

Perfect Diary



China market strategy

March. 2021

Double V.
Training & Consultancy

daxueconsulting

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.



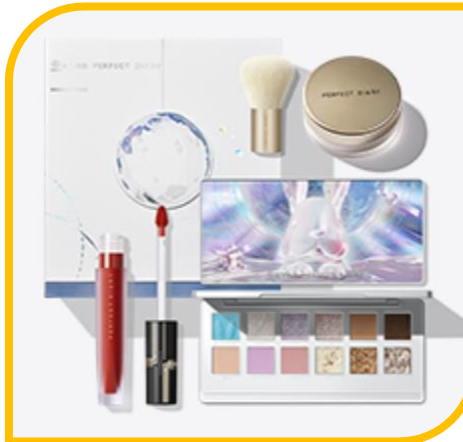
May 2020

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



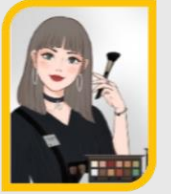
Who is She?

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



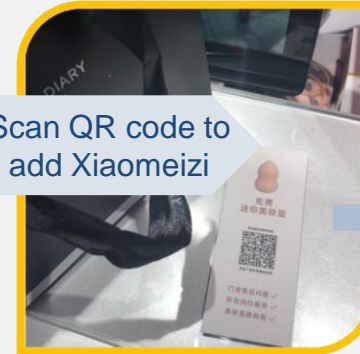
Online store coupon, buy 1 get 1 free

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.

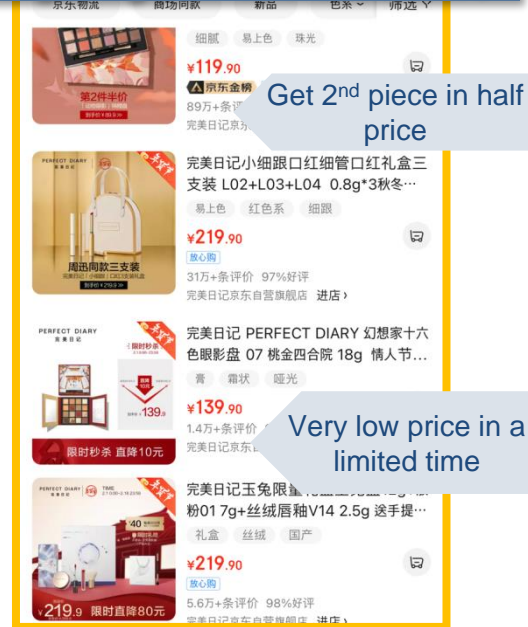
WeChat mini-program



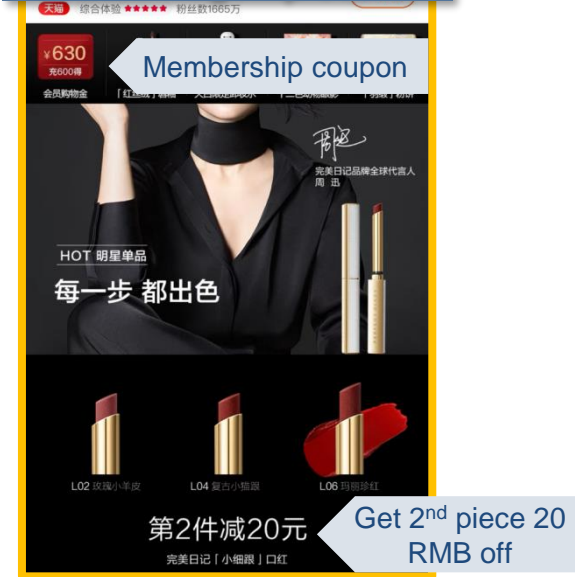
WeChat groups



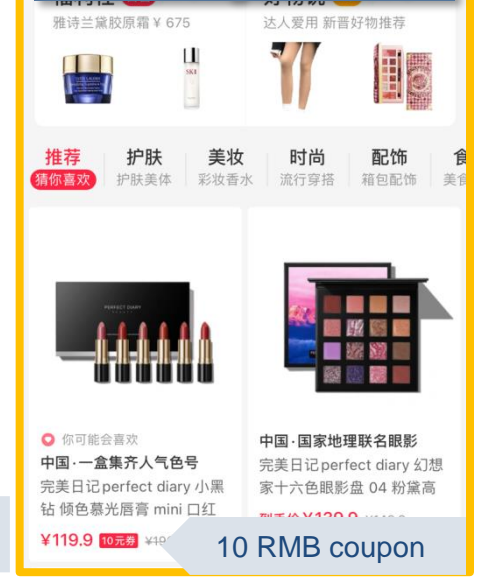
Jingdong self-operated store



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

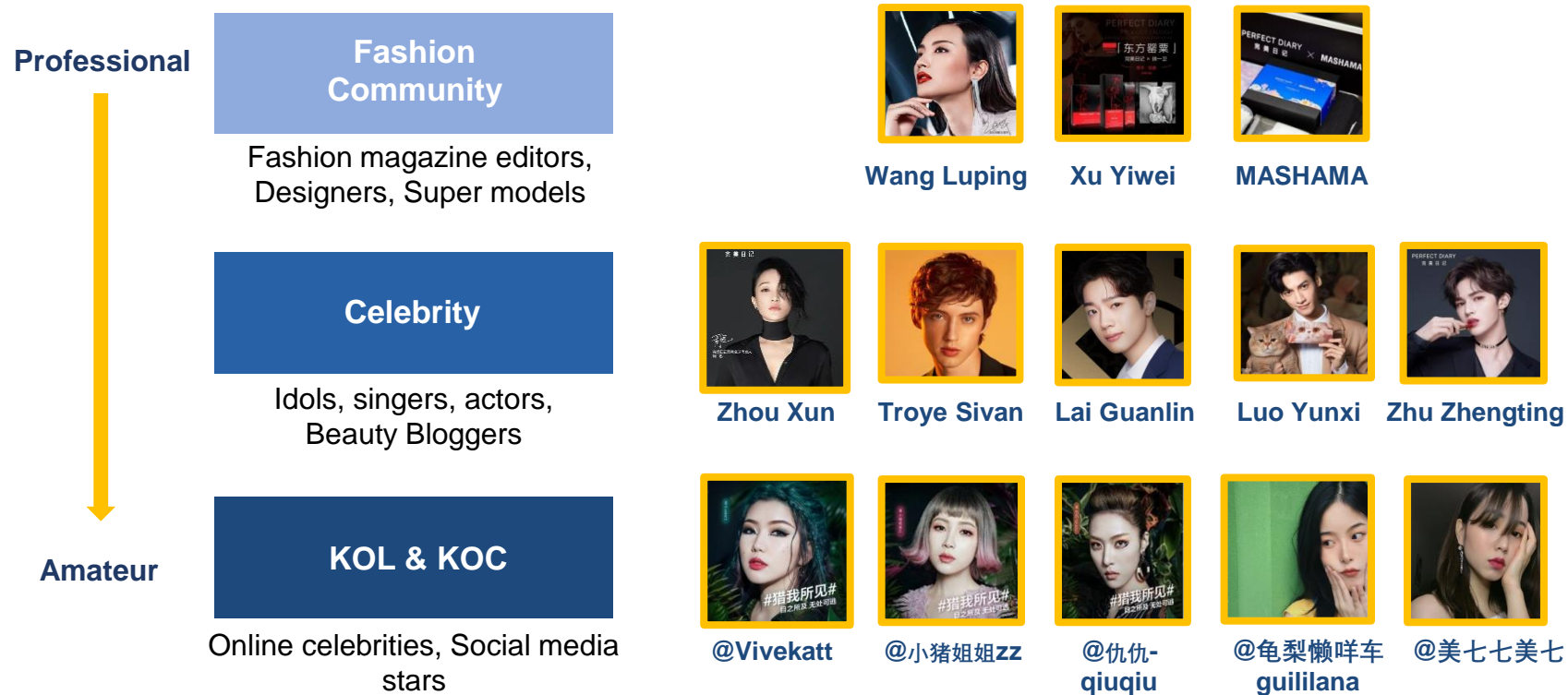
#一小时紧急促销 # 1 hour urgent promotion

#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

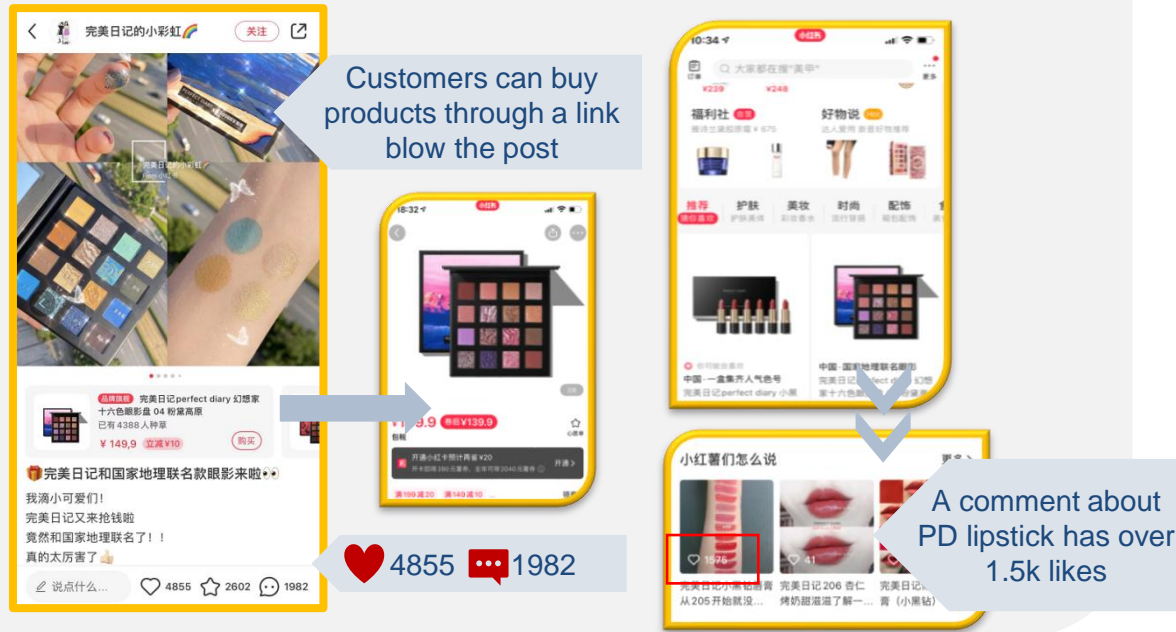
The detailed product test and sharing (种草) posts put on Xiaohongshu/Douyin from influential beauty bloggers attract many make-up lovers

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

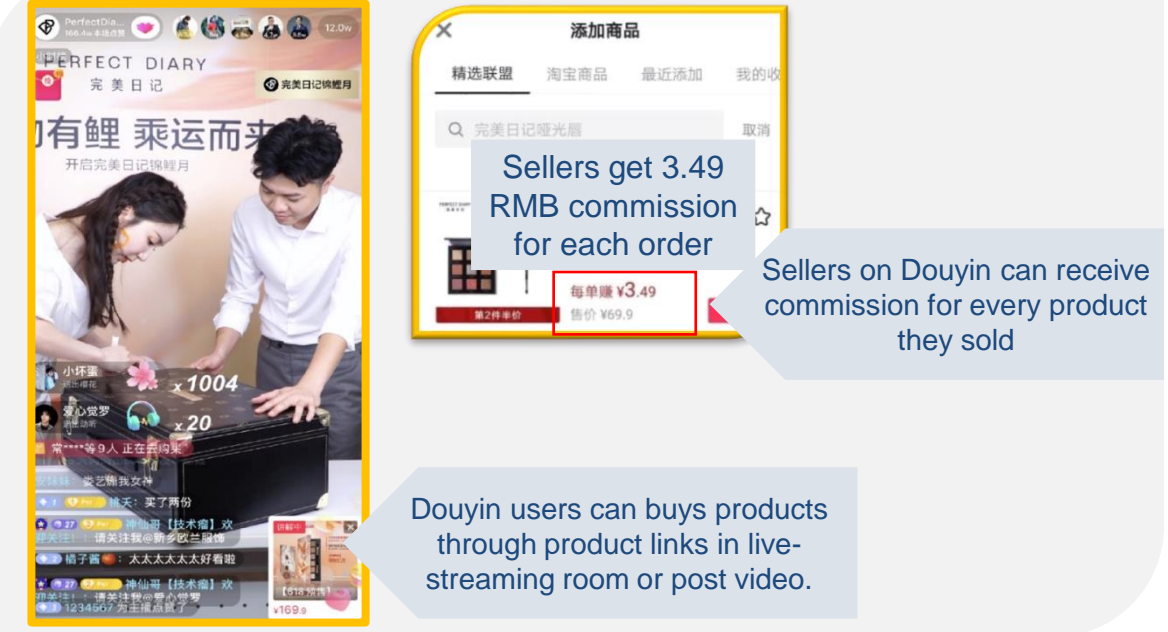
Strategy 3: Leveraging social media as promotion and sales channels

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



Consumers can buy Perfect Diary products on Douyin



- 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.

- 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

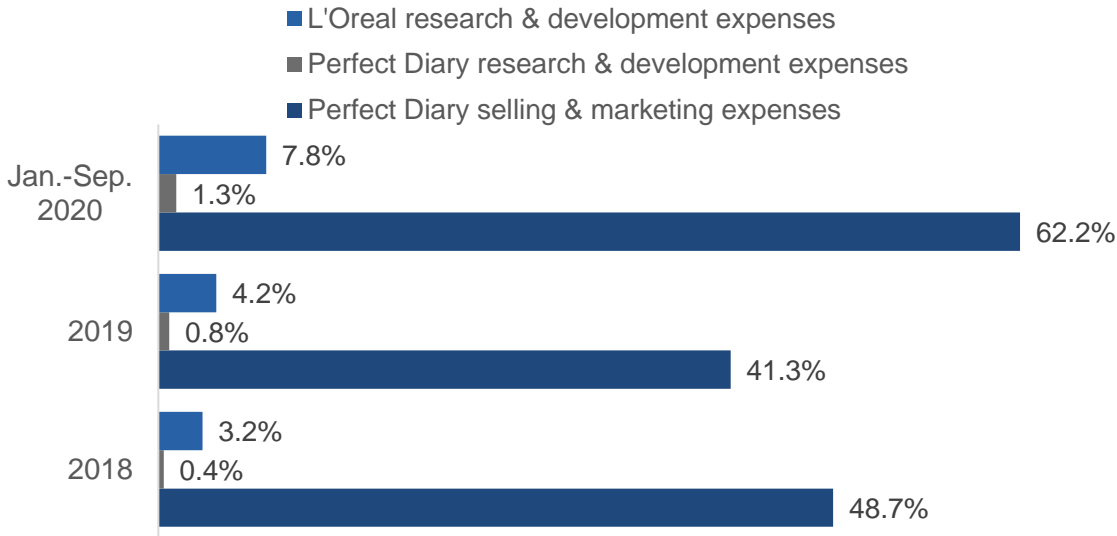
		2018	2019	2020
Luxury brands	La Mer			10
High-end brands	Lancôme	1	2	3
	Estée Lauder	4	3	1
	SK-II	5	5	6
	Shiseido			8
	WHOO		8	4
	Sulwhasoo			7
Mass market brands	HomeFacialPro	8		
	OLAY	2	4	5
	L'Oreal Paris	3	1	2
	Pechoin	6	7	
	WINONA	9	10	9
	Innisfree	10		
	Perfect Diary		8	

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

C-beauty industry overview



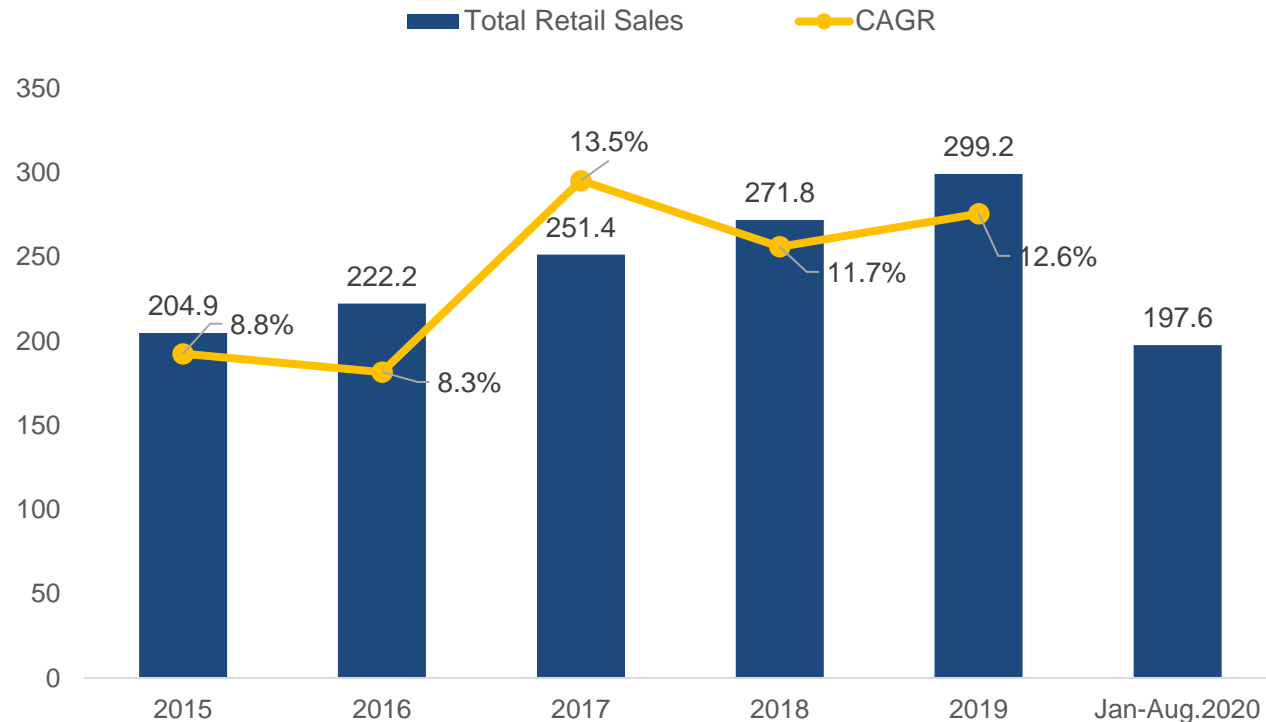
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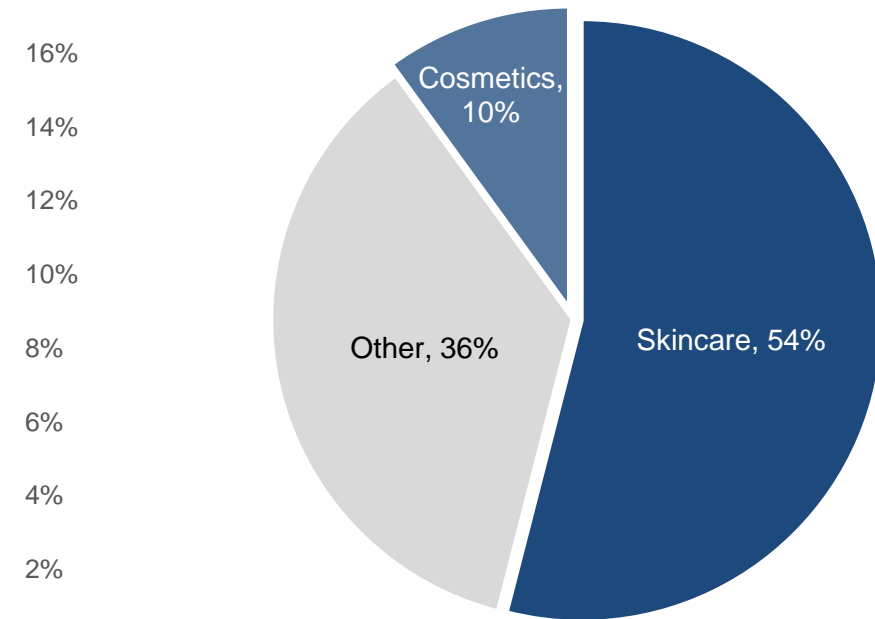
The beauty sector in China developed steadily in recent years

- 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)



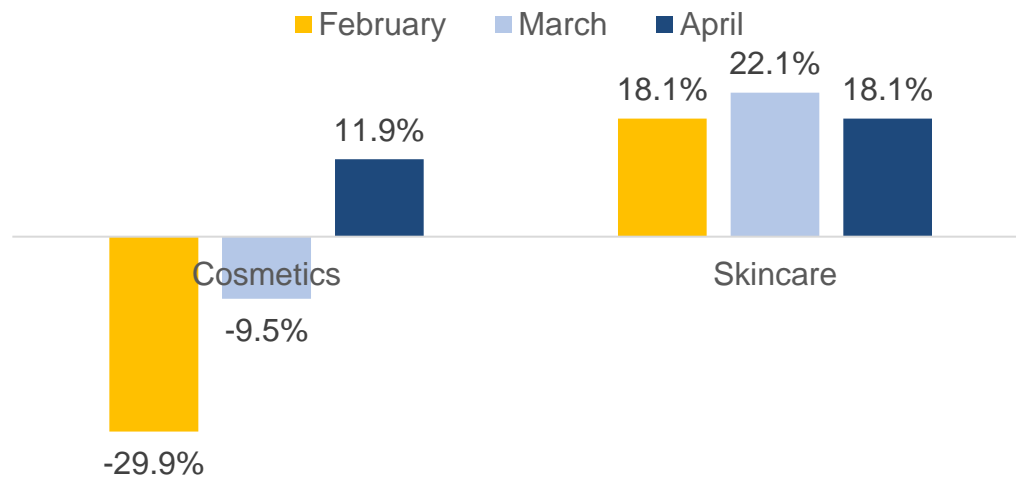
Source: Euromonitor, iiMedia, 360 make-up, designed by Daxue consulting

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.

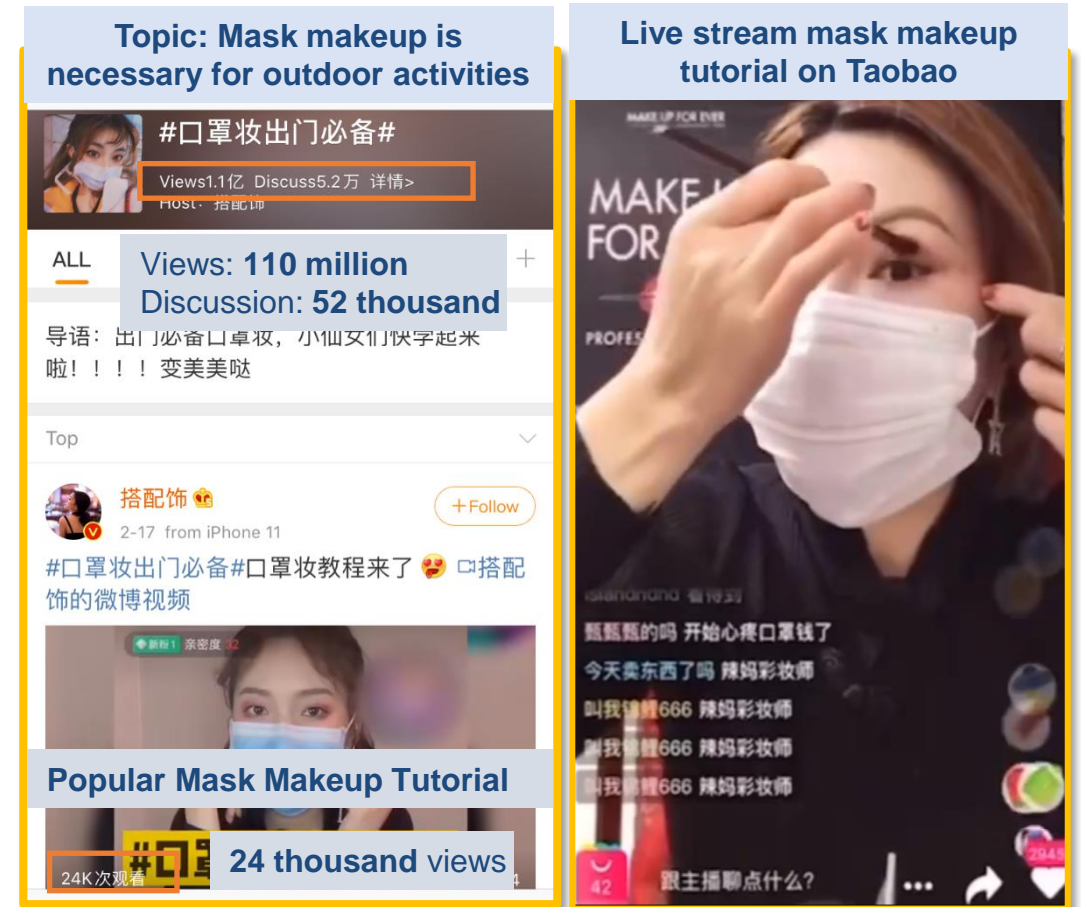
Growth rate of cosmetics and skincare products sales on Alibaba

(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.



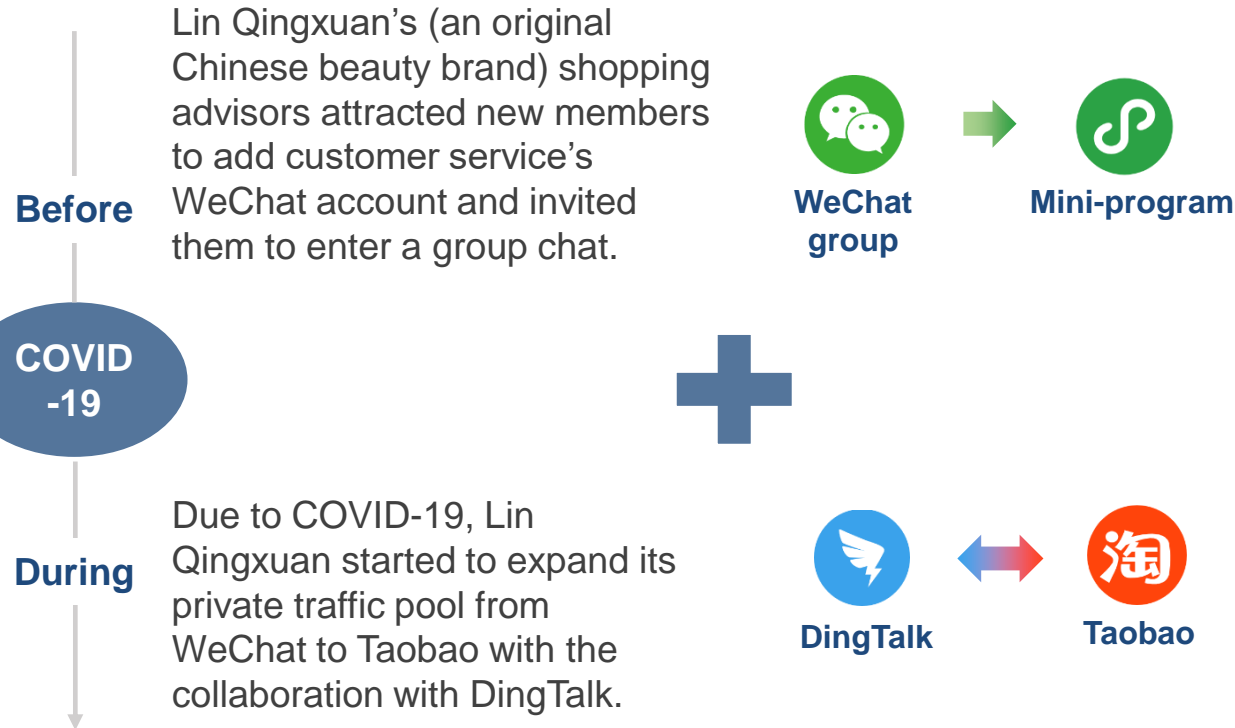
The three most popular brands in the self-care category were foreign brands Kao, Shiseido and Ryo.

Source: JD.com, designed by daxue consulting

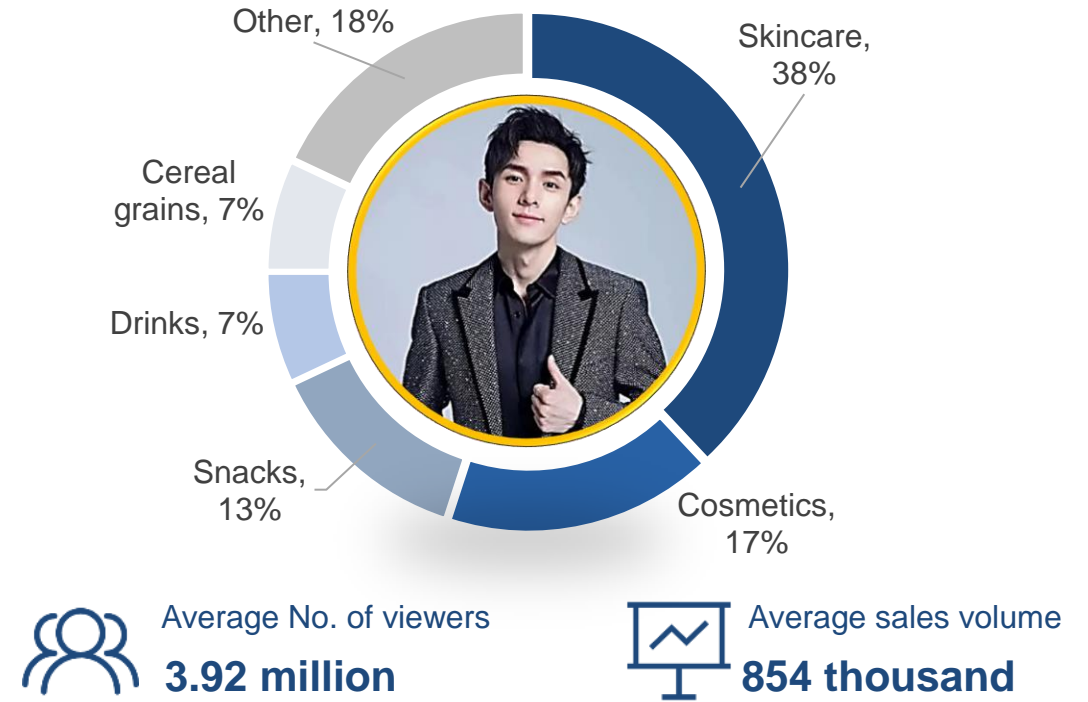
Live streaming and private traffic: Two key beauty market strategies

- **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

ABOUT

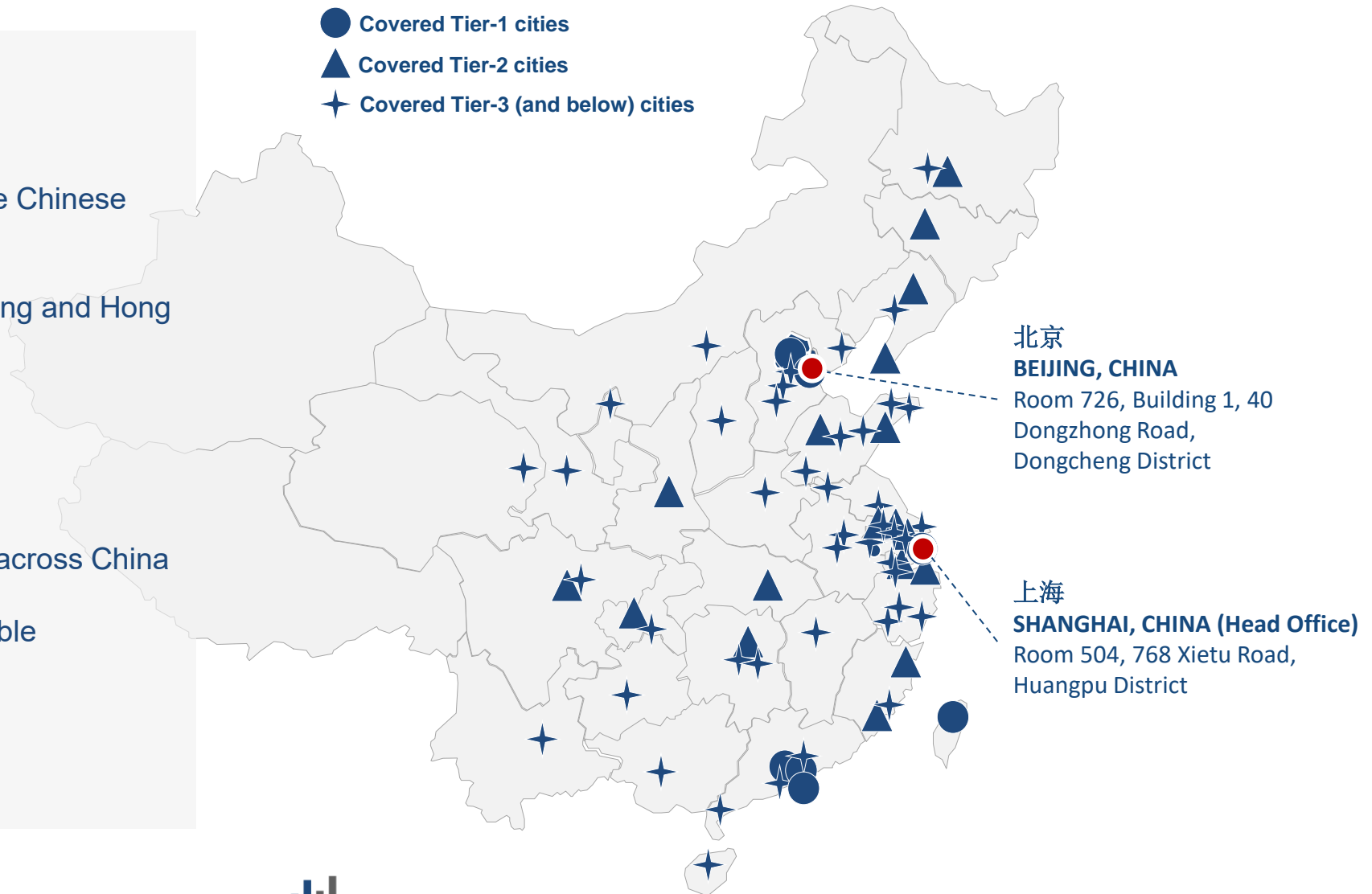


Who we are

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

350+ clients with 600+ projects for the past 7 years



A recognized expertise on the Chinese market

Regularly featured and quoted in global publications

Daxue latest quotations in recent publications

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Review

FINANCIAL REVIEW

ASIA WEEKLY

Contrepoints
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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
EASTWEST BANK

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BOF

Los Angeles Times

StartupBRICS
L'Actu Tech & Startup des Emergents

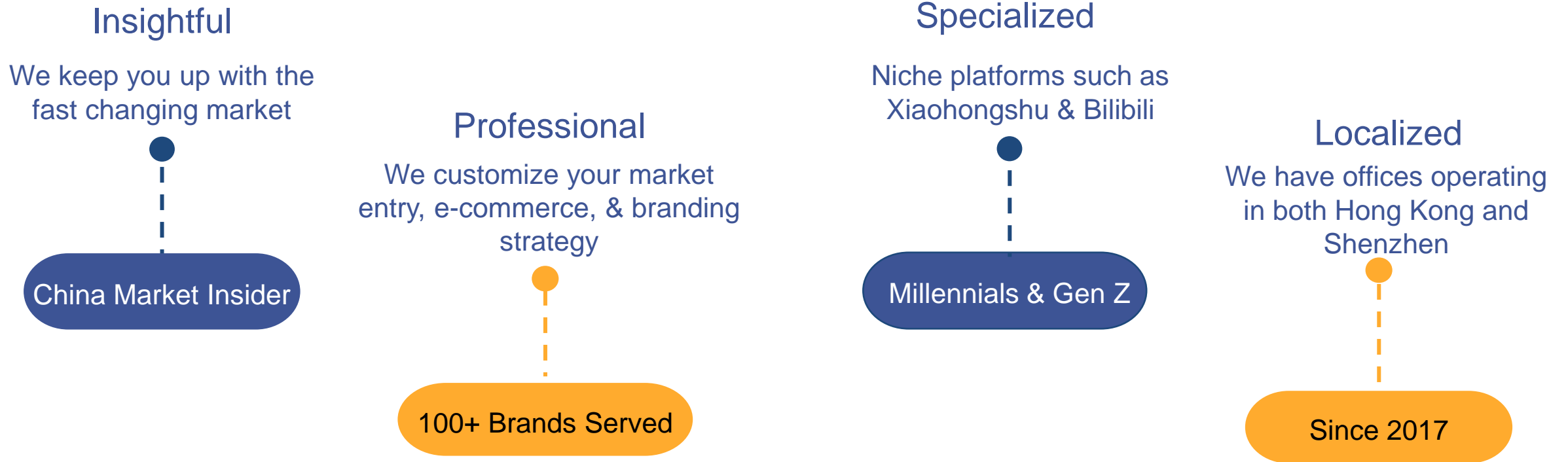
EL PAÍS

Double V.
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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

Double V Consulting - Your Insider into China market

GUCCI



KIKO
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

Colli-G

