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China's Skincare and Cosmetics Distribution Channels: Characteristics of Female Consumers

As consumption levels in mainland China continue to rise and the country's growing international business ties develop, looks increasingly matter at work. In light of this, the growth potential of the mainland skincare and cosmetics products market should not be underestimated. According to Euromonitor International's estimates, retail sales in China's skincare and cosmetics products market will grow at an average annual rate of 12.8% during 2016-2019, much higher than the global average of 6.0%, and will top RMB 287 billion in 2019.

In order to get a good understanding of the characteristics and development trends of this market, HKTDC Research conducted a series of company visits, consumer focus group discussions and an online questionnaire survey between October and December 2015 (see Appendix for details). The survey covered an in-depth study into the spending mentality, consumer preferences, purchase considerations, and purchase channels of mainland consumers of skincare and cosmetics products. This article examines the mentality and preferences of mainland female consumers in buying such products.

Young Women More Likely To Obtain Product

Information Online

The survey finds that traditional TV commercials (50%) and shopping mall/department store/specialty store displays (47%) remain the major channels used by mainland females to obtain information on skincare and cosmetics products. Following the rise of video streaming and social media websites, however, many brands are using the Internet as a channel for soft-selling their products. In particular, there is a growing trend in recent years for beauty experts, Internet celebrities [1] and bloggers to share online video footage demonstrating their skills in applying skincare and cosmetics products, as well as the products' properties.

In view of the fact that young women are still at the stage of exploring skincare methods and makeup skills, they are eager to study and learn from other people's skincare and makeup insights. Accordingly, the proportion of young female respondents obtaining information on skincare and cosmetics products from "beauty experts' microblogs/microvideos" and "recommendation by stars/celebrities" is higher than that of more mature female respondents. Meanwhile, the latter are more likely to obtain skincare and cosmetics product information from "recommendation by family and friends" and on-site presentations by "special counter sales personnel/beauty consultants" than their younger counterparts.



Skincare and Cosmetics Products Information Channels Used by Women

	Overall (n = 2,400)	Young Female Respondents Aged 20-30 (n = 1,200)	Mature Female Respondents Aged 31-45 (n = 1,200)
TV commercials	50%	48%	<i>51%</i>
Shopping malls/ department stores/ specialty stores	47%	<i>48%</i>	47%
WeChat/Moments/beauty public accounts	46%	46%	45%
Recommendation by family and friends	39%	37%	<i>40%</i>
Beauty experts' microblogs/microvideos	36%	<i>38%</i>	33%
Video site ads	34%	<i>35%</i>	33%
Special counter sales personnel/beauty consultants	31%	30%	<i>33%</i>
Beauty sharing platforms/ forums	31%	31%	31%
Recommendation by stars/celebrities	24%	<i>27%</i>	21%
Mobile phone/computer pop-up ads	23%	<i>24%</i>	22%
Newspapers/magazines	21%	20%	<i>23%</i>
Variety show title sponsorship	20%	<i>21%</i>	19%
Outdoor billboards	18%	18%	<i>19%</i>
Underground ads	15%	15%	15%
Elevator ads	13%	<i>14%</i>	12%

Note: Figures in red italics denote percentages that are higher than the overall average

More Women with Higher Incomes Obtain Information from the Internet

Women participating in the focus group discussions said they seldom watch TV or read newspapers, and that even when they watch TV variety shows they tend to do so on video networks. The survey shows that only 21% of respondents obtain information on skincare and cosmetics products from newspapers/magazines. The higher their monthly household income, the more likely they are to obtain skincare and cosmetics product information from "video network ads" and "mobile phone/computer pop-up ads". Female participants in the focus group discussions also pointed out that as there is a great variety of skincare and cosmetics brands on the market, it is difficult to choose the right products. Therefore, they said they first obtain preliminary information on skincare and cosmetics products from videos before making a short list and picking the products that are suitable for them.



Skincare and Cosmetics Product Information Channels Used by Women with Different Monthly Household Incomes

	Overall (n=2,400)	Monthly Household Income				
		Below RMB10,000	RMB10,000 -12,000	RMB12,000 - 20,000	RMB20,000 - 40,000	Over RMB40,000
TV commercials	50%	46%	51%	52%	50%	48%
Shopping malls/ department stores/ specialty stores	47%	51%	48%	48%	46%	37%
WeChat/Moments/ beauty public accounts	46%	44%	44%	46%	49%	42%
Recommendation by family and friends	39%	43%	39%	41%	34%	33%
Beauty experts' microblogs/microvideos	36%	33%	31%	38%	39%	36%
Video site ads	34%	25%	27%	40%	38%	37%
Special counter sales personnel/beauty consultants	31%	29%	33%	34%	32%	26%
Beauty sharing platforms/forums	31%	25%	31%	31%	35%	33%
Recommendation by stars/celebrities	24%	19%	25%	23%	27%	25%
Mobile phone/computer pop-up ads	23%	18%	22%	22%	26%	31%
Newspapers/magazines	21%	17%	18%	22%	24%	26%
Variety show title sponsorship	20%	18%	19%	19%	24%	20%
Outdoor billboards	18%	14%	15%	20%	20%	21%
Underground ads	15%	12%	11%	16%	19%	20%
Elevator ads	13%	10%	9%	12%	16%	17%

Note: Figures in red italics denote percentages that are higher than the overall average

Women's Purchases of Skincare and Cosmetics

Products Are Mostly Planned

Female consumers tend to actively look for information on skincare and makeup trends. Often, therefore, they already have plans to buy a particular skincare or cosmetic product when they set out to go shopping. One respondent in the focus group discussions said that, "After seeing the petal lipstick on videos online, [I] made a special trip and bought a petal lipstick." However, others pointed out that when they come across promotions staged by brands they like or products with attractive designs or packaging, they sometimes also make "impulse purchases". The survey finds that the ratio of female respondents making "planned purchase" against "impulse purchase" of skincare and cosmetics products is 6:4.



Female Skincare and Cosmetics Products Buying Habits

City	Skincare (n = 2,400)		Cosmetics (n = 2,053)	
	Planned Purchase	Impulse Purchase	Planned Purchase	Impulse Purchase
Overall	59%	41%	58%	42%
Beijing	<i>60%</i>	40%	55%	<i>45%</i>
Shanghai	<i>63%</i>	37%	<i>62%</i>	38%
Guangzhou	51%	<i>49%</i>	51%	<i>49%</i>
Chengdu	53%	<i>47%</i>	53%	<i>47%</i>
Shenyang	<i>64%</i>	36%	<i>64%</i>	36%
Wuhan	54%	<i>46%</i>	49%	<i>51%</i>
Nanjing	<i>65%</i>	35%	57%	<i>43%</i>
Changsha	<i>65%</i>	35%	<i>61%</i>	39%
Chongqing	<i>65%</i>	35%	<i>65%</i>	35%
Xi'an	54%	<i>46%</i>	<i>62%</i>	38%
Harbin	58%	<i>42%</i>	54%	<i>46%</i>
Hangzhou	<i>63%</i>	37%	<i>65%</i>	35%
Qingdao	54%	<i>46%</i>	52%	<i>48%</i>
Changzhou	<i>66%</i>	34%	<i>65%</i>	35%
Zhengzhou	53%	<i>47%</i>	53%	<i>47%</i>
Wuxi	59%	41%	<i>59%</i>	41%

Note: Figures in red italics denote percentages that are higher than the overall average

The survey shows that the higher the monthly household income of female respondents, the more likely they are to buy skincare and cosmetic products on impulse. Among female respondents with a monthly household income of less than RMB10,000, only 33% would make "impulse purchases" of skincare products, while 42% with a monthly household income of over RMB40,000 would do so. Since some brands regularly offer membership discounts or festive/seasonal promotions, it is believed that some women make "planned purchase" of a large quantity of skincare or cosmetics products during brand discount or promotion periods and keep them for future use. Among female respondents with a monthly household income of less than RMB10,000, two-thirds said they would make "planned purchases" of skincare and cosmetics products.



Skincare and Cosmetics Products Buying Habits of Women With Different Monthly Household Incomes

		Overall	Monthly Household Income				
			Below RMB10,000	RMB10,000 - 12,000	RMB12,000 - 20,000	RMB20,000 - 40,000	Over RMB40,000
Skincare (n = 2,400)	Planned purchase	59%	<i>67%</i>	59%	58%	54%	58%
	Impulse purchase	41%	33%	41%	<i>42%</i>	<i>46%</i>	<i>42%</i>
Cosmetics* (n = 2,053)	Planned purchase	58%	<i>66%</i>	<i>60%</i>	56%	54%	57%
	Impulse purchase	42%	34%	40%	<i>44%</i>	<i>46%</i>	<i>43%</i>

Note: Figures in red italics denote percentages that are higher than the overall average

* Only respondents with the habit of wearing make up

Brand Name Stores are Main Purchase Channel

Although online shopping is very popular in the mainland, the survey finds that physical stores are still the channel through which the majority of women purchase skincare and cosmetics products. According to female respondents participating in the focus group discussions, since the consumption rate of skincare and cosmetics products is not high, it normally takes them 2-3 months before replenishing them, so they make purchases when they find time to go shopping.

Among all types of physical stores, brand name stores (57%) and department stores (51%) are female respondents' major purchase channels. While department stores offer different brands of skincare and cosmetics products, with sales personnel explaining the special properties of different products and providing samples for trying, brand name stores occasionally offer free facial and body treatment sessions. These services are also reasons for attracting consumers to continue to buy skincare and cosmetics products at brand name stores and department stores. By age group, the proportion of young female respondents buying skincare and cosmetics products at personal care stores (e.g. Watson's and Mannings) and conducting online shopping/overseas purchasing is higher than that of the more mature respondents.

Taking physical stores and online shops as the two main purchase channels, 30% of the female respondents said they only buy skincare and cosmetics products at physical stores, 7% said they only make purchases at online shops, while 62% buy at both physical stores and online shops. In summary, about 92% of the female respondents buy skincare and cosmetics products at physical stores, while 69% of them make purchases at online shops.



Skincare and Cosmetics Products Purchase Channels Used by Women

	Overall (n = 2,400)	Young Female Respondents Aged 20-30 (n = 1,200)	Mature Female Respondents Aged 31-45 (n = 1,200)
Brand name stores	57%	58%	55%
Department store counters	51%	51%	51%
Online shops	51%	52%	50%
Personal care stores	45%	50%	40%
Beauty chain stores	38%	39%	37%
Overseas online shopping/ overseas purchasing	36%	39%	34%
Supermarkets/hypermarkets	33%	34%	33%
WeChat shops	8%	9%	7%
Beauty parlours	7%	6%	8%
Drugstores	7%	7%	7%

Note: Only the top 10 channels are listed.

Figures in red italics denote percentages that are higher than the overall average

It is worth noting that regardless of their monthly household income, female respondents say their top three skincare and cosmetics products purchase channels are brand name stores, department stores and online shops. While the proportion of women with a higher monthly household income obtaining product information from the Internet ("video site ads" and "mobile phone/computer pop-up ads") is higher, they are also more likely to buy skincare and cosmetics products at physical stores (brand name stores and department stores). Hence, while the Internet is probably an effective promotion channel, traditional physical stores remain the major sales channels of skincare and cosmetics products.



Skincare and Cosmetics Products Purchase Channels Used by Women with Different Monthly Household Incomes

	Overall (n=2,400)	Monthly Household Income				
		Below RMB10,000	RMB10,000- 12,000	RMB12,000- 20,000	RMB20,000- 40,000	Over RMB40,000
Brand name stores	57%	50%	52%	60%	62%	59%
Department store counters	51%	47%	48%	53%	54%	53%
Online shops	51%	52%	49%	54%	51%	45%
Personal care stores	45%	43%	47%	47%	42%	42%
Chain beauty stores	38%	31%	33%	40%	46%	40%
Overseas online shopping/overseas purchasing	36%	25%	34%	41%	42%	36%
Supermarkets/ hypermarkets	33%	38%	36%	30%	29%	36%
WeChat shops	8%	5%	8%	8%	10%	9%
Beauty parlours	7%	5%	4%	6%	10%	12%
Drugstores	7%	4%	6%	7%	7%	9%

Note: Only the top 10 channels are listed. Figures in red italics denote percentages that are higher than the overall average

Genuine Goods is the Top Reason for Buying at Physical Stores

Among respondents who said they “buy skincare/cosmetics products more at physical stores”, their primary reason for doing so is that they believe the products purchased at physical stores are “genuine goods/reliable” (74%). Some respondents taking part in the focus group discussions said they “have heard that some shops would mix genuine goods with fake goods, and to make purchases at physical stores [they] can inspect the product on the spot”. Also, for new brands/products, they can try them before buying (56%). Participants in the focus group discussions point out that “the main thing is you can sample it before buying to see if it suits you.”



Reasons for Buying Skincare and Cosmetics Products More at Physical Stores

	Respondents buying more at physical stores (n = 1,225)	Monthly Household Income				
		Below RMB10,000	RMB10,000 -12,000	RMB12,000 - 20,000	RMB20,000 - 40,000	Over RMB40,000
Genuine goods/ reliable	74%	67%	<i>75%</i>	<i>75%</i>	<i>75%</i>	<i>76%</i>
Can sample new products/brands before buying	56%	<i>61%</i>	56%	54%	55%	52%
Instructions/ opinions provided by professional sales personnel	54%	52%	<i>56%</i>	53%	54%	54%
Proximity/ convenient location	31%	27%	<i>33%</i>	31%	29%	<i>41%</i>
Free samples	24%	23%	<i>25%</i>	<i>25%</i>	<i>25%</i>	24%
VIP discount	24%	23%	22%	21%	<i>29%</i>	<i>25%</i>

Note: Figures in red italics denote percentages that are higher than the overall average

Convenience is the Top Reason for Shopping Online

Among the female respondents who "buy skincare and cosmetics products more online", 72% indicate that they do so because "online shopping is convenient/offers delivery service". Some female respondents in the focus group discussions point out that "buying skincare/cosmetics products online deprives [them] of the chance to test the efficacy of the product, so generally [they] would only buy online those products which [they] often use or have tried". As female respondents with a monthly household income of less than RMB12,000 are more price sensitive, their proportion of buying skincare/cosmetics products because "online prices are cheaper" is higher.

It is interesting to note that the proportion of female respondents with a monthly household income of over RMB12,000 opting to buy a certain product because "the brand is not available in the mainland" and "this type of product is not available in the mainland" is higher. Since the proportion of women with higher monthly household incomes obtaining product information from the Internet is higher, they are more knowledgeable about brands or products which are not available in the mainland, and hence they are also more likely to make online purchase of those brands.



Reasons for Buying Skincare and Cosmetics Products More Online

	Respondents buying more online (n = 775)	Monthly Household Income				
		Below RMB10,000	RMB10,000 - 12,000	RMB12,000 - 20,000	RMB20,000 - 40,000	Over RMB40,000
Online shopping is convenient/offers delivery service	72%	70%	75%	73%	72%	68%
Online prices are cheaper	65%	69%	71%	64%	58%	65%
Can find some special/niche products online	52%	47%	46%	50%	60%	63%
No time to shop at physical stores	27%	34%	29%	26%	25%	22%
The brand is not available in the mainland	19%	14%	12%	22%	23%	28%
This type of product is not available in the mainland	15%	8%	11%	17%	21%	17%

Note: Figures in red italics denote percentages that are higher than the overall average.

Spending at Physical Stores Slightly Higher than Online

The survey shows that no matter which city they are from, female respondents' average spending on purchasing skincare and cosmetics products at physical stores is higher than that online. Overall, female respondents had spent RMB4,766 on average on skincare and cosmetics products in the year prior to the survey, of which about RMB2,608 was spent at physical stores and RMB2,158 online. It is worth noting that the average annual spending of female respondents from Beijing, Shanghai, Guangzhou, Chengdu, Wuhan and Hangzhou on buying skincare and cosmetics products is higher than the overall average.



Average Spending on Skincare and Cosmetics Products in the Past Year

City	Physical Store (RMB)	Online (RMB)	Total Spending (RMB)	City	Physical Store (RMB)	Online (RMB)	Total Spending (RMB)
Overall	2,608	2,158	4,766	Chongqing	2,423	1,835	4,258
Beijing	<i>2,914</i>	<i>2,556</i>	<i>5,470</i>	Xi'an	2,530	2,043	4,573
Shanghai	<i>3,338</i>	<i>3,173</i>	<i>6,511</i>	Harbin	2,553	<i>2,175</i>	4,728
Guangzhou	<i>2,909</i>	<i>2,581</i>	<i>5,490</i>	Hangzhou	<i>2,620</i>	2,151	<i>4,771</i>
Chengdu	<i>2,843</i>	<i>2,386</i>	<i>5,229</i>	Qingdao	2,269	1,779	4,048
Shenyang	<i>2,645</i>	1,892	4,537	Changzhou	2,112	1,603	3,715
Wuhan	<i>2,703</i>	<i>2,284</i>	<i>4,987</i>	Zhengzhou	2,562	2,005	4,567
Nanjing	2,456	<i>2,198</i>	4,654	Wuxi	2,412	1,865	4,277
Changsha	2,422	1,993	4,415	-	-	-	-

Base: All female respondents (2,400)

Note: Figures in red italics denote percentages that are higher than the overall average

The higher their monthly household incomes, the higher also is female respondents' spending on skincare and cosmetics products. In the year prior to the survey, female respondents with a monthly household income of under RMB10,000 had spent an average of RMB3,021 on skincare and cosmetics products, while female respondents with a monthly household income of over RMB40,000 had spent RMB6,770 on average. In other words, monthly household income directly impacts on women's purchasing power for skincare and cosmetics products.

Average Spending on Skincare and Cosmetics Products in the Past Year, by Monthly Household Income

(RMB)	Overall	Monthly Household Income				
		Below RMB10,000	RMB10,000-12,000	RMB12,000-20,000	RMB20,000-40,000	Over RMB40,000
Physical store	2,608	1,724	2,122	<i>2,650</i>	<i>3,301</i>	<i>3,543</i>
Online	2,158	1,297	1,714	<i>2,178</i>	<i>2,763</i>	<i>3,227</i>
Total spending	4,766	3,021	3,836	<i>4,828</i>	<i>6,064</i>	<i>6,770</i>

Base: All female respondents (2,400)

Remarks: Figures in red italics denote percentages that are higher than the overall average

Conclusion

Overall, traditional TV commercials and physical store displays are still the main channels from which the majority of women obtain information on skincare and cosmetics products. Compared with their more mature counterparts, the proportion of young female respondents obtaining information from the Internet is higher. This is probably due to the fact that they are still at the stage of exploring skincare methods and makeup skills and they are more eager to search for relevant information through online channels such as WeChat, video sites and beauty blogs. The ratio of female



respondents making “planned purchases” and “impulse purchases” of skincare and cosmetics products is 6:4. The higher the monthly household income of female respondents, the more likely they are to make “impulse purchases”. Although online shopping is very popular in the mainland, respondents tend to buy skincare and cosmetics products more at physical stores. In the year prior to the survey, their total spending on buying skincare and cosmetics products at physical stores was higher than that at online shops. In view of this, to mainland female consumers, the Internet is probably an effective promotion channel but traditional physical stores remain their major purchase channels for skincare and cosmetics products.

Appendix:

Focus Group Discussions:

City	Shanghai	Chengdu
Respondent Profile	Monthly household income: RMB20,000 or above	Monthly household income: RMB10,000 or above
	Monthly personal income: RMB10,000 or above	Monthly personal income: RMB5,000 or above
Bought skincare or cosmetics products in last 3 months Have habit of daily skincare or make-up		
Sampling Distribution	4 groups in each city (a total of 8 groups): Group 1: females aged 20-30 Group 2: females aged 31-45 Group 3: males aged 20-30 Group 4: males aged 31-45	

Online Questionnaire Survey:

City	Beijing, Shanghai, Guangzhou	Chengdu, Shenyang, Wuhan, Nanjing, Changsha, Chongqing, Xi’an, Harbin, Hangzhou, Qingdao	Changzhou, Zhengzhou, Wuxi
Respondent Profile	Minimum monthly household income: RMB12,000	Minimum monthly household income: RMB7,500	Minimum monthly household income: RMB6,500
	Bought skincare or cosmetics products in last 3 months Have habit of daily skincare or make-up		
Age Distribution	Sampling in each city: Aged 20-30: 75 females and 25 males Aged 31-45: 75 females and 25 males Total 3,200 respondents: 2,400 females and 800 males		


Average Monthly Household Income of Female Respondents:

City	Average Monthly Household Income (Rmb)	City	Average Monthly Household Income (Rmb)
Overall	20,140	Chongqing	17,965
Beijing	26,800	Xi'an	19,475
Shanghai	27,247	Harbin	19,780
Guangzhou	26,667	Hangzhou	22,008
Chengdu	19,892	Qingdao	17,293
Shenyang	18,025	Changzhou	14,065
Wuhan	20,497	Zhengzhou	15,553
Nanjing	19,337	Wuxi	18,345
Changsha	19,288	-	-

[1] "Internet celebrities" refers to influential celebrities on the Internet with a great number of fans and followers.

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