

Research on Marketing Strategy and Improvement Plan of China's Beauty Industry——Take Perfect Diary as an Example

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Abstract. China's beauty industry is in a period of rapid development, and the excessive speed of development is bound to generate problems. This paper sets out to identify and propose solutions to typical problems in the Chinese beauty industry and apply the solutions to individual cases. Perfect Diary occupies a significant share of the Chinese beauty market, is the local industry leader, and the problems it faces are very representative. Therefore, this paper selects Perfect Diary as the case study. This paper uses case studies and survey research and combines the 4P and STP models to conduct the study. This paper analyzes the current development and trends of the Chinese beauty industry, the industry and Perfect Diary's consumer behavior characteristics and identifies many marketing strategies problems. In addition, this paper concludes that Perfect Diary and the Chinese beauty industry should improve product quality, focus on product differentiation and expand overseas markets appropriately. At the same time, moderate marketing and attention to product development should promote the brand's sustainable development and the industry. The authors hope that the research in this paper will bring a theoretical basis for local beauty brands in China.

Keywords: China, Beauty Industry, Marketing Strategy, Perfect Diary.

1. Introduction

1.1 Research background

With the increase in per capita income in China, people gradually pursue a higher quality of life and care more about their external image. As a result, the beauty industry is up-and-coming in China. According to industry data, the size of China's local beauty market will reach 157.6 billion yuan in 2020, and this figure is expected to reach 252.7 billion yuan in 2023. People aged 18 to 29 will gradually become the leading consumer group, and in 2021, this group will account for 55.6% of the total consumer group in the beauty industry [1]. However, at the same time, local Chinese brands are facing many marketing dilemmas after the Internet marketing dividend gradually fades away. As a Chinese domestic beauty brand that emerged in the Internet era, Perfect Diary is a leader in Internet marketing, occupies a significant share of the Chinese beauty industry, and is highly representative in studying the Chinese beauty industry. Through this study, we can find out the strengths and weaknesses of Chinese domestic beauty brands and their future development ideas for the future development of the Chinese beauty industry.

The beauty industry is still relatively new in China. There are few theoretical research results for local Chinese beauty brands, which makes companies lack academic research to draw on when exploring marketing strategies. This paper analyzes the marketing strategy of Perfect Diary, summarizes the drawbacks, and proposes solutions to enrich theoretical research and the application of marketing methods in this area.

The study of Perfect Diary and several Chinese beauty brands reveals that they all rely excessively on e-commerce platforms and short video platforms for marketing. Some data show that the advertising market share of Chinese e-commerce platforms and short video platforms reached 61.2%

in 2021. However, as the heat of Internet marketing fades, Chinese beauty companies do not seem to have timely and effective countermeasures. This paper can provide implications for Perfect Diary and brands in the same industry by analyzing the current state of marketing in the beauty industry and studying Perfect Diary's current state of marketing.

1.2 Literature review

Lv and Zhang found that Perfect Diary uses online celebrity promotion to increase awareness in its marketing strategy, focuses on high quality and product price acceptability in its product selection, and focuses on the aesthetic appearance of the design. At the same time, in response to the marketing strategy, Lv and Zhang propose to increase new marketing models, increase product innovation, improve product quality and quantity, and invest in advertising [2]. Zhao proposed that Perfect Diary's marketing strategy relies on social platforms for secondary distribution. Accumulation of private domain traffic and frequent co-branding cooperation. However, offline marketing lacks poor emotional communication, and the product structure is deformed with low brand loyalty. Zhao believes that Perfect Diary should build scenario consumption, follow the cross-border wave, and give cultural connotation [3]. Zhou and Xu analyzed that Perfect Diary's marketing strategy is precisely targeted, with content marketing across the web. Linkage with stars to achieve star marketing. Set off cross-border co-branding for event marketing. Zhou and Xu suggested that Perfect Diary needs to reduce publicity appropriately to achieve precise marketing.

Strengthen the interactivity of live broadcast to achieve product quality and effectiveness. Furthermore, sound sales channels go hand in hand [4]. Perfect Diary found and developed products that emphasize quality, individuality, and youthfulness and become an affordable alternative to international brands for young consumers. The new media marketing has been used to perfect advantage, leaving other cosmetic brands far behind Perfect Diary in this regard. Also, Perfect Diary adopts the pyramid and saturation advertising strategies to create a virtual character of "Little P" to enhance the marketing effect. He proposed Perfect Diary to collaborate with popular brands to launch new products, implement a digital-to-customer model and use the power of capital to create an internet platform [5]. Sun analyzes Perfect Diary's marketing strategy and problems from 4Ps and other aspects of design optimization strategies based on the 4Ps theory and proposes that Perfect Diary should focus on quality and product differentiation. Differentiate pricing to enhance competitiveness. Optimize channel management to achieve "online + offline" integration and optimize marketing strategy to achieve accurate marketing [6].

1.3 Research gap

Most articles mainly study the advantages and experiences of Perfect Diary's current marketing strategy, highlighting the results achieved by its high utilization of new media advantages and online marketing. On this basis, analyze the problems and causes to give their suggestions for optimizing Perfect Diary. However, very few articles are based on the case of Perfect Diary, which extends to the changes in the whole Chinese beauty industry. Moreover, few studies the Chinese beauty industry's marketing key points and solutions and give practical optimization suggestions for Chinese beauty brands' marketing dilemmas.

1.4 Research objective

First, research will be carried out based on previous research results, looking for areas of research that are not yet mature. This immature study is also the focus of this paper's research - the Chinese beauty industry's marketing pain points and solutions. Secondly, through the 4P principle, take Perfect Diary as an example, analyze the current marketing situation in China's beauty industry and analyze the marketing strategy of Perfect Diary through the STP theory model. Based on the analysis, this study highlights Perfect Diary's marketing approach and the urgently needed and undiscovered marketing pain points that can be derived. Finally, through 4p theory analysis, combined with the general environment of the Chinese beauty market and excellent marketing cases of international

beauty brands, we propose targeted and achievable solutions to the existing marketing dilemmas of Chinese beauty brands.

2. Methods

2.1 Survey method

A questionnaire is a method of collecting information by developing a detailed and thorough questionnaire that requires respondents to respond accordingly. Researchers use this tool to precisely determine the process of social activities and apply statistical methods to describe and analyze quantities to obtain the required survey data [7]. Questionnaire Star was chosen as an adjunct to this survey in this paper. By distributing questionnaires to the primary customer of domestic beauty products, such as college students, to collect their impressions and views on the marketing strategies of China's domestic beauty industry. To enable respondents to answer more accurately, we chose Perfect Diary as an example to provide respondents with a specific reference standard.

2.2 Case study

A case study is the study of a particular individual, unit, phenomenon, or subject. Extensively collect relevant information, sort out and analyze the process of the emergence and development of research objects, explore internal and external factors and their interrelationships, and finally form an in-depth and comprehensive understanding and conclusion of relevant issues [8]. In this paper, the Perfect Diary will be taken as the case study object of Chinese beauty brands, using the questionnaire method to collect information, making it is possible to understand consumer evaluations of Chinese beauty brands' marketing strategies today. This study combines the specific analysis of Perfect Diary's existing marketing strategies and strategic positioning with the questionnaire's consumer evaluation. We will explore feasible marketing strategy improvement plans for the Chinese beauty industry to promote the continued positive development of China's beauty industry.

3. Result

3.1 Analysis of the current situation and trends in the development of China's beauty industry

3.1.1 The current development of China's beauty industry

Since the new crown pneumonia epidemic outbreak, China's beauty industry has seen a period of rapid development, with local Chinese beauty brands developing rapidly through new media channels, which has directly driven the development of the beauty industry. In addition to online channels, the rapid development of the beauty industry has been driven by policies, rising consumption levels, and the public's pursuit of beauty. Today, the size of the local beauty market continues to grow. In 2020, the size of China's local beauty market will reach 157.6 billion yuan [1]. Although domestic makeup brands, represented by Perfect Diary, are beginning to rise, they face an increasingly "red sea" in the domestic market [9]. Primarily the major international brands are still sitting firmly as leaders in the Chinese cosmetics market and even continuing to increase their investment in the Chinese market.

3.1.2 Trend analysis of China's beauty industry

With the gradual rise of Chinese beauty products, the recognition of young consumers of the quality of Chinese local beauty products, and the increase of national culture self-confidence, the scale of China's local beauty market continues to grow. In the future, the brand effect of local beauty will continue to be highlighted, and the growth rate of the local beauty market is expected to be higher than the overall beauty market. Meanwhile, the market share of the emerging local beauty market is supposed to continue to rise. In terms of scale, the emerging local skincare market will reach 17 billion yuan, and the emerging local color cosmetics market will reach 12.8 billion yuan in 2020 [10].

With the rise of emerging beauty brands, the market share of emerging local brands is expected to continue to rise.

3.2 Analysis of the characteristics of consumer behavior in the Chinese beauty industry

3.2.1 Generation Z - the emerging mainstay of Chinese beauty industry consumption

It is a consumer group born between 1995 and 2009 who grew up in a context of privileged economic conditions and material abundance, surrounded by technology products such as the Internet, instant messaging, smartphones, and tablets [11]. In general opinion, Generation Z has several labels: dynamic, strong personality, higher spending power, and focus on personal experience. Research shows that in 2020, Generation Z will account for 45% of high consumption and have a high per capita disposable income of \$4,193/month, while beauty products top the list of fashion retail goods purchased by Generation Z. The top of the list is beauty products, accounting for 94% [11].

3.2.2 Characteristics of Gen Z beauty consumption behavior

3.2.2.1 Consumer awareness ahead of time

In the beauty consumption consciousness of Generation Z, face value is justice, and they are deeply influenced by the Internet and are ahead of the curve in beauty and skincare awareness. In addition, with the influence of KOLs on social media, they are more receptive to new products and beauty trends. They are no longer limited to age and popular styles but choose their own personalized beauty style.

3.2.2.2 The “big name effect” is weakening

The survey results show that Generation Z is more concerned with the quality of the product itself than the brand and that the post-95s' consumption philosophy is more personalized and convenient than that of other age groups, and their consumption style has changed from showy to experiential [12]. Moreover, because of their higher spending power and open eyes, Generation Z can compare and discover instead of looking up to big foreign beauty brands.

3.2.2.3 The rise of male beauty consumer power

According to a study, in 2020, the makeup consumption growth rate among “post-00” boys will be much faster than that of “post-00” girls, with an increase of nearly 30 times [13]. With more and more male beauty bloggers, more and more men are getting into beauty, and they no longer think that only women can wear makeup, so the line between genders is getting blurred in Generation Z.

3.3 Perfect Diary Consumer Behavior Analysis

3.3.1 Consumer profiling

According to the questionnaire, Perfect Diary consumers are mainly concentrated among students aged 18 - 28 with a monthly income of around 3,000, which broadly converges with the consumer profile of the Chinese beauty industry.

3.3.2 Diversification of purchase decision factors

They believe that product quality is the main factor influencing their purchase, accounting for 38.67%. Still, at the same time, brand awareness remains one of the key factors influencing consumers' purchasing decisions. It is worth noting that the opinions of KOL and ordinary consumers have also become important factors influencing their purchases.

3.3.3 Advertising marketing has little influence on purchase decisions

Among Perfect Diary consumers, 27% learn about the products through social media and the flagship shop on the official website, followed by e-commerce platforms, which diversify their learning channels. Moreover, they indicate that brand marketing techniques do not change their original purchase decisions.

3.3 Perfect diary marketing issues

3.4.1. Over-publicity and offensive

The data shows that the marketing expenses of Perfect Diary in 2021 are 4.006-billion-yuan, accounting for 68.60% of the total operating income. Perfect Diary began to fully layout Xiaohongshu in 2017, and then to many advertisements on platforms such as Taobao and Douyin, which made Perfect Diary achieve remarkable results in the early stage. However, the continuous large-scale release of fan countries has consumed everyone's goodwill for the brand, so everyone has dissatisfaction and antipathy towards the brand. According to the questionnaire survey results, more than half of the respondents believe that Perfect Diary has too much marketing. The product is not featured, and it said that Perfect Diary's publicity frequency is too high, hurting its brand image.

3.4.2. Product quality cannot keep up with the speed of publicity.

In contrast to much publicity, the product quality of Perfect Diary is worrying. According to the data, Perfect Diary's annual R&D investment in 2021 will increase by 113.5% year-on-year, exceeding 142-million-yuan, accounting for 2.43% of revenue. Although the perfect Diary in 2020 has increased investment in research and development, consumers are not satisfied with this. The Internet is full of complaints from netizens about Perfect Diary products, such as dry lip glaze, mottled liquid foundation, and harsh eye shadow flying powder. According to the survey results, 61.7% of the respondents said that the product experience of Perfect Diary was average. Only 30% of the respondents said that the quality of the products they had experienced was outstanding. 20% of the respondents said that the products of Perfect Diary were of good quality and low price. The above consumer dissatisfaction has a lot to do with Perfect Diary's lack of research and development investment. Perfect Diary fully captures the psychology of consumers through various publicity and price reduction. Although marketing can let consumers know a brand, attracting consumers to repurchase products or get consumer recognition, the fundamental is to control product quality. Consumers who purchase for the first time may choose its products. Still, in terms of quality, consumers may not continue to choose Perfect Diary after buying it once, which will affect the repurchase rate of the product and the reputation of the brand and hurt its brand. If a brand focuses on product promotion rather than product quality so that the experience of the product does not meet consumers' expectations, the more publicity it promotes, the more disgusting consumers will be.

4. Discussion

4.1 Moderate marketing strategy, keep the brand sustainable

Excessive marketing is detrimental to the brand's sustainable development, and for long-term development, the brand should grasp the marketing scale. The brand's customer experience and reputation should not be ignored because of the temporary high sales volume brought by marketing. When consumers repeatedly try to buy Perfect Diary products and find that the marketing is excessive or false, customer loyalty to the brand naturally declines. When discontent spreads and more and more consumers are hurt by overmarketing, the reputation will be tarnished, and it is not easy to repair. Therefore, Perfect Diary needs to add a verification mechanism when formulating a marketing strategy to verify whether consumers will dare to be deceived or feel disgusted. Only moderate marketing can make the brand sustainable and make the brand reputation better and better. Only when marketing can attract consumers without making consumers resentful customer loyalty to the brand will be high and perfect Diary can become more and more successful in a joyous shopping mood.

4.2 Focus on product research and development, improve product quality

The quality of the product is the fundamental problem in brand management. If the brand's products are only good-looking or sound good, the brand will not be long-lasting. The quality and effect of products are vital to the sustainable development of the cosmetics industry. It is undeniable

that Perfect Diary has been a massive success in marketing. Nevertheless, compared with its successful marketing, the quality of the product is much more worrying. Although Perfect Diary is also aware of this problem, and there is an increase in funding for research and development in 2021, the situation is still not optimistic in terms of consumer feedback. At the moment, it may be feasible to reverse the bad reputation of perfect diaries by relying on high-quality celebrity cosmetics. Perfect Diary can choose a product that is well known to consumers, has excellent marketing effect, but has a product experience and word of mouth, such as lipstick with a star color number, and launches an improved version of the product. Let consumers who have purchased the original product re-experience the improved version of the product, form with the previous product, rely on the excellent experience and improvement of the improved product to quickly form a trend of improving the reputation. Hence, more and more people guide the perfect Diary to see the problem, hear the voice of the consumer, in the effort to improve, in the effort to provide better products and efforts.

4.3 Appropriate development of overseas markets

The increasing “red sea” of the domestic market is a problem for Perfect Diary. In the face of international brands continuing to increase their investment in the Chinese market, Perfect Diary must also seize more market share from a global marketing perspective. Perfect Diary is a brand that has been dedicated to exploring European and American fashion trends while combining the facial and skin characteristics of Asian people, which will be highly beneficial in developing foreign markets. Especially in other Asian countries, it will be able to capture the demand of young people for makeup brands while introducing makeup products that are more suitable for the face and skin. So Perfect Diary can also try to launch its brands worldwide and make different products specifically for each country’s market. In this way, this product of its brand often achieves high visibility in the local area, even if its popularity in the home country is shallow. Of course, through the expansion of foreign markets, it can be said that both fame and fortune not only can increase the earnings of Perfect Diary but also better promote the brand and create an international influence.

4.4 Create differentiated products

Perfect Diary needs to improve its competitiveness in the market. In this era of rapid changes, Perfect Diary is bound to innovate its products, form a new product structure through product differentiation, and position each business line in the market. Nowadays, the development of women’s makeup products is sound, and the economic growth rate is very high. However, for the Chinese male makeup market, the development and development of Chinese male makeup products and other industries are still in their infancy. Compared to the makeup products in Europe, America, Japan, and Korea, the domestic male makeup market is not yet mature. There are few makeup products for men, and the male makeup market still needs to be developed. However, market demand and consumption potential for makeup products should not be underestimated. Just as Perfect Diary can set the classification of the population, increase the innovation of male makeup products. This method will surely broaden and extend the production line of future makeup products, change the specific market scale that has not yet been formed, seize this market share in advance, and significantly enhance Perfect Diary’s competitiveness in terms of products.

5. Conclusion

5.1 Key findings

Through the study and research, this paper has come up with the following key findings: Firstly, the Chinese beauty industry has not been affected by the global epidemic but has shown solid prospects for growth. While the major international brands still dominate the Chinese beauty industry, the increasing trust of Chinese consumers in local beauty brands has led to the expansion of local beauty brands in China. Secondly, Chinese beauty consumers are becoming younger. They have more substantial spending power, and they prefer to choose products based on various criteria rather than

brand alone. Brand marketing techniques do not influence their consumption decisions. The study also found that many Chinese male makeup consumers are multiplying. In addition, in the case of Perfect Diary, it was found that Perfect Diary paid excessive attention to product marketing, with marketing expenses exceeding half of its operating income. Still, the company's focus on marketing made the quality of the products mismatched with marketing, leaving quality concerns and causing consumer dissatisfaction. Moreover, Perfect Diary and Chinese beauty brands should promote the sustainable development of their products, create differentiated products, gradually develop overseas markets, and improve their market competitiveness.

5.2 Research significance

From an industry perspective, this study identifies the pain points (specifically marketing) prevalent in the development of the Chinese beauty industry. It is hoped that this study will lead to a change in the way the Chinese beauty industry markets and invests in marketing, with a greater focus on improving product quality and creating a healthier and better environment for the beauty industry.

From a corporate perspective, the case study of this paper, Perfect Diary, has various marketing problems. Through this paper and previous research, it is possible to provide a theoretical basis for the continued development of Perfect Diary. At the same time, as a representative brand in the Chinese beauty industry, Perfect Diary's case study can also be used as a reference for other brands.

5.3 Limitations and future study

This paper still has many shortcomings in the research process. Firstly, most of the data cited in this paper are secondary data, and primary data is not used enough. Due to the epidemic, this study could only collect information via the Internet and could not communicate with employees and consumers of Perfect Diary. More, this study uses Perfect Diary as an example, which is representative of most local Chinese beauty companies, but still has limitations and cannot represent the marketing strategy challenges of all beauty brands.

In the future, the authors will continue to study various marketing theoretical models, improve the understanding of theories and optimize the research and analysis methods. The authors will continue to pay attention to the development trend of China's beauty industry and combine more data acquisition methods, such as research and interviews, to obtain more first-hand data and continuously update the research results.

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