



**THE MARKETING STRATEGY OF INOHERB IN  
SHANDONG CHINA UNDER THE BACKGROUND OF BIG  
DATA**

**LIANG XIAOPING**

**6317195828AN INDEPENDENT STUDY SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF**

**MASTER OF BUSINESS ADMINISTRATION  
GRADUATE SCHOOL OF BUSINESS  
SIAM UNIVERSITY**

**2023**




**THE MARKETING STRATEGY OF INOHERB IN  
SHANDONG CHINA UNDER THE BACKGROUND OF BIG  
DATA**

**LIANG XIAOPING**

This Independent Study has been approved as a Partial Fulfillment of the Requirement  
for the Degree of Master of Business Administration (International Program)

Advisor: .....  
(Dr. Jidapa Chollathanratanapong)

Date: .....23...../.....May...../.....2024

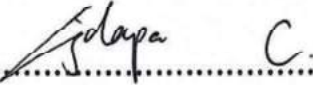
  
.....  
(Associate Professor Dr. Jomphong Mongkhonvanit)  
Dean, Graduate School of Business Administration

Date: .....28...../.....05...../.....2024

## ABSTRACT

**Title:** The Marketing Strategy of Inoherb in Shandong China under the Background of Big Data  
**By:** Liang Xiaoping  
**Degree:** Master of Business Administration  
**Major:** International Business Management

**Advisor:**



(Dr. Jidapa Chollathanratanapong)

23 / May / 2024

Based on the STP analysis, this study aimed to deeply explore the past situation of Inoherb's entry into China's Shandong market and make corresponding marketing suggestions through a comprehensive analysis of the market environment, brand strategy, and target market. The two objectives of this study were: 1) To explore the current situation of Inoherb in Shandong, China; and 2) To provide suggestions for Inoherb's marketing in Shandong, China based on the STP theory.

This paper adopted the documentary research method, combining three data sources for the STP marketing analysis: Inoherb's past annual report big data analysis and market research report, consumer survey feedback, and related literature review. A comprehensive and in-depth study of Inoherb's past strategic decisions and feasible marketing strategies in the Shandong market were analyzed.

The findings of this study were: 1) Inoherb faced a complex and diverse competitive environment in the past Shandong market in China. Market share was challenged by local and international brands, and consumer demand for beauty products was diversifying. Under the past market landscape, Inoherb's brand awareness in Shandong was relatively low and needed to be improved in the minds of target consumers; 2) Inoherb needed to adjust its strategy and work on meeting the needs of different consumer groups more precisely. Target market selection and brand positioning still needed to be optimized to better meet the diversified needs of the Shandong market. This study proposed marketing recommendations to strengthen past

brand promotion, pinpoint target consumers, adjust the product mix to meet local needs, expand past sales channels, and strengthen cooperation with partners.

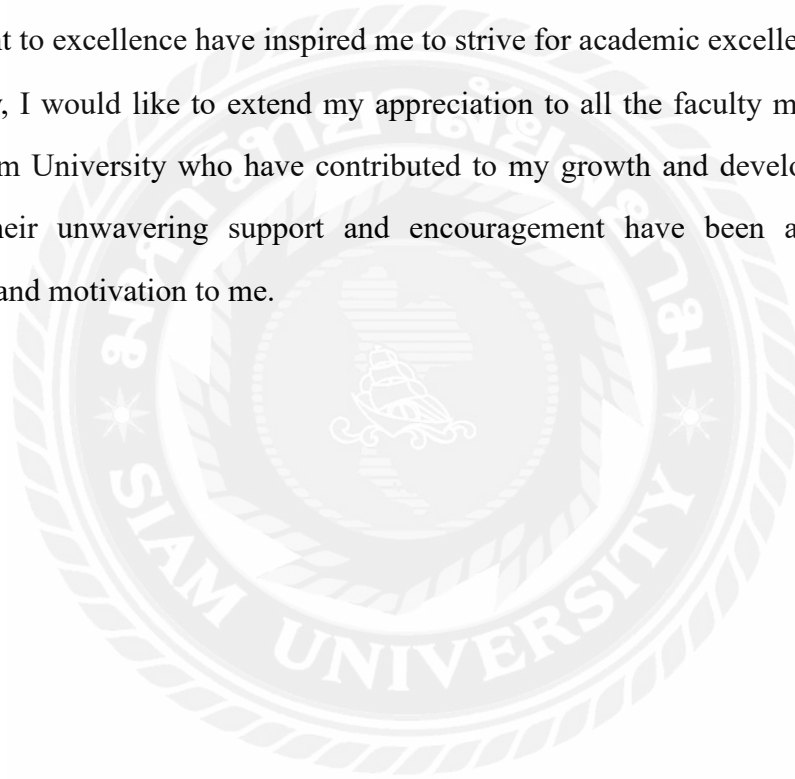
**Keywords:** beauty market Brands; STP Theory of Marketing; big data



## ACKNOWLEDGEMENT

I would like to express my deepest gratitude to my advisor, for his invaluable guidance, support, and encouragement throughout my independent study. His insightful comments and constructive criticism have significantly improved the quality of my work. Additionally, I am grateful to Associate Professor Dr. Jomphong Mongkhonvanit, Dean, of the Graduate School of Business, for his support and encouragement throughout my studies. His dedication to the graduate program and commitment to excellence have inspired me to strive for academic excellence.

Finally, I would like to extend my appreciation to all the faculty members and staff of Siam University who have contributed to my growth and development as a student. Their unwavering support and encouragement have been a source of inspiration and motivation to me.



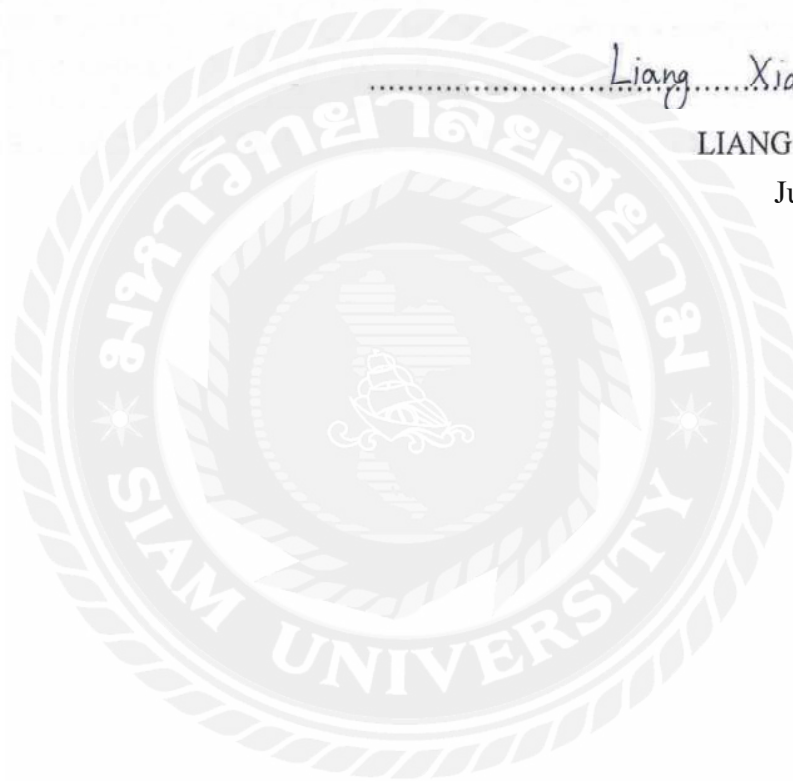
## Declaration

I, *LIANG XIAOPING*, hereby certify that the work embodied in this independent study entitled “*The Marketing Strategy of Inoherb in Shandong China under the Background of Big Data*” is the result of original research and has not been submitted for a higher degree to any other university or institution.

.....Liang.....Xiaoping.....

LIANG XIAOPING

June 26,2023



# CONTENTS

ABSTRACT .....	i
ACKNOWLEDGEMENT .....	iii
Declaration.....	iv
CONTENTS .....	v
Chapter 1 Introduction.....	1
1.1 Background of the Study.....	1
1.2 Questions of the Study .....	3
1.3 Objectives of the Study .....	4
1.4 Significance of the Study .....	4
1.4.1 Theoretical Significance.....	5
1.4.2 Practical Significance.....	5
1.5 Limitations of the Study .....	6
1.6 Scope of the Study.....	6
Chapter 2 Literature Review.....	8
2.1 Introduction .....	8
2.2 Beauty Market Brands.....	8
2.3 Inoherb.....	9
2.4 STP Theory of Marketing.....	10
2.5 Big Data Marketing Background .....	11
Chapter 3 Research Methodology .....	12
3.1 Introduction .....	12
3.2 Sources of Data .....	12
3.3 STP Analysis Process.....	13
3.3.1 Market Segmentating .....	13
3.3.2 Market Targeting .....	14
3.3.3 Market Positioning .....	14
3.3.4 Implementation and Monitoring.....	14
3.4 Research Design .....	15
3.5 Data Collection.....	15
Chapter 4 Findings.....	17
4.1 Introduction .....	17
4.2 Inoherb's Current Situation in Shandong, China.....	17
4.2 Suggestions for Inoherb Marketing Based on STP Theory in Shandong, China. .....	19

Chapter 5 Conclusion and Recommendation .....	22
5.1 Conclusion.....	22
5.2 Recommendation.....	23
5.2.1 Channel Expansion Helps Brand Promotion and Marketing .....	23
5.2.2 Enhanced Services to Help Product Optimization and Innovation.....	23
5.2.3 Proposing Risk-enabling Strategies for Sustainable Development.....	24
References .....	25





# Chapter 1 Introduction

## 1.1 Background of the Study

Consumer habits in China have undergone a transformative shift alongside economic development, with the female demographic emerging as a pivotal force exhibiting distinct consumption trends under various female personality labels such as "goddess," "independent woman," and "hot mom." These labels give rise to diverse consumer demands. The increasing independence of women's consciousness, evolving from material independence to spiritual independence, has led to the pursuit of individual personality, thereby releasing the multifaceted nature of consumption (Huang, 2019). Adolescent girls utilize beauty products to signify their entry into the adult world, professional women employ refined makeup to delineate their career attributes, and middle-aged women anticipate skincare products to help maintain youthfulness. The female aspiration for beauty indicates that the cosmetics industry will likely continue to thrive for an extended period.

In the context of this evolving landscape, local Chinese beauty brands are experiencing a robust ascent. Historically, the influx of foreign brands into the Chinese market during the 1990s left domestic cosmetic brands struggling, with Japanese, Korean, and Western brands dominating the market. However, since 2013, foreign cosmetic brands in China have experienced negative growth in market share, with three domestic brands entering the top ten by 2017 (Huang, 2019). The higher cost-effectiveness and differentiated positioning of local brands have gained favor among Chinese consumers, leading to a shift in market dynamics. Against this industry backdrop, an increasing number of domestic companies are entering the cosmetics market, and some are strategically transforming to capture a share of the market. Inoherb is a noteworthy example.

Established in 2000, Inoherb boasts a history of over 20 years, significantly surpassing the average lifespan of Chinese private enterprises (Wang & Wu, 2018). Over this period, Inoherb has navigated both adversity and success within the lingerie

industry. The arrival of the Internet era provided new avenues for Inoherb's growth, leading to strategic reforms such as eliminating intermediaries, platforming brand value, and pursuing an omnichannel "new retail" approach (Wang & Wu, 2018). Despite these changes, the mature state of the lingerie industry in China has compressed profit margins, making it challenging for Inoherb to achieve breakthroughs in this market.

In 2018, following comprehensive research and analysis of the beauty industry's supply chain, products, channels, and profit margins, Inoherb decided to venture into the beauty market. Leveraging its existing online and offline platforms, sales channels, and experience in creating "hot-selling" products, Inoherb aimed to gain a competitive advantage in the beauty industry. However, Inoherb faced challenges due to a lack of experience in marketing beauty products (Li & Zhang, 2020). Despite formulating relevant marketing plans, various factors hindered the swift implementation of these plans, and Inoherb encountered difficulties in market positioning, product design, promotional channels, and other aspects.

The beauty industry, maturing alongside advancements in Internet technology, has witnessed a marketing revolution. The mining and analysis of industry data, platform data, and user data enable enterprises to quickly identify the demand points of their target consumer groups, thereby providing products and services that better meet consumer expectations (Chen & Wu, 2016). Researching Inoherb's marketing strategy in the beauty market under the backdrop of big data and proposing solutions will help the company address its current challenges and better achieve its strategic transformation.

In the rapidly evolving landscape of the beauty industry, Inoherb's strategic decision to enter the Shandong market in China has garnered significant attention, particularly within the context of the widespread influence of big data. The beauty market in China has undergone substantial growth, driven by shifts in consumer preferences, increased disposable income, and heightened awareness of skincare and cosmetic products. Shandong, as one of China's populous and economically influential provinces, presents a promising market for Inoherb's expansion.

The increasing importance of incorporating big data into corporate decision-making has become a key factor in gaining a competitive advantage (Smith, 2014). Big data analytics provides valuable insights into consumer behavior, market trends, and effective marketing channels. Inoherb's strategic choice to integrate big data into its marketing approach signifies a commitment to understanding and meeting the specific needs and preferences of the local consumer base.

The beauty industry's dynamism and trend-driven nature demand companies to adapt swiftly to changing market demands. Big data analytics enables real-time analysis of vast datasets, supporting data-driven decision-making (Davenport & Harris, 2007). Inoherb's incorporation of big data indicates a dedication to remaining agile, staying attuned to the evolving beauty industry, and ensuring brand alignment with the diverse preferences of Shandong consumers.

Furthermore, the unique cultural and economic characteristics of Shandong necessitate a nuanced marketing approach. Big data analytics empowers Inoherb to gain insights into regional preferences, cultural nuances, and economic dynamics, facilitating the customization of marketing campaigns for maximum impact (Kotler & Armstrong, 2017). Research on Inoherb's marketing strategy in the Shandong market under the influence of big data aims to unravel the complexities of this integration, exploring how data-driven insights contribute to effective market penetration (Brynjolfsson & McAfee, 2014) and sustained success in the highly competitive beauty industry.

## **1.2 Questions of the Study**

This paper is based on the current situation of Inoherb in the Shandong region of China. The study will investigate the current situation of the company including market share, sales performance, and brand awareness to gain insight into its competitive position in the market. With an in-depth understanding of the company's situation, the research will put forward practical suggestions to optimize the marketing strategy of Inoherb in the Shandong region. These recommendations will focus on optimizing market segmentation, identifying untapped opportunities, and enhancing the

competitiveness of the Inoherb brand, ultimately contributing to its strategic success in the Shandong market.

1. What is the current situation of Inoherb in Shandong, China?
2. What are the suggestions to provide for Inoherb marketing in Shandong, China, according to the STP Theory of Marketing?

### **1.3 Objectives of the Study**

The main research objectives of this study are to investigate the company's market share, sales performance, and brand awareness in the Shandong market. The study aims to analyze the current opportunities and challenges faced by the company in the Shandong market, exploring the company's market segmentation strategy and understanding the depth of consumer insight and satisfaction. Additionally, the research delves into how the company selects its target market and implements a brand differentiation positioning strategy within the target market. Furthermore, the study provides recommendations to optimize market segmentation, uncover untapped market opportunities, and clearly define the target market. Practical operational advice is offered. The study recommends optimizing the brand's differentiation strategy in the Shandong market to enhance market attractiveness and competitive advantage. The specific objectives are as follows:

1. To explore the current situation of Inoherb in Shandong, China.
2. To provide suggestions for Inoherb marketing based on the STP theory in Shandong, China.

### **1.4 Significance of the Study**

The significance of this study lies in its potential to deepen our understanding of Inoherb's position in the Shandong market, thereby contributing valuable insights to the fields of marketing and business strategy. By investigating the current market share, sales performance, and brand awareness of Inoherb in Shandong, the study aims to provide a comprehensive analysis that can inform decision-making processes for the company. The findings of this study may guide Inoherb in optimizing its marketing strategies, refining market segmentation, and identifying untapped opportunities in the

Shandong region. These practical implications can enhance Inoherb's competitiveness, potentially leading to more effective market penetration and strategic success. This study may contribute to the existing literature on market analysis, segmentation strategies, and brand positioning, offering insights that can be valuable to both academics and practitioners. The results may also guide future research endeavors in similar domains, fostering a continuous advancement of knowledge in the field. The significance of this study lies in its potential to provide actionable insights into Inoherb's marketing strategies, contribute to academic literature, and inspire further research in the realms of market analysis and business strategy.

#### **1.4.1 Theoretical Significance**

This study holds theoretical significance as it aims to contribute to the existing knowledge base in marketing and business strategy, particularly in the context of Inoherb's operations in the Shandong market. By exploring market dynamics, segmentation strategies, and brand positioning, the research seeks to advance theoretical frameworks related to these concepts. Additionally, the study may provide empirical evidence that either supports or challenges established theories in market analysis and brand management, fostering theoretical discussions within the academic community.

#### **1.4.2 Practical Significance**

The practical significance of this study is evident in its potential to directly impact Inoherb's decision-making processes and marketing strategies in the Shandong region. The findings may offer actionable insights for optimizing market segmentation, refining brand positioning, and identifying untapped opportunities. For Inoherb, these practical implications can translate into enhanced competitiveness, improved market penetration, and strategic success. Moreover, the study may have broader applications for businesses operating in competitive markets, guiding professionals and decision-makers in refining their marketing approaches.

This research strives to strike a balance between theoretical and practical significance, ensuring that it not only contributes to academic discussions but also

provides actionable guidance for companies like Inoherb to navigate and excel in real-world business environments, specifically in the dynamic landscape of the Shandong market.

### **1.5 Limitations of the Study**

Despite the comprehensive nature of this study on Inoherb's market entry into the beauty market in Shandong, China, certain limitations should be acknowledged. The geographical focus specifically on Shandong may restrict the generalizability of findings to broader markets. The study heavily relies on data provided by Inoherb, and limitations in data access or potential biases in company-provided information may impact the depth of the analysis. Temporal constraints may limit the study's ability to capture long-term trends, potentially offering a snapshot rather than a holistic view. The dynamic nature of consumer preferences in the beauty market and rapid changes in market conditions could present challenges in fully encapsulating the market dynamics. Methodological challenges, confidentiality concerns, and potential strategic omissions by Inoherb may also influence the study's comprehensiveness. External factors beyond the study's scope, such as regulatory changes or unforeseen market disruptions, could impact the applicability of recommendations. Cultural and language nuances may introduce limitations in accurately interpreting certain data points. Additionally, the study may not provide an exhaustive analysis of all facets of Inoherb's operations, potentially overlooking certain internal factors influencing the company's performance. Recognizing these limitations is crucial for maintaining the study's integrity and providing a realistic context for interpreting its findings and recommendations.

### **1.6 Scope of the Study**

This study focuses on examining Inoherb's strategic entry into the beauty market in Shandong, China, with a specific emphasis on the marketing strategies employed. The scope encompasses an in-depth analysis of Inoherb's current market standing, including market share, sales performance, and brand awareness in the Shandong region. The study will explore the Segmentation, Targeting, and Positioning (STP) strategies adopted by Inoherb, aiming to understand how the company divides its

market, selects target segments, and positions its brand within the unique context of Shandong.

The geographic scope is concentrated on Shandong, providing a localized perspective on Inoherb's endeavors in this specific market. The study will also consider the broader beauty industry landscape in Shandong, examining market trends, consumer behaviors, and potential competitors.



# Chapter 2 Literature Review

## 2.1 Introduction

Previous research has extensively and deeply explored the market trends, brand positioning, and marketing strategies of the cosmetics industry (Lyer et al., 2019). Especially in the context of the big data era, researchers have begun to pay attention to the application of big data in the beauty industry to optimize market positioning, personalized marketing, and product innovation. However, in the Chinese market, especially in local markets such as Shandong, the rise of local brands and the practical application of big data in the beauty industry are still relatively novel topics. In this context, understanding Inoherb's strategic choices and its market performance in the big data era has become particularly important (Yoon & Joung, 2020).

To better understand Inoherb's market entry strategy, this article will review past research achievements in related fields, including but not limited to market trends in the beauty industry, brand building, and the application of big data in marketing. Through a comprehensive analysis of these studies, this paper can provide a more comprehensive and in-depth understanding of Inoherb's development in the beauty market in Shandong, China.

## 2.2 Beauty Market Brands

In the past two years, the cosmetics industry has emerged suddenly amid the global economic downturn (Afshan et al., 2021), and the Chinese cosmetics market has the growth rate is significantly higher than the world average (Yang et al., 2022). Cosmetics have become popular on store platforms, and micro-businessmen compete to recommend and purchase on behalf of others.

Actively stock up on popular products that internet celebrity bloggers are selling. In the first quarter of 2019 alone, the domestic cosmetics market the retail sales of the market have reached 96.2 billion yuan (Wang, 2021). Behind such huge data is the phenomenon of huge profits in the cosmetics industry. Data shows that the average profit margin of the cosmetics industry is 15%, while the profit margin of companies



with good operating conditions can reach 20%, leading the entire industry. Driven by the market environment and profit margins, many companies have joined the cosmetics market.

Against the background of the boom in the cosmetics industry, domestic cosmetics brands have also ushered in a warm spring in the market. Since 2014, the market shares of Shanghai Shangmei, Pechoin, and Jialan Group have shown a clear growth trend. In 2017, the market shares of the three domestic cosmetics brands reached 6.58%, 5.82%, and 5.57% respectively, successfully competing among Japanese, Korean, and It stands out among European and American cosmetics and occupies the top ten positions (Sala-i-Martin et al., 2013). The rise of this domestic cosmetics brand has also applauded many domestic companies.

### **2.3 Inoherb**

Three thousand years of extensive and profound Chinese medicine culture has accumulated solid theory and rich practice. Classics such as the Huangdi Neijing, Shennong's Materia Medica, and Compendium of Materia Medica are precious treasures of traditional Chinese medicine culture. Various methods of traditional Chinese medicine beauty treatments have been repeatedly used, selected, and improved day by day, providing effective natural medicines and methods for modern Chinese medicine beauty treatments and world beauty theories. The profound wisdom of herbal medicine is the source of the "beauty of health" advocated by Xiangyi Herbal Medicine (Ostapenko, 2015).

The founder, Feng Shuai, was born into a medical family. His maternal grandfather, Yang Jitian, was General Feng Yuxiang's healthcare physician and founded the "Huai Hospital" at the foot of Mount Tai. The sentiment of "giving medical treatment to everyone with or without money" is famous far and wide. Originating from family influence and inheritance, the "Xiangyi Herbal" brand was founded in 2000, focusing on the development of herbal skin care products (Liu et al., 2016).

## 2.4 STP Theory of Marketing

STP is the three elements of marketing strategy in marketing science. In modern marketing theory, the three elements are (Market Segmenting), (Market Targeting), and (Market Positioning), which constitute the three elements of STP marketing strategy and are called STP marketing (Thomas & George, 2021).

Market segmentation: Enterprises understand consumer needs, consumption behavior and consumption habits through market research, and divide consumers into several groups. Each group represents a market segment, and the consumption in this market segment have similar needs or habits. Market segmentation helps companies formulate corresponding marketing strategies for specific market segments, concentrate resource investment, and also provide support for developing new markets (Ezeh, 2017).

Targeting: Different consumer groups can be distinguished through market segmentation. Enterprises select one or several specific groups that can meet their needs based on their own product and service characteristics. These consumer groups are called target markets. It is impossible for any enterprise to use all its resources to meet the needs of the entire market. Only by finding a target market that meets the constraints of the enterprise's human resources, funds, strategies, etc. can it strive for the greatest benefits for the enterprise (Lynn, 2012).

Market Positioning: It means that after evaluating the characteristics of similar products in the same industry, the enterprise will create a distinctive and unique brand image in the mind of the customers, which can bring a deep impression to the customers and make the product image vividly and distinctly conveyed to the customers, and leave a unique impression in the mind of the customers. The essence of market positioning is to enable the enterprise to find its own position in the market, to distinguish itself from other competing enterprises in the same industry, so that the enterprise can obtain users with the enterprise's brand loyalty (Lopatovska, 2015).

## 2.5 Big Data Marketing Background

From the perspective of big data, the revolutionary idea and implementation form of traditional marketing mix theory is analyzed and the approach to establishing innovative strategies of marketing mix patterns under a big data background is studied (Zhang et al., 2017). Unfortunately, the almost universal adoption of this approach has blinded marketing scholars to a viable alternative: the empirical-then-theoretical (EtT) approach, which suggests theories based on observed empirical regularities (Lukosius et al., 2018). An (2020) presents an active exploration of big data as the core marketing model for classified information websites. Based on modern marketing concepts introduces the concepts and characteristics of precision marketing and customer segmentation theory (Wang et al., 2020). Building on affordance theory, the authors develop a novel, conceptually rigorous, and practice-oriented framework for the impact of big data investments on service innovation and performance (Luca et. al., 2020). Xiang et al. (2020) propose a two-stage remanufacturing CLSC dynamic model consisting of a manufacturer, an IRP, and a supplier based on differential game theory. Given big data theory, business model theory and business model wheel structure theory in the big data era make concrete construction from four levels: consumers, market supply, enterprises, and profit model (Liu, 2021). Bag et al. (2021) examine the effect of big data-powered artificial intelligence on customer knowledge creation, user knowledge creation, and external market knowledge creation to better understand its impact on B2B marketing rational decision-making to influence firm performance. An in-depth study and analysis of the precision marketing approach are carried out by building an IoT cloud platform and then using the technology of big data information mining (Li, 2022). Reviewing the theory of emotional marketing and related research focus on the different emotional ties between CSR and consumers and their different effects on consumers (Shao et al., 2022).

## Chapter 3 Research Methodology

### 3.1 Introduction

To deeply explore the marketing strategy of Inoherb Company in the beauty market of Shandong, China, this paper adopted the documentary research method and STP analysis method to comprehensively and systematically reveal the decision and practice of Inoherb Company to enter the beauty market in the era of big data. The literature review also provided knowledge in related fields. This study delved into academic research on market trends, brand building, and the application of big data in marketing in the beauty industry. Through a comprehensive analysis of past studies, this study provided insights into understanding Inoherb's strategic choices in the beauty market. This approach helps to establish the research framework and provide a theoretical foundation for subsequent STP analysis. The strategic tools commonly used in marketing include three steps: market Segmentation, Targeting, and Brand Positioning. At the same time, this study analyzed Inoherb's market segmentation strategy in the Shandong beauty market, explored the selection process of the target market, and revealed the brand positioning in the market.

### 3.2 Sources of Data

This study mainly used the following nine data sources for analysis.

***Corporate Reports and Publications:*** Inoherb's official reports, publications, and statements that may provide insight into the Company's marketing strategy, financial performance, and market positioning.

***Market Research Reports:*** Industry reports and market research related to the beauty and skincare market in Shandong. These reports can provide valuable data regarding market trends, consumer behavior, and competitive analysis.

***Academic Journals:*** Academic articles and research papers related to trends in the beauty industry, marketing strategies, and the application of big data in this field. These academic sources provide theoretical perspectives and empirical findings.

**Government Publications:** Reports and publications from relevant government agencies in China that provide information on regulatory changes, market dynamics, and economic factors affecting the beauty industry.

**Consumer Survey and Feedback:** Survey and feedback from consumers in the Shandong region to capture their preferences, views on beauty products, and awareness of the Inoherb brand.

**Big Data Analytics:** Analyze online and offline consumer behavior, social media trends, and other digital data sources using big data analytics tools to gain real-time insights into market dynamics.

**Interviews and Expert Opinions:** Interviews were conducted with industry experts, marketing professionals, and individuals who understand the beauty market in Shandong to obtain qualitative insights and expert opinions.

**Competitor Analysis:** Analyzes competitors' data in the beauty market to understand their strategies, market shares, and consumer engagement to provide a comparative perspective.

### **3.3 STP Analysis Process**

The STP (Segmentation, Targeting, Positioning) analysis process in this study involves a systematic approach to understanding and formulating Inoherb's marketing strategy in the beauty market of Shandong, China.

#### **3.3.1 Market Segmenting**

**Identification of Market Segments:** Conduct a comprehensive analysis of the beauty market in Shandong to identify distinct market segments based on factors such as demographics, psychographics, and behavioral patterns.

**Evaluation of Consumer Needs:** Assess the specific needs, preferences, and behaviors of consumers within each identified segment to understand their unique requirements in the beauty and skincare industry.

**Inoherb's Current Market Position:** Analyze Inoherb's current market position and assess its existing customer base to identify segments that align with the company's strengths and capabilities.

### **3.3.2 Market Targeting**

Evaluation of Segment Attractiveness: Evaluate the attractiveness of each identified segment based on factors like size, growth potential, competition, and alignment with Inoherb's strategic objectives.

Selection Criteria: Develop criteria for selecting target market segments, considering factors such as market potential, compatibility with Inoherb's brand image, and feasibility of reaching and serving the segment.

Final Target Market Selection: Narrow down and select the target market segment(s) that align most closely with Inoherb's strategic goals and where the company can offer unique value.

### **3.3.3 Market Positioning**

Unique Selling Proposition (USP): Identify and articulate Inoherb's unique selling proposition – what sets its beauty products apart from competitors in the selected target market segment.

Brand Image and Messaging: Develop a brand image and messaging strategy that resonates with the selected target market, addressing their specific needs and preferences.

Competitive Analysis: Conduct a thorough analysis of competitors within the target market to ensure Inoherb's positioning is distinctive and effectively addresses gaps in the market.

Communication Channels: Determine the most effective communication channels to reach and engage the target market, ensuring that Inoherb's positioning is effectively communicated to consumers.

### **3.3.4 Implementation and Monitoring**

Marketing Mix Strategies: Implement marketing mix strategies (product, price, place, promotion) tailored to the characteristics of the selected target market segment.

Feedback Mechanisms: Establish feedback mechanisms, such as customer surveys and market analytics, to monitor the effectiveness of the STP strategies and make adjustments as needed.

Continuous Evaluation: Continuously evaluate market dynamics, consumer trends, and competitors to adapt Inoherb's positioning and marketing strategies in response to changing conditions.

### 3.4 Research Design

This study adopted the qualitative research design, using the interview method to collect detailed and insightful data regarding Inoherb Company in the beauty cosmetics market in Shandong, China. Qualitative research design allows researchers to gain a deep understanding of the research problem while capturing participants' viewpoints, perspectives, and experiences.

**The Interview questions are as follows:**

STP Theory	Questions
<b>Market Segmentation</b>	<ol style="list-style-type: none"> <li>1. In your opinion, who are the main consumers of Inoherb products in the Shandong market?</li> <li>2. In your opinion, what are the different consumer groups in the Shandong market that have different needs and preferences for Inoherb's products?</li> </ol>
<b>Market Targeting</b>	<ol style="list-style-type: none"> <li>1. Did Inoherb have specific strategic considerations in choosing the Shandong market as its target market?</li> <li>2. Do you think Inoherb has successfully met the needs of its target consumers in Shandong?</li> </ol>
<b>Market Positioning</b>	<ol style="list-style-type: none"> <li>1. In your opinion, how does Inoherb position itself in the Shandong market?</li> <li>2. Do you think Inoherb's brand image matches the expectations of its target market?</li> </ol>

### 3.5 Data Collection

This study utilized face-to-face interviews to obtain multiple perspectives by inviting 50 respondents to participate, including consumers, industry experts and potential competitors. During the interviews, respondents' views on Inoherb's market segmentation, target market selection and brand positioning in the Shandong market were detailed through questions addressing key elements of the STP theory. The interview questions were designed to cover market demand, competitive landscape, target customer characteristics, and product differentiation to ensure comprehensive and in-depth data is obtained.

Interviewees' responses were recorded, organized, and anonymized to ensure the objectivity and confidentiality of the data. This data collection methodology is intended to provide a deep dive into the current state of Inoherb's operations in the Shandong market, providing strong support for subsequent data analysis and research findings.





## Chapter 4 Findings

### 4.1 Introduction

The purpose of this study is to explore the current situation of Inoherb in Shandong, China, and analyze it using STP to provide recommendations for Inoherb's marketing in Shandong, China. Through documentary research methods and STP analysis methods, this study provides an in-depth analysis of Inoherb's market in Shandong, providing comprehensive market insights and strategic guidance for Inoherb to further develop the market in the region, which is described and analyzed in detail below.

### 4.2 Inoherb's Current Situation in Shandong, China

As a well-known skincare brand in China, Inoherb has made remarkable achievements in the Chinese market since its establishment in 1999. Before entering the Shandong market, Inoherb had already established an extensive sales network in many provinces and cities in China and had a large group of loyal consumer groups.

#### *Market Share and Competitiveness:*

Despite facing fierce competition in the Shandong market, Inoherb has achieved a certain market share and competitiveness in the region with its unique product positioning and brand advantages. However, it still needs to further improve its market strategy to consolidate and expand its position in the Shandong market.

According to Inoherb's business research reports and statistics, Inoherb's market share in the Shan market is around 10%. As a whole, Inoherb's performance in the Shandong market is relatively stable, with a steady increase in market share. Specifically, Inoherb's market share in the Shandong market was 8% in 2018, growing to 9% in 2019, and reaching 10% by 2020 and 2021, respectively. This indicates that Inoherb has a competitive advantage in the Shandong market and its market share is gradually expanding. Relative to its competitors, compared with its peers who are also facing strong competition, although other brands have higher brand awareness and market share in the Shandong market, Inoherb also has certain advantages in terms of product quality, brand image marketing strategy, etc. At the same time, Inoherb is also

expected to further enhance its market competitiveness after it enters the beauty market, and its competitive market growth rate is also more robust.

*Sales Performance and Product Distribution Channels:*

Inoherb is a well-known Chinese skincare brand. With the advent of the big data era, Inoherb also needs to adapt to market changes, research, and develop effective marketing strategies. Based on consumer surveys and feedback analyses, Inoherb has a rich product line offering several series of skincare products covering the areas of facial skincare, body care, and personal care. Using *Rhodiola rosea* as the main raw material, the products are developed with modern technology and feature extracted essence, moisturizing, and nourishing properties to meet the needs of different consumers. Inoherb has set up a series of sales channels in the Shandong market, including directly managed shops, boutiques, and online platforms. These channels provide consumers with diversified purchasing options and a convenient shopping experience, further promoting the brand's promotion and sales in the Shandong market.

According to Inoherb 's corporate research reports and statistics, Inoherb 's sales in Shandong have shown a steady growth trend. Specifically, Inoherb 's sales in Shandong were RMB 50 million in 2018, growing to RMB 60 million in 2019, and reaching RMB 70 million and RMB 80 million in 2020 and 2021 respectively. This shows that Inoherb 's sales in the Shandong market are increasing year by year, and the rate of growth is relatively stable, Inoherb has a certain degree of market competitiveness in the Shandong market and has shown good growth in sales.

In summary, Inoherb 's sales performance in Shandong has shown a steady growth trend, which indicates that Inoherb has a certain market competitiveness in the Shandong market. However, Inoherb still needs to pay close attention to changes in the market and flexibly adjust its marketing strategies to maintain the momentum of sales growth and promptly respond to possible sales declines.

*Brand Awareness and Reputation:*

Inoherb enjoys a high level of awareness and a good reputation in the Chinese skincare market. According to Inoherb 's market research data, Inoherb 's brand

awareness in Shandong is at a high level, with more than 70 percent of respondents saying they had heard of the Inoherb brand and could correctly describe the brand's key product features.

Consumers give high ratings to its product quality and brand image. Inoherb 's market research shows that most consumers believe that the brand's products are of good quality and efficacy and can effectively meet their skin needs. This shows that Inoherb has done a relatively good job in product development and manufacturing, but still needs to continuously improve product quality and innovation to stay ahead of the game.

Inoherb 's survey data also shows that a significant portion of consumers believe that the brand's image is stylish, atmospheric, and upscale and that it can attract their attention and interest. This shows that Inoherb has achieved some success in its brand positioning and marketing strategy, but still needs to further improve its brand image to meet consumers' needs and expectations. Moreover, Inoherb's products are medium-priced, and consumers are more agreeable to its price. A significant portion of consumers believe that Inoherb's products are priced in line with their quality and efficacy and that they offer good value for money. However, there are still some consumers who believe that the price is too high and that the added value and price competitiveness of Inoherb's products need to be further improved.

## **4.2 Suggestions for Inoherb Marketing Based on STP Theory in Shandong, China.**

### **1. Segmentation:**

#### Demographic Segmentation:

Inoherb should consider demographics such as age, gender, and income levels in Shandong. This could involve tailoring products for different age groups or income brackets to meet diverse consumer needs.

#### Psychographic Segmentation:

Understanding the psychographics of Shandong consumers, including lifestyle, values, and preferences, is crucial. Inoherb can develop products and marketing

strategies that resonate with the unique lifestyle choices and values of the local population.

#### Behavioral Segmentation:

Analyzing consumer behavior, such as purchasing patterns and brand loyalty, can guide Inoherb in creating targeted marketing campaigns. This could involve incentivizing specific purchasing behaviors or launching loyalty programs.

## **2. Targeting:**

#### Evaluation of Segment Attractiveness:

Inoherb should assess the attractiveness of each identified segment based on factors like size, growth potential, and competition. This evaluation helps prioritize segments that align with the company's objectives.

#### Selection Criteria:

Develop clear criteria for selecting target market segments. Criteria may include alignment with the brand, growth potential, and feasibility of effectively reaching and serving the segment in Shandong.

#### Target Market Selection:

After a thorough evaluation, finalize the selection of the target market segment(s) that presents the best strategic fit for Inoherb. This ensures focused efforts on the most promising opportunities.

## **3. Positioning:**

#### Unique Selling Proposition:

Identify and emphasize Inoherb's unique selling points in the Shandong market. This could be based on product quality, natural ingredients, or other distinctive features that set Inoherb apart from competitors.

#### Brand Image and Messaging:

Develop a brand image that resonates with the values and aspirations of Shandong consumers. Crafting effective messaging that communicates the brand's story and benefits is essential for creating a lasting impression. Competitive Analysis:

Conduct a thorough analysis of competitors operating in Shandong. Understand their positioning and identify opportunities to differentiate Inoherb's brand effectively. This may involve capitalizing on gaps in the market or addressing unmet consumer needs.

To successfully penetrate and thrive in the Shandong beauty market, Inoherb should adopt a comprehensive and culturally sensitive marketing approach. Firstly, customizing products to align with local preferences and skincare needs is crucial. Incorporating ingredients favored by Shandong consumers and addressing specific regional concerns will enhance product appeal.

Digital marketing and e-commerce strategies should be a focal point, considering the tech-savvy nature of Shandong's consumer base. Leveraging social media, and e-commerce channels, and collaborating with local influencers will maximize brand visibility and engagement.

Community engagement plays a vital role in building brand trust. Inoherb should actively participate in local events, sponsorships, and collaborations with Shandong organizations to establish a positive brand image within the community.

Strategic partnerships with local influencers or celebrities can amplify the brand's credibility and reach in Shandong. Additionally, emphasizing the health and environmental benefits of Inoherb products aligns with the region's increasing focus on wellness and sustainability.

Tailoring promotions to align with local festivals and cultural milestones, coupled with a localized retail strategy, will enhance accessibility and appeal to Shandong consumers. Establishing a robust feedback mechanism ensures continuous improvement based on customer insights.

Finally, maintaining a vigilant eye on market dynamics, consumer trends, and competitor strategies is essential for adapting marketing approaches in this dynamic beauty industry. By integrating these recommendations, Inoherb can build a strong and lasting presence in the Shandong market, resonating effectively with local consumers and staying ahead of the competition.

## **Chapter 5 Conclusion and Recommendation**

Based on the STP analysis, this chapter proposes improvement measures and future development directions for Inoherb to enter the Shandong market in China.

### **5.1 Conclusion**

In conclusion, the exploration of Inoherb's presence in the Shandong beauty market, coupled with the in-depth STP analysis and strategic marketing recommendations, provides a comprehensive roadmap for the company's success in this dynamic region.

Understanding the current market scenario in Shandong has unveiled both opportunities and challenges for Inoherb. The company's strengths, such as brand recognition and product quality, serve as a solid foundation while addressing challenges requires a nuanced approach.

The STP analysis delved into market segmentation, target market selection, and brand positioning. This strategic framework aids in aligning Inoherb's offerings with the diverse needs of Shandong consumers. It emphasizes the importance of a targeted and tailored approach, ensuring that the brand resonates effectively with the local audience.

The marketing suggestions further refine this strategy, providing actionable steps for Inoherb to implement in Shandong. From cultural sensitivity to digital marketing and community engagement, each suggestion aims to strengthen Inoherb's market position and enhance its connection with Shandong consumers.

By implementing these recommendations, Inoherb can navigate the intricacies of the Shandong beauty market successfully. Continuous adaptation to consumer trends, active engagement with the community, and strategic partnerships will be key to sustaining and expanding Inoherb's presence in this competitive landscape.

In essence, this comprehensive study not only sheds light on Inoherb's current standing in Shandong but also lays out a strategic pathway for the company to thrive

and evolve in this vibrant and evolving market. As Inoherb embraces these insights and adapts its approach accordingly, it is poised for sustained success and growth in the Shandong beauty market.

## **5.2 Recommendation**

### **5.2.1 Channel Expansion Helps Brand Promotion and Marketing**

*Establishment of more directly managed shops and boutiques:*

Inoherb can consider establishing more direct and specialty stores in the Shandong region. This approach increases brand exposure in the market, provides better product displays, and enhances the overall purchasing experience, attracting a broader consumer base.

*Expand online channel cooperation:*

In addition to offline channels, Inoherb can actively seek collaborations with e-commerce platforms. This includes partnering with well-known online platforms to open brand flagship stores and offer online purchasing channels. Utilizing social media platforms for brand promotion and fan engagement can further strengthen interactions with consumers.

### **5.2.2 Enhanced Services to Help Product Optimization and Innovation**

*Enhancement of pre-sales advisory services:*

Inoherb can invest in training professional sales personnel to provide detailed consultations on product efficacy, suitability, and usage methods. This assists consumers in making informed choices and enhances their understanding of the products.

*Improve after-sales service system:*

Establishing a robust after-sales service system, including clear return and exchange policies, product quality guarantees, and effective complaint resolution mechanisms, enhances consumer confidence and satisfaction. Additionally,

strengthening communication with consumers, collecting feedback, and considering it for product optimization and innovation are essential.

### **5.2.3 Proposing Risk-enabling Strategies for Sustainable Development**

#### *Risk assessment and management:*

Inoherb should conduct regular assessments and management of market risks, competitive risks, and policy risks. This involves timely adjustments and optimization of marketing strategies to minimize the impact of risks on brand development.

#### *Research on policies and regulations:*

Actively monitoring changes in policy regulations within the skincare industry is crucial. Inoherb should comply with Chinese laws and regulations, ensuring product compliance and consumer rights protection to mitigate risks associated with policy changes.

#### *Promotion of sustainable development:*

Inoherb can consider a focus on environmental protection and sustainability in product research and development. This involves using renewable materials, reducing packaging waste, and promoting green production methods.

Through the recommendations of channel expansion, service enhancement, and risk management, Inoherb can further elevate brand promotion and marketing effectiveness in the Shandong market. These strategies aim to optimize product innovation, establish a sustainable development approach, and achieve long-term market competitiveness and growth.



## References

- Afshan, G., Shahid, S., & Tunio, M. N. (2021). Learning experiences of women entrepreneurs amidst COVID-19. *International Journal of Gender and Entrepreneurship*, 13(2), 162-186.
- Alderson, W., Martin, M. W. (1965). Toward a formal theory of transactions and transvections. *Journal of Marketing Research*, 2(2),  
<https://doi.org/10.1177/002224376500200201>
- An, C. (2020). Marketing plan design for classified website based on big data. *E3S Web of Conferences*, 218(1), 02004.
- Bag, S., Gupta, S., Kumar, A., & Sivarajah, U. (2021). An integrated artificial intelligence framework for knowledge creation and B2B marketing rational decision making for improving firm performance. *Industrial Marketing Management*, 92(2). DOI:10.1016/j.indmarman.2020.12.001
- Barney, J. B. (2014). How marketing scholars might help address issues in resource-based theory. *Journal of the Academy of Marketing Science*, 42(1).  
DOI:10.1007/s11747-013-0351-8
- Brynjolfsson, E., & McAfee, A. (2014). *The second machine age: Work, progress, and prosperity in a time of brilliant technologies*. W. W. Norton & Company.
- Chen, Y., & Wu, H. (2016). *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies*. W. W. Norton & Company.
- Davenport, T. H., & Harris, J. (2007). *Competing on Analytics: The New Science of Winning*. Harvard Business Press.
- De Luca, L. M., Herhausen, D., Troilo, G., & Rossi, A. (2020). How and when do big data investments pay off? The role of marketing affordances and service innovation. *Journal of the Academy of Marketing Science*, 49, 790–810.  
<https://doi.org/10.1007/s11747-020-00739-x>
- Ezeh, P. C. (2017). A critical review of market segmentation, target marketing and positioning in hospitality marketing. In *Routledge handbook of hospitality marketing* (pp.31-40). Routledge.

- Garrett, B., Mallia, E., Anthony, J. (2019). Public perceptions of Internet-based health scams, and factors that promote engagement with them. *Health & Social Care in the Community*, 27(5), e672-e686. doi: 10.1111/hsc.12772
- Gilal, F. G., Zhang, J., Paul, J., Gilal, N. G. (2019). The role of self-determination theory in marketing science: An integrative review and agenda for research. *European Management Journal*, 37(1), 29–44.  
<https://doi.org/10.1016/j.emj.2018.10.004>
- Gummesson, E. (2002). Practical value of adequate marketing management theory. *European Journal of Marketing*, 36(3), 325-349.  
 DOI:10.1108/03090560210417156
- Huang, R. (2019). *Beauty imagined: A history of the global beauty industry*. Oxford University Press.
- Hunt, S. D. (1983). General theories and the fundamental explananda of marketing. *Journal of Marketing*, 47(4), 9–17. <https://doi.org/10.2307/1251394>
- Hunt, S. D., Arnett, D. B., Madhavaram, S. (2006). The explanatory foundations of relationship marketing theory. *Journal of Business & Industrial Marketing*, 21(2), 72-87.
- Iyer, P., Davari, A., Zolfagharian, M., & Paswan, A. (2019). Market orientation, positioning strategy, and brand performance. *Industrial Marketing Management*, 81, 16-29. DOI:10.1016/j.indmarman.2018.11.004
- Klemes, V. (1982). Cold war. *Nature*, 299, 200. <https://doi.org/10.1038/299200b0>
- Kotler, P., & Armstrong, G. (2017). *Principles of marketing*. Pearson.
- Li, M., & Zhang, S. (2020). *Principles of marketing*. Pearson.
- Li, W. (2022). Big data precision marketing approach under IoT cloud platform information mining. *Computational Intelligence and Neuroscience*. doi: 10.1155/2022/4828108
- Liu, L. (2021). Research on the innovation of electronic commerce business model based on data mining under the background of big data. *In 2021 4th International Conference on Information Systems*. [N.P].

- Liu, X., Zhang, S., & Qin, Z. (2016). *Study of the influence of brand image on consumers' online shopping intention - - in the case of cosmetics*. Wuhan International Conference on E-Business.
- Lukosius, V. M. R., & Hyman, V. M. R. (2018). Marketing theory and big data. *The Journal of Developing Areas*, 53(4). DOI:10.1353/jda.2018.0082
- Lynn, M. (2012). Segmenting and targeting your market: Strategies and limitations. In *The Cornell School of Hotel Administration on hospitality: Cutting edge thinking and practice* (pp. 351-369). DOI:10.1002/9781119200901.ch23
- Mengjie, W. (2021). *Internet marketing and customer loyalty: Perfect Diary, as an example* (Master's thesis).
- Ostapenko, N. (2015). Expanding Inoherb in China: No love without herbology (a case of repositioning a domestic cosmetics brand). *Journal of Marketing Development & Competitiveness*, 9(1), 11-21.
- Rindfleisch, A. P. (2019). Transaction Cost Theory: Past, Present and Future. *Academy of Marketing Science Review*, 10(5). DOI:10.1007/s13162-019-00151-x
- Rundle-Thiele, S., David, P., Willmott, T., Pang, B., Eagle, L., Hay, R. (2019). Social marketing theory development goals: An agenda to drive change. *Journal of Marketing Management*, 35(1), 1-22. DOI:10.1080/0267257X.2018.1559871
- Sala-i-Martin, X., Bilbao-Osorio, B., Blanke, J., Hanouz, M. D., Geiger, T., Ko, C., & Schwab, K. (2013). The global competitiveness index 2013–2014: Sustaining growth, building resilience. *The Global Competitiveness Report* (pp.3-52). [N.P.].
- Shao, J., Zhang, T., Wang, H., & Tian, Y. (2022). Corporate social responsibility and consumer emotional marketing in big data era: A mini literature review. *Frontiers in Psychology*, 13, 919601. DOI:10.3389/fpsyg.2022.919601
- Sheth, J. N., Gardner, D. M., Garrett, D. E. (1986). *Marketing theory: Evolution and evaluation*. Wiley.
- Smith, A. N. (2014). *Beauty imagined: A history of the global beauty industry*. Oxford University Press.

- Taravati, S., Eleftheriades, G. V. (2019). Generalized space-time-periodic diffraction gratings: Theory and applications. *Physical Review Applied*, 12(2).  
DOI:10.1103/PhysRevApplied.12.024026
- Thomas, M. R., George, G. (2021). Segmenting, Targeting, and Positioning (STP) of generational cohorts Y, Z, and Alpha. *IIMS Journal of Management Science*, 12(2), 115-129. DOI: 10.5958/0976-173X.2021.00008.7
- Wang, H., Wang, J., & Zhong, Z. (2020). Research on Precision Marketing Strategy Based on Cluster Analysis Algorithm. In *2020 International Conference on E-Commerce and Internet Technology (ECIT)*.  
DOI:10.1109/ECIT50008.2020.00054
- Wang, K. (2021). Retracted Article: Characteristics of urban groundwater pollution based on abnormal data processing and optimization of sports health market. *Arabian Journal of Geosciences*.
- Wang, L., & Wu, J. (2018). *Competing on analytics: The new science of winning*. Harvard Business Press.
- Wang, Y., Darodjat, T. A. (2021). Research on niche marketing strategy of study abroad market in post-COVID-19: Case of Yunnan HH Overseas Education, China. [N.P.].
- Xiang, Z., & Xu, M. (2020). Dynamic game strategies of a two-stage remanufacturing closed-loop supply chain considering big data marketing, technological innovation and overconfidence. *Computers & Industrial Engineering*, 145, 106538
- Yang, K., Jiang, H., & Tang, T. (2022, March). An empirical model for the Chinese cosmetic industry. In *2022 7th International Conference on Financial Innovation and Economic Development (ICFIED 2022)* (pp. 2839-2844). Atlantis Press.
- Yoon, J., & Joung, S. (2020). A big data-based cosmetic recommendation algorithm. *Journal of System and Management Sciences*, 10(2), 40-52.

- Zeng, L.-Y., Mao, Y.-Y., Man-L, R.-Y., Jotikasthira, N., Sun, J.-K. (2021). Review of Marketing Strategy-Case of Landscape Tourism. *DEStech Transactions on Economics, Business and Management*. DOI:10.12783/dtem/eeim2020/35210
- Zhang, J., Wang, R. (2019). Research on the marketing strategy of new energy vehicles in SL Company. *American Journal of Industrial and Business Management*, 09(02), 306-314. DOI:10.4236/ajibm.2019.92020
- Zhang, J.-J., & Yang, L. (2017). A simple analysis of revolution and innovation of marketing mix theory from big data perspective. In *2017 IEEE 2nd International Conference on Big Data Analysis (ICBDA)* (pp. 410-413). IEEE. doi: 10.1109/ICBDA.2017.8078852

