetics, and fragrances, a number of firms sold on a smaller scale to other developed markets. As Max Factor flourished providing make-up for Hollywood stars, the firm began to export during the early 1920s, and established a factory in Britain in 1935. Elizabeth Arden and Helena Rubenstein developed substantial sales in interwar Western Europe. The latter was able to retain a large business in Nazi Germany despite nationalistic and sometimes anti-cosmetic rhetoric.³⁶ American entrepreneurs scanned foreign countries for new ideas. The founder of Clairol acquired a new formula for hair coloring while visiting France in 1931.³⁷ Pond's developed a large international business. It opened its first foreign plant – in Canada – in 1927. Two decades later Pond's sold in 119 countries, and international revenues represented more than 40% of the total, and 65% of total profit. Chesebrough's *Vaseline's Hair Tonic* was also sold in numerous countries by the 1940s.³⁸

European companies often marketed abroad early in their corporate lives. French fragrances were sold in many countries during the nineteenth century. They dominated the interwar American market, both for prestige products and cheaper brands sold at drug stores.³⁹ By 1914 L'Oréal's products were already sold in the Netherlands, Austria and Italy, while two-fifths of Beiersdorf's products were sold outside Germany.⁴⁰ European companies opened factories in the United States to avoid tariffs. British-owned Yardley opened a New Jersey factory in 1928, while Coty, the French fragrance firm, formed a US-based company which within a few years acquired the related Coty companies in Europe.⁴¹

Gal, a Spanish perfume and soap company, developed a large export business to Latin America before the outbreak of the Spanish Civil War in 1936.⁴²

III

The United States emerged from World War II as by far the largest single beauty market. Table 1 provides the first published estimate of the size of the global market in that year and subsequent benchmark years. It excludes the Communist world. North America accounted for two-thirds of color cosmetics consumption in 1950, even higher than its share of total personal care market.⁴³ The overall importance of the American market was reflected in the dominant position of US firms in the world industry (see Appendix Table 1).

Table 1 World Beauty Market in 1950, 1959, 1966 and 1976 (\$ million and \$ 1976 million)¹

	1950	1959	1966	1976
North America	589	1,270	2,455	6,000(e)
USA	560	1,184	2,430	5,670
Europe	287	543	1,600	4,740
France	62	105	430	972
Germany	62	132	350	1,586
Great Britain	58	124	290	581
Italy	57	84	240	553
Scandinavia	14	21	58	
Australia and New Zealand	15	32	66	214
Asia (excluding Japan)	30	82		
India	16	37		74
Indonesia	6	10		90
Japan	24	112	285	1,957
South America	61	80		
Brazil	28	38		372
Argentina	18	24		
Africa	12	18		
South Africa	7	11		141
Nigeria		8		49
“World”(\$nominal)	1,026	2,173	5,200	15,000(e)
“ World”(constant \$1976)	2,422	4,248	9,131	15,000(e)

¹Data is for manufacturers’ shipments, not retail sales, and exclude toilet soap. Communist countries are not included. Pounds and Yen converted to US dollars at current exchange rate.

Sources: The main sources for 1950 and 1959 are Preparations and Perfumery Survey, 1950-51, June 1951, Report 3508; and World Toilet Preparations Survey 1959-1960, Report 3110, UAR. Unilever estimates exclude Japan, and Communist countries. The Japanese data is derived from Japanese Cosmetics Industry Association, *Japanese Cosmetics Industry – 120 Years of History* (Tokyo, 1995). For 1966, *Euromonitor* (1967), Table 101, p. 105; the US figure is from *Industrial Outlook*. For 1976, the US data is derived from *Industrial Outlook*, the Japanese data from *Japanese Cosmetics Industries*, and the remainder from Toilet Preparations Coordination Forward Plan 1977-1981, UAL, and OSC Product Strategy, 1974-1979 Discussion Paper (May 1976), ES76064, UAR

The pre-eminence of the United States in 1950 was exaggerated by the depressed disposable incomes in postwar Europe, Japan and elsewhere, yet there was little doubt that the American market was uniquely important because of its size, level of discretionary incomes, and value systems, which had turned beauty products into a “necessity” rather than a “luxury.”

The American market was also perceived as homogeneous. The “ethnic” cosmetics market, which overwhelmingly sold products specially formulated and marketed to African-Americans, was 2.3 per cent of the total US market in 1977.⁴⁴ The dominant discourse of ideal female beauty in interwar and postwar America was Caucasian. Non-whites were prohibited from participation in Miss America beauty contests for three decades after their inception in 1921. There were a handful of ethnically diverse contestants in the late 1940s, and the first and (so far) only Jewish winner was in 1945. However, it was only in the late 1960s that African Americans could enter the national contest and the first to win was in 1984. Since 1921, over one-third of contestants have been blond.⁴⁵ *Barbie* toy dolls, created in the late 1950s, were blue-eyed and (predominately) blond until 1980, although the early prototypes, designed in Japan, had distinctly East Asian eyes.⁴⁶ These beauty ideals were well-represented in Hollywood movies, such as the Marilyn Monroe classic *Gentlemen Prefer Blondes* (1953), which became powerful drivers of fashion standards. The burgeoning cosmetics industry and from the interwar years cosmetics companies used Hollywood starlets to advertise their products.⁴⁷

The large American market stimulated continual marketing and product innovation. Cosmetic companies expanded demand by television advertising and sponsored game shows.⁴⁸ However, the market remained heavily skewed towards women, despite quite strong attempts to expand the male market. A survey on male products in 1962 concluded with “the blunt fact that the market has been nearly static for 50 years.”⁴⁹ Although

branding and marketing was the basis of competitive success in the industry, product and process innovation was important in expanding demand. This ranged from the basic research which enabled advances in therapeutic toothpaste, anti-dandruff shampoos and hair coloring, to constant experimentation in product formulations in creams and cosmetics and testing of their effects on animals. Postwar product innovations included aerosols for hair and fragrance products.⁵⁰

The size of the American market made evident its potential elsewhere. In 1950 Unilever asked senior executives to investigate the global prospects of the industry. The subsequent investigation, which included a pioneering effort to quantify its size, identified “a direct relationship between the standard of living and the usage of toilet preparations.” The potential for global growth appeared even greater because the technology appeared basic, fixed capital requirements were limited, and the industry was highly fragmented. The industry was, the executives concluded, a “Unilever business.”⁵¹

The following decades demonstrated the correlation between market growth and increases in discretionary incomes. As incomes rose, consumers moved along a spectrum of product categories spanning toilet soap, toothpaste, shampoo, mass cosmetics and ultimately prestige cosmetics. In developing countries, Western products either created a new market, as when shampoos replaced soap for hair washing, or substituted for traditional, often handicraft, cosmetics. Like many branded consumer products from automobiles to clothes, there was a strong aspirational driver behind this market growth. However although cosmetics were famously described as providing “hope in a jar,” experimental research suggests that they can enhance attractiveness.⁵² Given the size of the “beauty premium,” there was a strong rationality behind their purchase. An industry estimate in the mid-1960s was that – worldwide – consumer purchases of personal care items tended to increase about 112% for every 100% increase in income.⁵³ Table 2, which

compares the growth rates of the US and Japanese personal care markets and per capita income between 1950 and 1976, shows that to have been a conservative estimate.

Table 2 Compound Annual Growth Rates of the US and Japanese Personal Care Markets and GDP Per Capita 1950-1976

	U.S		Japan	
	<i>Personal Care</i>	<i>GDP Per Capita</i>	<i>Personal Care</i>	<i>GDP Per Capita</i>
<i>Current</i>	9.3	5.8	17.5	13.4
<i>Constant</i>	5.8	2.4	10.7	6.9

Sources: Japanese Cosmetics Industry Association, *Japanese Cosmetics Industry – 120 Years of History* (Tokyo, 1995); *Industrial Outlook*. Constant growth rate based 1976\$ and 1976 Yen.

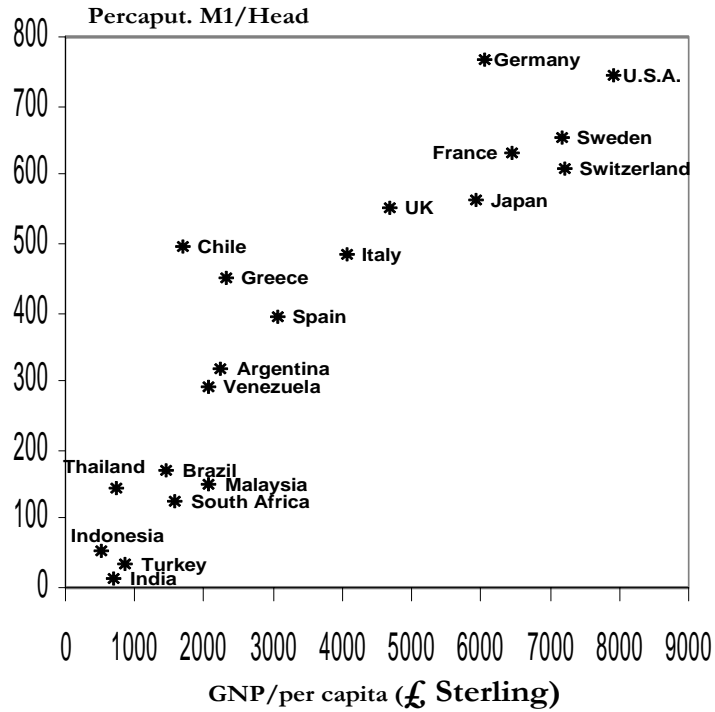
The international growth prospects of the industry were enhanced by globalization of American cinema. During the interwar years the rise of Hollywood to dominate the emergent world cinema industry intensified the diffusion of American hygiene and beauty ideals both to other Western countries, and to developing countries with much lower income levels and different cultural traditions. For example, there was a strong impact of Hollywood movies, and their media coverage, on Iranian fashion and cosmetics culture during the 1930s and 1940s.⁵⁴ The war years intensified this impact through explicit linking of cosmetics sales with American lifestyle and democratic ideals, and interaction between American servicemen abroad and local women.⁵⁵ The postwar growth in international travel further diffused brands and products.⁵⁶

There were further drivers of global growth. There were economies of scale with mass market products such as toilet soap and toothpaste. In prestige products, there was the lure of high margins. The margins obtainable from selling cosmetics were reported to be around 20% in the American industry during the 1960s and 1970s.⁵⁷ Beauty brands, with their emotional and aspirational characteristics, seemed less vulnerable to commodification.

As new markets opened up, firms had strong incentives to capture first mover advantages for their brands.

Yet there were at least three major obstacles faced by firms as they sought to build global beauty businesses. The first related to markets. The problem was not merely that most of the world after the Second World War lacked the level of disposable income to purchase most of these products, but also that consumer preferences varied widely across the full spectrum of beauty products even at similar income levels. For example, while the per capita consumption of toothpaste was broadly similar in the United States, Switzerland and Venezuela during the 1970s, it was nearly double that seen in France, Italy and Brazil.⁵⁸ Fig 1, derived from Unilever data, illustrates the same phenomenon in shampoo usage. While the ability to construct such comparative data demonstrated the informational advantage held by firms with multi-country operations, it also demonstrates the complexity in predicting changes in consumer expenditure.

Fig. 1 Consumption of Shampoo Relative to GDP per capita, c1982



Source: UAR, ES 83111 Economics Department, Shampoo Overseas (March 1983).

In skin care and cosmetics there were also wide differences in consumer preferences. Japanese women hardly used fragrances, but had a strong preference for clear skin. During the 1960s 60% of total personal care consumption in Japan was spent on skin preparations. A preference for pale skin also made skin whiteners a major product. In 1980 the Japanese market for face creams was double the size of that of the United States. American women, in contrast, were highly “made-up.” By the early 1960s an estimated 86% of American girls aged 14 to 17 already used lipstick, 36% used mascara, and 28% used face powder.⁵⁹

The beauty markets of neighboring European countries differed widely. Table 3 shows the major variations in propensity to use skin creams, lipsticks and deodorants in the early 1960s.

Table 3: Female Use of Skin Preparations in Europe, 1963 (%)

	Hand and Face Cream	Lipsticks	Deodorants
France	54	58	25
Germany	75	38	29
Belgium	32	51	14
Italy	20	25	12
Britain	60	73	48

Source: UAR, TR 67002, E and S, Markets for Skin Preparations, An Interim Report. 12 December 1967.

Although consistent time series data is elusive, the differences seemed as strong two decades later. In the early 1980s Germans remained high spenders on skin creams. The French remained low users of deodorants (and soap) compared to the British and Germans, but far greater consumers of fragrances. Over a quarter of the entire French beauty market was fragrances compared to 8 per cent in Germany, while French per capita consumption was twice that of Britain and Germany.⁶⁰ Consumer purchasing behavior in the same category also varied widely between countries. French female fragrance consumers had a strong preference for prestige products and were loyal to one or two scents. In the United States, there was a far higher consumption of mass market fragrance brands, and typically consumers used more fragrances.⁶¹

There were multiple factors driving cross-national differences in consumption patterns. These included persistent variations in grooming habits. In the 1970s two-thirds of

French, German and Swedish women showered, but 90% of British women preferred to wash in the bath tub. Americans also overwhelmingly preferred showers.⁶² There continued to be wide variations in social attitudes towards cosmetic use. “In Germany,” a report conducted by Unilever in 1963 observed, “the puritanic view of a strong connection between beauty care and condemnable sex enhancing methods is still widespread and hampers the growth of the color range products.”⁶³

A second set of obstacles to globalization related to access to distribution channels and marketing. The advertising strategies used to grow the US beauty market were not readily transferable. There were many restrictions on media advertising outside America. The United States had six commercial television stations by 1945, and a decade later over 400, but commercial television was only launched in Japan in 1953 and Britain in 1955, and was even later elsewhere in Europe and other countries. There were often restrictions on product advertising, and few countries permitted sponsored game shows.⁶⁴

Finally, there were obstacles to globalization arising from differences both in human physiology and governmental regulations. Products and brands needed some reformulation because of differences in skin tone, hair texture, diet and climate. Moreover as the products of the industry could affect health, there was quite extensive regulation of permitted formulations and preservatives, claim substantiations and ingredient labeling. These varied widely between the United States, Europe and Japan.⁶⁵

IV

The task of globalizing beauty products after 1945 appeared to provide fewer challenges for the large consumer products companies which had established international businesses in laundry soap and other consumer products. They had the resources and

sometimes the local geographical knowledge to grow businesses in personal care. They had the large advertising budgets and marketing skills needed to create attractive international brands. There were also economies of scale in the manufacture of such products, enabling the creation of entry barriers. As most developing countries had high tariff barriers during the postwar decades, multinational firms which created factories behind them could capture strong market positions with limited competition.

The consumer products companies undertook a rapid globalization of toilet soap, toothpaste and shaving creams. They both exported and built foreign factories. By the 1970s Unilever, Gillette, and Colgate-Palmolive manufactured in numerous developed and developing markets. The latter firm had over 30 factories outside the United States spread over Europe, Latin America, Africa and Asia, by the early 1970s.⁶⁶ Global brands were developed in these product categories, although firms typically struggled to achieve uniformity in composition or packaging in different countries. *Palmolive* was sold in numerous countries. Unilever's *Lux* toilet soap, created in the 1920s, was sold on five continents by 1960.⁶⁷ As firms considered entering in developing countries, firms such as the US advertising agency J. Walter Thompson were employed to collect basic information about market size and consumer preferences.⁶⁸ There was also product and marketing adaptation to the conditions in those countries. In Thailand, where Unilever held nearly 50 per cent of the total toilet soap market with *Lux* in the early 1980s, the local company formulated its toilet soap with no tallow, using locally produced palm oil. In India, Unilever both used local ingredients and introduced special low cost brands during the 1970s in response to government requests.⁶⁹

The market for toothpaste grew rapidly after 1945, including in developing countries where its use had been minimal previously. As in toilet soap, a global oligopoly emerged. Toothpaste replaced toilet soap as the driver of Colgate-Palmolive's international

growth. Unilever also pursued a global strategy with *Pepsodent*, an American brand which it had acquired in 1944. By 1959, as Table 4 shows, a small group of firms held significant shares of many national markets, even though powerful local incumbents were present in some of them, such as Germany, where Blendax held one-third of the dental market.

Table 4: Market Shares in Selected Dental Markets, c1959 (%)

Country	Total Market Size (\$ million)	Colgate-Palmolive	Unilever	P&G	Bristol-Myers	Beecham
United States	167	30	19	20	n.a.	n.a.
UK/Ireland	23	27	32	9	n.a.	19
Germany	19	16	14	n.a.	n.a.	n.a.
France	8	40	31	n.a.	n.a.	n.a.
Denmark	2	42	13	n.a.	n.a.	20
Brazil	9	21	9	n.a.	n.a.	n.a.
Thailand	2	82	n.a.	n.a.	9	n.a.
India	11	17	2	n.a.	n.a.	n.a.
Philippines	4	96	n.a.	4	n.a.	n.a.
Australia	6	56	12	n.a.	17	n.a.
South Africa	3	51	18	n.a.	11	n.a.

Source: UAR, Report 3110, World Toilet Preparations Survey 1959-1960.

By the 1970s Colgate-Palmolive sold around one-third of world toothpaste outside Japan and the Communist countries, while Unilever and P & G a further one-fifth each. This was a product category in which first-mover advantages, including in brand reputations, were strong, although not invincible. Colgate-Palmolive's dominance in the United States was overwhelmed by P & G's blockbuster *Crest*, launched in 1955, which eventually took and held two-fifths of the market. Beecham also briefly captured 8% of the American market during the 1960s, initially by encouraging sampling of *Macleans* toothpaste by giving a tube away free with the well-established *Brylcream* hair dressing product.⁷⁰

Both men's shaving products and the new category of deodorants were rapidly globalized during the postwar decades. In 1950 Gillette held over a quarter of the total world market for the former product. This firm expanded rapidly in postwar Latin America and was strongly represented in Europe, where it competed with Unilever and Colgate-Palmolive. During the 1970s Gillette held around a one-fifth of the French, German and British shaving markets.⁷¹ Bristol-Myers, Gillette and Unilever globalized deodorants as a replacement for soap and colognes. Bristol-Myer's *Mum*, an underarm deodorant based on the same principle as the newly invented "ball point" pen, was rapidly internationalized after its launch in 1952. Gillette's *Right Guard* aerosol deodorant, launched in 1960, and Unilever's underarm deodorant brand *Rexona* competed in dozens of markets. By 1979 *Rexona* held 7% of the "world" deodorant market outside Japan and the Communist countries.⁷²

The surprising omission from the above list, which emphasized the limits to globalization, was P and G. During the 1950s this firm, which was twice the size of Colgate-Palmolive, remained heavily focused both on the North American market, and laundry soap and synthetic detergents, where it had secured a world-wide technological lead. There were limited international sales of shampoo in Canada and other developed countries, and of *Camay* in Latin America and the Philippines, but this never developed as global brand. From the 1950s P & G expanded its international business, previously focused on Canada and Britain, into Continental Europe, and to a limited extent elsewhere. However international expansion was driven by detergents and, from the 1960s, *Pampers* diapers, which were both highly capital-intensive businesses. While *Pampers* was sold in more than 70 countries by 1980, *Crest* toothpaste and *Head and Shoulders*, the anti-dandruff shampoo launched in 1961 which captured one-quarter of the American market, were sold in half a dozen countries outside the United States.⁷³

The globalization of hair and skin care, and color cosmetics, proved challenging. In these categories, competitive advantage rested less on scale economies and more in brand image. Hair care proved a volatile business. As the product was quite inexpensive to manufacture, there were low entry barriers permitting many new entrants. Consumers were prone to experiment with different brands. The market shifted frequently with changing fashions, and it was subject to technology shifts, such as the use of blow dryers during the 1970s.⁷⁴

Outside the United States, shampoo consumption was not widespread after World War II, and initially almost entirely confined to women. Helene Curtis, a strong US innovator, took the lead in the postwar globalization of hair products. By the 1970s Helene Curtis brands could be bought in over 100 countries. However the firm's use of agency agreements to gain rapid access to markets seems to have limited its growth potential. By that decade three-quarters of its revenues were earned in the United States,⁷⁵ and the large consumer products companies and L'Oréal had become the largest international firms in the category (Table 5).

Table 5: Share of World Shampoo Markets in 1973 by Leading Firms

	Colgate- Palmolive	Unilever	P & G	Beecham	L'Oréal
Europe	7	12	2	9	15
North America	4	-	21	-	-
Latin America	9	33	2	2	11
Africa	13	15	-	7	-
Asia (exc.Japan)	17	40	-	1	1
“World”	6	8	12	4	6

Source: UAR, ES 75 235, Unilever Economics Department: Colgate Palmolive. A Competitor Study (1975). The “World” excludes Communist countries and Japan.

The global shampoo market was much less oligopolistic than toothpaste, yet Colgate-Palmolive, Unilever and Beecham sold widely. L'Oréal manufactured and sold hair care products throughout Europe and parts of Latin America – it held a 16 per cent share of the Argentinean market in 1973. In the 1970s L'Oréal held over a half of the French hair care market, but only 10 per cent of the German, where local firms Wella, Schwarzkopf, and Henkel held over one half of the retail hair market. Wella was one of the world's largest global hair care firms, with sales throughout the world. In major Continental markets, the shampoo market was distorted by regulation on distribution channels, designed to protect pharmacies. In France only pharmacies could sell treatment or medicated shampoos – around one quarter of the market.⁷⁶ Unilever's *Sunsilk*, launched in Britain in 1954 and manufactured in 27 countries by the early 1970s, was the closest to a global hair care brand. The market positioning varied with income levels. In urban Brazil, Argentina and South Africa, where liquid shampoo use spread after 1945, it was sold using a “natural beauty” image, as in Europe. However, in lower income markets, where shampoos remained unusual even in the 1970s, it was targeted at the rich elites who had begun to use hairdressers, and socially aspirant women who had enough disposable income

to use a specialist hair product occasionally.⁷⁷ Neither Unilever nor other firms reformulated for hair types in this period. One consequence was that Chesebrough's *Vaseline* found an unexpected large market in postwar Africa for hair dressing and conditioning, as shampoos formulated for Caucasian hair worked poorly with African hair.⁷⁸

The American hair care market, with strong local incumbents and a complicated distribution system, had almost no foreign brands. During the 1970s Unilever tried but failed to sell shampoo in the United States. Neither Wella nor L'Oréal was able to build significant businesses. In 1953 the latter formed licensee Cosmair Inc. to distribute hair products to beauty salons, which were very important for hair care sales in that country, but could made limited progress in a situation where local middlemen rather than national distributors delivered to beauty shops. The French company had few relationships with such middlemen, while hair salons and their clientele were unfamiliar with the L'Oréal brand.⁷⁹

As skin care and cosmetics firms crossed borders, they also built factories and created distribution companies. In the early 1960s L'Oréal had sales in 60 countries, and manufactured in about 30, although two-thirds of its revenues remained generated in France.⁸⁰ Beiersdorf, like Wella, built an extensive global business. By 1975 the German firm had 18 foreign subsidiaries as well as 22 licensing agreements to produce its products in local markets, and by the end of that decade 74% of *Nivea* sales were made outside Germany.⁸¹ A number of American firms were very international. By the mid-1950s, Pond's was manufacturing used two plants in the US and four abroad to sell in nearly 120 countries.⁸² By 1958 Max Factor manufactured in 13 countries and sold in 106; by 1971 it sold in 143 countries, and international sales were 54 % of the firms' total.⁸³ In 1954 Avon, whose only international operation had been in Canada, opened in Puerto Rico and

Venezuela, followed soon afterwards by Cuba, Mexico and Brazil. By the early 1970s it manufactured in 16 countries. By the 1960s Helena Rubenstein sold color cosmetics in over 70 countries - with seven plants in Latin America, five in Europe, plus Australia, Canada, Israel, Japan, New Zealand and South Africa. Revlon opened a Mexican factory in 1948, entered Germany with a licensing agreement with Henkel, the leading German laundry soap company, and by 1971 the firm manufactured in twelve countries and sold its products in 84.⁸⁴

Yet many US cosmetics companies were far less active internationally. Before 1956 Noxzema's international sales of skin cream were confined to Canada and limited exports, directed by a single manager in Baltimore. Despite the great domestic success of the *Cover Girl* make-up launched in 1961, there was only cautious international growth. A sales branch was opened in Britain in 1964, which began to manufacture in 1978. Elsewhere markets were supplied by exports or licensing agreements.⁸⁵

The cosmetics and skin care companies faced multiple challenges as they globalized. In developed markets there was usually a high degree of fragmentation and competition. It was expensive to build and sustain brands; on average, cosmetics companies spent 12 per cent of their sales on advertising. As demand was highly influenced by seasonal and fashion trends, with colours failing in and out of favour, which meant that products, advertising and promotional campaigns in each country needed to be constantly reviewed. In developing markets especially it was necessary to invest in explaining to consumers how to use and apply them. As Avon expanded its direct sales business internationally, it devoted considerable resources to educating consumers in the use of their products, especially in developing countries. After entering Mexico in the 1958, it faced a major educative role. As an Avon executive recalled five years later, "many women do not know how to use or even buy various cosmetics. In some cases they have seen them

advertised or heard of them, but would not buy or use them for fear of showing their lack of knowledge.”⁸⁶ Max Factor similarly invested in organizing demonstrations in stores and pharmacies as it spread abroad.⁸⁷

Cosmetics brands typically drew strongly on the beauty ideals of their country of origin. Postwar US firms were strongly inclined to regard American beauty ideals as universal. The global popularity of Hollywood and the prestige of the United States gave American brands powerful resonances of success and fashion. In Mexico, US cosmetics companies used endorsements by white American celebrities to sell products, although from the early 1940s they sometimes featured local celebrities and occasionally appealed to Mexican beauty ideals.⁸⁸ Pond’s was especially reluctant to admit local images into its international marketing and was strongly committed to advertising cosmetics as universal products that appealed to international rather than local aspirations. Pond’s and its agency J. Walter Thompson strove to maintain the core marketing strategy – such as endorsements by high society women – despite local pressures for alternative approaches in postwar Europe and elsewhere.⁸⁹ Pond’s launched *Angel Face*, a face powder in 1946, began selling it in Latin America three years later, and by 1961 it was sold in 30 countries, using almost identical advertising and brand image. “We like Chesebrough-Pond’s to have a uniform image,” an executive observed in 1961, “to look the same everywhere.”⁹⁰

However there were significant differences between firms as to the degree of local adaptation needed in marketing and other matters. By 1949 Max Factor was using the young Mexican-born Hollywood actor Ricardo Montalban to promote sales of men’s products in Spanish-speaking countries.⁹¹ In postwar Mexico, *Palmolive* was marketed with a distinct Mexican identity.⁹² Local regulatory requirements and market differences encouraged some firms to engage in substantive local adaptive research. By the early 1980s L’Oréal and Chanel had major laboratories in two countries, Max Factor in four, and

Chesebrough-Pond's in eight, but Avon, Revlon, Estée Lauder and Shiseido relied on central laboratories in their home countries.⁹³ By the 1970s it would seem that cosmetic firms were more inclined to use local models and make other local adaptations than three decades previously, but practice differed widely between firms, markets, as well as price ranges. Typically firms sought consistent brand images and formulations for prestige brands, whose consumers were often internationally mobile.

American brands probably carried the most compelling country of origin appeal. While France had a powerful image of style and elegance, L'Oréal found that the prestige of French perfume in the United States did not translate into its hair coloring products during the postwar decades.⁹⁴ Yardley was able to build a modest international business with an English image for its flower-scented soaps and traditional perfumes, but it opened a Paris office in the 1920s, and sometimes put "London and Paris" on labels.⁹⁵ Shiseido benefited from a growing Japanese image for quality in Asian markets, but in the West only earned a transient advantage from being "exotic." During the 1960s the firm began selling in the United States, but after a rapid expansion built on novelty, this business went into serious decline.⁹⁶ One option for foreign firms was to borrow American imagery. Unilever's *Lux* toilet soap was traditionally promoted by famous Hollywood film stars.

When cosmetics companies entered new markets, they were faced in some categories by strong loyalties to pre-existing brands, and in others by a fashion-driven demand where brand franchises were vulnerable. Typically consumers of foundation were loyal to existing brands, as the product was expensive and needed to be a good match with skin tone. In contrast, eye and lip cosmetics, which were "fun" products, were fashion-driven and required constant innovation in positioning, packaging and formulation.

In skin care, the importance of long-established brands such as *Nivea* and *Pond's* did not prevent new entrants. In 1969 Henkel introduced a new skin cream which almost

immediately captured 7% of the Germany market, causing a temporary crisis (followed by a corporate and marketing strategy restructuring) for Beiersdorf's *Nivea* brand.⁹⁷ While the Henkel brand was eventually withdrawn, a more sustained new entry was *Oil of Olay*. In 1970 Richardson-Merrell (formerly Vick Chemical), purchased Adams Company, an entrepreneurial South African company which had developed the brand in the early 1950s, and launched it seven other countries by the end of the 1960s. The new owners rapidly grew the brand in the United States, positioning it in the medium-price mass market, and manufacturing in Puerto Rico to secure tax breaks. During the 1970s global *Olay* sales rose from \$7 million to \$117 million and US sales from \$3 million to \$60 million, representing one-third of the US skin care market. The brand was also launched and grew rapidly in Southeast Asia, Mexico and Brazil.⁹⁸

Firms faced major challenges accessing distribution channels. As Avon expanded abroad, it encountered the problem that the distinctive American practice of door-to-door selling was neither known nor welcomed in many countries. In Britain, Avon initially struggled because, as an executive noted in 1963, "there was a feeling that Direct Selling was akin to "hawking" or being a "fish monger" and done only by the very low classes."⁹⁹ Both prestige and mass cosmetic brands struggled to persuade distribution channels to provide space on their shelves or floors. In prestige, this meant persuading exclusive department stores to provide floor space in a good location, which usually meant displacing incumbents. Estée Lauder, who in the late 1940s had fought hard to get the products of her new business into prestigious American department stores, had to repeat the effort in foreign countries.¹⁰⁰ In the United States, it was only during the early 1980s and after years of effort that L'Oréal was able to convince Macy's to give the expensive *Lancôme* brand the same amount of space as *Estée Lauder*, a move which in a single year boosted the US sales of *Lancôme* by 25%.¹⁰¹

As a result of these difficulties, the level of globalization in cosmetics and fragrances remained muted. In a famous 1983 article, the Harvard Business School marketing guru Theodore Levitt identified Revlon as one of the symbols of the globalization of the cosmetics (and other) markets.¹⁰² Yet during the 1970s Revlon diversified domestically into health care and other unrelated products and remained heavily dependent on domestic sales of cosmetics. This was true of most other US cosmetics companies, except Avon, as well as L'Oréal and Shiseido (see Appendix Table 2).

In terms of market share, foreign firms had limited presence in the United States, Japan or France. During the 1960s in the United States, Revlon and Avon held alone 50% of the lipstick market between them; Revlon, Avon, Chesebrough-Pond's, and Helena Rubinstein dominated the face cream market. Maybelline accounted for one-third of the eye cosmetics market.¹⁰³ As Revlon, Max Factor, Coty, and Estée Lauder, diversified into perfume, they eroded the French pre-eminence in that market, even taking large shares of the prestige sector during the 1960s.¹⁰⁴ In Japan Shiseido, Kanebo and Pola held more than 50% of the cosmetics market in 1978. Avon and Revlon, the largest foreign companies, held a mere 1 to 2%.¹⁰⁵ In France, L'Oréal brands were pre-eminent in all cosmetic categories. Avon, the largest foreign firm, held 5 per cent of the French cosmetics and toiletries sector.¹⁰⁶

It was in countries lacking powerful incumbents that foreign firms established a stronger position. In Britain, US firms were pre-eminent in color cosmetics. Max Factor and Avon together held nearly two fifths of the make up market in the early 1980s. Revlon and Estée Lauder held smaller shares. In Italy, L'Oréal, Revlon, Elizabeth Arden and Avon dominated the make-up market. In Germany, while local skin care brands led by *Nivea* dominated the sector, Avon and Revlon held around two-fifths of the eye, lip and nail cosmetic markets.¹⁰⁷

In most developing countries, average income levels restricted cosmetics sales to urban elites, who however were willing consumers of aspirational brands. By 1960 Avon held strong market positions in many Latin American countries, including Venezuela where it held 50 per cent of the cosmetics market.¹⁰⁸ By 1972 Revlon and Shiseido held 50 per cent of the Thai cosmetics market, while Elizabeth Arden was affiliated with a local manufacturer which operated retail stores. Avon began operations in Thailand six years later.¹⁰⁹ In Africa, affluent white South Africans were the most significant market for global cosmetics firms, but there was some international presence elsewhere. In West Africa, Unilever from the interwar years sold “traditional” cosmetic products including pomades and oil-based perfumes, and in 1961 a factory was opened in Nigeria to make such products. By then Unilever, along with Max Factor and Pond’s, was experimenting with color cosmetics, including specially formulated make-up for the West African market.¹¹⁰

By 1980, therefore, the beauty industry was more globalized than in 1945, but the extent of globalization remained patchy. As incomes had risen in Europe, Japan and developing countries, there had been a considerable diffusion of products such as toilet soap, toothpaste, shampoos, and deodorants, and a rather weaker globalization in cosmetics. However consumer preferences remained far from homogenized. The marketing of beauty brands using aspirational images, including Hollywood stars and “blond and blue-eyed” models can be seen as contributing to the diffusion of Western, or American, beauty ideals at the expense of local discourses. Yet the meaning of this diffusion is complex. American beauty culture was aspirational for many women, especially in developing countries. It has been argued persuasively that both the ideal and business methods such as direct selling carried powerful images of modernity and opportunity for women in regions and countries as diverse as Brazil and Thailand.¹¹¹ Moreover, a region

such as Latin America had its own discourses about skin color which were unrelated to the globalization of cosmetics using Caucasian models.¹¹²

If international beauty pageants are used as a proxy, then - not surprisingly - a stereotyped blonde and blue-eyed American beauty ideal did not sweep the postwar world. Americans won one of the (UK-based) Miss World contests between 1951 and 1979 and four of the (US-based) Miss Universe contests between 1952 and 1979. However, a strong Caucasian bias was evident. Blonde Scandinavians were the first winners of both contests. There were 20 Caucasians and 6 pale-skinned Latin American among the Miss World's. Apart from a pale-skinned Miss Egypt in 1954, Miss India in 1966 was the first "darker skinned" winner and Miss Grenada (1970) the first of visible African descent. The Miss Universe's included 14 Caucasians and 7 pale skinned Latin Americans. There was a Japanese winner in 1959, a Thai in 1965, and a Trinidadian of African descent in 1977. A "Miss Universe standard of beauty" involving face, figure, proportions and posture was diffused into national beauty contests, as has been shown in the case of Thailand.¹¹³ The sponsorship of US cosmetics companies co-opted women of every nationality into their international marketing. Max Factor sponsored Miss Peru, the winner of the 1957 Miss Universe contest, on a tour of Latin America, in what the company called a "sensationally successful publicity promotion." The same pattern was followed subsequently, with the company sponsoring Miss Japan to tour Japan on its behalf two years later.¹¹⁴

The trends in male beauty ideals had a less direct impact on the beauty industry, although this was not always the case. During the late nineteenth century the sharp fall in the wearing of beards by men, a trend in which British and American men were initially prominent, represented the globalization of a "clean shaven" look which formed a component of emerging concepts of "masculinity," and drove the rapid growth of US shaving cream manufacturers such as J. B. Williams and Burma-Vita.¹¹⁵ However it was

body shape which became most important for male beauty ideals. During the nineteenth century “the muscular man of height and physical prowess” grew as the American male ideal.¹¹⁶ When the Mr. America (launched 1940) and Mr. Universe (launched 1948) contests started they were, and remained, bodybuilding contests in which muscles and body shape were judged. There was much evidence that male height brought both career and (together with body shape) sexual success, even though on average women place less emphasis on the physical attractiveness of their partners than men do. This emphasis on height, body shape and size did not generate substantial market opportunities for the beauty industry. In contrast, cosmetics could make a plausible case that they could enhance the feminine and youthful features, such as large eyes, high cheek bones and plump lips, which appeared to attract men to females.¹¹⁷ This may have begun to change, at least in the United States, during the 1970s, in part with rising divorce rates, but even then it was hair restoration services and health clubs which experienced growing demand.¹¹⁸

V

The challenges of globalizing cosmetics provided an incentive to consolidate this cosmetics industry. As the original founders of entrepreneurial firms retired or died, a trend which intensified during the 1960s, firms became available for acquisition. The result was a strong concentration process (see Table 7). This might have been expected to have facilitated globalization, but much of the process turned out to be unsustainable

Table 7: Mergers and Acquisitions of Cosmetics Firms 1947-1980

Date	Acquirer	Acquired¹	Divested
<i>Cosmetics</i>			
1955	Chesebrough	Pond's	1986 acq. ²
1958	Chesebrough-Pond's	Prince Matchabelli	1986 acq. ²
1960	Chesebrough-Pond's	Cutex	1986 acq. ²
1960	Helene Curtis	Studio Girl	1996 acq. ³
1961-64	L'Oréal	Various (France)	
<i>Consumer Products</i>			
1947	Unilever	Harriet Hubbard Ayer	1954
1949	Gillette	Toni Company	2005 acq. ⁴
1973	Gillette	Jafra Cosmetics	1998
1974	Colgate-Palmolive	Helena Rubenstein	1980
<i>Pharmaceutical</i>			
1959	Bristol-Myers	Clairol	2000
1963	Pfizer	Coty	1992
1963	American Cyanamid	Breck	1990
1966	Sterling Drug	Lehn & Fink	1988 acq. ⁵
1967	Plough	Maybelline	1989
1967	Beecham	Lancaster (Monaco)	1990
1970	American Cyanamid	Shulton	1990
1970	Eli Lilly	Elizabeth Arden	1987
1970	Richardson-Merrill	Adams (South Africa)	1985 acq. ⁶
1971	Squibb	Charles of the Ritz	1986
1971	Smith & Nephew	Gala (UK)	1980
1978	Schering-Plough	Rimmel (UK)	1989
1979	Beecham	Jovan	1990
<i>Conglomerate</i>			
1961	Kanebo	Kanegafuchi (Japan)	2005 acq. ⁷
1967	BAT	Yardley (UK)	1984
1970	American Brands	Andrew Jergens	1988
1971	ITT	Rimmel (UK)	1978
1973	Norton Simon	Max Factor	1983 acq. ⁸

¹ All acquisitions of US firms except when specified.

² Chesebrough-Pond's was acquired by Unilever in 1986.

³ Helene Curtis was acquired by Unilever in 1996.

⁴ Sterling Drug was acquired by Eastman Kodak in 1988.

⁵ Gillette was acquired by P&G in 2005.

⁶ Richardson-Vicks was acquired by P&G in 1985.

⁷ Kanebo was acquired by Kao in 2005.

⁸ Norton Simon was acquired by Esmark in 1983.

Among the cosmetics firms, a number of strategies were evident. In France and the United States there was domestic consolidation. L'Oréal purchased small, and often poorly managed, family-owned cosmetics firms in the fragmented French industry, including Lancôme, which sold prestige cosmetics and perfumes, and Garnier, a hair care company, in 1964.¹¹⁹ In the United States Chesebrough-Pond's, created by merger in 1955, acquired a series of smaller firms. However, many larger firms, including Avon, Revlon and Shiseido, as well as the fast-growing and still family-owned Estée Lauder, opted for organic growth. Revlon and later Avon made unrelated acquisitions. In 1979 Avon acquired Tiffany's, the prestige New York jewelry store, and began a decade of ill-fated unrelated diversification which was ultimately divested.¹²⁰

It was the consumer products, pharmaceutical and conglomerate companies which made extensive acquisitions in cosmetics. The process appeared logical. They had financial resources to invest in the advertising-intensive category and research facilities to engage in innovation. In many cases they had international distribution and production facilities. The profitability of the cosmetics, and the potential for globalization, provided major attractions. Yet the outcomes turned out to be unsuccessful and transient.

Unilever was a first mover in seeking to diversify into cosmetics. It acquired Harriet Hubbard Ayer – America's oldest cosmetics firm - in 1947. However it was sold in 1954 after heavy losses.¹²¹ Thereafter Unilever made little progress in cosmetics. While attempts to create a sizeable business organically failed, it missed acquisition opportunities. In 1947 a proposal by Unilever's American management to buy the Toni Company, a US company which made kits to enable women to wave their own hair at home, was rejected by the head office as too costly and risky.¹²² During the 1960s an agreement with the majority owner of L'Oréal, the daughter of the founder, by Unilever's French management for the acquisition of a minority shareholding was again blocked by senior management. Nestlé acquired a

shareholding in 1974. The only significant acquisition before 1980 was a medium-sized Swedish cosmetics firm in 1975.¹²³ A senior female manager in Unilever later provided a gendered explanation for the lack of progress. “The whole idea of being linked with up-market beauty products and fragrances,” she later observed, “rather embarrassed the tough business executives who operated in Unilever House.”¹²⁴ Firms with large businesses in detergents or diapers faced an uphill struggle to persuade managers to work in personal care, or to persuade local affiliates that they should divert resources away from high volume and profitable businesses to market such products.

There was evidence from other companies that cosmetics posed cultural and organizational challenges for consumer products firms, whose mass marketing and manufacturing capabilities proved hard to transfer to a product category where creativity and fashion were at a premium. In 1973 Gillette, which had eventually acquired Toni, acquired Jafra Cosmetics, a Californian direct-sales cosmetics company, which employed thousands of saleswomen to sell skin care products and had locations in dozens of countries, with a strong presence in Mexico. However a move of head office to Gillette’s home of Boston resulted in a major loss of momentum.¹²⁵ In 1974 Colgate-Palmolive acquired Helena Rubenstein for \$142 million. However an unsuccessful attempt to take the brand mass market, accompanied by a traumatic move of the head office from the creative center of New York, caused a meltdown of the North American business. In 1980, after trying but failing to dispose of the business to both L’Oréal and Kao, a leading Japanese laundry soap company, it was sold to a private buyer for \$20 million.¹²⁶ Meanwhile P & G, alarmed by an encounter with anti-trust following an acquisition in the late 1950s, did not make acquisitions in any sector, including cosmetics.¹²⁷

Pharmaceutical companies made major acquisitions in cosmetics and hair care. The trend began with Bristol-Myers purchase of Clairol, whose improved hair color products

had transformed American women's hair dying during the 1950s and permitted millions to "be blonde beautifully."¹²⁸ Thereafter a succession of prominent cosmetics firms were acquired, spurred by a belief that the research capabilities of pharmaceutical companies would lead to new product innovations in cosmetics. There were also predictions that government regulation over cosmetics would grow and that as a result their expertise would be valuable.¹²⁹ However, many once prominent brands withered under their new ownership. American Cyanamid reformulated and repositioned the once famous *Breck* shampoo as a budget brand and then spent little to market it. By the 1970s it was left behind by herbal-based competitors and provoked feminist disdain for the traditional Breck "girls" used in its advertisements. Within two decades it was only being sold in Mexico and as a 99-cent shampoo cast away on US supermarket shelves.¹³⁰

A key problem for the pharmaceutical companies was that product innovation needed to be embedded in creative marketing and branding strategies. This was hard to achieve given the gap in the culture, marketing and branding capabilities required to succeed in pharmaceuticals and cosmetics.¹³¹ From the mid-1970s US pharmaceutical companies made only relatively small acquisitions, although as late as 1979 British-based Beecham acquired a successful Chicago fragrance start-up.¹³² Subsequently there was a complete divestiture of pharmaceuticals from the beauty sector. An early mover in this trend was Smith & Nephew, the British pharmaceutical and medical products company, which had acquired the rights to *Nivea* in the British market as a result of the Second World War. In 1971 they had acquired Gala, a medium-sized British cosmetics company, but divested nine years later after making heavy losses, especially in the United States.¹³³

There were also major investments by conglomerates in cosmetics. Japan's Kanebo, which had originated as a textile manufacturer, led this trend when it purchased the cosmetics division of an affiliated Japanese chemicals company in 1961. By 1977

Kanebo had captured 17 % of its domestic market and built an international business, primarily in Asia.¹³⁴ In contrast, the cosmetics acquisitions of British and American conglomerates proved transient. ITT, the classic conglomerate of the era, acquired one of the larger British-owned cosmetics companies in 1971, only to sell it nine years later as it began to divest its highly diversified portfolio. Max Factor experienced major management problems under its new owner, as did Andrew Jergens before its sale to Kao in 1988.¹³⁵

The most interesting experiment was by BAT, which like American Brands was a large tobacco company seeking high margin diversification opportunities. During the 1960s the British company spent \$120 million acquiring small and medium-sized European cosmetics and fragrances businesses. These were merged into a wholly-owned subsidiary, British American Cosmetics (BAC), in 1970, which manufactured in 37 countries and sold in 143 by the early 1980s.¹³⁶

BAC's largest component was the long-established toiletries company Yardley. This company had diversified into color cosmetics in the American market under its previous family owners, resulting in large losses which were only stemmed when the US business was sold, and Yardley could concentrate in its profitable businesses elsewhere, including in Britain, South Africa and Columbia. By the early 1980s BAC, which was managed fairly autonomously from its parent, had become a cohesive and quite profitable cosmetics company.¹³⁷ However cosmetics never exceeded 2 per cent of overall BAT revenues, and one per cent of the profits, and there was little interest in growing further though major acquisitions. In 1984 BAC was sold to Beecham, creating a quite substantial British-based cosmetics company whose sales reached £360 million by the end of the decade. The combination of the toiletry and cosmetics interests of the two firms had the apparent potential to create a significant British-based beauty company, but Beecham

divested from cosmetics following its merger with a US pharmaceuticals company in 1989, and little remained of the group within a decade.

By the late 1970s the global beauty industry had changed considerably compared to 1950, though the presence of so many pharmaceutical and conglomerate companies was to prove a temporary affair (see Appendix Table 2). Cosmetics companies had grown in importance in the rankings of the largest firms. A number of firms which were small or non-existent in 1950, such as Estée Lauder, had grown considerably. Beauty remained an industry with a strong American corporate presence. However the postwar recovery and subsequent rapid growth of the Japanese and European markets had provided a basis for their firms to greatly increase their presence among the largest firms.

VI

This working paper has shown how manufacturing and marketing strategies were used to diffuse beauty products globally, despite long-standing cross-national differences cultural and social values towards such products, as well as the heterogeneity of the physiology of human beings. Not surprisingly, marketing and investment was concentrated in richer markets, yet Western toiletries and hygienic practices were also widely diffused in developing countries by the 1970s.

The internationalization of the beauty industry was paralleled in other consumer products, including those such as food and beverages in which cultural preferences shaped demand. Yet this paper has emphasized the challenges of globalization, certainly within the

beauty industry. There proved to be surprisingly strong barriers even between the US and European markets. Local incumbents remained dominant in the giant Japanese market and in the United States with the partial exception of toilet soap, toothpaste and fragrances. Large corporations struggled to succeed in the fashion conscious hair care and cosmetics markets. A number of the largest firms were extremely cautious in global markets. As a result, the globalization of beauty was partial by 1980 and much more extensive in toiletries than cosmetics.

There was a distinct lack of path dependency. During the 1960s it seemed that the cosmetics and pharmaceutical industries were converging, but this proved a wrong turning. Cosmetics companies made unrelated acquisitions and became components of highly diversified firms – neither trend survived the 1980s. By the early twenty first century industry leadership was shared between firms which had originated in cosmetics and hair care – L'Oréal, Avon and Estée Lauder – and consumer products companies, especially P and G and Unilever, which belatedly developed the capacity to acquire and integrate businesses in skin and hair care and cosmetics.

This paper points to the significant, but nuanced, impact of globalization on consumers. Just as the soap industry had played its part in “Westernization” in the late nineteenth century, globalization after 1945 represented a further diffusion of Western, especially American, hygiene and beauty ideals and practices. Corporate strategies were important drivers of this diffusion. Yet strong cross-national differences in consumer preferences persisted. By 1980 globalization had not resulted in a pervading Americanization of global beauty. The American influence in the industry remained strong as a leading source of innovation and as a setter of fashion. US-based firms had powerful global reach. Yet in international markets, initial postwar strategies towards selling universal products and brand images became more nuanced over time as firms sought to

combine global brands and local identities. Firms based in countries with other powerful beauty ideals and competences, notably France, Germany and Japan, grew substantially. Moreover, by the 1970s the postwar American beauty ideal had begun to partially fragment in recognition of the diversity of ethnic types in the United States.

Globalization was not to produce homogeneity in beauty. After 1980 intensified globalization was accompanied by increasing segmentation by ethnicity, gender, age, income and other characteristics. Nevertheless certain ideals, especially for women, had become widely diffused worldwide, including a lack of body odor, white natural teeth, slim figures, paler skins and rounder eyes. Beauty companies, along with and in association with beauty pageants, fashion magazines and Hollywood, shaped this process. In a historical perspective, corporate strategies contributed to a reduction in the range of global variation in beauty ideals, while simultaneously developing products which enabled more and more consumers to aspire to capturing the beauty premium.

Appendix

Appendix Table 1: The World's Largest Personal Care Companies, 1950 (\$ million)

	<i>Ownership</i>	<i>Personal Care Revenues</i>	<i>Total Corporate Revenues</i>	<i>% International Revenues</i>	<i>Main Product Categories</i>
Colgate-Palmolive	U.S.	58	312	32	Dental, shaving, soap
Unilever	U.K./NL	48	2,240	80	Hair, soap, dental
Avon	U.S.	31	31	6	Cosmetics, toiletries
Gillette	U.S.	25	99	33	Shaving cream, men's toiletries
Shulton	U.S.	23	25		Men's toiletries
Pond's ¹	U.S.	22	22	40	Skin care
Revlon	U.S.	19	19	10	Cosmetics
Coty	U.S.	18	18		Fragrances
L'Oréal ²	France	17	17	10	Cosmetics
Andrew Jergens ³	U.S.	17	17		Cosmetics, toiletries
Johnson & Johnson	U.S.	16 ⁴	162		Baby care products
Max Factor ⁵	U.S.	15	15	25	Cosmetics
Bristol-Myers	U.S.	13	52	10	Dental, hair care
Helena Rubenstein	U.S.	13	13		Cosmetics, skin care
P&G	U.S. ⁶	13	633	15	Soap, hair, dental
Lehn & Fink	U.S.	12	16	8	Cosmetics, dental
Elizabeth Arden	U.S.	12	12		Cosmetics
Chesebrough	U.S.	11	11		Cosmetics
Beecham	U.K.	11 ⁷	47	42	Dental, hair
Helene Curtis	U.S.	9	10		Hair
Warner-Hudnut	U.S.	9 ⁸	47	43	Cosmetics
J.B. Williams	U.S.	8 ⁹	8	25	Shaving cream, toiletries
Burma-Vita	U.S.	6	6	0	Shaving Cream
Charles of the Ritz	U.S.	6	6		Fragrances
Noxzema Chemical	U.S.	6	6		Skin care
Lambert	U.S.	6 ¹⁰	25	9	Dental, toiletries
Yardley	U.K. ¹¹	5	5		Fragrances, toiletries
Nestle-LeMur	U.S. ¹²	4	4		Hair, cosmetics
Vick Chemical	U.S.	3	43	10	Cosmetics, toiletries
Wella	Germany	3	3	2	Hair, cosmetics
Shiseido	Japan	2	2	0	Cosmetics, toiletries
Beiersdorf	Germany	1	1		Skin care, dental, toiletries
Clairol	U.S.	1	1		Hair
Estée Lauder	U.S.	1	1	0	Cosmetics

Source: Annual Reports and other published information, except when specified.

¹ 1948.

² Estimated. In 1964 L'Oréal sales were 250 million francs (\$66 million). The 1950 figure is calculated assuming that the firm's revenues had grown 10% per annum over that period. This may be an underestimate. In 1964 the unconsolidated group also included a private company, Orinter, which owned non-French assets and another company which held perfumery interests. The combined revenues were estimated at 750 million francs (\$154 million). However many of these assets had been acquired after 1950. See Memorandum by C.T. C. Heyning on "Lolo," 2 February 1965, AHK 1748, UAR.

³ Estimated. Revenues were \$29.5 million in 1956, and a 10% per annum growth rate is assumed.

⁴ Personal care sales are estimated share of baby care products in Johnson & Johnson's revenues.

⁵ 1949

⁶ Personal care sales estimated. The international share of earnings is used as a proxy for international sales.

⁷ Personal care sales are understated because this is for Britain only.

⁸ Personal care revenues estimated. The share of international revenues in 1951.

⁹ 1953.

¹⁰ Estimated.

¹¹ Estimated. In 1950 Yardley net profits were £231,713.

¹² 1953 figure.

Appendix Table 2: The World's Largest Personal Care Companies, 1977 (\$ million)

	<i>Ownership</i>	<i>Personal Care Revenues</i>	<i>Total Corporate Revenues</i>	<i>Total % Revenues Outside Home¹</i>	<i>Product Categories</i>
Colgate-Palmolive (Helena Rubenstein)	U.S.	2,526	3,568	55	Dental, toiletries, cosmetics
Avon	U.S.	1,356	1,648	41	Cosmetics, toiletries
Shiseido	Japan	916	916	5	Cosmetics, toiletries
Revlon	U.S.	810	1,143	28(11)	Fragrance, cosmetics, skin care
L'Oréal	France	803	923	53	Hair care, cosmetics, toiletries
Bristol-Myers	U.S.	749	2,233	31	Dental, hair care
Unilever	U.K./NL	665	16,007	71(83)	Hair care, dental, toiletries
P&G	U.S.	630	7,284	27(8?)	Hair care, dental, toiletries
Chesebrough-Pond's	U.S.	492	808	28	Skin care, fragrances
Wella	Germany	432	543	78	Hair care
Johnson & Johnson	U.S.	416 ²	2,914	41	Toiletries, baby care
Gillette	U.S.	413	1,587	55	Shaving cream, toiletries
Schwarzkopf	Germany	379	379	36	Hair care
Norton Simon (Max Factor)	U.S.	352	1,808	17	Fragrance, cosmetics
American Cynamid (Breck, Shulton)	U.S.	321	2,413	33	Fragrance, hair care
Beiersdorf	Germany	284	571	50	Skin care
Kanebo	Japan	255	1,345	15	Cosmetics, toiletries
Beecham	U.K.	231 ³	1,261	68	Toiletries, cosmetics
Fabergé	U.S.	228	233	24	Fragrances, cosmetics, hair
Pfizer (Coty)	U.S.	227 ⁴	2,032	63	Cosmetics
Estée Lauder	U.S.	200	200		Cosmetics
BAT (Yardley)	U.K.	184	10,871	86	Cosmetics, toiletries
Eli Lilly (Elizabeth Arden)	U.S.	152	1,550	28	Cosmetics, fragrances
Squibb (Charles of the Ritz)	U.S.	147	1,342	33	Cosmetics
Schering-Plough (Maybelline)	U.S.	130 ⁵	941	56	Cosmetics
Henkel	Germany	130	1,301		Toiletries and cosmetics
Noxell	U.S.	124	138	18	Cosmetics
Alberto Culver	U.S.	110	172	21	Hair care
Helene Curtis	U.S.	106	124	20	Cosmetics
Richardson-Merrill	U.S.	89	836	46	Skin Care
American Brands (Jergens)	U.S.	79	4,616	(11)	Cosmetics
Mary Kay	U.S.	49	49	5?	Cosmetics

¹Figures in brackets are the share of personal care revenues earned outside home country.

²Estimated. Johnson & Johnson consumer segment had sales of \$1,268 million, including baby care products, feminine hygiene, toiletries, first aid products, and drugs.

³ Estimated. Consumer Products sales were \$772 million. UAR, ES 82267, Toiletry/Cosmetics Competitor Profitability 1976-1981, December 1982, estimated 30% of these sales were personal care.

⁴ Estimated. Personal Care Division sales of \$227 million included dietary foods and plant care.

⁵ Estimated. The consumer products division, which included Maybelline, sun care, and OTC drugs, was \$254 million.

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Endnotes

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² Etcoff, *Survival*, chapters 3 and 4; Hamermesh and Biddle, “Beauty”; Mobius and Rosenblat, “Why Beauty Matters.”

³ For example, *Euromonitor* and *Women’s Wear Daily* provide listings of the largest firms.

⁴ In the United States (and many other countries) toilet soaps for personal washing were included in SIC code 2841 - Soaps and Detergents - and were consequently excluded from statistics on Cosmetics and Toilet Preparations, which was SIC code 2844.

⁵ Peiss, *Hope*. Peiss, “Educating,” does provide an insightful study of diffusion.

⁶ Etcoff, *Survival*; J. Ramsey, “Origins”; Zaidel, et al., “Appearance.”

⁷ Miskell, “Cavity Protection,” pp. 33-6.

⁸ Vigarello, *Concepts of Cleanliness*.

⁹ Bushman, “Early History,” p. 1225.

¹⁰ *Ibid*, p. 1234.

¹¹ Dyer et al, *Rising Tide*, Chapter 4.

¹² Adams, *King C Gillette*; Robinson, “Fashions,” p. 1138.

¹³ Peiss, *Hope*, Chapter 1.

¹⁴ *Ibid*, pp. 61-2; Peiss, ““Vital Industry,”” pp.230-37.

¹⁵ Manko, “The California”; Manko, “Ding Dong.”

¹⁶ A Brief History of Pond’s Creams, March 17 1944, Howard Henderson papers – Special Projects. Case History Project. Clients: Chesebrough-Pond’s 1959, J. Walter Thompson Archives, John W. Hartman Center for Sales, Advertising and Marketing, Special Collections Library, Duke University, North Carolina (hereafter JWT); Peiss, *Hope*, p. 99.

¹⁷ *100 Jahre*, pp. 16-26; Bonin et al., “The French Touch.”

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- ¹⁸ Fragrance Foundation, “Scents of Time”; Guerlain, “The House of Guerlain,” pp. 7-10
- ¹⁹ “Perfume, Cosmetic and Toilet Preparations Sales,” p. 88. In the United States there are two separate measures of the industry size. There were retail sales and manufacturers shipments.
- ²⁰ Mann, “The Importance of the Retail Trade in the United States.”
- ²¹ Koehn, *Brand New*, p. 148.
- ²² “Perfume, Cosmetic and Toilet Preparations Sales,” p. 88.
- ²³ Foster, *Johnson & Johnson*, p. 87.
- ²⁴ Scott, *Fresh Lipstick*, p. 222.
- ²⁵ Peiss, *Hope*, p. 101.
- ²⁶ Dyer, et al., *Rising Tide*, pp. 93-4; Wilson, *History*, vol 1.
- ²⁷ Corley, “Beecham.”
- ²⁸ Peyer, *Roche*, p.194.
- ²⁹ “Beauty Parade,” *Barron’s* (8 March 1954).
- ³⁰ Jones, *Multinationals*, pp. 18-31.
- ³¹ McClintock, *Imperial Leather*, pp. 207-31.
- ³² Burke, *Lifebuoy Men, Lux Women*, pp. 17-34.
- ³³ Ashikari, “The Memory.”
- ³⁴ Sivulka, *Stronger*, pp.93-8.
- ³⁵ Wilkins, *Maturing*, p. 83; McKibben, *Cutting Edge*, p. 35; Wilson, *Unilever*, vol 1; Foster, *The Story*.
- ³⁶ Houy, “Of Course,” Chapter 4.
- ³⁷ 50 Colorful Years. The Clairol Story (1982), Procter & Gamble (hereafter P. & G.) Archives, Cincinnati, Ohio.

³⁸ The Pond's Extract Company: A Case History, 2/13/59, in Howard Henderson papers – Special Projects. Case History Project. Clients: Chesebrough-Pond's 1959, JWT. Unilever Archives Rotterdam (hereafter UAR), Report 3508, Preparations and Perfumery Survey 1950-1951, June 1951.

³⁹ Caldwell, "Development," pp. 132-58.

⁴⁰ *100 Jahre*, p. 26.

⁴¹ Wilkins, *History*, pp. 228, 497; Morris, *Fragrance*, pp. 204-5; Halasz, "Coty Inc.."

⁴² Puig, "The Search," p. 99.

⁴³ UAR, Report 3508, Preparations and Perfumery Survey, 1950-51, June 1951.

⁴⁴ Frost and Sullivan, *Ethnic Cosmetics*, p.3; Robert, "White Success." Before 1970s African American-owned firms primarily supplied the ethnic market. Johnson Products, the largest, began manufacturing in Africa and Trinidad in the 1980s.

⁴⁵ Banet-Wesier, *Most Beautiful Girl*; Kinloch, "Rhetoric"; Perlmutter, "Miss America."

⁴⁶ Varaste, *Face*, p.17; Lord, *Forever Barbie*, p. 162.

⁴⁷ Koehn, *Brand New*, p. 161.

⁴⁸ Peiss, *Hope*, pp. 249-52; Tedlow, *Giants*, pp. 279-98.

⁴⁹ Peter Vautin, "Men's Toiletries are Undersold," *Drug and Cosmetic Industry* (April 1962), pp. 409, 518.

⁵⁰ Overview of the Over-the Counter Cosmetic Industry, March 13 1974, RG 11 Historical Files, Series 9, Library Resources-Alphabetical Files, BOX 127, Avon Archives, Hagley Museum, Delaware (hereafter AVON).

⁵¹ Wilson, *Unilever*, vol 3, pp. 160-1, 198-201.

⁵² Mulhern, "Cosmetics."

⁵³ UAR, TR 67002, E and S, Markets for Skin Preparations. An Interim Report, 12 December 1967.

⁵⁴ Amin, "Importing 'Beauty Culture' into Iran."

⁵⁵ Lake, "Female Desires"; Peiss, "Educating."

⁵⁶ Moskowitz, "Cosmetics Move Abroad."

⁵⁷ *Standard and Poor Industry Surveys*, 1960s-1970s.

⁵⁸ Frost and Sullivan, "Cosmetics."

⁵⁹ "The Make-up Market," *Drug & Cosmetic Industry*, March 1964, pp. 353-6, 447. UAR, TR 67002, E & S Department, "Markets for Skin Preparations: An Interim Report," 12 December 1967; Boca Raton Conference, May 1979, Series 1: Administration. Subseries C: Conferences, 1973-1978, AVON; Olay Worldwide Overview Presentation, 16 September 1980, P. & G.

⁶⁰ Boca Raton Conference, May 1979, Series 1: Administration. Subseries C: Conferences, 1973-1978, AVON; Frost and Sullivan, "Cosmetics and Toiletries."

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