

# *Analyzing the Marketing Strategy Model for L'Occitane*

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**Abstract:** People are paying more attention to body skin care as the economy and society develop, and the demand for body care products is increasing. At the same time, with the continuous progress of Internet technology, China ushered in the "traffic era". Various social platforms play an important role in users' use of the Internet, so the traffic-guided marketing strategy has huge value in the market. This paper applied Marketing Mix theory and SWOT analysis, combined with the actual situation of the L'Occitane brand, through the analysis of the brand's marketing status and existing problems from four aspects: product strategy, price strategy, channel strategy, and promotion strategy, to analyze the shortcomings of L'Occitane traditional marketing model. The new marketing strategy of L'Occitane and its similar skin care products in the age of traffic is proposed. This paper put forward specific measures for L'Occitane and similar skin care products to cope with the new marketing model in the traffic era from the aspects of paying attention to the traffic promotion on social media platforms and expanding the scope of skin care products publicity.

**Keywords:** L'Occitane, marketing strategy, marketing mix theory, SWOT theory

## 1. Introduction

### 1.1. Research Background

In 2020, the COVID-19 epidemic significantly affected the global economy and most industries' demand and consumption. During this time, people's shopping and consumption habits changed a lot, and the home quarantine policy slowly pushed most people to focus on online shopping channels. Most companies began to re-examine their sales channel development strategies and put more effort into digital marketing strategies. While most industries are losing money due to the epidemic, the skincare industry has seen a significant increase in sales due to the epidemic and social media.

L'Occitane, for example, as an international high-end skincare brand, closed its offline stores due to the epidemic, thus reducing the losses generated by the epidemic. During this period, L'Occitane maintained nearly half of its retail stores as self-operated, helping the company to access market demand quickly and thus more efficiently implement the latest strategic plans of the Group's headquarters [1]. During the epidemic, L'Occitane's marketing strategy focused on precise

investments in crucial campaigns, products, and markets, which led to a rapid increase in sales in its online direct sales channel [1]. According to the 2020 financial report, L'Occitane's sales increased by 3.9%, and operating profit improved by 9.8% [1]. This is because its business model is based on social media and it only works online. A comparison of well-known skin care companies in the industry shows that L'Occitane ranks relatively high in terms of online revenue, reflecting the good results of the company's digital transformation strategy. Since L'Occitane Provence is in the skincare market as a high-end international brand, many research scholars studied and examined its different aspects as a research subject. Among them, the research scholars led by Visconti have revealed the story of the development of the L'Occitane brand [2]. In contrast, three scholars, including Valenti, have analyzed and explored the diversity of marketing channels of the L'Occitane brand [3]. In addition, Kita explored the linguistic and visual expressions in L'Occitane's advertising videos [4].

## 1.2. Research Gap

Most of the literature currently analyzing skincare is concerned with analytical reports and applications in traditional offline markets, as well as studies on skincare brands' development and operational strategies. More of this literature is devoted to marketing analyses of traditional markets. However, from the beginning of the epidemic in 2020, L'Occitane closed many of its offline shops in order to reduce its losses under the epidemic. From this point on, L'Occitane began to maintain nearly half of its retail shops as a self-operated model. The autonomous model facilitates faster responses to market demand data and better execution of corporate headquarters' most recent strategic goals. On the other hand, L'Occitane began to focus on building its online channel in 2016. Since fiscal 2016, the online direct sales channel has experienced sharp revenue growth, and as a result of the epidemic's impact on offline retailing, online marketing has soared from fiscal 2020 onward. All of this is due to its online-only and social media-based business model. A comparison of well-known skincare companies in the industry shows that L'Occitane ranks highly in online revenue, reflecting the good results of the company's online transformation.

Due to the transformation of the marketing model of skincare brands like L'Occitane, more research is needed on new marketing models in the mobile internet age. This research can focus on filling the gaps in relevant fields. The research question could be set up as follows: what kind of marketing model can be better adapted to the streaming era? Take L'Occitane, for example. With the advent of the streaming era, the traditional market is no longer the marketing focus for skincare brands. This analysis could help people understand how the emerging online market is gradually replacing traditional marketing strategies. In addition, this analysis can also reflect on how L'Occitane is maintaining its current brand position in the context of the growing popularity of cheaper skincare brands in the mobile internet era.

## 1.3. Structure of This Paper

For the better development of the L'Occitane brand, in this paper, the marketing mix theory and SWOT matrix will be applied to analyze L'Occitane's new marketing model under the traffic orientation of the Internet era and explore a series of beauty and skincare brands to cope with the traffic era with more reasonable marketing strategies and implement better transformation.

## 2. Literature Review

### 2.1. Definition of Marketing Mix Theory

Neil Bolton coined the term marketing mix in 1953. The term "marketing mix refers to the combination of factors that can be controlled by an enterprise in a comprehensive consideration of its

market environment, corporate capabilities, and competition with other enterprises [5]. Later, in the 1950s, Professor McCarthy divided the factors companies could control into four categories: product, price, place, and promotion [6]. McCarthy argues that when considering marketing strategy, companies should consider the external environment of the market and how to combine marketing strategies [6]. The combination of marketing strategies will enable the company to better meet the market's needs and thus improve the desired profitability to help the company accomplish its goals. This theory is widely employed in the marketing of companies.

The marketing mix theory then evolved over time from the 4Ps to the 6Ps, adding politics and public relations to the original mix, which was introduced by Kotler [5]. Later, Kotler changed the 6Ps to the 10Ps, which have four new areas: probing, dividing, ranking, and positioning. He calls it strategic marketing and states that it could help companies target a particular objective with a competitive approach [5].

The 4Cs mix was introduced in the 1990s and was coined by the American marketer Robert Lauterborn; the 4Cs comprised customer, cost, convenience, and communication [7]. Then, in the early 21st century, Don Schultz introduced the 4Rs mix, which includes relevance, response, relationship, and return. This mix focuses more on relationship marketing, which is a completely new marketing element.

## 2.2. Important Results

The concept of marketing mix theory with the 4Ps dimensions as the essential components of marketing strategy is divided into four elements: product, price, promotion, and channel, so the development of marketing strategy should be based on the willingness to purchase behavior of consumers.

The product will promote consumers' purchase intentions regarding packaging quality, etc. Yang scholars reached the same conclusion when examining product packaging when exploring consumer purchase intention [8]. It is undeniable that packaging can help most companies stand out from the competition. Modern companies pay attention to various packaging components because they understand that even a tiny change in the packaging can significantly increase product sales profitability [8]. In addition, according to Khraim, product packaging significantly impacts brand loyalty, affecting customers' purchase intentions [9]. At the same time, consumers choose to repeat their purchase of a single brand or switch between several brands due to the quality of the product [9]. This shows that product quality specifically impacts consumers' willingness to buy and brand loyalty.

Product price is an essential influencing factor in the purchasing and evaluating decisions of the average consumer. Through specific examples of analysis cited by Mirabi et al. in which consumers' perceptions of price influenced purchase decisions, they found that consumer satisfaction is directly affected by the perceived price of a product [10]. The average consumer will decide their purchase intention by comparing it with its price based on their perceived product value and the weight and satisfaction they receive. Khraim's analysis describes that product price strongly influences brand loyalty, affecting consumers' purchase intentions [9]. However, consumers with high brand loyalty are willing to pay high prices for their favorite brands, so they are more tolerant of price, and their purchase intention is not easily influenced by price [9].

Promotions can have a positive impact on consumers. According to Khraim's analysis, promotion as a critical element of marketing strategy is a way to encourage consumers to buy or sell products and services [9]. One of the promotion strategies is advertising, which is an essential tool for businesses to establish an emotional connection with customers, through which it helps to build ideas and perceptions in the minds of consumers, which leads to an emotional connection with brand advertising [10, 9]. Thus, when customers notice an advertisement and feel good about the brand,

they develop an attitude of expectation toward the brand, which increases the probability of a positive evaluation [10]. Secondly, merchants use discount promotions to make consumers perceive a reduction in monetary sacrifice and provide them with psychological and monetary benefits, thus increasing purchase intention and price attractiveness [11]. Therefore, promotions and advertisements can significantly influence consumers' attitudes toward products and brand image, thus influencing their purchasing behavior [9].

Consumers' purchase intentions are influenced by both the place of production of the product as well as the location of the sales environment. Scholars such as Linda D. Hollebeek, who revealed an exploration of the purchase intention of wine, mentioned that identifying the wine region on the wine label can charge a premium for that product's supply [12]. On the other hand, Khraim emphasizes that the store's selling environment and atmosphere influence the consumer's decision and even the consumer's loyalty to the brand to some extent [9]. The location and layout of the store, smell, noise, and other elements as product attributes are among the factors influencing consumer decisions [9]. In addition, if consumers feel satisfied with the store and the brand and the store location is convenient and easy to reach during their shopping process, they have the probability of becoming loyal customers [9]. Therefore, location is also one of the crucial factors influencing consumers' purchase intentions.

### 2.3. Summary

Most of the literature on skincare products is about the analysis report and application of the traditional market, as well as the research on the development and operation strategy of skin care brands. These kinds of literature are more marketing analysis of the traditional market and the need for understanding the new marketing model in the traffic era. Furthermore, with the arrival of the traffic era, the traditional market is gradually no longer the marketing focus of skincare brands. Then this research direction can focus on the design and innovation of skincare brand marketing and explore how they maintain their current brand status when the emerging online market gradually replaces the traditional market.

## 3. Method

### 3.1. Research Design

A qualitative approach to SWOT analysis was taken to address the question of how L'Occitane could adapt its marketing strategy in the age of streaming media. First, the qualitative approach is defined as using natural language for specific individuals, events, and contexts while using cases selected opportunistically or purposefully [13]. In addition to this, for qualitative investigations, the distinction between internal validity (causality of the study case) and external validity (causality inferred for a wider population) is significant [13]. It follows that a good strategy needs to ensure that the external forms (threats and opportunities) faced by the company are compatible with its internal qualities or characteristics (strengths and weaknesses), which can be satisfied using the SWOT method of analysis [14]. Secondly, the SWOT approach addresses strategic issues by examining the company and overlaying its diversity with generic solutions [14]. According to the data provided by Hill and Westbrook for the SWOT approach study, 20 out of 50 companies exploited SWOT in whole or in part [14]. It is clear that L'Occitane is a specific individual for this study and adjusts its marketing strategy to become a particular event to fit the context of the social media era. Further, L'Occitane needs to make adjustments based on its strengths, examine the external environment, and argue in a multifaceted and more profound way that a specific project strategy is correct and scientific.

## 3.2. L'Occitane Provence

L'Occitane Provence was founded in 1976 with a brand strategy to focus on the authenticity of its products. It is a French personal care brand with natural botanicals as its main ingredients, creating a range of products for body care, facial skincare, and perfume fragrances. The brand's founder, Olivier Baussan, wanted to share the beautiful and purely natural resources of his native Provence, South France, with people everywhere who love life and aspire to happiness through the brand's high quality of use [13]. The first L'Occitane retail store in the world was opened in 1980, and in 1996, L'Occitane's brand consultant reoriented the company's marketing strategy and has since led the brand to international markets [13]. L'Occitane entered the Chinese market in 2005 and was the first French company listed on the Main Board of the Hong Kong Stock Exchange on May 7, 2010. Nowadays, the brand has set up over 1,500 directly managed store counters in over 90 countries. With the popularity of the e-commerce market in China, L'Occitane entered the Tmall platform in 2014, marking a new marketing channel in the traffic media era. Based on the COVID-19 epidemic closure, L'Occitane implemented a local program to strengthen social platforms and e-commerce channels [1]. By increasing the exposure of brand ambassadors and KOLs, L'Occitane's online direct sales channel increased by 41.8%, compensating for some of the sales lost due to the epidemic closure [1].

## 3.3. SWOT Analysis

### 3.3.1. Strength

L'Occitane is a brand that has several strengths, including aspects of promotion and product. Firstly, L'Occitane has excellent promotion tools, as it has a strong presence on social media, and the management of its social media accounts helps it increase its positive word of mouth [15]. L'Occitane advertises its products on different social media platforms. For example, ads are placed on the opening screens of major apps to increase the exposure of their products. L'Occitane also has official brand accounts on different social media platforms, and this is how it controls public opinion about the brand on the internet. This has a moderate effect on increasing consumers' willingness to buy L'Occitane products, as they receive relatively positive feedback when gathering information about the products on the internet. On the other hand, L'Occitane is also a well-known international skincare brand with a high profile that has a strength in high-quality products [15]. Its products increase consumer loyalty and allow L'Occitane to compete well with other brands of skincare products. When people want to buy skincare products, L'Occitane is the first brand that comes to mind as having a guarantee of product quality, which moderately increases the purchase intentions of consumers to buy its products.

### 3.3.2. Weakness

The weakness of L'Occitane is its expensive product prices [15]. Compared to other cheaper brands of skincare products, such as Vaseline, L'Occitane's products are at least three times more expensive than these brands. This puts L'Occitane's products at a disadvantage when comparing the prices of different brands. These cheaper brands may have needed more funds to invite celebrity endorsements or advertising in the past. However, as social media becomes more and more developed, many key opinion leaders or regular consumers compare the price/performance ratio of different skincare products on the internet. This situation can significantly impact consumers' willingness to buy L'Occitane's products. This is because when people want to buy skincare products, they will prioritize products that are effective and have a low price tag to save money. In this case, the price of L'Occitane products would weaken consumers' purchase intentions significantly.

### 3.3.3. Opportunity

L'Occitane also has opportunities for promotion and placement in the market. With e-commerce and social media marketing becoming a new trend, it could be a suitable opportunity for L'Occitane to boost product sales if it can secure a high level of exposure and influence on different social media platforms in terms of promotion [12]. L'Occitane could invite different KOLs to review and recommend its products, thus increasing exposure and creating a positive image of its products. In addition, another opportunity for L'Occitane is in place, as the way people live and shop today has changed. Online shopping is becoming increasingly popular, and people prefer to shop from online platforms. There is also the fact that the live streaming of products through different internet celebrities or stars will also significantly increase the sales of the products. L'Occitane is able to promote its products a lot through live streaming and other forms. Its sales can also increase when its products are frequently featured in the live streaming rooms of some e-commerce companies and on the recommendation lists of web celebrities. This can substantially benefit consumers' purchase intentions because consumers are now getting used to learning information from and shopping online. Moreover, consumers would also take the KOL's suggestions for products. Because of that, if L'Occitane takes advantage of both the promotion and placement opportunities, it could go a long way toward stimulating consumers to buy its products.

### 3.3.4. Threaten

The L'Occitane brand has three primary sources of threats: price, promotion, and place.

The first is from Price. More often than not, price is the deciding factor in whether a consumer will buy the product. There are many, much cheaper products from rival brands. More often than not, price is the deciding factor in whether a consumer will buy the product. With the rise of e-commerce live streaming, many brands in the beauty industry have gained tremendous popularity in recent years by virtue of better marketing methods. Among them, similar products of some rival brands of L'Occitane have achieved high brand awareness and sales by virtue of their low prices, dramatically impacting the L'Occitane brand.

Second, promotion will significantly influence consumers' purchase of products. L'Occitane's current marketing strategy also has some improvements. At present, L'Occitane's network marketing market penetration rate is not high, and the age group of consumers is basically limited to the 18–30 age group. In order to realize actual national consumption, the brand needs to fundamentally change the concept and habits of consumers so that more age groups can realize the convenience and speed of we-media online shopping. At the same time, L'Occitane can also call on more people to pay attention to the skincare issue so that more consumers realize the importance of skincare and encourage more people to buy skin care products like L'Occitane online.

Finally, place is also an important part—of the severe impact of the epidemic. As the company's store network strategy changed from "upgrade and expansion" to "rationalization," the retail store development speed slowed down, and the number of stores decreased. On the other hand, the growth rate of the same store under the fixed exchange rate also declined significantly. In the fiscal year 2017, the growth rate of the same store was negative for the first time. According to the analysis of the company's annual report, the decline in the growth rate of the same store was mainly affected by the deterioration of the business environment in several key regions of the company.

## 4. Results & Discussion

Through the above SWOT analysis, this paper analyzed the advantages and disadvantages of the L'Occitane brand, which can be known as follows: Due to the influence of various factors, L'Occitane's marketing strategy under traffic guidance was not timely and effective, resulting in a

decline in price. The main disadvantage of L'Occitane brand promotion is that, compared with similar competitors, its relatively high price leads to its inferior position in the competition of similar products. However, it still has the following advantages. First of all, L'Occitane has an advantage in gross margin compared to the industry. As L'Occitane has a high proportion of direct sales and product revenue comes directly from end consumers, its gross profit rate is always high and on the rise; although L'Occitane is affected by some external factors in the field of sales, it has a good foundation. Secondly, L'Occitane has a large inventory backlog, and its supply chain control ability is more robust than its peers.

From the perspective of inventory turnover days, L'Occitane's level of about 250 days is obviously higher than that of its peers and is still on the rise as a whole, which is not unrelated to its high proportion of direct store operations. Due to its low percentage of resale goods and its exclusive distributor strategy in many countries, L'Occitane has robust control over downstream distributors. Therefore, L'Occitane also has a strong voice on the upstream and is an apparent chain leader in the supply chain.

In addition, the analysis above shows that, in product development, the above 4P-oriented marketing strategy boosts product promotion. Different marketing strategies have different degrees of impact on product sales.

Therefore, in view of the above problems, L'Occitane can expand the range of skin care products publicity, increase product exposure and execute product marketing publicity by paying more attention to the interests and preferences of target consumer groups. At the same time, it is also necessary to establish a good communication and interaction relationship with consumers to maintain customer stability, improve user stickiness, and utilize some major social media for traffic promotion in order to realize the purpose of sales growth.

Similar to the previous studies, in the marketing model with big data as the core, the collection and mining of customer data is the core of the operation of the big data marketing strategy, which genuinely realizes the basic marketing concept of being customer-oriented. The continuous dispersion of market power guides the development and application of intelligent customer-oriented analysis, intensifying marketing strategies' innovation and optimization. With the application and development of intelligent technology with artificial intelligence algorithms and big data analysis as the core, enterprises have more consumer dimensions. Therefore, L'Occitane must adjust its product marketing and publicity. The relevant advertising industry's operation process and design strategy will also gradually change and move from a single traditional market to a new traffic-led marketing model.

## 5. Conclusion

By analyzing the status quo of L'Occitane marketing strategy in the traffic era, this paper discovers that the brand's marketing strategy still needs to be revised, which fails to meet the needs of product brand marketing in the traffic era. Through marketing mix theory and SWOT theory, the advantages and threats of brand strategy are analyzed. This paper explores new ideas for L'Occitane's brand marketing strategy from four aspects: product, price, place, and promotion, and puts forward two main countermeasures: focusing on traffic promotion on social media platforms and expanding the scope of skin care publicity. The realization of these countermeasures will effectively help the sales growth of L'Occitane and similar skin care products. The development of the economy and technology will always change society and people's lives. The market environment is also constantly changing, and beauty brands and the skincare industry must keep up with the changes. With the advent of Internet technology and the traffic era, skin care awareness has been enhanced. Under the background of traffic guidance, the transformation of the skincare brand marketing model is an inevitable trend. Therefore, in order to quickly occupy market share in the rapidly changing market environment, the formulation and selection of marketing strategies for skincare brands require long-

term and flexible work. The exploration of marketing strategies for skin care products in this paper, taking L'Occitane as an example, is a tentative idea aiming to help skin care products like L'Occitane give full play to the brand's strategic advantages and combine with the characteristics of The Times. Increase the brands' influence in the marketplace. It is hoped that the ideas in this paper can have reference significance for the development and innovation of L'Occitane's brand marketing strategy and enable other relevant skincare brands to optimize their marketing strategies to make positive responses to the skin care market guided by traffic.

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