

Analysis of Marketing Strategies of Make-up Brands in Xiao Hong Shu in China

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Abstract: The pervasive influence of the Internet has profoundly shaped consumers' behaviors. The application Xiao Hong Shu has emerged as one of the most prominent social-commerce platforms among Chinese people where users share opinions and make purchases. Since 70% of the demographic of Xiao Hong Shu are females, the application appears to be the very place to go for make-up brands. This essay aims to analyze the marketing strategies of the brands from the perspectives of The Marketing Theory of 4Cs, which is customer, cost, convenience, and communication, enabling the brands to comprehensively identify the pros and cons of the brands' approaches and better adapt to the dynamic digital market. The essence of the marketing tactic of brands in Xiao Hong Shu lies in the findings. The user-generated reviews are greatly influencing customers' purchasing behaviors, so companies are paying KOLs and KOCs for positive promotion. E-commerce reduced the cost of setting up the physical store for business owners, and coupons released from the application lower the price of the product for customers. The social-commerce platform empowers a convenient transition between social media and e-commerce. However, challenges persist, for example business's payment did not gain the intended return, influencers spread inaccurate information to promote the products, and concerns over personal information security are vital.

Keywords: Xiao Hong Shu, users, brands, posts, strategy

1. Introduction

The changes taking place in modern societies, with the Internet taking the predominant position in people's daily lives, have thoroughly altered people's everyday lifestyles and habits. Reading through online resources, chatting with family members and friends with the help of communication applications, and working out by following exercise applications, electronic devices that help users achieve their goals are becoming an inseparable part of their daily lives. Starting in the 1990s, companies, including Amazon and Alibaba, have brought convenient and satisfying purchasing experiences to customers worldwide. More lucrative opportunities have been developed for e-commerce after the COVID-19 invasion where people are demanded to stay at home because the idea of less aggregation had a substantial impact on customers' behavior [1].

Besides many other companies that are well renowned, Xiao Hong Shu has innovated the shopping experience even more, bringing much satisfaction to customers and sales to businesses. First appearing as an application or website allowing users to edit and post the part of their daily life they

want to share either several photos or videos, Xiao Hong Shu allows all the registered brands to promote their products in various kinds of ways. As the marketing strategies in modern society have developed to be much more diversified, different strategies have been adopted targeted at various locations and towards different customers. For example, companies owning their official account in Xiao Hong Shu advertise their product and the brand by adopting live streams by celebrities to recommend products to potential customers to impact customer conformity, by posting about the benefits of the brand's product daily on the official account on Xiao Hong Shu to inform the users of the products, and taking advantage of customers' trustworthy recommendations to attract their friends into the purchasing experience [2]. The effects of many of the unique marketing strategies chosen by brands in Xiao Hong Shu are the result of the application Xiao Hong Shu itself, consisting of the free talk platform where users can share their own opinions with others about anything they want, and the shops integrated within the Xiao Hong Shu which allow users to purchase by clicking onto the link after being recommended.

Understanding the strategies allows both the brand itself and other competitors to further improve. This essay aims to analyze the marketing strategies the brands, particularly brands in beauty industries, adopted to raise their brand awareness and to increase their sales, and how the application Xiao Hong Shu helped to achieve their goals. The essay demonstrates how the marketing strategies are adopted with the help of The Marketing Theory of 4Cs, customer, cost, convenience, and communication, explaining their advantages and then providing some suggestions on further improvement plans.

2. Xiao Hong Shu-- A Social-Commerce Application

Being intensively loved by people of all ages, especially young generations, Xiao Hong Shu has monthly active users of 300,000,000 by the start of year 2024. It is an application that started in 2013 as a platform for users to share outbound shopping experiences and provide more information on outbound shopping. Successfully breaking the bond between customers and sellers, Xiao Hong Shu is particularly cherished by young generations, namely people born after the 1980s and 1990s, especially women. Gradually, the users could freely integrate ideas about any products and post them on the platform, sharing viewpoints with other users. Therefore, Xiao Hong Shu evolved into a multifaceted social-commerce application with 70% of the demographics female.

The application leverages big data, artificial intelligence, and human resources to analyze the users' past views and searches to automatically provide users with similar posts that might appeal to them [3]. Not only can such programs bring more profit to the application by attracting users to watch more videos, but also suggest potential products or recommendation videos by top influencers to drag the users into purchasing experiences within the application.

As an application that is a combination of social media and e-commerce, any users could make posts about anything they are willing to share on the application, including but not limited to daily study strategies, travel guidance, sport sharing, and outfit references. Anyone can register for a personal account and get followers by posting attractive posts, and anyone over 18 years old can apply for an online store. There are platforms where users can communicate directly, and the platform exists for communication between buyers and sellers. Influencers play significant roles in propagating through personalized recommendations. Whether paid by brand or not, many accounts including that of celebrities are sharing information about products they find useful or interesting. If the official account are posting related information about the merchandise, there is often a link under the video or photo uploaded, a click on which can send the users directly to the brand's store and make a purchase. On the other hand, users can also wander around in Xiao Hong Shu stores and treat it like a usual online shopping application where users can directly place an order online.

All of those features have potentially made Xiao Hong Shu the place to go for youngsters.

3. Understanding the Marketing Strategies with the Marketing Theory of 4Cs

3.1. The Aspect of Customer

From the perspectives of customers (the first C in 4Cs), Xiao Hong Shu indeed grabs the customers' attention. The demographics of users of Xiao Hong Shu are young females with high spending power, since among the 300,000,000 monthly active users, approximately 70% of them are female, over 80% of them are born after 1995, and half of the whole demographics are from the first and second-tier cities in China. These potential customers make beauty businesses especially popular in the application as females often have demands towards the beauty industries.

One of the most pronounced impacts on the purchasing trends of users in the application is the result of the social media platform where recommendations are prevalent. Many of the influencers, mega, medium, or micro, are posting videos sharing the make-ups they recently found catering to their needs or of good quality, and videos showing the steps of putting on make-ups. Since such topics are widely favored by users of the application, those posts often gain millions of views and thousands of likes. All of the potential respect and appreciation from the unknown users provide the influencers editing the posts more confidence to continue sharing information regarding make-up brands and beauty industries [4]. Therefore, as a social media, Xiao Hong Shu provides opportunities for the public to achieve higher levels of needs, which in turn accumulate individuals favoring the application.

Big data and artificial intelligence also contribute to the marketing success of Xiao Hong Shu. Automatically analyzing the users' past viewing and likes records as well as their past searches and posts enables the application to identify users' preferences and display the posts that might be appealing to the users [5]. Recommendation posts are also involved, potentially attracting users into making purchases in their related enthusiasm.

3.2. The Aspect of Cost

The second aspect of The Marketing Theory of 4Cs is Cost. The cost is a vital part to be taken into account when considering starting up a business. Opening an online store eliminates the need to rent a location for the store, furnish the exterior and interiors, and hire salespersons within the store, which saves thousands of dollars of fixed costs for the business [6]. In addition, as online shopping is the preferred way for the public nowadays, there is a trend that e-commerce is becoming increasingly thriving. Recommending the products accordingly to the engaged or potential customers, the people passionate about the product, can avoid many unnecessary attempts to sell the products to out-of-range customers, people unenthusiastic. Expanding the customer's range can be much simpler, try and recommend the posts to neutral customers and check if they click into or even like the post. Such a way is neither time-consuming nor costly, so many business owners tend to choose to open up an online store.

The cost for customers to get the merchandise is also reduced accordingly in Xiao Hong Shu. Vouchers and coupons show up randomly and can be used in particular stores in some conditions such as getting a discount of 10 yuan when buying items totaling 80 yuan. This coupon strategy enables the customers to purchase more, in this case buying up to 80 yuan, to get 10 yuan off, which also increases the sales for individual stores. Furthermore, discounts are available on shopping festivals such as June 18th and November 11th. The same strategy applies and the stores make more money.

3.3. The Aspect of Convenience

Convenience is one of the most crucial aspects both customers and business owners consider when making deals through the Internet. Besides the benefit of eliminating the need to go out and from the

feedback the other customers provided, Xiao Hong Shu owns more advantages. As an application combining social media and e-commerce, Xiao Hong Shu allows users to go directly to the store after watching related videos recommending the appropriate product. When the users are watching the videos providing information regarding merchandise, often posted by the official account of the company, a link is often followed below the displayed video. If the individual wants to know further information, reading the comment section where people might leave personal opinions surrounding the product would help them understand more about a product, and clicking on the links followed could also send the customer to the store. In the store, the customer can check the price and make orders immediately, eliminating the need to search for products by switching to an application first.

There are often titles, descriptions, and keywords follow the videos and photos, smoothing the way for the users to find the related post when searching for it. For instance, a post from a make-up brand would add keywords such as “skin-whiten” and “not harsh”, so when the users are looking for products that can whiten their skin can target the brand without knowing the brand in the first place. The searches in the stores are also categorized by keywords, and the orders that show up are sorted by the store’s sales. More sales means suits better to the public’s taste, so the stores show in the up rows.

3.4. The Aspect of Communication

Communication between all users facilitates the promotion and is a key marketing strategy in Xiao Hong Shu. There are two ways the company can communicate with customers about commodities, direct and indirect. The direct way is through descriptions and contents in the official account of the company. Clicking into the account, beside the name and other profiles, the motto can best show the common goal or essence of a company or brand. For instance, a Chinese make-up brand called Guyu has its motto, “Plant-based whitening brand that suits more to the Chinese skin”. Only by reading the motto can the individual understand the brand--selling products that are organic and plant-based, and the desired effect is to whiten the skin. When scrolling down the page, its posts are visible in order sorted by uploading date. The updates can communicate with the engaged, potential, neutral, and even out-of-range customers about the product and the company. In the case of Guyu, the updates incorporate the details about a certain product, integrating the procedure to use it, its effect in the long run, statistics and facts, the profile of experts studying plant-based whitening, and their brand ambassadors promoting the brand.

Indirect communication also exists between buyers and sellers. Many brands are hiring brand ambassadors, KOLs (Key Opinion Leaders), or celebrities who would promote the product on his or her social media and invite more followers to try the merchandise [7]. However, KOC (Key Opinion Customer) is more likely to reach basic users. KOC are genuine customers of the brand who are willing to share their comments and viewpoints with their friends and families, and their reviews are often authentic personal experiences that have a more substantial effect on the actions of neutral customers because of the trustworthy nature of the opinions. Since Xiao Hong Shu is not only e-commerce but a social media where KOC can share experiences, it provides many benefits. The companies can monitor the KOC easily, viewers can communicate with the influencer in the comment section making it more interactive in nature, and users can be sent to the Xiao Hong Shu store and make a purchase immediately after reading the positive reviews regarding the brand. The communication process of brands in Xiao Hong Shu permits users to receive much more trustworthy and comprehensive information surrounding the brand and product. In other online shopping websites or applications, customers are often lured by the seller to leave positive comments with a few words and some photos next to them. Such superficial comments reduce the effect of attracting more customers because leaving the comments is not the intention of the customer, and they do it badly [8]. However, in Xiao Hong Shu users can receive views and likes after posting elaborately edited videos

and polished word descriptions, and gain the confidence to make more reviews. This process with much autonomy can result in more genuine comments and an increase in sales.

Posting is not enough to make the brand well known, making lives can even expand the influence ranges. Looking for popular influencers to make a live show propagating the product and make real-life and real-time evaluations about the product could be even more trustful than posts that can be edited beforehand. Therefore, many brands would invite popular individuals to make lives in Xiao Hong Shu.

4. Problems and Suggestions

4.1. Ensured Secured Personal Information

With the growing number of customers registering for Xiao Hong Shu privacy security is direly needed. When numerous posts of daily life and promotion of products are exposed on social media, and when tons of commodities are been purchased online, privacy concerns are being raised. Therefore, Xiao Hong Shu needs to strengthen the platform management and make sure the personal information of every user is not inadvertently divulged to others [9].

4.2. Minimized Daily Stream Limitations

The money given to KOL and KOC might not reach the intended purpose due to the application. The daily stream of every account's posts would be controlled by Xiao Hong Shu's platform. Therefore, the money paid for promoting the product with the influencer's posts might not be viewed by the desired amount of people. Xiao Hong Shu should not limit the daily stream of the posts but try to equally display the videos and photos to people keen on them, so the money paid for the advertisement can receive the intended effect.

4.3. Improved Revision of Posts' Descriptions

Some Brands and influencers would add numerous popular but unrelated keywords in order to increase the number of people viewing the uploads. Adding keywords unrelated to the posted videos displays the post to more customers curious about the keywords because of the big data, but those users might not be intrigued by the videos. Such behaviors worsen the experience Xiao Hong Shu brings to users. Therefore, the platform should revise more comprehensively about the keywords and descriptions of the posts to provide users with the best experience.

4.4. Improved Revision of Posts' Contents

The communication between the users and the brand might be misleading. In order to increase sales, many brands' accounts would require the KOL and KOC to, post false information about the product's composition or its effects [4]. Hence, the users cannot distinguish the right fact from wrong which often leads to negative consequences where users purchase the make-up that does not suit their skin type. Thus, Xiao Hong Shu needs to strengthen its monitoring procedure and the brand itself needs to check the accuracy of the posts to ensure the reputation of the brand besides raising awareness [4].

4.5. Eliminated Redundant Posts

Moreover, some brands are over-posting the videos or photos. Some brands' accounts want to update their posts frequently to appeal to more customers and offer users a more full-rounded description and analysis of their products [10]. However, frequent reading of the post would lead to unintended

effects such as becoming annoyed or bored with repeated exposure to the information. It is also time-wasting and energy-consuming for the individual managing the account to upload 3 or 4 posts a day. Thus, fewer and simplified posts would reach the best effect as the customers would not be annoyed and company staff would not be overloaded.

5. Conclusion

In conclusion, analyzing the strategies enables the application and the brands to comprehensively understand the strengths and weaknesses of their strategies, allowing them to judiciously adopt and refine particular measures. The process and result enable continuous improvement and adaptation of their approaches in response to evolving markets.

Several strategies have been adopted by make-up brands in the application named Xiao Hong Shu. Being e-commerce, the need for furnishing and managing the physical store is eliminated by managing the virtual store, which reduces the cost required to set up the store. As the application grew larger, coupons that could be used in particular stores were assigned to users, promoting the purchasing frequency and degree. The social-commerce platform enables corporations to advertise the brand and sell the product at the same time, offering convenient purchasing experiences to customers. Comprehensive reviews and feedback are equipped in Xiao Hong Shu with users taking the initiative to share their opinions about certain products, positive or negative, to gain acknowledgment from others through the same perspective and viewpoints. The likes and views are the most potent evidence to the degree others agree with their perspectives, which further prompts the users to share their authentic ideas regarding the products or brands. Since the influencer-follower relationship has gradually involved friendships in which mutual trust dominates, all of the reviews could serve as the most effective promotions for the product and brand if they are all positive. Therefore, companies hire KOLs and KOCs to largely post favorable comments surrounding the product to convince out-of-range and neutral customers to purchase. On the other hand, problems exist in the market. Information security is at risk as the user number grows larger. Inaccurate descriptions and keywords deceive the public into believing misinformation, leading to making uniform decisions based on misleading content. Redundant posts annoy the viewer and decrease the brand's sales. Limiting the daily stream of the influencer affects the brand as the money paid to attract more customers cannot reach the intended purpose. The analysis might contain bias and lack sufficient objectivity, which jeopardizes the integrity of the findings. In the future, a broader scope and more comprehensive application of the findings are essential to enhance the validity of the research outcome.

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