

# ***Research on the Estee Lauder market positioning based on online shopping applications Taobao and WeChat***

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**Abstract:** With the proliferation of digital tools, shopping applications and social media occupy a large quantum proportion of people's daily life. The marketing strategies are being changed and widened through this trend and require more focus on shopping applications. Taobao and WeChat are the top familiar and widespread applications necessary for Estee Lauder to focus on. This study utilizes the survey method, the comparative method, to clarify the strategies that can work for accurate brand positioning and pinpoint their drawbacks. The study discovered the customers' experiences, including the various appearance on the Taobao website and surveys provided in the WeChat mini program. This study suggests that Estee Lauder should cancel the live streaming on Taobao's first page, add notices of WeChat services on Taobao as a reminder, change the color of the WeChat mini program, and be consistent with that of Taobao. This research concludes on the strengths and weaknesses of two applications and provides suggestions based on customers' feedback.

**Keywords:** Estee Lauder, Market positioning, Online shopping applications, Taobao, WeChat.

## **1. Introduction**

With the proliferation of digital devices, most people's lifestyles have changed a lot, such as no longer only shopping in stores but also in online shopping applications such as Taobao and WeChat. By 2020, online commerce transactions in China reached approximately 11.76 trillion yuan, representing a 10.6 percent year-on-year growth [1]. The ecommerce market in China maintained steady growth in recent years. Therefore, the online market in China requires more attention. WeChat, which is used for socializing and shopping, occupies the most share of internet users of leading social media in China in the 3rd quarter of 2021 [2]. According to this survey on digital usage in China, 77% of respondents in China had used WeChat. Estee Lauder owns an applet in WeChat that offers skincare services and builds a brand community [3].

Furthermore, Taobao is the most popular mobile phone shopping application among female consumers in China. The app reached a penetration rate of almost 75 percent among monthly active female mobile internet users [4]. Thus, the whole marketing strategy of brands should focus more on shopping applications. This study will complete a research and compare the extent of the

effective positioning of Estee Lauder and systems on Taobao and WeChat, which can help Estee Lauder explore and have a better plan in the future.

Some researchers have already explored this field. Chiu, Ip, and Silverman found that social media in China is more exciting than in other countries, and consumers all have multi-social media accounts in Chinese social media. Companies in Chinese social media often meet with some crises since there are lots of artificial writers in Chinese social media. Platforms in Chinese social media are fragmented and local resulting in difficulties and resources needed for marketers. Chiu, Ip, and Silverman illustrated examples of how online strategies help build the brand mission and accurate positioning. Dove is an excellent example of utilizing social media; Dove shares different types of beauty and redefines and challenges traditional beauty, assisting Dove to stand out from millions of skincare brands and clarify its positioning. The online strategies of Starbucks show its emphasis on interaction with customers that they deep customer engagement with Starbucks [5].

Saha, Kumar, Jannat, and Nahar investigate the relationship between social media, brand positioning, and brand equity. To check their hypothesis, Saha, Kumar, Jannat, and Nahar applied validity analysis, demographic profile, reliability analysis, correlation analysis, and regression analysis. They detected positive impacts on brand positioning and equity from social media that social media can boost brand awareness and social media can be used as a searching agency [6].

Yunan, Zhongshui, and Jian explored the influencing factors of brand diffusion via social media, including WeChat, TikTok, Taobao, and Weibo. They asserted that the differences between online and traditional brand diffusion are that it is multi-way, more interactive with customers, has a broader range of audiences and has low communication costs. They discovered that social media could divide customers into smaller groups and the audience are the key factor throughout the brand diffusion. In WeChat, the communication between friends and some mini-programs is information sharing. In Taobao, brands can easier gain data and analyze the preference of customers. Then it could recommend brand information for users based on the database. Yunan, Zhongshui, and Jian conclude that the brand diffusion in WeChat and Weibo is much more reliable. The Taobao brand information is more intuitive and likely to cause impulse and direct consumption [7].

Zhou and Wang analyzed the features of social media in China. They estimated the relationship between social media and city marketing. Zhou and Wang observed the widespread of social media and some drawbacks. Such as managing and directing the public perspectives presented on social media, appropriate integration of traditions and social media in marketing, and reliability of the information [8].

Ren discovered the strong influence of live stream shopping on Taobao on brand loyalty and that people who have direct feedback could have a better attitude toward consumption. Ren conducted an interview and questionnaire that found a high relationship between live streaming and brand loyalty. Also, the streamer type was not an unnecessary variable. Independent and branded live streamers have various effects on consumers [9].

Most researchers explore social media features and the importance of brand positioning, the methods to determine the effectiveness of brand positioning, and factors on brand strategies. In contrast, barely any researchers observe online strategies used for brand positioning on shopping applications such as WeChat and Taobao and compare the effectiveness and different features.

This paper will observe and summarize the strategies in Taobao and WeChat. Then, analyze the brand positioning built by these strategies, and complete a questionnaire to detect the brand positioning in Taobao and WeChat. Finally, this study will detect the differences in strategies for brand positioning between Taobao and WeChat.

## 2. Methods

### 2.1. Survey method

The investigation and research method involves obtaining relevant data through thoroughly examining and understanding the objective situation and analyzing these materials. In this study, through customer feedback analysis on marketing strategies for positioning in Taobao and WeChat, we will determine the functions and effectiveness that customers gain from these two applications and tell the differences and commons between these two. The survey has done on 303 respondents and collected all of them.

### 2.2. Comparative analysis

The comparative analysis method compares two or more things or objects to find similarities and differences. In this study, by comparing the marketing strategies for brand positioning of Estee Lauder on Taobao and WeChat, we will test the effectiveness of each system and illustrate some suggestions.

## 3. Results

After World War II, Estee Lauder, interested in cosmetics and skin care products so far, decided to build up her own business in 1946. In the initiation, Estee Lauder company only provided four kinds of products, and their distribution channels were simple and constricted through selling their products in restaurants and salons. Therefore, in that situation, the company with only four products was not famous as current Estee lauder does. However, Estee Lauder's s special sales skills, comprehensive understanding, and accurate control over women's desire for beauty solved the problem and boosted its company. In the 1960s, the economic revival in Europe and the take-off of the Japanese economy in Asia attracted Estee Lauder to notice the international markets. A few years later, the rapid opening of overseas markets was accomplished. The positioning of products in overseas markets remained in the high-end cosmetics and skin care products market, and sales channels shifted from typical restaurants and salons to high-end shopping malls. The shift in distribution channels reinforced the high-end nature of the brand and laid the foundation for moving toward the global brand. With the proliferation of digital devices, social media, a wide-spread digital tool, provides a novel way for Estee lauder to use as its distribution channel. On Estee lauder's official website, its brand culture is to create the future of beauty together and preserve the beauty we see [10]. Estee Lauder's beauty future includes sustainability, citizenship, diversity, and inclusion. Estee Lauder is a brand that cherishes women's uniqueness and satisfies women's beauty. Since the pricing is premium and its products are priced higher than most of its competitors, it can provide similar effects. Therefore, the marketing strategies used in Taobao and WeChat are as essential as the offline distribution channel, representing Estee Lauder's position.

In Taobao, the most impressive meaningful strategy is its golden and yellow appearance. On Estee Lauder in Taobao, it designs digital golden shelves for every product. The brand name on Taobao is clear and straightforward, which is black text on white background. There is live streaming on the page of Estee Lauder, and there is a host who describes products and their functions. The classifications of products are easily comprehensive and are separated into skin problems, skin sustainability categories, etc. The product description includes experimental data, real customers' after-use experiences, and the history of generations of products. The cosmetics and skin sharing cases are diverse, including ethnic groups such as Asian, American, etc. Some online consultants can reply to and assist customers in choosing appropriate products. The strengths of marketing strategies in Taobao for positioning Estee Lauder are its diversity, proper color, unique

combination, and consistency. Compared to various other brands which can provide similar products on Taobao. Estee Lauder has consistent colors on its page, which are golden and black, and it even adds a palace on its page. The black color works for expensive products representing prestige, value, and sophistication. The palace on Estee Lauder's page strengthens its place in the middle and high-end market. The live streaming is straightforward and calm when describing the functions of the products. The clear classifications imply the confidence from Estee Lauder in its products that they don't have to focus on other features of their products except for their functions. In the description part, various feedbacks provide customers a reference for consumption and help Estee Lauder strengthen their brand equity. The product's discount is clearly shown on the cover of the products, which indicates people to purchase immediately.

In the mini-program of Estee Lauder in WeChat, the marketing strategies help build a community for Estee Lauder. Different memberships require different quantum of consumption in Estee Lauder in mini-programs. All titles of membership enclose various names of diamonds. Diamonds are prestigious decorations that represent expensive, honorable, and consistent with Estee Lauder's positioning. Mini program in WeChat provides Luxury Pampering Services for every customer who has purchased Estee Lauder products, including skincare and makeup with Estee Lauder products. Different amounts of consumption provide customers with different services. These distinct treatments cause customers to purchase more since customers want access to experience all surveys. The diverse access on different membership levels indicates Estee Lauder's positioning that it focuses on the middle and high-end market that requires some property ownership. Since only luxury brands will state their divisions of customers. Estee Lauder positions it as a luxury cosmetics and skin care products brand.

Furthermore, the shopping credits can be used to purchase other products in Estee Lauder, which are much higher than their original price, leading to a consistency of prestige and strengthening the brand positioning in customers' minds. The design of the WeChat mini program is also coherent with its positioning in that it uses blue as its font color and white as the background, adding golden floating ribbons. The blue color represents trustworthiness, dependability, security, and responsible. The appropriate color helps build brand personality and emphasize its positioning. All of the strategies above clarify the positioning of Estee Lauder in WeChat.

Estee Lauder's target customers are women aged 35 to 55 looking for high-end and reliable products.

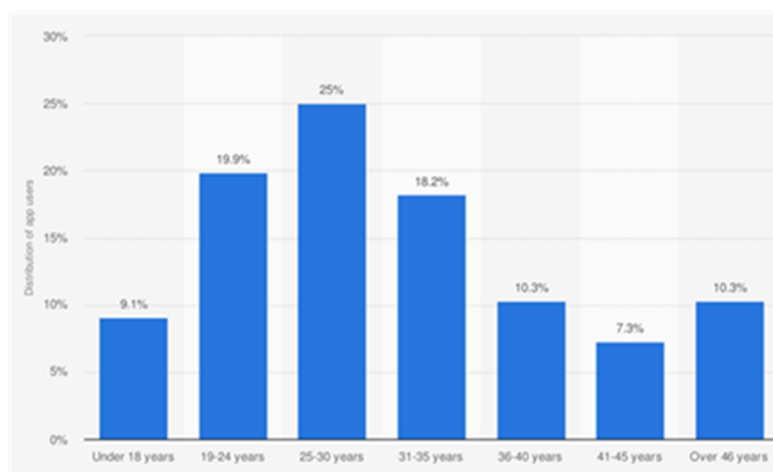


Figure1: Distribution of Taobao app users in China in March 2021 by age group.

In Taobao, the target customers of Estee Lauder occupy 17.6% of users.

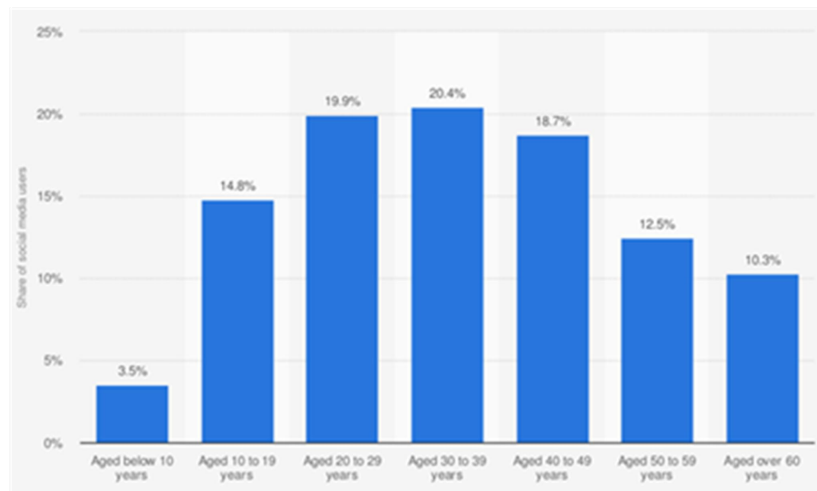


Figure2: Age distribution of social media users in China as of January 2021.

WeChat is the most popular social media in China, so it is valid to consider WeChat as a social media. The target customers of Estee Lauder in WeChat occupy 22.9% of users.

According to the survey, 73.39% of people pay attention to services, product descriptions, product design, live streaming, etc., in Estee Lauder. These data represent the importance of utilizing appropriate marketing strategies in WeChat and Taobao. There are also 26.07% of people who only focus on products of Estee Lauder without caring about anything else. However, 70% of people think only purchasing the products provide sufficient satisfaction to their needs and think the content on Taobao is too diverse and colorful to concentrate on and select. 30% of respondents think the content on Taobao is not attractive, 24% of respondents do not prefer to watch live streaming, 18% of respondents think the online consultants can not reply timely and provide useful information, and 14% of respondents dislike the design of the page in Taobao.

Furthermore, the lack of consideration of marketing strategies on WeChat accounts for the design not being aesthetically pleasing to 61% of respondents. 39% of respondents think the page is too simple to know about Estee Lauder. 29% of people think the functions in WeChat are not useful. 27% of respondents think the content is too much to focus on. 15% of people don't know the mini program in WeChat, and 15% of respondents think the page is not attractive. Moreover, 7.14% of people think strategies in Taobao for Estee Lauder cannot represent accurate brand positioning. 13.84% of respondents think strategies in WeChat for Estee lauder cannot represent high-fidelity brand positioning. To represent consistency with Estee Lauder positioning on Taobao, 68.75% of respondents choose the page's design, 53.75% of respondents choose the diverse and historical descriptions of products, and 35.27% of respondents choose the online consultants, and 22.77% of respondents choose the live streaming. For the representation of consistency with Estee Lauder positioning in the WeChat mini-program, 69.20% of respondents chose the design of the page, 44.64% of respondents chose the luxurious content of services, and 31.70% of respondents chose shopping credits which can strengthen the high quality and price of the brand, and 16.52% of respondents choose the different titles of membership or titles of services. When considering which applications hold the most appropriate marketing strategies, 53.13% of people choose Taobao, and 46.87% choose WeChat.

After revealing the data of WeChat and Taobao customer feedback, there are conflicts between the features of marketing strategies among the two applications. The marketing strategies in Taobao are too diverse to help customers to clarify Estee Lauder's positioning, and WeChat doesn't provide a systematic and sufficient diversity to all customers.

## **4. Discussion**

### **4.1. Cancel the live streaming on Taobao's first page**

As for the Taobao part, the study detects the consumer's feedback on the positioning and compares each data with the strategies. The first page on Taobao is essential and cannot be too concise or diverse. The contents on the first page should position the brand. On Taobao of Estee Lauder, the live streaming is on the top of this page; people can easily go into it, listen to the host, and choose the products during festivals such as 618 or double 11. Live streaming is a really popular trend. According to iiMedia Research, China's live ecommerce market size reached 961 billion yuan in 2020 [11], a significant increase of 121.5% yearly. The overall scale of live ecommerce is expected to grow at a high rate in 2021, with the scale approaching 1,201.2 billion yuan. However, most people think the incoherence between the brand positioning and marketing strategies is the disturbing content on the first page is the live streaming. As a luxury cosmetics and skin care product, Estee Lauder must follow the new trend, which is live streaming. However, it may cause some conflicts with its middle and high-end markets. According to the survey, 58% of people think the live streaming of Estee Lauder for Taobao is so disordering that it can cause trouble for people to choose the appropriate products through reading the first page. Furthermore, 53.57% of people are attracted by the descriptions page and think the exhibition of history or culture or after-use experience of products on the description page fits with the Estee Lauder positioning. Although live streaming is a rapid and efficient distribution channel, Estee lauder should still present its most differentiated point: its historical brand equity and culture. To position itself instead of following the major tendency of people's preference since the outcome is not as well as it concerned [12]. Therefore, Estee lauder should shift its live streaming to another page, such as classifications, or list another link on the products page. Meanwhile, Estee Lauder can add more videos of real experiences about their products from different people and the generations of itself and its products on the first page, which assist it in being differentiated and standing out.

### **4.2. Add notices of WeChat services on Taobao as a reminder**

According to the survey data, even 15% of respondents don't know the existence of the WeChat mini program of Estee Lauder. However, the mini-program of Estee Lauder is quite essential since it builds a brand community and provides distinct ser-vices, including shopping credit, membership activities, etc. The content in WeChat can strengthen people's opinions of the market positioning of Estee Lauder by emphasizing that using Estee Lauder's products provides you an amazing transformation and join the middle or high classes. In order to solve this significant problem, Taobao, which is intuitive and direct, provides the fast spread of information to invite the customers to join the WeChat mini program. Therefore, Estee Lauder should add the notice in the description of the products to remind people to join the WeChat mini program. Among the respondents, 53.57% regard the description page as an effective method for brand positioning. Furthermore, this combination can counteract the lack of building brand community in Taobao, and the brand community is one of the most important marketing strategies to position the brand. With brand community, customers can understand the brand's position and be involved in this brand.

### **4.3. Change the color of the WeChat mini program and be consistent with that of Taobao**

The majority of people think the marketing strategies on Taobao are better adaptable for brand positioning on WeChat. According to the survey data, 53.13% of people think the contents of Taobao conform to the Estee Lauder brand positioning. Through comparisons of two pages of applications, the study believes the design of color plays an important role in this difference. The

color scheme in Taobao is only yellow, golden, and white, and most of them are yellow, which makes customers comfortable with the coherence of color. In contrast, the color scheme in WeChat is white background with some golden ribbons and blue font and logo. Compared to Taobao, the design on WeChat is too simple to attract customers, and the background full of blue Estee Lauder logos has been cluttered for a long time. Therefore, the color and design of the WeChat mini program should mimic that of Taobao. Estee Lauder can add golden palaces and alter the background color more consistently.

## 5. Conclusion

This study observed the excessive usage of live streaming on Taobao and incoherent color on WeChat. It clarified the appropriate use of color and design on Taobao and the benefitting title, shopping credit, and services on WeChat.

This research helped strengthen the marketplace of Estee Lauder in the extremely competitive and crowded Chinese cosmetic markets and cater to the need of the female users on Social media. With this paper, Estee Lauder can catch up with the rapidly growing market timely. With the analysis of marketing strategies for each complication and detailed comparison, solving the hazy marketing positioning and wide the thoughts of marketing positioning that is not only being restricted by some traditional ways.

Some limitations in this paper lack some secondary data, and the sample base is not large enough. The future study of this topic can be broadened by more surveys and more literature reviews of this topic.

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