The Estée Lauder Companies Inc. is an American multinational manufacturer and marketer of skincare, makeup, fragrance, and hair care products, based in Midtown Manhattan, New York City. The company owns a diverse portfolio of brands, distributed internationally through both digital commerce and retail channels.

1. **What is the product?**

**Cosmetics/Skin Care**

* [AERIN](https://en.wikipedia.org/w/index.php?title=AERIN&action=edit&redlink=1)
* [BECCA](https://en.wikipedia.org/w/index.php?title=BECCA&action=edit&redlink=1)
* [Bobbi Brown](https://en.wikipedia.org/wiki/Bobbi_Brown)
* [Clinique](https://en.wikipedia.org/wiki/Clinique)
* [Darphin](https://fr.wikipedia.org/wiki/Darphin)
* DECIEM by [Brandon Truaxe](https://en.wikipedia.org/wiki/Brandon_Truaxe)
* Dr.Jart+
* Estée Lauder
* [GLAMGLOW](https://en.wikipedia.org/w/index.php?title=GLAMGLOW&action=edit&redlink=1)
* La Mer
* [Lab Series](https://en.wikipedia.org/w/index.php?title=Lab_Series&action=edit&redlink=1)
* [MAC Cosmetics](https://en.wikipedia.org/wiki/MAC_Cosmetics)
* [Origins](https://en.wikipedia.org/wiki/Origins_(cosmetics))
* [Prescriptives](https://en.wikipedia.org/w/index.php?title=Prescriptives&action=edit&redlink=1)
* [Smashbox](https://en.wikipedia.org/w/index.php?title=Smashbox&action=edit&redlink=1)
* [Too Faced](https://en.wikipedia.org/w/index.php?title=Too_Faced&action=edit&redlink=1)[[28]](https://en.wikipedia.org/wiki/The_Est%C3%A9e_Lauder_Companies#cite_note-28)
* [Tom Ford Beauty](https://en.wikipedia.org/wiki/Tom_Ford_Beauty)

**Fragrance**

* [Aramis](https://en.wikipedia.org/wiki/Aramis_(fragrance))
* [By Kilian](https://en.wikipedia.org/w/index.php?title=By_Kilian&action=edit&redlink=1)
* [DKNY Fragrances](https://en.wikipedia.org/w/index.php?title=DKNY_Fragrances&action=edit&redlink=1)
* [Donna Karan Cosmetics](https://en.wikipedia.org/w/index.php?title=Donna_Karan_Cosmetics&action=edit&redlink=1)
* [Editions de Parfums Frédéric Malle](https://en.wikipedia.org/wiki/Fr%C3%A9d%C3%A9ric_Malle#Editions_de_Parfum_Fr%C3%A9d%C3%A9ric_Malle)
* [Ermenegildo Zegna](https://en.wikipedia.org/wiki/Ermenegildo_Zegna) Perfumes
* [Jo Malone London](https://en.wikipedia.org/wiki/Jo_Malone_London)
* [Kiton](https://en.wikipedia.org/wiki/Kiton)
* [Lauder (Fragrances)](https://en.wikipedia.org/w/index.php?title=Lauder_(Fragrances)&action=edit&redlink=1)
* [Le Labo](https://en.wikipedia.org/wiki/Le_Labo)
* [Michael Kors](https://en.wikipedia.org/wiki/Michael_Kors) Beauty
* [RODIN olio lusso](https://en.wikipedia.org/w/index.php?title=RODIN_olio_lusso&action=edit&redlink=1)[[29]](https://en.wikipedia.org/wiki/The_Est%C3%A9e_Lauder_Companies#cite_note-29)
* The Ordinary by [Brandon Truaxe](https://en.wikipedia.org/wiki/Brandon_Truaxe)
* [Tommy Hilfiger Toiletries](https://en.wikipedia.org/w/index.php?title=Tommy_Hilfiger_Toiletries&action=edit&redlink=1)

**Haircare**

* [Aveda](https://en.wikipedia.org/wiki/Aveda)
* [Bumble and Bumble](https://en.wikipedia.org/wiki/Bumble_and_bumble)

1. **How are they selling it?**

Online:

Website, Walmart, Amazon

Stores:

Target, Sephora, Macy’s

1. **How is it priced?**

**Price difference across geographies**

The rise of online channels has made differences in prices across geographies very transparent. For example, some popular Estée Lauder products such as Re-Nutriv and Clinique cost 60% to 100% more in Australia than they do on Estée Lauder’s US e-commerce site. Estée Lauder’s Re-Nutriv Ultimate Lift Age Correction serum (30 mls) costs $410 from Estée Lauder’s Australian online store compared with $US210 on the group’s US website. And the Idealist skin correction serum (50 ml) costs $150 on Estée Lauder’s Australian site, compared with $US85 on the US site, and Clinique SuperDefense SPF 25 costs $90 on Estée Lauder’s local site and in Myer, compared with $US44.50 on Estée Lauder’s US website.

**Pricing Strategy:**

1. The current pricing strategy used to determine the price level that follows is a competitive pricing strategy. Because of the large number of competitors in the industry, data on competitors is easily accessible.

2. It also considers costs when setting prices for a few products for which either no information is available on competitors, or which are more expensive to manufacture.

3. Sells its products at a higher price than competitors This is because it has more features, which are offset by the higher price.

4. It also employs an optional product pricing strategy for certain products, in which it offers a base product price and separate prices for the accessories that come with it.

5. It charges a higher price for the products it sells on the internet. This is since delivery costs have been factored into the product's price.

6. Has set the final product's prices Channel members, such as retailers and wholesalers, purchase the product at a lower cost and profit from their own margins.

7. It also currently employs product bundle pricing, in which products are bundled together and sold at prices lower than the total of individual items.

Estée Lauder products are considered prestige and are priced in line with other department store brands. The Revitalizing Supreme+ Global Anti-Aging Cell Power Crème retails for $85, and four Advanced Night Repair Masks are $82. Advanced Time Zone Eye Cream is $64. Perfectionist Pro Rapid Firm + Lift Treatment with Acetyl Hexapeptide-8 retails for $108.

**4. What promotions are they using?**

a. The Estee E-list Loyalty Program

- Sign up and receive 15% off on one online order

b. Limited Edition:

- Get 29 Beauty Essentials of $550 value, for $75 with any purchase of $45.

c. Free Shipping and free returns on all online orders.

d. Shop now and pay later in 4 installments using afterpay for purchases more than $35.

e. Foundation without the fuss

- Free shipping on every foundation purchase. If a new shade needed, free shipping or free return.

f. Free Luxe gift box for any purchase.

g. Free gift wrapping for any purchase.

h. Livestream on demand for shoppable live content, and tips and tricks from trusted beauty experts.

i. Refer a friend and you’ll both get $20 off on the next purchase of $100+.

j. Online Exclusive Fall 2021:

- Free 7-piece gift set of $155 values for any purchase of $45.

**5. What algorithmic marketing services are they using?**

The streams of the algorithmic marketing services can be categorized as:

1. **Advertisements**

* With their slogan “Bringing the best to everyone we touch”, Estee Lauder has spent significant amounts of efforts in marketing their products and services. Initially, the company started off with using banners and posters, but they quickly shifted focus to online advertising, and now primarily mobile advertising, where the ad is targeted to an app or a site that has relevance to the product it is promoting. These mobile ads are running in mobile sites like Refinery 29, Macy’s, Glamour etc. This cuts through the search process and redirects the users directly to the specific product page.
* The Estee Lauder ads include an image of a bottle from the brand’s Pure Nail Color Laquer collection where the customers can find their own nail color by clicking on the ad which redirects them to the company website’s specific product page.
* Based on their search history and relevance, Estee Lauder shows recommended products at check-out which increases the brand awareness and is also potentially increasing the basket size.
* The mobile site also includes store locations and lets customers browse through current promotions.
* All these strategies are boosting up the sales as they give consumers quick access to the product advertised without any hassle.

1. **Assortments**

* There are several strategies for Assortments Planning and Management performed by Director, Retail Planning and Replenishments. Some of them are:

 • Develop assortment strategies that will support the store and category plans

 • Collaborate with supply and brands on achieving assortment vision

 • Assess the assortment strategies and allocation execution required to achieve sales goals

 • Review effectiveness of allocation strategies and results through review of reporting, analytics, and store visits

• Provide insight and opportunities on improving assortment through modifying allocation strategies

• Identify opportunities to enhance systems and processes to optimize allocation results

1. **Pricing**

* Estee Lauder promotes itself as a company that values women's individuality and celebrates their beauty. As a result, its products are more expensive than those of most of its competitors. Estee Lauder's pricing approach in the marketing mix is aimed at the affluent class of women. As a result, the brand is regarded as a high-end one. This brand's items are purchased by clients who are less price sensitive and affluent. Some of the company's items are priced higher than the rest, resulting in a sales mix.

1. **Place and Distribution**

* Estee Lauder has a limited distribution structure to market itself as a luxury brand. Its products are sold at high-end department stores and shopping malls. It has a limited consumer base due to its distribution mechanism. Due to its decision to remain a premium brand, the product portfolio is likewise limited. The brand's competitors provide a diverse range of items and distribution methods in a variety of locations. Estee Lauder has carefully expanded the distribution of specific goods based on profitability and profit potential.

1. **Promotions**

Free samples are the most important and oldest reason for Estee Lauder's success. In addition, the company has introduced promotional initiatives such as Gift-for-Purchase and Purchase-for-Purchase to both retain and win new clients. Gift-for-buy is a marketing plan in which customers are given presents for every purchase they make. Purchase for purchase is a strategy for attracting new clients who previously had not purchased their products. Estee Lauder also offers discounts to a certain group of clients to encourage them to purchase the brand's items. Attractive in-store displays are also utilized to catch customers' attention. As a result, the Estee Lauder marketing mix is covered.

**6. What datasets do you think you will need to build these algorithmic services?**

Numerical Dataset

Multivariate Dataset

Categorial Dataset

**a. How frequently will data change?**

Data is changing according to the location, season, and holidays.

Example, EL has a promotion for Fall, where they are giving Free 7-piece gift set of $155 values for any purchase of $45.

**b. How would you store these datasets?**

In Data warehouses, Data lakes

**7. Review the jobs/career site and search for Data/Data Science positions. After review of the site, what technologies and programmatic services is the company using?**

**Skills required:**

1. **For Data Science positions:**

* SAS
* Python
* R
* Modeling Technologies
* Statistical and Predictive Forecasting
* Advanced Data Analytics
* Machine Learning Algorithms and Libraries

1. **For Data Analytics and Engineering positions:**

* Predictive/trend analytics
* Microsoft Power BI
* Tableau
* SQL
* Python
* R
* ETL Tools
* QlikView/QlikSense
* Data warehousing, OLAP Design, and Data Lake concepts and architecture (Azure, Hive, Spark)
* Knowledge of PLM applications
* Relational Databases (e.g., Oracle)
* SAP ERP
* Oracle PL/SQL scripting
* Microsoft Excel
* Java
* Knowledge of data mining, cleaning, and transforming techniques
* Knowledge of Microsoft Azure, DataBricks
* Application Lifecycle (SDLC)
* SAP BW and HANA
* S4 and BW on HANA experience

**8. How is the company tracking visitors?**

* Estee Lauder Company’s Corporate Website Cookie Management is used to obtain information about visitor’s usage or their device through automated means and use of technologies like cookies. These cookies assist in determining what information is required by users and for enhancing their experience.
* There are different types of cookies used like the ones directly served by Estee Lauder **(first party cookies)** and the ones served by third-party data analytics companies **(third party cookies)**.
* First party cookies are used to identify if the visitor is an existing one or is a new one, the device type, operating system type, browser type, domain, and other system settings, as well as the language your system uses and the location and time zone in which your device is located.
* Third party web analytics services such as Google Analytics are used on the company site and social media platforms which use the information to evaluate use and performance of the site.
* There are several categories of cookies used in Estee Lauder’s website such as:
  + **Necessary cookies**: to provide with features of the site such as supporting log in forms. These cookies do not identify a visitor as an individual.
  + **Functional cookies**: to personalize the website for visitor and remember preferences such as log in information, the logged-in region and viewed pages. These may collect personal data.
  + **Performance cookies**: to collect information on the number of visitors to the sites, or which pages are the most popular, to monitor how the site is used and how it performs, for improving user experience. These are served by Google Analytics.
  + **Targeting cookies**: to serve promotional content to users based on location information of current users. These cookies uniquely identify the browser and device from which the site is accessed, and they may collect personal data. These are served by Google Analytics.

**Response Modeling Framework**

by selecting the most promising candidates to receive the treatment in order to maximize the overall value of the campaign

**Recency–frequency– monetary (RFM) analysis.**

recency The number of time units that have passed since the customer last purchased. This metric can be measured directly in time units (e. g., months) or can be mapped to some score. For example, customers can be sorted by the most recent purchase date and then those in the most recent 20% are assigned a score of 5, the next 20% a score of 4, and so on, until the last 20% get a score of 1.

frequency The average number of purchases per time unit. Again, the metric can be measured directly in units or scores.

monetary The total dollar amount spent per time unit. The monetary metric is typically measured by using intervals or scores.

**Lifetime Value Modeling**

customer lifetime value, commonly abbreviated as LTV, CLV, or CLTV. The goal of LTV modeling is to estimate the total amount of money that a brand is likely to make from a given customer over the lifetime of their relationship.

estimate the lifetime value of customer u is to sum the average expected profits for some time interval in the future:

Text

Description automatically generated

in which time t is measured in some units, typically months, R and C are the average expected revenues and costs, respectively, per customer per time unit, and T is the expected lifetime or projection horizon. The average expected revenues and costs are typically estimated based on historical data, such as transaction histories and campaign budgets. This estimate is not personalized (it is averaged over all customers) and is thus relatively straightforward. The revenues and costs can differ sharply for different customer segments, so it is very common to estimate R and C for each segment separately and then calculate segment-specific LTVs if the customer segment (persona) is known.

Diagram

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Basic LTV formula above does not account for several major effects. First, it does not explicitly account for customer retention. Although we can adjust the time horizon T according to the average customer lifetime, it can be more convenient to include the customer retention rate r into the formula as a parameter. For example, an annual retention rate of 0.8 means that 20% of the present customers will terminate the relationship within a year. Second, the LTV is typically measured for relatively long-time intervals of 2–3 years, so we might need to account for the fact that money in the present is worth more than the same amount in the future, that is, for a discount rate d. The discount rate reflects the cost of tying up the capital for a period. For example, an annual discount rate of 0.15 means that the present value of $1 should be considered equivalent of $1.15 to be received in one year. Accounting for the discount rate gives the net present value of the LTV. By taking these two factors into account, we can estimate the customer net profit as (R-C) for the first period, (R-C) \*r/(1+d) for the second time, and so on, which eventually adds up to the following definition of the LTV [Berger and Nasr, 1998]

Table

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* 1. online advertising,
  2. email advertising,
  3. social media campaigns,
  4. mobile commerce in increasing sales and providing direct access to consumers to cosmetics which is no more a touch and feel thing.
  5. Personalization
  6. Using Algorithms and Machine Learning from Consumer Input
  7. Other Forthcoming Technologies that use Data and Analytics
  8. Future Trends