

Marketing Case Analysis of Perfect Diary Based on 4P Model

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Abstract:

With the development of the digital world, most companies, including the makeup industry, have to consider digital marketing as one of the main strategies. Meanwhile, due to the improvement in economics, an increase in the purchasing power of most customers causes a more obvious and diverse consumption trend. Under the influence of the competitive cosmetic market and consumer choices, what kinds of market strategies affect cosmetic marketing more, and how to utilize those market strategies are the entry points in this paper. This paper will select Perfect Diary, one of the new-born brands in the Chinese cosmetic market, as the research object by using document investigation and case analysis based on the 4P model. Through analyzing the price marketing strategy, promotion marketing strategy, and targeting strategy, even some problems within the marketing strategy of Perfect Diary, this research explores how Perfect Diary effectively reaches its market to achieve their success in Chinese market. After analysis of the market strategy chosen by Perfect Diary, expect that the investigation can disclose common problems faced by different cosmetic companies or brands, and provide beneficial suggestions and insight strategies for the cosmetic industry, and inspire them to come up more innovative and evolutionary market strategy to promote the development of the national cosmetic industry.

Keywords: Digital Market; Case Analysis; Cosmetics; Document Investigation; 4P Model.

1. Introduction

With the improvement in life quality and the development of economics, people in China tend to have a better sense of consumption capability and happiness. Besides, China is also one of the most populous

countries, which means China is a huge consumer country in the cosmetic industry. However, due to the large population, although China has an overall higher consumption of cosmetics, the average expenditure on cosmetic products per capita is not that high. Nevertheless, it does not represent that the taste

of consumers is reduced. Inversely, due to the diverse consumer environment, more and more people pursue a better-quality product and differential expression in chasing beauty under the shock of too many distinct cosmetic products [1]. Hence, customers would like to try something new to obtain valuable experience in makeup, and the industry needs more innovations and new products.

Compared to the average expenditure of Chinese people on cosmetic products, most of the brands overseas there seem to be expensive for a group of Chinese people. Meanwhile, most brands overseas tends to be more famous and more familiar than national cosmetic brands to Chinese people. Therefore, the national cosmetic industry has advanced potential for this group of people in the Chinese market.

In recent years, many different national cosmetic brands have developed quickly and become popular within the Chinese market, such as HuaXiZi, Perfect Diary, Judydoll. With more and more national cosmetic brands entering the Chinese market, people realize the improvement in national cosmetic products and awareness of national pride. These factors also affect the further development of those national cosmetic brands within China. By differentiating the price of brands overseas, the cheap but valuable products are acknowledged by more and more people in China, which helps the augment market share of those national cosmetic brands compared to brands overseas.

Guangzhou Yixian e-commerce Company, the parent of Perfect Diary, is the first listed Chinese cosmetic company in the US on Nov. 19. 2020. However, the Perfect Diary was formed just in 2017 [2]. Passed only 3 years to become a listed company in the US with a 7 billion market value, Perfect Diary became a brand new company to break the stereotype of national makeup by using its pricing market strategy and high-intensity publicity market strategy [3].

Perfect Diary as the main research object, based on its special characteristics and brand image, this paper will explore the successful experience and problems of Perfect Diary combined with case analysis, document investigation, and 4P model. Combined with the 4P model and STP theory, the research assists in explaining the concepts behind those strategies chosen by Perfect Diary.

Additionally, Perfect Diary as the crucial reference can also provide further insight into strategy for other national cosmetic companies within the industry to solve their common issues; or from the perspective of consumers, this paper helps other national cosmetic companies to adapt and satisfy the needs in the national cosmetic market more.

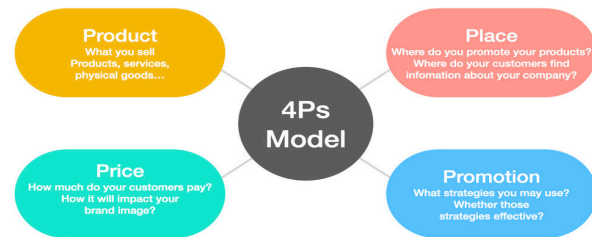


Fig. 1 4P Model concepts - original

The 4P model, including price, product, place, and promotion, is one of the fundamental market concept models in marketing (figure 1). It explains how those four factors can affect the market strategy marketers choose and how they achieve their targets.



Fig. 2 STP Marketing concepts - original

STP marketing is divided into segmentation, targeting, and positioning, determining (figure 2). Segmentation allows marketers to divide people into distinct groups with specific characteristics and goals. Targeting assists companies in focusing on their main customers or audience so that they achieve higher effectiveness and efficiency in marketing strategies. Finally, positioning chooses the most likely place or platform where the product and the way can reach their selected targets.

2. Case Analysis

2.1 “Perfect Diary” Pricing Market Strategy -- Good Value

Compared to the price of other brands overseas in China, usually the price for products of Perfect Diary is much cheaper in the national cosmetic market. One factor that can affect the price difference here is the import and export taxes. When the products are imported from brands overseas, they usually will be charged at higher prices to customers in China since the cost of the product increases and the companies overseas do not want to undertake that part of the cost increase. Another factor that influences the price difference among Perfect Diary and brands overseas is the brand image or brand concepts. For instance, the settings for brands like Estee Lauder, Nars, and YSL are

mid-to-high-end brands, which means those companies or brands recognize themselves as providing higher quality services and concepts in beauty compared to other brands. Therefore, their target customers are the audience who possess enough economic ability to afford their products. However, the price of Perfect Diary is affordable for most people in China since its price is only around tens of yuan or close to one hundred yuan, which means it is affordable for students, young people, and even the poor. (In dollars, it takes only around 5 dollars to the highest 20 dollars for each product of Perfect Diary.) Perfect Diary provides a chance for those people with a limited budget or purchasing power to try beauty products. This also supports their brand concept of bringing everyone an opportunity to be pretty.

2.2 Fasional Co-branding Market Strategy of Perfect Diary

Perfect Diary has its special idea in brand concept by sharing the thought that “beauty has no limitation or boundary”, to explore every possibility of beauty. With the sense of breaking through the shackles of beauty, in 2019, Perfect Diary cooperated with Discovery and generated a unique series of eyeshadow packages called Wildlife [4]. As shown in figure 3, from the packages, Perfect Diary took photos of various animal’s eyes recorded by Discovery as sources of inspiration, especially the package about the red-crowned crane. After the post of the special eyeshadow package, the behavior from Perfect Diary in exploring and keeping the beauty of China gained large support and response from its customers.

In addition to the cooperation of the Animal series, Perfect Diary also spends much energy and money on co-brand collaboration. During the marketing of Perfect Diary, other co-brand series like the National Geographic series, or cooperate with games like King of Glor, can be easy to observe and realize that Perfect Diary highly attaches to the importance of cooperation [5].



Fig. 3 Perfect Diary Wild Animal Series - original

2.3 The Utilization of Digital Market in “Perfect Diary” - E-commerce Live Streaming

Nowadays, digital marketing is one of the most prevalent marketing strategies for almost all brands and companies due to the development of the internet and smartphones. Perfect Diary also pursues fashion tightly and takes advantage of digital marketing strategies, such as live streaming, the common tool for spreading the brand image and sharing products [6]. Perfect Diary starts live streaming on various short video platforms like Douyin, and Tianmao and utilizes anchors to help them promote their products. Usually, those anchors will introduce the products from the aspects of the package, color, suitable skin type, based on the characteristics of the products. Besides, by watching live streaming, the audience can have a chance to interact with those anchors whether asking questions or sharing feelings, to satisfy the curiosity of the audience. Assists with the introduction from anchors, customers understand the products better and have higher intent in consumption. This also improves the brand image of Perfect Diary and creates a tight connection and great atmosphere between the brand and the customers since

consumers' perceptions of brand personality can partially mediate the relationship between brand-owned content marketing and consumers' brand attitudes [7].

3. Evaluation

3.1 Analysis on Market Strategy: Price Differentiation

Focused on the market strategy of price differentiation, Perfect Diary has a very clear aim in their target audience and potential customers. This is relative to the "price" in the 4P model as shown in figure 1 that Perfect Diary chooses a different group of people as the main users of their products that are different from the target like the brands overseas. This represents that, as the new entry, the new cosmetic company in the national cosmetic market, Perfect Diary knows how to avoid competition in existing users with those known brands overseas. Before the development of different national cosmetic brands, Perfect Diary understood how deeply ingrained the cognition of those known brands overseas within the customers before. Therefore, Perfect Diary sharply captures the group of customers, like students, the poor, or girls just beginning working with less money, that are not targeted well by those mid-to-high-end brands, and indeed expand the beauty customers. Consequently, Perfect Diary opens up the blue ocean of the national cosmetic market by seizing the differentiation in customers, taking advantage of segmentation in STP theory (as shown in figure 2), segmenting all beauty users into different categories, and focusing on servicing the group that they targeted by modifying the price. In a word, Perfect Diary has a clear aim in its target market, market position, and market segmentation, so its STP marketing in price differentiation helps the company to target its consumers better [8].

Nevertheless, although the price differentiation market strategy provides Perfect Diary a great opportunity to enter and explore the national cosmetic market, such a price strategy cannot be used for reference for all national cosmetic brands and companies. One thing that needs to be realized, is that Perfect Diary used cheaper prices to attract consumers in the past during the period when only a few national cosmetic companies were in the market, and the competition within the national market was low. Whereas, after several years, many new national cosmetic brands also entered this market and strengthened the competition among brands. If national cosmetic brands including Perfect Diary keep lowering their price blindly but with not have enough market share to sustain, it is easier for them to be crushed by the price competition due to the reduction in profit. Hence, price differentiation can be

a reference but not the only right answer in ameliorating market strategy.

3.2 Analysis on Market Strategy: Co-branding

Based on the investigation of Co-branding market strategy, Perfect Diary meets various expectations of customers in the digital market. Perfect Diary attaches great cognition in product packaging and design. First of all, the co-branding market strategy provides its audience with a novel shopping experience. From the perspective of customers, they not only buy a makeup product but also enjoy some secondary recreations and various brand cultures from the co-branding. This helps Perfect Diary maintain the freshness of brand image to keep consumers curious and enthusiastic.

Additionally, co-branding allows Perfect Diary to attract fans or audiences from other brands. Perfect Diary, as a newbie in the national cosmetic industry, nearly had few fans at first. However, when it cooperates with other brands or industries, like Discovery, Pokémon, Sanrio, which has a certain fan base, those fans, who want to support their followed brands, will find Perfect Diary and know the products it makes. Meanwhile, during the cooperation with the national tide, such as the red-crowned crane, Perfect Diary can inspire national sentiments from customers and boost popularity. Through this co-branding strategy, although Perfect Diary was a small brand with few fans before, it can absorb more fans and increase brand awareness, which is beneficial for brand promotion. It is not hard to realize that Perfect Diary cultivates brand culture in co-branding and finds the direction that suits it in the further path. To sum up, co-branded products release the brand-building connotation from design, make product sales and marketing content more cultural, and effectively communicate content and brand concepts to consumers [9].

3.3 Analysis on Market Strategy: Use of Digital Tools

Making use of digital tool like live streaming, Perfect Diary realizes digital marketing can affect the behavior of customers easily. First of all, Perfect Diary utilize the fact that more and more people spend most of their time with the internet and smartphones. Meanwhile, the use of platforms for Perfect Diary becomes also one main channel for consumption now to attract more potential customers and boost conversion of their products. As mentioned in the case before, compared to only seeing the pictures of products from the website or Taobao, which cannot provide the audience with a more visual understanding of the products, live streaming gives the audience more aware-

ness of the products. As the audience of Perfect Diary live streaming, they can see the color of products on the skin, the texture of products, and the advice from other people who may brought it before. Through the interaction with anchors, those potential customers also gain suggestions from anchors, like whether this product is suitable for oil skin. Selling the products while communicating with the audience at the same time, this product market strategy satisfies the needs of consumers, stimulate the desire to consume, and achieves a great connection between Perfect Diary and its customers. Those conditions can cause impulse buying behavior, an unplanned purchase with a hedonistic nature when consumers face a sudden strong stimulation or desire [10]. Moreover, since the price of Perfect Diary is cheap, the opportunity cost for consuming it is low, so that people are more willing to have a try under stimulation.

4. Conclusion

Conclusively, this paper, taking Perfect Diary as the main research object, uses the case study and document investigation, analyzing how Perfect Diary utilizes price discrimination, co-branding, and digital tools of the platform to reach its targets and achieve the Chinese cosmetic market's success.

Three main discussed existing problems in the Chinese cosmetic market in this paper are the excessive involvement in the low-price competitive market, poor and unclear establishment in brand image and brand culture, and unreasonable or immature online sales channel utilization. First, due to the initial impact of cosmetic brands overseas with higher prices, to open the Chinese national cosmetic market, many new national cosmetic brands choose to lower their prices to compete with primary cosmetic brands and market share. Those national cosmetic brands need to break out of the constraints of low prices and understand that the price is not the only key factor deciding success in the cosmetic industry. Besides, most cosmetic brands only focus on innovating products. However, those brands fail to build a clear, influential brand image or culture, like what message or attitude they want to transfer to their customers. In this situation, it is hard for those brands to build loyal connections with their customers. Last, under the influence of the traditional marketing model, some cosmetic companies are still familiar with offline marketing instead of digital marketing. However, with the development of technology and the internet, digital marketing has become the mainstream marketing model. The utilization of digital tools in marketing is a crucial factor affecting its effectiveness.

By evaluating those three aspects, this paper concludes

how other national cosmetic brands can target their consumers through price discrimination by dividing people into groups while Perfect Diary also needs to reconsider its pricing now; how to build a clear and diverse brand culture by co-branding making customers curious and fresh; and how to spread brand awareness and influence through using digital tools like live streaming. Perfect Diary can be a great example or reference for other national cosmetic companies to find out what kinds of market strategies will be suitable for them.

This paper on the marketing strategy of Perfect Diary conducted detailed research and evaluation based on the information and theories collected. However, due to limitations of personal research depth, coupled with the rapid change of the national cosmetic market, and the nature of various situations that may cause any fluctuation in the Chinese cosmetic market, this paper's optimization suggestions for other national cosmetic brands may also have limitations. Those brands need to reach the optimal market strategy based on their characteristics, brand positioning, and goals.

Future research will based on advanced methods and updated information to conduct a more comprehensive paper discussing the marketing model of Perfect Diary. Through deeper discussion in Perfect Diary, hope the investigation contributes to other national cosmetic brands with a more detailed analysis of successful market strategies and helps the national cosmetic industry improve.

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