# China's Beauty Industry

WHITE PAPER

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# Contents



# Introduction

*After two years of the central government's Zero-COVID strategy, China lifted most of its restrictions in January 2023 and decided to adopt a "living with COVID-19 approach", thus reopening the country to inbound travelers and fostering consumer confidence.*

*The outbreak of the global pandemic boosted Chinese consumers' interest in self-care and deeply changed the beauty and personal care market. The local demand for makeup and skincare products diversified and premiumized, thereby untapping new opportunities for both homegrown and foreign brands.*

*New buzzwords, such as "anti-EMO", "streamlined skincare", and "mask makeup" gained popularity, driving consumption and growth. Moreover, increasingly more brands invested in e-commerce solutions, while a new class of offline multi-brand stores emerged.*

*Last but not least, Gen-Z's coming of age has morphed China's fragrance market, fostering the emergence of new trends. "Niche brands", "domestic players", "natural ingredients", and "emotional value" are the keywords better describing where China's perfume market is going.*

# Section I:
# The impact of COVID-19 on China’s beauty market

*The COVID-19 pandemic acted as a catalyst, accelerating some of the pre-existing trends in China’s beauty market as well as shaping new consumer habits. Now that China’s Zero-COVID strategy is over, which trends are bound to vanish and which ones are here to stay?*

## The beauty sector in China before and after the COVID-19 outbreak

Since 2015, China's beauty market has grown fast, becoming the **world's second-largest beauty market by 2019** at a market size of 425.6 billion RMB (62 billion USD).[1] In 2021, sales of beauty and personal care products reached around **550-600 billion RMB (80-87 billion USD)**, a 10% more than the previous year.[2]

**550-600 billion RMB**
**of beauty and personal care sales generated in 2021**

## Three key trends in China's beauty market before COVID-19

### 1. Chinese beauty goes premium

As China's household disposable income rose, people were more willing to consume, and had higher requirements in terms of product quality. It is not surprising that **between 2013 and 2018, the growth rate of the domestic high-end cosmetics market** recorded a 28.1% rise year-over-year (y-o-y) in 2018.[3]

### 2. Social e-commerce platforms on the rise

An increasing number of Chinese consumers were **making their purchases through social media platforms** such as Xiaohongshu and WeChat. Both sellers and buyers in China especially appreciated social e-commerce because it allowed consumers to purchase the items they were looking for without leaving the app, enabled them to interact directly with brands, and gave them the chance to share their shopping experience with their circle of friends.

### 3. Rising preference for domestic brands

Domestic beauty brands have risen strongly in recent years by leveraging social media marketing and e-commerce. Some of them such as Florasis have even **crossed national borders** and gained success abroad.

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## COVID-19 led to the emergence of new beauty trends

The global pandemic undoubtedly hampered China's beauty industry. Although beauty sales have fluctuated, **consumers reacted quite positively during promotional events in 2021 and 2022**.[4]

COVID-19 had **varying degrees of impact on different categories in the beauty market**: the epidemic had a more negative impact on cosmetics, while skincare and personal care products gained more popularity in this period.

According to Quest Mobile, **facial masks, skincare sets, serums, lotions/creams, and electronic beauty devices** were the top five most sold beauty product categories on Douyin during August 2022.[5]

## 1. Skincare products gained great popularity among Gen-Zs

One major change in beauty consumption after COVID-19 was that people began to consume more skincare products. Due to the damage from wearing face masks for a long time, products with "skin repair", "basic skincare" and "first-aid care" functions gained popularity.[6]

Gen-Z accounted for of the largest beauty consumer group as of September 2022 and showed a greater interest in skincare than older shoppers.[7] In particular, those born after 2005 boasted a particularly **strong demand for eye essence, eye cream, and face masks compared to other age groups**.[8]

### Top 5 most sold beauty items on Douyin in August 2022

- Facial masks
- Skincare sets
- Serum
- Lotion/creams
- Beauty devices

*Data source: Quest Mobile*

*Sources:*

*4. 2022 beauty industry market and marketing insights*
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*8. 2022 Oriental Beauty Valley blue book*
*https://www.cbndata.com/report/3057/detail?isReading=report&page=1&readway=stand*

## 2. Beauty and skincare acquired a strong psychological value during the pandemic

Frequent lockdowns put Chinese consumers' mental health under strain. According to DyData's *Blue Book on the Digital Mental Health Industry*, about 33.2% of the 14,592 respondents reported having experienced strong psychological shock due to the pandemic.[9] Referring to "strong negative emotions", **the term "EMO" turned into a buzzword** on the main social media platforms in China. At the same time, creators started producing content and **recommending methods to fight negative thoughts** (with the tag **#anti-EMO**), as well as combining beauty with emotional care. During 2021, the search volume of **emotional healing beauty and skincare videos on Bilibili increased by 8.4 times**.[10]

Beauty brands in China have tapped into this trend to capture the attention of young consumers. For instance, in 2021, the Chinese makeup brand **Proya launched the ECHO Project** in collaboration with China Youth Daily and the mental health platform xinli001 aimed at improving awareness about psychological wellbeing among Chinese youngsters.[11]

The US brand **Paula's Choice** and the J-beauty brand **Shiseido** have both used the buzzword "anti-EMO" (不EMO or 反EMO) for advertising their skincare products on Xiaohongshu.


*Image: Weibo, Paula's Choice's anti-glycation serum*


*Image: Weibo, Shiseido's serum for the year of the Tiger*

*Sources:*

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*https://www.dydata.io/datastore/detail/2143629526691876864/*
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*http://www.proya-group.com/upload/2022/04/25/16508790533988xi2d7.pdf*

## 3. The pandemic reshaped Chinese beauty habits

Lipsticks and eyeshadows enjoy great popularity among beauty consumers in China.[12] According to Baidu Index, between April and October 2022, the search for "lipstick" was roughly three times greater than **the search for "eye shadow"**, but interest in the latter term **vaunted a faster growth**.[13]

**4.03**
**lipsticks per capita purchased in 2021**

## The pandemic is causing young Chinese to simplify their make-up routines

In 2021, China's lipstick market generated about 20.4 billion RMB (3 billion USD), boasting a y-o-y growth of 16.8%. **30% of lipstick consumers tend to match their lipsticks with their outfits**, thus they are less loyal to brands and buy new lipsticks frequently.[14] According to CBNData x New Retail, **Chinese consumers purchased 4.03 lipsticks on average in 2021**.[15]

**27.88min**
**spent on daily makeup in 2022**

The average time late **Millennial and Gen-Z white-collars spent on daily makeup was 27.88 minutes in 2022**.[16] Due to today's fast-paced life, **67% of Chinese consumers prefer to simplify their makeup routine**, thereby favoring multipurpose makeup products.[17] Proof of this is the popularity of Dior Addict Lip Glow Color Reviver Balm that integrates lipstick, lip mask, color enhancer, and primer.

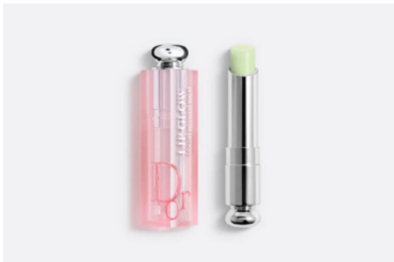

*Image: Dior, Dior Addict Lip Glow Color Reviver Balm*

In 2021, **lipsticks ranked within the top 3 most sold beauty products by Gen-Y and -Z on Douyin**.[18] However, there can be some hurdles when it comes to purchasing lipsticks online due to the different light, lip color, skin color, and even the shopper's outfit. To clear this hurdle, some brands have launched virtual lipstick try-ons on their e-commerce stores.

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*14. China lipstick market analysis report 2021*
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*16. 2022 New trends in workplace beauty*
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*17. Lipstick leads China's makeup growth across categories*
*https://bit.ly/3YQgjRI*
*18. 2021 New Consumers Report*
*https://www.cbndata.com/report/2907/detail?isReading=report&page=62*

## China's mask mandate boosted interest in eyeshadows

Despite the popularity of lipsticks, they lost ground in the last two years as masks were necessary. The pandemic changed Chinese consumers' beauty habits: an iiMedia survey showed that **50.7%** of the 1,772 **respondents reduced the number of makeup steps**, and 27.5% of them did not wear makeup on their lower face in 2022 H1.[19] **Beauty influencers and Taobao Live streamers started to share tips on "mask makeup"** (口罩妆), hosting up to 8.2 million viewers during their livestream sessions.[20]

A great demand for eye cosmetics emerged following the "mask makeup" trend. According to Pinduoduo Research Institute, **eye shadows rank within the top 3 most sought-after products for white collars returning to work after the lockdown**.[21] From September 2021 to August 2022, the online sales of eye shadows online reached 11.2 billion RMB (1.6 billion USD).[22]

**27.5%**

**of beauty consumers did not wear lip makeup in 2022 H1**



*Image: Bilibili and Xiaohongshu, Tutorials for mask makeup*

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## Double 11 2022: low growth and rising prices

Beauty brands were the companies that spent the largest amount of money in marketing promotions for Double 11 2022, particularly on instant messaging and short-video apps.[23] Discounted gift boxes and bundles were instead the main strategies adopted by cosmetics and skincare brands to win Chinese consumers.[24]

During Double 11 2022 (October 20th – November 11st), the sales volume of skincare products on Alibaba platforms kept stable compared to the previous period, but the total sales value was higher than during the 618 shopping festival, generating about 34.5 billion RMB (5.02 billion USD).[25] Instead, the number of makeup purchases dropped compared to the previous period and sales revenue did not reach June levels. **Both for skincare and cosmetics, average unit prices experienced a y-o-y increase** of 11.51% and 3.85% respectively compared to last year.

### Top 10 most sold beauty brands during Double 11 2022

The number of homegrown beauty brands in the top 10 highest selling companies during 11.11 2022 remained stable, but more domestic brands have entered the top 100 ranking for both skincare and cosmetics. When it comes to makeup, **all top 10 brands by revenue were professional cosmetics brands**, thus highlighting Chinese consumers' emphasis on quality.[26]

**Proya, Winona, Florasis and Timage** were the best performing Chinese beauty brands during the Double 11 period.

**Top 10 best-sold skincare brands**
*(11.11 2022)*

| | |
|---|---|
| 1. | L'ORÉAL |
| 2. | ESTĒE LAUDER COMPANIES |
| 3. | LANCÔME PARIS |
| 4. | OLAY |
| 5. | PROYA 珀莱雅 COMPANIES |
| 6. | WINONA |
| 7. | LA MER |
| 8. | SK-II |
| 9. | HR HELENA RUBINSTEIN |
| 10. | SHISEIDO |

**Top 10 best-sold makeup brands**
*(11.11 2022)*

| | |
|---|---|
| 1. | MAC |
| 2. | 花西子 Florasis |
| 3. | 3CE STYLENANDA |
| 4. | SAINT LAURENT PARIS |
| 5. | ESTĒE LAUDER COMPANIES |
| 6. | NARS |
| 7. | clé de peau BEAUTÉ |
| 8. | LANCÔME PARIS |
| 9. | MAKE UP FOR EVER PROFESSIONAL PARIS |
| 10. | 彩棠 TIMAGE |

*Data source: Topsperity Securities*

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*26. 2022 Double 11 cosmetics review*
*https://www.fxbaogao.com/view?id=3456287&query=%7B%22keywords%22%3A%22%E5%8F%8C%E5%8D%81%E4%B8%80%22%7D&index=0&pid=*

## Timage (彩棠): a rising C-beauty star

Founded in 2014, **Timage** is a professional makeup brand combining Chinese aesthetics with international makeup fashion. It focuses on providing beauty products in line with Chinese beauty standards and needs. Timage's creations have **a strong Chinese soul** that enabled the brand to surf the Guochao trend.

During Double 11 2022, Timage achieved 131 million RMB (19 million USD) in sales on Tmall, amounting to 142.64% of the total sales in 2021.[27] Moreover, Timage became one of the top seven cosmetic brands by sales on Douyin, generating around 17.4 million RMB (2.5 million USD).[28] As it continues to upgrade its product quality, diversify its channel mix, and improve its brand reputation, Timage is likely to further enhance its market share.

## Products specifically designed for Chinese customers and a strong online presence are the keys to Timage's success

A big part of the reason why Timage has been so successful is its unique Chinese style. The Ningbo-based brand developed functional and artistic makeup products to **meet the needs of local customers based on Chinese aesthetics and Chinese facial features**. In addition, Timage embraced a strong omnichannel strategy: the C-beauty brand is present on all the most popular Chinese social media platforms including Weibo and Douyin, on which Tang Yi, the founder of the brand, promotes the company through personal beauty courses and live streams, as well as collaborations with KOLs and TV shows.

## Timage v. Florasis: different ways of representing Chinese beauty

Timage's positioning and marketing strategy are pretty similar to those embraced by the C-beauty brand Florasis (花西子).

Unlike homegrown mass-market brands like Perfect Diary (完美日记) whose products cost on average less than 100 RMB (around 14.4 USD), Timage and Florasis opted for positioning in the medium-high price range (100-200 RMB). Moreover, they both incorporated Chinese cultural elements in their cosmetics to surf the Guochao trend.

However, Timage aims to encourage women to feel good about themselves and reject the idea of a single beauty standard. Moreover, it presents itself as a professional brand and educates beauty consumers about how to use non-entry-level makeup products such as highlighting and contouring palettes through its online content.

Florasis, instead, puts greater emphasis on R&D and involves consumers into the product creation process, thus enhancing customer loyalty and sense of belonging. In addition, compared to Timage, the Hangzhou-based brand makes a more extensive use of KOL marketing: its products appeared about 77 times in Li Jiaqi's livestreaming sessions in 2020[29] and it was the highest selling brand by live sales volume between June and December that same year.[30]


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# Section II: Rising Segments

*China's demand for makeup and skincare products is maturing and diversifying. New consumer groups are rising: male consumers are getting more keen on purchasing beauty products. Shift in local legislation and growing interest in natural-based solutions are creating greater space for clean beauty companies. At the same time, hair loss imposes as a key issue for an increasing number of Chinese consumers*

## The male beauty market growth in China is outpacing the global average

As increasingly more male consumers care about their looks, the male beauty market in China has become a new driver of growth for the beauty industry. The size of the **male beauty market in China reached 9.9 billion RMB (1.44 billion USD) in 2021**,[31] and according to Euromonitor International, retail sales in China's male beauty market grew by an average annual rate of 13.5% from 2016 to 2019, much higher than the global average (5.8%).[32] Gen-Z has become a dominant force in the male beauty industry. According to the Korea International Trade Association, **young Chinese men aged between 18 and 25 account for 59.5% of local male beauty consumers**, while Millennials account for 21.3%.[33]

### Douyin, Xiaohongshu, and Hupu are key platforms for male beauty consumers

Similar to female consumers, male beauty consumers also utilize platforms such as Xiaohongshu and Douyin for learning about beauty products. According to the Beauty Industry Research Institute, **male beauty bloggers** account for more than 20% on the three major video platforms in China (Douyin, Kuaishou and Bilibili).[34] Meanwhile, the search volume of **male beauty-related keywords in Xiaohongshu increased significantly in the last few years**, with the keyword "Men Facial Cleanser" increasing by 732% month-on-month in 2022.[35]

In addition, the number of men's skincare brands on Taobao and Tmall increased by more than 10% y-o-y from 2019 to 2021[36] and, during the 618 shopping festival in 2022, the overall sales of men's care products on Tmall platform achieved a 20-fold growth.[37]

**Hupu** is the largest online sports community in China. Men account for 93.7% of Hupu users.[38] Hupu's e-commerce platform began to sell cosmetics in 2020. They offer both cosmetics for ladies, mainly targeting men who are looking for gifts for their girlfriends, as well as beauty items for men.

**59.3%**
**of local male beauty consumers are 18-25**

**Hupu**
**is the largest online sports community in China**

*Sources:*

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## Daily moisturizing creams and facial cleansers play a crucial role in men's skincare

Among male beauty product categories, **facial cleansers** were the top items in terms of sales revenue in 2019.[39] At present, **daily facial cleansers and BB creams** still account for a big chunk of Chinese male consumers' demand for skincare and cosmetics.

## Emerging male beauty brands

Here are some brands that have successfully tapped into the male beauty market in China. By analyzing the brand strategies they've used, we can learn some valuable lessons.

### Lanseral (蓝系) leveraged Gen-Z's passion for the ACG universe

Founded in March 2020, Lanseral is a grooming and skincare brand mainly targeting men aged between 18 and 25. In 2021, **Lanseral collaborated with "Incarnation"** (灵笼), a famous Chinese animated series available on Bilibili. The two brands launched the Lanseral Multi-Energetic Essence Toner, whose shape resembled a big screw, in line with Incarnation's Mecha design. According to the founder of Lanseral, Yuli, during the 618 shopping festival in 2021, sales exceeded 10 million RMB (1.45 million USD).[40] In 2022, Lanseral secured a Series A round of financing, led by Meihua Venture Capital.[41]


*Image: Sohu, Lanseral x Incarnation toner*

### MAKE ESSENSE (理然)'s wise use of co-branding strategies

"Authenticity, Innovation, and Good Taste" is the motto of such brand specialized in men's skincare and cosmetics. **MAKE ESSENSE** provides a comprehensive range of skincare products and cosmetics for men. The male beauty brand **enhanced its brand awareness through cooperating with well-established companies in different sectors**. In 2020, it launched a partnership with VITA Lemon Tea, releasing a limited-edition gift box containing one bottle of MAKE ESSENSE shower gel and two bottles of VITA Iced Lemon Tea. This product soon became the top seller in its category on Tmall.[42]

*Image: JD.com, MAKE ESSENSE products on JD.com*

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### L'Oréal Paris Men Expert uses KOL marketing and celeb endorsements to reach a wider audience in China

**L'Oréal Paris Men Expert's** advantages are its popularity and diversified product line. With a good understanding of young Chinese lifestyle, the brand has won the trust of many Chinese consumers. Moreover, L'Oréal has constantly been working with Chinese Millennial and Gen-Z celebrities to reach Chinese male beauty consumers since 2009. On September 8th, 2022, L'Oréal Paris Men Expert officially announced Chinese actor **Yang Yang** as its spokesperson. As of December 8th, 2022, the promotional video depicting Yang Yang advertising L'Oréal Paris Men Expert's products received 8.52 million views and over one million retweets.[43]


*Image: Weibo, Yang Yang is L'Oréal Paris Men Expert's band ambassador since 2022*

## The clean beauty market in China: niche market led by foreign brands

Clean beauty (纯净美学 in Chinese) does not have an official definition, but it is commonly recognized as products that don't include ingredients suspected to be harmful to the individual's health or the environment.

### The major challenges in the Chinese clean beauty market

Many international clean beauty brands have struggled to enter the clean beauty market in China due to several reasons like mandatory animal testing, limited consumer demand for clean products, and growing competition with local players.

### Mandatory animal testing

Until recently, China used to be one of the few countries that required mandatory both pre- and post-market animal testing. Mandatory animal testing limited the entry or even the growth of clean beauty brands, whose ethical principles inhibit them from conducting such kind of tests. Starting from 2014, pre-market animal testing is not required anymore for most "ordinary" Made-in-China products.[44] However, items produced outside of China were still subject to animal testing, and even for those in China, "special-use cosmetics" like hair dyes, sunscreens, and whitening products still had to undergo animal testing.

In March 2021, China's National Medical Products Administration announced that **imported "ordinary cosmetics" were exempted from pre-market animal testing from May 2021**.[45] On the contrary, imported "special-use cosmetics" still required animal testing. Moreover, Chinese authorities still held the right to require post-market animal testing in case of safety concerns or customer complaints. Nevertheless, **today local regulations allow brands to utilize non-animal testing methods for post-market testing**, thereby paving they way for cruelty-free beauty brands in China.[46]

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## Clean beauty is still niche in China

Another challenge is that clean beauty remains a niche market in China. What makes clean beauty brands special is their low environmental impact. However, Chinese consumers mainly buy organic skincare and makep products because they are perceived as healthier and safer, rather than due to environmental concerns.[47]

Furthermore, consumers would like skincare brands to adopt a more transparent approach regarding clean beauty ingredients. According to a CBNData survey, 42% of interviewed Gen-Zs in 2021 believed they do not get enough information about the ingredients of clean beauty brands.[48]

*Image: Weibo, HerBeast's gift box for the Year of the Rabbit*

## Growing competition

Although the clean beauty market in China is still relatively small, international brands may face threats by local brands, especially those **incorporating Traditional Chinese Medicine (TCM) practices**, such as HerBeast (东边野兽) and Herborist (佰草集).

## Despite the challenges, there are still opportunities for international clean beauty brands

The relaxed animal testing requirements, along with growing awareness towards health and sustainability, are creating a conducive ground for brands to start planning their entry and growth strategies in China. There is growing interest and willingness to purchase clean beauty products among Chinese consumers, and in **our 2022 Green Guilt Report**, over **70% of respondents claimed being willing to pay a 5%-20% premium for environmentally friendly beauty items**.[49]

**>70%**
**of consumers are willing to pay extra for eco-friendly beauty products**

Millennials and Gen-Z are those showing the greatest interest in buying clean beauty products. However, they have limited access to them. Based on an AlixPartners study, 38% of the Chinese respondents agreed that clean beauty "products are not readily available where [they] shop."[50]

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## Gen-Z is going bald: A closer look at China's hair loss market

Today, hair loss is becoming an increasingly more common problem in China. In 2021, **over 250 million Chinese experienced hair loss**, meaning one out of six Chinese people suffered from thinning hair.[51] Hence, it is not surprising that the most discussed hashtag about such topic on Weibo #Over 250 million people in China suffer from hair loss# reached over 620 million views.

**>250 million**
**Chinese suffered from hair loss in 2021**

### Hair loss in China is affecting more and more young people

Surprisingly, more and more young people in China are losing their hair. In 2021, **Chinese born after 1990 became the main group suffering from hair thinning**, jumping from 36.1% in 2017 to 39.3% in 2021.[52] Currently, people under 30 and those aged between 31- and 40-years old account for 69.8% and 25.4% of those going bald. The **average age of people suffering from hair loss in China is 30.1 years old**, which is 20 years earlier than the age people from the previous generation started losing hair.[53] According to DataTouch, hair and scalp care was the hottest personal care category on most social media and e-commerce platforms in 2020.[54]

**30.1**
**is the average age of people dealing with hair loss in China**

### Hair loss in China has uncovered a huge market

During 618 shopping festival in 2022, **demand in hair care products increased by 33.1%**.[55] As hair loss issues get more frequent among Chinese youngsters, along with increasing per capita spending on personal care products in China, the anti-hair loss market is bound to thrive.

*Sources:*

*51. Hair transplant industry development trend analysis in China in 2021*
*https://www.chyxx.com/industry/202112/990551.html*
*52. 2021 Post-90's hair loss research report*
*https://www.sohu.com/a/486099138_407401*
*53. Hair transplant industry development trend analysis in China in 2021*
*https://www.chyxx.com/industry/202112/990551.html*
*54. How to quickly capture consumers' heart in the high potential personal care category?*
*https://www.sohu.com/a/444338747_804309*
*55. 618 sales jumped 33.1% year-on-year, "hair loss anxiety" emptied young people's wallets*
*https://www.cbndata.com/information/248032*

## 3 categories of anti-hair loss products

### 1. Anti-hair loss shampoo

Anti-hair loss shampoos are the most popular treatment among Chinese consumers. In 2020, sales of shampoos for thinning hair in China generated approximately 1.54 billion RMB (220 million USD), boasting a steady growth in the past years.[55] Anti-hair loss shampoos are the first step for young people suffering from thinning hair:[57] around **69% of Chinese respondents experiencing hair loss purchased an anti-hair loss shampoo in 2020 and spent over 300 RMB (around 44 USD) per item**, according to Chinabaogao.[58]

### 2. Topical medications

The main purpose of anti-hair loss shampoos is to supplement nutrition to the scalp and promote hair growth, but it is ineffective for those who have already gone bald. While hair transplantation is mainly for people with severe hair loss and its cost is relatively high, topical medications appear to be a relatively cost-effective and convenient solution. It is a key treatment for primary and mid-stage hair loss, but it needs to be used on a regular basis.

Among such kind of medications, **finasteride, spironolactone, and minoxidil are most popular ones**. The sales of Mandi Minoxidil tincture spray on Taobao and Tmall in 2021 Q1 reached nearly 60 million RMB (8.7 million USD).[59] Meanwhile, according to the results released by Zhendong Pharmaceutical, Chinese anti-hair loss brand Dafeixin's annual sales grew from 11 million RMB in 2018 to 116 million RMB in 2021 (from 1.6 million USD to 16.9 million USD).[60]

### 3. Hair transplant is the ultimate hair loss treatment

Since 2016, China's hair transplantation industry has begun to flourish, vaunting a market size of 5.8 billion RMB (840 million USD) that same year and reaching about 13.4 billion RMB (2 billion USD) in 2020.[61] However, in 2020, just 516,000 hair transplant surgeries were performed in China and **the penetration rate of hair transplantation in the country was a meagre 0.2% in 2020**.[62] According to iResearch 2018 survey, people refuse hair transplant mainly because they think that they do not need it (31%), because they are scared about possible risks (17%) or because of the high price of surgery (12%).[63]

*Sources:*

*56. Ipsos: 2022 anti-hair loss shampoo research*
*http://www.199it.com/archives/1456528.html*
*57. 2021 Post-90's hair loss research report*
*https://www.sohu.com/a/486099138_407401*
*58. China's shampoo industry consumption characteristics*
*https://www.chinabaogao.com/detail/607750.html*
*59. Targeting the 250 million people behind the hair market growth*
*https://finance.sina.com.cn/tech/2021-05-25/doc-ikmyaawc7367171.shtml*
*60. Zendong Pharma's 2021 net profit surges nearly by 9 times year-on-year*
*http://forex.cnfol.com/glsc/20220128/29415253.shtml*
*61. Hair transplant industry development trend analysis in China in 2021*
*https://www.chyxx.com/industry/202112/990551.html*
*62. 175 million post-90s losing their hair? 50% of Yonghe Medical's marketing expenses just to find "you"*
*https://finance.china.com/hkstock/13003061/20211217/37265795.html*
*63. China hair transplant industry research report 2018*
*https://www.iresearch.com.cn/Detail/report?id=3229&isfree=0*

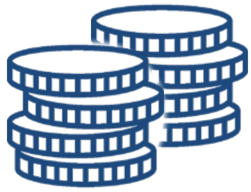
# Section III: Skincare

*For years, Chinese skincare consumers have traditionally been price sensitive and therefore focused on the mass market segment. However, in the last few years, skincare in China has started to become more quality-driven vs price-driven. "Streamlined beauty", "sensitive skin" and "anti-aging" are three key concepts shaping today's skincare industry in China.*

## The consumption upgrade of China's skincare market

Consumer interest in skincare products has grown fast between 2020 and 2022. The buzz around skincare began to slow down at the beginning of 2022, but **User-Generated Content (UGC) relating to skincare recorded a 5.1% increase compared to 2021 Q1**, showing a genuine interest in this topic.[64] **Hyaluronic acid, niacinamide, centella asiatica extract, and salicylic acid** were the top four most mentioned ingredients when it comes to UGC.

China's skincare market was **worth about 9.2 billion RMB (1.34 billion USD) in 2021**, recording a 17% y-o-y increase, and it is **expected to reach 24 billion RMB (roughly 3.5 billion USD) by 2027**.[65]



**24 billion RMB**

**generated by 2027**

## Streamlined beauty is not just about simplifying the skincare routine

On Little Red Book, the search for **"streamlined skincare"** (精简护肤) **increased by over 170% y-o-y in 2022**.[66] Such a minimalist beauty trend advocates for simplifying the skincare routine and focusing more on one's skin needs.

Nowadays, consumers pay greater attention to ingredients, which has led beauty marketers to coin the phrase "skintellectuals" (成分党) to describe them. **"Skintellectuals" are consumers that carefully read product ingredient lists to select those that can better address their skin problems,** removing redundant additions to their skincare routine.

Redundant ingredients often include stabilizers, fragrances, dyes, and alcohols, which can do more harm than good to skin. Skincare brands are already jumping on the bandwagon of streamlined skincare, developing new products, and launching new lines.

**"Streamlined skincare" and "Skintellectuals"**

**shape China's beauty market**

*Sources:*

*64. 2022 Skincare industry insights report - Anti-Aging*
*https://www.fxbaogao.com/view?id=3461608&query=%7B%22keywords%22%3A%22%E6%8A%A4%E8%82%A4%22%7D&index=0&pid=*
*65. 2022 China's skin care industry market size and development prospects analysis*
*https://digi.china.com/digi/20221110/202211101175578.html*
*66. Understanding the future beauty consumer*
*https://www.163.com/dy/article/H57RBQQL0514A7NB.html*

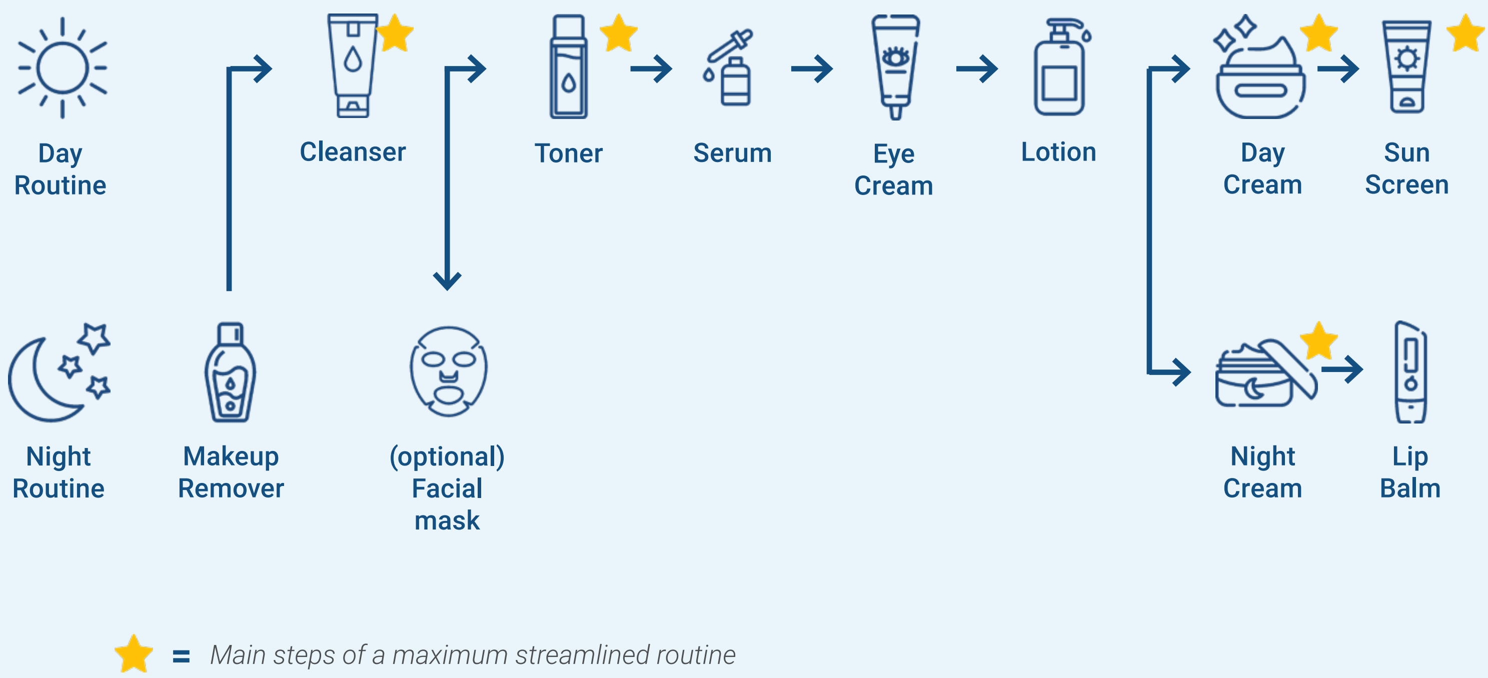
For instance, the US cosmeceutical brand **Medature,** specialized in providing natural, fragrance-free, and alcohol-free skincare products, entered the Chinese market in 2020. Following a "less is more" approach, the brand offers just five products, aimed at refreshing, renewing, revitalizing, replenishing, and clarifying the skin.


*Image: Xiaohongshu, Medature's natural skincare products*

On December 1st, 2021, **Procter & Gamble and Watsons** jointly launched the new Japanese-inspired brand **AiO,** offering multi-use beauty products suitable for sensitive skin and for customers wanting to adopt a more streamlined skincare routine.


*Image: Watsons, P&G and Watsons jointly launched the streamlined skincare brand AiO*

## Typical skincare routine promoted by Chinese beauty KOLs



## "Sensitive skin" is a keyword for brands

Since the outbreak of COVID-19, many Chinese people observed their **skin became more sensitive than ever** due to wearing masks and frequently sanitizing their hands, thereby inducing the beauty industry to **focus more on products with natural and harmless ingredients**.

Skincare and cosmetics brand like **Maysu** have incorporated TCM elements in their luxury products to meet Chinese consumers' demand for clean beauty. Indeed, **TCM-based products** tend to be perceived as natural and safe, as well as more suited to sensitive skin. In addition, this strategy enabled brands to surf the Guochao trend and attract young Chinese consumers.

### How Winona became the most renowned Chinese homegrown brand for sensitive skin

Founded in 2008, **Winona** is a Chinese skincare brand that **specifically targets sensitive skin**. Despite fierce competition, the Yunnan-based company was able to attract customers and rank first in the sensitive skincare category in 2020. That same year, Winona's parent company Yunnan Botanee Group, a biotechnology manufacturer, filed for IPO in China, validating Winona's success.

小红书

**"Winona sensitive skin"**
**has over 33,000 results on Xiaohongshu**

### 1. Specializing in sensitive skincare

When segmenting target customers, Winona conducted extensive research to understand current consumer demand. Winona found out that **sensitive skin accounted for a large proportion of skin types in China**.

Therefore, Winona decided to precisely target Chinese customers suffering from sensitive skin and tried to associate its name with sensitive skincare in Chinese consumers' mind. Currently, the keyword **"Winona sensitive skin" boasts over 33,000 results** on Xiaohongshu.[67]

### 2. Winona built a cosmeceutical brand image

Knowing customers' concerns with what they put on their skin, Winona **built a cosmeceutical brand image.** Unlike other skincare brands, Winona has its own R&D team and has been working closely with authoritative organizations and figures, including hospitals, dermatologists, and universities.

To further strengthen its trustworthy brand image, Winona also chose **white and red as its packaging colors**, the same colors as other professional orgs like the red cross, which is often related to cosmeceuticals.


*Image: Winona, White and red are usually associated with health and pharmaceutical products*

*Sources:*

*67. Xiaohongshu*
*https://www.xiaohongshu.com/mobile/question/1805801*

### 3. Authoritative influencer marketing

Consumers have always searched for reliable information when making a purchase, and the internet has brought an abundance of information, bringing the challenge of sorting out reliable reviews from noise.

Knowing that many potential buyers have questions relating to skincare, Winona leveraged **educational marketing content** as a tool to inform consumers about different skin types and common skin problems, as well as about how Winona's products can solve them. This strategy aimed to convert hesitant consumers by helping them first understand the causes of their skin problems, and then provide them with a convenient, authority-certified Winona solution.

Beyond having a founder who vaunts a strong academic background in the field, **most of the KOLs and KOCs partnering with Winona are often professional dermatologists**, which is contrary to the more common skincare marketing strategy of working with beauty influencers.


*Image: Weibo, professional dermatologists frequently appear in Winona's live streaming.*

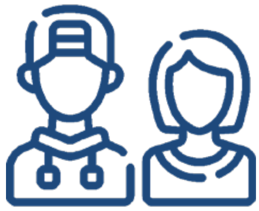
## Anti-aging products are all the rage in China

Fighting against aging is an eternal challenge for beauty seekers. On various social platforms, the anti-aging mantra of utilizing **"Vitamin C in the morning, retinol at night"** has gained momentum, reaching over 363,000 posts on Weibo.[68]

### Younger and younger Chinese consumers purchase anti-aging products

Due to increasing social and work pressure, more and more young people in China are concerned about the signs of aging and rely on anti-aging products. According to iiMedia Research, **53.2% of 829 surveyed consumers began to pay attention to aging effects when they were 26-35 years old**.[69]

During the 618 shopping festival in 2022, there were **three times more Gen-Z consumers searching for "Anti-aging" solutions on Tmall** than the previous year.[70]



**53.2%**
**of consumers began to pay attention to aging effects when they were 26-35 years old**

### Competition is growing in China's anti-aging industry

Since 2016, the number of anti-aging companies operating in China has grown rapidly, reaching its peak in 2019, when 1,095 new enterprises entered the market.[71] After that, the number of new players started decreasing due to higher expectations in anti-aging products and fiercer competition.

**x3**
**more Gen-Z consumers searched for anti-aging products on Tmall during 618 in 2022 than in 2021**

### Social media imposed as a key channel for learning about anti-aging products

According to the social listening company Jigua, anti-aging and its sub-topics were pretty popular on Chinese social media such as Weibo, Douyin and Xiaohongshu in 2022.[72] **"Loose skin"** (垮脸) and **"facial expression wrinkles"** (表情纹) **were buzzwords when discussing about anti-aging remedies online**.

*Sources:*

*68. Weibo*
*https://m.s.weibo.com/vtopic/detail?click_from=searchpc&q=%23%E6%97%A9c%E6%99%9Aa%23*
*69. Anti-aging market industry data analysis*
*https://www.iimedia.cn/c1061/89450.html*
*70. Tmall 618 "anti-aging" search volume surged 5 times*
*https://baijiahao.baidu.com/s?id=1735587845915008942&wfr=spider&for=pc*
*71. Global and chinese anti-aging industry development and consumer demand research report 2022-2023*
*https://www.iimedia.cn/c400/86264.html*
*72. 2022 H1 Anti-aging skin care brand social media marketing report*
*https://www.ji-gua.com/article/detail/427.html*

In 2022, **Douyin was the social media vaunting the highest number of interactions when it comes to anti-aging content,** recording an astonishing 492% increase in terms of number of likes, saves, and comments. Additionally, the sales of anti-aging products on Douyin's e-commerce exceeded 10 billion units, recording a 189% y-o-y growth rate between 2021 and 2022.[73] Meanwhile, **Xiaohongshu was the main forum where discussing anti-aging remedies,** recording a 116% rise in UGC.

## Chinese consumers pay attention to anti-aging ingredients

Social media **content related to anti-aging ingredients experienced a 91% increase y-o-y** in terms of user interactions on Douyin, Xiaohongshu, and Weibo in 2022.[74] **Hyaluronic acid and collagen** are the top two most popular anti-aging ingredients among Chinese consumers.[75] Even lesser-known anti-aging ingredients such as Fibroxyl have attracted netizens' attention, further illustrating that Chinese consumers have a **deep understanding of anti-aging products** and high expectations on their formula today.

**+91%**
**y-o-y**
**in terms of user interaction for content relating to anti-aging ingredients**

**Effectiveness, ingredients, and price** were mentioned as the most important factors when it comes to purchasing anti-aging products.[76]

*Sources:*

*73. 2022 H1 Anti-aging skin care brand social media marketing report*
*https://www.ji-gua.com/article/detail/427.html*
*74. 2022 H1 Anti-aging skin care brand social media marketing report*
*https://www.ji-gua.com/article/detail/427.html*
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*76. Global and chinese anti-aging industry development and consumer demand research report 2022-2023*
*https://www.iimedia.cn/c400/86264.html*

# Section IV: Fragrances in China

*The rise of Gen-Z consumers as main drivers of national consumption is bound to disrupt the world of perfumes in China, bringing new trends and practices to the fore. Hype for niche brands, the emergence of homegrown perfumeries, growing attention to natural ingredients, and a greater emphasis on the emotional and psychological value of fragrances are some of the most significant developments taking place in the Chinese perfume market.*

## Perfume penetration is still low, but China's perfume market is growing fast

In 2021, **perfumes in China generated nearly 14 billion RMB (2.03 billion USD) in revenues**, accounting for just 4.1% of the global market.[77] Nonetheless, in the last three years, China's perfume market increased by more than 20% y-o-y and it is expected to grow further as Gen-Z consumers impose themselves as the main drivers of national consumption. According to a survey by Kantar, **more than half of the interviewees declared using perfumes every day**, mentioning work, school, parties, and weekend activities as the main occasions for wearing perfume. **Specialty stores, friends as well as reviews on Xiaohongshu** are considered as the most reliable sources of information on perfumes in China.

**Floral, citrusy, and woody scents** are the most beloved fragrances among Chinese consumers.[78] In terms of bottle sizes, **50ml perfumes** are preferred in China since they are practical and easy to handle.

**+60.6%**
**y-o-y**
**in the last 3 years**

**>50%**
**surveyees declared using perfume every day**


**50ml**
**is the favorite bottle size**

## Gen-Z to reshape the market landscape of fragrances in China

According to Euromonitor, the demand for **niche and high-end perfumes** is bound to surge in China, leading to a considerable rise in imports.[79] In order to avoid being unprepared, Tmall Global, along with the logistic company Cainiao Network, ushered in a **"perfume route"** connecting European perfumers to China through dedicated daily air freight.[80] In fact, despite the growing demand, international logistics rules and minimum requirements have so far hampered cross-border trade in fragrances, making it very complicated for niche brands to export their perfumes to China.

## Social media platforms accelerate purchase conversion

Online platforms are critical channels for distributing and advertising fragrances, and social media are among young Chinese consumers' favourite and most reliable sources of information. Xiaohongshu, TikTok and Weibo are China's most popular social media platforms.

*Sources:*

*77. 2022 China perfume industry white paper*
*https://www.vzkoo.com/document/2022122725862dc47dc5d6c5814f822b.html?special=%E9%A6%99%E6%B0%B4%E8%A1%8C%E4%B8%9A%E5%88%86%E6%9E%90*
*78. 2022 China perfume industry white paper*
*https://www.vzkoo.com/document/2022122725862dc47dc5d6c5814f822b.html?special=%E9%A6%99%E6%B0%B4%E8%A1%8C%E4%B8%9A%E5%88%86%E6%9E%90*
*79. 2021 developments: niche brands move into the mainstream*
*https://www.euromonitor.com/fragrances-in-china/report*
*80. Tmall International's first "perfume route" launched Europe's "small perfume" daily direct*
*https://equalocean.com/briefing/20201223230014058*

**80% of consumers mentioned that social media platforms are the main channels for learning more about perfumes**.[81] Compared to 2021, consumers' propensity to gather information from short video apps such as Tiktok and Kuaishou has increased by 10.3%.

Moreover, Euromonitor found that 57% of consumers bought perfume try-out samples in 2022, a 11% increase from the previous year.[82]

## Gen-Z are willing to go beyond traditional scents

As novelty-lovers, Gen-Z consumers started getting in the habit of using perfumes in their everyday lives, their preference for **more personalized and peculiar scents** could throw foreign brands' leading position into question. Chinese young consumers conceive **perfumes as tools to express their uniqueness**, thus they look for fragrances with personality, neither too sweet nor too strong, and tend to prefer **gender-neutral scents**. That is the reason why fragrances such as "Rose of No Man's Land" by Byredo and "Not A Perfume" by Juliette Has a Gun were ranked within Tmall's Top 8 imported niche perfumes preferred by young people during 618 shopping festival in 2020.[83]

**Tmall's Top 8 young people's favorite imported niche perfumes during 618 2020**

The coveted duchess rose
Penhaligon's


Rose of no man's land
Byredo


Replica - Lazy sunday
Maison Margiela


Encre noire
Lalique

Inlé
MEMO


Not a perfume
Juliette has a gun


La fille de Berlin
Serge Lutens

Passage d'enfer
L'artisan perfumeur

*Data source: TMall*

*Sources:*

*81. 2022 China perfume industry white paper*
*https://www.vzkoo.com/document/2022122725862dc47dc5d6c5814f822b.html?special=%E9%A6%99%E6%B0%B4%E8%A1%8C%E4%B8%9A%E5%88%86%E6%9E%90*
*82. 2021 developments: niche brands move into the mainstream*
*https://www.euromonitor.com/fragrances-in-china/report*
*83. Tmall International's list of young people's favorite imported niche perfumes*
*https://www.163.com/dy/article/FKUVCPVS053814UB.html*

## Chinese consumers prefer “green” and “natural’ ingredients

**Ingredients are one of the top 3 decision factors when it comes to purchasing perfumes in China**. After the pandemic, 84.5% of customers mentioned the importance of quality and safety in perfume products.[84]

According to Kantar, in 2022, **87%** of interviewed Chinese consumers claimed to **paying greater attention to whether perfumes contain natural ingredients**; **64%** of customers declared being **concerned about** the presence of **allergens**; and **48%** of customers affirmed giving **preference to** scents with **environmentally friendly ingredients**.[85] Many overseas brands have modified their perfume formula to increase the proportion of natural ingredients and reduce their environmental footprint. For instance, ONE SEED, an Australian perfume brand, committed to creating fragrances containing at least 80% organic content.

## Fragrances in China have a deep emotional value

As the pandemic comes to an end, consumer expectations and behaviors have greatly changed. Chinese consumers are now more concerned about their physical and mental health than before COVID-19. The attention to emotions has undoubtedly changed the consumer behavior and therefore demand. **93% of consumers claimed to use perfumes because of emotional factors**.[86]

Among these consumers, when further asked about the emotional reasons for using perfume, **67%** maintained that wearing perfume can give them a **good mood**; **61%** declared doing it **to feel beautiful and confident**; **58% to relax and chill**; **34% to feel safer**. Regardless of gender, emotional factors have imposed as important purchase drivers. However, there is a slight gender difference regarding what kind of emotion perfumes can trigger: women care more about the “emotional healing effect” of wearing perfume, while men use them to better express themselves.

**87%**
**of interviewees pay attention to natural ingredients**

**64%**
**of surveyed Chinese is concerned about allergens**

**93%**
**of consumers wear perfumes due to emotional factors**

*Sources:*

*84. 2022 China perfume industry white paper*
*https://www.vzkoo.com/document/2022122725862dc47dc5d6c5814f822b.html?special=%E9%A6%99%E6%B0%B4%E8%A1%8C%E4%B8%9A%E5%88%86%E6%9E%90*
*85. 2022 China perfume industry white paper*
*https://www.vzkoo.com/document/2022122725862dc47dc5d6c5814f822b.html?special=%E9%A6%99%E6%B0%B4%E8%A1%8C%E4%B8%9A%E5%88%86%E6%9E%90*
*86. 2022 China perfume industry white paper*
*https://www.vzkoo.com/document/2022122725862dc47dc5d6c5814f822b.html?special=%E9%A6%99%E6%B0%B4%E8%A1%8C%E4%B8%9A%E5%88%86%E6%9E%90*

## Local perfumers are surfing the Guochao trend

Fragrances in China did not remain untouched from young consumers' preference for brands drawing inspiration from China's cultural heritage, and so far, homegrown perfumers proved to vaunt a competitive edge in leveraging **local storytelling**. Beyond adding Guochao elements in their packaging, Made-in-China brands started naming their fragrances after literary and artistic references, such as Wegoo's Sweet Osmanthus Rain, whose name derives from a recurring motif in ancient Chinese poetry. Even their scents **draw inspiration from the local cultural background in an attempt to awaken childhood memories and establish a strong connection with the audience**.

### Documents

**Documents** (闻献) is a premium fragrance brand founded in 2021 and operating two stores in Shanghai and one in Beijing as of December 2022. The brand develops its scents from unique Chinese plants and spices, and leverages ancient Chinese stories to attract local customers. Additionally, Documents infuses its packaging with a quintessentially Chinese touch: for instance, its first creation, Anfu (安福) had a bottle shape resembling a bat, symbol of blessing in China.


### Scent Library

**Scent Library** (气味图书馆) was founded in 2009. At its establishment, it was an agent for more than 20 foreign perfume brands. In 2014, the founder Lou Xiaozhi decided to develop her own perfume line aiming to transmit familiar memories to Chinese consumers. Therefore, in 2017, the Beijing-based fragrance brand launched its own perfume, called Cool Bai Kai (凉白开). The fragrance was a success and recorded a monthly sales record of 400,000 bottles during Double 11 2018, ranking first among Tmall's domestic perfume brands for the following three years.[87]

*Sources:*

*87. How Scent Library became the #1 homegrown perfume brand in China https://www.digitaling.com/articles/391258.html*

# Section V: Digitalization

*Chinese consumers' appetite for technology and customized recommendations, along with the rapid development of the lazy economy and the rise of the Gen-Z, is inducing more and more beauty brands to invest in e-commerce solutions and at-home beauty devices, as well as reshaping the way local customers purchase their beauty products offline.*

## The future of beauty is here

Combining beauty and technology is already the norm in China. **Interactive stores, AR-powered make up try-ons**, and **at-home beauty devices** are paving the way to a brand new mode of buying and selling skincare and cosmetics products in China.

### China's beauty market in the time of new retail

Retail in China is marked by the unstoppable rise of **New Retail**, defined as the fusion of online and offline elements. Beauty brands operating in China were among the first to invest in New Retail to win the hearts of young Chinese consumers.

In 2018, the domestic cosmetics brand **Marie Dalgar** opened an unmanned pop-up store in Shanghai, where consumers could buy their lipsticks from vending machines. In 2022, the Chinese beauty distributor **S'Young International** ushered in its first brick-and-mortar store in Changsha, enabling customers to scan QR codes and buy products online after trying them out in person. Furthermore, dedicated beauty assistants recommended the most suitable products for consumers based on their skin type, identified by an AI test, followed by experiences, gifts, and vouchers to compliment the purchase.

*Image: S'Young, S'Young's interactive brick-and-mortar store in Changsha*


*Image: WeChat Program, Armani's virtual try-on*

### Virtual makeup try-ons help customers find the perfect match

Some brands also bring **Augmented Reality** (AR) into the purchasing process. For example, **Armani's virtual try-on on WeChat** enables users to virtually try on different lipstick shades just with a click. This feature was even more convenient during COVID, since customers could contactlessly and freely find the right product for them.

At the same time, brands benefit by these tools as they can collect a great amount of consumer data and make personalized product recommendations. However, **virtual try-on functionalities are mainly used for color-matching,** then beauty consumers usually continue gathering information online and offline before making a purchase.[88]

*Sources:*

*88. Understanding cosmetics consumers in China*
*https://uxspot.com/reports/understanding-cosmetic-consumers-in-china-through-ar*

## At-home beauty devices are booming in China

During the pandemic, Chinese consumers experimented with new ways to take care of their skin and beauty needs without needing to leave home. The at-home beauty devices market in China jumped **from 2 billion RMB (290 million USD) in 2014 to 6.6 billion RMB (960 million USD) in 2019,** and it is expected to exceed 20 billion RMB (2.91 billion USD) by 2026.[89] Among such tools, anti-aging devices were the most popular ones in 2020, especially those using **radio frequency technology.**[90]

**>20 billion RMB**
**estimated by 2020**

Japanese brands Yaman and ReFa, as well as the Israeli brand TriPollar are among the most renowned beauty device brands in China.[91] Nevertheless, many beauty giants are tapping into the at-home beauty gadgets market as well. For instance, **Dior partnered with the French lighting company Lucibel** to create an innovative LED beauty mask. The mask utilizes Lucibel's LED photobiomodulation to stimulate and regenerate cells. L'Oréal affiliate **Lancôme has launched its first beauty device** too: an anti-aging tool leveraging LED technology to reduce the appearance of wrinkles and fine lines.

**Most popular features for female anti-aging beauty devices online in 2020**

Negative ions Laser
Vibration massage Heat
Reverse iontophoresis
RF Technology
Positive ions EMS Cold compress
Microwaves Iontophoresis
LED light Warm compress
Ultrasound Infrared light

*Data source: CBNData x Effectim*

*Sources:*

*89. 2020-2026 China beauty devices industry market size research and development trend analysis report*
*https://www.chyxx.com/research/202004/853331.html*
*90. 2021 women's anti-aging investment insight report*
*https://www.cbndata.com/report/2558/detail?isReading=report&page=13*
*91.Top 10 beauty device brands*
*https://www.maigoo.com/best/15912.html*

## Offline cosmetics distribution channels in China

Although online channels hold the lion's share of the domestic cosmetics market, **offline cosmetics distribution channels in China can provide a more comprehensive service and higher value-added for beauty consumers**. In recent years, new domestic brands such as Perfect Diary and Judydoll have heavily invested in expanding their physical stores in order to enhance their brand image.

## The rise of new cosmetics retailers in China

Despite ranking within the top three of most used cosmetics distribution channels in China, **traditional retailers are facing the rise of a new class of multi-brand makeup stores**, which are more capable to meet Chinese Gen-Z's needs.[92] China's new cosmetics retailers are more open to niche and new brands than traditional ones, they usually pay more attention to the design of their premises, and sales assistants tend to be less pushy. Nevertheless, this class of **new beauty products retailers** have not built a strong brand loyalty yet and **risk suffering from stiff competition in the long run** since their business model is highly replicable.

**The Colorist, Wow Color, Harmay** and **H.E.A.T.** are some of the most popular new cosmetics retailers in China.

*Sources:*

*92. China beauty multi-brand store industry research report 2021 https://www.iresearch.com.cn/Detail/report?id=3850&isfree=0*

# Conclusions: 5 tips for beauty brands to stay relevant in China

*By observing current trends in China's beauty industry, it is possible to draw five lessons that could help skincare, cosmetics, and perfume brands navigate China's ever-evolving market and thrive where others may fail.*

## 1. Emerging consumer tribes make room for tremendous opportunities.

As competition grows both in the mass-market and in the high-end beauty market, and online customer acquisition cost rises, **identifying and capitalizing on emerging niches turns out to be a powerful way** for beauty brands to future-proof their products, image, and sales in China. By carrying out accurate **customer segmentation** and leveraging **sentiment analysis tools**, cosmetics and skincare companies can detect shifts in consumer behaviors and surf new trends at an earlier stage.

## 2. Technology helps create a personalized beauty experience.

Chinese consumers crave customized recommendations and tailor-made products. New technologies such as AR- and AI-powered solutions can help provide Chinese customers with **a highly personalized experience,** while at the same time offering **a new purpose to offline beauty stores**. An **O2O strategy** allows a brand to accompany consumers through their entire purchasing journey, as well as to build stronger ties with consumers.

## 3. Localized storytelling enhances consumer engagement.

After the COVID-19 pandemic, Chinese consumers place a **greater emotional value** to beauty products. In light of this, brands can build stronger connections with local customers and enhance their sense of community through leveraging **emotional storytelling**. Cute brand mascots, reliable brand ambassadors, and tailor-made virtual idols can be effective tools to convey brand values and stories.

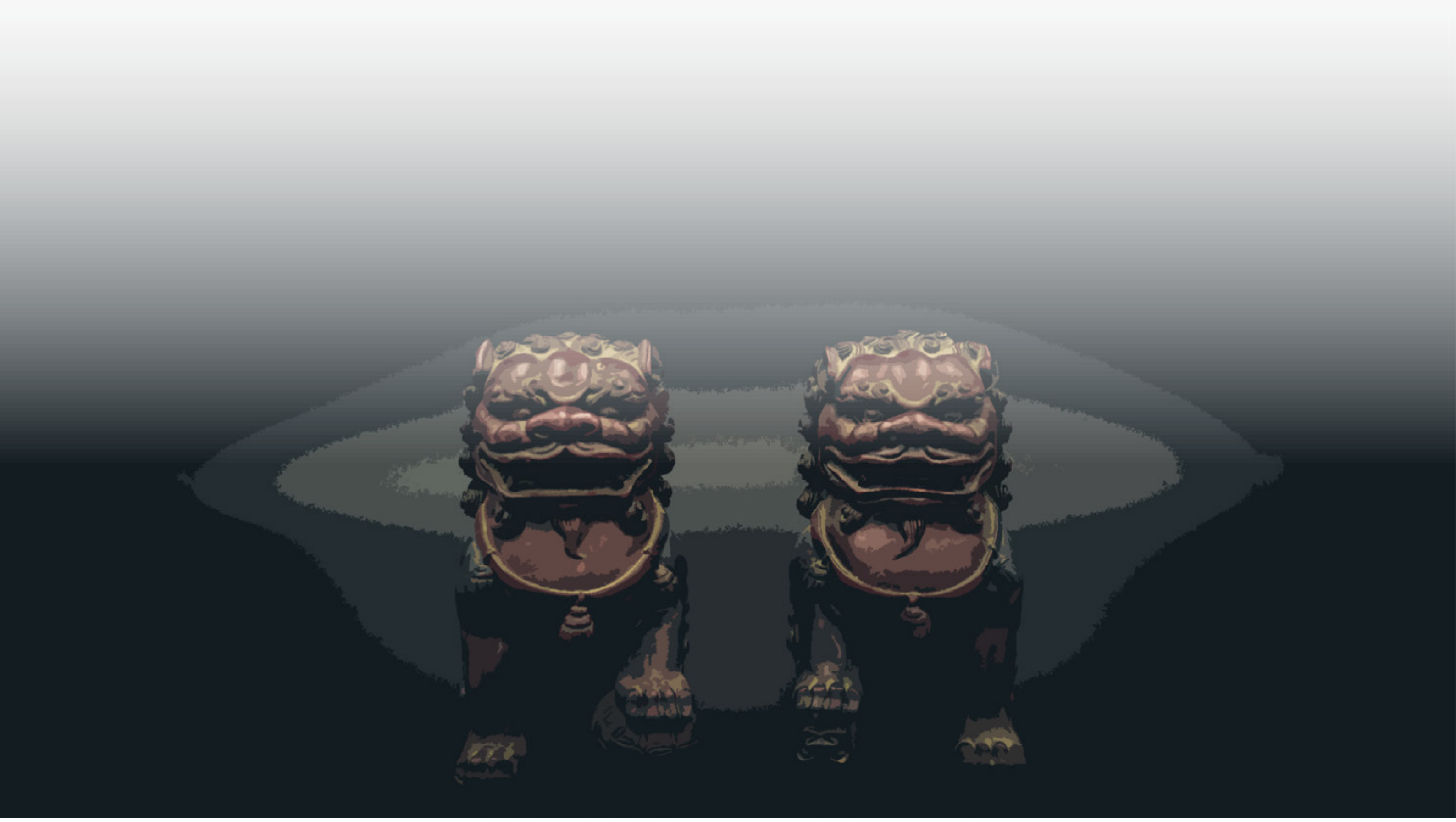
Moreover, by offering products **in line with specific Chinese consumers' psychological and physical needs**, beauty brands can show their commitment to the local market and improve consumer loyalty.

### 4. Evangelism marketing has a stronger impact than KOL endorsement.

Even though a good KOL marketing strategy remains a strong tool for boosting sales, enhancing brand awareness, and improving brand reputation online, nowadays, **Chinese consumers are savvier and tend to purchase more rationally**. **Word-of-mouth** is one of the most trustworthy methods to get further details about beauty products in China, hence cosmetics and skincare brands need to be always in the loop on changing consumer needs and expectations to win the heart of local customers and convert them into their best brand ambassadors.

### 5. Savvy Chinese consumers search for beauty products that can really meet their specific needs.

Young Chinese consumers pay greater attention to the functional power of cosmetics and skincare products, and therefore also to their ingredients and their role in the formulation. In particular, **plant-derived and TCM-based components are quickly gaining popularity in China** since they are perceived as less aggressive and more suitable to sensitive skins. However, as competition heats up in China's beauty industry, selecting the right ingredients may not be enough to stand out from the crowd, but it should be part of a more comprehensive strategy.



# About Daxue Consulting

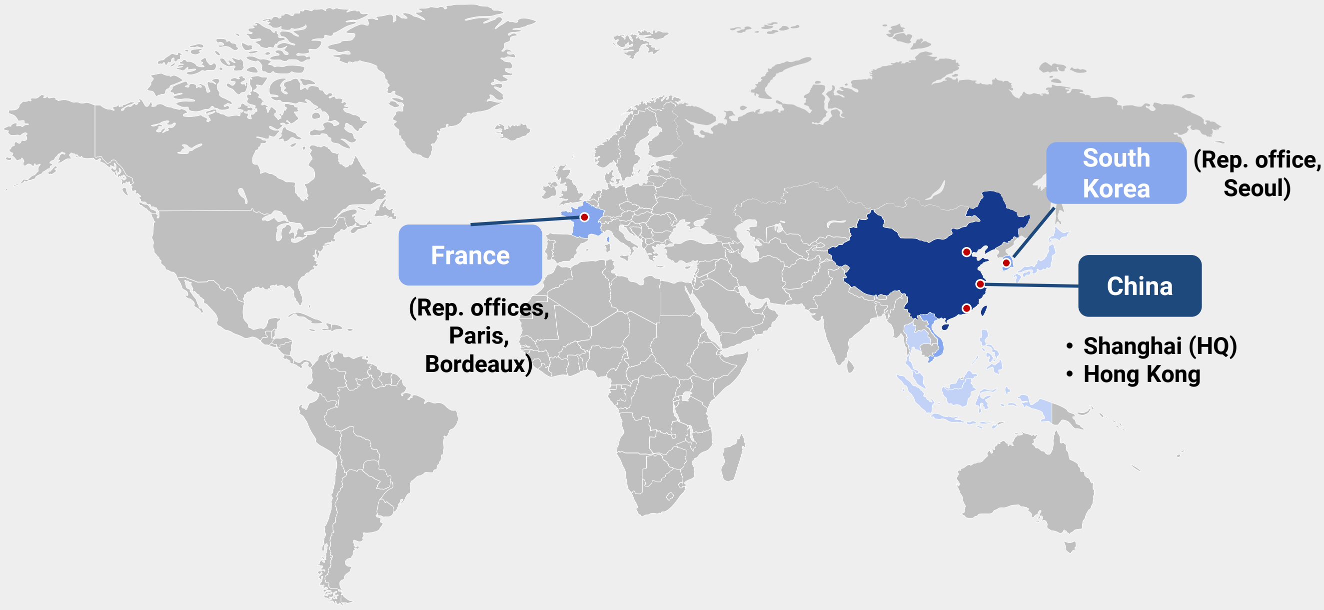
*Founded in 2012, we are a market research and strategy consulting firm specialized in guiding foreign businesses to success in China, Korea, and beyond. With offices in Shanghai, Hong-Kong, Seoul and France, Daxue Consulting is able to provide clients with management consulting, market research, marketing strategies, and branding strategies grounded in reliable data.*



daxueconsulting
beijing shanghai hongkong

# Our APAC network

A research and consulting firm headquartered in China with an Asia-focus and a presence on three continents




# The values we embrace

### Our clients' goals are our goals

We see ourselves as an extension of the client's business in China or their target country, hence, we advise them as if we were in their shoes and investing along with them.

### Embrace change enthusiastically

Similar to how markets are constantly changing, our mindset is also always evolving. We value routine only when it helps us improve and we value change because it helps to keep pace with our time.

### Freedom enriches creativity and responsibility

Freedom to manage and envision her or his mission increases the sense of responsibility to that mission.

### Intellectual humilty gives clarity

Only through the lenses of humility can knowledge be seen clearly. At Daxue Consulting, we are humble toward science and the truth. We interpret data in a way that lets it speak for itself, even if contradicts our hypothesis.

### Knowledge is meant to be shared

While our projects team dives deep to provide catered research to clients, the media team shares insights publicly. At the same time, we foster a culture of sharing knowledge in our team, each individual works to increase their own knowledge and freely shares ideas each other.

# Our mission is to guide businesses to holistic growth in Asia

Through our market research and strategy consulting, we equip businesses with the knowledge and guidance to achieve growth in China and beyond.

## Our services

**Market Research**

Our China market research services leverage both qualitative and quantitative methods across a broad range of industries sectors to fuel your strategic plan and support your expansion in China.

**Management Consulting**

Our consulting service aims to give you both a clearer understanding of any aspect of your business, as well as a comprehensive overview of your target market.

**Strategy Consulting**

Our team can provide you with a wide selection of consulting services aimed at supporting your strategic decisions in China.

**Branding**

Through using a set of different methodologies, our international team of market managers can answer your branding issues and support your growth in China.

**Customer Understanding**

Our consultants master a broad range of consumer research solutions, smartly designed to identify and satisfy your consumers' needs.

## Our methodologies

Desk Research

Social Listening

Expert Interviews

Price Valuation

Store Checks

Online Data Scraping

Strategic Workshp

UX/UI Testing

A/B Testing

Observation

Online & Offline Surveys

Hall Tests

Customer Segmentation

Online Community

Diary Research

Focus Groups

## Meet our project leaders

**Remi Blanchard**

Client Services Director

After working for the international marketing department of major fashion and jewelry brands in Paris, Remi has decided to embrace new challenges in China where he has been living for the last 7 years. He has since then been sharing his expertise with SMEs and established groups within the luxury, beauty, fashion, and F&B industries.

**Steffi Noel**

B2C Research Director

Steffi studied marketing and branding at CELSA and the communications school of La Sorbonne in Paris. She has strong experience in go-to-market strategies, strategic social listening as well as the Chinese e-commerce and social media ecosystems. She has built a solid understanding on the beauty and fashion industries in Asia.

**Hu Yuwan**

Vice-President

Yuwan graduated from University of Bourgogne and INSEEC and has been working in the market research field for 7 years, both in France and in China. She joined Daxue Consulting in 2015 and has completed various projects in different sectors, such as cosmetics, education, printing, and F&B.

## Our past and current clients

### 400+ clients with 600+ projects over the past 10 years

## A recognized expertise on the Chinese market

Our latest quotations in recent publications


## Contact us:

www.daxueconsulting.com

dx@daxueconsulting.com

press@daxueconsulting.com

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