



# Research on the Influence of the Multi-channel Marketing Model on the Traditional Model of FMCG Companies

Yijing Wu

School of Public Economics and Management, Shanghai University of Finance and Economics,  
Shanghai

2019110650@live.sufe.edu.cn

**Abstract.** With the development of the economy and technology, the living standard and average consumption of people are constantly improving, and high quality of life has become the goal of people. Under such circumstances, cosmetics companies are also transforming their target how to absorb people's brand loyalty. This study is based on the fact that all the FMCG companies are developing multi-channel marketing patterns due to the shifting of people's consumption habits take the Estee Lauder brand for example to show what channels the companies focus on. The study also provides some possible strategy transformations of the FMCG companies to broaden the vision of the industry and make future predictions.

**Keywords:** FMCG companies, multi-channel marketing, Estee Lauder, brand loyalty

## 1 Introduction

With the popularity of marketing in China, the marketing theories of FMCG emerge one after another. From the initial product centered, to advertising centered, and then to marketing planning centered theory, which reflects the progress of China's FMCG marketing theory.

As the world's second-largest economy, China's skin care products account for two-thirds of the high-end beauty market. The international high-end skin care brand competitors are gradually changing the situation of low quality and low price competition in China's skin care industry in order to occupy more high-end skin care market in the Chinese mainland. The industry will also enter new industrial upgrading, the industry's innovation and technology upgrading speed is quickening, the brand has the pressure of product development, product line's richness and production supply volume and competition between the same level brands are weaker [1]. At the same time, the new regulations make the R & D and renewal of products, the testing and filing cycle longer, and the operating cost increases. Estee Lauder Companies, as a world brand cosmetic enterprise, is determined to develop high-end skin care products suitable for Oriental skin by taking advantage of its own scientific and technological ad-

vantages and combining the high standards of Chinese consumers for skin care products. Meanwhile, the Chinese mainland skin care products sector will continue to play a top priority among priorities of the whole group.

This study hopes to provide a case support for the marketing of Estee Lauder brand skin care products through the study of multi-channel marketing mode, enrich and improve the relevant theories of marketing management, and promote the strategic adjustment of skin care products in the Chinese mainland market and the formulation of marketing mix strategy, which will give some inspiration to the brand expanding the market share of the Chinese mainland, and provide a theoretical reference for the future development of skin care industry. And make modest contributions to the healthy development of the industry.

## **2 Traditional Marketing Methods of FMCG Companies**

### **2.1 Advertisement**

With the development of science and technology, the convenience of transportation, the close cooperation and exchange between countries and the prosperity of trade, the degree of globalization has never been as high as today. Under this background, the functions, quality and characteristics of the same kind of products are often similar in a short time. The speed of product homogenization is accelerating. The competition among enterprises no longer simply depends on product innovation, brand establishment and differentiation. Cultivating customer loyalty and dependence is particularly important. Therefore, brand management has been widely valued by the company.

Advertising is an important way to promote brand communication. Expanding brand awareness and popularity through advertising often has a good effect [2]. In 1946, lady Estee Lauder founded the Estee Lauder brand with the desire to "bring beauty to every woman", and established a company named after her in the same year. The core concept of "elegance and beauty" runs through the product packaging, brand image and sales process of Estee Lauder Companies from beginning to end. In the late 1940s, to establish a superior image for Estee Lauder's products, Mrs. Estee Lauder designed a brand-new packaging image for cosmetics, and finally chose the style of milky white mixed with cool turquoise. It is a color between green and blue, light, elegant, and full of femininity, and it is very harmonious with any color. The luxurious and elegant flavor of this color is in line with the brand style of Estee Lauder. Consumers will be proud to display Estee Lauder's products. This "Estee Lauder blue" is still used in the packaging of Estee Lauder's products. In the case of limited resources, it is easier to maximize the effectiveness at a lower cost. Estee Lauder's market positioning is in the high-end market, especially the women's market, so it is very necessary to find the media mode that attracts the most attention from women. Knowing that Chinese women, especially young women, pay high attention to fashion magazines, Estee Lauder expands publicity by binding with fashion magazines, so as to effectively hit the target group.

## 2.2 Counter sales

In the Chinese market, new high-end shopping malls are emerging, which is an opportunity for Estee Lauder. High end shopping malls are the most suitable channel for Estee Lauder to develop its business. China's second and third tier cities are also important channels for Estee Lauder. With the promotion of urbanization and the continuous improvement of people's living standards, the potential consumption demand of the second and third tier cities is huge, which is expected to become a new growth value of Estee Lauder's sales in China in the future [3].

The Estee Lauder brand begins with the positioning of "gorgeous, noble and elegant". It only sets up counters and stores in the most expensive sectors and commercial buildings. It relies on traditional high-quality channels to filter audiences and enhance the brand impression. Under the influence of COVID-19 and market fluctuations, the traditional channel strategy advantages no longer exist, and the disadvantages gradually appear. Plans to lay off a large number of staff and close some independent stores to adjust the scale of business to deal with the impact of COVID-19.

## 3 Multi Channel Mode in the New Era

### 3.1 Direct: online store (flagship store of the brand's official website)

According to the research data of Estee Lauder brand, during the epidemic period, in order to reduce the frequency of going to people gathering places, consumers prefer to buy skin care products online rather than over-the-counter. At present, nearly 60% of consumers will buy Estee Lauder brand skin care products through e-commerce platforms. Therefore, in order to compete with major skin care brands, maintain customer loyalty, tap potential customers and continuously improve sales, the company has adopted a long-term preferential way in its flagship store and live broadcasting room of the e-commerce platform. That is to buy the same amount of small samples with formal clothes, which are combined with the grams of the official products. With the rapid expansion of the high-end market of domestic skin care products and the rapid upgrading of consumer demand, some Chinese consumers pay more attention to the pursuit of quality, and these consumers are willing to pay a high premium for their appearance [4]. Estee Lauder brand adopts this way of promotion and gift for all series of products, including the most high-end platinum series, which undoubtedly makes the user's service cycle longer and the long-term sales volume unchanged.

Estee Lauder group's sales channels mainly include counters in high-end commercial buildings, shops on cruise ships, duty-free shops and websites in airports and cities. Of course, the important strategic significance of the Chinese market and e-commerce channels to global beauty companies need not be repeated. Half of the sales of the Estee Lauder brand in the Asia Pacific region come from e-commerce channels.

For example, the T-mall flagship store is still an important marketing position and distribution channel for beauty brands. At present, there are 280 T-mall flagship stores with the "official direct sales" logo (meeting the two basic services of "7-day no reason

to return and exchange goods" and "five-star packaging"), of which only 76 brands have the right to operate on behalf of operators, accounting for 27%

For Chinese local brands, self operated flagship stores are still the first choice, while foreign brands are the main customers of agent operators, including 34 self operated and 47 agent operated. T-mall flagship stores of cosmetics groups such as P &G, Amore Pacific and Huawang are operated by agent operators. Correspondingly, Estee Lauder Companies' brands and life health are self operated. Not only that, within 10 minutes of the opening of the pre-sale, the turnover of Estee Lauder, L'Oreal, Shiseido and brands exceeded 100 million yuan. With only 25 minutes of pre-sale, Estee Lauder brands such as TOM FORD, Lamer, Mac have achieved nearly 100 million yuan

Foreign brands are still in the lead on the first day of pre-sale, and become a centralized trend. Double eleven has become the world of large groups. The Asia Pacific region dominated by China has a great demand for high-end cosmetics. The net sales of Estee Lauder brand skin care products have achieved double-digit strong growth, of which the e-commerce channel has contributed more than 40% of the sales, becoming the new main growth point of sales.

### 3.2 Indirect: retailers and overseas buyers (WeChat, shopping website Haitao)

With the continuous development of the Internet and consumers' own demand for overseas shopping, more and more overseas shopping websites enable domestic consumers to easily buy by using mobile phones. In particular, when consumers buy products through these official websites, they can not only enjoy the discounts given by the official website regularly but also use a relatively low price to buy genuine products on the official website.

Nowadays, the female consumers of Estee Lauder brand in the new era have gone from counters to online shopping for cosmetics. They often watch live broadcasts and go shopping online at night, and even show signs of "staying up late, spending more". Pinduoduo released the "new e-commerce · new female consumption report", which shows that beauty and personal care products are still one of the mainstream of female consumption, and anti wrinkle eye cream has become the fastest-growing product. In terms of geographical distribution, Shanghai, Guangzhou and Beijing ranked among the top three cities in terms of women's consumption amount. The gap between women's purchasing power in low-level cities and first-line developed cities was further narrowed. Consumers in second tier and lower tier cities became the main force of online skin care products, and the purchasing power in fourth tier and lower tier cities increased rapidly. To maintain the loyalty of Lauder's brand and maintain the loyalty of Lauder's brand in the existing market, and maintain the loyalty of Lauder's brand to other consumers.

Online upgrade e-commerce video lives broadcast. Due to the influence of COVID-19, people's home time has increased dramatically. Estee Lauder brand is well versed in social media marketing and has brought a lot of exposure to the brand through live broadcasting. In the live broadcast, promote and introduce the advantages of their own skin care products, actively communicate with customers and consolidate the fan group [5]. Actively respond to the new market demand generated by the epidemic, so as to show strong brand vitality and promote the rapid growth of the brand.

## **4 Possible Strategic Adjustment of FMCG Company**

### **4.1 Selling co-branded models**

How can Estee Lauder make itself stand out from the many high-end skin care products and become a highlight while the products are constantly upgraded and improved? We should step into a broader brand pattern through continuous marketing, and the products are perfect without end. We should join hands with other trend brands to launch limited joint brand series, which is unique and full of new ideas. In terms of increasing brand influence and novelty, old customers pay more attention. At the same time, they attract young target groups and loyal users of trendy brands by limiting joint brands and retaining them with excellent products. The brand investment in cross-border marketing activities is small, and its publicity effect is obvious, which is conducive to consolidating users' use habits and stabilizing loyalty.

### **4.2 Control of supply channels**

Refers to the ability of enterprises to investigate and find consumer needs under the condition of mastering the existing science and technology and material basis, to grasp the needs, allocate resources and organize human and material resources to solve the problems of consumer needs. It is an innovation that combines demand with existing resources. Controlling the supply channels of enterprises is a necessary prerequisite for enterprises to maintain long-term vitality and an inevitable guarantee for brand products to continuously inject fresh blood and keep pace with the times. Strong R & D and innovation capabilities are the guarantee for Estee Lauder to be widely known and loved by consumers all over the world. Estee Lauder advocates product innovation and has a special R & D center. Estee Lauder products bought this year are slightly different from those bought last year, either in the packaging design of the bottle body, the smell of the product, or the efficiency of the product. In short, when consumers enter the Estee Lauder counter, they can see which products are new at a glance. Estee Lauder can always be close to local consumers and create products that meet the needs of local consumers.

### **4.3 Anti counterfeiting attack and limited sale**

It is the group with the most consumption ability and consumption intention. Estee Lauder should not only distinguish the differences between its brands but also pay attention to the identity of its brands, shape the Estee Lauder product group and reflect the characteristics of Estee Lauder products. On the basis of highlighting the characteristics of the product brand, it is subdivided to meet the different needs of different groups and at different times.

You can choose a more famous female star with an Oriental temperament to speak for it. On the one hand, it can well represent the brand image of Estee Lauder. On the other hand, it can better communicate with consumers and play the role of the reference group, so as to bring greater sales volume to Estee Lauder cosmetics. Product is one of

the important factors in the marketing mix. At the beginning of marketing activities, we should first make it clear that the brand can provide corresponding products for consumers, solve consumer needs, pay attention to the efficacy of R & D products, and focus on all kinds of added value and services brought by products.

Affected by the epidemic, consumers' demand for cosmetics products has fallen sharply, and the sales of skin care products have increased significantly. Estee Lauder has a wide range of skin care products, mainly for middle and high-end consumer female groups. When formulating a product portfolio strategy, it should meet the high-end skin care needs of consumers. During online live broadcasting and offline sales, we should pay attention to product matching recommendation, design and launch multiple groups of popular models and other product combinations, so as to double the efficacy and improve the sense of use, improve product sales and increase customer loyalty and stickiness.

Estee Lauder brand skin care products should pay full attention to and make full use of the product value-added marketing strategy to promote sales, fully integrate the resources they have, add value to the products, bring consumers a marketing model whose value is higher than the product price, and maximize the benefits of users' use costs. At present, the brand does not provide services such as point return and discount, but users with different stars can enjoy different value-added services, that is, members with different point levels can sign up for limited goods, participate in experience projects, point exchange and other activities. Due to the impact of the epidemic, people's time at home has increased significantly. It can be seen that home products are particularly popular, and even international luxury brands such as Louis Vuitton and Hermes have paid attention to this phenomenon. In the new marketing pattern, Estee Lauder brand skin care gifts are not limited to product trial clothes, or small household items such as brand eye masks and cosmetic bags, It is to implant its own brand aesthetics into high-quality brand home products. As a package gift, it is necessary to meet the integrity of home use after consumers buy. Brand extension is not a simple expansion. How to make sincere supporting products and avoid market homogenization is one of the next topics of product value-added marketing.

#### **4.4 Add added value:**

Today's high-end consumer goods, their brand value is far more important than their use value. Today's consumers do not pay attention to practicality as they did in the 1980s. Now they are increasingly developing into a concept of enjoying consumption. From Maslow's hierarchy of needs theory, we can also see that people's needs always move from low-level to high-level. For the young people in this society, if they are uncomfortable use, they have no certain popularity, no obvious brand personality, and bad service will make consumers not choose the brand.

When consumers buy, the service is considerate, and sending Festival blessings to VIP customers will enhance consumers' satisfaction, improve consumers' trust in the brand and enhance consumers' product loyalty. In any Estee Lauder shopping mall counter, there is a leisure area with a certain space for consumers to choose patiently. Non shoppers can rest in the leisure area. The patience and enthusiasm of the beauty

consultant can enable customers to understand the product information in a short time. When consumers cannot clearly express their needs, the beauty consultant can kindly ask and answer.

When the price of Estee Lauder products rises, in order not to lose a certain consumer group, it needs a certainly added value to balance the rise of value. One of the most prominent is to emphasize the humanization of service so that consumers can understand the advantages and characteristics of this brand. Timely feedback of customer information, so that consumers have a sense of satisfaction when shopping, and use direct consumers to expand potential customers [6]. When customers enjoy using products, they are also willing to share this sense of satisfaction with other potential customers. Limited sale and limited time sale is one of the mechanisms implemented by most businesses at present. Through this mechanism, customers can continue to buy this product and promote the brand market in the customer base.

## 5 Conclusion

The marketing mode of Chinese traditional cosmetics enterprises is relatively single, such as baicaoji, Baique, etc. The narrow marketing channels lead to its lack of popularity, and consumers will not take the initiative to know whether the brand has new products. Estee Lauder Companies and L'Oreal Group enlighten us that in the process of marketing, we should explore ideas, not stick to the old ways, and can adopt a flexible marketing model, analyze the age and preferences of people suitable for the brand, formulate effective marketing strategies, and flexibly use new media such as social networks to make appropriate publicity. The simultaneous application of multiple marketing strategies can cover users as much as possible, build momentum for products, comprehensively improve the comprehensive competitiveness of products and build global popularity.

## References

1. Aaker D A.(2019).Managing the most important assets:Brand equity.Planning review.
2. Bird M,Channon C.(2017).Brand image and brand usage.Journal of Marketing Research.
3. Keller K L.(2021). Strategic brand management: Builz, measuring, and managing brand equity. Pearson Education India.
4. Juyoun Ryoo, Cheolwoo Lee, Jin Q. Jeon, Hwanseok Winston Choi(2018). Marketing Activities, Strategic Competition, and Firm Value. Canadian Journal of Administrative Sciences
5. Jean-Michel Sahut. (2019) Digital innovations, impacts on marketing, value chain and business models: An introduction. Revue Canadienne des Sciences de l'Administration Volume 37, Issue 1
6. Bobby J. Calder.(2012) Marketing to Consumers at the Bottom of the Pyramid. Kellogg on Marketing, Second Edition

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

