

Precision Marketing Model of Multinational Cosmetic Companies and Its Effect Evaluation

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Abstract: This paper explores the precision marketing model employed by multinational cosmetic companies in China and evaluates its effectiveness. The study begins with an introduction to precision marketing, followed by a review of existing literature on marketing strategies in the cosmetics industry, focusing on multinational companies. It then analyzes the current marketing status of these companies in China, identifying key trends and challenges. The paper proceeds to examine the specific precision marketing strategies used by multinational cosmetic companies in the Chinese market, highlighting tactics such as multi-channel precision marketing, personalized services, localization strategy, and interactive platform. The effectiveness of these strategies is evaluated using various performance metrics, including market share growth, consumer engagement, and brand loyalty. Finally, the paper concludes by discussing the implications of the findings for multinational cosmetics companies and providing recommendations for optimizing precision marketing in the Chinese market.

Keywords: Multinational Cosmetic Company; Chinese Market; Precision Marketing; Marketing Strategy

1. Introduction

In recent years, China's cosmetics market has grown rapidly and has become the world's second largest consumer market. In 2019, the market size reached 477.7 billion yuan, with an average annual growth rate significantly higher than the global average. Skin care products dominate the market, accounting for more than 50%, and accompanied by the growth of high-end cosmetics demand, reflecting the trend of consumption upgrading [1]. Multinational cosmetics companies such

as L 'Oreal, Estee Lauder and Shiseido, which have advantages in technology research and development and global brand influence, dominate the high-end market. However, in recent years, local brands have risen rapidly, relying on deep insights into Chinese consumers and attracting young consumers through innovative marketing methods. For example, the cross-border joint product of Meijiaying and White Rabbit milk candy triggered a heated discussion once it was launched, becoming a representative case of "national tide" marketing.

In terms of precision marketing, multinational enterprises are gradually adopting data-driven strategies to achieve precise reach through in-depth analysis of consumer behavior and needs [2]. For example, L 'Oreal uses user portrait technology to divide consumers into different groups such as function-oriented and quality-oriented, and tailor-makes marketing strategies for each type of consumer. Based on this, enterprises can push personalized content through social media and e-commerce platforms to maximize marketing efficiency. Especially in China, live streaming e-commerce and content e-commerce have flourished and become an important tool to promote precision marketing. L 'Oreal, through cooperation with Kols (key opinion leaders), such as Li Jiaqi, showcases product advantages through live channels to greatly enhance brand awareness and sales. In addition, multinational companies are using social media to engage with consumers and increase brand stickiness through user-generated content (UGC). Digital transformation is an important driver of precision marketing. With big data analytics and AI technology, businesses can quickly capture consumer preferences and market trends. For example, through the analysis of consumer shopping data and social media feedback, brands are able to adjust their marketing strategies in real time to provide

products and services that are more in line with needs. At the same time, precision marketing also puts forward higher requirements for enterprises, such as the importance of consumer privacy and data protection [3].

As competition intensifies, the rise of local brands poses a strong challenge to multinational enterprises. These brands quickly capture market share through low-cost, highly creative marketing strategies. Local brands are more familiar with Chinese culture and consumer psychology, for example, using product design based on "national tide" elements to accurately hit consumers' emotional needs. In contrast, some multinational brands still have shortcomings in market positioning and cultural adaptability. For example, Osiao, a new brand launched by Estee Lauder for the Chinese market, failed to gain traction due to a lack of accurate understanding of consumer needs.

At the same time, changes in the regulatory environment have also put forward new requirements for precision marketing. The Regulation on the Supervision and Administration of Cosmetics, implemented in 2021, has strengthened legal supervision of the cosmetics industry, especially the review of product efficacy and the authenticity of advertisements. This not only creates a more level playing field for compliant companies, but also requires companies to pay more attention to legality and transparency in their marketing processes.

In general, multinational cosmetics companies still have advantages in R&D technology and brand awareness in the Chinese market, but they also face the challenges of intensifying market competition and personalized consumer demand. Precision marketing will become an important direction of competition in the future, through digital technology, data analysis and localization strategy to gain in-depth insight into consumer needs, multinational companies are expected to consolidate market position and open up new growth points. At the same time, companies need to find a balance between marketing innovation and compliance in order to achieve long-term growth.

2. Literature Review

The core idea of precision marketing is to

achieve efficient market reach for target consumers through a data-driven approach. Kotler and Keller (2020) elaborated the theoretical framework of precision marketing in their Marketing Management, emphasizing the importance of market segmentation and insight into consumer behavior [4]. Wedel and Kannan (2016) further proposed the application of marketing analytics in data-intensive environments and demonstrated how precision marketing can use big data and predictive models to achieve personalized marketing [5]. Zabin and Brebach's study analyzed the implementation path of precision marketing from a practical perspective, including target customer identification, channel optimization and personalized content customization [6]. These literatures show that precision marketing is an integrated strategy supported by technology, the core of which is to efficiently meet consumer demand and improve return on investment. However, the application effect in different fields is different, which puts higher requirements on industry-specific consumer behavior analysis and technical means.

In the field of cosmetics, brand building and consumer interaction is particularly critical. Cheung et al. (2021) pointed out that social media advertising has a significant impact on consumer trust and brand loyalty, especially among young consumers [7]. In their cross-cultural study, Li and Jiang (2019) found that consumers' preferences for cosmetics brands differ significantly under different cultural backgrounds, which provides theoretical support for the cultural adaptation of transnational brands in localization strategies [8]. In addition, the research of Kim and Ko (2012) shows that high-end cosmetics brands can significantly enhance customer asset value, such as loyalty and word-of-mouth, through social media marketing activities [9]. In summary, these studies reveal that consumers in the cosmetics industry are highly sensitive to brand image and personalized experience, and precision marketing plays a particularly prominent role in brand communication.

Precision marketing theory and practice have been widely used in cosmetics industry [10-12]. The above literature shows that multinational enterprises have leading advantages in brand building, consumer

behavior analysis and digital technology application, but they need to pay attention to cultural adaptation and privacy protection. In the future, the development trend of precision marketing will focus on a higher level of personalization and the balance of data ethics. This provides clear guidance for multinational cosmetics companies to enhance the consumer experience with a precise, data-driven strategy while ensuring compliance and social responsibility to build sustainable competitiveness.

3. Analysis of Marketing Status of Multinational Cosmetics Enterprises in China

Based on the 4P theory, this chapter firstly analyzes the marketing strategies of multinational cosmetics enterprises in China from four aspects: product, price, channel and promotion, and summarizes the common marketing strategies of multinational cosmetics enterprises in China. Secondly, it analyzes the existing marketing problems of multinational cosmetics enterprises in China.

3.1 Marketing Status of Multinational Cosmetics Enterprises in China

3.1.1 Product strategy: multi-brand strategy and differentiated marketing

Multinational cosmetics companies generally adopt multi-brand strategies to cover different market segments and meet the diversified needs of consumers through clear brand positioning. For example, L 'Oreal Group implements the "pyramid brand strategy" in the Chinese market, and its brands cover the full product line from luxury, high-end to mass consumption to meet the needs of consumers at different economic levels. In addition, multinational cosmetics companies focus on differentiated product development to highlight brand personality. For example, Lancome's "Little Black bottle" and Estee Lauder's "Little Brown bottle" not only win the favor of consumers with high quality, but also establish a unique brand image in the market through innovative design.

3.1.2 Pricing strategy: diversification and competition-oriented pricing

In terms of pricing strategy, multinational enterprises adopt flexible pricing methods according to consumer demand and market competition environment. For example, L

'Oreal implements differentiated pricing among different brands, luxury brands adopt skimming strategy, mid-end brands use appropriate method, and low-end brands adopt rapid penetration strategy to expand market share. At the same time, in order to maintain competitiveness, enterprises also use competition-oriented pricing to cope with the fierce competition of domestic and foreign brands in the Chinese market. For example, Shiseido's mid-to-high price strategy and Amore Pacific's cost-effective strategy reflect different ways of coping with competition.

3.1.3 Channel strategy: diversification and targeted distribution

Multinational cosmetics companies make extensive use of online and offline channels to form a full-coverage distribution network. In the early days, enterprises entered the Chinese market through department stores and counters, and gradually penetrated into second - and third-tier cities. In recent years, with the development of e-commerce, enterprises have increased the layout of online channels, such as opening flagship stores on mainstream platforms such as Tmall and Jingdong, and using beauty vertical platforms such as Xiaored Book to reach more target consumers. In addition, multinational companies have designed differentiated sales channels according to brand positioning. For example, Shiseido sells high-end brands through department stores and middle and low-end brands through supermarket channels, accurately covering different levels of consumers.

3.1.4 Promotion strategy: star effect and digital marketing

Celebrity endorsement and social media promotion are important promotion methods for multinational cosmetics companies. Companies often invite local influential stars to endorse the brand in order to increase consumer identity. For example, Estee Lauder, through its spokesperson Yang Mi, launched "Ten miles of peach makeup" to gain market praise. In terms of digital marketing, enterprises have increased their investment in live streaming e-commerce and content e-commerce. By cultivating Kols (key opinion leaders) such as Li Jiaqi, L 'Oreal has successfully achieved a win-win situation of brand exposure and sales conversion.

3.2 Marketing Problems of Multinational Cosmetics Enterprises in China

Although multinational cosmetics enterprises have adopted diversified marketing strategies in the Chinese market and achieved certain results, there are still some problems exposed in the competitive market environment, mainly in the aspects of weak cultural adaptability, competitive pressure of local brands, single marketing methods and insufficient understanding of consumer needs.

3.2.1 Insufficient cultural adaptability

Multinational cosmetics companies fail to fully integrate Chinese culture in product design and marketing communication, resulting in a lack of localized appeal in some marketing activities. Although some companies try to combine traditional Chinese elements to design products or promotion activities, such as L'Oreal's cooperation with the National Museum of China to launch limited edition gift boxes, but on the whole, such attempts are still insufficient, and lack continuity and depth compared with local brands. For example, local brands are better at combining traditional culture with modern aesthetics to touch consumers' emotional resonance. Multinational enterprises still need to increase their investment in cultural research and cross-cultural communication.

3.2.2 Facing the competitive pressure of local brands

With the rapid rise of domestic brands, the market share of multinational cosmetics companies is constantly being squeezed. With accurate insight into consumer demand, flexible marketing strategies and price advantages, local brands have gradually eroded the market position of traditional multinational brands. For example, domestic brands have attracted a large number of young consumers through innovative marketing methods and cost-effective products, while multinational enterprises have failed to adjust their response strategies in time to cope with the competition.

3.2.3 Single marketing strategy and lack of creativity

In recent years, with the rise of domestic brands, consumers are increasingly favoring creative and culturally resonant marketing methods. However, the marketing methods of multinational cosmetics companies are relatively traditional and unattractive. For

example, domestic brands have won the favor of young consumers through cross-border co-branding, limited edition and national tide marketing strategies, such as the White Rabbit lip balm jointly launched by American Jiajing and White Rabbit Cream Candy, which has aroused high attention. In contrast, the advertising and promotion methods of many multinational companies lack new ideas and are out of step with the rapidly changing consumption habits of Chinese consumers, which cannot fully stimulate the market vitality.

3.2.4 Lack of understanding of consumer demand

Multinational cosmetics companies often misjudge the real needs of local consumers in terms of product development and positioning in the Chinese market. Due to the lack of in-depth market research, the localized products launched by enterprises fail to accurately meet consumer expectations. For example, Estee Lauder launched Osiao brand for Chinese consumers, because the market positioning and marketing methods did not meet the actual needs, eventually ended in failure. In contrast, local cosmetics companies better understand consumers' preferences and cultural psychology, and frequently launch explosive products to win market recognition. Multinational companies have a lot of room to improve their insight into Chinese consumers' purchasing motivations, functional needs and aesthetic trends.

4. Analysis of Multinational Cosmetics Companies' Precision Marketing Strategy in China

To solve the above problems, the following recommendations are made for multinational cosmetics companies to enhance their precision marketing strategies in China.

4.1 Utilize Multi-Channel Precision Marketing to Increase Brand Awareness

China's consumer base is vast and diverse, requiring a multi-channel approach to marketing. Combining online and offline strategies ensures broader reach. For example, brands can utilize social media platforms like Xiaohongshu and Douyin, where product recommendations from influencers significantly impact purchasing decisions. Additionally, using targeted discounts, such as

offering special promotions to loyalty program members, can help brands tap into more price-sensitive segments. This tailored marketing approach across different channels ensures higher recognition and consumer engagement.

4.2 Provide Personalized Services to Enhance User Experience

With the rising demand for personalized and diverse consumer experiences, multinational companies must go beyond just offering products. Establishing consumer databases for precise segmentation allows businesses to understand different consumer values and provide services tailored to their needs. For instance, premium product lines should offer personalized skincare solutions for those seeking high-quality products. This approach increases customer satisfaction and encourages brand loyalty.

4.3 Respect Cultural Differences and Establish an International Brand Image

The rise of local "Chinese-chic" products has gained popularity, especially among younger consumers (Generation Z), who value products that align with Chinese culture. Cross-cultural marketing is key for multinational companies to avoid appearing "Westernized" and instead present themselves as culturally sensitive. Companies can incorporate traditional Chinese cultural elements into product packaging and limited edition items. Additionally, advertisements and collaborations with local Chinese brands can help multinational brands build a connection with consumers and reduce resistance from those who prioritize supporting domestic products.

4.4 Implement Localization Strategies to Increase Brand Recognition

Multinational companies must deeply understand the specific needs of Chinese consumers. The market is dominated by local brands that offer high-quality, affordable products with deeply rooted marketing strategies. To compete effectively, international cosmetics companies should focus on the mass market, which is primarily occupied by local brands. They should create products tailored to Chinese consumers' skin types and preferences at competitive prices to break into this lucrative segment. This strategy

not only meets the needs of price-sensitive consumers but also helps expand the market share in the growing Chinese market.

4.5 Create Interactive Platforms to Boost User Engagement

To compete in an increasingly competitive Chinese cosmetics market, brands need to engage consumers actively. Creating virtual communities where customers can share feedback, ask questions, and discuss product experiences fosters a deeper connection with the brand. These platforms not only help multinational companies improve their offerings based on direct consumer input but also enhance brand loyalty and reduce customer service costs by providing a forum for peer-to-peer advice.

5. Evaluation of Precision Marketing Effect of Multinational Cosmetics Companies in China

When evaluating the effectiveness of multinational cosmetics companies' precision marketing strategies in China, we need to analyze the actual results of their strategy implementation in detail. The effect of precision marketing is not only reflected in the improvement of sales performance, but also involves the evaluation of brand awareness, consumer satisfaction, market share, return on investment and other aspects. In order to ensure the comprehensiveness and scientificity of the analysis, this part will use data analysis methods to evaluate the effectiveness of precision marketing, combining actual data, chart analysis and case studies.

5.1 Data Analysis Methods

In order to evaluate the effect of precision marketing of multinational cosmetics companies in China, this study will adopt quantitative analysis methods and extract the specific effects of marketing activities through a variety of statistical analysis tools. Here are the steps and methods of data analysis:

Factor Analysis: Used to identify potential factors that affect the effectiveness of precision marketing, such as consumer behavior, brand recognition, etc. These factors help to reveal the different effects of different marketing strategies on consumers.

Regression Analysis: Using regression models to analyze the impact of precision marketing

strategies on key indicators such as sales performance, market share, and customer satisfaction. Regression analysis can reveal the relationship between marketing activities and effectiveness.

Cluster Analysis: Cluster analysis is used to divide consumer groups into different types, so as to evaluate the response of different groups to precision marketing strategies. This can help multinational cosmetics companies better understand the needs of different consumer groups and further optimize their marketing strategies.

5.2 Marketing Effect Evaluation

In order to comprehensively evaluate the effect of precision marketing, this study will analyze the marketing effect of multinational cosmetics companies in China from the following core indicators:

5.2.1 Brand awareness

Brand awareness is one of the important indicators to measure the success of precision

marketing. Whether the precision marketing activities of multinational cosmetics companies in China can successfully improve brand awareness determines whether consumers are willing to choose and use the brand for a long time.

Consumer questionnaires (such as the Likert scale) were used to assess consumers' awareness of brands. Questions can include: Which of the cosmetics brands you know are multinational brands? What is your awareness of these brands? (e.g. through advertising, social media, recommendations from friends, etc.)

Figure 1 shows the brand awareness growth of multinational cosmetics brands after precision marketing in China. L 'Oreal, Estee Lauder and Shiseido have significantly increased their awareness, especially Maybelline, indicating that their precision marketing strategy in China has been very successful in enhancing brand awareness.

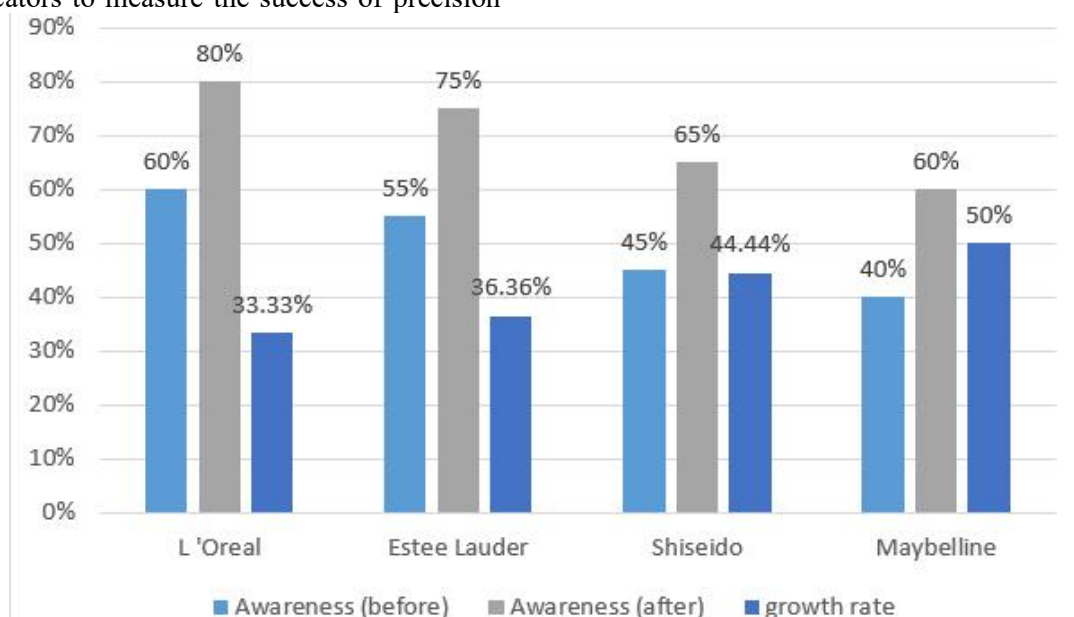


Figure 1. Brand Perception Change Chart

5.2.2 Consumer satisfaction and loyalty

Consumer satisfaction and loyalty is another important dimension to measure the effect of precision marketing. Through precision marketing, whether a brand can enhance consumer satisfaction and loyalty determines the stability and growth potential of its market share.

Customer Satisfaction surveys (such as NPS Net Promoter Score and CSAT Customer Satisfaction Score) are used to assess their overall satisfaction and loyalty to the brand.

For example: Are you satisfied with the product quality and service of multinational brands? Are you willing to buy this brand again? Through the NPS survey data, the paper analyzes whether consumers are willing to recommend brands, calculates the net recommendation value, and uses the bar chart to show the loyalty level of different brands. According to Figure 2, Maybelline has the highest loyalty, indicating that its precision marketing strategy has a significant effect in enhancing consumer loyalty. L 'Oreal and

Estee Lauder also show high NPS scores, customer loyalty, reflecting their effectiveness in promoting

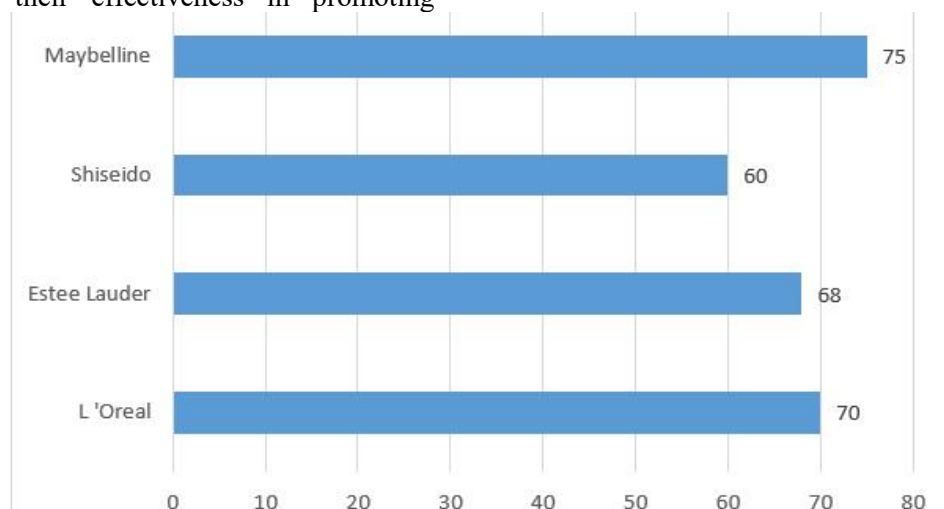


Figure 2. NPS Score

5.2.3 Sales performance and market share

Sales growth and market share are direct indicators to evaluate the effectiveness of precision marketing. Whether multinational cosmetics companies can achieve the improvement of sales performance and occupy a larger market share through precision

marketing activities is the key to measure the success of their marketing strategies. By comparing sales data and market share data before and after precision marketing campaigns, it is possible to assess the extent of sales growth.

Table 1. Sales Growth Table

Brand name	Sales volume (before)	Sales volume (after)	growth rate
L'Oreal	10 million	13 million	30%
Estee Lauder	8 million	10.5 million	31.25%
Shiseido	6 million	8.5 million	41.67%
Maybelline	4 million	6 million	50%

Table 1 shows the change trend of monthly sales of different brands before and after precision marketing. We can clearly see that Maybelline's sales growth is the most significant, which may be closely related to its marketing strategy. Maybelline's precision marketing pays more attention to the interaction on social platforms, the shopping effect of Internet celebrities and the sense of participation of Internet users. As a result, it can quickly attract and convert a large number of consumers. Although Shiseido started slowly, it has shown strong competitiveness in sales growth. It may have succeeded in increasing consumers' purchase intentions by adjusting product pricing and optimizing online and offline channels. L'Oreal and Estee Lauder saw relatively modest sales growth and, despite their high profile in the Chinese market, may face stiff competition from local brands and a gradual decline in price-sensitive

consumers. Therefore, their precision marketing strategies need to be further refined to make adjustments to different market needs.

5.2.4 ROI (Return on Investment)

Return on investment (ROI) is the ultimate measure of the effectiveness of a marketing campaign, indicating the actual return per dollar spent on marketing. The ROI reflects the cost-effectiveness of marketing activities, and the higher the ROI, the more obvious the benefits of marketing activities.

Whether the funds and resources invested by multinational cosmetics companies through precision marketing can bring corresponding returns is an important basis for evaluating the success of marketing strategies. By calculating the ROI of a precision marketing campaign, that is, the ratio between marketing investment and sales revenue generated, the following formula is obtained:

$$ROI = \frac{\text{Revenue growth from marketing}}{\text{Marketing input}} \times 100\% \quad (1)$$

Table 2. ROI Analysis Table

Brand name	Marketing input	Sales growth	ROI
L 'Oreal	5 million	3 million	60%
Estee Lauder	4 million	2.5 million	62.50%
Shiseido	3.5 million	2.5 million	71.43%
Maybelline	2 million	2 million	100%

Table 2 shows the precision marketing ROI for different brands, helping to understand which brands have the most cost-effective marketing campaigns. As can be seen from Table 2, Maybelline's high ROI indicates that its precision marketing strategy is very efficient, especially among price-sensitive consumer groups, through reasonable promotional activities and effective use of social platforms, it has obtained a very high return on investment. Shiseido's high ROI indicates that its marketing activities are equally efficient, especially in accurately targeting the middle and high-end consumer groups. Despite their low ROI, L 'Oreal and Estee Lauder have maintained a presence in the market, proving that their marketing activities continue to deliver a positive return on investment, despite the need to further optimize their strategies to compete with local brands.

6. Conclusion

Through the analysis of the above indicators, we can conclude that the precision marketing strategy of multinational cosmetics companies in China is effective on the whole, and has significantly improved in terms of brand recognition, consumer loyalty, sales performance and market share. Through data analysis, we were able to clearly identify which marketing strategies were most effective and which areas still needed improvement. For multinational cosmetics companies, only by constantly optimizing precision marketing strategies and keeping up with the changes in the Chinese market can they remain invincible in the fierce competition.

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