

A comparative study on the marketing channels of beauty brands Olay and Herborist

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Abstract. This article compares and analyzes the development status of beauty brands: Olay in the United States and Herborist in China. Olay and Herborist are well-known beauty brands representative in skin care. Olay is a leading global skincare brand trusted and loved by women worldwide for 60 years. And Herborist was officially established in 1998, with the concept of “personal care experts in modern Chinese herbal medicine and ancient prescriptions” launched into the market; it adheres to the brand concept of “beauty comes from the root, balanced and proper”. Both brands have a wide range of global markets, especially in the Chinese market. Consumers deeply love both product prices and product functions. Therefore, through the comparative analysis of the marketing situation of the two brands, the qualitative analysis method is adopted to analyze the current situation of the marketing channels of the two beauty brands. According to research, the two beauty brands have achieved a lot of revenue after transforming and developing marketing channels. But there are also some problems, including marketing concept, environment, and strategy, and improving the marketing status by combining 4P strategy.

Keywords: Comparative study; Marketing channels; Beauty brands; Olay and Herborist.

1. Introduction

From 2015 to 2020, the scale of the global skin care products market showed a fluctuating upward trend; in 2015, due to the continued sluggish demand in the euro area and the sharp economic recession in Brazil, the global skin care products market declined year-on-year. 2016-2019 benefited from the Greater China region. Driven by the consumption growth of China and emerging markets such as Russia and India, the market size of the global skin care products industry has rebounded during this period.

Affected by the epidemic, the market size of the global skin care products industry in 2020 will drop to US\$139.734 billion, a year-on-year decrease of 1% [1]. In 2021, the epidemic's impact on the economy will decline, and the economy will begin to recover. According to Euromonitor's preliminary calculations, the market size of the global skin care products industry will rebound in 2021, reaching US\$155.2 billion, an increase of 11.07% year on year [2].

With the rise of domestic beauty brands in China, Korean cosmetics, which have been maintaining growth momentum in the Chinese market, have ushered in drastic changes in the competitive environment. Chinese young people have a strong tendency to choose products based on the recommendations of popular beauty bloggers. Many domestic cosmetic brands are also constantly improving the quality of their products, stealing many consumers.

In 2020, the TOP20 domestic brands in China's skincare market accounted for a total market share of 13.25%, of which: Pechoin accounted for 4.1%; Natural Hall accounted for 3.1%; Proya accounted for 1.4%; Winona accounted for 1.4%; Yunifang accounted for 1.2%; Herborist accounted for 1.0%; HFP accounted for 1.0%.

Judging from the changes in the TOP20 market share of foreign brands in China's skincare market, the TOP20 foreign brands in China's skincare market in 2020 accounted for 30.7%, of which: L'Oreal accounted for 5.1%; Lancome accounted for 4.7%; Estee Lauder accounted for 4.4%; Olay accounted for 3.2% %; SK-II 2.3%; LaMer 1.7%; Mary Kay 1.7% [3].

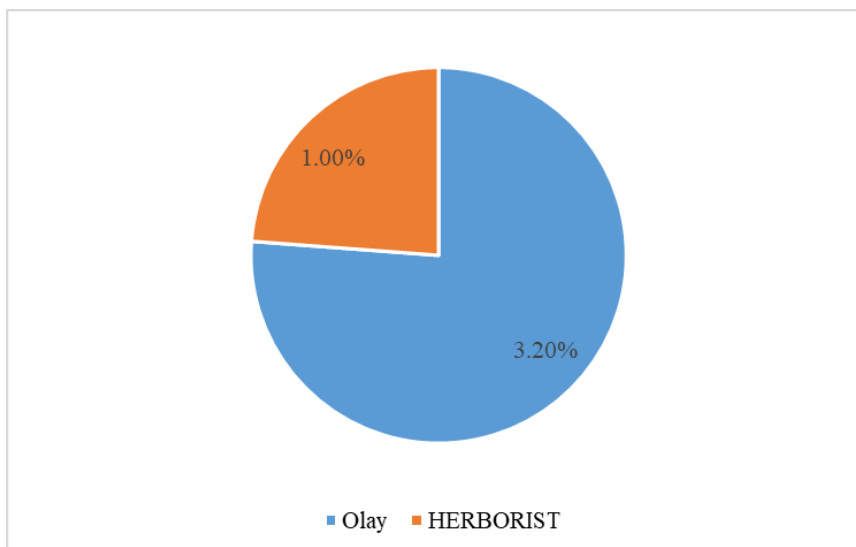


Figure 1. The share of Olay and HERBORIST in 2020

Since Olay entered the Chinese market, in terms of product marketing, from the brand proposition that is not afraid of age, to the heart-moving videos of women’s festivals, to a series of campaigns recently launched around Super Brand Day, for Olay, whether it is the main product or the marketing theme, it is determined based on the needs of consumers [4]. Olay, who has been deeply involved in the Chinese women’s market for several years, is well aware of Chinese women’s desire and pursuit of “whitening”. Olay launched the popular suit small dumbbell + small white bottle on the brand day in 2020; also, because of the hard core of deep whitening, Effectiveness can attract the attention of many new and old customers [5].

Olay understands that social marketing has become the mainstream, and it is difficult for a poster, a short video, or a tweet to detonate a brand or product. A dimensional creative layout achieves the expected influence in the promotion of topics. Therefore, instead of focusing on traditional channels, they chose WeChat, Weibo, Douyin, Xiaohongshu, and other places where women focus their attention [6].

In March 2021, Herborist settled in Douyin Store to help realize the digital development of Herborist. In October of the same year, Herborist creatively moved “Yanxi Palace” into the live broadcast room for scene-based marketing and opened an official Douyin account of “The True Story of Herborist Yanxi Palace”, and also staged harem fights in the live broadcast room from time to time. Strange to upgrade the drama and live streaming [7].

It can be seen that both Olay and Herborist have entered the era of short video marketing, made full use of the current drainage channels and launched new marketing channels. The rise of consumers’ awareness of beauty has promoted the continuous high prosperity of the cosmetics industry and the reform of the brand side. The rapid development of market opportunities and new media has led to the rise of new cosmetics marketing models. With the transformation of the main consumer groups in the beauty industry, traditional brands have been unable to meet the requirements of the new generation of consumers.

From the perspective of demand, the structure of consumers is becoming younger. According to a research report released by Boston Consulting Group, it is estimated that by 2021, millennials will account for 46% of China’s total population and contribute 69% of consumption.

From the perspective of the supply side, consumers’ increasingly diverse consumption choices, as well as the huge and fragmented information coverage in the Internet age, require consumers to conduct targeted and autonomous screening according to their own needs and generate personalized consumption needs. Therefore, the consumption relationship is gradually becoming more and more. Consumer demand is the center of change. In the beauty industry, with the help of platform tools such as Xiaohongshu, Douyin, Taobao Live, etc., opinion leaders such as Internet celebrities and beauty

bloggers continue to harvest traffic, lead the consumption trend, and build a new marketing model for the beauty industry.

The integration of online and offline has become a general trend. On the one hand, the growth rate of online channels in the beauty industry is much faster than that of offline channels. Online channels can achieve broader geographical coverage and provide consumers with a convenient shopping experience. The launch of the e-commerce shopping festival also provides a platform for the rapid rise of online channels—help [8].

On the other hand, offline channels still have important experience and service attributes and are expected to rely on new retail and experiential consumption to break through. In the future, omnichannel integration will become the standard for leading cosmetics companies.

With the rise of social e-commerce, KOL delivery, and other models, the boundary between channels and marketing is becoming increasingly blurred, and consumers' purchasing decision chain is constantly shortening. The industry's marketing strategy and channel structure are being restructured around traffic [9].

2. Method

2.1 Survey method

This topic adopts the qualitative research method, and the investigation method mainly adopts the online interview method. The interview method, also known as the interview method, refers to the face-to-face conversation between the interviewer and the interviewee to understand the psychology of the interviewee and behavior. Learn basic research methods. Depending on the nature, purpose, or object of the research question, the interview method has different forms [10]. The interview method is a controlled investigation that requires certain interviewing skills. The objects of the interview and investigation are all living people with thoughts, feelings, and psychological activities. Therefore, the interview process is, first of all, a communication process between people. Due to the special period of the new crown epidemic, online and unstructured interviews are adopted in terms of interview methods. Unstructured interviews are also known as unstandardized interviews. Unlike structured interviews, it does not formulate a unified questionnaire in advance but still has a general scope or an outline of questions refined according to the scope. The interviewer asks questions according to the outline of the questions in thick lines, and specific questions can be formed during the interview. As for the method and order of questioning, there are no unified requirements for the record of answers and the external environment during the interview, and the interviewer can flexibly grasp it. The interviewer can learn about the current market situation of Olay and Herborist, the marketing model, and the results achieved by the new company through flexible questioning methods.

2.2 Comparative analysis

The third is a comparative analysis. Since it is a comparative analysis of beauty brands in two different countries, we can better understand the difference between the two marketing models by comparing and analyzing the marketing status of these two. And through the marketing data of the two brands and the consumption situation of consumers, it explores some of the main problems that Olay and Herborist face in the marketing channels and develops corresponding solutions to these problems. Compare objective things to understand the nature and laws of things and make correct evaluations. The comparative analysis method usually compares two interrelated index data and shows. It explains the size of the research object, the level of the level, the speed of the speed, and whether the various relationships are coordinated.

2.3 Literature Analysis

This paper also adopts the literature analysis method, using the existing written materials for analysis, including relevant academic papers, journals, research reports, and network data for data collection. After collecting the relevant literature, the literature is systematically sorted and

summarized, and the relevant data on this topic is obtained, which provides better data support for this research.

3. Results

The research results for this topic mainly lie in three aspects. The first is the comparison of the marketing status of Olay and Herborist in 2020, the second is the difference between the marketing channels of Olay and Herborist, and finally, the main problems faced by Olay and Herborist.

3.1 Comparison of Marketing Status

In September 2020, the sales of Olay’s online flagship store reached 758 million yuan. The total list and sub-lists of “September Live E-commerce Anchor GMV Monthly Ranking TOP50” were released. Among the top 30 stores in Taobao Live’s September sales volume ranking, 12 brands in the beauty and skincare field were on the list, with a turnover of about 2.79 billion yuan. Among them, Olay, a high-end brand under the international beauty giant Procter & Gamble, ranked second on the list and first in the beauty and skincare category with a turnover of 758 million yuan [11].

Popular brands have become high-end brands, and consumer groups have changed from “mother groups” to mature women. “In the past, Olay mainly targeted female consumers over 40. But now, Olay has made some new product layouts for young consumers and has launched many new anti-aging products, all consumed online, such as face creams, essences, and eye creams. The feedback is better products.” Xiao Liu said.

A consumer who frequents Olay’s online live broadcast room told a reporter from China Business Daily that the moisturizing and moisturizing effects of Olay’s products are in line with her needs and compared with other high-end brands of the same type, Olay’s products are cheaper. In addition, the constantly updated promotions in the live broadcast room also attracted her to buy products in the live broadcast room.

The financial report of Chinese beauty brand Herborist shows that in 2021, the company achieved an operating income of 7.65 billion yuan, a year-on-year increase of 8.73%. Net profit of 649 million yuan, a year-on-year increase of 50.92%, was deducted non-net profit of 676 million yuan, a year-on-year increase 70.76%, the highest level in the past six years [12].

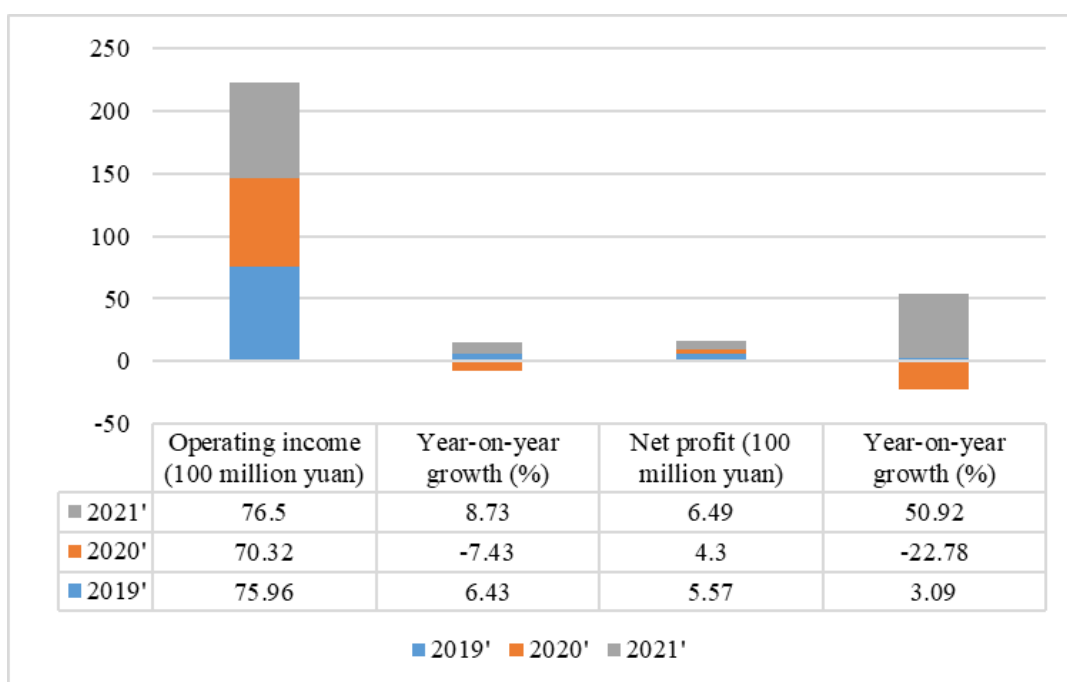


Figure 2. Herborist’s 2019-2021 revenue

The financial report shows that by promoting the multi-platform and refinement of e-commerce business, Shanghai Jahwa's online business is on the rise, with operating income increasing by 7.87% year-on-year to 3.21 billion yuan. The offline business has expanded new retail business, rebuilt department stores, The profitability of CS channels, etc., has improved, and operating income has increased by 9.26% year-on-year to 4.427 billion yuan [13].

3.2 Comparison of Marketing Channels

Olay's new online marketing channels include Douyin, JD.com, Xiaohongshu, etc. At the end of 2020, OLAY will join hands with JD.com to recreate a model of beauty marketing forward-looking and detonate new marketing in the courtesy season. Seize the traffic high ground.

OLAY uses various high-tech technologies and a strong lineup to bring fans a wonderful holiday gift. For the first time, I boldly tried the live broadcast of the green screen Christmas scene, showing a better interactive effect on the screen. It also cooperated with the popular idol boy group Times Youth League, carefully selected Christmas singles, and recorded MVs for the exclusive global premiere through Jingdong live broadcast. Create the exquisite and explosive phonograph gift box of the Times Youth League, "a box made in heaven", retain the beautiful moments, further develop its youthful marketing actions, constantly refresh the brand's image in the minds of consumers, and achieve breakthroughs in brand rejuvenation.

On the Douyin Super Product Day in December 2021, in cooperation with OLAY, with Christmas as the fulcrum and the theme of "wish come true", a comprehensive explosion of product effects has been achieved. This cooperation achieved strong online and offline exposure and tripled the brand's self-broadcasting coefficient during the event, providing a powerful example for other brands' node marketing [14].

After a series of measures, such as sorting out product structure, strategically shrinking stores, and actively digesting social inventory, the Herborist brand will become Herborist's "turning year" in 2021. In the first quarter of this year, Herborist achieved year-on-year growth of 100%. Herborist Innovative marketing methods. Adopt a more accurate, effective, and younger dissemination method. Douyin and Xiaohongshu are the main distribution sites of Herborist.

The Herborist brand company actively promotes the transformation of online channels, develops the dual-platform model of Taobao and Douyin, and focuses on expanding Douyin channels. For example, in April 2021, Shanghai Jahwa opened a flagship store in Yuze on Douyin, and the current number of fans has reached 110,000 [15].

3.3 The main problems faced by marketing channels

From the interviews with the current marketing status of Olay and Herborist, we learned some major problems in the development of online marketing channels, including:

3.3.1 Marketing concept needs to be deepened

With the continuous maturity of the e-commerce model, more and more commodities are involved in online sales. Olay and Herborist, as beauty brands, have become one of the few popular online shopping products after books and video products due to their small size, high value, and easy ordering. But network marketing is different from electronic transactions. It is not a complete business transaction process but only a means to promote transactions.

3.3.2 Marketing environment needs to be improved

In recent years, although the hardware facilities of the Internet have been greatly improved, the soft environment of the Internet still has great deficiencies, and the Internet service business needs to be further enriched. At the same time, the cost of Internet access services in my country is too high relative to people's income levels, which also restricts the further expansion of the scale of network users to a certain extent. As a mass consumer product, cosmetics have a wide range of target customers, and people of any age and region are their target customers. However, the regional differences in Internet development in my country are relatively prominent. Internet users are

relatively concentrated in economically developed areas, and the age is mainly concentrated in young people, which is still a long way from popularization. The role of the network marketing model depends on the popular network environment. Without the extensive participation of the general public, it is difficult to form an effective market. Therefore, the cosmetics network marketing environment needs to be further improved.

3.3.3 Marketing strategy needs to be innovated

Marketing activities should focus on the interaction between enterprises and consumers. Currently, the online marketing of Olay and Herborist cosmetics companies only publishes the company's basic information on the Internet. There is a lack of specific and systematic introduction to the corporate image and products—interactions with consumers. At the same time, e-commerce activities combine a series of businesses, including information search, online transactions, electronic payment, logistics and distribution, and after-sales services. The lack of one link may lead to the failure of transaction activities. Network marketing pays more attention to the importance of consumers' needs, and brands meet consumers' personalized needs through their good services. For cosmetics companies that produce fast-moving consumables, the above factors may become the main factors hindering the development of cosmetics online marketing. Therefore, in order to make cosmetics achieve a good sales performance in the online market, its online marketing strategy still needs to be further improved and innovated.

4. Discussion

Through the analysis of the research problems of this topic, because of the current development of Olay and Herborist in marketing channels, only by further optimizing the network marketing strategy can the brand development be better promoted.

4.1 Brand strategy

In the process of brand marketing, we should pay attention to the brand positioning of the product, and the goal of new product development should be consistent with the target customers of the enterprise. Network marketing is no exception. Whether Olay or Herborist, the corresponding network marketing customers should be positioned within the range of consumers who use the company's products and services. The two can promote their brands and establish a corporate brand image through online marketing methods such as self-built websites, online advertisements, and personalized marketing. When cosmetics companies carry out online brand marketing, they should highlight the advantages of their brands and their differences from other brands. According to relevant surveys, there is currently a lack of cosmetics developed for male skin characteristics in the domestic cosmetics market. According to relevant surveys, the vast majority of male cosmetics are only slightly changed based on female cosmetics, which is very unscientific and needs to be developed and launched for special groups of cosmetics brands. An important task of brand strategy is to cultivate the loyalty of customers, improve customer loyalty through various strategies, and make customers fall in love with the brand of their own company.

4.2 Price Strategy

The price strategy is mainly a network marketing strategy to win through the price advantage of the product. Network marketing can effectively reduce the transaction cost between enterprises and consumers. It shortens the intermediate link between enterprises and consumers, reduces the cost of product promotion and after-sales service, and thus reduces the price of cosmetic products to a certain extent. Therefore, when traditional cosmetics companies carry out online marketing, they should carefully formulate price strategies. When Olay and Herborist conduct online sales, they create a brand-new brand so that consumers have no price, channel comparison, and conflict. When the product brand gradually grows and expands, physical stores will be opened for auxiliary sales to provide consumers with a full range of consumption experiences.

On the other hand, cosmetics companies can adopt different pricing strategies according to the characteristics of their products. For products that are not competitive and are in the promotion period, they should formulate low-cost or even free strategies to cultivate customer groups. This pricing method can achieve the effect of promoting products and obtaining the trial users' information. Hence, the enterprise can regard the trial users as potential customers and eventually develop them into consumers of the product or even the enterprise. For cosmetics with competitive and special functions, companies can set high prices without considering their competitors. This is also a more appropriate strategy for high-end cosmetics. It mainly satisfies consumers in regions without brand counters and expands its sales market.

4.3 Promotion strategy

According to marketing principles, promotion is the communication and delivery of product information persuasively. Internet marketing effectively allows companies to promote their products and communicate information to final consumers directly. Cosmetics companies can carry out online promotions through advertising promotions and email promotions. In addition, cosmetic companies can also recommend their intermediaries to consumers on their websites, encouraging online users to use traditional channels. Therefore, a combination of various promotion strategies can be used for cosmetic companies.

4.4 Service Policy

Service strategy refers to using various network service methods to promote products. Enterprises can realize their service strategies by establishing member networks or through e-commerce intermediary platforms. Cosmetics companies can form their network user groups by establishing their member networks and promoting the mutual connection between consumers through the membership system, exchanging each other's experiences and feelings, as well as the connection and communication between enterprises and consumers cultivating consumption. The loyalty of consumers to the enterprise and the integration of consumers into the entire marketing process of the enterprise. Hence, each member of the member network can benefit from each other and develop together. Cosmetics companies can also conduct online marketing and sales through e-commerce intermediary platforms established by third parties. This way, Olay and Herborist can increase their product's contact with consumers in a wider range and expand sales.

Mini Program live broadcasting fully combines the development opportunities in the era of big data and makes a perfect marketing management plan according to its situation. Formulate detailed implementation steps and strategies from organization management, team building, channel management, product service, the price system, etc. Based on this, it can ensure the smooth implementation of marketing management measures, but it also lays a good foundation for further development.

Finally, it is necessary to improve the development of marketing talents. The marketing management of live broadcasting is based on the implementation of a professional talent strategy, and the effect of marketing management is improved by improving the professional ability and comprehensive quality of marketing management. The live broadcast conducts professional training for existing personnel, emphasizing training and education for managers and marketing personnel. Master the professional ability of marketing management in the era of big data and conduct necessary assessments on their practical ability to improve existing marketing management—the overall ability of the personnel. In addition, live broadcast has always adhered to the concept of talent strategy, introduced professional marketing management talents from the outside, optimized the team structure of existing marketing management personnel, integrated the latest marketing management concepts and methods, and created a marketing management team with strong professional ability and high comprehensive quality team.

When designing and developing the core interests of products, enterprises should start from the perspective of customers and formulate this product design and development according to the last

marketing effect. Therefore, online live broadcast e-commerce companies need to formulate and implement effective marketing management strategies to strengthen their marketing management capabilities, achieve effective integration of existing resources, improve the effectiveness of their marketing strategies, and further enhance their presence in the online live broadcast e-commerce market competitive advantage in.

5. Conclusion

This paper mentioned a comparative analysis of the marketing channels of the two beauty brands, Olay and Herborist, that online marketing is not only a technological revolution but also a profound conceptual revolution. Internet marketing has its characteristics and advantages. As a special new generation of media, enterprises need to continue to explore and research how to maximize the release of its price to enterprises and consumers.

The characteristics of cosmetics determine that it is conducive to the development of online sales business. Therefore, cosmetics companies should seize the opportunity to transform marketing methods brought about by the impact of the network economy, innovate their marketing strategies, use network media to establish their brands, and expand their markets. Improve the service content of the enterprise and create more profit space.

Facing the current competition in the cosmetics industry, whether Olay from the United States or Herborist from China, facing the rapid development of the times, brands can only follow the pace of the times and make full use of the resources of the times. This era is the era of traffic. The transformation and innovation of the two beauty brands are from traditional marketing channels to new online marketing channels. Whether it is Douyin, short video, Xiaohongshu, and other traffic channels, if you want to seize the traffic password, it is inevitable. Need to achieve the four key elements of the brand, price, promotion, and service. Whether it is Olay or Herborist, the selected channels, spokespersons, etc., will have the same method in the face of short video traffic marketing. Both brands will not hesitate to enter the marketing channel at the Douyin short video, live delivery and sharing platform, etc. Moreover, the spokespersons invited are all current celebrities or celebrities, and they all have a certain amount of traffic. Therefore, in addition to the selection of channels and spokespersons, the four aspects of the brand, price, promotion, and service, have become the key points for developing the two brands in the marketing channel. In network marketing, customers are in the dominant position, and consumption presents personalized characteristics. Different consumers may have different requirements for products. Therefore, product design and development must meet the personalized consumption needs of customers.

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