A Study of Investigating Estee Lauder's Marketing Strategy

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Abstract. This article will investigate Estee Lauder's marketing strategy based on the "4P" theory, which includes products, price, place, and promotion. Estee Lauder is one of the biggest cosmetic companies in the world, in this article, the reasons for Estee Lauder's success and the strategy they used to maintain success will be analyzed. Estee Lauder positioned itself as a luxury brand, it is dedicated to high product quality, premium pricing, and active promotion. The Estee Lauder Companies is also a big cooperation that operates globally to play in the markets of various countries and regions. They have also acquired other brands under Estee Lauder's name to expand their market, which now includes luxury brands, middle class brands and cheap brands. Products from Estee Lauder's sub brands not only include makeup and skincare, but also fragrances, candles, bags, and accessories. This article focuses on these aspects addressed above to investigate how Estee Lauder managed their companies and how they were able to leverage their brand to a high leven through these channels

Keywords: Luxury, Positioning, Campaign, Quality, Class.

1. Introduction

The Estee Lauder Companies are known commonly as Estee Lauder, a big player in the makeup and skin care market. Estee Lauder is an American company, based in Midtown Manhattan, New York, it is one of the largest cosmetics companies in the world, currently in the second place, behind L'Oreal. Although The Estee Lauder Companies owns many sub brands and have been operating many businesses at the same time, the Estee Lauder brand itself is still a shop for cosmetics and skincare products. They offer a variety of high-quality products for consumers to choose, and has both on-site and online shopping platforms.

Estee Lauder operates in the luxury market. They are committed to the quality of products, luxurious pricing, as well as innovation. The brand was founded in 1946, until today, has a history of 78 years, and their heritage in the industry has constructed solid foundation for Estee Lauder's developments. Over the years, Estee Lauder has innovated many products from makeup to bath oil, and has introduced sub brands who are operating internationally right now, like Clinique and Aramis. They have used this strategy to expand the appetite of their company, at the same time, bringing more and more logos of Estee lauder into the customers' sights. After building up the size of their company, they started acquiring other relevant companies like MAC cosmetics, Jo Malone, to build up their empire of cosmetics. Today, 21 global brands in total are under Estee Lauder's operation.

This article will discuss Estee Lauder's marketing strategies based on the "4p" theory, in the perspective of Estee Lauder not only as a single cosmetics brand, but as an international cooperation. This article will dissect the reasons why Estee Lauder can create its path leading to success, and how they have made their decisions as business owners. This essay will also look into the future of The Estee Lauder Companies, identify potential challenges and opportunities for further developments.

2. Estee Lauder's Marketing Strategy Analysis Based on 4P Theory

2.1. 4P-Products

The Estee Lauder Companies offer a broad variety of products they carry, including skincare, makeup, fragrances, haircare, body and bath products, men's grooming, nail care, and healthcare products [1]. Estee Lauder has also differentiated their products into luxury line, travel exclusive line,

and limited-edition line [1]. Aside from this, Estee Lauder has also been successful in targeting customers, maintaining high quality products, and segmenting their products. The companies they have acquired are also able to expand their product range and tackle different customers with needs that Estee Lauder cannot provide.

First, the customers that Estee Lauder targets are women from the age 25 to 55 that are looking for high quality cosmetic products. They are more likely to need Estee Lauder's skincare products, which mostly focus on anti-aging and revitalizing. Estee Lauder has dedicated in studying product formulations, ensuring that every ingredient they put into their products is gentle and beneficial to the skin. To do that, ELC's testing plan focuses on the safety of products, stability, sensory, and medical tests. Dermatologists conduct tests on these products as well to ensure the quality [2]. Estee Lauder's Advanced Night Repair Serum, Re- Nutriv Ultimate Diamond Moisturizer, have been popular anti-aging skincare products for years. In recent years, the trend of skincare is expected to rise according to the new generation's demand for beauty and perfection, as skincare products are expected to emerge higher sales [3].

For makeup products, Estee Lauder offers a full pack of products for customers to choose. They have developed suitable makeup for different skin types, referring to their star product, the Double-Wear foundation, stood at the top of best sellers and recommendation lists for years. It is rated as one of the world's most popular foundations. According to Grace Lindsay from Marie Claire, the Double Wear foundation is one of the best full coverage foundations in the market, it can last all day and reduce oil [4]. Because of the high quality and great coverage of this product, it has inspired other customers with different skin types to innovate in ways to use it. Theoretically this foundation does not work for dry skins, but many users and influencers found a way to mix it with Estee Lauder's Advanced Night Repair Serum, to make it fit the skin type, while receiving the finishing look the foundation provides.

The packagings of Estee Lauder's products are also well designed to fit the brand image. They have mostly used the color of deep navy and gold for their makeup packagings, and brown and gold for their skincare product packagings. The combination of colors presents an elegant, old money styled, and reliable image of Estee Lauder to its customers. The way they have designed their packagings based on their DNA codes has consolidated Estee Lauder's brand image, and is able to leave an impression for customers.

Estee Lauder's sub-brands also provided different types of products according to customers' needs. Relative from Estee Lauder, MAC cosmetics focuses on creative and professional makeup products and refreshing skincare line. Clinique carries a makeup line that dedicates to providing unique natural finishes. TomFord is another luxury brand under ELC's operation, their products are even more luxurious than Estee Lauder, focusing on providing timeless and elegant makeup looks for customers. Through these high quality and trust-worthy products, Estee Lauder was able to establish trust and loyalty with their customers.

2.2. 4P- Price

As Estee Lauder positioned itself in the luxury market when the brand was founded, the price of their products is considered expensive to most people in the low and middle class. According to Estee Lauder's official website, the price of their skin care products is usually from 50 to over 100 dollars, based on the package size. Their makeup products are in the price range of 20 to 100 dollars, excluding the limited edition and collaboration products. In terms of fragrances, they are priced between 50 to 300 dollars, depending on the size of the product.

As previously stated, Estee Lauder targets women from the age 25-55. This target group is not only in need of Estee Lauder's products, but also have higher purchasing power comparing to other age groups. At the age from 25-55, women are usually in their prime in their careers today, which gives them the ability to afford luxurious cosmetics according to their preferences. Estee Lauder is a brand that commits to celebrating women's unique beauty, as the high-quality products are worth purchasing, this definition of the brand also attracts corresponding customers to pay for their unique

beauty. Estee Lauder does have a higher price since they are luxury, and unaffordable to customers below middle-class. However, not only does Estee Lauder has a loyal group of customers, others also go wild over the quality of their products, some even save money to purchase from Estee Lauder. When a brand owns loyalty from customers, the price they set becomes more manageable to an ideal point [5].

The pricing strategy that Estee Lauder use is the premium pricing strategy. Theoretically it means setting the price higher than competitors, various stimuli are tested to generate purchase intention since customers are willing to pay a premiu price for value of product, social reasons and personal values [6]. Most of the times this strategy is used to trick customers into thinking higher price must mean higher quality, when the brand does not meet the standard of customers assumption. However, Estee Lauder uses the premium pricing strategy differently. They do already have the high valued products, and they are using the quality of the products as a base to leverage the price point into luxurious pricing. This will be able to avoid controversies and lower the risk, while reinforcing the impression of Estee Lauder products are worth the price. By using this strategy, Estee Lauder was able to have several star products that stand at the top in the industry for years and not having to worry about the price. They also presented to the market, that Estee Lauder is a luxury brand where every penny spent will be worth it. Premium pricing strategy has helped Estee Lauder to undergo the potential challenges and questioning, while further stabilizing their brand value.

2.3. 4P-Place

Unlike some other cosmetics brands who only own independent stores, Estee Lauder's on-site stores are usually located in department stores like Macy's and Bergdorf Goodman, they also register counters in big cosmetics stores such as Sephora and Ultra Beauty. As a luxury brand, Estee Lauder has fewer distribution channels than its competitors for wanting to keep the brand premium. According to research, 42% of Estee Lauder stores are in department stores, targeting customers with higher purchasing power. They are targeting the travel retail industry as well, as 14% of Estee Lauder stores are in duty-free sections in airports and transportation centers. Estee Lauder positions itself clearly and recognizes their products are not affordable, when duty-free stores purchases do not include tax, it decreases the total price for Estee Lauder products, this feature encourages more customers' intention to purchase. Especially for people who cannot afford or think it's not cost-efficient for buying Estee Lauder's products daily, it would be a good deal for them to make these purchases when traveling. For the rest of Estee Lauder stores, 11% of them are freestanding retail stores, and 11% of them are in specialty-multi like Sephora [7]. However, in an era of internet and online shopping, it is recommended for Estèe Lauder to strengthen their sales in store. By using technologies like VR try- on, they can offer a more personalized service for customers who shop in store [8].

Estee Lauder also distributes through online shopping platforms. Orders can be made on their official website where they sell and update customers with every new product and collaborations. The online platforms of department stores and multi stores also carry Estee Lauder products. According to Estee Lauder's official website, customers get discounts on their first orders if they register an account with Estee Lauder. This demonstrates the benefits of online retailing; discounts and sales can be offered easily to encourage customers to make purchases.

2.4. 4P- Promotion

A big part of Estee Lauder's promotion strategies is giving out free samples and gifts. The company has campaigns like Gift-for-purchase and purchase-for-purchase to attract more customers while consolidating old customers. Estee Lauder shows high confidence in the quality of their products, and uses this advantage to attract customers. Estee Lauder sells sample packages as well through every distribution channel, where new customers can buy a package of sample products for a low price to try out if they are suitable. This method can be very convincing and is able to gain loyal customers, but at the same time risky. If the products are not as good as the campaign shows, then

giving out free samples would only be creating trouble for themselves. The salesmen who work in Estee Lauder stores are also trained to be experts in cosmetics and skincare. They can recommend suitable products for customers and help them out with any requirements and questions they may have.

In terms of advertisements, Estee Lauder advertises through TV, broadcasts, and star effects [9]. They also use social media platforms like Instagram and Snapchat to promote their recent activities and new products over social media stories. They have created TV commercials that demonstrates the message they want to communicate about the products through superb filmmaking skills and creative ideas. Estee Lauder has invited celebrities to be their brand ambassadors, which includes celebrities from all over the world. Karlie Kloss, Ana de Armans, Manushi Chhillar are all representations of Estee Lauder brand and had joined their campaign [10]. Estee Lauder also establish collaborations with celebrities. One of the most famous collaborations was Estee Lauder partnering up with Victoria Beckham and created a limited-edition makeup line. Estee Lauder used the popularity of Victoria Beckham to advertise for their brand, and the final makeup products they were able to bring to the customers were high quality and worth buying as well. They created a win-win situation for both Estee Lauder and Victoria Beckham.

3. Conclusion

In conclusion, Estee Lauder's marketing strategy is simple but well developed. By maintaining the hig quality of their prroducts, Estee Lauder stabilized their position in the luxury market, meanwhile, created solid reasons for their premium pricing. As for Estee Lauder's potential competitors, some had been acquired by the Estee Lauder Companies, and some had less and less chance to compete regarding the market size of Estee Lauder. It is fascinating how Estee Lauder acquired brands to offset their disadvantages as a single cosmetic brand and expanded into a large cooperation. Furthermore, they have not lost focus in the original Estee Lauder brand, relatively, they are active in promoting their makeup and skincare products, and launching new products according to mainstream trends. Estee Lauder has found the balance between expanding and investing, over the years, they invested in developing their advantages and globalizing the company.

Currently, Estee Lauder is already a big capital in the beauty industry, and owns many assets for more development. In the future, Estee Lauder can acquire more fashion brands and reach into the fashion industry as they already have Michael Kors, it will become a new beginning for the Estee Lauder Companies, accompanying more opportunities. Estee Lauder also has the ability to create new brands instead of acquiring, they have the option to launch new cosmetic brands that target younger customers in order to further expand their product range as well as market size. According to recent trends, clean beauty and natural makeup looks are on the rise, Estee Lauder can seize this opportunity to target more customer groups and build more resilience against the ever-changing market.

This article is meant to analyze the marketing strategy of Estee Lauder, at the same time, learn from successful entrepreneurs from this case study. It is beneficial to all who are interested in marketing and the luxury industry, satisfies the curiosities, and answers questions about Estee Lauder's success. However, this article only presents a perspective on Estee Lauder's marketing strategies, it is ensured there are many other aspects that can be learned from. In the future, more in-depth analysis and case studies can be inspired by this article.

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