

Analysis of Marketing Strategies Based on Different Product Characteristics

Mozhu Song^{1,a,*}

¹*Chengdu Tianfu School, China, 610047*

a. fiveeee4@163.com

**corresponding author*

Abstract: The mass market now offers a wide range of products with similar characteristics for consumers to choose from, so how to attract their attention through marketing. It is worth looking into this. This paper mainly studies how different companies in the same category carry out corresponding marketing according to their own conditions. This article takes Estee Lauder and a minority brand in China as examples. The research methods used in this paper are The Four Ps of Marketing and literature review. The result shows that for some skincare products that are already branded, the company needs to hire some influential people to be the spokesperson for the skincare line. This is not only because of the celebrity effect but also because the public trusts the brand. Likewise, for products that are not very well known, they will focus their marketing on the daily advertisements of bloggers on some self-publishing platforms. This will make it easier for a wider group of people to learn about the product rather than just targeting a fixed population segment.

Keywords: 4P Analysis, marketing strategy, Estée lauder, business economic, niche brand

1. Introduction

A particular business philosophy guides marketing. It is influenced by the ideology of the company, its customers, and society. Different periods and economic systems have different business philosophies, and therefore, different periods and economic systems have different business philosophies and marketing concepts and approaches. Marketing is the bridge between the market and the enterprise. Marketing work can directly reflect the social image of the enterprise, so marketing is essential for the development of modern enterprises [1]. There are quite a few academic papers on marketing at the moment. The advantages of the Internet for enterprise marketing are conducive to promoting the circulation of market information. In enterprise marketing, for instance, there is one about information circulation, and updating is the most important. The market situation is changing rapidly. If the enterprise cannot timely grasp the latest market dynamics, it is straightforward to fall into a passive situation. The emergence of the Internet has accelerated the speed of information circulation and expanded the scope of dissemination. Through the Internet, the sales staff of enterprises can pay attention to the market dynamics anytime and anywhere and then flexibly adjust the marketing strategy and work direction [2].

At the same time, another article describes the advantages of new media in marketing. For example, consumers have more space to make independent choices in the new media environment. Compared with the traditional forms of media communication, people accept new media faster and

rely on new media to achieve information dissemination faster. In the new media environment, the consumer market is no longer in short supply, and people's consumption choices are no longer passively accepted. Consumers can learn about consumption information from more channels and locate consumer goods more accurately [3]. Nevertheless, the author focuses on how marketing strategies can be used to analyze the impact of marketing on large corporations and niche brands, respectively, and suggests which would be more appropriate for their brand identity. First, classify the different product brands in terms of their popularity. Next, we will go through the products under their different brands to find out how they are currently advertised and marketed. For example, Estée Lauder, a globally renowned brand, has developed its brand and is active in front of the masses. Whenever it launches an exclusive product of its own, it attracts many self-publishing bloggers to make spontaneous purchases or reviews. At the same time, there are niche brands with their products in China. They may offer other aspects of marketing. The primary purpose of this study is to help those who want to enter the beauty market have a better visual example of how to target their branding in the future since it includes both large and well-known brands and local niche brands.

2. Analysis of Estée Lauder's Marketing Strategy Based on 4P Marketing Theory

In 1930, Esther married Joseph Lauder, whom she had been in love with for three years, and officially became Madame Lauder. Not content with being a housewife, Esther's dreams of a beauty empire were rising. In 1944, the Lauders owned the family's first shop, and in 1946, Estée Lauder founded the company that bears her name, the Estée Lauder Companies. Since then, the Estée Lauder empire has taken shape.

The 4p marketing theory is applicable to analyze a company's business situation and can be regarded as the company's internal environment. The 4p includes the four dimensions: product, price, channel, and promotion.

Product: tangible and intangible products that a company offers to its target market, including physical products, technology, services, packaging, style, etc.

Price: basic, discounted, payment terms, and various pricing methods and techniques.

Channels: a product's path from the manufacturer to the consumer. Agents, wholesalers, shopping malls/retail shops.

Promotion: the various methods used by companies to stimulate consumption by users. Advertising, people selling, discounts, etc.

2.1. Estee Lauder's Original Marketing Strategy

In the brand's early days, Estée made several visits to Saks Fifth Avenue, the largest department store in the United States at the time, to apply for a counter, but was rejected each time. But she always believed her products deserved to be in the most exclusive department store in the country, and time and time again, she relentlessly self-promoted. To expand the awareness of the fledgling brand, Estée Lauder took on the role of salesperson herself, offering women who were having treatments in the salon the chance to try her products for free, thereby promoting them. This way of providing trials now seems like a good idea — it saves money on marketing and allows for direct and face-to-face trial service. It also enables Mrs. Lauder to not worry about the low marketing cost ratio in large-scale marketing.

Low marketing cost ratio was a very effective marketing method in Mrs. Lauder's day. She was eventually given the most obscure corner to set up a counter in and then set herself a working limit: "Touch a minimum of 50 faces a day." The woman who would come to be known as "the most influential sales genius of the 20th century" once said, "Every day of my life, every day of my working life has been about selling. If I believe in something, I sell it, and I leave no stone unturned."

Perseverance paid off, and the Estée Lauder brand began to take the top spot in the beauty supply world. Furthermore, riding on the company's upward momentum, Mrs. Lauder followed suit with more brands and new products, reaching annual sales of \$800,000 by 1958. From this point on, Estee Lauder entered a period of rapid growth [4].

2.2. How Estee Lauder Has Evolved

The Estée Lauder Little Brown Bottle is one of the brand's most popular skincare products and has been updated for seven generations since its inception. The product focuses on anti-aging and repair and is a great choice for people over 25. This is a product that, through its quality, is highly competitive with other products at the same price point or even at a higher price point, thus demonstrating the positive effect of the product's competitiveness on the company's marketing. For this reason, in the subsequent development of its products, Estée Lauder has continued to develop its lines, innovate with distinctive products and attract consumers through its unique selling points. It launched several different product lines, including make-up, fragrances, and skincare, to serve as a competitive edge for the company's smooth growth. It also shares the risk so that if one product line fails, the success of one of them will not put the whole company into bankruptcy.

At the same time, Estée Lauder is also quietly developing its own sales channels for its products, such as opening offline authorized agencies in China and being present in the shops of major boutique malls. The company has also extended its directly-managed and overseas flagship shops on the famous Chinese shopping platform Tmall. All this is to increase the company's sales channels and make it easier and more convenient for consumers to buy the products, which allows them to enjoy the pleasure of buying Estee Lauder anytime, anywhere.

According to the data from Euromonitor International, as seen in the example of "Analysis of Marketing Principles in the Cosmetics Industry" in the Contemporary Economy-Monthly 2019 drop 6, the Estée Lauder product line has been growing and stabilizing since 2011, with the color cosmetics business, in particular, growing at a compound annual growth rate of 6.9%, skin care at a compound annual growth rate of 3.6% for Skincare and 3.8% for Fragrance. The skin care business is growing at a CAGR of 3.6%, and fragrances at a CAGR of 3.8%. Hair care products, although accounting for a smaller share, also grew at a CAGR of 5.1%. Estée Lauder is extremely innovative and has made great efforts to analyze the cosmetics industry's marketing principles, as seen by the growing trend of the business [5].

In summary, using many marketing principles, Estee Lauder could achieve good results among many large companies over almost seventy years. Recently, for instance, Estée Lauder Group announced its FY2019 performance review (the "Report"). In an open letter, Estée Lauder's CEO, Yide Fu, said that the Group's key growth engines for FY2019 ending June 30 include

- global emerging markets, particularly China and the entire Asia Pacific region;
- the skincare category;
- the travel retail and online channels;
- product innovation that attracts significant repeat purchases.

New products became the Estée Lauder Group's fourth largest growth engine. Fu Yi-de revealed that 30% of the Group's sales in 2019 came from new products, with recent product sales reaching a record high [6].

2.3. Effectiveness of Advertising Spokespersons

Originally from Ethiopia, Leah is one of the most sought-after models in the fashion industry today and was the first black face of Estee Lauder. She is a favourite of many top fashion designers and is often seen in the shows of Ralph Lauren, marc jacobs, Michael Kors, and Gucci. Her youthful and

bright appearance, outstanding style and poise have also been the focus of many beauty and fashion magazines. Liya's presence in the Estée Lauder campaign is a perfect complement to Elizabeth and Carolyn, the youngest of the two, who are in their twenties. Carolyn is in her thirties, and Elizabeth is in her forties, with three faces in different age groups, cultural backgrounds and even skin tones. Their differences and diversity reflect the Estée Lauder brand's broad global audience and bring more energy, vibrancy and style to the brand [7]. On February 20, 2017, Estée Lauder officially announced Yang Mi as its Asia Pacific brand spokesperson. Another Chinese star signed in just 10 months after Estée Lauder's Red Pomegranate Ambassador Song Xi, China Brand Ambassador Wang Kai and China Makeup Ambassador Tang Yan. In an official Weibo post, Estée Lauder praised Yang Mi as "an influential actress and popular queen" and "an enthusiastic fashion icon for the younger generation".

A closer analysis of Estée Lauder's recent Chinese celebrity tie-ups reveals its desire to capture more young consumers in the Chinese market. Whether it is Song Xi, born in 1987, Wang Kai, born in 1982, Tang Yan, born in 1983 and Yang Mi, born in 1986, they all belong to the younger generation and are quite appealing and influential among young consumers. For example, Tang Yan and Yang Mi have 57.44 million and 70.22 million Weibo followers, respectively. Estée Lauder's brand ambassador for China, Wang Kai, was announced in August last year and is the first male brand ambassador in Greater China. This series of actions shows that Estée Lauder is paying more attention to the Chinese market and its young consumers and is accelerating its pace of capturing the Chinese market [8].

2.4. Pricing

It tends to have some added value as a well-known brand. However, Estee Lauder products are not expensive, and the average skincare product will only cost between 500 and 600 RMB. Such a medium price can attract a more extensive customer base to spend. Also, because it has a wide range of products and the company is well funded, its upfront research costs can be well covered.

3. Chinese Beauty Brand

UNISKIN sprouted in 2016 and was founded in 2018, a brand of Fornai(Shanghai) Biotechnology Co., an anti-ageing brand that specializes in the skin of the Chinese people [9]. This niche brand in China has only been around for 18 years, so the brand is opting for a cheaper marketing approach than hiring a celebrity spokesperson. That is to send some PR gift boxes to some self-publishing bloggers on some streaming media platforms. This way, the video bloggers will recommend the products they think are suitable to their fans or to passers-by who are caught by the big data to buy such products. At the same time, these niche brands do not have the capacity or resources to guarantee that they will not lose money if they open an offline shop of their own. This is why most of them choose to sell their products on the internet, through bloggers' video links and Taobao shops, which are online retailing, so that the cost is lower. However, the customer base is also broader, and the phenomenon of buying anywhere anytime is possible. However, for these brands, which are not very famous, their prices are not very high and fluctuate between 100 and 200. They offer discounts on their products to some anchors, guaranteeing their sales and covering the cost of their use with volume. At the same time, the packaging of niche brands can become a selling point in their marketing characteristics. Beautiful things always arouse people's desire to buy. Take CROXX cosmetics brand packaging design as an example. With the upgrading of consumption structure, colour makeup has become the mainstream consumer product in people's lives. In the cosmetics consumer market full of competition, the forms of packaging become one of the main reasons why consumers choose a makeup brand is also a basic form of value expression, even on the premise of investing a lot of media

advertising, because the packing can attract the attention of consumers first. Hence, the packaging is also a compelling “salesman”, Almost as crucial as product quality [10].

4. Discussion

As an established brand, Estee Lauder needs to keep launching new products in this large market and strengthen their position to maintain its brand. A brand's latest product is the 'question mark' in this approach, and it has a high market growth rate but a very low market share. Therefore, it requires much investment in its publicity — communication effect. The “question mark” becomes a “star” with a high market share and high market growth. After becoming a 'star,' it still needs money to promote or run some big promotions to make the product as much of a 'cash cow' as possible. By this time, the money earned from the product can cover the previous publicity and the related R&D costs. For example, Estee Lauder's star product is Advanced Night Repair, which is now their cash cow, and they need to upgrade this product to maintain its market share and keep consumers buying it. This will give the company a good return and will not lead to a significant loss when it finally goes "dog." But compared to some local Chinese brands, their products may not have the opportunity to move from 'question mark' to 'star.' This is because much money is often needed for the promotional side of the process. But smaller companies often do not have the credibility of Estee Lauder, and it isn't easy to find large celebrities to promote their products. Ultimately, their products will not have a high market share and will go straight to "dog," meaning low market share and growth rates. In the meantime, these small companies' favorite publicity method is sending PR boxes to celebrities and skincare bloggers on streaming media platforms. The hope was that these people would test their products and then recommend them to the wider public through the self-publishing aspect that is so popular these days. However, this comes with a big risk; for example, skincare bloggers are different from each other, and they may not all like the product and give it a positive review. Therefore, when there is a video on such a self-media platform with a negative review, consumers will think long and hard before they buy. But by this time, these small companies have already lost many costs in comparison, and it is possible that their lack of revenue during that time could lead to the failure of the whole company or the whole product line.

5. Conclusion

This conclusion needs to be pointed out first, that Estee Lauder acquired specific markets through direct selling at the beginning of its establishment. Moreover, it expands its distribution channels and types, covering a wide range of places people can go or websites they can use to increase its distribution channels for marketing. For example, there are high-end department stores, specialty stores, perfume stores, professional hair salons, airports, duty-free stores, websites, etc. At the same time, Estee Lauder also employs some influential celebrities as the spokespersons of their products to generate some celebrity effect and attract the masses to watch, understand, and buy. Niche brands generally carry out publicity through online we-media and invite some bloggers in related fields for publicity and marketing. Alternatively, the products' appearance can also be a unique selling point for some niche markets. In the end, it can be inferred that there are now different marketing approaches for different classes of brands. Of course, the current paper is more based on theoretical ideas. If possible, more brands or deeper data should be found to validate the ideas in this paper in future research.

References

- [1] Hao Jianye. *The importance of marketing to modern business*[J]. *CHINA BUSINESS(JINGJI LILUN YANJIU)*. 34. 29-30. 2019.

- [2] Li Jingwen. *Research on Enterprise Marketing under the background of the Internet*. *China Market*(19), 3, 202.
- [3] Zhao Jian. *Research on corporate marketing strategies in the new media perspective*. *Market Modernization* (9), 3. 2022.
- [4] Net Ease. *Estee Lauder Queen's 10 marketing rules of war*. <https://www.163.com/dy/article/H73KIE3K055354RK.html> 2022.
- [5] Zhang Yuheng, XuTongyang, Jiang Zixiao, & Wang Xinyu. "Analysis of Marketing Principles in the Cosmetics Industry — Estee Lauder as an Example". *Contemporary Economics* (6), 3. (2019)
- [6] Jiemian News. *Estee Lauder sold 105.42 billion yuan in fiscal year 2021, the bad news is that the color cosmetics business continues to decline*. <https://www.jiemian.com/article/6512095.html> 2021.
- [7] Dajie.com. *Estee Lauder's previous spokesperson introduction*. <http://wzpm.dajie.com/corp/1001401/discuss/13251>
- [8] Zhu Xingqiong. *Estee Lauder signed Yang Mi, 10 months to take 4 Chinese stars for what?* Jiemian News. <https://www.jiemian.com/article/1125795.html> 2017.
- [9] UNISKIN. <https://www.uniskin.com/homepage/official/#/>
- [10] Zhou Zhiye, Li Guangan. *The application of niche decorative style in brand packaging design — CROXX brand packaging design as an example*. *Shanghai University of Engineering Technology. Masterpieces of Nature*. (14):85-87. (2022).