



RESEARCH ON MARKETING STRATEGIES AND
COUNTERMEASURES FOR CHINESE COSMETIC BRAND

BY
PU WANG

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (INTERNATIONAL PROGRAM)

SOUTHEAST ASIA UNIVERSITY

ACADEMIC YEAR 2022

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for Chinese Cosmetic Brand

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Program Master of Business Administration (International Program)

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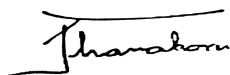
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Abstract

This research aims to study marketing strategies and countermeasures for Chinese cosmetic brands. This study was qualitative methodology via in-depth interview, and content analysis. This study found that: 1) Market Segmentation were women, young mothers, who have experienced pregnancy, have a high demand for natural and original skin care products and hope that the products will not have too many chemical additives, D Cosmetics made a market positioning strategy centered on product quality as the basic basis of market positioning for providing high quality products to customers. Product strategy only good quality and a wide range of products can meet today's increasingly complex market needs. 2) Management plan combine the performance appraisal of sales staff with the goals planned to be achieved in the sales strategy, regulate the sales behavior of sales staff, implement a series of tasks around the goal of sales development, Production plan to stabilize the team, attract talents, strengthen R&D, and sustain publicity, all business activities are inseparable from a strong financial, Operation Plan establish information files of its own channels, but also collect as much detailed information of potential channels as possible, so that the information system can become a help for the whole company to carry out marketing activities and can effectively improve sales efficiency. Project 5 year's cash flow statement of D Cosmetics were First investment 2 million Yuan, Payback period in 3 years and 2.8 months, NPV = 5,189,516 Yuan, IRR = 21 %, and ROI average per year = 57.14%

Keywords: Marketing Strategies Chinese Cosmetic Brands

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Table of Contents

Abstract.....	IV
Acknowledgement.....	V
Table of Contents.....	VI
Section 1 Introduction	1
Section 2 Company Description.....	2
Section 3 Industry Analysis.....	8
Section 4 Marketing Plan	19
Section 5 Management Team and Company Structure	33
Section 6 Operations and Production Plan.....	37
Section 7 Financial Projections.....	42
References.....	43
Biography	44

Section 1

Introduction

1.1 Company Description

D Cosmetics is a small private cosmetic company from the eastern coastal provinces, mainly engaged in the design and development of cosmetics, production, brand packaging and sales through stores and network channels, the products are mainly cosmetics (makeup, skin care), hygiene and detergent, detergents, hotel and tourism daily necessities, etc. ^[1]. Since its inception, the company has been focused on creating a brand of "traditional Chinese beauty" with classical characteristics. The brand features a long history that began in the Ming Dynasty, with the first store built in 1628 on Ridge Street, the oldest and busiest commercial downtown in Yangcheng, which was the center of economic prosperity and social activities of bureaucrats and merchants during the Ming and Qing dynasties. The store's sign "Dai Chun Lin", "Dai" means "to apply", which means to protect the face by applying fragrant makeup; "Chun" is the first of the four seasons, which means to wear fragrant articles to keep the spring color; "Lin" means "to put on". "Forest" is a metaphor for the wide variety of incense pieces produced can be selected. According to "Yangzhou Painting Boat Records", inscribed by the famous calligrapher Dong Qichang at the end of Ming Dynasty, it has become the earliest documented long-established company in China's beauty industry, with a glorious history of nearly four hundred years ^[2]. Later, around the end of the Republic, the company entered into the mode of survival of the family workshop, and after several decades, it reorganized itself to restore the signboard, and now D Cosmetics inherits the traditional skills of the old company.

Since the establishment of D Cosmetics, the historical splendor has been continued and the path of inheritance has seen the light again. In terms of channel construction, it has developed from direct factory operation to four major channels in parallel: brand franchises, CS channels, traditional e-commerce and new media, of which new media sales began in 2021 and are still in the trial stage, with inconspicuous results, for the time being ^[3]. D Cosmetics' main markets span many domestic

provinces, and in 2016, on the basis of having 84 stores in mainland China, it also opened stores in Hong Kong, China, Taiwan, China, and successfully entered the international market in Spain and Malaysia, etc. The response has been enthusiastic and has been sought after by many foreign beauty enthusiasts, recognized by industry colleagues, and interviewed and published by the globally renowned fashion magazine VOGUE, ELLE, in 2018. In 2012, the company opened its first store in the factory, and has been insisting on "keeping the original heart, carrying forward the heritage, high standards, strict requirements, and seeking innovation" in brand operation, fully promoting the essence of Chinese traditional history and culture, combining ancient methods and new era technology formulas, constantly inheriting and carrying forward, and striving to build a famous "national makeup" with Chinese traditional classical genes. D cosmetics company to "three dye" "three methods" and other processes to refine the natural herbs, natural plants, minerals, to create a The company has created a Chinese beauty culture of "thousand gold and five fragrances" [4]. At the same time, we also keep pace with the times, bold innovation, taking the essence of the best international cosmetics, the use of international trends in the forefront of color and fashion elements, research and development and production of products that allow every consumer who admires beauty to have a choice, through the products of D Cosmetics, to dress themselves beautifully outstanding, generous and confident, outstanding. In terms of brand philosophy, D Cosmetics advocates "everything from nature, back to nature", advocating natural and healthy beauty, emphasizing that beauty is not only the external modification of the makeup beauty, but also should return to the origin of the heart nature, to promote the beauty of the soul from the depths of the heart, the beauty of the spirit [5].

In terms of organizational structure, the current organizational structure of D Cosmetics is relatively flat, mainly based on functional divisions, divided into four parts: production, market development, planning and marketing, and office administration. The production segment, which has the most core competencies, is divided into the technical, quality, and production departments [6].

D Cosmetics' products cover skin care and color cosmetics, with 78 SKUs (i.e., the number of barcodes), and the number of skin care and color cosmetics is about 5:5

distribution (the volume of tools is small and can be ignored), with an average price of about 100 Yuan, which is moderate and in a more acceptable range for the general consumer market with a wide range of volume, students in school or young consumers starting to enter the workplace. The price is moderate and in an acceptable range.

1.2 Current Situation Analysis

1.2.1 PEST analysis

The external environment factor analysis refers to the analysis and adjustment of the marketing activities carried out by enterprises according to the changes in the external environment, taking into account their own characteristics, development stages and business needs, so as to adapt to the changes in the external environment. The external environment is divided into two aspects: macro environment and industry environment. Macro environment includes: "P" that is, the political (Political) environment, "E" that is, the economic (Economic) environment, "S" that is, the social (Social) environment. These four macro factors are usually analyzed by the PEST analysis. The industry refers to the analysis of the operating conditions in the industry in which the company is located, which includes the analysis of industry dynamics and Porter's five forces model ^[7].

① Political environment

Nowadays, cosmetics have changed from luxury goods to daily necessities and are closely related to everyone's daily life. After a gap of more than 30 years, a comprehensive and systematic review of the regulation of cosmetics was conducted, and formal adjustments were made to take into account actual developments. The implementation of the new Regulations means that a more scientific, standardized and efficient cosmetic supervision and management system is being built, providing a strong legal guarantee for the product quality and safety of cosmetics and the healthy development of the industry for some time to come ^[8]. The majority of imported cosmetic-related enterprises should also take the initiative to assume the main responsibility of the new Regulations and work with the General Administration of Customs, the State Drug Administration and consumers to maintain the "face" and protect the "beauty business". There are many innovative expressions in the new

"Regulations", such as the definition and scope of cosmetics, from the comparison of the old and new "Regulations" can be seen, the use of cosmetics - "rubbing, spraying or other similar means" has not changed, even if a product has similar effects, but if used Even if a product has similar efficacy, it cannot be called a cosmetic if it is used in other ways such as injection or oral administration, such as cosmetic hydration, disinfectant hand sanitizer, or medical fever patches ^[9].

The new "Regulations" on the classification of cosmetics, but also its "special" use of a new division, from 9 to 5 + 1 species. In addition, the new Regulations also add several aspects, such as the establishment of a risk monitoring and evaluation system for the risks foreseen by the industry; the establishment of a safety reassessment system focusing on the follow-up and control of the use of products; and the establishment of a risk information exchange mechanism for sudden cosmetic problems. The further establishment and improvement of these systems will effectively achieve the basic requirements of "whole process, whole region, whole time" control ^[10]. At the same time, the Ministry of Commerce has launched the "Revitalization of Old Brands Project" since 2006, and the introduction of this policy has brought good development opportunities to many domestic old brands, and the development environment has been optimized, the development vitality has been enhanced, and the brand influence has been continuously improved. In March 2022, the Ministry of Commerce jointly released the "Opinions on Promoting the Innovative Development of Old Brands", which put forward specific measures to promote the innovative development of old brands from increasing the protection of old brands, improving the heritage system of old brands, and stimulating the innovative vitality of old brands. The introduction of the opinions will undoubtedly escort the inheritance and innovation of old brands and solve the practical problems such as lack of financial support, poor development level and weak inheritance of old brands ^[11].

② Economic environment

In 2021, China's economic growth will be internationally leading and its economic strength will be significantly strengthened. The annual GDP grew 8.1% over the previous year, leading the world in economic growth; the total economic volume

reached 114.367 trillion Yuan, exceeding 110 trillion Yuan, ranking second in the world and accounting for more than 18% of the global economy; the per capita GDP was 80.976 Yuan, exceeding 10.2 thousand dollars; the per capita disposable income of the national residents grew 8.1% over the previous year. As the policy of expanding domestic demand and promoting consumption continues to take effect, the consumer demand of residents continues to be released and the consumption structure is further improved, with per capita consumer spending in 2021 increasing by 13.6 percent over the previous year. The vigorous and rapid development of the domestic cosmetics market has stimulated the "beauty economy" ^[12]. On the one hand, the success of the "beauty economy" relies on the huge population base of China, on the other hand, with the high-quality economic and social development and the increasingly high living standards of the people, China has become the world's largest emerging market in the cosmetics industry, with remarkable achievements ^[13].

According to statistical data, in the past 30 years since the reform and opening up, China's economic development has made remarkable achievements, including the average annual growth rate of cosmetics market sales of 23.8%, with the highest annual growth rate of 41%, which is much higher than the average annual growth rate of GDP, with strong development momentum, vigor, and great potential. As the world's second largest cosmetics consumer market, there are currently more than 5,400 domestic cosmetics licensed manufacturers, about 87,000 registered entities, and more than 1.6 million validly filed products. 2020, although the outbreak of the epidemic has made offline cosmetics physical retail sales face a decline in sales, but cosmetics in the consumer category has a strong consumer primacy. The suppressed sentiment accumulated during the epidemic period pushed the consumer will of beauty lovers to be released in large quantities after the epidemic was effectively controlled, coupled with the impact of the "mask makeup benefit", the demand for cosmetics in China continued to expand in 2020, with retail sales of cosmetics units above the limit reaching a new high of 340 billion Yuan, with a year-on-year growth rate of 9.5 percent. The year-round boom remains high. At the same time, the domestic cosmetics market, which is called "national makeup" by the industry, is developing strongly and has a lot of room for growth. According to the statistics of

market research institutions, as of October 2021, half (5) of the top ten beauty brands that consumers care most about are domestic brands, including the popular brands such as Hanasiko, Perfect Diary, Mary Kay, and Perrier, which have surpassed international brands such as Shiseido and Lancome in terms of user attention and sales popularity ^[14].

③ Social environment

With the continuous improvement of people's quality of life, people's demand for beauty has become more and more prosperous, and beauty and makeup has become an essential part of daily life. Especially for many young women, putting on makeup before going out is as essential as getting up and brushing your teeth every day. Women have always been the backbone of the cosmetics consumer market ^[15]. They are a large and affectionate group of women who love all things "beauty" related, and are in pursuit of fashion and trends; while their increasing income levels and rising social status make them more and more eager to consume and live according to their own personalities. They conducted a study on the proportion of women wearing makeup at the entrance of a subway station from 7:30 a.m. to 8:30 a.m. for five days, and the proportion of women wearing makeup was 62%, excluding the elderly and children. This shows that people's awareness of beauty is increasing day by day. In line with this, spending on beauty accounts for a larger and larger proportion of people's daily expenses, especially for several groups: the middle class who are concerned about the quality of life, the "millennials" who number over 400 million, and the "new generation" who are concerned about maintenance, stable income and spiritual affluence. These groups are emerging as the main force in the cosmetics consumption market. According to media reports, high-end cosmetics are particularly attractive to Chinese consumers because of the increasing purchasing power of domestic consumers, as evidenced by a set of data showing that the size of the domestic high-end skin care market increased by 7.7 percent in 2016 to 23.3 percent in 2019, an increase of nearly 16 percentage points; while the mass skin care market, which was 4.5 percent in 2016, increased to 15.2 percent in 2019, a small increase. 5.2% in 2019, showing a small increase ^[16].

Along with the growing influence of traditional culture in recent years, the trend of "national product fever" has emerged, and many national brands have returned to the public's attention, and have given consumers a sense of light, with an increasing number of people using national cosmetics ^[17]. Chinese cosmetics are rich in natural ingredients, and the history of herbal cosmetics dates back to 2000 years ago. Many national cosmetic brands have introduced Chinese ingredients with Chinese characteristics such as Chinese recipes, teas, and herbs, and the products themselves are safe and additive-free. More importantly, these cosmetics with local Chinese characteristics strengthen the concept of "national brand", and through the "cultural confidence" and "national pride" sense of honor and pride The distance between these brands and consumers has been narrowed. In addition, a particular concern in the fast-growing cosmetics industry is the growing number of men using cosmetics in China, and the growing market for men's cosmetics consumption. The Tmall Face Economy Report 2019 shows that on the Tmall online platform, the number of brands of men's cosmetics increased by 56% year-on-year in 2018. Among the men's cosmetics sold that year, sales of barrier creams and grooming creams dedicated to the face and eyebrow pencils for eyebrow grooming saw record highs .

④ Technological environment

The cosmetic industry is not only a daily chemical industry, it covers many elements and can be considered a knowledge-intensive industry. For example, product development involves biology, chemistry, medicine, product packaging involves aesthetics, color science, sales market selection involves sociology, psychology and other knowledge. If a product is successful, it requires a researcher to develop a characteristic that surpasses similar products, which may be the research of the ingredients, the research of the buyer, or the research of the packaging new, materials and other aspects of technology, at present, basically as long as there is a special point outstanding, it can lead the product to success. For example, from Estee Lauder's LAMER Aquamarine cream, is a global high-end luxury skin care brand, known as the miracle of the cosmetics industry, known as the "king of creams", the product captures the urban elite women in the workplace when the strong demand for slowing down skin aging, adding seaweed mud, minerals and other marine extract

ingredients, so that women's skin to become smooth and healthy again .

Pure natural cosmetics Fresh-have been exploring the path of plant and food essences so far, and their products use soybeans, sake, and clarified sugar to make body and skin care products, and even use cocoa beans to make cocoa nourishing body lotion, capturing a large number of consumers who admire natural and organic. With the progress of China's biotechnology level, cosmetics research and development technology is becoming more and more perfect, many national cosmetics companies also try to cooperate with authoritative scientific research institutions to develop modern biological cosmetics, such as plant extracts as the core ingredients of products, extracts of green thorn fruit oil, maidenhair root, Centella asiatica and other extracts can provide better skin moisturizing, soothing and stabilizing and enhancing the barrier and other functions. The use of these technologies has helped Chinese cosmetics to abandon the masked Western chemical beauty and restore the efficacy of Chinese beauty as "water out of a hibiscus, natural and unadorned" ^[20].

In addition, the current artificial intelligence (AI) technology is becoming more and more perfect, and with the increase of application scenarios, it has penetrated into every aspect of people's lives, including every corner of clothing, food, housing, transportation, shopping and entertainment. Meta-universe, cloud space, bitcoin, sweeping QR code payment, AI face recognition, unmanned vending stores and other new concepts and new terms are emerging and increasingly penetrating into people's daily lives. These advanced technologies are also seamlessly integrated with cosmetics, bringing revolutionary changes in the way cosmetics are purchased ^[21]. For example, Sephora, a cosmetics retail chain, and ModiFace, a Canadian beauty digital technology company, have jointly launched an augmented reality-powered app that allows consumers to try virtual makeup at home using augmented reality. Consumers do not need to go to a physical store to try on makeup, do not need to repeatedly apply and remove makeup, for example, you can choose a variety of shades of lipstick, through the virtual application, than choose, and finally complete the purchase, the whole process is more efficient and convenient. There was also an app in China named "Look Good Today", which uses computer vision technology (CR). The innovation of this app is that similar software used to require consumers to fill out a

lot of questionnaires based on their own skin quality to get skin quality test results. However, with this software, all you need to do is clean your face and take a photo of your face or body skin with your phone in a vegan state, and the software will automatically generate a skin texture report based on the photo, such as whether the pores are enlarged or not, and whether the horny layer is thickened or not, and give corresponding skin care guidance suggestions. From the above analysis, it can be concluded that D Cosmetics is in a good time for development, and the rapidly developing cosmetic industry environment brings unlimited promising space for the company^[22].

D Cosmetics needs to grasp the popular trends and explosive points of the industry development, such as the popularization of color cosmetics and beauty, high-end products, etc., together with developing the market of male skin care and beauty products, carrying the Internet and new technologies, and mastering consumer psychology and needs, can help the company achieve steady development, and even have the opportunity to lead the industry trend. In the future, there will be more and more competitors entering the cosmetics "blue ocean market", D Cosmetics has a huge advantage of "Chinese traditional beauty", in the face of a head-on attack from strong competitors, can go off the beaten path, unique, with differentiation, specialization, to win a place [the (2) Porter's five forces analysis

(2) Porter's five forces analysis

① Competition among existing competitors in the same industry

In the market economy, competition is everywhere. As a company facing competition, it needs to consider various factors, such as the number, scale and capacity of competitors, its own competitive ability, the capacity of the market "plate", consumer needs and feelings, the cost of substitution, and the withdrawal of competing products. Although the domestic cosmetics market is developing rapidly, there is still a problem of low maturity when compared to the global market, and

there is still a gap in per capita purchasing power compared to developed countries. In recent years, some new phenomena have emerged, such as the use of cosmetics at a younger age, many "after 00" or even "after 10" began to contact and use cosmetics, the network frequently appear some similar "even the '00s' are starting to use cosmetics. There are frequent postings and video tutorials on the Internet like "Even the '00s' are starting to take care of anti-aging, and you are still putting on a mask for skin care. In addition, consumers' professionalism and proficiency in using cosmetics are increasing. Hyaluronic acid and hydrating injections, which were originally required to be done in professional beauty institutions, can now be done at home. People's demand for cosmetics continues to rise, and in the face of such a large scale market, competition among companies is fierce, and they must keep up with trends and accelerate innovation if they want to be invincible ^[24].

First of all, there is a similar "traditional Chinese beauty" brand, Company C, in the location of D Cosmetics, which uses a very Chinese style with high visual value and classical product naming to create mid- to high-end oriental beauty. The company's product line, packaging, and store design are all highly similar to D Cosmetics, and although the company has been enriching its product range in recent years, there is still a gap between the company and D Cosmetics in terms of product line alignment. After realizing the difference, the company has made great breakthroughs in R&D innovation and product line layout in the past two years, which has brought considerable pressure to D Cosmetics. Taking the product line and channel distribution as examples, two brands were selected for comparative analysis with them: Company C and SH Woman. These two brands are the main competitors chosen by D Cosmetics ^[25]. The two brands have similarities with D Cosmetics in terms of products, channels, consumer groups, and market recognition, and may constitute a competitive relationship. In the CS channel, D Cosmetics Company often sits next to Company C and SH Woman in the same area, especially in some ancient towns and street scenes. The three brands have similar product categories, price lines, display methods, and promotion methods. But the objective evaluation, SH woman's product grade, brand building, communication and promotion are better than D Cosmetics Company. Up to now, the number of outlets in the CS channel is also

higher than that of D Cosmetics ^[26]. In terms of single-brand stores, D Cosmetics has chosen to avoid the same locations as C, and basically does not "collide" directly with each other in uniform neighborhoods or shopping malls. In the e-commerce channel, D Cosmetics and the two brands PK on the same Tmall platform, but D Cosmetics only opened a Tmall store, while C Company also opened a store in Jingdong and other platforms. D Cosmetics' online store, like Company C, is synchronized with its offline store and has recently planned a series of cooperative promotions with platforms such as Xiaohongshu and Jitterbug, which have not yet shown intuitive results.

Secondly, cosmetics' unique attributes, namely belonging to auxiliary functional products, have resulted in almost no difference in the core points of interest of the products. Its fast-consuming and consumable properties also bring the problem of consumer abandonment and low conversion costs. Compared with the competitiveness of similar competitors, Cosmetic Company D does not have outstanding advantages, and in some aspects, there is even a competitive disadvantage. For example, competitor C cosmetics company plays a beautiful "culture" card, fully amplifying the unique traditional cultural advantages of the product itself, following the trend of tourism industry and tourism consumption development, setting up factories outside the tourist attractions, closely integrated with tourism tourism, and launching "industrial tourism" ^[27]. And since 2011, a number of franchised chain stores and directly operated stores have been established in large and small famous tourist attractions across the country, making more consumers enter the stores to experience and understand the brand culture, effectively expanding the brand influence. Third, the cosmetic industry has a low entry threshold, low specialization, low cost per piece and short life cycle, which makes it easy for companies to enter and exit. It can be seen that the cosmetic industry is highly competitive and the market maturity is low, and D Cosmetics has a strong threat capability from industry competitors.

② Threat of potential competitors

Every industry or field is full of opportunities, with countless new start-ups pouring in every day to get a piece of the pie, and countless companies exiting in a

hurry because of poor management. At this point, the potential competitor to enter the industry field of gin blocking the situation, as well as the influence of the existing enterprises in the industry field, constitutes its threatening ability. Cosmetics were born to serve the purpose of how to make users more beautiful, however, thousands of people, how to evaluate the beauty, measure the degree of beauty, does not have a unified standard of judgment. Cosmetics are experiential products, through the use of cosmetics, can improve the skin condition, so that people look more beautiful, but for the same product, the use of the effect must be different from person to person. For the potential entry of competitors, the industry itself is unable to prevent or artificially intervene to restrict, coupled with the low threshold of the cosmetics industry, companies only need to meet the qualifications, adequate capital, and do not necessarily need a high level of technology or research and development capabilities to enter, so the threat of potential competitors of D Cosmetics is strong.

③ Threat of substitute products

Measure the threat of a company's substitute ability, depending on how far the substitute can replace the function of the original product, in general, the stronger the function, the better the effect, the stronger the substitution ability, and vice versa is weak. The basic function of cosmetics is to keep the skin in good condition through cleaning, beauty, trimming, maintenance and adjustment, so that there is a continuous feeling of becoming beautiful. With the deepening of scientific research and technological progress, in addition to the daily use of cosmetics, for the purpose of finishing, beauty and maintenance products, there are currently very popular medical beauty, such as electroporation, photo rejuvenation, radio frequency wrinkle removal, ultrasonic knife, Thermage, etc.. Medical aesthetics can be maintained for a longer period of time and have immediate results compared to daily cosmetic aesthetics, but they are also costly and have a higher risk of accidents ^[28].

Currently, only medical institutions qualified to operate in plastic surgery and medical aesthetic practice are allowed to carry out medical aesthetics. Medical aesthetics is particularly suitable for the current fast-paced society, where consumers can achieve maximum results in the shortest time, so the demand for medical

aesthetics is becoming more and more popular. However, the popularity and awareness of medical beauty is not very high now, so D Cosmetics' substitutes are less threatening to its market.

④ Bargaining power of suppliers

In the five forces model, the composition of the product contains elements provided by the supplier, such as raw materials, etc.; the manufacturer self elements, such as processing, packaging, etc. In the final composition ratio of the finished product, the two aspects occupy a larger factor or influence, the bargaining power of the party is large, and vice versa is small. In the case of cosmetics, its main composition is two parts: chemical raw materials and packaging materials. From the production process point of view, there is no big difference between different brands of cosmetics in terms of product raw materials. Most of them are made of basic chemical materials, flavors and fragrances, plant and animal extracts, etc. combined according to certain ratios, and the raw material cost is low.

However, the packaging design and process are very different, with a wide range of sizes, styles, materials and processes. Usually, the design department or planning department of the company decides on the outsourcing design and material selection of the product, and after the design proofing is completed, external suppliers are selected in the market to cooperate or perform the completion of the packaging part^[29]. Although the material and technology of the outsourcing materials have an impact on consumers' purchase, the proportion of those who choose the product because of the packaging material factor is relatively small, because the use effect of the product is the key factor to decide the purchase, and the situation of "buying a box and returning the pearl" is rare in the current society. The bargaining power of cosmetic suppliers for the development of D Cosmetics is average because the production of raw materials and packaging materials are in the company's hands^[30].

⑤ Customer bargaining power

In the process of product sales, when consumers buy large quantities, there is room for bargaining on the selling behavior of sellers, otherwise there is little room for bargaining. FMCG attributes of cosmetics, reflected in the high frequency of

consumer consumption of repeated use, and through the scale of the market volume to obtain profits and value realization. At the same time, as a low barrier to entry to the industry, the cosmetics industry every day there are hundreds of new brands appear, in 2020 the country added 2.5 million cosmetics companies, the new growth rate of 70%. Consumers are also unable to accurately and objectively assess the quality of all cosmetics one by one, more subjective feelings of judgment. The combination of cosmetic sets is not strong, consumers can mix and match at will, not necessarily a set of cosmetics brand, different brands, different uses can be any combination with. When new products are introduced, consumers can change to new brands and products very easily and without pressure because of the low switching costs. At the same time, the existing sales channels for cosmetics are abundant and convenient, whether consumers buy in-store at a cosmetic boutique or department store, place an order on an e-commerce platform, or order through a micro-business channel, a proxy channel, or even the beauty salon channel, which has emerged in recent years. The product range on each channel is very rich and genuine. With the increasing cost of the current channel, the brand and the brand for the channel competition is increasingly white-hot, a new channel, a variety of brands have to seize. Channel dealers have a strong bargaining power for brand companies already in the channel or companies that are about to enter the channel, and cosmetic companies can usually only listen or cooperate. Therefore, the consumer bargaining power of D cosmetics companies is stronger for both end consumers and channel distributors.

1.3 Feasibility Analysis

Products and services: D Cosmetics is in a good time for development, the rapid development of the cosmetic industry environment to bring infinite promising space for enterprises. D Cosmetics needs to grasp the industry development trends and explosive points, such as the popularization of color cosmetics and beauty, high-end products, coupled with the development of male skin care and beauty products market, equipped with the Internet and new technology, mastering consumer psychology and demand, will be able to Help enterprises to achieve steady development, and even have the opportunity to lead the industry trend. In the future, there will be more and more competitors entering the cosmetics "blue ocean market",

D Cosmetics has a huge advantage of "Chinese traditional beauty", in the face of a head-on attack from strong competitors, it can go off the beaten track, a unique way to differentiate and The company has a huge advantage of "Chinese traditional beauty", and when it encounters strong competitors, it can take a unique approach and win a place by differentiation and specialization.

Marketing: Through the analysis of D Cosmetics' marketing mix strategy, we propose countermeasures in four aspects: product, price, channel and promotion. In terms of product strategy, it is recommended to reorganize the existing skin care product categories and design several series for different target groups, and at the same time, on the basis of doing fine advantageous products, create one or two explosive products that are highly influential and competitive in the beauty industry. In terms of pricing strategy, we will further optimize the pricing method, shift from cost-oriented pricing method to integrated market pricing method, and establish a flexible product price management system. In terms of channel strategy, as online marketing methods are more flexible and more efficient, it is recommended to increase channels and strengthen online, while finding ways to enter mainstream cosmetic channels such as Sephora and Watson's to enhance the fashionability of the brand, thus driving the influence of its own CS stores and single-brand stores. In terms of promotion strategy, we will increase online advertising investment and create a professional and systematic promotion system, etc.

Organization and finance: stabilize the team, attract talents, strengthen R&D, and continue to promote, all business activities are inseparable from a strong financial base. d Cosmetics must solve the problem of financial security if it wants to grow and develop. d Cosmetics, as a long-established enterprise in the location, on the one hand, should actively seek government support for various special award funds and industrial guidance funds. On the other hand, we should keep an eye on the market financing channels to establish a more durable and stable source of funds. First, issue corporate bonds. Regulate the financial behavior of enterprises, according to the provisions of the "Corporate Bond Issuance and Trading Management Measures", standardize the issuance of public or non-public corporate bonds, and improve the ability of capital operation. Second is to carry out equity cooperation, according to

the needs of enterprise development, timely strengthening and central enterprises, state-owned enterprises, leading enterprises in the industry to carry out equity cooperation, while maintaining operational autonomy, equity for resources, equity for qualifications, equity for the market, not only to raise funds, but also to "lean on the big tree", borrowing the ship to sail. Thirdly, we should promote the listing in time. Rapidly build a modern enterprise system, accept the counseling of professional institutions, standardize enterprise management, enterprise annual reports, ensure that the enterprise has stable cash flow and profits, strengthen the construction of corporate credit, make preparations to enter the capital market, according to the scale of operation and realistic needs, and promote the work of enterprise listing.

1.4 Research Objectives

To study Marketing Strategies and Countermeasures for Chinese Cosmetic Brands detail as follow:

The development and growth of an enterprise is closely related to marketing. In order to sustain profitability and value-added development, an enterprise must always keep an eye on market trends, follow market trends, adjust and improve its marketing strategy at the right time, promote the continuous optimization and improvement of all aspects of enterprise product development, supply channels, promotion and sales, and continuously maintain the competitiveness of the enterprise.

At present, although the domestic cosmetics market has great potential for development, but the competition is extremely fierce. Domestic small and medium-sized enterprises not only have to face strong pressure from international "giant" cosmetics companies, but also have to adapt to the rapidly changing consumer market. New marketing models and channels such as live streaming, Red Book posts, and Tmall's "Double 11" shopping festival are profoundly changing people's consumption habits, bringing both opportunities and challenges to the survival and development of small and medium-sized cosmetic companies. It is urgent for domestic small and medium-sized cosmetic companies to seriously consider the question: "What the marketing strategy that follows the trend is, conforms to the

trend, caters to buyers, suits the company, and can help the company compete in the market?"

The thesis is based on this background, by studying the classical theories of marketing at home and abroad, conducting extensive and in-depth research, making a general judgment on the current situation and trends of China's cosmetics market development, recognizing the shortcomings and problems in the existing marketing strategies of D Cosmetics, proposing marketing strategies and practical operation plans for D Cosmetics, and promoting the sustainable development of D Cosmetics in the cosmetics industry. It also provides some reference for small and medium-sized cosmetic companies of the same type to carry out marketing.

Section 2

Marketing Plan

2.1 Segmentation, Target and Positioning

2.1.1 Market segmentation

The financial and material resources of any enterprise are limited, and it is difficult for an enterprise to invest in the whole market, but the needs of consumers are diverse, which requires an enterprise to fully analyze the market when conducting marketing activities. The target market of D Cosmetics is women aged 19-36, most of whom have gone through three periods in their lives, namely the student period aged 19-23, the career period aged 24-29, and the workplace period aged 24-29. -29 years old in the workplace and 30-36 years old as young mothers. The economic conditions, aesthetic awareness, living environment and skin quality of each age group are significantly different.

2.1.2 Target Market

D Cosmetics has a large selection of target markets. To address this issue, the population needs to be further and multi-dimensionally segmented, and the segmented population is used as D Cosmetics' target customers for precise marketing. Among the target customers in the age group of 19-36 years old, D Cosmetics chose young mothers aged 30-36 years old as the first target market, which has more room for development. Young mothers, who have experienced pregnancy, have a high demand for natural and original skin care products and hope that the products will not have too many chemical additives, while they have a sense of responsibility for raising the next generation and may break their original habits in terms of consumption habits, such as "consumption downgrading". Once they choose a suitable product, they will use it for a long time and will be loyal to the cosmetic brand. In every dimension, D Cosmetics' products are in line with the needs of this group. For the time being, D Cosmetics will not discard any of the marketing channels, and to achieve its brand goals early, it will manage the classification of the target groups in the four

marketing channels and precisely implement each marketing strategy suitable for different age groups.

2.1.3 Market positioning

In order to better face the market competition, the market should be precisely positioned. In order to consolidate the existing market and continuously expand the market scope, D Cosmetics made a market positioning strategy centered on product quality as the basic basis of market positioning for providing high quality products to customers.

The status of the target market mainly depends on the characteristics of the target market, the importance of the target market to the company and the sales volume of the company in the target market, etc. According to the sales of D Cosmetics' products in each market, the 23-29 age group and new media channels may become new growth points for D Cosmetics, using such factors as ensuring product quality, establishing the brand, and The main strategies to further expand its business share in the "Chinese traditional beauty" cosmetics market are to ensure product quality, establish branding, and improve sales channels.

At the present stage, the brick-and-mortar retail industry has been impacted by new media platforms and e-commerce, making the brick-and-mortar economy deteriorate and the sales of brick-and-mortar stores deteriorate, while the sales of e-commerce and new media platforms are increasingly promising. After purchasing goods on the platform, e-commerce users need to wait for logistics delivery to the place of receipt before they can experience the effectiveness of the products, so there is a waiting time in between, while cosmetics, due to their characteristics, require an immersive experience before they can feel the real effect of the products. The reason why consumers did not choose to consume Perfect Diary and Flower West, but preferred D Cosmetics products, is that D Cosmetics' market positioning is different from theirs and its own unique market appeal attracts a certain group of consumers.

At the same time, even though D Cosmetics has four existing channels, it still insists on developing single-brand stores as its main focus. In the single-brand stores, customers can solve their skin problems comprehensively inside, and their beauty

needs will be met to the maximum extent. In the stores, they can actively communicate with consumers and teach them various makeup techniques that will resonate with their hearts.

To sum up, D Cosmetics should position the market as a "one-stop beauty experience center", focusing on one-stop shopping and on-site experience. Consumers can experience expert consultation for skin problems, establish face-to-face contact with beauty consultants who are most familiar with the products, and participate in beauty experiences in the store.

2.2 Marketing strategies

4P marketing strategy is the most traditional and basic marketing strategy, the current market environment is complex, companies want to achieve the desired marketing purposes, should pay attention to the product, price, channel and promotion of the four marketing strategies and a combination.

① Product strategy

Product is the basic guarantee for enterprises to expand the scope of marketing, but also the key to develop marketing mix strategy. Only with a full understanding of the company's own products can we develop a more suitable marketing strategy based on this. Only good quality and a wide range of products can meet today's increasingly complex market needs. D Cosmetics' current cosmetic marketing experience shows that quality is the main factor affecting sales, and it is crucial to strictly grasp quality standards to capture the emerging market with quality advantages. This requires D Cosmetics to optimize and upgrade its insufficiently competitive and ineffective products and develop products with better efficacy as a way to enhance brand competitiveness.

1) Enhance product integration. Overly fragmented product design can lead to a lack of clarity in the target audience of products within the brand, which is not only detrimental to product promotion, but also brings consumers unclear brand positioning and "selection phobia". For each series, it is important to retain products

with strong efficacy and high quality ingredients, and to promote the efficacy of a finished product on the skin and compare the changes in the skin before and after using the product. For each series of the use of good results, but the sales of lukewarm products to be verified, to study the need for its existence, and readjusted in line with market demand. For products in the series that are not obvious to the market, we can optimize and upgrade them, such as adding antioxidant, spot whitening ingredients to some products to cater to more consumers. As for color cosmetics products, D Cosmetics should strengthen the evaluation of the products and target various complex issues to deal with each one. For example, change the product formula, increase the color selection of lip gloss and rouge, and choose classical design or words, such as "vermilion red", "fallen haze powder", "blue water green", etc., to attract consumer eye, and resonate with consumers.

2) Create industry explosive products. D Cosmetics is by far the earliest documented brand in China's beauty industry, the product has been tested by history and has a glorious history of nearly four hundred years. The company's products and processes originate from nature, pure and natural without additives, for the selection of materials is very careful, the concept advocates the seasonal response, the unity of heaven and man, flowers, fragrant herbs, wonderful medicine, taking the essence of things, gather the air of heaven and earth, draw the spirit of flowers. In terms of technology, over the years, we have been refining and processing natural herbs, natural plants and minerals with "three dyeing" and "three methods" processes to ensure the quality advantage of our products. The main reason why the long-term lukewarm, is not to form one or two in the beauty industry is very influential and competitive explosive products. At present, D Cosmetics should focus on the development of explosive products by carefully selecting a product with excellent quality, its characteristics and irreplaceability among its existing products, and using this as a basis for product improvement based on market research, especially the preferences of the young population, while retaining the traditional process. To highlight product planning, international and domestic first-class teams are selected to carry out planning to ensure that product names are fresh and new, and product packaging is elegant and highly recognizable. For example, when you hear the brand

of KAZILAN, you will associate it with KAZILAN Big Eyes Mascara; when you mention Hanshang, you will know the air cushion BB cream.

3) Refine the advantageous products. The company's duck egg powder series products have a long history and natural skin care, and compared with similar brands, they have competitive advantages such as high product quality, perfect after-sales service, and both national style attributes. Puffing loose powder is an important part of the makeup process, which can fix and set makeup, making the skin look as white and flawless as a duck egg, and blowing up. In the cosmetics market, loose powder also has a large consumer base. D Cosmetics should continue to firmly use natural and excellent quality raw materials to make goose egg powder series products the main fist product. At the same time, focus on the promotion of goose egg powder series products to maintain a long and stable flow of publicity.

② Price strategy

The price strategy is determined through the analysis of two aspects, one is the analysis of raw materials for the production of enterprise products, i.e. the analysis of product costs. The second is the analysis of market demand, that is, the analysis of supply and demand of the product. By analyzing the ability to pay of customers at different levels to determine the marketing strategy options, so as to form a price strategy to attract more consumers and promote greater benefits to the enterprise. The price strategy is determined with the current changing market changes, although the product price is flexible and variable, but for the benefit of enterprises and consumers win-win, the price strategy cannot be determined blindly, need to be based on scientific principles to develop a reasonable price strategy in practiced cosmetics company products are usually priced individually within 100 Yuan, the pricing price in the whole market is relatively not high, such as Competitor unit prices are around \$110-150. The costs of transportation, storage, and packaging in the marketing process, as well as service costs, make the total cost of D Cosmetics still have room for depression, and this price deficiency requires D Cosmetics to make efforts to reduce costs in the competitive market process.

1) Optimize pricing methods D Cosmetics' product pricing is arbitrary and based on the prices of competing products to ensure profitability, pricing is sometimes high and sometimes low, resulting in a lack of logic and scientific pricing, not to mention the inability to win in the PK with competitors with cost performance. D Cosmetics needs to adjust its pricing strategy from a cost-oriented pricing approach to a comprehensive market pricing approach, taking into account consumers' expectations of the product's price, the cost of follow-up publicity, competitors' pricing for similar products and the cost of the product itself to make a reasonable price for a product. The price sensitivity of the four channels is significantly different, with e-commerce platforms being the most price sensitive, branded stores being the least price sensitive, and CS channels being more price conscious.

2) Improve price management The price elasticity of D Cosmetics' products is less flexible and more consolidated. Due to the changing nature of the cosmetics market and the variety of marketing strategies, Cosmetic Company D should manage its product pricing system flexibly if it wants to achieve a competitive price advantage. The price control of D Cosmetics' products is not strong enough and arbitrary pricing is frequent. In the future, control over product price elasticity should be consistent across all four channels, including the same launch time, the same promotional activities and the same promotional efforts. Generally, cosmetics are not discounted during the six months of new product launch, and wait until the promotion period to slowly offer concessions to consumers until the product decline period, when they can choose to use various promotional activities to increase the total sales of the product, which will help the rapid return of capital and enhance the liquidity of the company's capital.

③ Channel strategies The main traditional channel strategies are direct sales strategy and indirect sales strategy Cosmetics' main sales method in China's cosmetics market is the agency sales model + direct network. Individual consumers' purchases of cosmetics are mainly influenced by product quality, price, service and brand awareness, and their main purchasing processes are demand identification, information collection, evaluation of available options, purchase decision and purchasing behavior. According to the purchasing process analysis, marketers generally

do a lot of work on the buying process, which in turn influences consumers' buying behavior. In the modern world, marketers must not only provide products to customers, but also transform to provide "solutions" to customers, which is an effective collection of products and services. From the customer's overall needs, to provide customers with effective "solutions" to solve problems, that is, in the sale of products, to be accompanied by perfect after-sales service, D cosmetics company sales staff to carry out professional training, first of all, to have a high quality service attitude, and then be able to provide flexible and variable "solutions" according to the needs of customers "solutions" to solve customers' problems thoroughly.

1) Consolidate online channels For D Cosmetics' channel construction, it is recommended to increase channels and strengthen online. With the development of information-based society, e-commerce platforms have emerged, and their unique advantages of low transaction costs, low management costs and easy access to information have profoundly influenced the traditional marketing model. E-commerce platform has its unique advantages, especially pre-sales, for purchasing customers, e-commerce platform easier access to comprehensive information about the required products, such as prices, images and other full range of content, breaking the geographical limitations of space and expanding the scope of marketing. Three basic functions must now be available for effective online sales, including distribution, billing, and ordering functions. Vigorously developing the now popular e-commerce channel strategy, as opposed to traditional marketing channels, the network marketing channel relies on the development of Internet technology, and while having the functions of traditional marketing channels, its marketing methods are more flexible and its marketing efficiency has improved significantly Cosmetics companies can use highly distinctive forms of activities and cooperate with other network platforms to carry out effective marketing. For example, cooperate with Suning Tesco platform to introduce big data and cloud analysis technology on the basis of single-brand stores to build smart stores.

2) Expand offline channels Although D Cosmetics has a large number of CS stores, most of the stores are not selling as expected and the brand and channel are not influential enough. The single-brand channel has strengthened its interaction and

communication with consumers, but the online store is expanding slowly and has a low presence in large shopping areas. Therefore, D Cosmetics needs to increase support for the expansion of single-brand stores, lower the threshold for opening a store, and increase the market penetration rate. According to the marketing channel layout of well-known domestic brands such as Flower West and Perfect Diary, it can be seen that these brands have seen an overall improvement in their brand competitiveness after being stationed in department store channels such as Sephora and Watson's. This reveals that they have kept pace with the times, seized the trend of influencing from high-end channels to general channels, and injected huge efforts and human and material costs in being stationed in Watson's and Sephora. d Cosmetics is far from being compared with domestic well-known brands such as Flower West and Perfect Diary, both in terms of corporate financial support and in terms of brand awareness, partly because d Cosmetics has not yet been stationed in Sephora, Watson's and other mainstream cosmetic sales channels, not enough fashion among young consumers. It is recommended that D Cosmetics find ways to enter the mainstream cosmetic channels to enhance the fashion ability of the brand and thus drive the influence of its own CS stores and single-brand stores. At the same time, D Cosmetics' CS channel can cooperate with local associations and societies, such as liaison with Hanfu Lovers Association and National Style COSPLAY Group; single-brand stores start cross-border cooperation with art museums and teahouses, etc., and choose different channel strategies according to the form of activities.

3) Strengthen channel management The four marketing channels of D Cosmetics have different characteristics, consumption habits and target customers, so different channel marketing activities can be carried out according to the consumption habits and characteristics of target customers in different channels, from developing programs to selecting time slots, from benefit assessment to risk control, and categorizing and fracturing implementation. For example, the e-commerce platform has high price sensitivity, so it can sell marginal products with large inventory at low prices through thematic discount days and fan festivals.

④ Promotion strategy

Promotional behavior refers to the use of various communication methods to inform, persuade, prompt, and behaviorally motivate buyers about a product's performance, service, image, concept, and impact on society. As a key element of the marketing mix, the main function of the promotion strategy is to make consumers understand and buy the products. d Cosmetics' products are not well known by the general consumers in the industry at present, so the main promotion behavior of d Cosmetics should be to establish its own brand image for the company and its products and services, so that the general consumers understand the characteristics of the products and services, and help d Cosmetics company expand its sales and be in a favorable position in the market competition.

1) Increase promotional investment D Cosmetics' products are of high quality, but its brand influence is weak and it relies heavily on natural traffic to increase its visibility. In today's fast-paced society, using natural traffic to promote products has little effect, so if financial resources can support it, it should increase its investment in advertising and sponsor influential "national style events" based on its national "persona", such as the annual For example, the annual "National Makeup Festival" has a high reputation among young people, and many national cosmetic brands are participating. Young consumers in the new era receive a lot of explosive news and content every day, especially with the popularity of smartphones, various online advertisements, live webcasts, microblogs, Jitterbug, Xiaohongshu and other new media apps, which are in new forms and mainly focus on content sharing, influencing the consumption habits of young consumers in a subtle way. The company should meet the current trend, strengthen AR and VR digital empowerment, implement a multimedia combination, choose a way that young consumers are more willing to accept to promote and publicize their products, win a group of brand loyal users through word-of-mouth, build a consumer base, and take a "long flow" marketing model.

(2) Pay attention to experience services Cosmetics need consumers to have real experience, so makeup skills are essential. Although there are a lot of beauty ads on

the Internet and television, but consumers in the actual operation process, and the effect presented on the Internet and television is a gap. Especially those who are makeup whites need professional beauty professionals to guide them. In order to improve the sales of stores and accomplish the expected sales target, the sales consultants who are in the stores need to be trained in professional beauty skills and sales techniques. At the same time, D Cosmetics has to keep trying new product approaches and produce creative and interesting teaching contents. Consumers can learn and train makeup skills by watching makeup experiences shared by vegetarians and KOL's teaching videos for digital makeup look experience. Compared with the official beauty instructional videos, the beauty content released by Netflix is more interesting and has a more relaxed atmosphere. Netflix shares the problems they face and the advantages and disadvantages of their products freely after they have tried them themselves. At the same time, D Cosmetics should establish a perfect training system for sales consultants, which not only includes training on makeup and sales skills, but also on how to deepen the understanding of the concept of "traditional Chinese beauty" by D Cosmetics, and establish a quality beauty service body.

Section 3

Management & Operation Plan

3.1 Management Plan

In order to achieve sustainable development, D Cosmetics needs to establish and optimize various systems to provide institutional guarantee for the company's development. First, improve the performance appraisal system. Combine the performance appraisal of sales staff with the goals planned to be achieved in the sales strategy, regulate the sales behavior of sales staff, implement a series of tasks around the goal of sales development, and implement various sales plans. For example, sales planning to develop the new media market, the development of performance appraisal goals about the total sales plan and the number of new media market customers open, making the focus of the sales staff on the completion of the expected plan sales and development of the number of new media market customers up. Second, improve the training system. Establish a professional training system, the purpose of which is to allow enterprise staff to better understand and familiarize themselves with corporate culture and policies, master the duties and regulations of their positions, and improve their marketing capabilities. Training content mainly contains three major parts, respectively, is the introduction of basic corporate information, product knowledge and communication skills training, sales staff in the process of communication with target customers, from the development trend, market positioning, corporate philosophy, marketing system, etc. to understand the industry and the market, to consumers to promote a full range of consumers, to enhance consumer goodwill and familiarity with the enterprise.

3.2 Production Plan

To stabilize the team, attract talents, strengthen R&D, and sustain publicity, all business activities are inseparable from a strong financial base. D Cosmetics must solve the problem of financial security in order to develop and grow. D Cosmetics, as a long-established enterprise in the region, should actively seek government support

for various special award funds and industrial guidance funds on the one hand. On the other hand, we should keep an eye on the market financing channels to establish a more durable and stable source of funds. First, issue corporate bonds. Regulate the financial behavior of enterprises, according to the provisions of the "Corporate Bond Issuance and Trading Management Measures", standardize the issuance of public or non-public corporate bonds, and improve the ability of capital operation. Second is to carry out equity cooperation, according to the needs of enterprise development, timely strengthening and central enterprises, state-owned enterprises, leading enterprises in the industry to carry out equity cooperation, while maintaining operational autonomy, equity for resources, equity for qualifications, equity for the market, not only to raise funds, but also to "lean on the big tree", borrowing the ship to sail. Thirdly, we should promote the listing in time. Rapidly build a modern enterprise system, accept the counseling of professional institutions, standardize enterprise management, enterprise annual reports, ensure that the enterprise has stable cash flow and profits, strengthen the construction of corporate credit, make preparations to enter the capital market, according to the scale of operation and realistic needs, and promote the work of enterprise listing.

3.3 Operation Plan

D Cosmetics should not only establish information files of its own channels, but also collect as much detailed information of potential channels as possible, so that the information system can become a help for the whole company to carry out marketing activities and can effectively improve sales efficiency. At the stage of customer information collection, the basic situation of customers, profit analysis, performance analysis, future analysis, etc. are identified, and the demand status of channels for different types of products and the profits obtained by the company are identified. Establish different channel tracking information reports for different channels, such as weekly information reports, monthly information reports, etc., and re-grade the channel information after each update to realize that through the channel dynamic information files can understand the latest developments of the relevant channels. Strengthen the use of technology, make good use of interactive

network marketing channels, including micro-business, e-commerce, short video and live with goods, etc., and try to self-media publicity and promotion.

Section 4

Financial Projections

4.1 Financial statement

Based on the budget of inputs and cost expenditures, this chapter will prepare the income statement, balance sheet and cash flow statement of the platform for the next 5 years (2023-2027), and the summary analysis will be made on this basis to ensure the investors to make the right investment decision.

Table 4.1 Income Statement

Item	2023	2024	2025	2026	2027
I. Operating income	400000	1000000	3500000	4392448	7168000
Less: Operating costs	227800	237600	431265	450338.3	470365.2
Operating taxes and surcharges	20000	50000	175000	219622.4	358400
Operating expenses	327800	265100	469015	482575.8	496814.5
Administrative expenses	73500	48500	133500	171849	238360
Finance costs					
Add: Gain from changes in fair value					
II. Operating profit	-249100	398800	2291220	3068063	5604060
Add: Non-operating					

income					
Less: Non-operating expenses					
3. Total profit	-249100	398800	2291220	3068063	5604060
Less: Income tax (25%)		99700	572805	767015.7	1401015
Net profit	-249100	299100	1718415	2301047	4203045
Dividends					
Retained earnings		299100	343683	460209.4	840609

① The platform is mainly engaged in O2O software research and development, no other business; the main business cost mainly refers to the wages of R&D personnel.

② Except for the first year, the platform has abundant cash flow every year afterwards, no need to take loans, no financial expenses;

③ Software enterprises are calculated at 5% of sales tax.

④ Operating costs mainly include marketing staff costs and some other operating inputs.

⑤ Assuming that the platform has no investment activities and no investment income;

⑥ The income tax rate is calculated at 25%; there is no dividend in the first two years, and all the income is retained in the first two years, and 20% is retained each year in 2024 as the development fund for the next year.

⑦ The above table shows that the net profit of the platform in the first year is negative, which indicates that the first year is mainly maintained by the investment capital and belongs to the key development year of the platform; in 2023, with the successful establishment of the platform and the enhancement of the service, already the good profit model of the platform can be quickly turned into profit, and

in the third year, it will maintain a high growth rate and maintain a stable profit increase.

Table 4.2 Balance Sheet

Projects	2023	2024	2025	2026	2027
Assets	560000	700000	1360000	1700000	3000000
1. Current assets					
Cash	200000	200000	200000	200000	200000
Accounts receivable	30000	50000	80000	150000	300000
Inventory					
Subtotal	230000	250000	280000	350000	500000
2. Fixed assets					
3. Intangible assets	100000	20000	800000	1000000	2000000
II. Liabilities					
1. Current liabilities					
2. Long-term liabilities					
Total liabilities					
Owner's equity	350000	350000	350000	350000	350000

Undistributed earnings		342975	343683	460209.4	840609
Total Owner's Equity	350000	692975	693683	810209.4	1190609
Total liabilities and owner's equity	580000	942975	973683	1160209	1690609

① The platform is an asset-light company, with hardware resources leased in the early stage and no shareholders' assets

② No bank loans, so there is no long-term debt;

③ There is no profit in the first year, the second year is all retained, and 20% is retained in the third to fifth years.

④ Intangible assets mainly refer to the brand value of the platform and its market value

4.2 Cash Flow

Items	2023.1	2023.2	2023.3	2023.4	2023.5	2023.6
I. Cash flows from operating activities						
Subtotal of cash inflow	30000	35000	40000	45000	50000	55000
Sub-total of cash outflow	57000	50000	65000	56000	71000	76000
Net cash flow from operating	-27000	-15000	-25000	-11000	-21000	-21000

activities						
Items	2023.7	2023.8	2023.9	2023.10	2023.11	2023.12
I. Cash flows from operating activities						
Subtotal of cash inflow	60000	65000	70000	75000	80000	85000
Subtotal of cash outflow	81000	87000	92000	97000	95000	105000
Net cash flow from operating activities	-21000	-22000	-22000	-22000	-15000	-20000

Items	2022	2023	2024	2025	2026
I. Cash flows from operating activities					
Subtotal of cash inflow	400000	100000	3500000	4392448	7168000
Sub-total of cash outflow	649100	601200	1208780	1324385	1563940
Net cash flow from operating activities	-249100	39800	2291220	3068063	5604060

① Operating cash inflows mainly consist of annual platform service fee income and sales commission income after the third year.

② Operating cash outflow mainly includes platform construction, business taxes paid, operating costs such as office space rental, hardware and network rental to ensure platform operation, as well as management costs and labor expenses.

③ The platform mainly adopts the cost-focused strategy in the early stage does not involve investment and financing activities, and is mainly a one-time investment by shareholders.

④ From the above table, we can see that except for the first year, the cash flow of the platform is relatively sufficient, which provides financial guarantee for the continuous development of the platform.

4.3 NPV, IRR, ROI

Three indicators, net cash flow (NPV), internal rate of return (IRR), and payback period, will be budgeted using the financial data derived from the previous sections.

No.	Item	2022	2023	2024	2025	2026	2027
1	EBIT		49100	398800	2291220	3068062.64	5604060.3
2	Depreciation expense						
3	Income taxes			99700	572805	767015.66	1401015.08
4	Operating cash flow		-249100	299100	1718415	2301046.98	4203045.23
5	Net capital expenditure						
6	Change in NWC	350000	230000	250000	280000	350000	500000
7	Total project cash flows	-2,000,000	47910	49100	1438415	1951046	3703045

Net cash flow projection by the value engineering method: The annual cash flow is discounted at the benchmark rate of return (discount rate =12) to calculate the net cash flow. See the table above for details:

Table 1 Project 5 year's cash flow statement of D Cosmetics

	2023	2024	2025	2026	2027
Cash flow (PV) (Yuan) (discount rate 12%)	47,910	49,100	1,438,415	1,951,046	3,703,045
Accumulate	47,910	97,010	1,535,425	3,486,471	7,189,516

According to table 1

First investment 2 Million Yuan

NPV = 7,189,516 – 2,000,000 = 5,189,516 Yuan

IRR = 21 %

ROI average per year = 57.14 %

Payback period in 3 years and 2.8 months

Section 5

Conclusion and Recommendation

5.1 Conclusion

With the rise of the face value economy, cosmetics are moving towards being a "necessity" and the Chinese cosmetics industry has seen rapid development. From foreign brands occupying most of the market share, to the rapid rise of domestic brands, the current Chinese cosmetics market has occupied "half of the mountain", Chinese cosmetics companies are also sales, channels, products and other tracks to complete their own beyond, "the national trend of beauty The era of "national trend of beauty" has arrived. As a cosmetic company striving to be the first in this track, it is particularly urgent and important to study its marketing strategy at this moment. Through the study, the main conclusions of this paper are as follows.

Relevant laws and regulations and daily supervision in China's cosmetics market are gradually improved, and the support for "long-established" brands is increasingly strong, which to a certain extent provides a good legal policy environment for D Cosmetics to participate in market competition. The high quality development of China's economy, the booming cosmetics market, and especially the deepening awareness and recognition of domestic brands by consumers, will usher in a huge opportunity for the development of D Cosmetics. The contemporary consumer beauty concept and consumer behavior habits are constantly changing, and the advancement of technology brings a lot of opportunities to D Cosmetics. Although the current competitive environment for D Cosmetics is fierce and its competitors are strong, there is still plenty of room for development in the face of the vast cosmetics demand market and the "innovator wins" battlefield.

First, through visits to companies and physical stores, statistical analysis of the company's membership information, combined with the current business situation of D Cosmetics, using the STP strategy, D Cosmetics focused on the main target group, to find the target market and reposition the product. There is more room for development. The company strives to become a "one-stop beauty experience

center", focusing on one-stop shopping and on-site experience, in order to expand its business share in the "traditional Chinese beauty" cosmetics market.

Through the analysis of the marketing mix strategy of D Cosmetics, we propose countermeasures in four aspects: product, price, channel and promotion. In terms of product strategy, it is recommended to reorganize the existing skincare categories and design several series for different target groups, as well as to create one or two explosive products that are highly influential and competitive in the beauty industry on the basis of refining superior products. In terms of pricing strategy, we will further optimize the pricing method, shift from cost-oriented pricing method to integrated market pricing method, and establish a flexible product price management system. In terms of channel strategy, as online marketing methods are more flexible and more efficient, it is recommended to increase channels and strengthen online, while finding ways to enter mainstream cosmetic channels such as Sephora and Watson's to enhance the fashionability of the brand, thus driving the influence of its own CS stores and single-brand stores. In terms of promotion strategy, increase online advertising investment and create a professional and systematic promotion system, etc.

5.2 Suggestion

Due to the author's limited knowledge base and knowledge structure to be further improved, there are many shortcomings in the thesis. For example, the information data of many domestic companies are not open to the public, resulting in the author's evaluation and analysis of certain competitors in the industry is not objective and accurate enough. In addition, due to the rapid development of domestic emerging media marketing momentum in recent years, such as Xiaohongshu, Jitterbug, microblogging, WeChat, changes rapidly, the thesis combined with the current situation analysis out, such as the use of new media channels to carry out marketing measures means is likely to fail in the short term, replication and promotion of the role of worth re-evaluation, the author will be combined with future work to continue to deepen the study.

Appendix

Questionnaire

1. Do you know about your skin condition? [Single-choice] *
 - Understand
 - Not very well
 - Don't know
2. Do you often use cosmetics? [Multiple choice] *
 - Often
 - Occasionally
 - Never use
3. What is your skin type? [Multiple choice] *
 - Dry
 - Oily
 - Neutral
 - Combination
4. What are the cosmetics that you often use? [Single-choice] *
 - Skin care products
 - Makeup
 - Mask
5. What is the price point of the cosmetics you buy in general? [Multiple choice] *
 - Below \$50
 - 50-200
 - 200-500
 - Above \$500
6. Do you have a brand in mind when you buy cosmetics? [Single-choice] *
 - Yes
 - No
7. Do you often change the brand of cosmetics? [Multiple choice] *

- Yes
 - No
8. Do you usually buy domestic or imported cosmetics? [Single-choice] *
- Domestic
 - Imported
 - Both
9. What is the main effect of the cosmetics you are using now? [Multiple choice] *
- Moisturizing
 - Whitening
 - Acne removal
 - Remove blackheads
10. How do you buy cosmetics? [Single-choice] *
- Shopping malls
 - Cosmetic stores
 - Online shopping
 - Other
11. What kind of after-sales service do you want? [Single-choice] *
- Product rebate
 - Beauty seminar
 - Letter return visit
 - Promotion activities
 - Other

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THIS IS TO CERTIFY THAT

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