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The influence of advertising strategies on corporate performance: A study in the beauty industry

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ABSTRACT

The purpose of the study is to examine the relationship between advertising investments and enterprise performance within the beauty sector. Through empirical analysis, the study investigates key elements such as budget allocation, channel effectiveness, frequency of advertising campaigns, and creativity in content, culminating in the development and validation of a theoretical model. The findings reveal that budget allocation, advertising channels, and campaign frequency exert a strong influence on corporate performance. However, the creativity and content quality of advertisements are found to have a comparatively weaker impact. Additionally, an inverse relationship is identified between excessive advertising investments and enterprise performance, highlighting a threshold effect. The study emphasizes the importance of strategic balance in advertising investments and suggests that more is not always better in enhancing business outcomes. These insights can guide marketing managers in optimizing advertising strategies, safeguarding resource efficiency, and improving performance outcomes in the beauty sector.

Contribution/Originality: By creating and confirming a sector-specific model that connects advertising tactics to enterprise performance in the beauty industry, this study provides novel insights. It offers sophisticated, data-driven guidance for strategic advertising decisions by highlighting the comparatively weaker role of content creativity and distinctly identifying a threshold effect of excessive advertising.

1. INTRODUCTION

With the acceleration of globalization and electronic information, advertising has become one of the important ways for companies to gain a competitive advantage and seize market share (Lee & Falahat, 2019). In the beauty industry, market competition is particularly fierce, and customers' attention to brands and products is deeply influenced by advertising. Advertising investment is not only an effective tool for companies to attract consumers' attention but also an important strategy to shape brand image and promote sales growth. However, advertising investment can significantly improve corporate performance, and its specific impact mechanism remains a trending issue of concern in academia and the business community.

Previous studies show that advertising expenses can improve company performance by enhancing consumer awareness and brand loyalty (Rivera, Smith, & Lee, 2019). However, since the beauty industry is a competitive field, it remains underexplored whether advertising investment positively impacts companies of different sizes and

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development stages. Additionally, the growth of digital advertising and the diversification of advertising formats have made assessing advertising effectiveness more complex. This study aims to analyze the influence of advertising investment on corporate performance, particularly in the beauty industry, and to examine the role of advertising investment in increasing brand value, boosting sales, and optimizing financial performance. Using industry case analysis, this study offers both theoretical and practical insights for beauty companies to develop advertising investment strategies.

1.1. Research Objectives

The purpose of this study is to analyze the impact of advertising investment on corporate performance in the beauty industry, focusing on companies operating in China. This study aims to provide insights into how advertising influences corporate performance in the beauty sector. By examining the effect of advertising investment, this research offers comprehensive recommendations for beauty industry companies to make informed advertising investment decisions and to improve the relationship between advertising expenses and corporate outcomes.

The four research objectives are.

To assess the impact of the allocation of advertising budgets on corporate performance in the beauty industry.

To investigate the influence of channel effectiveness in advertising on corporate performance within the beauty sector.

To address the effect of the frequency of advertising campaigns on corporate performance in the beauty sector.

To investigate the impact of creativity and content quality in advertising on corporate performance in the beauty sector.

1.2. Research Questions

Below are the four research questions formulated to achieve the research objectives.

RQ1: What is the effect of the allocation of advertising budget on corporate performance in the beauty industry?

Impact: It analyses how the allocation of budget for advertising investment affects the corporate performance of the company in the beauty industry?

RQ2: What is the effect of channel effectiveness in advertising on corporate performance within the beauty sector?

Impact: This question determines how the channels selected for advertising have a significant influence on the performance of corporate firms in the beauty sector.

RQ3: What effect does Frequency of Advertising Campaigns have on corporate performance and retention in beauty companies?

Impact: The purpose of this research question is to reveal how the frequency of advertising campaigns can influence corporate performance and retention within beauty companies.

RQ4: What is the impact of creativity and content quality of advertising on corporate performance in the beauty sector?

Impact: The goal of this question is to analyze how creativity and content quality in advertising also affect corporate performance within the beauty sector.

1.3. Research Significance

This article uses the beauty industry as the research background, exploring the influence of advertising investment on corporate performance through empirical research within the beauty industry. It analyzes the effect of advertising investment by beauty companies on corporate performance. In academic research, there are few studies on the role of advertising in corporate performance in domestic academic papers, and even fewer focusing on beauty companies. This article aims to conduct a more in-depth and comprehensive study of the relationship between

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advertising investment and corporate performance in the beauty industry.

In theory, this paper analyzes how advertising investment affects corporate performance and examines the current state of advertising investment in the beauty industry. This study aims to deepen understanding of advertising investment, enrich academic analysis of its impact on corporate performance in the beauty sector, and encourage objective and dialectical evaluation of advertising's pros and cons for companies.

This paper selects financial data from 2016 to 2021 and ultimately compiles annual data for 14 listed beauty companies to establish a multivariate regression model, followed by a benchmark regression analysis. The aim is to illustrate the impact of advertising investment in the beauty industry on corporate performance, identify the reasons for differences, and provide a basis for advertising investment strategies of Chinese beauty companies. The study seeks to offer a more scientific and objective theoretical framework for companies in the beauty industry, enabling more effective resource allocation.

2. LITERATURE REVIEW

2.1. Theoretical Framework

2.1.1. Theories of Advertising Effectiveness

The AIDA model (Attention, Interest, Desire, and Action) is the most well-known theoretical model that describes the effect of advertising investment on corporate performance. According to the discussed model, advertising successfully draws consumers' attention, creates interest, serves the purpose of desire, and finally, prompts action. Advertising captures attention through striking content or peculiar messages. It fosters the generation of interest by focusing on product advantages or specific aspects (Pramita & Manafe, 2022). This raises desire, where people relate to the product or brand, primarily promoted through emotions or brand ethos. Advertising acts, which lead to purchasing actions or brand activity from customers. The AIDA stages explain how advertising investment influences corporate performance results in terms of sales, market share, and Return on Assets (ROA). Marketing communication can thus improve both immediate and long-term business performance.

2.1.2. Theories of Corporate Performance

Investment Action Theory (IAT) offers a measure of corporate performance, focusing on investment actions and business performance. Corporate performance largely depends on the efficiency of the placement of financial resources within the enterprise (Liu, Zhang, Cao, Wang, & Zou, 2023). This theory holds that professional investment initiatives, including capital outlays, research and development, and advertising expenditures, control the predictable changes in profitability, market share, and economic performance.

Burst companies are viewed as organizations where investment decisions are made rationally regarding the usage of assets, management of risks, and generation of returns. The idea presented in the theory can be explained as follows: investments in innovation and expansion areas can be effective in creating new sales and increasing return on assets (ROA) (Dewi & Ronny, 2023). Through the application of these financial measures, firms can assess the outcomes of their investment decisions in comparison with the firm's growth and performance goals.

2.2. The Impact of Advertising Budget Allocation on Corporate Performance in the Beauty Industry

In the beauty industry, the allocation of advertising budgets has a profound impact on corporate performance (Corporate Finance Institute, 2024). The expenses on advertising and company performance might have been affected by the size of the company and its shareholders. In small and large businesses, the relationship between research and development expenses and corporate performance is significant (Bevans, 2023). Moreover, research and development in advertising expenses will be able to work in the long run alongside (Dewi & Ronny, 2023), improving the company's short-term financial performance. The beauty industry needs to develop effective budget allocation strategies to maximize the effectiveness of advertising budgets (Teamwork.com, 2024). The strategy is to allocate

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the budgets according to the performance indicators, using data-driven strategies to optimize spending on advertising and maximize the return on marketing investment. Companies should also consider market dynamics and consumer behavior to achieve effective resource allocation (Greyling, 2020). In this digitalization era, the beauty industry is increasingly allocating their advertising budgets to digital platforms such as social media and search engines because these platforms can generate more precise targeting of the target audience and have a higher return on investment (Klipfolio, 2024). Also, the company is exploring how to offer personalized, customized services and experiences using technologies such as augmented reality, big data, and IoT (Internet of Things) to enhance advertising effectiveness (Bhandari, 2023). To sum up, the beauty industry could develop more effective budget allocation strategies in advertising through precise market analysis and understanding consumer opinions to enhance performance (Bhandari, 2021).

H_1: The Impact of Advertising Budget Allocation on Corporate Performance in the Beauty Industry.

2.2.1. The Influence of Advertising Channel Effectiveness on Corporate Performance in the Beauty Sector

The effectiveness of advertising channels has significantly influenced corporate performance in the beauty industry. Digital marketing strategies such as engagement on social media, partnerships with influencers, personalized content, data-driven strategies, and omnichannel integration positively impact key performance indicators, including sales growth, consumer trust, loyalty, and return on marketing investment (Banerjee, Sen, & Zahay, 2023). The relationship between high engagement on social media and sales growth states that social media platforms are important for revenue growth. Additionally, association with celebrities on the Internet is significant because it can increase consumer trust and purchasing intention. Personalized content can also generate higher customer loyalty (Sokolova & Kefi, 2020). Data-driven strategies can also increase marketing ROI, and effective omnichannel development positively impacts customer satisfaction and brand image. Nowadays, the beauty industry allocates its advertising budget to digital platforms because they can target specific markets more precisely and generate a higher return on investment (Banerjee et al., 2023). At the same time, businesses are also exploring how to offer personalized and customized services and experiences through technology to increase advertising effectiveness. In short, the beauty industry should develop advertising budget allocation strategies that are reasonable by conducting precise market analysis and considering consumer opinions to enhance performance. Additionally, businesses should focus on technological innovation and digital transformation to adapt to changes and consumer demands (Tsai & Men, 2017).

H_2: The influence of advertising channel effectiveness on corporate performance in the beauty sector.

2.2.2. The Effect of Advertising Campaign Frequency on Corporate Performance and Customer Retention in Beauty Companies

The frequency of advertising campaigns in the beauty industry has had a significant impact on corporate performance and customer retention. When businesses carefully design advertising campaigns, they can increase brand awareness, attract new customers, and maintain positive relationships with existing clients. Past studies have highlighted that the appropriate advertising frequency can improve consumers' attitudes toward advertising by influencing their purchasing decisions. Regular advertising campaigns in the beauty industry will not only enhance brand awareness but also promote sales growth.

The retention of customers is one of the main keys to the success of the beauty industry. It is because regular advertising campaigns allow businesses to always keep in touch with existing customers, remind them of the existence of the brand, and stimulate their interest in buying new products or trying new services. Ongoing communication helps to build customer loyalty and minimize churn. In this digitalization era, the beauty industry depends on digital marketing platforms because they allow for more flexible advertising frequency and enable real-time optimization based on user interaction and feedback.

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Businesses need to enhance advertising frequency by carefully developing advertising strategies, combined with market research and feedback from consumers, so that businesses can attain optimal market performance and customer satisfaction. At the same time, innovative advertising content and effective digital marketing strategies are also key to strengthening advertising effectiveness. By using these strategies, the beauty industry will be able to compete in the market and achieve sustainable growth and development.

H_3: The Effect of Advertising Campaign Frequency on Corporate Performance and Customer Retention in Beauty Companies.

2.2.3. The Impact of Advertising Creativity and Content Quality on Corporate Performance in the Beauty Sector

The influence of advertising creativity and content quality on corporate performance in the beauty industry is significant. Creativity in advertising can enhance brand interest and perceived brand quality by capturing consumers' attention. Although advertising creativity may not directly improve recall, preference, or persuasiveness, it remains important because it reflects the advertiser's effort and demonstrates the brand's capabilities. Consumers play a vital role in evaluating advertising creativity. Consequently, advertising creativity not only aids in building, measuring, and positioning advertisements but also increases brand concern and perceived quality. Furthermore, the quality of advertising content is a crucial factor influencing consumer attitudes and purchasing decisions (Tellis, 2009). High-quality content can enhance consumers' trust in advertising, thereby increasing brand appeal and loyalty. On social media, the impact of storytelling advertising on consumers' brand attitudes through the frequency of brand information presentation has been studied, and it has been found that an appropriate frequency of information presentation can enhance consumers' attitudes and loyalty to the brand. Advertising creativity and content quality have a direct and indirect impact on corporate performance in the beauty industry. Through innovative advertising strategies and high-quality content, beauty companies can enhance their market competitiveness, increase consumer awareness and loyalty to their brand, and ultimately improve their performance (Kumar & Reinartz, 2018).

H_4: The Impact of Advertising Creativity and Content Quality on Corporate Performance in the Beauty Sector.

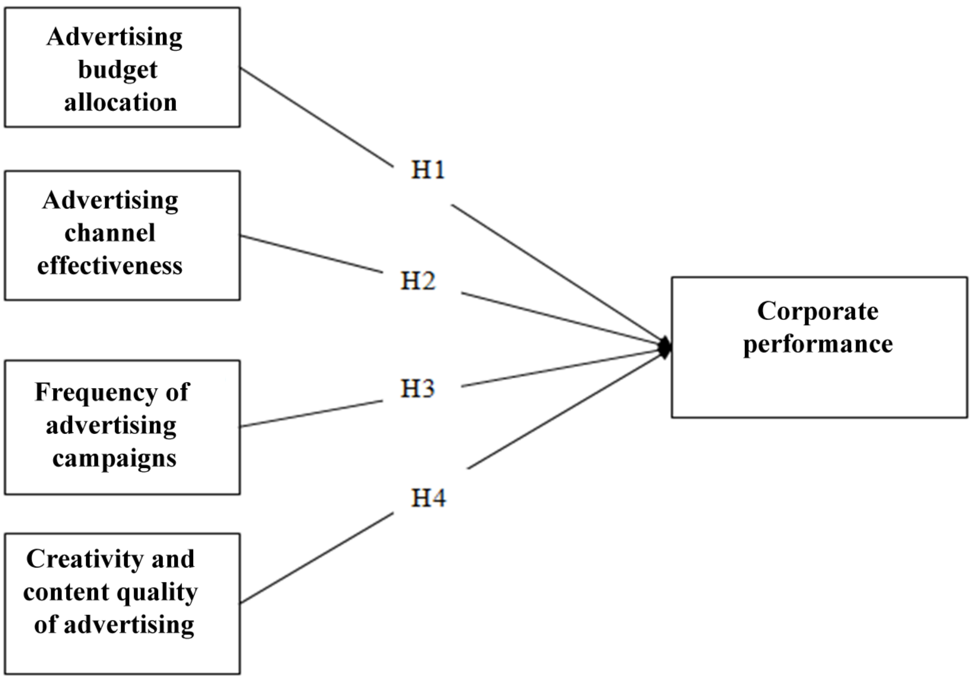

Figure 1. Conceptual framework.

Figure 1 illustrates the conceptual framework linking advertising budget allocation, advertising channel effectiveness, frequency of advertising campaigns, and creativity and content quality of advertising to corporate

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performance. The framework assumes that each of these factors such as budget allocation, channel effectiveness, campaign frequency, and content quality plays a substantial role in influencing a company's overall performance.

2.3. Summary and Research Gap

Judging from the review, many researchers have studied the relationship between advertising investment and corporate performance, subdividing it into different industries to verify whether the impact of advertising investment in each industry on corporate performance is positive or negative. Regarding sample selection, the number of samples from the consumer goods industry, such as the liquor industry and the fast-moving consumer goods industry, aims to serve as research objects. Although the conclusions drawn are industry-representative, the overall sample size is small, and the empirical results are not sufficiently robust. The number of samples with industry as the research object is relatively large, but the impact of advertising on the industry is not significant. The "one size fits all" approach of selecting the entire industry as the research object fails to distinguish the characteristics of the industry and market structure, and the results obtained by the study have limited reference value. From a research perspective, only a few articles separately study the impact of advertising investment in the beauty industry on corporate performance.

3. METHODOLOGY

3.1. Research Design

3.1.1. Type of Research

The research work is conducted based on a quantitative analysis method. Through quantitative analysis, we can further clarify the understanding of advertising investment in the beauty industry, to more scientifically reveal the rules, grasp the essence, and clarify the relationship.

3.1.2. Descriptive and Correlational Research

Descriptive and correlational research refer to methods through which the characteristics of a group can be assessed easily. Additionally, descriptive and correlational research are associated with identifying the current state of a phenomenon. The considerations of these types of research relate to the effective assessment of the relationships between the variables used in a study (Bhandari, 2023). Both positive and negative relationships are revealed through correlational research.

3.1.3. Data Collection Method

The primary data collection method is incorporated into the study and is associated with the collection of data from direct fields. The primary data collection is closely related to the chances of gaining new or fresh insights into different aspects of the research work (Taherdoost, 2021). Additionally, maintaining the confidentiality of obtained data is much easier compared to the secondary data collection method.

3.2. Population and Sample

3.2.1. Target Population

The target population consists of employees from leading beauty companies, including L'Oréal, Estée Lauder, Procter & Gamble, and Shiseido. L'Oréal employs approximately 10,000 people in China (L'Oréal, 2024). Estée Lauder has a global workforce of 62,000 employees (Estée Lauder Companies, 2020). Procter & Gamble has beyond 8,000 employees in China (Procter & Gamble - China, 2024), whereas Shiseido hires around 35,675 people in China (Shiseido, 2024). Consequently, the total estimated population is nearly 116,000.

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3.2.2. Sampling Method

The sample for this study is finalized using the Krejcie and Morgan table, which indicates that a sample size of 384 is adequate for a population of 100,000 (Krejcie & Morgan, 1970). To enhance the reliability and accuracy of the findings, the final sample size has been increased to 415 respondents.

3.3. Variables and Hypotheses

3.3.1 Independent Variables (IVs)

Advertising Investment (Advertising Budget Allocation, Advertising Channel Effectiveness, Frequency of Advertising Campaigns, Creativity, and Content Quality of Advertising)

Advertising Budget Allocation: the amount of money allocated by a company for expanding and promoting its services (Teamwork.com, 2024).

Advertising channel effectiveness: It refers to the effectiveness of the channel or campaign that is advertised in terms of meeting the intended goal (Lanteri, 2022).

Frequency of Advertising Campaigns: It refers to the number of times an advertisement is shown or an advertising campaign is arranged in front of audiences (Klipfolio, 2024).

Creativity and Content Quality of Advertising: Greyling (2020) has identified that the created content quality of the advertisement is reflected through its fresh and unique ideas.

All these factors are calculated or identified by calculating the total expenditure for a certain period.

3.3.2. Dependent Variable (DV): Corporate Performance

It can be referred to as the performance of an organization that is supported by the formulation of corporate strategy and the improvement of management processes (Corporate Finance Institute, 2024). The measurement of corporate performance is determined by calculating "Return on Assets (ROA)."

3.4. Data Collection Procedures

The primary data is selected for the study; therefore, the responses of the target employees serve as the source of information. The primary data collection approach is employed to gather relevant research data and recent information regarding how advertising expenditure is used to enhance performance. Various methods are implemented to collect data from respondents. Since this is a quantitative study, objective data is used, and closed-ended questionnaires are also utilized (Taherdoost, 2021). The consideration of primary data collection for the study is helpful in obtaining data that is very recent and free from any misinterpretation that could affect the research outcome.

3.5. Data Analysis Techniques

3.5.1. Descriptive Statistics

Descriptive analysis involves describing, illustrating, or summarizing data, which is associated with identifying patterns (Rawat, 2021). Descriptive analysis in quantitative research involves identifying similarities between variables. The calculation of mean, median, and mode is also associated with completing descriptive analysis.

3.5.2. Correlation Analysis

Correlation analysis is conducted as a statistical measure to express the extent to which selected variables are linearly related to each other (Bhandari, 2021). The causal relationship between two random variables or various data can be determined using Pearson's Correlation Coefficient test in SPSS.

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3.5.3. Multiple Regression Analysis

Multiple regression analysis is conducted to establish the existing relationship between the independent and dependent variables of the research (Bevans, 2023). It is effective in demonstrating the strength of the relationship between the variables and contributes to supporting the hypothesis in the research.

3.5.4. Hypothesis Testing

The following hypothesis would be satisfied through the analysis of the results if the significance value is less than or equal to 0.05.

H_1: Advertising budget allocation has a significant impact on corporate performance.

H_2: Advertising channel effectiveness has a significant impact on corporate performance.

H_3: The frequency of advertising campaigns has a significant impact on corporate performance.

H_4: Creativity and content quality of advertising have a significant impact on corporate performance.

3.6. Ethical Considerations

Ethical guidelines are strictly adhered to throughout this study to ensure the rights, privacy, and well-being of all participants. This study employs a primary data collection approach, gathering first-hand information directly from employees in the beauty industry. Data is collected through a structured, closed-ended questionnaire, designed to ensure objectivity and consistency in responses (Taherdoost, 2021). The questionnaire is distributed online and in person to enhance response rates and reach a diverse group of participants. To ensure data accuracy, a pilot study is conducted with a small subset of respondents before full-scale distribution. Additionally, measures such as random sampling and anonymous responses are implemented to minimize bias and enhance reliability.

3.6.1. Informed Consent and Confidentiality

Prior to participating in the study, respondents received a detailed informed consent form that outlined the purpose of the study, procedures, potential risks, and benefits. Respondents agreed to participate voluntarily in the study and retained the right to withdraw at any stage without consequences.

3.6.2. Transparency and Integrity

Values such as transparency and integrity are given significant importance when research work is conducted. Transparency in terms of disclosure of information is crucial. Maintaining confidentiality is important for both the research and the respondents. All personal details and organizational records are kept confidential and are used mainly for research purposes. There will be no identifying information revealed in any reports or publications. Data storage surpasses secure encryption protocols, and access is limited solely to authorized researchers.

3.6.3. Bias and Research Integrity

To maintain impartiality, the study employed random sampling methods and ensured objectivity in survey questions. An ethical review board from INTI International University was obtained before conducting the research, and the findings were reported transparently without any manipulation.

3.7. Limitations

3.7.1. Limitations of Data

The data collected here are obtained from employees of four selected companies. Therefore, the overall understanding of the beauty industry condition remains limited in this study. Additionally, the recent data collected are primarily objective in nature; hence, they are not fully effective in capturing the emotions of audiences in a detailed manner.

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3.7.2. Generalizability

The chances of generalizability are identified in this case because the outcome may not apply to companies outside China. It is recognized that employees from only four companies; hence, the outcome may not apply to other companies in China.

4. RESEARCH FINDINGS

4.1. Introduction

The data analysis chapter is conducted to interpret the collected data through statistical representation using tables and graphs. Descriptive and inferential analyses have been conducted to interpret the collected data. The hypotheses developed for the study are also tested in this chapter.

Table 1 presents the demographic information of the respondents, including age, gender, and work experience. Most respondents are over 36 years old (48.0%), followed by those under 25 years old (27.0%) and those aged 26–35 years (25.1%). In terms of gender, 53.3% are female and 46.7% are male. Regarding work experience, the largest group has 5 to 7 years of experience (58.1%), while 38.6% have more than 8 years, and only 3.4% have less than 5 years of experience.

Table 1. Demographic information.

Demographic Variable		Count	Column N %
Age	Less than 25 years	112	27.0%
	26-35 years	104	25.1%
	More than 36 years	199	48.0%
Gender	Male	194	46.7%
	Female	221	53.3%
Experience	Less than 5 years	14	3.4%
	5 to 7 years	241	58.1%
	More than 8 years	160	38.6%

4.2. Demographic Information

The demographic data collected indicates that most respondents, accounting for 40% of the total sample, belong to the age group of more than 36 years. The second largest group, comprising 25.1% of the sample, includes individuals aged 26 to 35 years. Female respondents made up 53.3% of the total sample. Additionally, individuals with moderate experience, ranging from 5 to 8 years, constituted 58.1% of the responses, while 38.6% of responses were from individuals with more than 8 years of experience.

Table 2 presents the results of the reliability analysis using Cronbach's alpha. The overall Cronbach's alpha value is 0.884, indicating a high level of internal consistency among the five items used in the study. The value based on standardized items is also high at 0.880, further confirming the reliability of the measurement scale.

Table 2. Cronbach alpha.

Reliability statistics		
Cronbach's alpha	Cronbach's alpha based on standardized items	N of items
0.884	0.880	5

4.3. Reliability

Reliability analysis is conducted to determine the consistency of the selected items in the study. The reliability of the items is considered acceptable if Cronbach's Alpha value falls within the range of 0.7 to 0.9. Since the selected items for the study generate a Cronbach's Alpha value of 0.884, the consistency of the selected items is satisfactory.

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Table 3. Descriptive statistics.

Statistics						
Statistic		**ABA**	**ACE**	**FAC**	**CCQA**	**CP**
N	Valid	415	415	415	415	415
	Missing	0	0	0	0	0
Mean		2.9056	2.9145	2.8996	3.4185	2.9044
Median		3.0000	3.0000	3.0000	3.5000	3.0000
Mode		3.00	3.00	3.00	3.00	3.00
Std. Deviation		0.78019	0.81319	0.81260	0.77075	0.82041

Table 3 presents the descriptive statistics for five variables: Advertising Budget Allocation (ABA), Advertising Channel Effectiveness (ACE), Frequency of Advertising Campaigns (FAC), Creativity and Content Quality of Advertising (CCQ), and Corporate Performance (CP). The data is based on feedback from 415 valid cases with no missing data. The mean scores for all variables range between 2.90 and 3.42, with CCQA recording the highest mean ($M = 3.4185$), indicating a relatively more positive response compared to the other variables. The median and mode for all variables are consistently at 3.00 or above, suggesting a central tendency toward moderate agreement. Standard deviations range from 0.77075 to 0.82041, reflecting a moderate spread of responses around the mean.

4.4. Descriptive Analysis

A high mean value indicates a strong level of agreement among respondents regarding the effect of a factor. In this study, the variable creativity and content quality of advertising has a high mean value of 3.4185, reflecting a strong consensus among respondents. Conversely, the low mean value of 2.8996 for the variable frequency of advertising campaigns indicates a disagreement among respondents. The standard deviation for all variables is less than one, which suggests the data is reliable.

Table 4. Pearson's correlation coefficient.

Correlations						
Variables		**ABA**	**ACE**	**FAC**	**CCQA**	**CP**
ABA	Pearson correlation	1	0.856**	0.936**	0.088	0.932**
	Sig. (2-tailed)		0.000	0.000	0.074	0.000
	N	415	415	415	415	415
ACE	Pearson correlation	0.856**	1	0.913**	0.079	0.921**
	Sig. (2-tailed)	0.000		0.000	0.109	0.000
	N	415	415	415	415	415
FAC	Pearson correlation	0.936**	0.913**	1	0.112*	0.993**
	Sig. (2-tailed)	0.000	0.000		0.022	0.000
	N	415	415	415	415	415
CCQA	Pearson correlation	0.088	0.079	0.112*	1	0.109*
	Sig. (2-tailed)	0.074	0.109	0.022		0.026
	N	415	415	415	415	415
CP	Pearson correlation	0.932**	0.921**	0.993**	0.109*	1
	Sig. (2-tailed)	0.000	0.000	.000	0.026	
	N	415	415	415	415	415

Note: **. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 4 exhibits Pearson's correlation coefficients among five variables: Advertising Budget Allocation (ABA), Advertising Channel Effectiveness (ACE), Frequency of Advertising Campaigns (FAC), Creativity and Content Quality of Advertising (CCQ), and Corporate Performance (CP). The findings specify several strong and statistically significant positive correlations. Notably, ABA shows a strong correlation with ACE ($r = 0.856$, $p < 0.01$), FAC ($r = 0.936$, $p < 0.01$), and CP ($r = 0.932$, $p < 0.01$), suggesting that these variables move closely together. Similarly, CP is highly correlated with FAC ($r = 0.993$, $p < 0.01$) and ACE ($r = 0.921$, $p < 0.01$). Meanwhile, CCQA shows relatively

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weak correlations with other variables, with only low but statistically significant correlations with FAC ($r = 0.112$, $p < 0.05$) and CP ($r = 0.109$, $p < 0.05$). These findings suggest that while most variables are closely related, CCQA operates somewhat independently from the others.

4.5. Correlation Analysis

Pearson's correlation coefficient is tested in the research to analyze the existing correlation between the variables and to ensure the association of collected data. A high value of correlation indicates a strong relationship among the variables. A Pearson's correlation coefficient value above 0.8, as shown in the table above, indicates a strong correlation between the variables. Conversely, a low value of Pearson's correlation coefficient, within the range of 0.3 to 0.8, suggests a weak to moderate correlation among the variables.

Table 5. Multiple regression analysis.

Coefficients[a]								
Model		**Unstandardized coefficients**		**Standardized coefficients**	**t**	**Sig.**	**95.0% confidence interval for B**	
		B	**Std. error**	**Beta**			**Lower bound**	**Upper bound**
1	(Constant)	-0.033	0.026		-1.264	0.207	-0.084	0.018
	ABA	0.024	0.017	0.023	1.455	0.046	-0.008	0.057
	ACE	0.086	0.014	0.085	6.255	0.000	0.059	0.113
	FAC	0.902	0.02	0.894	44.49	0.000	0.862	0.942
	CCQA	0.000	0.006	0.000	0.022	0.982	-0.012	0.012

Note: a. Dependent variable: CP

Table 5 demonstrates the findings of the multiple regression analysis with CP as the dependent variable. The evaluation implies the coefficients for the independent variables ABA, ACE, FAC, and CCQA.

- The constant term is -0.033, representing the baseline value of CP when all independent variables are zero. However, this is not statistically significant ($p = 0.207$).
- The variable ABA has a positive unstandardized coefficient of 0.024, with a standardized coefficient (Beta) of 0.023. The t-value of 1.455 and p-value of 0.046 suggest that ABA has a marginally significant positive impact on CP.
- ACE shows a positive and statistically significant relationship with CP, with a coefficient of 0.086 (Beta = 0.085), a t-value of 6.255, and a p-value of 0.000. This indicates a strong positive impact of ACE on CP.
- FAC has a very strong positive effect on CP, with a coefficient of 0.902 (Beta = 0.894), and a highly significant t-value of 44.49, with a p-value of 0.000. This suggests that FAC is the strongest predictor of CP in this model.
- The variable CCQA has a coefficient of 0.000, with a very small Beta of 0.000 and a t-value of 0.022, indicating that CCQA does not significantly influence CP ($p = 0.982$).

4.6. Regression Analysis

Regression analysis is conducted to test the relationship between variables in the research. The regression analysis is considered valid if the Sig value is less than 0.05, indicating a strong relationship between the independent and dependent variables. In the table above, the variable advertising budget allocation has a Sig value of 0.46. This does not meet the necessary criteria, suggesting a weak relationship with corporate performance. Conversely, the variables Advertising Channel Effectiveness and Frequency of Advertising Campaigns have Sig values of 0.000, indicating strong relationships with the dependent variable. However, the variable Creativity and Content Quality of Advertising has a Sig value greater than 0.982, which does not satisfy the regression relationship requirements.

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Table 6. Hypothesis testing.

Hypothesis	Sig value	Results
H1: Advertising budget allocation has a significant impact on corporate performance.	0.046	Satisfied
H2: Advertising channel effectiveness has a significant impact on corporate performance.	0.000	Satisfied
H3: The frequency of advertising campaigns has a significant impact on corporate performance.	0.000	Satisfied
H4: Creativity and content quality of advertising have a significant impact on corporate performance.	0.982	Not satisfied

Hypotheses testing for the study are summarized in Table 6.

H1: Advertising budget allocation has a significant impact on corporate performance, with a p-value of 0.046. Since this is less than the typical alpha level of 0.05, the hypothesis is supported, indicating that advertising budget allocation significantly affects corporate performance.

H2: Advertising channel effectiveness has a significant impact on corporate performance, with a significant value of 0.000. This value is highly significant, so the hypothesis is satisfied, meaning that the effectiveness of advertising channels significantly impacts corporate performance.

H3: The frequency of advertising campaigns has a significant impact on corporate performance, with a p-value of 0.000. This highly significant value supports the hypothesis that the frequency of campaigns positively influences corporate performance.

H4: Creativity and content quality of advertising have a significant impact on corporate performance, with a significance value of 0.982. Since this value is greater than 0.05, the hypothesis is not supported, indicating that creativity and content quality do not have a significant impact on corporate performance in this study.

4.7. Hypothesis Testing

The hypothesis testing for the study is conducted while analyzing the significance value for each variable that depicts the strength of their relationship. If the strength of the relationship is strong, then the developed hypothesis is also supported. Therefore, based on the regression analysis conducted above and the hypothesis table developed, H1, H2, and H3 are supported due to the strong relationships between the respective variables. H4 is not supported because of the weak relationship between the independent variable and corporate performance.

4.8. Discussion

The demographic information indicates that data has been primarily collected from experienced employees, thereby ensuring the quality of the information provided. The data is trustworthy because highly experienced employees are likely to convey their opinions on advertising investment and its impact on corporate performance. Additionally, the consistency of the items selected for the study, which analyze the impact of advertising investment and related factors, further enhances the reliability of the findings. The correlation analysis demonstrates a strong relationship among the variables, confirming the significant influence of factors such as advertising budget allocation and channel effectiveness on corporate performance. The descriptive analysis reveals that respondents, who are employees of the selected organizations, consider creativity and content quality of advertising to be more influential on corporate performance than other factors like the frequency of advertising campaigns.

It is evident from the regression analysis that the variables advertising budget allocation, advertising channel effectiveness, and frequency of advertising campaigns have a stronger influence on corporate performance compared to the impact of creativity and content quality of advertising. Therefore, beauty product organizations in China should consider these variables concerning advertising investments to enhance their corporate performance and maintain their market position in the industry.

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5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusion

This study concludes that there is a significant negative correlation between corporate performance and advertising investment in beauty companies. Advertising investment is part of the cost; the higher the advertising investment, the higher the operating costs of the company. Simultaneously, substantial advertising expenditure can also occupy the company's funds, reducing the available capital for other production and operational activities, thereby impairing corporate performance. Additionally, as advertising investment increases, the marginal gain in consumer purchases diminishes. Coupled with the intense competition among beauty brands in China in recent years, consumers are more inclined toward product quality and technology. In this environment, increased advertising investment may not necessarily attract investors but could reduce cash flow available for research and development (R&D). Furthermore, advertising expenses should be allocated across different media to better seize market opportunities and minimize the impact on enterprise performance. It is possible that the unique nature of advertising investment in the beauty industry leads to this negative relationship. For enterprises, advertising expenditure increases operating costs, occupies funds, and reduces available capital, which can negatively affect performance. Moreover, as advertising investment rises, the growth in consumer purchases may decrease. Therefore, in the competitive landscape of recent years, consumers prioritize product quality and technological innovation. Increased advertising expenditure may not attract investors and could diminish R&D cash flow. Consequently, there is a negative correlation between advertising investment and corporate performance in beauty companies. In other words, the more a beauty company invests in advertising, the lower its performance tends to be. The beauty industry holds significant prospects; however, research on this industry in China remains limited. We hope that enterprises can better understand the impact of advertising investment on their performance to facilitate greater development and improvement. Overall, the results indicate that advertising investment has a significant inverse effect on corporate performance. When investing in advertising, companies should adopt effective strategies tailored to their scale, industry structure, and market environment to achieve optimal performance. In practice, the role of advertising investment in stimulating corporate performance is supplementary rather than fundamental, which depends on core factors such as production scale and management experience.

5.2. Recommendations

5.2.1. Controlling the Intensity of Advertising Investment

According to the conclusions of this study, strategic recommendations are proposed for the advertising investment of beauty companies: they should pay attention to the intensity of advertising investment and improve the efficiency of investment within the appropriate range to reduce performance decline. The study found that as the advertising investment of beauty companies increases, their performance tends to decrease accordingly. Therefore, beauty companies should aim to optimize the effects of their advertising investments.

5.2.2. Participation in Event Marketing

Beauty and cosmetics companies should actively participate in event marketing to improve the efficiency of their investments. Event marketing can effectively increase sales for beauty and cosmetics companies and simultaneously enhance investment efficiency. Therefore, beauty companies should utilize event marketing to increase investment efficiency and brand visibility, even if it may be costly.

5.2.3. Investment Method

This study is based on empirical research in the beauty industry and provides recommendations for managing advertising investments. Firstly, companies should organize their advertising investments quantitatively by considering factors such as channels, timing, amount, and effectiveness of the investment to optimize advertising

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efforts. Next, leveraging modern technology and data-driven strategies can improve delivery timing and efficiency. Additionally, companies should prioritize online advertising for better results. Lastly, implementing a feedback mechanism can help refine investment strategies and enhance corporate performance.

5.2.4. Enhance Product Research and Development Efforts

The findings of this study indicate that excessive advertising investment can harm corporate performance; therefore, companies should allocate advertising budgets wisely to minimize this impact. Companies should utilize modern technology, select appropriate advertising channels, and focus more on product research and development. Instead of relying excessively on advertising, companies should invest in improving product quality and innovation. In summary, beauty companies must ensure efficient advertising investment while prioritizing research and development to enhance product effectiveness.

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