Discussion on the Marketing Strategy of Estee Lauder DW Foundation Liquid Based on the RED Platform

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Abstract. This study aims to thoroughly analyze Estee Lauder's DW Foundation marketing strategy on the RED platform, a leading social e-commerce website in China. Considering the fact that the beauty industry is growing more competitive, it is necessary to acquire insight into the behavior of customers on digital platforms. For the purpose of gaining a better understanding of the elements that impact purchasing decisions, this study investigates aspects such as price, shade diversity, and lasting power. According to the findings, there is a weak negative correlation between price and sales, which highlights the significance of other product characteristics. Through the use of user-generated content and the collaboration with influencers on RED, Estee Lauder has the ability to improve its brand presence and effectively engage with the target audience it is trying to reach. This gives a thrilling opportunity for the brand to further strengthen its position in the market and meet the evolving needs of consumers.

Keywords: RED platform, Digital marketing, User-generated content (UGC), Key opinion leaders (KOLs), Brand strategy.

1. Introduction

With the development of social media, digital marketing has become one of the core brand promotion strategies. Especially in the Chinese market, Little Red Book (RED for short in this article) is a platform that combines social media and e-commerce functions with its unique community atmosphere and strong user-generated content (UGC, generally refers to the public release on the Internet, created by non-authority through non-professional means, with a specific innovative nature of content [1] has attracted the attention of many beauty brands. According to the official release of the 2024 Little Red Book business news, the monthly life of the Little Red Book has reached 260 million, 72% of which are after 90, more than 60% from the first and second-tier cities; the platform has more than 80 million content sharing, more than 3 million daily notes of various categories to share, all kinds of content can leave "Seeding" traces in the Little Red Book. Little Red Book marketing is more focused on sharing; it is to attract some users to share life and product information dissemination, accumulate product reputation, attract fans to receive information, stimulate the purchase desire, clear purchase purpose, and finally realize the purchase behavior. This process is called "Seeding" [2].

As a world-renowned high-end beauty brand, Estee Lauder has achieved good results in the market with its DW liquid Foundation (Double Wear Foundation), which has the advantages of durability, firm concealer, and a good matte effect. However, with the intensification of market competition, further enhancing brand influence and attracting more potential consumers on a content-led social platform like Little Red Book has become an essential challenge for Estee Lauder.

This paper will focus on this issue by analyzing the characteristics and user behavior patterns of the Little Red Book platform, combined with the product advantages of Estee Lauder DW foundation, and explore the effective strategies suitable for promoting the product. Using content creation, KOL (Key Opinion Leaders) cooperation, and UGC incentive, this paper aims to develop a comprehensive marketing plan for Estee Lauder and put forward how to monitor and adjust the effect in practice to ensure the continuous optimization of marketing strategy.

2. Literature review

2.1. The marketing advantages of social media platforms

Social media marketing has become an important means for brands to interact with consumers. Under the background of new media, traditional offline advertising has been difficult to attract consumers, and it is difficult to obtain consumer recognition and trust. On the contrary, consumers believe more in the marketing promotion information of major online platforms because there are many users' feedback information. Consumers are more and more inclined to learn about products, corporate brands, and services online, pay more attention to online sales, logistics and after-sales service reputation of enterprises, and use online evaluation to infer offline store services [3]. This perspective represents the essential role of social media in contemporary marketing strategy. Consumers are increasingly dependent on information found on social media platforms when making purchasing choices. As a result, companies must actively participate in these platforms in order to establish consumer trust and promote brand loyalty. The social media platform itself has the advantages of fast information transmission, wide audience, strong interaction and wide coverage, which is also an important reason for the high marketing efficiency of enterprises under social media [4]. Therefore, enterprises can communicate with target consumers more effectively through social media platforms and enhance brand influence and consumer engagement through interactive marketing strategies.

2.2. Marketing characteristics of the RED platform

The RED is a leading social e-commerce platform in China. Its unique community culture and user-generated content provide a place for brands to interact directly with target consumers. High-quality content producers on the RED platform tend to be more active and have their own unique opinions, which can help other users make decisions. This user segment has more influence than ordinary users, and they share content in a common language and familiar scenes on the RED platform, with a stronger loyalty and elasticity to the user [5]. This is a significant reference point for promoting high-end beauty brands like Estee Lauder Foundation liquid on the RED platform. Obtaining user confidence is one of the most important ways for KOL to stand out in the fierce market competition; the platform can "recommend KOL to trust its consumers" to optimize the traffic structure KOL obtained, helping KOL gain a high-quality audience, decreasing customer costs, increasing conversion rates and sales [6]. The Estee Lauder Foundation's marketing strategy based on the RED platform should prioritize the identification and cultivation of high-quality content

producers and KOLs, as well as efficient marketing and sales transformation through increased user trust and loyalty.

2.3. Digital marketing trends in the beauty industry

The beauty industry is one of the pioneers of digital marketing, and brands interact with consumers through social media, e-commerce platforms, virtual trial makeup, and many other ways. Brands capitalized on these platforms (Facebook, YouTube, and later Instagram) to showcase products, collaborate with influencers, and create engaging content. Influencer marketing emerged as a potent force, with beauty influencers driving consumer perceptions and purchase behaviors [7]. The same trend can be applied to China's social e-commerce platform RED. On the RED, the marketing of Estee Lauder Foundation can further enhance brand influence and consumer purchasing will by working with influential beauty bloggers on the platform. The development of big data and analytics makes beauty brands use consumer data for specific marketing campaigns [8]. This digital improvement has changed the brand's interaction with consumers. It also provides brands with more accurate and efficient marketing information. For Estee Lauder Foundation, collecting and analyzing user data through the RED platform enables consumers to gain an in-depth understanding of consumer needs and preferences, thus developing more precise marketing strategies. For example, Estee Lauder can optimize product recommendations and advertising by analyzing user feedback on different foundation shades for personalized marketing. It is not only consistent with the current digital marketing trends in the cosmetics industry, but it can also improve overall brand influence and sales performance in competitive markets.

2.4. Content marketing of beauty products

In modern times, customers are beginning to demonstrate an increasing level of distrust towards the psychological characteristics of advertising. Content marketing, which consists of both weak advertising and valuable qualities, is able to satisfy the requirements of consumers [9]. When it comes to the promotion of beauty products, content marketing is an extremely important factor. Quality content can not only attract users' attention but also enhance the brand's professional image and user trust. This is especially important for high-end beauty products like Estee Lauder's Liquid Foundation. By providing detailed product tutorials, skin-matching suggestions, and authentic user experience sharing, Estee Lauder can effectively build trust between brand professionalism and consumers. At the same time, "Seeding" has altered the typical consumption patterns of users and continues attracting many young people to gather in the RED community. The platform users exhibit a linear growth pattern, and the majority of the RED users have stable jobs and high consumption power, which creates favorable conditions for the marketing of e-commerce content [10]. For Estee Lauder Liquid Foundation, through "Seeding" in RED, the brand can accurately reach the target audience and stimulate consumers' desire for purchase through real user experience sharing and interaction.

To sum up, the existing literature shows the increasing importance of social media in modern marketing, especially in the beauty industry, where brands build strong connections with consumers through content marketing, KOL partnerships, and UGC incentives. As an essential social e-commerce platform in the Chinese market, the RED platform has become an ideal place for brand promotion with its unique user ecology and content form. Future research should explore how to accurately design and implement marketing strategies on this platform to maximize brand market impact and consumer conversion.

3. Segmentation

When segmenting the Estee Lauder DW foundation market, this paper analyzes the four dimensions of demographics, geographical location, psychological characteristics, and behavioral characteristics to ensure that marketing strategies can accurately match target consumers' needs.

First, from a demographic perspective, the leading consumer group of Estee Lauder DW Foundation is women between the ages of 18 and 35. Consumers in this age group can be further subdivided into 18-24 and 25-35. The former are primarily young consumers who pursue fashion trends and prefer to try new products; The latter are mainly women in the workplace, who have higher requirements for the quality of cosmetics and pay more attention to the durability and concealer effect. According to this segment, brands can attract younger consumers through promotion strategies of social media trends and reach women in the workplace by displaying workplace makeup on KOL. In addition, while women are the leading target group, male users constitute a niche market and tend to look for natural makeup and concealer effects. As a result, brands can attract male users who have a demand for cosmetics through gender-neutral advertising.

Secondly, in terms of geographical location, consumers in first-tier cities and second - and third-tier cities show different consumption habits. In first-tier cities, consumers have higher incomes, strong brand awareness, and pursue high-end consumption experiences. Therefore, brands can offer personalized services, such as VIP salon events, to enhance brand loyalty. Although consumers are more sensitive to price in second and third-tier cities, they have high brand loyalty. For this market, brands can increase the penetration rate of products through promotional activities and price strategies.

From the perspective of psychological characteristics, the lifestyle of target consumers also affects their purchasing behavior. Brands can work with fashion bloggers to promote trendy content and makeup to appeal to a community of fashionistas who are passionate about trends and willing to share and recommend good things. While the elite group in the workplace is more concerned about efficient and professional image, brands can demonstrate practical makeup skills through workplace KOL, emphasizing the durability of products and natural makeup effect to attract these consumers.

Finally, from the perspective of behavioral characteristics, consumers' purchase motives also determine their consumption choices. Brand loyalists have used Estee Lauder products for a long time and have a high sense of identity with the brand. Brands can further strengthen their loyalty through member rewards programs and the launch of limited-edition products. Those consumers who focus on product functionality are more concerned about practical effects such as durability, concealer, and oil control. Through product comparison, brands can demonstrate the excellent performance of Estee Lauder DW foundation in these aspects and attract users with high functional requirements.

The following Table 1 is a segmentation table for Estee Lauder DW Foundation, categorizing the target market based on different dimensions:

Table 1. Segmentation table for Estee Lauder DW Foundation

Dimensions	Categories	Characteristics	Marketing Strategies
Demography	Age range	18-24	Young consumers, pay attention to fashion trends, like to try new products.
		25-35	Women in the workplace have high requirements for the quality of cosmetics, and the pursuit of lasting and concealer effects.
	Gender	Female	The main consumer group pays attention to the use experience and effect of cosmetics.
		Male	Niche market, focus on natural makeup and concealer effect.
Location	City level	First-tier city	High-income groups, strong brand awareness, the pursuit of high-end consumption.
		Second and third-tier cities	Price sensitive, but brand loyalty.
Psychological Feature	Life-style	Fashion insider	Keen on fashion trends, willing to share and recommend good things.
	Workplace elite	The pursuit of efficient, focus on product functionality.	Emphasize the durability and natural makeup effect of products, and demonstrate practical makeup skills through workplace KOL.
Behavior Characteristics	Purchase Motive	Brand loyalist	Long-term use of Estee Lauder products, high brand recognition.
	Functional Demander	Focus on product functionality, such as durability, concealer, etc.	Show the superior results of Estee Lauder DW Foundation through product comparison to attract users with high functional requirements.

4. Positioning

This perceptual map (see Figure 1) shows the relative positioning of Estee Lauder DW Liquid Foundation with other major competitors (Chanel, Givenchy, YSL, Armani, Lancome) on two dimensions of quality and price. Estee Lauder DW Liquid Foundation is positioned as a premium product with superior quality and price, which consumers highly recognize. In contrast, Chanel had the highest price perception, reflecting its luxury brand's market positioning, but its quality perception was slightly worse than Estee Lauder's. Givenchy's perception of quality and price is slightly lower, emphasizing value for money. YSL maintains a balance of quality and price and features avant-garde fashion. Armani is on par with Estee Lauder in quality but has a higher price perception, highlighting its premium positioning. Despite its low price perception, Lancome maintains a high level of quality, attracting consumers who seek high quality and affordable prices. Overall, Estee Lauder DW liquid Foundation has successfully won the favour of consumers in the high-end market with its excellent quality and reasonably high price. At the same time, other brands have their own characteristics in terms of luxury, innovation, and cost performance.
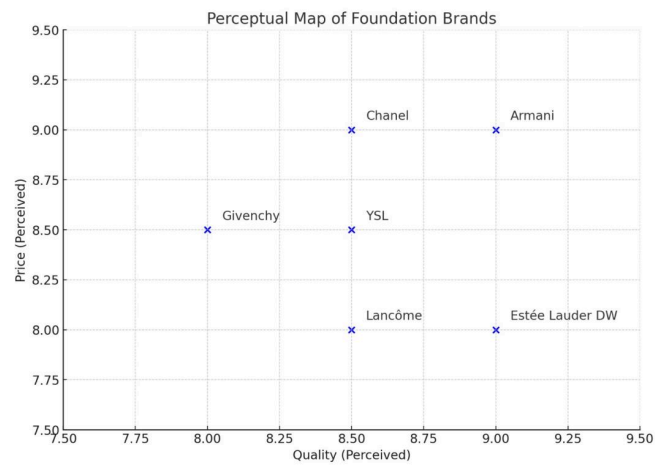
Figure 1. Perceptual map

5. Data analysis

Figure 2. Data analysis

```
[22]:  Y = data['Buyers']
       X = data['Price.1']
       neoscholar.regress(Y,X).summary()
```

[22]:

NeoscholarOLS Regression Results

Dep. Variable:	Buyers	R-squared:	0.040
Model:	NeoscholarOLS	Adj. R-squared:	0.037
Method:	Least Squares	F-statistic:	16.69
Date:	Thu, 15 Aug 2024	Prob (F-statistic):	5.30e-05
Time:	01:27:50	Log-Likelihood:	-231.58
No. Observations:	407	AIC:	467.2
Df Residuals:	405	BIC:	475.2
Df Model:	1		
Covariance Type:	nonrobust		

	coef	std err	t	P>|t|	[0.025	0.975]
const	1.0992	0.089	12.298	0.000	0.923	1.275
Price.1	-0.0008	0.000	-4.085	0.000	-0.001	-0.000

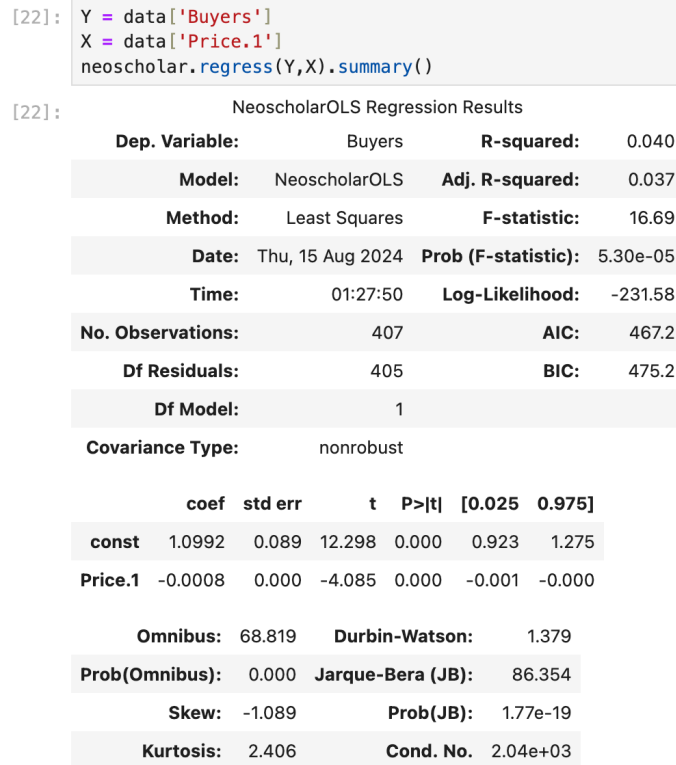|			
Omnibus:	68.819	Durbin-Watson:	1.379
Prob(Omnibus):	0.000	Jarque-Bera (JB):	86.354
Skew:	-1.089	Prob(JB):	1.77e-19
Kurtosis:	2.406	Cond. No.	2.04e+03

Figure 3. Data analysis

In this data analysis (see Figure 2,3), we analyzed the number of buyers of Estee Lauder DW foundation who changed with the change of price (Price.1), shades (Shades.1) and lasting (Lasting.1). Conjoint analysis was performed with two other competitors, Chanel and Givenchy. We received 540 responses for different control variables and ignored the suspicious, duplicating 133 responses to reach the following conclusions:

The data analysis of the Estee Lauder DW Foundation reveals a weak negative correlation between its price (Price.1) and the number of buyers, with a correlation coefficient of approximately -0.199, suggesting that as the price increases, the number of buyers tends to decrease slightly. This relationship is not very noticeable, however. The regression equation, Buyers = 1.0992 - 0.0008 × Price.1, indicates a minimal impact of price on buyer behaviour, highlighting that other factors, such as the variety of shades (Shades.1) and the lasting time (Lasting.1) of the foundation, are likely more significant in influencing purchasing decisions. Not specifically calculated in this analysis, these factors are very important in determining consumer preference, especially on platforms like RED, where user experience and product features are very important. Knowing how Estee Lauder's pricing, shade selection, and lasting power compare to its competitors, such as Chanel (Price) and Givenchy (Price.2), offers important information about the brand's market positioning and possible differentiation methods.

In the marketing strategy of Estee Lauder DW foundation based on the RED platform, we need to consider the relationship between price sensitivity and consumer perception fully. Through data analysis, it is found that there is a weak negative correlation between the price of foundation liquid and the number of buyers, which indicates that consumers are more sensitive to price changes. To this end, Estee Lauder can make small price adjustments on the RED platform during key marketing periods (such as Double Eleven and Double Twelve). These adjustments should be communicated

through the platform, highlighting the time-limited nature of the offers and creating a sense of urgency and uniqueness that will stimulate short-term sales without affecting the brand's long-term positioning. At the same time, the durability of the product and the advantages of multi-shade numbers should be fully displayed in marketing. RED users are very concerned about the actual effect and applicability of the product. Through cooperation with influential beauty bloggers, they can create content to show the long-term ability of the foundation to hold makeup and apply it to a variety of skin tones. For example, bloggers can be invited to conduct makeup tests around the clock or create before-and-after videos that appeal to users looking for authenticity. In addition, encouraging user-generated content (UGC) through incentivizing campaigns for users to share experiences with different shades and cosmetic effects increases the credibility of products. It helps potential buyers find the right shade and product version. In the target marketing activities, Estee Lauder can use the data analysis tool of RED to segment the audience according to user behaviour and preferences, launch content for young and trendsetting users, emphasize the modern sense, light texture, and rich shade selection of the foundation liquid, and for more mature user groups, it should highlight the high-end quality of the product and long-term, lasting makeup effect. Customized content is more effective at resonating with users and increasing engagement. Estee Lauder can naturally incorporate the DW foundation into tutorials, reviews, and lifestyle content by partnering with small, mid-size, and top beauty bloggers on RED. The authenticity of these partnerships is critical to building trust in the Little Red Book community.

Regarding experimentation and data-driven adjustments, Estee Lauder can explore different pricing strategies through A/B testing, such as testing the effectiveness of bundling the foundation with other Estee Lauder products or offering different discount strategies to new users versus regular customers. Analyze the results to determine the pricing strategy that maximizes conversion rates and customer retention. In addition, brands should pay more attention to the importance of their marketing campaigns on RED. They can use this information to improve their marketing strategy and show how they value customer opinions by answering comments and reviews. This behavior is very important on a platform like RED because the community interaction is quite influential.

In order to build brand loyalty, Estee Lauder can offer exclusive promotions and the latest shades to loyal customers in RED. They can also invite popular influencers to advertise their products or cooperate with community challenges. Consumers will be encouraged to take part in these events and share their experiences because of influencers and community challenges. Finally, Estee Lauder can also teach consumers a lot of things by posting short videos or educational articles on RED. For example, they can teach consumers how to choose the right shade, the correct use of foundation for different skin types, or have a specific makeup effect. This kind of operation will stimulate product usage and make Estee Lauder more authoritative in beauty. Also. it will foster long-term loyalty among users. By focusing on these strategies, Estee Lauder can effectively leverage the RED platform's unique advantages to improve DW foundation sales and build a strong brand influence. Ultimately, it will cultivate a loyal customer base in the Chinese market.

6. Conclusion

In conclusion, the marketing strategy for Estee Lauder's DW foundation on the RED platform should consider both price sensitivity and product characteristics like tonal diversity and staying power. Based on the company's data analysis, even though the price has some influence on buyer behaviour, it is not the most important factor. Estee Lauder can maximize its market impact on RED by making strategic price adjustments during key marketing periods and cooperating with influential beauty bloggers to highlight the product's strengths. Also, if the company encourag user to share

content and utilize data analysis for targeted marketing, Estee Lauder will build a stronger brand reputation and get long-term customer loyalty in the competitive beauty market.

However, there are some limitations to the study. First, the amonut of data is no large enough and may not fully explain the complex dynamics of consumer behaviour on the RED platform. Besides, focusing only on price, shade, and lasting may overlook other important factors. For instance, brand loyalty, consumer reviews, and social media trends. These things may also influence purchasing decisions. Future research could extend these areas by including a wider range of data and exploring the effects of other variables. Finally, the digital marketing landscape changes rapidly, which means that strategies that work today may need to be constantly modified to remain relevant in the future. By addressing these limitations and maintaining flexibility in its marketing strategy, Estee Lauder can continue to survive in the highly competitive beauty market on the RED platform.

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