



THE SECRETS TO SUCCESS FOR EMERGING CHINESE BRANDS

THE BEAUTY INDUSTRY

March. 2021

Double V.
Training & Consultancy

daxueconsulting



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C-beauty industry overview

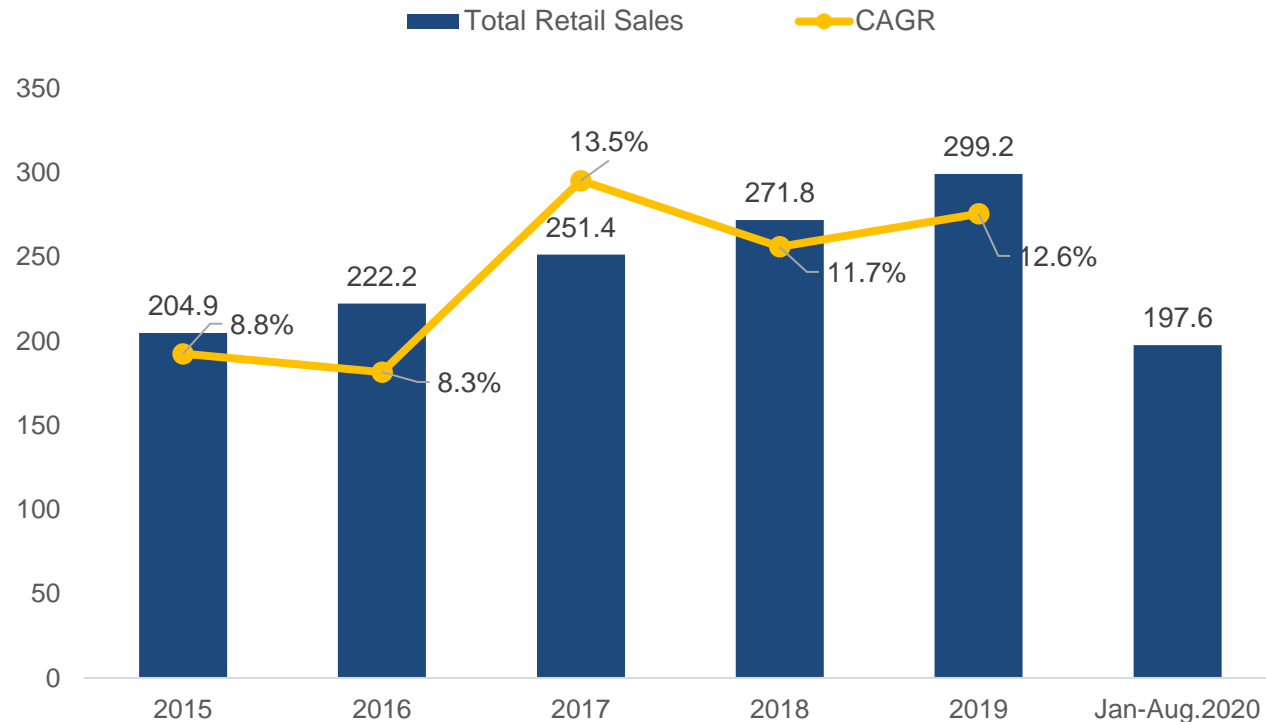
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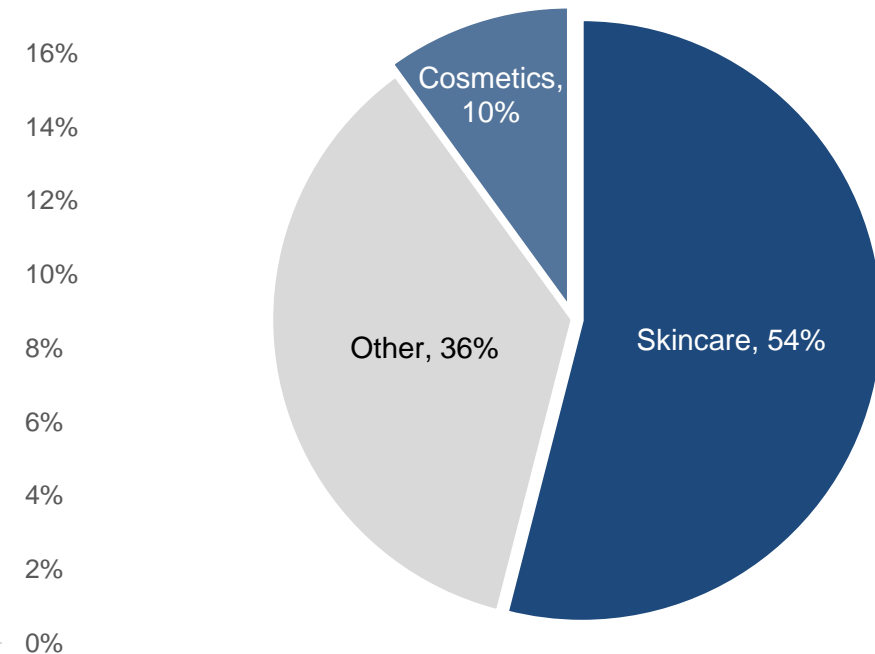
The beauty sector in China developed steadily in recent years

- China had become **the world's second largest beauty market** in 2019. The sales of skincare products accounted for more than half of the beauty market in China.
- The beauty market was hit hard by COVID-19, but quickly recovered, annual beauty sales only slightly decreased

Total retail sales of the beauty sector in China
(in RMB billions, 2015-2020)



Market share of major beauty categories in China by sales
(2019)



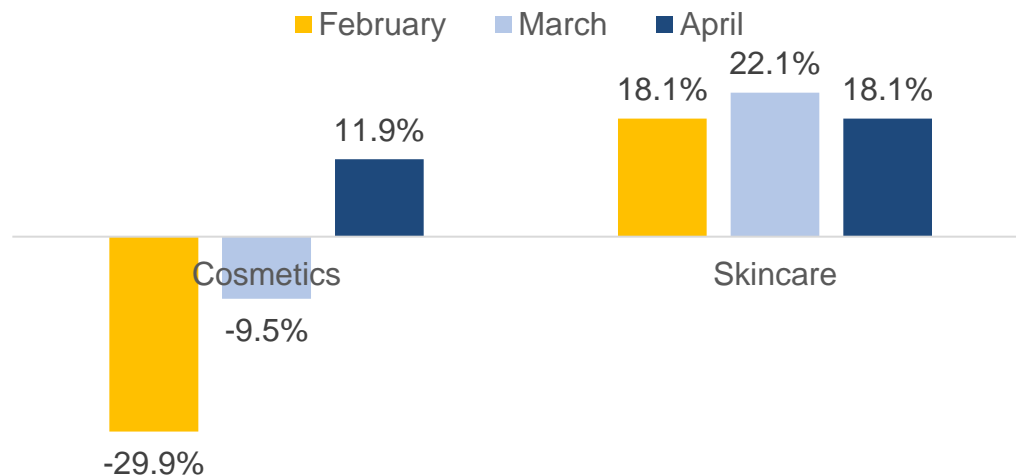
Source: Euromonitor, iiMedia, 360 make-up, designed by Daxue consulting

COVID-19 had a strong yet short-term impact on the beauty market

- Due to COVID-19, cosmetics' sales volume in China **declined by 29.9%** in February 2020 compared with the same period in 2019. However it had recovered by April. During the outbreak, people consumed and talked more about skincare products than cosmetics.
- Since lips and much of cheeks are covered while wearing a mask, **eye makeup** products received more attention than before. "Mask makeup (口罩妆)" had become a hot topic among Chinese beauty consumers. The new trend helped brands and KOLs find new ways to communicate with consumers.

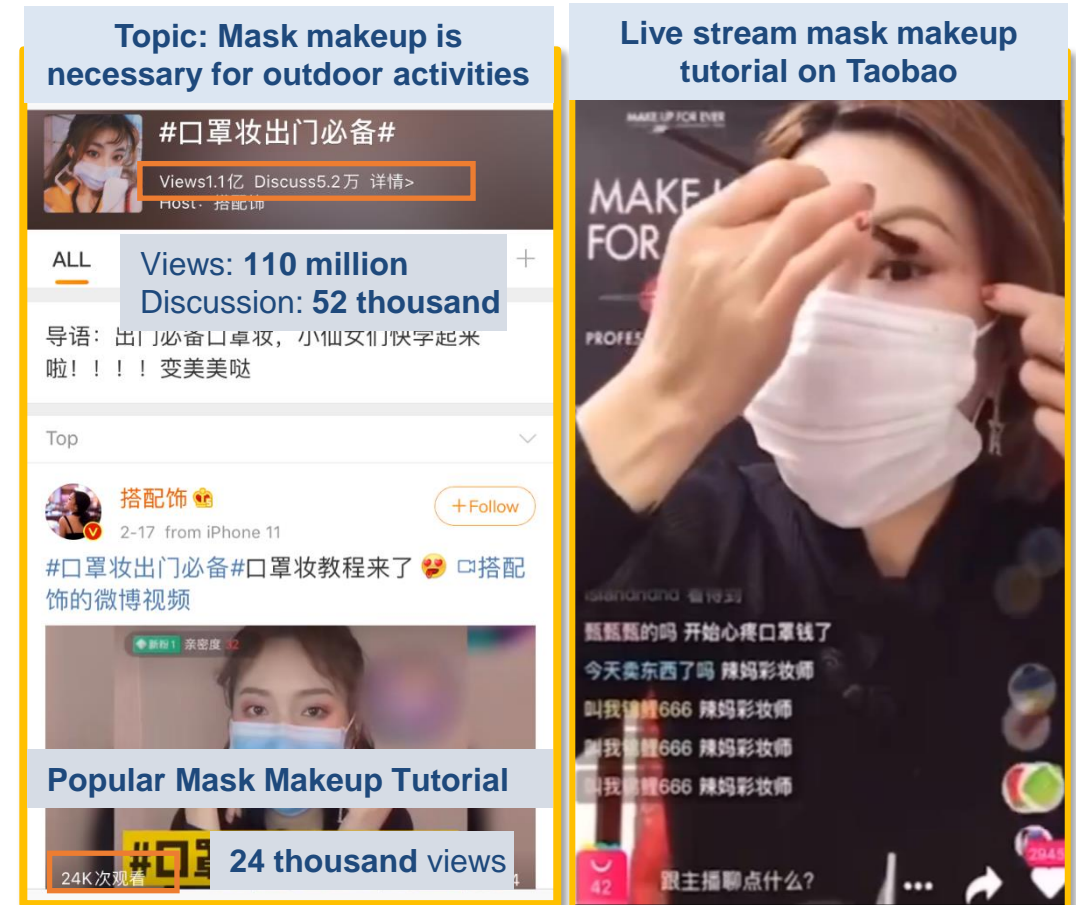
Growth rate of cosmetics and skincare products sales on Alibaba

(YoY growth rate, Feb – April, 2020)



Topics related to skincare at home are popular on social media like XHS. Especially, products with "skin repair", "basic skincare" and "first-aid care" functions are increasingly needed.

Source: SCMP; Taoshuju, Weibo, designed by daxue consulting



COVID-19 brought out a beauty e-commerce battlefield

- COVID-19 caused beauty sales to move from offline to online channels as consumers were hesitant to visit offline stores.
- Additionally, foreign brands' sales declined dramatically in their home countries, thus they doubled-down on Chinese e-commerce platforms.

JD Luxury Gala 15th-25th December 2020



JD Black Friday Shopping Season 20th-29th November 2020

**1,600
brands**

In 2020, 1,600 brands participated in the JD Luxury shopping festival.

50%

In 2020, the sales of self-care products on JD Black Friday (27th Nov) increased 50% YoY.

20X

The average turnover for the quarter increased by **20 times** from last year.

+180%

Compared to 2019, the total sales of the 10-days shopping season grew 180%.

+180%

The number of first-time buyers increased by **180%** YoY.



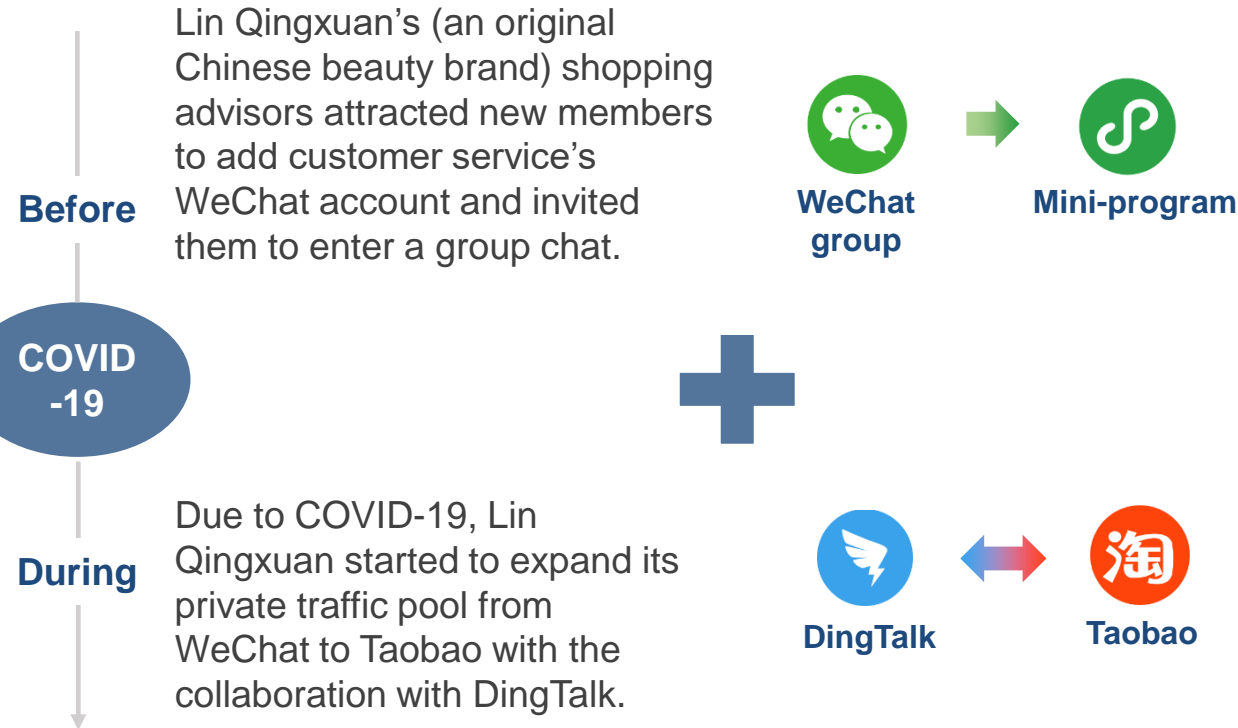
The three most popular brands in the self-care category were foreign brands Kao, Shiseido and Ryo.

Source: JD.com, designed by daxue consulting

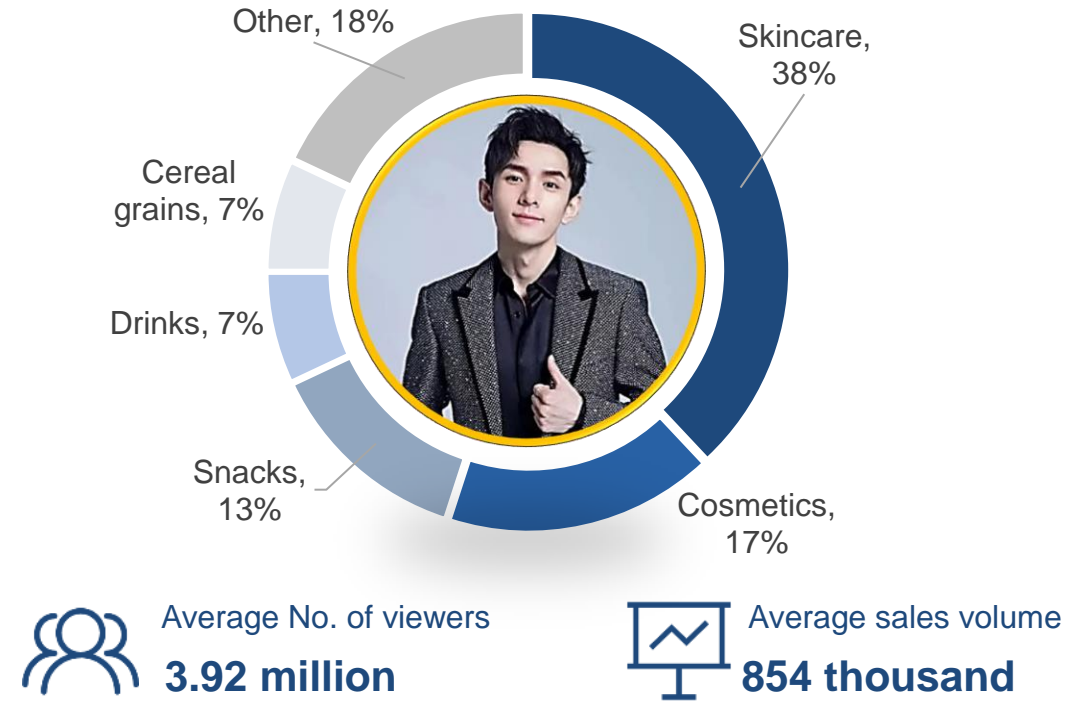
Live streaming and private traffic: Two key beauty market strategies

- **Live streaming** is increasingly popular due to the interactive experience, China's live streaming revenue has more than doubled from 2019 to 2020 (from 438 billion RMB to 961 billion RMB).
- Chinese beauty brands have a talent in leveraging private traffic. Some brands transformed their business model quickly in the heat of the pandemic, and embraced **private traffic marketing**.

Lin Qingxuan's private traffic marketing during COVID-19



"lipstick king" Li Jiaqi's live streaming on Taobao (March 2020)



Source: iimedia, Ccsight; Caixin global, designed by Daxue consulting



Perfect Diary

a textbook case for private traffic

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Perfect Diary: A sudden yet massive C-beauty success

- Perfect Diary targets **women aged 20-35** who have relatively high spending power, its concept is “unlimited beauty”, breaking through themselves to explore more of life’s possibilities.
- The brand achieved extraordinary performance through co-branding and KOL marketing, but is especially known for its innovative private traffic strategy.



Perfect Diary constantly innovates new package designs

Co-branded packaging design is an important way that Perfect Diary squeezes into popular topics on China's social media.

October 2018

British Museum design

Perfect Diary established its first co-brand collection with the British Museum in 2018 and became well-known. This collaboration helped the brand elevate its image from an unknown brand to a brand at the center of Chinese cultural pride.



October 2020

White leather design

In 2020, the brand launched a thin tube lipstick in leather to compete with luxury cosmetics brands such as Givenchy and Armani. It catered to independent working women. The exquisite 0.8g lipstick content symbolizes women's high heels.



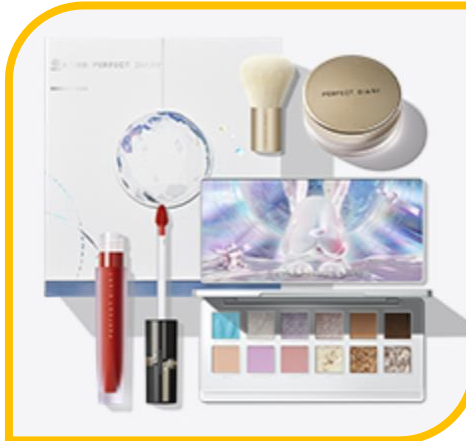
May 2020

Perfect Diary x Li Jiaqi's pet

Perfect Diary collaborated with a lot of IP, such as Japanese cartoon Cardcaptor Sakura and the KOL Li Jiaqi's pet.

September. 2020

Perfect Diary x China Aerospace



January 2021

The Chinese Lunar New Year design

Perfect Diary etches Chinese New Year elements onto its eye palette to trigger nostalgia, such as red lamps, snow and local wintertime desserts.



Source: Perfect Diary Tmall store designed by Daxue Consulting

How Perfect Diary converts public traffic into private traffic (1/3)

Perfect diary created the virtual KOCs “Xiaowanzi” and “Xiaomeizi” to maintain engagement with consumers on WeChat.

Xiaowanzi shares brand-target customers' pictures on WeChat moments



- Perfect Diary invites a real person to shoot photos and post on Xiaowanzi's WeChat moments. She has similar characteristics to Perfect Diary's target consumers, such as having a wide-variety of hobbies.
- Xiaowanzi leads effective communication in the brand's private traffic pools of 500 people.

Xiaowanzi 小完子



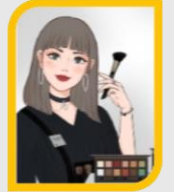
Who is She?

A virtual KOC created by Perfect Diary.

What's her role?

- Provides information on products
- Beauty consultant
- Provider of real-time customer service
- Friend

Xiaomeizi 小美子



Who is She?

Perfect Diary's virtual offline store beauty assistant. Consumers scan a QR code from Perfect Diary's offline stores to meet Xiaomeizi.

What's her role?

- Provides information on products
- Beauty consultant
- Provider of real-time customer service

How Perfect Diary converts public traffic into private traffic (2/3)

With the traffic from Xiaowanzi, Perfect Diary increased repurchase rate through consumers benefits, incentives, and guiding consumers to order.



- After adding Xiaowanzi's account, she will give customers access to get WeChat "lucky money" and send a personal invitation to enter a private traffic group. The promotion card to add Xiaowanzi is attached to products sold on Tmall flagship store.
- Different content is sent in different groups. On holidays, the brand sends one-on-one private messages to share offers and Mini Programs. The tone of voice is funny and casual to narrow the psychological distance between users and Xiaowanzi.

How Perfect Diary converts public traffic into private traffic (3/3)

Perfect Diary invites offline consumers to the private traffic pool with the help of virtual KOC “Xiaomeizi” (小美子).

Guide offline customers add Xiaomeizi on WeChat



Coupons encourage consumers to register for memberships and follow the brand's official WeChat account



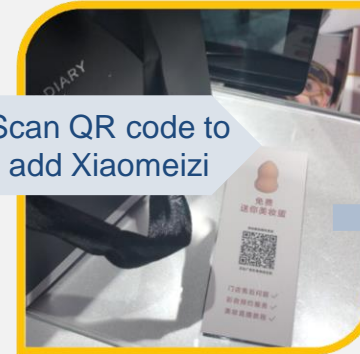
Online store coupon, buy 1 get 1 free

Benefits get new product samples

Fans center my order, add Xiaowanzi

Add Xiaomeizi to receive products recommendation on WeChat

Scan QR code to add Xiaomeizi



Giving free gifts to motivate consumers to add beauty assistant account



Browse products on WeChat moments and shop on mini-program store



- By launching the Xiaomeizi WeChat account, Perfect Diary aims at improving shopping experience, completing consumer portraits and creating new private traffic pools.
- Xiaomeizi maintains relationships with consumers who were brought in through offline pop-stores or give aways. Since the source of customers is different, the two different virtual KOCs can have two different approaches.

Perfect Diary's omni-marketing strategy

Perfect Diary develops its own community through online and offline omnipresence, the goal being: no matter where the consumers are, they can access the brand

Core conversion platform

Perfect Diary makes full use of the Taobao live stream nature of “best sellers + good discounts + influencers marketing”. It has invested in thousands of influencers and more than 10,000 live streams.

Taobao Livestream



WeChat



Private traffic + Official Account + Mini Program

- ~2000 WeChat Private traffic groups with professional customer service staff to guide the conversations with the clients.
- The official account has a large number of articles focusing on new product promotion. Each article has **more than 100,000+ views**. The official account can link to Mini Programs to realize direct sales conversion, which is one of the main conversion paths.

Short video platforms

Douyin, as the core short video platform, Perfect Diary not only opened an official account in the early stage, but also directly links to the Tmall store, connecting content and sales channels to achieve rapid conversion. Perfect Diary also leverages different types of KOLs at the same time to reach the audience more precisely.

Douyin & Kuaishou



Xiaohongshu



Celebrity + KOL + KOC

- 1st stage: Celebrity endorsement to get closer to customers.
- 2nd stage: KOL matrix to catch the attention of customers.
- 3rd stage: Encourage purchaser to post the products as advocacy.

Weibo



Celebrity Traffic Platform

Perfect Diary's Weibo account posts a large number of **lucky draws**. It also shares celebrities' live stream which helps them maintain **active engagement**.

Strategy 1: Different discounts available on each platform

- Perfect Diary relies heavily on discounts for fast conversions on all its online sales channels.
- Similarly, short-term discounts are available on specific channels to avoid being visible in other communities that would pay full price or be sensitive to alternative messages.

WeChat mini-program

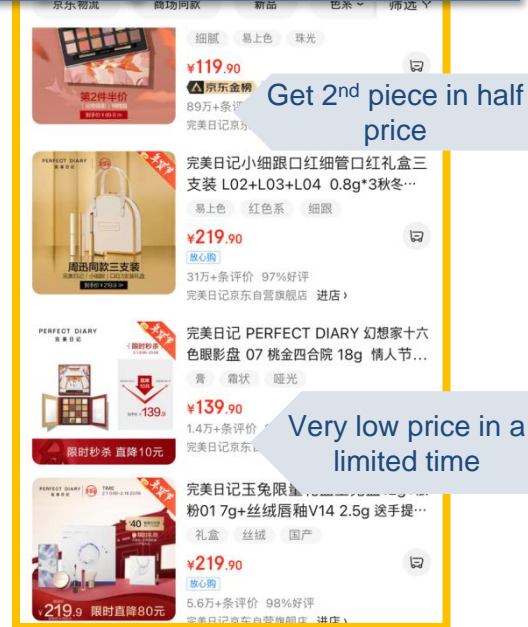


WeChat groups

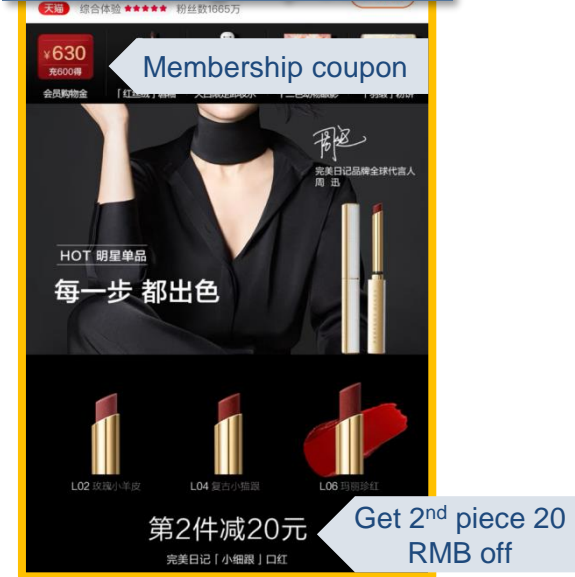


Lower price lipsticks and free gifts for consumers who watched Live-streaming

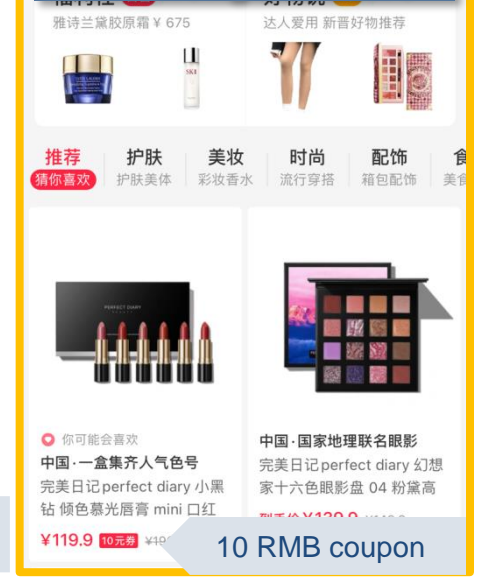
Jingdong self-operated store



Tmall flagship store



Xiaohongshu store



#买一送一 # Buy one and get one for free

#第二件商品一元 # The second piece 1RMB

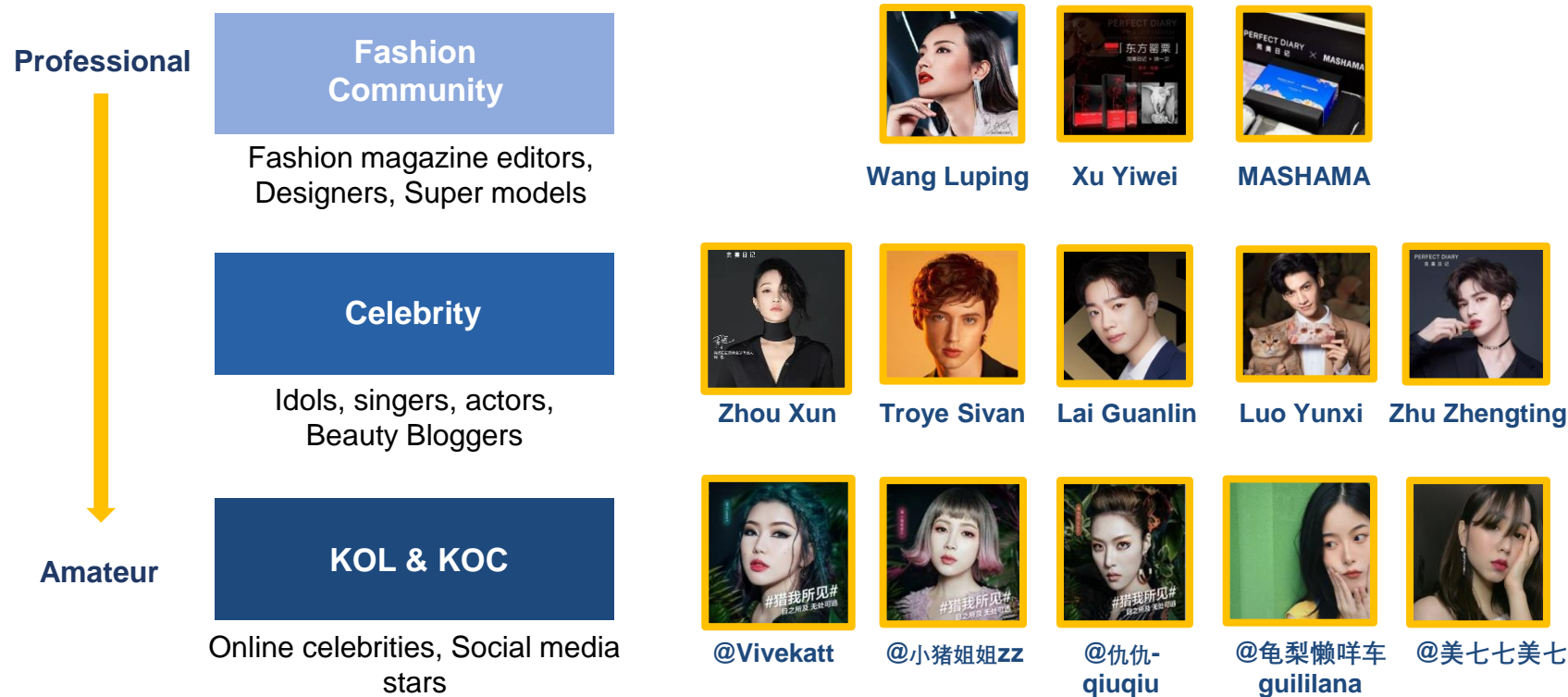
#一小时紧急促销 # 1 hour urgent promotion

#团购得半价 # Group buy get product half price

#分享好友得折扣券 # Sharing to friends to get coupon

Strategy 2: Cooperating with different levels of influencers

- First, Perfect Diary collaborates with celebrities who lead trends and create momentum.
- Then, they work with KOLs/KOCs who can contribute high-quality content and generate word-of-mouth marketing.
- In addition, Perfect Diary mainly cooperates with rising micro & mid-sized KOLs, and maintains long-term cooperation with KOLs.
- By utilizing the bandwagon effect, Perfect Diary gets consumers to share their own experiences



With the most **professional makeup insiders** endorsing Perfect Diary, the brand shows its **professional** and **aesthetic** image

With the impressive effect of fan community, Perfect Diary rapidly obtains great influence and huge traffic

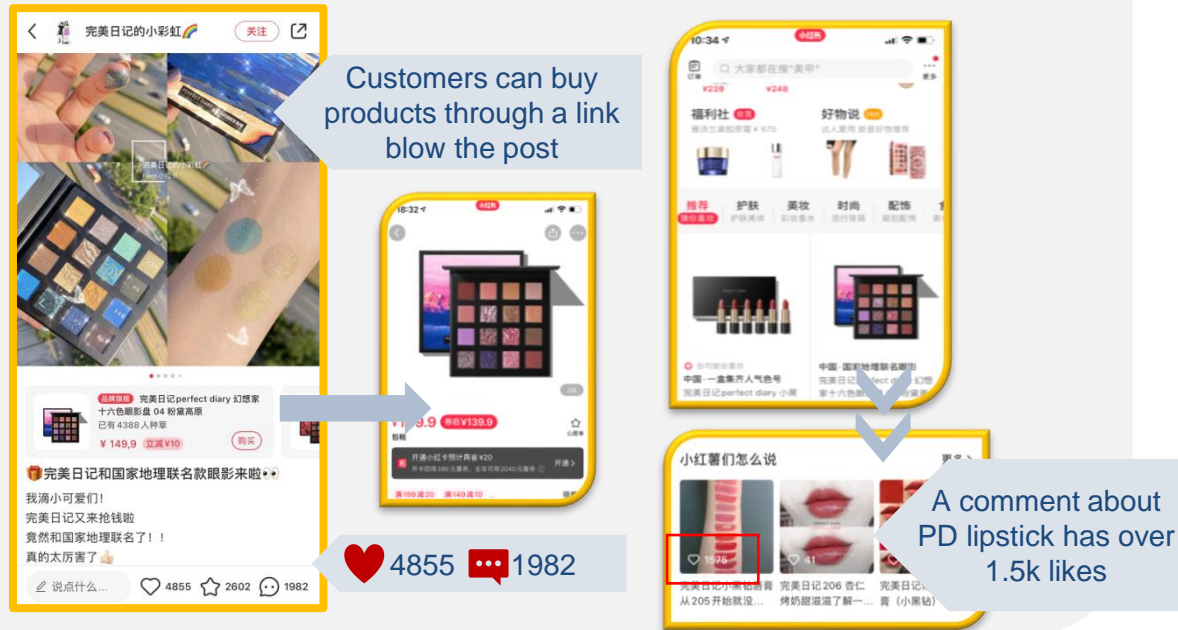
The detailed product test and sharing (种草) posts put on Xiaohongshu/Douyin from influential beauty bloggers attract many make-up lovers

Source: Perfect Diary official Weibo account, designed by Daxue consulting

Strategy 3: Leveraging social media as promotion and sales channels

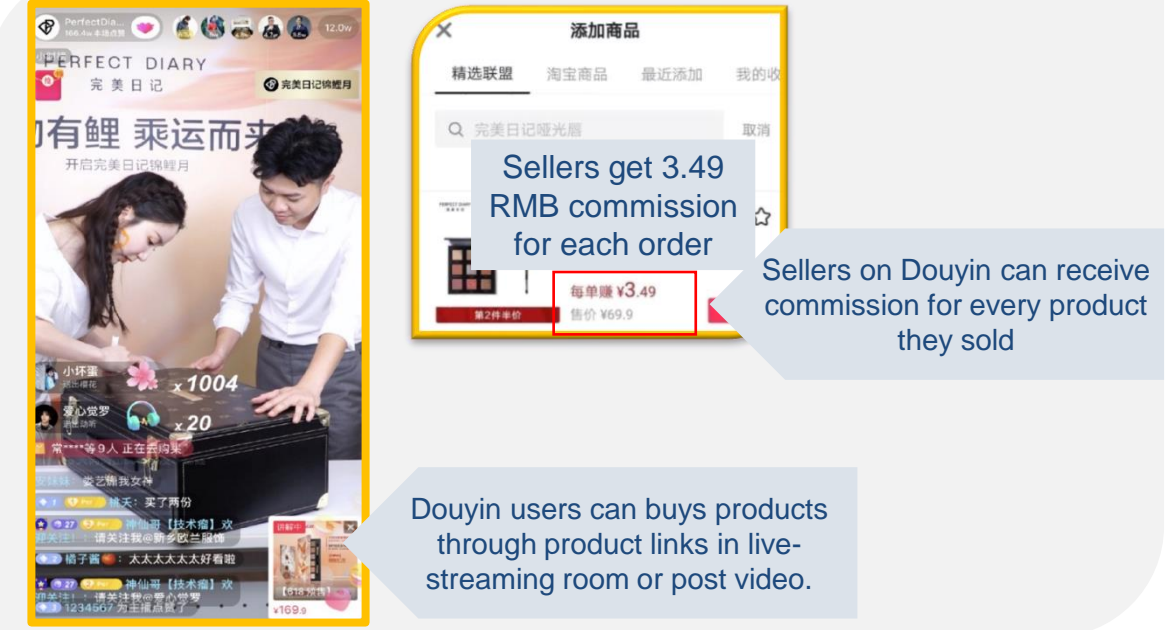
Tmall is the dominant online sales channel, but its traffic is gradually decreasing. Instead, Perfect Diary utilizes the community advantages of Xiaohongshu and the huge traffic of Douyin.

Direct link to product page on Xiaohongshu



- Perfect Diary's official account on Xiaohongshu has **1.79 million followers**. There are more than **110,000 notes** when searching for the keyword "Perfect Diary" on Xiaohongshu.
- In addition, customers can also buy Perfect Diary's products by clicking the link below KOL's post.

Consumers can buy Perfect Diary products on Douyin



- On Douyin, one important strategy of Perfect Diary is to redirect to Tmall via KOL posts, which increased its e-commerce sales.
- Douyin started in-app e-commerce in 2019. The main operation method is that all users can sell products on Douyin and receive commission. Perfect Diary also authorized Douyin KOLs to sell, it helped the brand quickly generate sales on the most popular social media channel.

Strategy 4: Diversified co-branding to reach communities

The innovative co-branding of Perfect Diary combines commercial activities and social charity activities, showing a sense of corporate social responsibility and increasing public affection.

2017.09



Perfect Diary × Pom&Co石榴集#
Limited printing collection for Milan Fashion Week, the collision of printing and make-up.

2018.09



Perfect Diary × Masha Ma Paris Fashion Week#
Gift Box for Paris Fashion Week Show: The design of the gift box is inspired by the movie "Annihilation." The colorful flowers and plants reflect the spirit of contemporary women to enjoy multiple identities.

2018.10



Perfect Diary × The British Museum
Gift Box of Fantast Eyeshadow Palette
The packaging of the limited collection gift box has Majolica pottery plate printing. The box contains 16-color eyeshadow palette and Majolica pottery plate exquisite earrings and the canvas bag.

2018.11



Perfect Diary × Fan (扇子)
"Light and shadow" nine-color eyeshadow palette. "It's cool and beautiful, showing a fashion attitude!" **The brand is co-branded with beauty KOLs/fashionistas for the first time.**

2019.03



#Perfect Diary × Discovery #
Inspired by the eyes of wild animals, "animal palette"- twelve-color eyeshadow palette is created with the wild but different styles of the four animal.

2019.06



#Perfect Diary × Metropolitan Museum of Art #
Metropolis Lipstick
Extremely gorgeous costumes and bold and out-of-the-box styles interpret the enduring Royal Camp doctrine.

2019.09



#Perfect Diary × "Chinese National Geography"
Fantasy Sixteen Color Eyeshadow
Combines the best color scheme of nature with the popular colors of makeup, which is the representative eyeshadow palette: Danxia Red, Plateau Pink and Black, Lake Blue and colorful Terrace, fully interpreting Chinese makeup and beauty!

2020.02



#Perfect Diary x李佳琦萌宠Never#
"Puppy eyeshadow palette"
For each puppy palette sold, one yuan will be donated to Beijing Loving Animals Foundation for **animal protection related public welfare projects.**

Problem: Over reliance on marketing and neglected product quality

Top 10 beauty brands on Tmall in Double 11 shopping festival by net sales

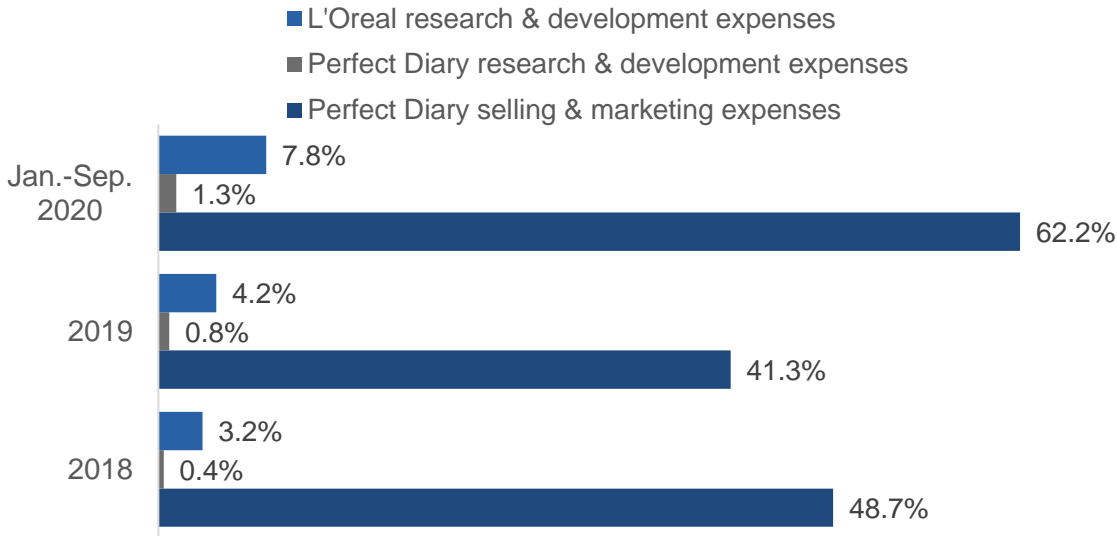
		2018	2019	2020
Luxury brands	La Mer			10
High-end brands	Lancôme	1	2	3
	Estée Lauder	4	3	1
	SK-II	5	5	6
	Shiseido			8
	WHOO		8	4
	Sulwhasoo			7
Mass market brands	HomeFacialPro	8		
	OLAY	2	4	5
	L'Oreal Paris	3	1	2
	Pechoin	6	7	
	WINONA	9	10	9
	Innisfree	10		
	Perfect Diary		8	

International brands

Domestic brands

Out of top 10

Proportion of operating expenses in total revenue, Perfect Diary VS L'Oreal



- In the **top 10 beauty brands** of Tmall Double 11 during the past 3 years, Perfect Diary only appeared once, in 2019. The profit couldn't cover the heavy marketing costs of Perfect Diary.
- In 2020, more high-end brands such as La Mer and Sulwhasoo invested more in China's Double 11 Shopping Festival due to the global pandemic. Thus, Perfect Diary had to face more fierce competition.
- According to the top 10 list in Double 11, in recent years, Chinese consumers preferred high-quality cosmetics. But the R&D expenses of Perfect Diary only accounted a tiny fraction of its operating costs, which is obviously lower than its marketing expenses and its competitor L'Oreal. Therefore, how to enhance the ability of product R&D is one of the burning issues of Perfect Diary.

Source: Tmall, CBN designed by Daxue consulting



3

Florasis

a Chinese cultural jewel through
intricate product design

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Florasis: leveraging elegant design and KOLs to reach consumers

- Florasis created a flagship store on Tmall in its first year, which helped the brand develop its reputation at breakneck speed. Until Florasis, it was unheard of for non-large-scale brands to sell on Tmall.
- After two years, the brand invited Ju Jingyi as the spokesperson and successfully attracted Li Jiaqi's attention with its oriental culture. Since then, Li Jiaqi participated in the brand's investment and packaging design, helping the brand go international.
- In 2020, Florasis appeared on the screen in Times Square, and now the products can be found in pharmacies in Japan.



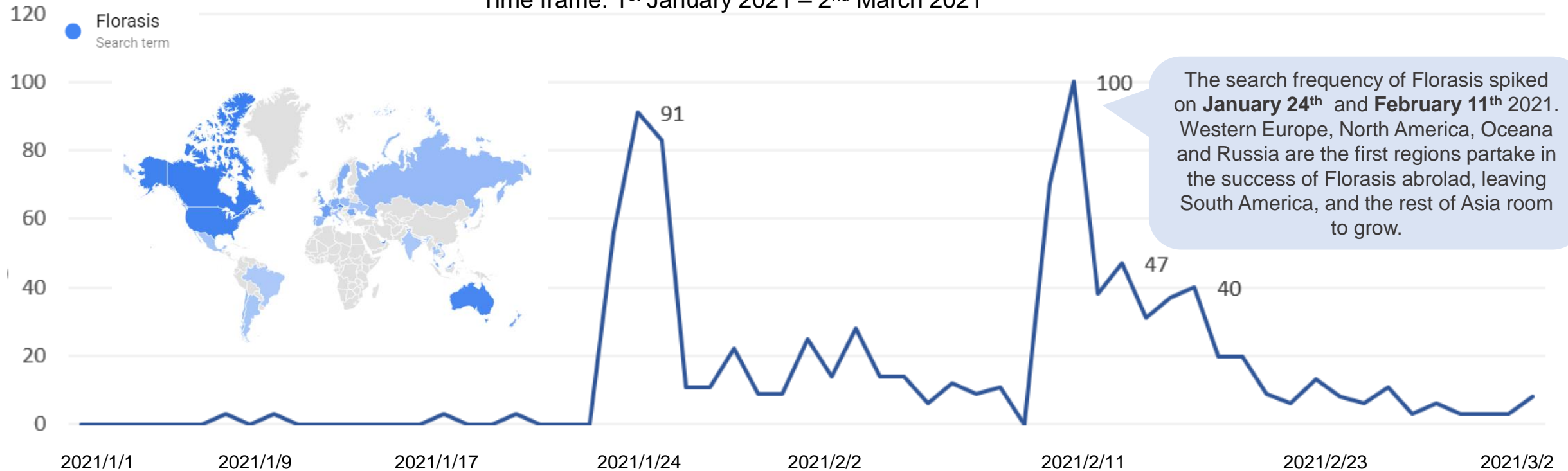
Source: Florasis official website designed by Daxue Consulting

The sudden success of Florasis abroad

- Florasis actively uses TikTok to promote its cosmetics in foreign markets. The official TikTok account has about 45 thousand followers. In addition to the Chinese KOLs, Florasis also attracts Western influencers to make short videos.
- In addition to TikTok, Florasis actively uses Instagram to promote its products. The brand's Instagram is very authentic and steeped in traditional Chinese culture. In the bio, Florasis uses a call to action, suggesting to tag Florasis Beauty and use the hashtag #FlorasisBeauty to share stories.

Global search frequency for 'Florasis' on Google trends

Time frame: 1st January 2021 – 2nd March 2021



Source: Google trends

Chinese cultural heritage is the inspiration of Florasis' packages

Florasis' brand image, both visually (packaging, product design) and in their communication actions (KOL, IP collaborations, brand visuals), is based on Chinese culture, heritage and history. This makes Florasis a highly recognizable brand and it is an element that is highly appreciated by consumers.



January. 2020

Birds Adoring the Phoenix gift box

Florasis launched a Chinese New Year celebration box, which includes fans, eyeshadow, and lipstick carved with traditional Chinese phoenix patterns. Among them, the eyeshadow palette is collected by many people as an artwork because of its exquisite carvings.



November. 2020

Miao minority silver handcraft gift box

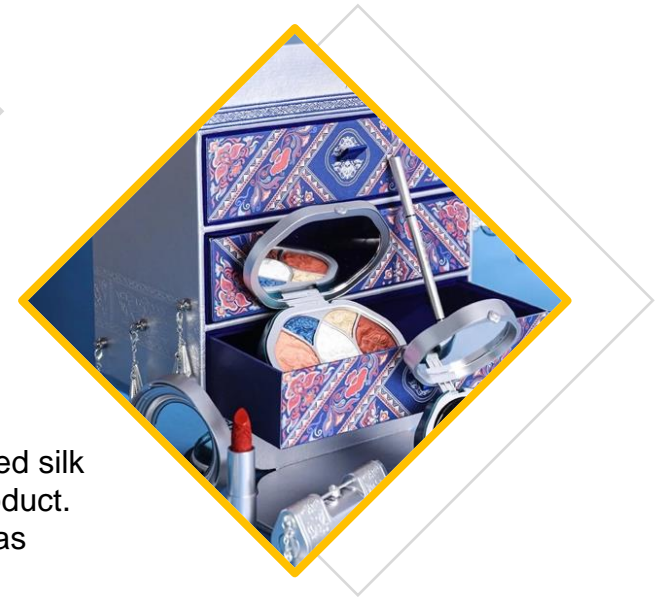
Florasis released a limited Miao minority silver handcraft edition. All of the collection's packages are made with silver by Miao traditional handcraft. It was also praised by national tv channel.



August. 2020

Silk road powder

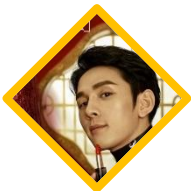
Florasis designed a 3D carved silk road powder as a limited product. Many customers treasure it as artwork.



Source: Florasis official website designed by Daxue Consulting

Strategy 1: Massive influencer marketing to open the market and convert (1/2)

Florasis influencer strategy is the most massive among all competitors as it is one of the main strategies explaining its success in China. The brand works with top KOLs such as Li Jiaqi to increase the trust in the brand via product testing.



Li Jiaqi
Chief recommendation officer
Most famous cosmetic KOL
15.9 million followers on Xiaohongshu



#Live-streaming

In 2020, from January to July, Florasis products introduced on Li Jiaqi's live-streaming room, sold **260 thousand** products. The products which were not shown on his live-streaming only sold **1,023**.

At the beginning of 2020, **40%** of the new additions to the Florasis Tmall flagship store came from Li Jiaqi's live-streaming.

371 thousand likes

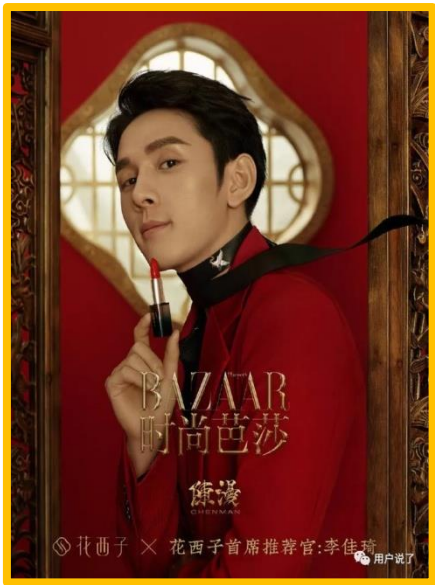
5,327 comments

1,131 shares



#Product consulting

Li Jiaqi attended Florasis product research and development because he has rich experience in cosmetics and Chinese customer behavior. He has the authority to decide on a product's release or design.



#Broadcast


In order to make the brand looks more international and elegant. Li Jiaqi and well-known photographer Chen Man collaborated to promote Florasis in Bazaar fashion magazine.

Fashion Bazaar
Chen Man
Florasis x Chief recommendation officer: Li Jiaqi

Source: Xiaohongshu, CBNdata designed by Daxue Consulting

Strategy 1: Massive influencer marketing to open the market and convert (2/2)

Florasis used brand ambassadors who are matching the brand heritage values such as Jingyi Ju.



Du Juan
Spokesperson
Internationally renown Chinese model

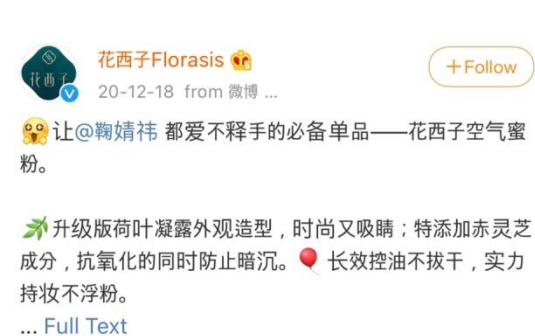


#Product spokesperson

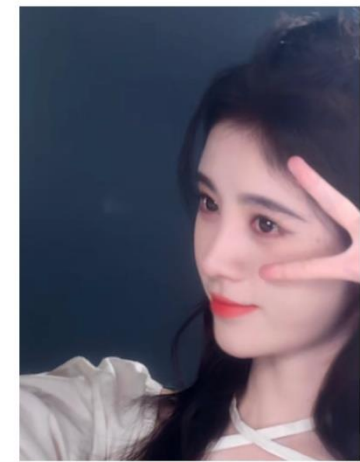
Brand delight invited an internationally renowned model as its new spokesperson to enhance brand image. Florasis gift box is named for her to identify the brand's oriental DNA.



Ju Jingyi
Spokesperson
Idol competition's champion
19 million followers on Weibo



花西子Florasis
20-12-18 from 微博 ...
让@鞠婧祎 都爱不释手的必备单品——花西子空气蜜粉。
升级版荷叶凝露外观造型，时尚又吸睛；特添加赤灵芝成分，抗氧化的同时防止暗沉。❤️ 长效控油不拔干，实力持妆不浮粉。
... Full Text



鞠婧祎的618种打...


750 601 5.9K

Florasis
A must-have item that @Ju Jingyi can't put it down –Florasis air powder.

750 shares
601 comments
5.9K likes

#Social media sharing

Ju Jingyi has a massive amount of young fans. As the spokesperson, her job is promoting on social platforms such as Weibo and Douyin.



Zhou Shen
Brand ambassador
Chinese Neo-traditional Singer
5.9 million followers on Weibo



914 thousand 100 thousand likes

#Brand MV

Florasis released a Chinese Neo-traditional song-Florasis and it ranked on the 6th of top 10 most popular Chinese Neo-traditional songs on QQ music in 2020. Brand ambassador Zhou Shen is the singer, and Du Juan is the leading actress in the MV.

Source: Xiaohongshu, Weibo, CBNdata designed by Daxue Consulting

Strategy 2: Use Tmall as the key platform to increase conversion

- Unlike other brands which diversify their sales channels, Florasis focuses its efforts on Tmall and funnels all social media traffic to Tmall. The brand has a marketing automation strategy using Alibaba's Alimama tools, which allows it to redirect users with more detailed recommendations and also to re-activate them when they are interested in the brand's content on a platform other than Tmall.
- In addition, Florasis caters its IP collaborations based on consumer groups they have not yet reached.



Customers social community function

Visitors can scroll through each product's comments, users' experience, photos taken by buyers from Tmall. They can also ask questions about the product just like asking questions on Quora and Zhihu.



Tmall as overseas customers online shopping place

In 2020, **over 100 countries'** customers purchased Florasis on Tmall. The sales ranked on the top of domestic cosmetic sells overseas list in the 2020 Double 11. The total sales revenue reached 14 million yuan in 2020, and it grew **286%** compared to 2019.

Live-streaming on Tmall



Tmall shopping festivals boost brand's sales

In 2020, Florasis' sales ranked second on Tmall's Double 11 cosmetics list. The total sales during the shopping festival on Tmall flagship store were **500 million yuan**, a **259% increase** from 2019.

Tmall Live-streaming

Florasis cooperated with tons of KOLs on Tmall. Those KOLs operate multi-social accounts. Thus, their followers would refer to their Tmall live-streaming room through reading the announcements on other social platforms such as Xiaohongshu and Weibo.

Strategy 3: Using customized content for different circles

- Each social media account has a different focus. For instance, its Weibo focuses on sharing oriental culture content instead of cosmetics recommendation to attract traditional culture lovers.
- The brand also allowed customers to test its products at the early stage of brand creation. It guarantees a good reputation for the brand every time they launch a new product.



Xiaohongshu

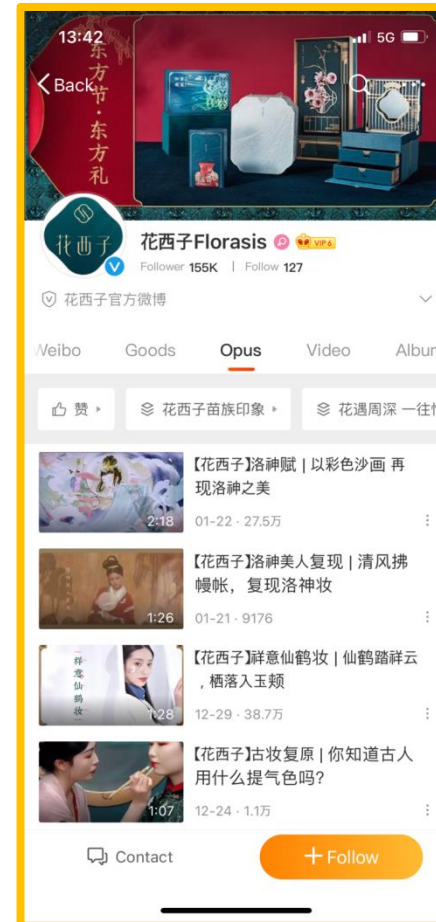
How to remove makeup and leave a facial mask on removal wet wipes

Most Xiaohongshu users are female. They often share cosmetic using experience on Xiaohongshu.

In order to promote makeup removal wipe, Florasis invited their Xiaohongshu followers to test their cleansing wet wipe

Florasis invited customers participate in a challenge of remove makeup and leave a full "face" on make-up removal wet wipes. Brand will select winner to send Florasis cosmetics.

33 thousand views



Weibo

Chinese traditional makeup tutorials

Weibo became an information platform. Users' hobbies, ages, jobs are distributed widely.

The brand's Weibo account is in charge of spreading oriental culture. Florasis created an online Chinese traditional makeup tutorial channel on Weibo. It helps the brand gain attention from Chinese traditional culture lovers and share their oriental DNA to the audience.

Florasis showed the makeup of ancient Chinese in different periods by shooting videos through oriental models and sceneries.

9,176 - 11 thousand views

Source: Weibo, Xiaohongshu designed by Daxue Consulting

Problem: Low quality and over packaging

Users mainly complain about the low product quality compared to the heavily emphasis on product appearance

“
化妆刷寿命太短了。
The life cycle of makeup
brush is so short.

42



【婷婷开箱】花西子开箱测
评让人大跌眼镜!果断拔草!

62.2万 2020-02-24

婷婷很无语



“
国货化妆品喜欢研究怎么使包装更好看，但为什么我需要把化妆品当艺术品一样去收藏？
它们是用来每天使用的。
Domestic cosmetics brands like to study how to make more beautiful packages, but why I
need to collect cosmetics as artwork? They are for daily use!

12

“
产品华而不实，质量差，没有真正功能性作用。
The product is flashy, low quality, and has no
real function.

2,480 622 thousand 28 thousand



“
网上铺天盖地的广告，但是产品质量差，请
花更多时间在产品研发上而不是广告上。
Tons of advertising on many platforms, but
the product quality is poor, please focus
more on product development instead of
advertising.

71 14

#质量差#Low quality

#寿命短#Short lifetime

#包装过度#Overpacking

#过度重视营销#Excessive emphasis on marketing





HomeFacial Pro

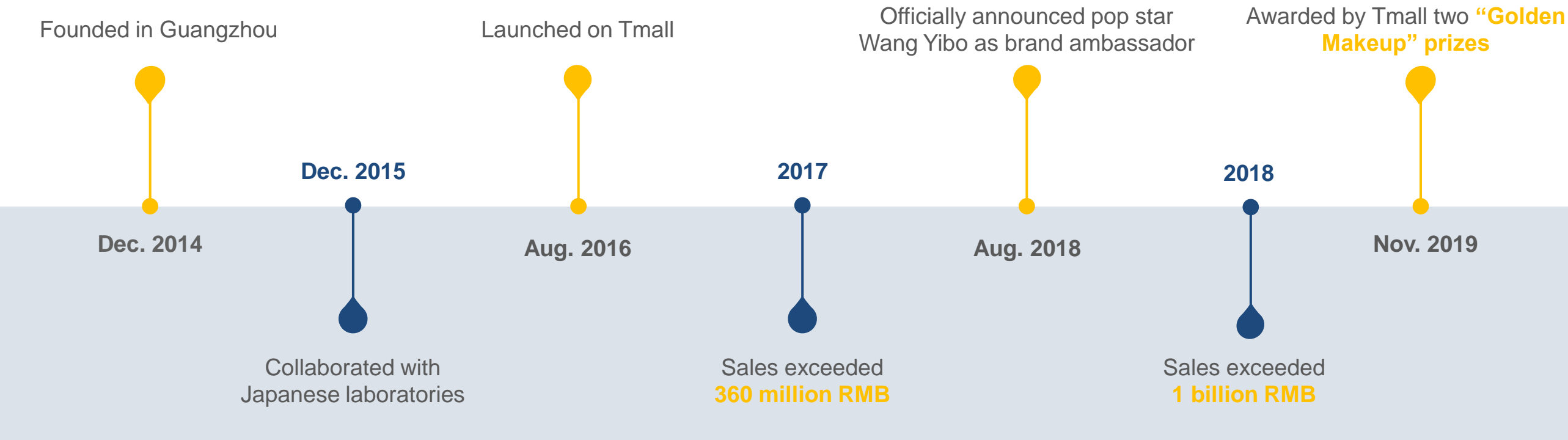
Ingredient-based C-beauty

Double V.
Training & Consultancy

daxueconsulting

HomeFacial Pro: a Chinese skin care brand focusing on ingredients

- Founded in 2014, HomeFacial Pro (HFP) is a Chinese skin care brand focused on ingredients and has its own laboratory backed up by experts from large International groups.
- The sales of HFP ranking **NO.7** in the beauty industry in 2018, among brands like Estee Lauder and L'Oreal are also on the list.
- The sales reached over **100 million** in an hour in 2018 Double 11 shopping festival.



HomeFacial Pro: Minimalist packaging for a down-to-earth image

Brand Concept

- HomeFacial Pro is professional skincare that can be used at home.
- The brand slogan is "awaken skin through ingredients"
- More targeted and simplified skincare solutions for the younger generation.

Package Design

- Minimalism black and white design.
- On the back of the product packaging, the product R&D chemist's signature and quote are printed, which tells the inspiration and story of product development.



Black & white packaging design



Quote & brand story

Signature of the product R&D chemist

Strategy 1: Targeting skintellectuals 成分党 (1/2)

Skintellectuals is a special group of customers who pay attention and conduct extensive research on ingredients and product formulations before purchasing skincare and beauty products. HomeFacial Pro specifically targets this group of customers. The accurate brand positioning helped HFP stand out from the beginning and gained a group of loyal customers.

What do Gen-Z women from tier 1 & 2 cities in China care the most when purchased skincare products?

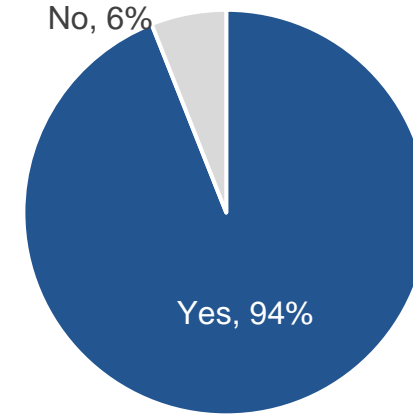
(Online survey of CBNDData x Robis target Gen Z in 2020, N=546)

- 1 Product functions and effects
- 2 Safety of the product's Ingredient
- 3 If the products are suitable for their skin

The ratio of Gen-Z women who study skincare products before consumption at tier 1 & 2 cities in China

(Online survey of CBNDData x Robis target Gen Z in 2020, N=581)

Gen Z= people
between 22-26
years old



What and Where do skintellectuals search product information?

知

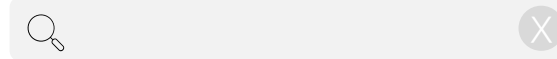
1.09 m Views on
“how to understand the
ingredients list on
skincare products”
on Zhihu

美丽修行

Beauty Evolution

- An app with **2 million+** products' ingredient lists
- MAU reached **1 million** as of Jan. 2019

小红书



2.6 million searching
results on “Ingredients”

80k searching results
on “Skintellectuals”

30k searching results on
“Skintellectuals skin care”

Strategy 1: Targeting skintellectuals 成分党 (2/2)

- HFP names its flagship serum products after organic molecules, for instance, Oligopeptide serum (寡肽原液) and Nicotinamide serum (烟酰胺原液). Other products are named in the “molecule + function” form.
- The benefit of this naming method is that it removes the guesswork so sophisticated consumers can fathom what exactly they are buying.

Top selling products and major ingredients included in the products



Product Name:
Oligopeptide Essence

Ingredients:
Oligopeptide, Niacinamide



Product Name:
Marigold Toner

Ingredients:
Marigold, Sodium hyaluronate

Product Name:
Oligosaccharides Emulsion

Ingredients:
Oligosaccharides,
Sodium hyaluronate



Product Name:
Lactobionic acid
anti-black spots mask

Ingredients:
Lactobionic acid,
Allantoin



Source: CBNDData

Top 10 most used ingredients in beauty products in China (in 2020)

01	Nicotinamide (whitening)
02	Vitamin E acetate (antioxidant)
03	Sodium hyaluronate (hydrating)
04	Retinol palmitate (cell renewal)
05	Squalane (glowing)
06	Retinal (anti-aging, anti-acne)
07	Salicylic acid (exfoliate)
08	Allantoin (cell renewal)
09	Vitamin E (antioxidant)
10	Dipotassium Glycyrrhizinate (anti-inflammatory)

Strategy 2: Grow with the emerging social platforms (1/2)

Released many articles on WeChat during the golden age of WeChat official accounts



100k avg post views



199 avg post likes

* Commercial posts: HomeFacial Pro pays for the popular WeChat content creators to post cooperated articles

- WeChat official accounts were created in 2012. The years 2016 to 2018 was the golden age of WeChat Official Accounts - a lot of content creators produced high quality content, yet there were few brands on WeChat.
- HFP seized the opportunity. In 2016 HFP released many posts on WeChat and gained a large group of initial customers.
- In addition, HFP created it's own demand through educating consumers on the science of skincare by WeChat articles.

The number of cooperated articles in the golden age of WeChat official accounts

2016

Worked with the earliest WeChat bloggers and published **542** articles on their WeChat accounts.

2017

Covered more famous WeChat bloggers and released **2,654** articles.

2018

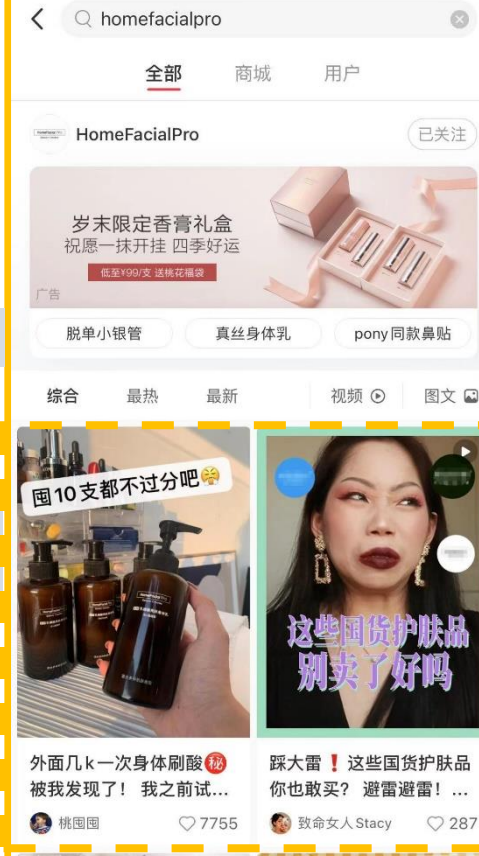
Created it's own content on WeChat, aside from blogger collaborations, released **3,078** WeChat articles in total.

Strategy 2: Grow with the emerging social platforms (2/2)

HFP created official account on Xiaohongshu in 2018



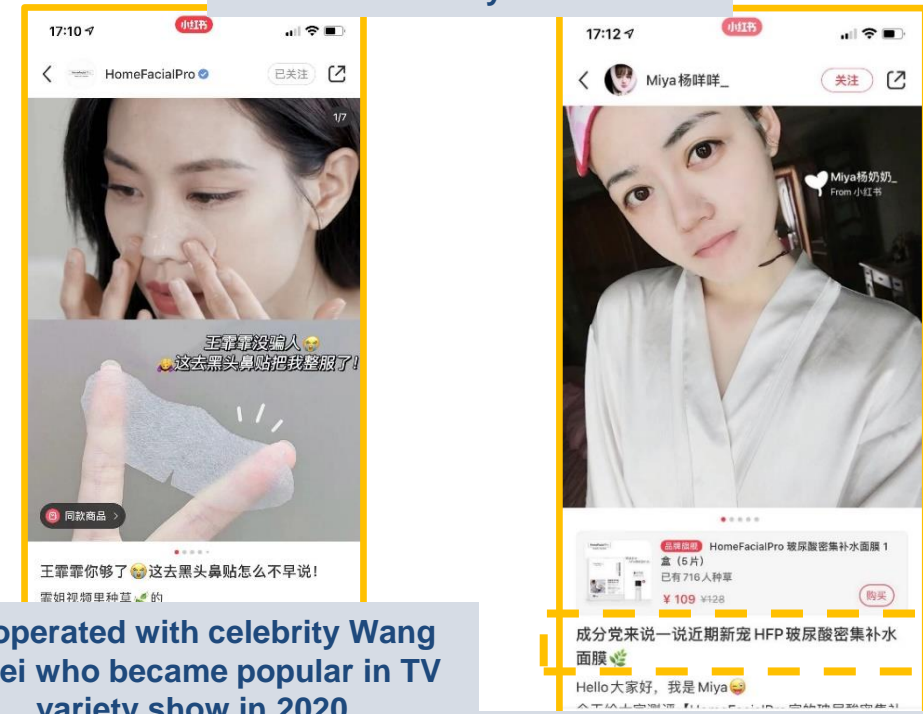
Except official account, also opened RED store



Started to work on product seeding with KOL/KOC to create Word-of-mouth

- In 2018, when social commerce platform Xiaohongshu just started to get popular, HFP launched flagship store and official account on it and started to work on product seeding with KOL/KOC to create word-of-mouth.
- HFP also produced a lot of trendy content with latest hot topics.

Follow trendy contents



Cooperated with celebrity Wang Feifei who became popular in TV variety show in 2020

Use popular concept in the topic - skintellectuals

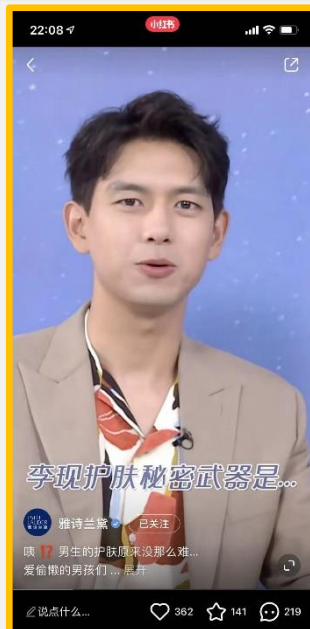
Strategy 3: Tapping into the idol fan economy (1/2)

- For other brands, celebrity collaborations are general: shooting advertising videos, live streaming and inviting the celebrity to the live streaming room or recording short videos with celebrities. All of the activities are online, as a result, the effect of celebrities would be limited
- In contrast to most brands, HFP also hosts offline fans meeting campaign, celebrity's birthday parties and sends out gifts with the brand ambassador Wang Yibo's signatures to customers.

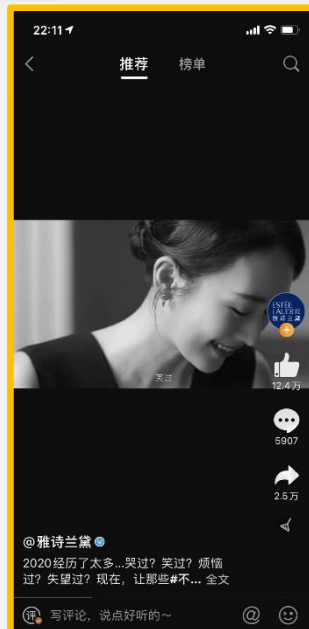
Strategies of other brands



Live streaming

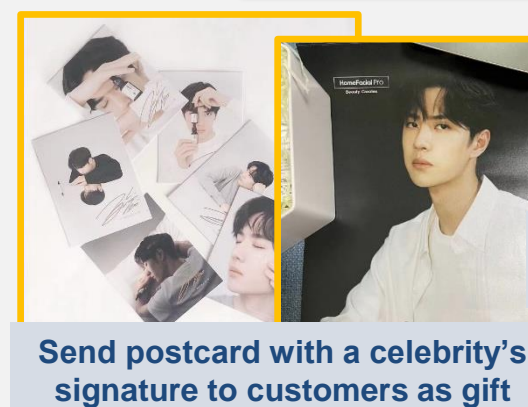


Collaborative videos



Brand advertising videos

Strategies of HomeFacial Pro



Send postcard with a celebrity's signature to customers as gift



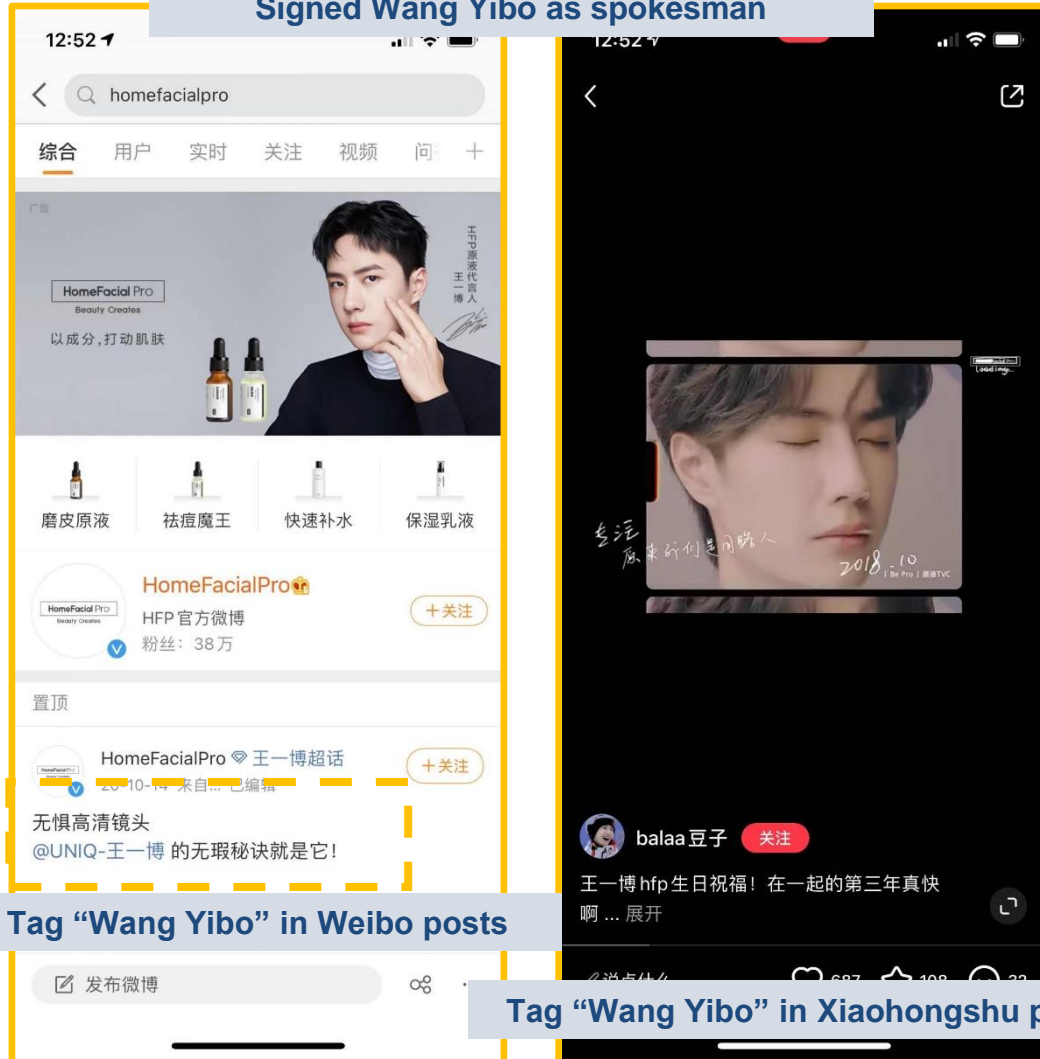
Offline new products press conference



Celebrity's birthday party

Strategy 3: Tapping into the idol fan economy (2/2)

Signed Wang Yibo as spokesman

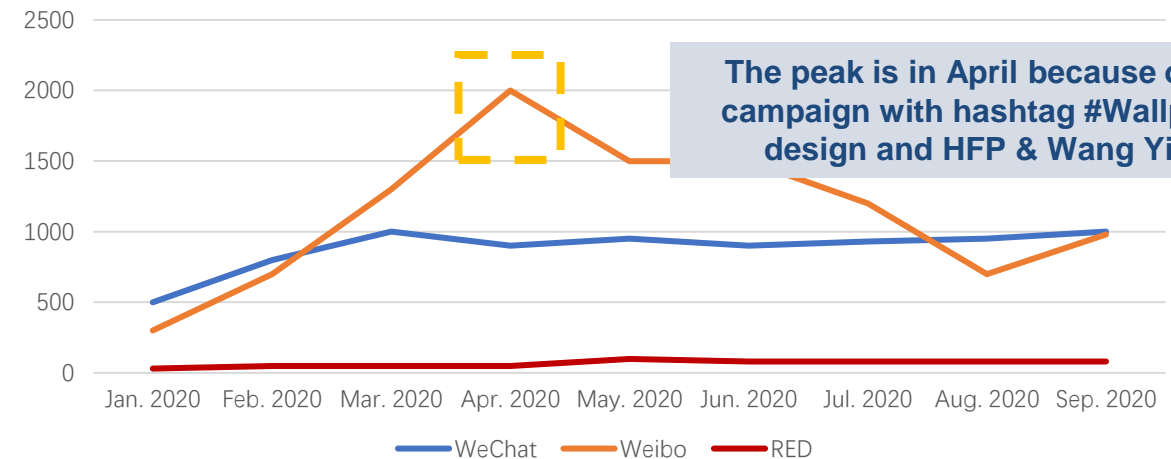


Tag “Wang Yibo” in Weibo posts

Tag “Wang Yibo” in Xiaohongshu posts

- HFP signed a **3-year contract** with Wang Yibo in 2018 as spokesman of its signature serum line, which helped HFP gain a large group of young female customers.
- The brand went further to produce merchandise for Wang Yibo’s fans, which integrated the brand’s physical features with Wang Yibo’s interests, leverage fans’ economy to the fullest extent.

The total number of share, comments and likes brought by Wang Yibo on different social platforms
(million, Jan.2020 – Sep.2020)



Source: Kantar

Problems: Products don't live up to premium image & relies too much on celebrities



The ratio of the best selling product's comments on Tmall:

Positive comments : Negative comments

9 : 8



Wang Yibo only signed 3-year contracts, what will happen after 3 years?

- Although HFP specifically targets “Skintellectuals” and positions the brand as a professional skincare brand, HFP's products are not strong enough, over half of its products are priced under 200RMB, while the premium line is priced at about 400RMB. Its claimed products effects have not been totally proven.
- If HFP cannot go deeper into the product research & development, it will be hard for the brand to maintain the professional brand image and convince customers in the future.
- The brand is putting itself in a passive situation. Relying too much on the celebrity and fans will not benefit the brand in the long-term
- It can also be risky if the celebrity has negative news one day. Or if the brand does something wrong to annoy the fans.

5

Winona

Cosmeceutical C-beauty

Double V.
Training & Consultancy

daxueconsulting

Winona: A professional skincare brand targeting sensitive skin

- Winona, founded in 2008, is a Chinese skincare brand targeting sensitive skin. Winona is under Yunnan Botanee Group, a bio-technology manufacturer.
- In 2020, Winona's parent company Botanee filed for IPO in China
- Ranking NO.1** in sensitive skin care category in 2020, surpassed Freeplus, KAO and Curel.



Winona shows its professional brand image through packaging

Brand Concept

- Winona has its own product research and development team, and has been working with hospitals, dermatologists and universities, the brand has obtained a number of patents.
- Winona's brand vision is to solve the skin problems of Chinese people. The products specifically target sensitive skin.

Packaging

- White bottle with red stripe design.
- Looks like cosmeceuticals products.

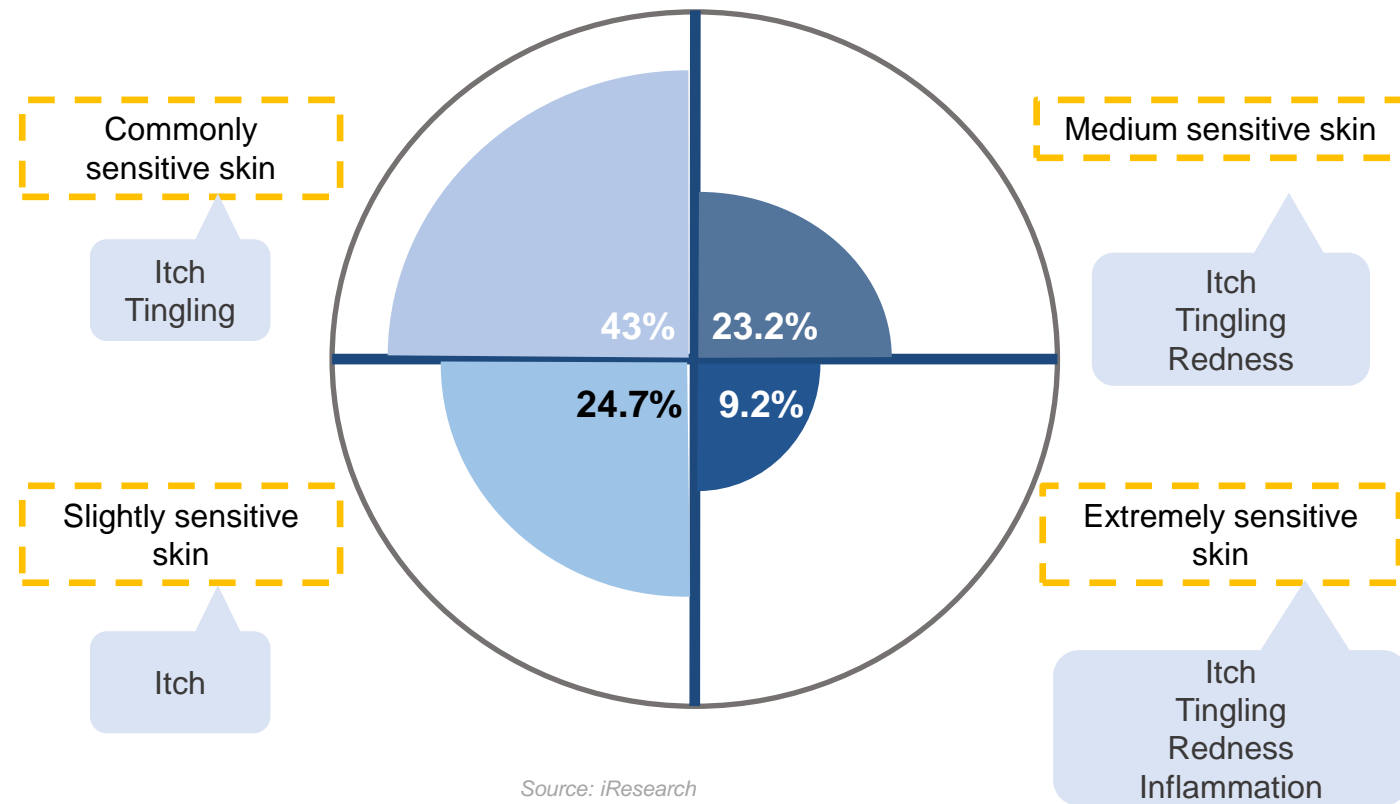


Strategy 1: Segmentation for sensitive skincare (1/2)

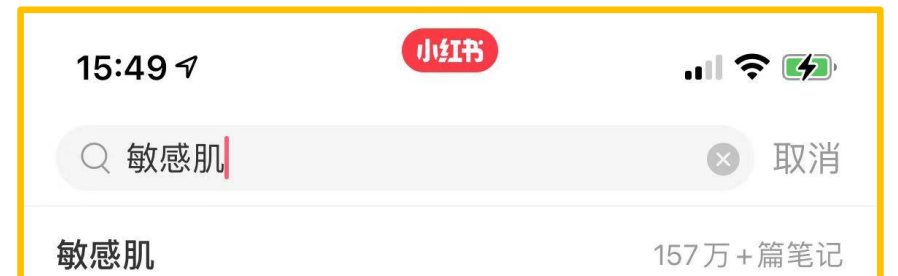
- “Sensitive skin” accounts for a large proportion of skin types in China.
- After COVID-19, “How to solve the problems of sensitive skin” also becomes a popular topic on social media.

What is the major skin problems among Chinese customers?

(Online survey of iResearch for skincare products consumers, 2020)



Major skin problems among Gen Z in China after COVID-19



1.57+ million searching results on “Sensitive skin”

Strategy 1: Segmentation for sensitive skincare (2/2)

Top selling products of Winona on Tmall



Moisturizing special care
cream for sensitive skin

Moisturizing &
hydrating cream

Moisturizing
& repairing mask

- Winona accurately targets this specific group of customers with sensitive skin
- Winona's brand concept directly point out "This is a kind of product that is effective to solve sensitive skin's problems" which will certainly attract this specific group of customers.
- The brand concept and contents are clearly positioned as an expert in sensitive skincare category

Sensitive skin is one of the largest skin concerns among Chinese customers



专注敏感肌肤

敏感肌肤 · 当选薇诺娜

Brand concept:
Focusing on sensitive skin

22:47

小红书



薇诺娜敏感肌

取消

薇诺娜敏感肌

2万+篇笔记

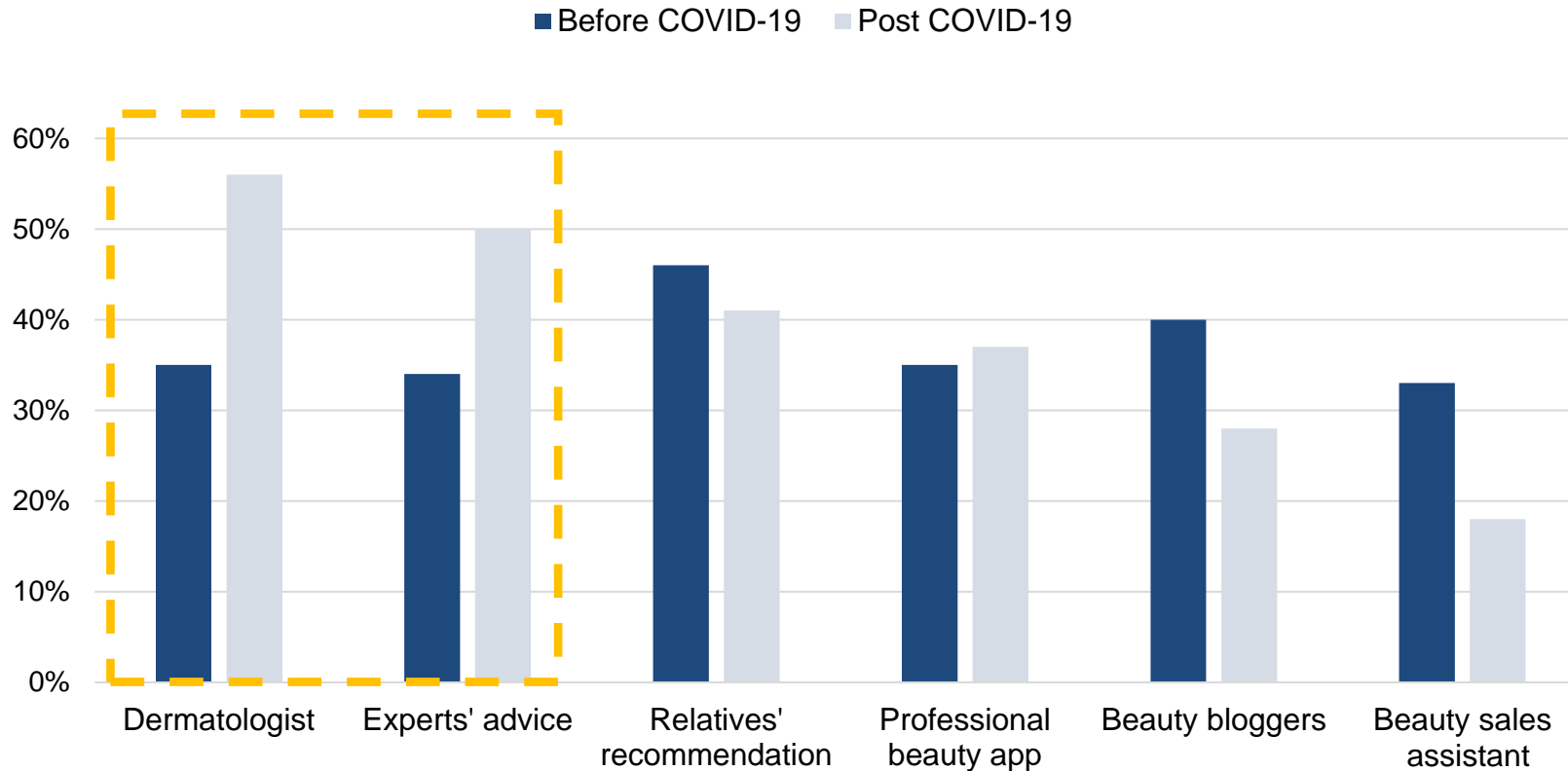
Over 20k search results with the key word "Winona sensitive skin"



Strategy 2: Academic marketing (1/2)

After COVID-19, Chinese customers trust information from professional channels more.

What channels do you trust the most for beauty?
(Online survey of CBNDData for skincare products consumers, 2020)



Source: CBNDData



Influenced by
Relatives' recommendation & beauty bloggers



After COVID 19

Educational posts from dermatologist or experts

Influenced by
Dermatologist & experts



Strategy 2: Academic marketing (2/2)

- The founder of Winona is a doctor in the industry with strong academic background.
- Most KOLs/KOCs of Winona are professional dermatologists, which is totally different from other beauty brands.
- Winona invites skincare experts to give professional advice on different skin problems.

Preview of the live stream with the dermatologists

Livestreaming without dermatologist

9k

Livestreaming with dermatologist

93k



V.S
X 10 times



Key words used for live streaming previews

#还原护肤真相 #Reveal the reality of skin care
#在线皮肤科医生答疑 #Online Q&A from dermatologists
#敏感肌护肤科普 #Skincare knowledge about sensitive skin

Strategy 3: Strategic selections for live stream hosts

- Unlike other brands, Winona holds live streams not only for selling products but also to teach customers about their skin problems.
- Dermatologists are the major live stream hosts, alongside top KOLs like Viya and Li Jiaqi.
- The brand cooperated with Li Jiaqi in the early stage of live streaming.

Oct.2019

First entered
Li Jiaqi's live streaming room

Double 11 in 2019

Create two “10 seconds records”

- Sold out **25k sets** of Merry-go-round Gift Box in **10 seconds**
- Sold out **50k** clear sunscreens in **10 seconds**



Li Jiaqi recommended merry-go-round gift box on Double 11 in 2019



Sold out 25k sets of “Merry-go-round Gift box” in 10 seconds



Sold out 17k sets of “Prinsepia Utilis Royle Spray” in live streaming



Viya recommended Prinsepia Utilis Royle Spray in Nov. 2019

Problems: High price & single concept of “sensitive skin”

Price comparison of cream from different brands

Brand name	Price	Unit-price
Winona	268 RMB/50g	5.36 RMB/g
Curel	139 RMB/40g	3.4 RMB/g
Freeplus	238 RMB/40g	6 RMB/g
La Roche Posay	145 RMB/40g	3.6 RMB/g
Avène	272 RMB/50g	5.4 RMB/g
Dr.Yu	148 RMB/50g	3 RMB/g

- The price of Winona is still a little higher than other cosmeceutical skincare brands which also focus on sensitive skin, including overseas big brands and domestic brands .
- The average unit-price of the cream from other brand are around **3 RMB/g**, but Winona’s unit-price is over **5 RMB/g**, which is about **1.5 times** more expensive.
- But for customers who are willing to pay for higher price, they would also prefer to choose big brands, so if Winona wants to attract customers, it should have some other benefits



- How to further develop with the concept of "sensitive skin repair" or “Cosmeceuticals”
- When “Sensitive skincare” is no longer popular, how can they change the brand’s concept.

ABOUT

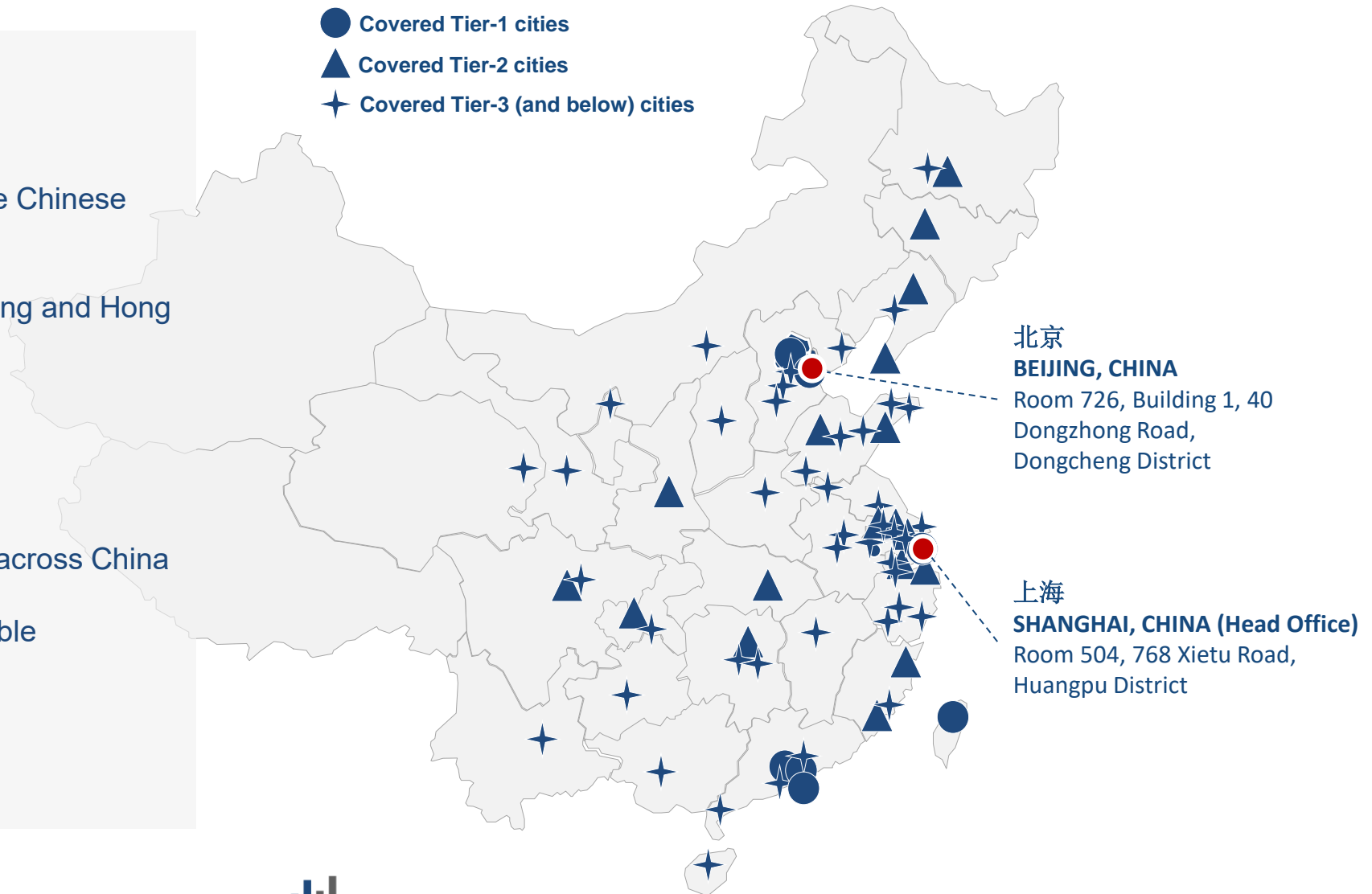


Who we are

Your Market Research Company in China

We are **daxue consulting**:

- A market research firm specializing on the Chinese market since 2010
- With 3 offices in China: in Shanghai, Beijing and Hong Kong
- Employing 40+ full-time consultants
- Full, complete, national coverage
- Efficient and reliable fieldwork execution across China
- Using our expertise to draw precise, reliable recommendations
- With key accounts from around the world



Our past and current clients

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A recognized expertise on the Chinese market

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L'OBS

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THE POCKET WINE, NOT SIZE IS TASTE

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Jing Daily

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Review

FINANCIAL REVIEW

ASIA WEEKLY

Contrepoints
le nivellement par le haut

The Street

Chef
d'Entreprise

CCI FRANCE CHINE
中國法國工商會

ISRAEL HAYOM
This is where we stand

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algemeiner

華美銀行
EAST WEST BANK

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BOF

Los Angeles Times

StartupBRICS
L'Actu Tech & Startup des Emergents

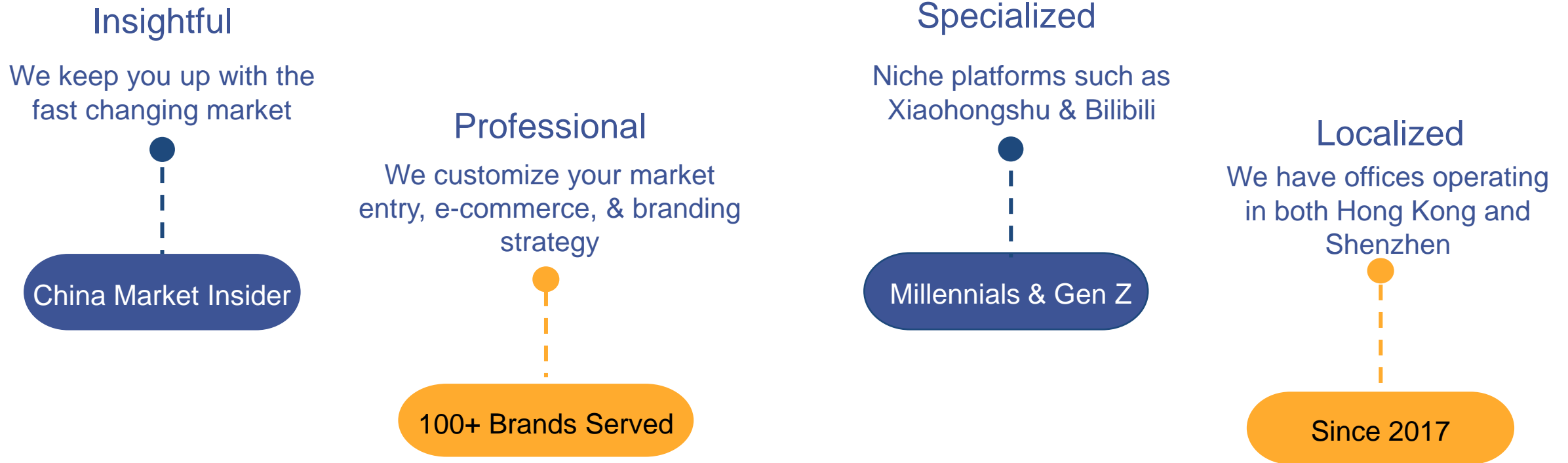
EL PAÍS

Double V.
Training & Consultancy

ABOUT

Who we are

Double V Consulting - Your Insider into China market



How we can help you?

Double V Consulting - Your Insider into China market

TRAINING

We offer online courses and workshops through **CHINable Academy**, an affiliate of Double V.

CONSULTING

We provide brand & competitors analysis, and positioning & market entry strategy.

E-COMMERCE

We help DTC brands set up online flagship stores on Chinese major marketplaces, and enhance social commerce.

BRANDING

We cover all major Chinese social media. We help design your communication strategy and provide customized content.

Brands we have worked with

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GUCCI



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MILANO

GUERLAIN

Les Néréides
PARIS



epionce
We Define the Beauty of Healthy Skin



MONNIER
Frères

VitaRealm

FORZIERI

Caotina



Louis
Widmer
SWISS DERMATOLOGIE



plantronics

Tal
PROFESSIONAL
HAIR
CONCEPT

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