

# ***The Impact of Localized Co-branding on Consumers' Purchase Intention***

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**Abstract:** With the rapid expansion of local beauty firms in China, multinational makeup brands face an increasing threat. To attract more consumers, certain global beauty firms operating in China have adjusted their business models, deciding to form alliances with competitive local Chinese brands. Based on this market phenomenon, this paper decided to use Shiseido as an example to explore how cross-border co-branding cooperation between international cosmetics brands affects consumers' purchase intentions. This paper utilized qualitative research methods to conduct a SWOT analysis of aromatherapy products jointly launched by Shiseido and To Summer from the perspective of marketing mix theory. The conclusion was that the cross-border cooperation of international cosmetics brands has a positive effect on the purchase intention of consumers, and from a product point of view, Shiseido's strict control of product quality accelerates consumers' purchase of fragrance. In addition, Shiseido's diversified marketing strategy on media platforms has an incentive effect on consumers' purchasing power. Conversely, Shiseido's higher product pricing than local brands and lack of distribution channels for aromatherapy products will reduce consumers' purchasing power.

**Keywords:** SWOT analysis, marketing mix theory, Shiseido

## **1. Introduction**

### **1.1. Research Background**

With the digitalization of society, Chinese cosmetics businesses' market share has continued to grow in recent years, posing a significant threat to international beauty brands operating in China. According to research by The Business of Fashion (BoF) and McKinsey, almost 50% of Chinese consumers are purchasing more local cosmetics [1]. With the competitive relationship between global beauty brands and local Chinese brands, a new phenomenon has emerged in the beauty brand market: the localization of global brands, also known as cross-field cooperation. Many global beauty brands have also chosen to adopt this strategy.

Shiseido is a well-known Japanese cosmetics company. Skincare, color cosmetics, body care, hair care, and fragrance are among its product categories. It has achieved great success in the realms of skincare and color cosmetics, but it has not attracted enough consumer attention in the fragrance industry. With rising social consumption levels and consumers' greater focus on quality of life, demand for aromatherapy products as well as high-quality perfumes continues to rise, and China's

perfume business is booming. According to a BoF estimate, its current valuation of \$2 billion is likely to double by 2027 [1]. On the other hand, many young people in China are interested in To Summer, a niche local fragrance brand that has recently emerged. To further open up the Chinese market and increase the popularity of its high-end line of brands. In May this year, Shiseido chose to jointly launch a fragrance called Lily of the Valley with To Summer, which can be seen in Figure 1 [1]. The cooperation between Shiseido and To Summer not only enhanced its competitiveness in the Chinese market but also helped it open up the Chinese fragrance market.



Figure 1: Lily of the Valley [1].

Shiseido, a well-known international first-line brand, is frequently recognized as a significant market research object, although the study aspect and direction are very different. For example, Culver has studied Shiseido's unique modernist visual culture as a marketing method, creating a "beautiful empire" image and taking advantage of consumers' sense of national identity [2]. Geng used Estee Lauder as an illustration to examine the market situation of rival Shiseido after COVID-19 [3]. Including Iain Campbell's interview with Shiseido's CEO, Masahiko Uotani, studying how Shiseido changed the company culture to create a more profitable, truly global brand [4].

## 1.2. Research Gap

Although Shiseido is a research case for many research issues, Shiseido has developed a new strategy in order to join the Chinese aromatherapy market and enhance the appeal of its high-end products. It was selected to work with To Summer, a well-known aromatherapy brand in China. There is no case study on this partnership because it occurred in May of this year. Therefore, this article will aim at this phenomenon, taking the cooperation between Shiseido and To Summer as a case study to study whether the localized cross-border cooperation of international cosmetic brands will affect consumers' willingness to buy. By studying this phenomenon and analyzing the advantages and disadvantages of strategic cooperation between Shiseido and To Summer and the degree of influence on consumers' willingness to purchase, it can assess whether it can effectively achieve its strategic goals. Secondly, international brands can explore a new marketing method to help them better enter the Chinese market and implement marketing strategies for target consumers accurately.

## 1.3. Fill the Gap

To solve the problem of whether the localized cross-border cooperation of international cosmetic brands will affect consumers' willingness to purchase, utilizing the Marketing Mix Theory and

SWOT analysis method and taking the cooperation between Shiseido and To Summer as a case study, Finally, through the analysis of the advantages and disadvantages of this strategy and further discussions based on the relevant results, this paper will explore how international cosmetic brands can develop better in the Chinese market and how to gain a firm foothold

## 2. Literature Review

### 2.1. Definition

The marketing mix theory is a component of the marketing plan that consists mostly of the four Ps: product, price, place, and promotion. E. Jerome McCarthy, a marketing professor, created the 4Ps classification for establishing efficient marketing strategies in 1960 [5]. The various components of the marketing mix work together with the ultimate goal of increasing sales for the brand. Focusing on the marketing mix assists firms in making better strategic decisions about new and existing products.

A product represents an item or service that meets the needs of a customer, and if someone wants to effectively market a product or service, consumers need to perceive that it is different from competing products. The selling price of a product reflects the price consumers are willing to pay for that product. Marketers need to price products based on consumers' perceptions, and when determining distribution areas, placing products in obvious areas is conducive to attracting consumers' attention. Promotional activities include advertising, promotions, and public relations, and marketers need to find the right marketing method for the product and combine online and offline marketing.

Later, the marketing mix theory was added to the 7Ps, and these additional categories included people, physical evidence, and processes. The core of the marketing mix is to promote a product or service and increase the company's revenue. Overall, it integrates key marketing strategies to create brand awareness, build customer loyalty, and drive product sales [5].

### 2.2. Important Results

In today's marketing environment, one of the most crucial concepts for raising sales revenue is the marketing mix. Product, price, promotion, and place are all strategies for increasing brand loyalty and will have some effect on consumers' purchase intentions.

Firstly, there are some examples between the product and purchase intention; in 2023, Farid and others explored the relationship between the purchase intention and marketing mix of Bangladeshi consumers for dairy products [6]. He conducted a structured questionnaire among Bangladeshi individuals over the age of 18 and applied descriptive and multivariate analysis to analyze the data [6]. The final results show that the characteristics and attributes of the product will determine whether people buy it [6]. Before this, Awal investigated the influence of product, price, promotion, and geographical location on the purchase interest of POKDARWIS Olean hydroponic vegetables in 2022 and determined the most dominant variable in the purchase interest of POKDARWIS Olean hydroponic vegetables [7]. The results show that the product of the marketing mix has a significant impact on purchase intention [7].

Secondly, the relationship between price and purchase intention Most of the researchers believed that merchants needed to formulate reasonable prices according to the characteristics of the target group. Zhao and others who were researching the effects of pricing and product information on consumer purchasing behavior came to the same conclusion [8]. They contend that product pricing influences customer purchasing behavior because the higher the product price, the fewer sales are made and the higher the sales volume of products supplied at below-market prices. High-priced products might result in lasting consumer losses in a competitive market [8]. They also point out that consumers' perceptions of the product's true pricing and their impressions of the commodity's price

have a significant impact on their purchase decisions. As a result, product pricing has a considerable impact on customer purchasing decisions [8].

In previous research on place and consumer purchase intent in marketing mix theory, Nugroho et al. examined how the marketing mix influences consumer purchase behavior on Brand “W” in Surabaya [9]. The study discovered that location, local and sense of place have positive and significant impact on customers’ purchasing behavior [9]. At the same time, Thu also said that distribution location is a necessary factor for marketers to consider when selling beauty and health products [10]. Products need to be in the right place at the right time [10].

Finally, regarding the relationship between promotion and purchasing intention, Nugroho et al. found that promotion has a positive impact on the purchasing behavior on Brand “W” [9]. Advertising, sale promotion and other methods of promotion are all significantly and profitably influence consumers’ purchasing habits. Promotion strategies play a crucial role in mutually beneficial transactions between producers and consumers [9]. Thu focuses on how marketing hybrid theory influences consumers’ purchase intent for beauty products [10]. The impact of promotions on sales is short-term. When a new product is launched, consumers have no information or experience about the product, and promotions help encourage consumers to buy the product.

### 2.3. Summary

This paper estimates how Shiseido’s approach of cooperating with To Summer will affect consumers’ purchasing intentions based on past research on how the marketing mix affects consumers’ purchasing intentions. Because product quality is such an important aspect in influencing customers’ purchase intentions, it is presumed that there is a positive relationship between products and consumer purchase intentions. And whether the product’s price is reasonable based on its worth has an impact on consumers’ buying decisions, hence it is suggested that there is a positive relationship between aromatherapy pricing and consumers’ readiness to purchase. Shiseido’s marketing strategy of collaborating with To Summer will have a beneficial impact on consumers’ purchase intention since the promotion approach appropriate for the product can tap more potential customers and grab attention. Favorable sales locations will boost product exposure and increase consumer purchasing power.

## 3. Method

### 3.1. Research Design

The qualitative analysis method is used to study the case of cooperation between Shiseido and To Summer, and the SWOT research method is used in the research process. Qualitative analysis is a way to look at an object, like human behavior in business, by using non-numerical and non-quantifiable indicators, behaviors, and characteristics to figure out its overall condition, quality, value, or other parameters [11]. Qualitative analysis also relies on abstract concepts such as brand reputation, including causes and explanations for human behavior. Because the cooperation between Shiseido and To Summer happened recently, no quantifiable data has been produced, and Shiseido is an experienced multinational cosmetics company. Therefore, it is necessary to apply qualitative analysis to collect more information about the event and make predictions and analyses based on intangible concepts such as Shiseido’s brand reputation to explain the behavior of consumers’ purchase intentions, which will help Shiseido’s executives make better business decisions. SWOT analysis is a strategic planning technique used to help individuals or organizations identify strengths, weaknesses, opportunities, and threats related to project planning [12]. The purpose is to identify external and internal factors that are conducive and unfavorable for a business to achieve its goals, which can help a business determine its competitive advantage. By applying SWOT to analyze the aromatherapy

products cooperated by Shiseido and To Summer, we understand their competitive advantages, where they need to improve, how to expand the market, and the status of competitors.

### 3.2. Shiseido

Shiseido entered the Chinese market in 1981, and China is Shiseido's core market [13]. In 2021, sales in China increased by about 30% from pre-pandemic levels to \$274.7 billion. In 2022, sales will reach \$258.2 billion [13]. Although Shiseido's sales have soared, profits are gradually deteriorating. It is understood that Shiseido's core operating loss in China in 2022 was 3.9 billion, a significant decrease from 29.2 billion in 2019. Shiseido is currently preparing a different strategy, abandoning the strategy of relying on low prices to boost short-term earnings and instead engaging with consumers to market its products [13].

As the development of domestic brands threatens the development of international brands in the Chinese market, some international makeup brands have chosen to cooperate with local brands. Therefore, in May this year, Shiseido chose to cooperate with Chinese fragrance brand To Summer to promote its high-end line product, Night Glass Cream [14]. To Summer is a new niche fragrance brand in China in recent years, focusing on the research and development of oriental fragrances. In January 2019, To Summer officially entered the market, mainly promoting fragrance healing and a healthy lifestyle. Its target customer base is young, independent women of the post-90s generation who pursue a refined lifestyle, which is the same as Shiseido's target market positioning. Based on Shiseido's Future Solution LX Night Cream, they have created a fragrance called Lily of the Valley, and the collaboration will last for a year. The perfume is expected to go on sale in June for 458 yuan [14]. Shiseido has also tried a variety of marketing methods before, and the Future Solution LX series has always emphasized its "plumping" effect, hoping to gain a firm foothold in the field of high-end anti-aging skin care. According to interface fashion reports, on February 9, Time Liuli of the "Lady" series hired film and television star Huang Bo as a publicity ambassador, but whether its image is consistent with the anti-aging effect of Shiseido's high-end series has become a controversial topic [15]. For female consumers, the image of the spokesperson represents the effect of the product. On May 21, To Summer announced the launch of a joint fragrance product with Shiseido, and its "Yinglily of the Valley" fragrance is also the heart of Shiseido Night Glass Cream. It was a new marketing approach for Shiseido, and the imagination of the spar aromatherapy flavor increased product awareness for Shiseido.

### 3.3. SWOT Analysis

#### 3.3.1. Strength

Shiseido has a great advantage in terms of products. As previous research cases have shown, the quality of a product has a great influence on a consumer's purchasing decision. Shiseido can purchase raw materials from reliable and trustworthy suppliers, and these raw materials are processed in a safe and secure environment that must meet the cosmetic ingredient standards set by the government and Shiseido's quality requirements. It also performs several tests, such as sterility testing of raw materials, heavy metal testing, and the presence of pesticide residues, to ensure the safety of raw materials. As a result, Shiseido and To Summer's products have a higher quality guarantee, and consumers are more likely to trust new products. Shiseido is the owner of several intellectual property rights, such as patents and trademarks. Its competitors were unable to imitate its wares, and Shiseido's devotion to the delivery of excellent quality gave it a distinct competitive advantage.

At the same time, Shiseido's distribution coverage in China is extensive, and counters can be seen in almost every large shopping mall in every city. Employees can interact directly with consumers and get instant feedback from them. Shiseido also has a strong presence on social media platforms,



with more than millions of followers on large media platforms such as Facebook, Instagram, and Weibo. It applies these platforms to market the fragrance product, as Shiseido is already an internationally renowned brand with a long history and added visibility to the product when it announced its collaboration with To Summer to launch the fragrance. At the same time, it can also capture the level of interest of consumers in the product. Shiseido provides members with a membership card program and upgrades Crown Card members from June 15th to 18th to unlock [Customized Summer Crystal Fragrance] for a limited time, mobilizing consumers' enthusiasm to purchase products.

### 3.3.2. Weakness

Shiseido has distribution and pricing issues. Although Shiseido's distribution reach in China is broad, there are also online stores where you can buy products on various media platforms, in addition to traditional shops in huge malls in various places. However, the aromatherapy product is only available through To Summer distribution channels, not Shiseido stores, and can only be obtained by purchasing its items to upgrade the membership. Summer does not yet have many stores in China, and its fragrance offerings are restricted.

Therefore, the distribution channels through which consumers can buy products are greatly reduced. More consumers are willing to spend \$458 to buy directly than \$20,000 to get aromatherapy. Thus, this approach will reduce the consumer's desire to buy and defeat Shiseido's original purpose.

### 3.3.3. Opportunity

The number of Internet users around the world is increasing, and a new trend has emerged in e-commerce. For Shiseido, this is an opportunity for both its distribution and promotions. This means that Shiseido can expand its online business, promote its products and To Summer products on different media platforms, and interact with more consumers. With the increase in Internet users, more consumers use online shopping and can sell products by opening more online stores. At the same time, more marketing activities are carried out to generate potential customers, and some consumers may not be good at using the Internet before, so they cannot get relevant news in time. Consumers now have easy access to information from multiple sources.

### 3.3.4. Threaten

Price adjustments and competitor marketing pose a threat to Shiseido. In addition to purchasing the aromatherapy product in the store of To Summer, the product can be obtained by upgrading the Crown Card member between June 15th and 18th, but the prerequisite for upgrading to the Supreme [Crown Card] is to purchase its Time Glass series products with a full value of 20,000 yuan. With the increase of local makeup brands, Shiseido faces more and more competitors, and local makeup brands have a price advantage over its pricing, which is under downward pressure. If it adjusts prices according to the market environment, its revenue will decrease, and if it does not adjust, it may lose market share.

As a result, Shiseido's product pricing may put consumers under pressure to buy them. Additionally, the information on social media platforms is more chaotic than ever, which makes it difficult for customers to focus on Shiseido's news and quickly diverts them with information from rival companies, making Shiseido's publicity and promotional operations more difficult.

## 4. Results & Discussion

By analyzing Shiseido using SWOT, this paper can see its advantages in product quality and in conducting promotional activities. At the same time, with the rapid development of new media and

e-commerce platforms, Shiseido has also diversified the promotion activities of “Yingli Lan” aromatherapy products on media platforms. However, its purchase channels are relatively single, and the availability of consumers is greatly reduced. And Shiseido’s pricing of its products hinders consumers’ desire to acquire them. With the increase of local makeup brands, the market competitiveness of China’s cosmetics industry is increasing. Compared to the pricing of local brands, Shiseido does not have an advantage. And whether the price is adjusted or not, it poses a certain threat to its development. The increasing number of cosmetics advertisements in the Chinese market is not conducive to Shiseido’s marketing of co-branded products.

Therefore, based on Shiseido’s cooperation with To Summer to launch aromatherapy, Shiseido’s famous brand image and guaranteed raw material suppliers boost consumers’ purchase of its products. At the same time, its diversified marketing methods increase product exposure and arouse consumers’ desire to buy. Compared to local brands, Shiseido’s higher pricing of its high-end product, Time Glass, may reduce consumers’ desire to buy it. And a single distribution channel harms consumers purchasing power. If Shiseido wants to increase the popularity of its products and gain a foothold in the Chinese market while continuing to play to its strengths, it needs to refer to the average market price when pricing products and investigate the target market of the products to make reasonable product pricing decisions. and increase its distribution channels, both online and offline, to increase product accessibility. When executing marketing activities, highlight its unique brand image and enhance the core competitiveness of the brand in the Chinese cosmetics market.

Based on the previous research on the relationship between marketing mix theory and consumer purchase intention, this paper compares the research results in this paper. After conducting a SWOT analysis of Shiseido and To Summer’s cooperation, it was discovered that product quality was positively correlated with consumers’ purchase intentions, which was consistent with the previous research results. At the same time, reasonable pricing is an important factor affecting consumers’ purchase intentions. When the price is higher than the average price of the market for similar products, it reduces the willingness of consumers to buy, which is consistent with the results of pervious researches. This paper finds that Shiseido’s lack of distribution channels for aromatherapy products will greatly reduce consumers’ purchasing power. Therefore, where products are distributed has a positive relationship with the meaning of consumer purchases, which is consistent with previous findings. Finally, this paper finds that Shiseido’s diversified marketing on media platforms has a positive impact on consumers’ purchase intentions, consistent with the pervious findings.

## 5. Conclusion

Based on the rapid development of local cosmetics brands in China, this article conducts research on the cooperation between Shiseido and To Summer and explores whether the cross-border cooperation between international makeup brands taking Shiseido as an example will affect consumers’ purchase intentions. First, the relationship between product, price, distribution and promotion, and consumer purchase intention is explored separately using the marketing mixing theory. Then, the case was explored using qualitative analysis, and a SWOT analysis was conducted from the perspective of Shiseido and the aromatherapy products jointly launched by Shiseido. Finally, it is concluded that the cross-border cooperation of international cosmetics brands will affect consumers’ purchase intentions.

Because the phenomena of cross-field co-branding of global brands has just recently evolved, there haven’t been many studies on it. This article does a Shiseido SWOT analysis in terms of products, prices, distribution, and promotions for the most recent joint events. This paper reviews past research examples on the relationship between marketing hybrid theory and consumer purchase intention and contrasts them with cases of collaboration between Shiseido and To Summer to provide a reference point for future researchers. However, because there is little information on the Internet regarding Shiseido and To Summer’s joint name, a complete analysis of the aromatherapy product cannot be

performed while completing a SWOT analysis. In the future, researchers should check for information on study topics on the Internet ahead of time and choose those with a lot of material for research.

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