

# Research Analysis of Beauty and Daily Chemical Companies based on SWOT Perspective

## -- Take T Home Chemicals as an Example

Ning He, Peihong Jiang, Huihan Ci, Chunting Li and Shuning Gao

Shandong University of Science and Technology, Jinan, Shandong, 250000, China

### Abstract

A SWOT analysis was conducted to summarize the intrinsic strengths (S) and weaknesses (W) as well as the external opportunities (O) and threats (T) facing the development of T Home Chemicals as an example, and to provide guidance for the future development of T Home Chemicals and beauty and daily chemical companies in the same industry.

### Keywords

T Home Chemicals; SWOT Analysis; Beauty and Daily Cosmetics.

## 1. Introduction

SWOT is a strategic analysis method. By conducting SWOT analysis, we can evaluate and analyze the strengths, weaknesses, opportunities and threats of T-Chem's company, and then draw the current situation of T-Chem's development, and help T-Chem formulate its future development strategy.

## 2. SWOT Analysis

### 2.1. Advantages

#### 2.1.1. Long History

T Jahwa is the first cosmetic company in China's history and is the leading "Chinese Old Brand" in the cosmetic industry, founded in 1898, with a history of 112 years. As an "old Chinese brand", T Jahwa has always had strong national characteristics and local cultural advantages, and is loved by the people, and has also received strong support from the government, and in the long-term development process, the old brand products have formed a unique product style, service concept, and deep customer loyalty.

#### 2.1.2. Diversify Brands and Establish a Gradient Complete Brand System

By adopting a differentiated multi-brand business strategy, the company has created many famous Chinese brands such as "Baicaoji", "Liushen", "Mecca Pure", "Gaofu" and "Qingfei". "After completing the distribution of the product lines of Bai Cao Ji (high-end), Liushen (daily products), Mecca Pure (skin care) and Gao Fu (men's) brands, T Jahwa started to build its high-end brand "Shuang Mei" in 2008. The company's strong focus on brand building has enabled it to establish a leading position in many market segments. The company has established a leading position in many market segments.

#### 2.1.3. Obvious Advantages of Scientific Research

T Home Chemicals has gathered professional talents for biochemistry, fine chemical, physiology and medicine, and has contemporary international level analysis and testing

instruments, and has a national scientific research center and post-doctoral workstation composed of nearly 100 doctors and masters in research and development. The high technology investment and leading product development technology make T Jahwa constantly have the space for innovation and development, and have the core competitive advantage ahead of other enterprises.

#### **2.1.4. Unique Marketing PR Model**

T Jahwa continues to innovate its marketing model, using its own long brand history and consumer nostalgia for nostalgia marketing, namely emotional resonance and value collection, to get a group of loyal consumer groups and ensure market stability.

## **2.2. Disadvantages**

### **2.2.1. Weak Brand Influence**

T Jahwa has weaker brand influence than large international multinational cosmetic companies such as L'Oreal, Shiseido, and P&G. T Jahwa launched Baicaoji in 1998 in an attempt to enter the high-end market and enhance its brand influence, and because of its unique and clear positioning, the Baicaoji brand is now better known and is the first domestic Chinese national brand to enter foreign markets. While other brands, such as Liu Shen and Gao Fu, are also familiar to consumers, but the brand influences are clearly lacking. When T Jahwa launches products of other brands, it is difficult for consumers to be familiar with and understand them without advertising.

### **2.2.2. High Market Dependence**

T Jahwa's product sales market and brand marketing mainly covers East China and North China, with a high degree of market reliance on East China and North China. With Shanghai as the center and reliance, we continue to expand sales to surrounding cities and regions. At present, sales outlets has also been established in various provinces across the country, including Gansu and Xinjiang. However, its sales focus is still on the East China and North China markets. At the same time, T Jahwa's brands are sold to fewer countries and regions, and in the case of Baicaoji, which was the first to go abroad, there are only a few countries such as France, Germany and the U.S. T Jahwa's overseas markets need to be further explored.

### **2.2.3. Fewer Product Lines under the Brand, Slow to Launch New Products**

Although T Jahwa has implemented a multi-brand strategy, the number of its brands is small, with only a few more valuable brands, such as Baicaoji, Mecca Pure, and Six Gods, but each product line is limited. t Jahwa needs to continue to increase its investment in product development, accelerate the speed of new product launches, and enrich its product line to meet the requirements of the ever-refining market to meet the multi-level needs of consumers.

## **2.3. Opportunities**

### **2.3.1. The Rise of the "National Trend"**

In the new retail era, many new domestic cosmetic brands have broken the traditional cosmetic brand operation model, and through the "broadcast brand" model, they have quickly opened up the market and conducted accurate marketing. According to Ali platform data, in April 2021, the sales of domestic makeup platforms surpassed those of international cosmetics brands for the first time, with Hua Xizi, Perfect Diary and Perrier ranking among the top three, followed by Estee Lauder, L'Oreal and Shiseido. In skincare, there are national brands such as To Ben and Runbayan, which focus on the development and application of new ingredients of higher activity such as Centella asiatic, niacin amide and retinol, which are recognized by users for their high cost performance and product effectiveness.

### **2.3.2. Function and Demand Segmentation, Category Tree Branches and Leaves**

The skincare process is becoming more refined and the categories are becoming more diversified. Along with the increase in income and awareness of self-pleasure, the beauty economy is booming and the beauty consumer group is becoming more and more mature, their skincare process is gradually extending and the categories involved are more diversified and refined, daily skincare has expanded from basic cleansing and moisturizing to deep and strong multi-faceted care.

### **2.3.3. Online Sales Trends are Clear**

All major cosmetic brands have now actively expanded their online sales channels and have achieved remarkable results. For example, in 2020, T Jahwa's online channel revenue ratio rose to 42%; L'Oreal's e-commerce sales growth rate was 26%. According to Aimedia Research, in 2021, 63.3% of Chinese Internet users choose integrated e-commerce platforms as the purchase channel for skincare and makeup products, therefore, integrated e-commerce platforms are the preferred channel for T Home Chemicals to deeply open the Chinese e-commerce market.

## **2.4. Threats**

### **2.4.1. Fierce Competition in the Cosmetics Industry**

Competition in China's cosmetics industry is becoming more and more intense. On the one hand, large foreign multinational companies entered China one after another and competed for domestic market share, such as the giants of daily chemical companies - Procter & Gamble and L'Oreal, which have occupied most of the Chinese market for a long time; on the other hand, because of its high gross margin and low cost for some cosmetics, more and more domestic producers were attracted to enter the industry. Domestic cosmetic companies, such as Perrier and Marumi, have also become strong competitors of T-Chemicals in the process of business development.

### **2.4.2. Lower Import Tariffs for Cosmetics, Competitive Prices for Foreign Brands**

China is committed to developing overseas trade and creating a more favorable environment for international trade, such as establishing duty-free zones on outlying islands, promoting the construction of bonded warehouses, and gradually liberalizing tariffs. Since foreign companies have strong capital and advanced technical support, their products themselves are very competitive and occupy a wide market in the Chinese cosmetics industry. If the tariff of cosmetics is significantly reduced, it will deal a blow to Chinese national brands such as T Jahwa, which is unfavorable to the development of T Jahwa.

### **2.4.3. Brand Acquisition Boom**

Multinational companies continue to acquire China's outstanding cosmetic brands of the needs of their global development strategies. L'Oreal's acquisition of Nurse Practitioner, Dabao's acquisition by Johnson & Johnson, these national cosmetic brands acquired by foreign investors, are facing the fate of being snowed out of the cosmetic market competition gradually, giving way for foreign brands of sales channels and markets. t Jahwa's excellent brands are also facing the threat to being acquired, and should be wary of malicious foreign acquisitions.

## **3. Conclusion**

The company's current development prospects, facing disadvantages and threats mainly from the fierce competition in the industry, some brand awareness are not high, the company can develop certain strategies to reduce the threat, eliminate disadvantages, such as enriching the product range, increase advertising investment, etc. T household chemical company makes

some adjustments on the basis of the existing strategy, and then will achieve sound development.

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