

CHINA BEAUTY

& CARE MARKET 2021:

10 TRENDS TO WATCH



At a glance

2020 was an challenging year for the whole world because of the outbreak of Covid-19. China's beauty & care market also witnessed some significant changes this year. These changes brought simultaneous challenges and opportunities to brands in the market.

The cosmetic industry was severely hit by the pandemic at the beginning of 2020, but quickly bounced back in April and then became one of the fastest growing sectors in the following months. In October, its total retail sales increased by 18.3% YoY, outperforming all other categories. In November, its total retail sales even soared by 32.3% YoY due to the Double 11 shopping festival.

Many consumers' shopping attitudes for cosmetics also changed due to the pandemic. Some survey reports show that health & safe has become one of the most important considerations when consumers made skincare products shopping decisions. Also, they tended to listen to dermatologists and skin experts more instead of beauty KOLs and beauty assistants than before.

Data Source

- [National Bureau of Statistics](#)
- Opportunities for Beauty Brands in the Post-COVID19(Report)
- Post COVID19 Rational Skincare White Book

The rise and expansion of **new consumer brands** didn't stop in 2020. Most of them accelerated their pace to win the market. Most new consumer brands picked a niche sector to join the competition. Supported by the capital market, these brands usually quickly grew up in a short period and surprised the market.

Online e-commerce kept expanding, but **offline channels** started to gain more traction. Compared to traditional offline stores, updated offline stores of brands focus more on experience and service. The rise of new retail also requires brands to combine offline and online channels to achieve traffic sharing.

At the end of 2020, ChemLinked reviewed China's beauty & care market's development this year and concluded ten trends and cases to watch. We hope that these ten trends can inspire brands to achieve greater success in 2021.





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01 CBD Product

● Trend Analysis

➤ Current market

Global: The number of new cosmetic products containing CBD or cannabidiol oil increased by 161% in 2019.

China: Chinese CBD market size will reach 760 million yuan in 2020, and at least 190 companies are involved with CBD while over 50 companies have gained licenses for industrial cannabis cultivation.

➤ Regulation

Regulations remain a problem. Only three cannabis-related ingredients, including cannabis Sativa fruit, cannabis Sativa seed oil, and cannabis Sativa leaf extract, are allowed to be used as cosmetic ingredients. Despite the release of new regulations about new cosmetic ingredient registration, CBD's approval remains a question.

Data Source

- [Euromonitor](#)
- NMPA online information query system

➤ Brands

Local CBD skincare brands are emerging and 16 imported cannabidiol skincare products successfully filed in the National Medical Product Administration (NMPA) this year while the figure in 2019 was zero.

➤ Conclusion

Still, the market has taken off by taking advantage of regulatory gaps. Some imported brands chose to enter the Chinese market by cross-border e-commerce platform (CBEC) to avoid the strict CBD limited regulations in China. It seems that 2021 will still have room for CBD brands' development before the governments release clearer rules for CBD.

Brand Case - Simpcare



Brand Introduction

Simpcare, founded in August 2019, is the first domestic brand in China that provides a full line of CBD skincare products.



Market Performance

In January 2020, Simpcare officially launched its first line of products. Its sales reached 47.16 million yuan in 10 months.

During this time, its Tmall Official Store's fans continued increasing. On October 1, 2020, it had 191,000 fans. Two months later, its fan number had doubled mainly due to its marketing campaigns in Double 11.

The capital market is also optimistic about this brand. This brand has completed five rounds of financing, acquiring tens of millions of yuan in the process.



Data source

- [Is Simpcare the "Perfect Diary" in the skincare sector?](#)

02 Niche Perfume

● Trend Analysis

➤ Perfume market

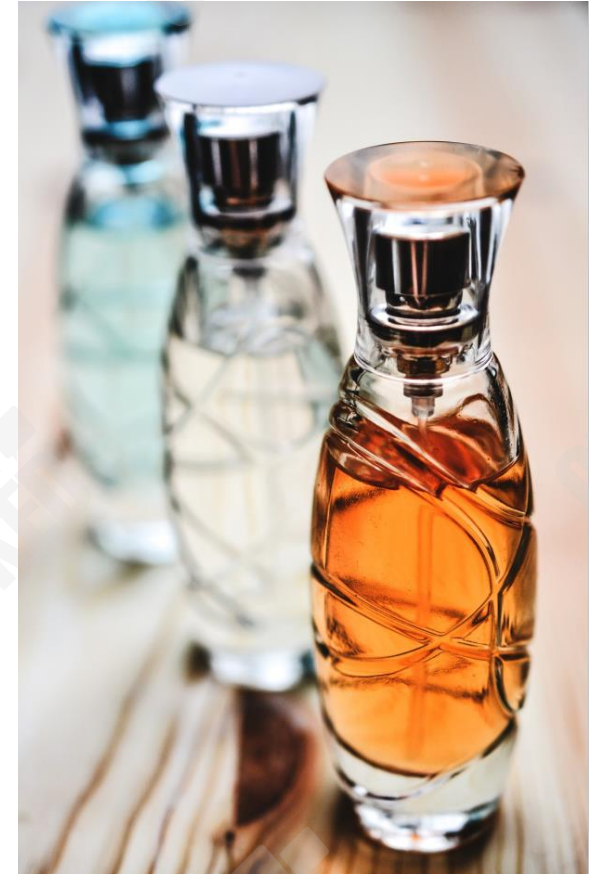
China's perfume consumption is expected to increase with a 15% CAGR from 2018 to 2024. And the market size is also expected to exceed 40 billion yuan in 2022.

➤ Niche perfume market

Among all perfume brands, [niche perfume brands](#) performed better overall.

Euromonitor has predicted that the commercial perfume market would fall by 15% by 2020, while the niche perfume and high-end perfume market would grow by 18%.

Data from Tmall Global also has supported this prediction: in the past half-year, Tmall Global's imported perfumes have increased by 70% year-on-year. Among them, niche perfumes have the highest growth rate, with a three-digit growth year-on-year.



Data Source

- [Qianzhan Industry Research](#)
- [Euromonitor](#)
- [Tmall Global](#)

Brand Case – Penhaligon's

➤ Brand introduction

Penhaligon's is a famous English Salon perfume. The brand is not as well-known as Jo Malone, but several products from this brand are popular among perfume consumers, such as The Coveted Duchess Rose, Luna, etc.

Penhaligon's



➤ Market performance

Penhaligon's opened its Tmall Global Official Store in October 2019. One year later, it became one of the top niche perfume brands on Tmall.

On August 25 2020, Tmall Global released a Young People's Favorite Imported Niche Perfume List. Penhaligon's **ranked first**.

In the Double 11 shopping festival 2020, Penhaligon's sales on Tmall reached over 8 million yuan, ranking 9th in the Top10 sales perfume brands being one of the two niche brands in the list.

Data source

- Mktindex

03 Male Skincare Product

● Trend Analysis

➤ Market size

China's male care market is about 15 billion yuan in 2020, with a 17% annual growth rate.

➤ Competitive landscape

In 2020, there is a trend of imported brands dominating the Chinese male care market however several new domestic male care brands have been emerging, i.e. Dear Boy Friend, MARTIN, ZHE, Make Essence, etc. These emerging brands are all united in that they got financial support from the capital market to compete against their international counterparts. This is a trend we have seen before in the makeup sector with some of those new domestic makeup brands becoming successful such as Perfect Dairy. We can conclude that investors are trying to establish the "Perfect Dairy" equivalent in the male care sector.

Data Source

- 2020 China FMCG Early Investment Report
- [The next Perfect Dairy in the male care market](#)

➤ Sector Performance in Double 11

This year's Double 11 shopping festival witnessed this sector's explosive growth. L'Oreal male's sales on November 1 even reached 50 million yuan on Tmall. Of the TOP10 selling male care brands, nine were imported brands.



Brand Case – Make Essence

➤ Brand Introduction

Make Essence is a male care brand founded in April 2019. In December 2019, Make Essence's Tmall Official store opened.

This brand's products involve four sectors now, covering male care, male cleaning, male grooming, and male makeup. It has more than 20 SKUs, with prices ranging from 40 yuan to 130 yuan.

Make Essence



➤ Market Performance

Tmall store fan number (December 14 2020):
128,000 fans

TOP1 product - Hair-setting spray

Monthly sales: more than 200,000 unit

TOP2 product - Shower gel

Monthly sales: 180,000 units

TOP3 product - Clothes deodorant

Monthly sales: 130,000 units

Investment Attraction

- Finished 4 rounds of financing in 8 months, acquiring hundreds of millions of yuan.
- The latest investment was from Hupu, one of the top male online communities in China.

Data source

- [Make Essence gained nearly tens of million yuan](#)

04 Functional Skincare

Trend Analysis

In China, the functional skincare product online market size has reached **79.6 billion yuan in 2020**. Functional skincare covers multiple skincare functions, including repair, anti-allergic, acne, etc. Among these, anti-allergy is a more common problem. Data from Chinese Journal of Dermatology and Venereology shows that, on average, **one out of every three women in China has the sensitive skin problem**.

During the outbreak of COVID-19, consumers' skin problems got worse because of wearing masks. 2020 thus became the takeoff year for functional skincare brands:

Data Source

- Chinese Journal of Dermatology and Venereology, Volume 31, Issue 1, "Consensus of Experts on the Treatment of Sensitive Skin in China"
- [How will domestic functional skincare brands develop?](#)



➤ Functional skincare brands

- Renhe Pharmaceutical's sub-brand **Yaodu Renhe** grew at **516%** from June to August.
- Shanghai Jahwa's **Dr. Yu** grew at **238%**.
- **BIOHYALUX** (a brand from a well-known biomedical cosmetic ingredient company, BLOOMAGE BIOTECH) increased by **147%**.

One thing to notice is that most functional skincare brands choose **drug chain stores as their main distribution channel** since the authority of drug stores and pharmacist can give strong reputation endorsement to their products.

Brand Case - Winona



Brand Introduction

2008

Founded and positioned as a functional skincare brand focusing on solving sensitive skincare problems.

Early Stage

Cooperated with many dermatologists on product R&D. At first, Winona's main distribution channels were OTC (over-the-counter) drug stores and self-owned counters in the shopping malls.

2012

Entered the Tmall platform, but it didn't become trending until consumers started to pay attention to sensitive skin problems in recent years.

2020

The over-ten-year development in drug stores and dermatology hospitals gives Winona a good reputation among consumers. In 2020, it witnessed explosive growth.



Market Performance

Performance in Double 11 shopping festival 2020

- sales amounted to 700 million yuan, a 105% YoY growth rate.
- outperformed other domestic skincare brands and became the only domestic brand in the TOP10 sales skincare brands on Tmall.

Performance in offline channels

- In 2019, its sales in the drug store system also increased by 78.14%.

Capital Market Status

- Its parent company also successfully launched an IPO in 2020.



WINONA
薇诺娜

Data source

- [Winona became the TOP1 domestic skincare brand](#)
- [The distribution of Winona](#)

05 New Makeup Brand

Trend Analysis

According to Deloitte, the Chinese color cosmetic market size was 55.2 billion yuan in 2019 and will increase to 124.3 billion yuan in 2024.

In recent years, many local makeup brands emerged and posed a threat to traditional international makeup brands. Among them, Perfect Diary and Florasis are the biggest ones. Other new makeup brands are still springing up, and all have their own unique selling points.

Overall, the makeup sector is still a potential market welcoming new entrants.



Data Source

- [How Little Ondine developed?](#)

Brand Case – Little Ondine



Brand Introduction

2013

Founded as a nail polish brand. Main selling points were natural, clean, and safe. Little Ondine became popular among nail polish lovers in the international market.

2019

Expanded its product line to makeup products, but its sales didn't record a great increase that year.

April 2020

Acquired by Perfect Diary's parent company, Yatsen Global. Since then, Little Ondine has shown a similar development path as Perfect Diary's and quickly became the black horse in the makeup market.



Market Performance

Total sales

- Overall sales increased by 4000% in 2020.
- During Double 11 shopping festival 2020, its sales reached 100 million yuan in Double 11 for the first time.

Ace card

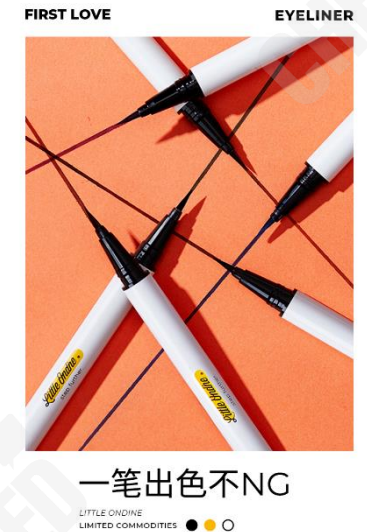
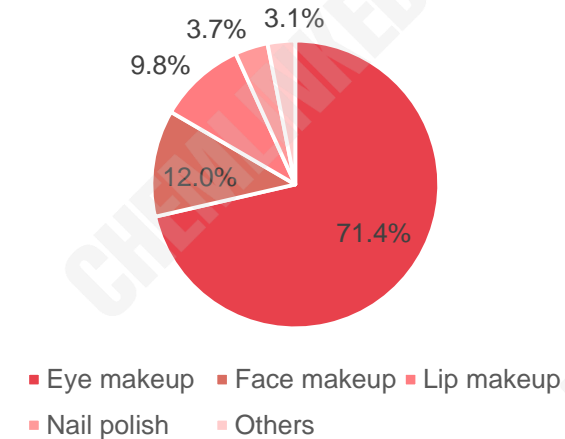
The eye makeup product line was the main driver for Little Ondine's explosive growth. From July 2019 to July 2020, its eye makeup products' sales accounted for 71.4% of the brand's overall sales, reaching 260 million yuan. (Figure 1)

Among all eye makeup products, the eyeliner was Little Ondine's ace card. The total sales of this product amounted to 25 million yuan in July 2020. On Douyin (Chinese version of Tik Tok), this eyeliner's marketing campaign attracted over 150 million traffic and gained 15 million likes.

Data source

- [An analysis of Little Ondine](#)
- [Black horse: Why Little Ondine was a makeup fashion brand?](#)
- [Eyeliner: The ace card of Little Ondine](#)

Figure 1: Percentage of different categories' sales of Little Ondine (July 2019-July 2020)



06 DIY Dye Product

Trend Analysis

Since people were affected by the pandemic, DIY dye product went popular in 2020. On Little Red Book, the keyword “DIY Dye” has more than 910,000 relevant notes. On Douyin (Chinese version of Tik Tok), the topic “DIY Dye Hair” has relevant 5726 vlogs, and these videos’ views exceeded 99 million. Other DIY dye relevant topics such as “First DIY Dye Hair” and “DIY Dye challenge” also gained much traction.

In the meantime, live-streaming became one of the most essential ways to promote DIY Dye products because consumers could directly see products’ efficiency in the live-streaming. DIY dye products’ advantages, like affordable price, multiple choices, and convenient use, have further propelled its popularity. There is a huge possibility that this category will keep trending next year.



Brand Case – Hello!! Bubble

Hello!! Bubble



➤ Brand Introduction

Hello!! Bubble is a DIY dye brand from Amorepacific Group. As a brand from a giant multinational corporation, Hello! Bubble has a good reputation among Chinese consumers.

Chinese consumers' biggest concern about dye products is their safety problem. Hello!! Bubble claims that they use plant ingredients and guarantees the product safety to consumers to address the concern.

➤ Market Performance

In the Amorepacific personal care Tmall global store, a store with more than 400,000 fans, Hello!! Bubble's sales ranked first among all products. Its sales even reached 120,000 units monthly. It is now the most popular DIY dye brand online.

Data source

- Tmall Global

07 Beauty Devices

● Trend Analysis

➤ Market size

In 2019, the Chinese beauty device market size was 6.6 billion yuan, increasing by 21.82% Year-on-year.

➤ Brands

Imported beauty devices, especially products from Japan and Israel, played an important role in this market.

In H1 2020, the number of new beauty device brands that entered Tmall Global increased by 69% YoY, while the number of new products increased by 129% YoY. New products' sales increased by 606% YoY.

However, some local beauty device brands are also catching up, implying the competition is getting severe.



Data Source

- [2020 is the growth year of beauty devices](#)

Brand Case – AMIRO



➤ Brand Introduction

AMIRO is a local beauty device brand founded five years ago. It has become the representative of Chinese beauty device brands recently. Its first hot product was a makeup mirror. Launched in 2017, this mirror combined LED light and a mirror, and its unique design helped the brand attract the first group of fans quickly. Its sales in Double 11 exceeded 5.8 million yuan in 2017. Now, its product line has expanded to hair removal devices and RF beauty devices.

➤ Market Performance

From 2017, AMIRO's sales doubled annually.

During this year's Double 11, its sales amounted to 54 million yuan, increased by 300% YoY. While the sales of its ace product, beauty mirror, continued growing, its new products also performed well. Its hair removal devices achieved 10 million yuan sales in 30 minutes on November 1 2020, and its RF beauty device also reached 10 million yuan sales in two months after the release.

The capital market also invested a new round of money in this brand, amounting to 100 million yuan.

Data source

- [A black horse in the beauty device market](#)

08 High-end Laundry Liquid

● Trend Analysis

➤ Market size

The total sales of the Chinese laundry liquid market reached 27.2 billion yuan in 2019, up by 13.1% year-on-year. In the next five years, the whole market will remain at this similar growth rate, and the market size will exceed 50 billion yuan in 2024.

➤ New trend

The market is fast-growing, and it also shows the trend to premiumization and segmentation. Although cleaning is still the main consumer demand for laundry liquid, some consumers start to demand more for laundry products, asking for functions like germ-killing, natural, high-end, etc. The rise of niche product demand is undoubtedly a good opportunity for home care brands to join the competition.

Data Source

- [Frost & Sullivan](#)



Brand Case – The Laundress

➤ Brand Introduction

The laundress was founded in 2004 in New York. Before entering the China market, it has been a popular brand in the international market and represents high-end laundry brands.

It helps consumers solve the cleaning problems of special material clothes, such as wool, and jean. It is also a natural and environmentally friendly brand, using biodegradable packaging and few chemical ingredients. Its unique fragrancy also strengthens its high-end position.

Relying on a series of core selling points such as natural, environmental protection and fragrance, The Laundress has successfully attracted a group of female users pursuing the quality of life and having strong spending power. Most of them are between 25-45-year-old exquisite mothers, high-income white-collar workers, the new middle class, and others.

Data Source

- Tmall

Before officially entering the Chinese market

Chinese consumers were already familiar with this brand because of the strong recommendation from Daigou.

In 2017

The Laundress opened its Tmall Official Store.

In 2019

Unilever acquired The Laundress and provided this brand with stronger distribution channel support.

In 2020

Its Tmall Store now has more than 300,000 fans. Its top product is the laundry liquid for baby clothes, whose monthly sales can reach 3000 units. This year, this brand was brought to the 3rd China International Import Expo (CIIE) for more exposure by Unilever.



Market Performance



09 Live-streaming

● Trend Analysis

➤ Current status

While 2019 was the year when live streaming e-commerce took off, it was 2020 when it began to thrive. As the outbreak of Covid-19 posed a significant threat to offline businesses, many merchants places their focus on online ventures, especially live-streaming. **The market size of live-streaming e-commerce is expected to reach 971 billion yuan this year.**

This year's Double 11 shopping festival also witnessed live-streaming craziness. **The GMV brought by live-streaming e-commerce reached 72.9 billion yuan.** Top 1 live streamer, viya even achieved 5.3 billion yuan sales at one night.

➤ Innovations

New phenomena are also emerging. For example, talk show performers and virtual live streamers are joining the party. Live streaming is here to stay, likely to expand and become more innovative in 2021.

Data Source

- [iiMedia: 2020-2021 China live-streaming e-commerce trend analysis report](#)
- [ChemLinked: 2020 China double 11 e-commerce shopping spree insights](#)

➤ Potential risks

Many problems emerged in the live-streaming business, such as high volumes of returns and refund rates and fake viewer stats, so governments start to impose more strict regulations on this industry (*Guidelines to Strengthen Online Live Streaming Marketing Activities Supervision*). There is also the question of audiences' loyalty which might show a gradual decrease over time.



Brand Case – The History of Whoo

➤ Brand Introduction



The History of Whoo is a traditional Korean skincare brand from LG Group. Although it is a big brand with a long history, it has never been a top popular skincare brand in the Chinese high-end skincare market, which is dominated by Western brands, such as Estee Lauder and Lancome.

Things changed in 2019. Last year's Double 11 festival, it entered the TOP10 skincare brand list for the first time. Its high investment on live-streaming drove its explosive growth in Chinese market.

Data source

- ECdataway

➤ Market Performance

-- Double 11, 2020

Ranked fourth in the skincare sector.

Tianqidan skincare set - the first product whose sales exceeded 500 million yuan in the pre-sale period in history. It only took this brand 14 minutes to make this record.

-- Behind the popularity

Live-streaming played the leading role in The History of Whoo's success.

Whoo cooperated with 135 live streamers and participated in 305 live-streams during the pre-sale. 83% of its sales were attributed to live-streams.

Among all live streamers, the TOP live-streamer, Viya, contributed most to the brand since over 70% of its pre-sales came from her live-stream. We also found out that Viya started to cooperate with them during last year's Double 11. This year, Whoo paid more attention to live-stream. In addition to Viya from Taobao Live-stream, it also invited live-streamers from Douyin and Kuaishou to promote its products. It usually chose top or senior live-streamers.

10 New Cosmetic Store

● Trend Analysis

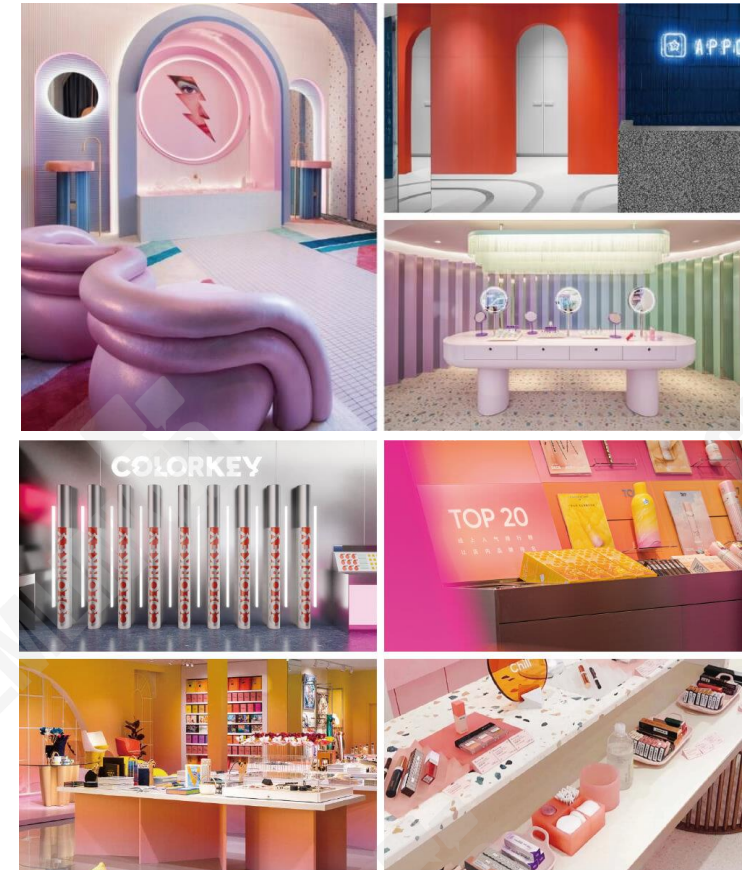
A cosmetic store is a store that gathers many beauty brands for consumers to choose from. It is not a new concept, but it has been updated in China recently.

Compared to traditional cosmetic store brands, such as Mannings, Space NK, and Sasa, new cosmetic stores can better serve both brands and consumers.

For brands, cooperating with new cosmetic stores have four advantages: **high-efficiency digital operation system, direct-purchasing service, back-end costs cut, and lower value of DPO.**

In the meantime, new cosmetic stores use colorful and creative decorations and fashionable niche brands to attract consumers. Another difference between traditional cosmetic stores and new ones is that new cosmetic stores don't have Beauty Assistants (BA), thus providing a more pleasant shopping environment.

In 2020, while many traditional stores saw a rapid decline in sales and were forced to close some stores, new cosmetic stores were expanding rapidly. WoW Colour opened 600 stores in 2020, while The Colorist opened more than 100 stores in the first half-year of 2020.



Data source

- [ChemLinked:2020 China New Consumer Brands Insight Report](#)

Brand Case – The Colorist

➤ Brand Introduction

The first makeup collection store brand. With the iterative model of large-scale collection + fast fashion, it provides "high-quality and personalized" products and experience for young consumers of 14-35 years old.

➤ Market Achievement

It opened more than **200 offline stores in more than 20 cities** in China.

In Oct 2019, the two first stores in Guangzhou and Shenzhen attracted **as high as 15,000 visitors** each in a single day.

The first store in Beijing reached **200,000 yuan sales** in a single day without any promotion activities.

The first store in Xi'an reached **230,000 yuan sales** in a single day.

In August 2020, they did an E-round of financing which amounted to one billion yuan



Data source

- [THE COLORIST opened its first Zhejiang store, with an overall number of 100 stores nationwide.](#)
- [THE COLORIST won the championship with a single store's daily sales exceeding 230,000 yuan.](#)

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ChemLinked market portal provides end-to-end China market entry lifecycle management service, covering:

- Market updates & insights
- Market Research
- Brand Localization
- E-commerce Store Setup & Operation
- Marketing Campaign (KOC/KOL/SNS)
- IT Solutions (WeChat mini program)

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