

Co-branding Marketing Strategy and Optimization of Perfect Diary from the Perspective of Brand Equity

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Abstract: As the beauty market in China continues to expand and national brands rise in popularity, there is a new focus on domestic beauty as a major consumption trend. Perfect Diary is a standout among these national brands, particularly due to its successful co-branding marketing strategies. In the realm of co-branding marketing, certain issues arise. These include neglecting consumer pain points, susceptibility to imitation within the co-branding framework, discordance with the co-branded item's brand status, inadequate brand development, and unsatisfactory product management. Amid the current trends in national affairs and social consumption, Perfect Diary must prioritize improving brand and product quality, emphasizing brand culture and national identity during co-branding efforts, and expanding beyond typical industry practices to establish a strong emotional bond with consumers and develop enduring brand equity.

Keywords: Perfect Diary; co-branding; brand equity

1. Introduction

Currently, rapid economic development and advancements in social science and technology have led to a growth in consumer demand for cultural and creative products that appeal to the spiritual dimension. Manufacturers are utilizing brand co-branded products as a crucial method to swiftly enter the market, enhance enterprise competitiveness, and gain a competitive edge. The emergence of brand co-branding has dissolved the barriers and boundaries between brands and different industries from the outset. Brands have united, from games to apparel, cosmetics to animation, to launch new product development models and design unique co-branded products. This form has become a "traffic code" to attract consumers. However, from a practical standpoint, while there are increasing numbers of co-branded products in the market, only a minority have been able to maintain widespread popularity over time. This trend could ultimately result in consumers losing their interest in co-branded products. Perfect Diary has gone from unknown to instant success through a constant strategy of brand co-branding and has been a favorite of the public for almost two years.

In 2017, Perfect Diary came out of nowhere and quickly became a dark horse in the beauty industry, winning the sales champion of the color cosmetics brand in both 2018 and 2019 "Double Eleven", and was crowned the title of "the light of the national product". 2020 November 19th On November 19, 2020, Perfect Diary's parent company, Yixian E-commerce, was successfully listed on the New York Stock Exchange. Founded less than four years ago, Perfect Diary became the first Chinese beauty group to be listed on the US stock market. Behind the rapid success of the brand, Perfect Diary's new marketing strategy is essential. Since its "debut", Perfect Diary has made perfect use of brand co-branding and launched cross-border co-branding models at different stages of the brand's growth, involving the fields of fashion and art, geography of the national tide, food and daily necessities and public welfare, which can be said to be fruitful. So, under the high-intensity co-branding marketing campaign, what makes consumers happy with this tactic and even keep pursuing it? What is the underlying logic behind the Perfect Diary brand co-branding? What is the relationship between Perfect Diary brand co-branding and Perfect Diary brand equity? However, since 2022, Perfect Diary's brand equity has plummeted, where does the problem arise? In order to build a sustainable strong brand, based on the perspective of brand equity, what should be paid attention to the brand co-branding of Perfect Diary?

This paper analyzes Perfect Diary's brand co-branding marketing strategy, points out the learnable and existing problems of Perfect Diary's brand co-branding, and puts forward corresponding improvement suggestions, aiming to provide some practical experience for makeup brands to implement

brand co-branding marketing in the long term.

2. Strategic analysis

Brand association (also known as brand alliance, multi-branding, cross-system franchising) refers to the merger of two or more existing brands into a joint product or a joint marketing in some way, and the new product uses the names or logos of the two brands at the same time ^[1]. Effective brand co-branding can promote the brand to shape a more unique brand positioning, establish more attractive points of difference or common ground, help enterprises to respond to changing consumer demand, open up new markets and new consumer groups, and enhance brand competitiveness ^[2]. Brand co-branding is a specific form of brand co-branding strategy in the new consumer era, which refers to the marketing of new products through the joint title launch of two or more brands by drawing on each other's complementary functions or design elements. The cooperation of brand co-branding is generally short-term, focusing on the design level and focusing on the transmission of brand value and culture. Perfect Diary has successfully gained a foothold in the beauty market dominated by foreign brands in a short period of time with the help of a wide range and diversified brand co-branding to create momentum for the brand, attract consumers' attention, and stimulate consumers' desire to explore new things. In this paper, Kevin Keller's CBBE (customer-based brand equity) model is used as an analytical tool to analyze Perfect Diary's brand co-branding marketing. The underlying logic behind Perfect Diary brand co-branding marketing can be summarized in the following five aspects.

2.1. Enhancing brand awareness through high exposure

A brand with high exposure rate can enhance consumers' brand recall, prompting them to think of the brand on different occasions and make effective consumption. Perfect Diary's co-branding involves the fields of fashion and art, geography of national tide, food, daily chemicals and public welfare, etc., and covers social platforms such as Red Booklet, Weibo and WeChat in the form of "public traffic + private traffic", and even appears in the hot live broadcasting room of goods, penetrating into every aspect of consumers' life, so that consumers can form a deep memory of Perfect Diary's name, logo and brand slogan, and Perfect Diary can be recognized quickly and effectively. brand slogan formed a deep memory, Perfect Diary can be quickly and effectively recognized. At the same time, through brand co-branding, Perfect Diary can effectively enhance brand awareness in different market segments and attract the attention of the co-branded target consumer audience.

2.2. Precise insight and fulfillment of consumer needs

Understanding customer needs helps consumers form a deep and broad brand awareness, which is the core of successful marketing and the basic prerequisite for building a strong brand. China's consumers gradually from survival consumption to enjoyment and development-oriented consumption, the upgrade of consumer demand requires companies to have a keen insight into consumer demand. Maslow's theory of needs also points out that when the basic physiological needs are satisfied, people will tend to pursue the satisfaction of spiritual needs ^[3]. The co-branding of "Perfect Diary× British Museum" perfectly illustrates the control of consumer needs. The target customers of Perfect Diary are young college students and white-collar women aged 18-28. First of all, for the younger generation of consumers, Perfect Diary has constantly introduced innovative and varied designs through brand co-branding, which is refreshing and meets their individual needs and the psychology of pursuing surprise and adventure. "Perfect Diary x British Museum" launched the Fantastist 16-color eyeshadow palette inspired by the famous collection of Renaissance majolica plates. Through the color collision, it brings art into life, giving consumers a sense of freshness and surprise. At the same time, consumers can combine any of the 16 colors of art eyeshadow palettes to define their own "beauty", express their multi-faceted selves, and display their own personalities. Secondly, with the developed social network, consumers will feel that buying the co-branded model is a low-cost way of self-expression, and by co-branding with IPs with great artistic value or national IPs, it can satisfy consumers' needs for self-realization. "Perfect Diary× British Museum" takes the Renaissance era, the theme of which is "Breaking boundaries, everyone can enjoy and express beauty", as the background for its creation, which is in line with the concept of Perfect Diary, "Beauty has no limits. It is in line with Perfect Diary's concept of "Beauty has no limits" and embodies the value proposition of Generation Z, "Pursuing freedom, breaking the constraints to pursue and create beauty".

2.3. Precise selection of co-branding targets to shape the brand image

Perfect Diary's choice of co-branding target is not only a perfect match of efficacy, but also an in-depth integration of tone, concept and brand spirit. Perfect Diary mainly carries out cross-border co-branding in the form of "brand × IP". Unlike other brands, Perfect Diary highly integrates the brand image with IP characteristics, deeply explores the spirit and connotation of both brands, promotes the mutual empowerment of industrial value and cultural value, and creates beauty products that coexist with quality and novelty for consumers. For example, "Perfect Diary × Discovery Channel" created the 12-color eyeshadow palette "Hunt What I See" series inspired by the eyes of wild animals under the lens of Discovery. The Discovery Channel's "continuous exploration and real record of nature", "adventure, exploration, science" and Perfect Diary's "commitment to exploring more possibilities in life, encouraging the younger generation of Asian women not to be bound by external labels, but to strive to break through and meet more people. It encourages the young generation of Asian women not to be bound by external labels, but to work hard to break through themselves and meet a better self". By cooperating with the co-branded object with positive, strong and unique brand image, the co-branded object's image will be combined with the original image of Perfect Diary through the consumer's association mechanism, forming a new brand association in the consumer's mind and promoting the diversification of brand image.

2.4. Focus on content marketing with a focus on consumer brand feelings

Perfect Diary's brand co-branding pays close attention to content marketing, which is characterized by emotional storytelling that triggers consumers' emotional attachment to the brand. The brand story is based on people's life, which can trigger consumers' psychological connection through the expression of picture sense. "Perfect Diary × China Aerospace" is inspired by the Jade Rabbit in the Chinese mythological story "Chang'e Runs to the Moon", and with the theme of "Searching for Color in the Universe", it joins hands with B station's UP masters to perform the following story The trilogy of "Origin - Searching for Color - New Life" tells the history of Chinese mythology and Chinese aerospace development, recreates the wonderful space fantasies of the Chinese people, and highlights the nation's firm cultural self-confidence and feelings of national pride. At the same time, a short interview with five female Chinese aerospace workers who interpret the Jade Rabbit eyeshadow palette from both romantic and rational perspectives, and give a professional perspective on the colors of the universe embodied in this eyeshadow palette. The co-branding starts from the value content, which not only carries the cultural undertone of "national self-confidence", but also combines science and technology with ideas, firmly embracing the value identity and cultural trend, which matches the value orientation of the contemporary young audience. The short film format of the co-branding not only recreates a more distinctive and fresh brand image for consumers, but also conveys the brand's values more vividly and accurately, allowing consumers to strongly feel the emotions injected into the brand, and triggering a positive brand response from consumers.

2.5. Creating scarcity through "hunger marketing"

Psychologist Robert B. Cialdini pointed out in his book "Influence" that the feeling of competing for scarcity is a powerful stimulus, which also increases the value of scarce goods in the user's psychology [4]. Most of the co-branding of Perfect Diary is launched in the form of "limited edition", which creates the scene of "after this village, there is no more store", which greatly stimulates the consumers' purchasing desire, and makes the consumers produce the psychological phenomenon of "what can't be obtained is always in commotion". This will greatly stimulate consumers' desire to buy and make them feel the psychological phenomenon of "unavailability is always in flux", and accelerate their purchasing decision-making process. "Perfect Diary x Oreo" co-branded the limited gift box "Beauty Shop" 1500, to be purchased by appointment, while stocks last, no replenishment. At the same time, the sale of "limited edition" can send a signal to consumers that the style is unique, because it is available while stock lasts, it can better satisfy the consumers' psychology of wanting to differentiate themselves from others, proving that they are unique, distinctive and irreplaceable, and make consumers think that Perfect Diary is a brand full of excitement and thrill, the Perfect Diary is a brand full of excitement and thrill.

Overall, Perfect Diary's co-branding marketing strategy relies heavily on appealing to consumers' senses through "image-feeling" to establish a unique brand identity. This is achieved by prioritizing consumer needs, emphasizing brand values, and crafting high-quality content marketing.

3. Problem analysis

3.1. Co-branding is only "borrowing the light of others" and lacks core polish

For Perfect Diary's brand co-branding, consumers mostly come for the cooperation object, not for Perfect Diary. At the same time, most of the brand co-branding of Perfect Diary only borrows the brand spirit of others, without enriching their own brand connotation, consumers lack of resonance, and the traffic attracted is unstable. For example, "Perfect Diary × Oreo" co-branded light touch makeup air cushion cream, as we all know, Oreo to "twist, lick, lick, bubble" advertising slogan deeply popular, and highlights the Oreo cookies "not just cookies" concept. Oreo cookies are "more than just cookies". The co-branding of Perfect Diary and Oreo once again demonstrates the "fun" brand positioning of Oreo cookies, which can not only be eaten but also played with, and can even be referred to as a part of the beauty, fully reflecting the versatility and jumping out of the Oreo cookies, and allowing consumers to understand and love the Oreo cookies to a higher level. But in this co-branding, what did Perfect Diary gain besides having short-term sales and profits? Consumers did not find the brand concept and proposition related to Perfect Diary, but instead shifted their attention to the co-branded object, and even created the illusion that the co-branding was led by Oreo cookies. Not only did this not result in a "win-win" situation, but it also cost money to advertise the co-branded product.

3.2. Brand co-marketing fails to capture consumer pain points and publicity stays on the surface of the product

Brand co-branding is essentially a type of symbolic consumption, where consumers do not view consumer goods solely as goods, but as items with symbolic significance^[5]. Although the brand name of Perfect Diary holds significant aesthetic and social values, and portrays the brand concept to an extent, customers usually buy it out of curiosity and lack an understanding of its core idea. Hence, it is challenging to increase customer loyalty through the brand name. The focus of Perfect Diary's co-branding publicity does not lie in the process of "shaping the story - leading to the co-branding - sublimation of the theme". The cooperation between the two brands is highlighted without any undue emphasis on the intricacies of the branding process. Rather, it emphasizes the cross-border cooperation between Perfect Diary and something, and the launch of their "Perfect Diary × something" product line. Most consumers are aware of Perfect Diary's collaboration with the British Museum and the creation of a new eyeshadow palette inspired by the museum's collection. However, they may lack knowledge of the reasoning behind the choice of the British Museum, the intended brand concept and consumer proposition conveyed through this co-branding effort. As a result, focus and clarity on the brand proposition are insufficient, and consumer identity is not awakened. Multiple and diverse brand co-branding can be visually engaging and can effectively attract consumers who are sensitive to novelty. However, it also carries the risk of overexposure.

3.3. Co-branded products are flashy and not backed by quality

"Perfect Diary is praised by netizens for their approach of combining compassionate marketing with practical product development. According to Kevin Keller, a successful brand must embody duality in both its efficacy and imagery, catering to both functional and emotional desires^[6]. This highlights the importance of considering the CBBE model's rational performance-evaluation path in addition to emotional appeal." Just like building a house, even the best design drawings won't matter if the foundation is not firmly laid and stabilized. As of December 2022, Perfect Diary holds 118 patents globally, more than 80% of which are design patents, including only 39 invention patents. Additionally, Perfect Diary primarily relies on OEM production, making quality management more challenging. Although Perfect Diary's original and creative approach to branding results in an exciting combination of vibrant colors and artistic designs that capture the attention and curiosity of consumers, their poor quality control practices and lack of consistency undermine the brand's appeal. Rational considerations often outweigh emotional attractions, leading to a decline in consumer confidence and a decrease in purchase intent. Rational factors have superseded emotional appeal, resulting in a decline in consumer purchasing intent. Perfect Diary has advertised itself as a "big brand flat replacement", but this approach is merely superficial, neglecting fundamental aspects such as product quality and research and development. Focusing solely on marketing without dedicating resources to maintain original appeal to the consumer will ultimately lead to depletion. This will not only impact the effectiveness of brand association, but also impede the brand's long-term development.

3.4. Low cost of co-branding imitation and lack of unique and strong brand equity

Brand co-branding is usually a short-term cooperation between two brands and does not involve in-depth communication and exchange. Therefore, brands and IPs don't need to think deeply and go through long-term evaluation before deciding to cooperate, and the difficulty of co-branding is low. At the same time, with the rise of the national trend, more and more national beauty brands are emerging, and they are even targeting "international brands" with more affordable products, and they easily copy the co-branding formula of Perfect Diary, and make use of national IPs or popular cultural IPs to build up momentum for the brand. At this time, the Perfect Diary due to the lack of internal logic of the co-branding, and the brand itself does not yet have a unique, strong brand assets, the attraction of consumers to decline, and other national brands to reduce the difference, the possibility of being overtaken by the curve greatly increased. "Perfect Diary × China National Geographic", "Perfect Diary × Oreo", "Perfect Diary × King of Glory" and other co-branding, although they are all unexpected, let people marvel Fantastic Chemical reaction, but on the whole, perfect diary co-branding object is too mixed, spanning a large, the inner relationship between its brand is confusing, did not create a Perfect Diary's brand spirit as the core of the circle, did not form a clear internal logic, co-branding marketing of the long-term impact of the neglected.

3.5. In the "substitution vortex", co-branding struggles to enhance brand development

Perfect Diary is positioned as a substitute for foreign brands in the low-end mass market. The "big brand flat replacement" is the most original and attractive selling point of Perfect Diary, but it will easily lead to the idea that consumers are "substitutable", and it does not satisfy the demand of consumers who want to use the brand to show and express themselves, and fails to build a very personalized, unique and irreplaceable brand image in the consumers' mind. It fails to build a highly personalized, unique and irreplaceable brand image in consumers' mind, which makes it difficult to promote a close emotional connection between "brand and consumer", such as brand loyalty. At the same time, since most of the co-branded objects of Perfect Diary are popular with consumers or have rich and continuous brand equity, Perfect Diary is relatively on the weak side of the brand. Theoretically speaking, co-branding with strong brands or targets can to a certain extent raise Perfect Diary's brand level, broaden Perfect Diary's audience, and increase brand value and brand premium. However, the consumers show off the consumption psychology, Perfect Diary "big brand flat replacement" slogan will dilute the brand competitiveness brought by the co-branding, reduce the expectations of consumers, and even affect the middle and high-end consumers want to learn about the Perfect Diary willingness.

4. Suggestion

4.1. The company prioritizes research and development(R&D), as well as quality control, to establish a strong basis for co-branding

High-quality products are the most basic factor in promoting consumers' pleasant consumption experience, forming positive brand evaluation and attracting consumers' willingness to repurchase. "Fragrant wine is not afraid of deep alley", the product is good, in order to strengthen the brand's own bottom, in order to obtain a good reputation, for the brand's dissemination and development to lay a good foundation. At the same time, Perfect Diary should increase investment in research and development, strengthen research and development, and enhance the brand competitiveness in the beauty market. The survey shows that 61% of Generation Z consumers believe that they need to improve their innovative power in products, so that Generation Z can become the most unique themselves^[7]. Applying for patents through R&D and launching innovative products can promote product differentiation, improve brand competition barriers, and form unique competitive advantages, which is conducive to shaping a positive and profound image of the brand in the minds of consumers such as originality and versatility. For other similar brands, it is difficult to imitate and the cost of reproduction is greatly increased. This is also conducive to improving the brand differentiation of Perfect Diary.

4.2. Co-branding should highlight the brand culture, enhance brand association

Co-branding emphasizes a short-term strategy and can result in unstable traffic. Furthermore, Perfect Diary often collaborates with high-profile entities, which can lead to the co-branding partner overshadowing the primary brand. Therefore, the co-branding should center on the culture of the Perfect

Diary brand. The focus should be on brand storytelling to facilitate consumers' clear and comprehensive understanding of the concept and value proposition of Perfect Diary. Such an approach not only fuels consumers' keen interest in the Perfect Diary brand, but also enhances their understanding of its concept and value proposition. The focus should not only be on a single co-branded product but also on the Perfect Diary brand. It is essential to establish a connection between the co-branding object's brand tone and concept to convey the desired brand impression, thereby making it more appealing to consumers. It is feasible to link it to the brand tone and concept of the co-branded product, in order to transfer the brand impression from the co-branded product to Perfect Diary's brand and enhance Perfect Diary's brand association. This enables us to accomplish a "1+1>2 ,material+ spiritual experiential" consumption, ultimately increasing consumer adherence through brand resonance.

4.3. Co-branding should be differentiated, and strive for "out of the circle"

The purpose of co-branding is firstly to increase brand awareness and secondly to broaden the consumer base. First of all, brand equity originates from customers' differentiated responses, and the generation of differentiation can enhance the brand's impression advantage in consumers' mind. Therefore, in the co-branding marketing planning, we should be innovative in design thinking, first set the co-branding of the desired effect and impact before looking for co-branding objects, rather than thinking about with whom co-branding can bring what, the goal should be clear, to take the "? +? = 10" thinking instead of "5+5=?" thinking. In this way, we can create tailor-made co-branding for Perfect Diary, which makes the co-branding of Perfect Diary more targeted and unique, instead of blindly following the hot trend for co-branding. Even in the era of "pan-co-branding", co-branding marketing should be refined and specialized, so as to achieve twice the result with half the effort and reduce unnecessary marketing costs. Secondly, another important factor of co-branding marketing is to go out of the circle and break the boundaries of the existing consumer groups. Therefore, in the co-branding marketing can be combined with spokespersons, event marketing, interactive marketing and other strategies to create momentum, to video and other more intuitive, more ornamental way of publicity, to expand the breadth and depth of brand co-branding communication.

4.4. Strengthen the brand mind with national culture

"The 2022 China New National Goods Consumer Behavior Monitoring and Business Trend Research Report" shows that 42.8% of consumers who buy national brands do so because they are attracted by the cultural heritage integrated in national products. Meanwhile, consumers' attention to Chinese brands has grown from 38% to 70% in the past decade. On the one hand, the cultural confidence, national confidence and national pride of Generation Z consumers are increasing day by day; on the other hand, Generation Z consumers are paying more attention to the integration of cultural and artistic values in product aesthetics. National IP is the product of the collision between China's deep historical and cultural spirit and Chinese trendy culture, which creates a strong domestic demand momentum in the market. As a national brand, Perfect Diary is bound to be firm in Chinese cultural self-confidence, highlight the unique characteristics of Chinese brands, combine the national spirit with the brand culture, and improve the brand symbolism and influence of Perfect Diary. In brand co-branding, it can incorporate Chinese elements, co-brand with national IP, dig deeper and tell national stories together, and show Chinese brand confidence and charm in the local market international market. In addition, Perfect Diary can take advantage of the market opportunities generated by co-branding with national IPs to expand the significance of the brand and promote brand upgrading in order to realize brand sublimation.

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