

Analyze the estee lauder essay

[Business](#), [Company](#)



Company Overview: The Estee Lauder Companies Inc. , ticker symbol EL, was founded in 1946. The company sells a variety of beauty and hair-care products and currently employs 31, 300 people. Over the course of its lifetime, the company has bought or merged with many famous beauty brands. Some of the more recognizable companies that are a part of the Estee Lauder family include: Clinique, Aramis, La Mer, Origins, Bumble and Bumble, Aveda, and Bobbi Brown.

In 2006, they were marketing their products to over 130 countries, and in September, they made agreements with the popular designers, Coach and Missoni, to create their fragrances. Also in 2006, Estee Lauder sold their makeup line, Stila, as it was not generating enough revenue. In 2007, they acquired Ojon, a popular Canadian hair-care company, but sold their Rodan + Field brands. Sales began growing tremendously in China and Russia and helped the company's overall sales grow nine percent from the previous year.

The company also announced that Fabrizio Freda, originally from Procter and Gamble, would become their future president and chief operating officer starting in 2008. In 2008, Estee Lauder hired Omnicom Media Group's M2M as their advertising agency in twelve different countries including places in Europe and Asia. During 2008 Estee Lauder also introduced their Time Zone Line and Wrinkle Reducing Moisturizers which were clinically proven to reduce the skin's visible age. The company also opened up a brand new facility in Ontario for manufacturing and development.

Situational Analysis: During the months of September, October, November, and December, Estee Lauder advertised the following products: Double Wear

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Lipstick, Advanced Night Repair, Double Wear Makeup SPF 10, Bold Volume Lifting Mascara, and Sensuous by Estee Lauder (perfume). The most popular items advertised were the Double Wear Lipstick, which ran three different magazine ads, and the Advanced Night Repair which was featured several times on the fourth cover page of magazines and in promotional company emails. Situational Analysis:

The features of the Double Wear line include the option to choose liquid or powder makeup, the ability to create desired coverage, and a wide range of shades for every skin type. The advantages of the Double Wear line are the twelve to fifteen hour staying power and that makeup is comfortable to wear and silky smooth to the touch. The benefits of the Double Wear line are that the products contain SPF-10 and once the makeup is applied, there is no need for touchups. The features of the Advanced Night Repair are that it prevents future aging damage from occurring and it reduces damage that has already been done to skin.

The advantages of the Advanced Night Repair include over twenty-five years of research behind the formula, Estee Lauder's exclusive ChronoluxTechnology, and it has over 20 patents worldwide- so you can't find it anywhere else. The benefits of Advanced Night Repair are the dramatic reduction in the visible signs of aging on the face. Estee Lauder sells a variety of beauty care products besides the ones that are advertised. They sell makeup for the face, eyes, and lips, along with tools such as makeup brushes, makeup remover, and nail polish.

They also sell many skincare products for different needs, such as firming, age-prevention, anti-wrinkle, moisturizers, and the evening out of skin tone.

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They also have a luxury line called Re-Nutriv that contains an assortment of makeup and skincare that contain real gemstones within their formulas. Estee Lauder also sells fragrances for men and women. Many gift sets that contain a mixture of skincare, perfume, and makeup are also offered for reduced prices. Estee Lauder's target market is defined by several categories, the broadest being females.

This is due to the fact that most of Estee Lauder's products are catered towards females. Since many of Estee Lauder's products involve anti-aging, their customer should be interested in preserving their youth; therefore, the target market age is a more mature woman, in her thirties or older. The income of these women can range from average to a high income, as the prices of their products range from \$20 to \$1000. Two consumer categories from VALS II that describe the Estee Lauder target market are Achievers and Actualizers. Achievers want premium products which Estee Lauder can offer them.

They like to try a variety of products, and even though they may brand hop, Estee Lauder knows they will come back due to their high quality products. Actualizers make the most money so Estee Lauder looks to them to buy their luxury line, ReNutriv, which can cost up to \$1000 for an 8.4 ounce jar of creme. The Actualizers also like technology, so the company tries to attract them by advertising the science behind their new formulas, such as the Chronolux Technology used in their Advanced Night Repair. Two Retail Target Markets that pertain to Estee Lauder's target market are Classic and Update.

Estee Lauder caters to the Classic Market's needs by offering exceptional service at their sales counters in specialty stores. The salespeople are very knowledgeable and are willing to help customers find their perfect makeup match or skincare problem solver. The Classic Market also does not care whether or not a product is on sale, which is a reason why Estee Lauder rarely puts items on sale and is able to charge more money for products. The Update Market is more fashion forward group who want to keep up with trends. Estee Lauder advertises mainly in women's fashion magazines in order to catch the attention of this market.

Since the Update Market favors shopping in department stores, Estee Lauder puts their sales counters in stores like Macys, and Lord and Taylor. They also put their counters up in more upscale department stores, such as Bergdorf Goodman and Nordstrom. One of Estee Lauder's competitors is Lancome, who is a part of the L'Oreal brand. Lancome offers similar products and services as Estee Lauder and at competing prices. Lancome even has an equivalent of Estee Lauder's Advanced Night Repair which is called Genifique. Both companies advertise mainly in the same magazines, and therefore have the same target market.

Lancome also has sales counters in the same department stores as Estee Lauder and the two are often located near each other. They also offer similar gift sets at reduced prices and have the same "free gift with purchase" sales promotions. Development of Creative Strategy: Estee Lauder's advertisements in magazines are usually two pages or are on the second and fourth cover pages. In American magazines, the advertisements are all bleed ads and their backgrounds are very dark colors, usually a navy blue or black.

For instance, the Double Wear Lipstick, Sensuous by Estee Lauder, and Double Wear Makeup SPF 10 ads all have a black background.

All of the Advanced Night Repair advertisements have a navy blue background and also have a picture of a DNA ladder behind the photograph of the product. However, in the November 2009 issue of U. K Cosmo, the company's advertisement for their Bold Volume Lifting Mascara has a golden yellow background. The product (Bold Volume Lifting Mascara) was also only advertised in the U. K issue. No other advertisements for the product could be found in an American magazine. The text on all of the makeup magazine ads is white. The headline, " Estee Lauder", is always in all capital letters and is either on the very top or very bottom of the ad.

The Double Wear Makeup ads always contain " Estee Lauder" (headline) on the bottom left page under the picture of the model. The text on the perfume ad for Sensuous was in purple, and was probably due to the fact that the shirt that the model was wearing was white. The headline of this ad was also in the middle of the page, which was very unusual compared to every other ad ran in this time frame. All the advertisements that contain a model seem to have the same one: a beautiful, skinny, pale-skinned, brunette with bright blue eyes and long, lightly wavy hair. This model is seen in every ad except for Advanced Night Repair.

The model is always located on the left page. She may also be on the right page, but there will always be a picture of her on the left page as well. This is seen in the Double Wear Lipstick ad where the left page is mainly taken up by the model's head and then the same model is also shown in profile which ps on to the right page. This same model also appears in email

advertisements from the company and is also featured in the Virtual Makeup Tool on the Estee Lauder website. No matter when or where the product was advertised, the graphics remained the same.

In the Advanced Night Repair ad, a large picture of the serum is splashed across the page. In the Double Wear Lipstick ad, five lipsticks in various shades are in the bottom right corner. In the Sensuous ad, the eye is first drawn to the model, who takes up the entire page. The perfume bottom is located in the bottom right corner and is not instantly noticeable. In the Bold Volume Lifting Mascara ad, there are four mascara tubes and one brush located in the bottom right corner. The Double Wear Makeup SPF-10 ad contains pictures of a compact filled with pressed powder, and two liquid foundations again located in the bottom right corner.

The Double Wear Lipstick line ran three different ads during this time period. The three ads were exactly the same except the sub-headlines and amplifications were different. In the September and October ads, the sub-headline read " 12-Hour Staying Power. New Double Wear Lipstick". In the December advertisement, the sub-headline read, " Double the Wear, Double the Color. New Double Wear Lipstick". There was only one difference between the amplification in the September and October advertisements. This difference was that only in October was the price of the lipstick shown.

The amplification for it read, "\$22. 00 suggested retail price". The December ad's amplification was completely different from the prior two, but still mentioned the same features, advantages, and benefits. All of these ads had the same action to take which was " shop now at esteelauder. com". There is not much white space on these ads. The most noticeable white space would

be on the back page of the Sensuous ad. The headline, Estee Lauder, is at the top in a large font. At the very bottom of the ad is a picture of the Sensuous gift box that takes up the bottom forty percent of the page.

In the middle of this ad, the sub-headline, " Wrap her in warmth and luxury. Seductive Destination 82. 50, Worth over 120. 00", is centered and there is a great deal of white space around it, which allows the eye to focus on it. The objectives of the ad campaigns were to be informative and persuasive. Because both the Advanced Night Repair and the Double Wear Lipstick were new products, Estee Lauder wanted to make sure people knew about them. These were the two products they pushed the most in this time frame. Both products' ads had more text than some of their older products in order to explain their features more clearly.

Advanced Night Repair's ad dedicated most of its space to several paragraphs explaining how the serum fixes damage caused by the environment and a person's genes. By being informative, Estee Lauder was able to teach people about their new products which then helped persuade them to buy them. They explained how they were the only people to have this new technology and how even scientists agree that their product works best. The execution style the ads used were slice of life, lifestyle, and scientific evidence. Slice of life is used in the Advanced Night Repair ad when it says " For every woman, every night".

The product is supposed to be used nightly to reduce the signs of aging, so they stick that phrase directly into the advertisement to let people know that this is a product used in everyday life. The Double Wear Makeup SPF- 10 ad also uses slice of life in their ads. They read " whether it's a workday, a
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workout, or a weekend there's a Double Wear formula to keep up with your active day" which also shows that this makeup is perfect for every day, no matter what may be on the customer's agenda. Lifestyle is also seen throughout all of these ads. Sensuous speaks to a male audience and tells them to " Wrap her in warmth and luxury".

Estee Lauder tries to show that the perfume is meant to make a woman feel luxurious and special when she wears it, and that it will enhance her mood. The Double Wear Lipstick enhances a woman's life by making her life a little easier by not having to worry about the staying power of her makeup. They say " glide it on once and don't think twice", showing women that there is no need for touchups with this lipstick. Advanced Night Repair boasts that their product reduces the signs of aging due to " past damage caused by every major environmental assault" and will help prevent future damage.

Scientific Evidence is also seen in the Advanced Night Repair ad. The ad says right away that scientists believe that DNA damage ages our skin too fast and that this product contains twenty five years of " ground breaking DNA research" and the newly patented Chronolux Technology which helps reduce the effects of aging. They then say " its tomorrow's technology- today", trying to make the product seem futuristic and more technologically advanced than any other serum out on the market. Scientific Evidence is also seen in the Bold Volume Lifting Mascara advertisement.

The ad talks about their exclusive " BrushComber" that " gives you all the thickening of a brush with the definition of a comb". All of these ads contain at least one of these execution styles. These styles tie into the advertising objectives for informing and persuading consumers. The scientific evidence

informs potential buyers of the new technology that only Estee Lauder has, while the lifestyle and slice of life execution styles try to persuade them to buy the products due to enhancements they will make in a customer's everyday life. Media Analysis:

The media vehicles that Estee Lauder used to advertise were the magazines, Elle, Cosmopolitan, Cosmopolitan U. K, Self, Vogue, Instyle, People, and Glamour. They were also featured on department store websites, such as Macys. com and Nordstrom. com. Estee Lauder also sent out promotional company emails every couple of days to people on their mailing list. The reach for Elle Magazine is 1, 105, 456 customers. Estee Lauder ran their Double Wear Lipstick ad which consisted of two full page, colored bleed ads. The asking price for a colored, one page bleed ad during December is \$138, 175.

Because they used two pages, the total cost of the ad was \$276, 350. The CPM of this ad was \$249. 99. Elle Magazine is issued monthly, giving the advertisement a one month shelf-life. Estee Lauder also needed to order space in the magazine to advertise at least two months in advance, giving their ad a long lead time. Elle also has a high clutter due to the large amount of advertisements it contains, making it harder for Estee Lauder to impact their customers. The reach for Cosmopolitan magazine is 2, 907, 436 customers.

Estee Lauder ran their Sensuous by Estee Lauder ad and their Double Wear Lipstick ad in Cosmopolitan. The asking price for a one page color ad is \$215, 900. Both of Estee Lauder's ads were bleed ads, which costs 15% more, making them, \$248, 285. Estee Lauder also used two pages for their ads, <https://assignbuster.com/analyze-the-estee-lauder-essay/>

and added a scent sample (prices not listed for additional insert), making the total price \$496, 570 per ad. The CPM of each of these ads was \$170. 79. Estee Lauder needed to pay for their advertisements at least one month in advance, giving their ad a lead time of one month or longer.

Cosmopolitan is a magazine that is issued monthly, so the shelf-life is also one month. Cosmopolitan is also mainly comprised of advertisements, so there is high clutter and low frequency. The reach for Self magazine is 1, 516, 075 customers. Estee Lauder advertised their Double Wear Makeup SPF-10 on the second cover page and the third page of the magazine. The asking price for the second cover page is \$200, 123. The full color bleed ad on the third page cost \$97, 100. The total price for this advertisement was \$297, 223. The CPM of this ad was \$196. 05.

Self is published monthly, giving the ad a one month shelf life. There is high clutter due to the large amount of ads in the magazine. The reach for Vogue is 1, 298, 480 customers. Estee Lauder ran several different ads with this magazine. They used the fourth cover page in October 2009 for an Advanced Night Repair ad. The asking price for the fourth cover page was \$188, 922. The CPM for this ad was \$145. 49. Estee Lauder also ran their Double Wear Lipstick ad and their Advanced Night Repair ad which were both two page, color, bleed ads, which cost \$302, 266. The CPM for these ads was \$232. 8 each. Vogue is also issued monthly, giving the ad a one month shelf-life. Vogue, like Cosmopolitan, is also mainly comprised of advertisements, creating high clutter. The reach for Instyle magazine is 1, 738, 787 customers. Estee Lauder ran their Advanced Night Repair ad on their fourth cover page. The asking price for the fourth cover page was \$201, 800,

making the CPM of this ad \$116.06. Instyle magazine is published monthly, giving the advertisement a one month shelf-life and there is high clutter due to the large amount of advertisements within the magazine.

The reach for People Magazine is 3,615,858 customers. Estee Lauder ran a one page color bleed ad in the September 28 issue. The cost for a one page color bleed ad was \$266,780. The CPM for this ad was \$73.78. People is published weekly, giving the advertisement a shelf-life of one week. Estee Lauder had to send in their printing materials about twenty six days before the publish date, creating a lead time of about 26 days. The reach for Glamour magazine is 2,389,915 customers. Estee Lauder ran their Advanced Night Repair ad which was a two page colored bleed ad.

The cost of a full page color bleed ad was \$200,491. The total cost for this ad was \$400,982, making the CPM for this ad \$167.78. Glamour is published monthly, giving the advertisement a shelf-life of one month. Estee Lauder had to send their ads in at least a month and a half before the publishing date, giving the advertisement a lead time of a month and a half or longer. Estee Lauder also sent out many promotional emails throughout the course of this time frame. These emails, however, were only for people who entered their names on a mailing list on the company's website.

There was no clutter in these emails as they were directly from the company and only pertained to their products. These emails were sent out every few days, giving them a shorter shelf-life than magazine ads. Estee Lauder actively used sales promotions to sell products. They often offered free gifts with purchases over a certain amount. For example, in September, Macy's offered a free gift bag filled with makeup with any Estee Lauder purchase of

\$29. 50 or more. This gift was advertised by Estee Lauder in the September 28 issue of People Magazine.

Within this gift bag was a deluxe sample of Advanced Night Repair and two Double Wear Lipsticks, which were popular products advertised by the company during this time period. Nordstrom also offered free gifts with any \$39. 50 Estee Lauder purchase in October. Customers had a choice of four bags filled with goodies that either lifted, reduced, toned, or prevented aging. This gift bag was valued at \$125. In their own promotional emails, Estee Lauder also advertised free shipping on their website with purchases over \$50. They also gave three free samples of the customer's choice with any purchase.

During November, Estee Lauder had a free gift bag with purchase of \$39. 50 that was also valued at \$125. Customers were also able to choose their own skincare and makeup shades for their gift. Once this promotion was over, they moved on to their Color Spectacular Promotion. With any Estee Lauder fragrance purchase, customers were able to buy the Estee Lauder Color Spectacular Cosmetic Traveler for only \$55. This Traveler contains twenty five shades of eye shadows and blushes, mascaras, eyeliners, lipsticks, brushes, a travel mirror, and two cases, making it worth over \$340.

This promotion started on November 16th on Estee Lauder's website. The promotion started being offered at Macy's on November 20th. This promotion is still currently in progress. Financial Overview: During the past three years, Estee Lauder's total sales have risen by over one billion dollars. The total sales increased from \$6, 463, 800, 000 in 2006 to \$7, 910, 800, 000 in 2008. Their net income has also increased dramatically. Three years

ago, their net income was \$244, 200, 000. Last year, their net income rose to \$473, 800, 000. Conclusion: No evidence of pre-testing or post-testing has been found in research for Estee Lauder.

Estee Lauder has been working on both market penetration and production development. Their older skincare and makeup products have done extremely well in the past three years and their sales continue to grow at a steady rate. They have also introduced new skin care products as a part of their product development which will also have a dramatic effect on their sales. Although the United States and the Americas has continuously been the number one country in terms of sales, Estee Lauder has been focusing more on increasing their market shares in the Asia-Pacific region.

This is due to the down turn in the economy that has been happening over the past two years in the United States. They hope in the future that this area will soon become the number one buyer for their products. References Colbert, C. (2009). The estee lauder companies inc. Retrieved November 28, 2009 from Hoover's. Cosmopolitan. (2009). Consumer media advertising source. Retrieved November 28, 2009 from SRDS Media Solutions. Datamonitor. (2009, March 13). The estee lauder companies inc. Retrieved November 28, 2009 from Business Source Complete.

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