

# ***The Research on Online Marketing Strategy and Holiday Promotions of L'Oréal Group's Consumer Products Division (CPD)***

**Yannan Guo<sup>1,a,\*</sup>**

*<sup>1</sup>Department of Arts and Science, Ohio State University, Columbus, America*

*a. guo.2086@osu.edu*

*\*corresponding author*

**Abstract:** The purpose of this research is to determine the effects of online marketing and holiday promotions on the future development of L'Oréal Group's Consumer Products Division (CPD). Due to the impact of the epidemic, L'Oréal Group's sales in the Chinese market are lower than sales in other regions. Furthermore, there are more and more local brands emerging in the Chinese beauty market. Therefore, L'Oréal Group is facing specific competitive pressure in the Chinese market. L'Oréal Group must develop new marketing strategies according to the characteristics of the Chinese market. This paper includes two kinds of research methods: the literature research and the survey design. This paper investigates and analyzes the current situation of L'Oréal Group's Consumer Products Division (CPD) by using these two methods. Due to the rapid development of e-commerce in China, this article will focus on the online marketing strategy and holiday promotions of L'Oréal Group's Consumer Products Division (CPD).

**Keywords:** Online marketing, holiday promotions, marketing strategy, Consumer Products Division (CPD)

## **1. Introduction**

L'Oréal Group is the largest cosmetics company in the world and is now very popular all over the world. As one of the world's top 500 enterprises, L'Oréal Group has many well-known brands. The company is divided into many aspects in the beauty field, such as skin care, hair care, beauty products and perfumes. "Up to now, the headquarters of L'Oréal is located in Paris, and there are 80,000 staff, 283 stores, 39 factories, and 150 sales centers worldwide" [1]. Since L'Oreal Group has a high position in the beauty industry, I will study the marketing strategy of L'Oreal Group and focus my topic on the future development of the Consumer Products Division (CPD).

L'Oréal Group has been globalizing and universalizing in recent years, and its annual revenue continues to rise. The annual report [2] shows that sales growth in China has been slower than in Europe and North America, because the Chinese market has been affected by the epidemic. The whole large market of Chinese cosmetics has been greatly affected in the previous three years. In addition, with the rise of many local Chinese beauty brands, L'Oréal Group faces strong competitive pressures in the Chinese market. In this case, L'Oréal Group tends to increase its sales and create a new marketing strategy.

In China, with the progress of the Internet, the e-commerce industry has developed rapidly. Due to the impact of the pandemic, people tend to buy products online. China's online payment is very developed. Therefore, I think L'Oréal Group must pay attention to online sales. In addition, there are many holiday promotions in the Chinese market, which is a good opportunity to attract more customers and increase sales. Based on the above information, I will further study the current situation and the marketing strategy of L'Oréal Group in China and put forward suggestions on the online development strategy of L'Oréal Group's Consumer Products Division (CPD) in China.

## **2. Methodology**

### **2.1. Literature Research**

#### **2.1.1. Segmenting and Positioning**

In Managing Marketing Report On L'Oréal Group, Sirova [3] introduced that L'Oréal Group segments products according to the specific needs, characteristics, and behaviors of consumers. This also means to classify consumers and create different products for different consumers in order to satisfy more consumers. L'Oréal Group has the Consumer Products Division, the L'Oréal Luxe, the L'Oréal Professional Products, and the Dermatological Beauty. These categories are for people of different consumption levels and social classes. In addition, the Group also offers products according to age groups, ethnicities, and cultures. Taking cosmetics brands as an example. There is a big difference in skin color between different ethnic skin tones. Thus, the design of the base makeup products should be suitable for different skin tones and skin types. For people with sensitive skin, L'Oréal Group also has several cosmeceutical brands. In L'Oréal and its innovative, differentiated positioning process in the beauty industry, “positioning in the market as the action and ability to project the product and communication of the organization, in order to be able to reach a differentiated position in the choice of the target audience” [4]. Positioning strategy affects consumers' purchasing behaviors.

#### **2.1.2. Marketing Strategy**

L'Oréal Group pursues a long-term development, so it has implemented a market strategy of globalization and generalization. L'Oréal Group can enter the global Top 100 every year because of their great achievements in globalization. According to Santos, Oliveira, & Branco [4], “internationalization, as a strategic result, represents a solution to the problems arising from global economic crises and, when successful, constitutes a competitive advantage for companies”. The formulation of strategy and the coordination of the team have an impact on the market development of the entire enterprise. Clear market objectives and flexible response strategies help a company to solve any problem when it is in trouble. L'Oréal does a very good job in market operation, while other companies are not as good as the L'Oréal Group in strategy-making. Thus, the L'Oréal Group has a high competitiveness in the market. When developing a strategy, companies need to reflect how their products differ from other products. Businesses need to let consumers know the advantages of their products, prices, and brands.

#### **2.1.3. Final Direction of Research**

I searched extensively for articles related to the L'Oréal Group. However, L'Oréal Group has too many categories and a broad consumer base. It is difficult for me to do macro research and analysis on the whole company. After I read the annual record of L'Oréal Group, I decide to narrow it down to the Consumer Products Division. According to the annual record of L'Oréal in 2022, “the

Consumer Products Division posted its best growth in 20 years: +8.3% like-for-like and +14.6% reported” [2]. Product innovation has enabled consumer products to perform well in both North America and Europe and outperform most products in the market. However, the Consumer Products Division have performed poorly in China. Due to the impact of the epidemic and the strong competitiveness of local products, the Consumer Products Division’s performance in the Chinese market was alarming in 2022. Therefore, I will focus on how to improve the future development of the L’Oréal Group’s Consumer Products Division in the Chinese market. I will consider the development of the Consumer Products Division from the perspective of online sales and holiday promotions.

## 2.2. Survey Design

The topic of my survey design is consumer preferences and purchasing demand of L’Oréal Group’s Consumer Products Division (CPD). L’Oréal Group has specific product divisions. I aim at studying L’Oréal Group’s Consumer Products Division (CPD) which includes L’Oréal PARIS, NYX, Maybelline, Stylenanda 3CE, and so on. The fundamental reason for choosing the survey design as the research method is that consumers’ real shopping preferences and product demands can be understood through the process of investigation. In addition, the survey design can collect objective and actual information from customers.

Questionnaire is aimed at girls aged 16-24 in first-tier cities in China. The number of participants in the questionnaire is 40. I choose people in first-tier cities as the research target group, because L’Oréal Group is a leader in the global beauty industry and occupies an important position. In China, the offline physical stores of L’Oréal Group brands are mostly opened in first-tier cities, and the purchasing power in first-tier cities will be stronger. The L’Oréal Group’s development in China has been affected by the epidemic and is currently recovering. At present, the influence of L’Oréal Group’s products is not strong in small cities and the purchasing power is weak [1]. Thus, it is more accurate for me to choose people in first-tier cities to conduct the survey design. Furthermore, I choose girls aged 16-24 because this is the age group that buys most of the Consumer Products Division (CPD). Girls at this age are usually in high school or the university and they are not supposed to be very strong financially. However, the target group of my survey is set in first-tier cities and the purchasing power of young girls in first-tier cities is objective. Therefore, the Consumer Products Division of L’Oréal Group is matched for the consumption level of this age group. As the market prefers to provide special products and sales mechanisms for consumers of the Student Part in China, I set the target consumer group at the age of 16-24.

The questions in my survey design are aimed at understanding and analyzing the current development and marketing situation of the Consumer Products Division (CPD) in Chinese market. My research questions include product importance, frequency of purchase, product breakdown of L’Oréal Paris, duration of product use, preference for online and offline purchases, and views for holiday promotions. My research direction is based on the current development of the Consumer Products Division (CPD) of L’Oréal Group in China and the possibility of future development. My focus is on online marketing and holiday promotions. I specifically ask consumers for their opinions on the price level of online products and holiday promotional products.

## 3. Findings

Firstly, I have listed four products of the L’Oréal Group’s Consumer Products Division. I find that products of the L’Oréal Paris and 3CE are more popular with participants. The Maybelline and the NYX products are not very important to girls aged 16-24. Moreover, about 70 percent of participants purchase consumer products once a quarter.

Secondly, I take the L'Oréal Paris as an example. I asked participants about their preferences for product packaging, the price, the promotion, and the smell. I find that participants are most concerned about the price of L'Oréal Paris products. The importance of price to them is 66.67%. Then, the promotion and the smell are all 58.33%. They do not care much about packaging. The duration of participants' use of cosmetics and care products tends to be 2-3 months, which proves that the frequency of their purchases is low.

Thirdly, my research shows that more than half of people choose to buy the products they want during the holiday promotions. This means that participants believe that buying products during special holiday promotions will be cheaper and will have more benefits.

Finally, the gap between offline and online buying preferences is clear. There are 75% of participants who prefer to purchase products online because they think online purchasing will be cheaper. In addition, participants' estimated price of consumer products is 500-1500. They consider the products' general price of the Consumer Products Division in L'Oréal Group to be in the middle price level, which means that it is neither expensive nor cheap.

#### 4. Discussion

According to the results of the questionnaire survey, I will analyze and give suggestions on marketing strategies for online shopping and holiday promotions. Then, I will conclude which products of the Consumer Products Division are preferred by girls aged 16-24 in first-tier cities in China.

First of all, I think it is necessary to strengthen online marketing in China. The trend of TV and print promotions is declining. Digital operations have grown rapidly in recent years [3]. Especially in China, with the development of the Internet, e-commerce is becoming more and more popular. Most businesses have expanded online sales and improved their marketing strategy. As the use of social media can help the enterprise increase its cost-effectiveness and revenue, the enterprise must seize the convenience of network communication [5]. "Millennial generations grow alongside with modern technology, so the presence of social media becomes the primary medium for accessing information" [5]. L'Oréal Group needs to spread its consumer products through social media to let more people know about L'Oréal's products and leave a brand impression. In China, the best way is to give the product to celebrities and bloggers first. The celebrity endorsing the brand can improve brand awareness. However, the real experience needs to be introduced to consumers by beauty bloggers. The brand can first send the initial version of the product to the blogger to use and collect the experience of the blogger. According to the experience of the blogger, the brand can improve the product. When the efficacy of the product itself is guaranteed. Brands need to think about pricing. Pricing needs to be determined according to the target consumer group of the specific product. If the group of consumers is the student party, then the price of the product needs to be relatively cheap. For the promotion aspect, brands need to have discounts or benefits online. The brand itself needs to have an account to sell products on social media or shopping platforms, such as Douyin, Jingdong, and Taobao. In addition, brands can form partnerships with bloggers. Bloggers introduce the use of products and sell products. When there are more sales channels, the range of consumers will also expand. Online marketing can also gather consumers' opinions. For example, advice on the product packaging, the taste, and the quality. The taste of L'Oréal Paris is very popular with consumers, so L'Oréal Paris hair products can use taste as a selling point. The 3CE accessories are very popular with consumers, so the 3CE can produce a lot of sales sets. However, I think the 3CE needs to lower the price or replace the product. Although the packaging of makeup products and the diversity of products are loved by consumers, the price is high and the content of products is low. Replacement can be more environmentally friendly and cheaper.

Secondly, L'Oréal Group's Consumer Products Division needs to seize on holiday promotions to boost its sales and earnings. In China, the holiday promotion is very popular. There are many holiday

promotions in China, such as Double 11 Festival, 6.18 Day, Double 12 Festival, and Valentine's Day. During these holidays, the Consumer Products Division should have their brands set up product packages and discounts. For example, buying three products, then getting one free, buying 500 yuan, then less than 50 yuan, buying products, and then get small product samples. As holiday sales will have the benefit of the price and the product mix, consumers can use the promotion period to stock up on many products. This is a good time for the Consumer Products Division to enhance annual sales. Moreover, girls aged 16-24 have a high desire to consume online. Thus, I suggest that the Consumer Product Division can invest more in young products and outputs, which can reach the resonance of young girls.

## 5. Conclusion

From the study of the literature research and the survey design it can show the importance of the online market and holiday promotions for the Consumer Product Division. Especially for the online market, the Consumer Products Division must create a new market strategy. In the Managing Marketing Report On L'Oréal Group, Sirova introduced that "L'Oréal significantly emphasizes digital marketing through its official website, social media, email marketing, and mobile marketing" [2]. Moreover, it is important for the Consumer Products Division to adjust the price, change the packaging, improve the products to make them more suitable for local skin, and respect local culture [1]. Implementing and improving the online marketing strategy can promote the long-term development of the L'Oréal Group in China.

## References

- [1] Yang, T., Yuan, K., Zhang, Z. (2023) *Research on the Influence of L'Oréal Paris's Marketing Strategies on Chinese Consumers*. In: Li, X., Yuan, C., Kent, J. (eds) *Proceedings of the 6th International Conference on Economic Management and Green Development. Applied Economics and Policy Studies*. Springer, Singapore. [https://doi.org/10.1007/978-981-19-7826-5\\_87](https://doi.org/10.1007/978-981-19-7826-5_87)
- [2] L'Oreal Finance. (2023) *2022 Annual Results*. <https://www.loreal-finance.com/eng/news-release/2022-annual-result>
- [3] Sirova, V. (2015, Nov). *Managing Marketing Report On L'Oréal Group*. *CRIS-Bulletin of the Centre for Research and Interdisciplinary Study*, 2015:31-46. DOI:10.1515/cris-2015-0003
- [4] Santos, R., Au-Yong-Oliveira, M., & Branco, F. (2018, Sep). *L'Oréal and its innovative differentiated positioning process in the beauty industry*. *European Conference on Innovation and Entrepreneurship*, pp.717-724. <https://www.proquest.com/openview/2c26f9a2b21e8ece5ebec1f46118f137/1?pq-origsite=gscholar&cbl=396494>
- [5] Martinus, H. & Anggraini, L. (2018) *The Effect of Sales Promotion in Social Media on the Students: Purchase Intention of Face Cleaner Water Product*. *HUMANIORA*, 9: 15-22. <https://doi.org/10.21512/humaniora.v9i1.4101>