

2018 Shanghai Oriental Beauty Valley International Cosmetic Award White Paper

**Kantar Worldpanel – Cosmetics CRP
November 24, 2018**



CONTENTS

Part 01 Global Market Macro trend

Part 02 Successful Brand's Recipe

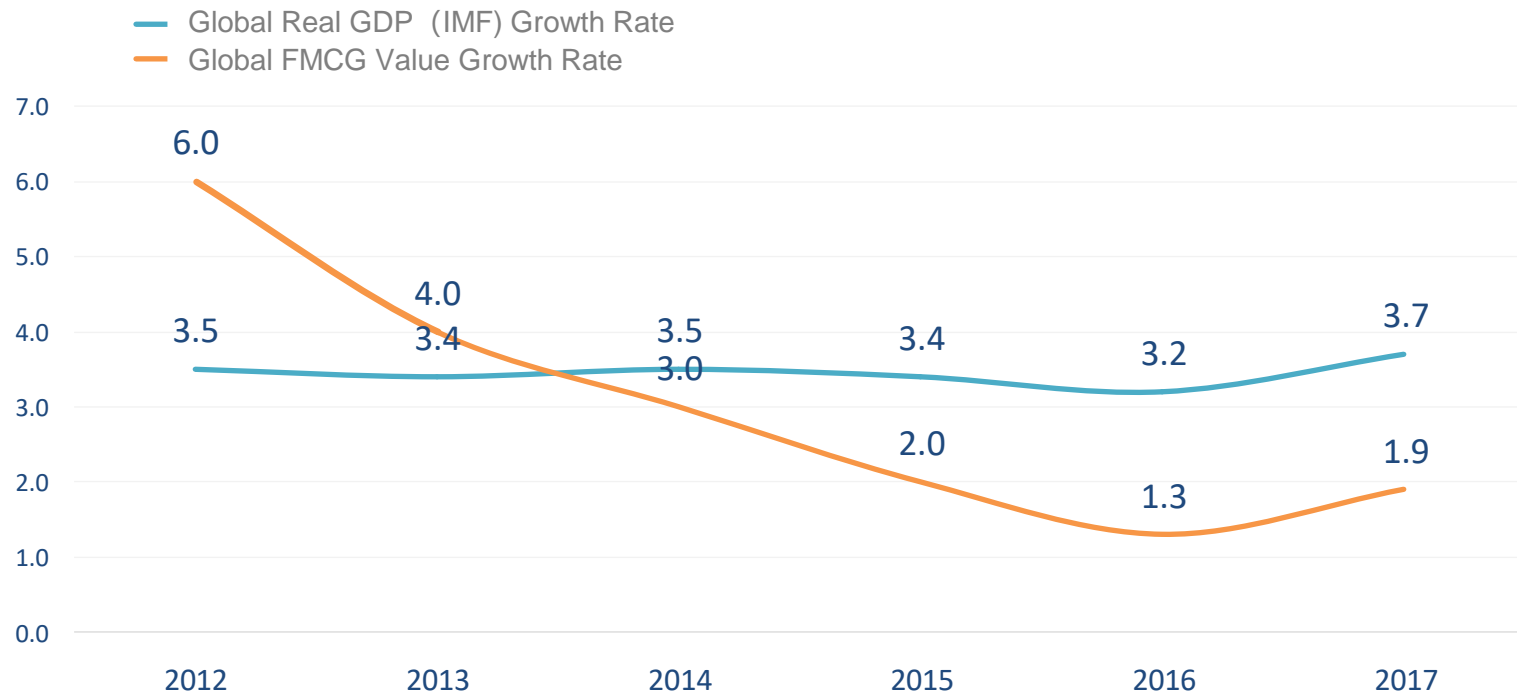
Part 03 Path to Success



01

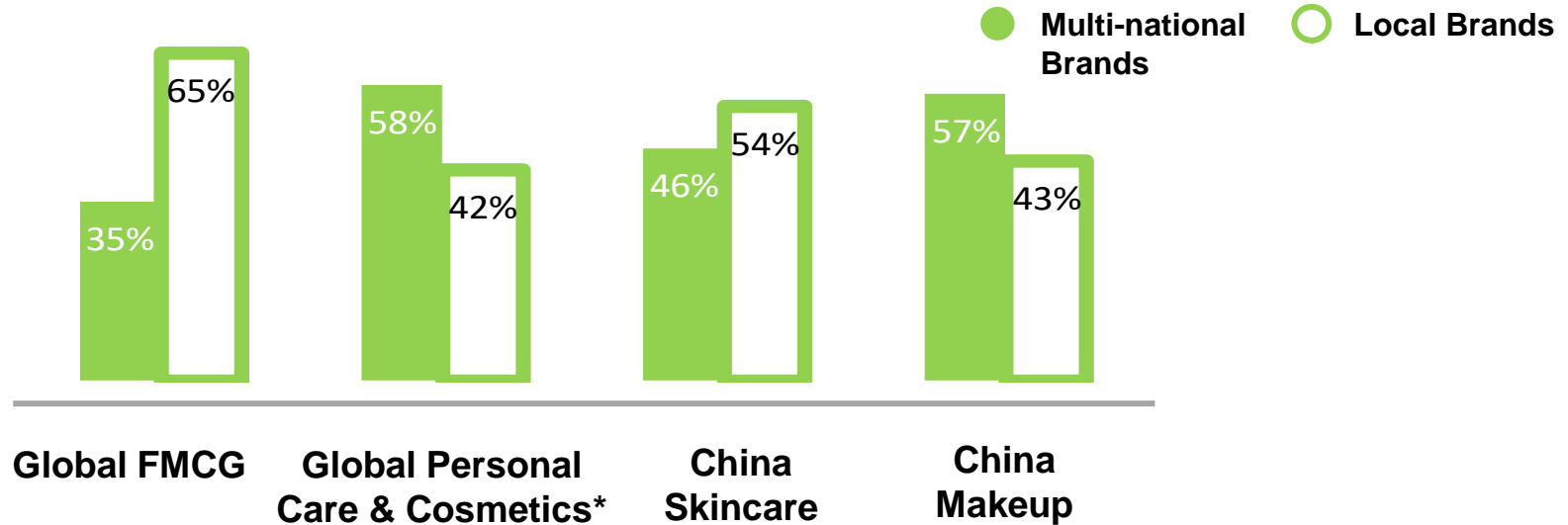
Global Market
Macro trend

Growth in FMCG is harder than ever, 2017 is slightly better.



China local and multinational brands own advantages in Skincare and Makeup respectively.

Market Share— Multi-national brands vs. Local brands



*Cosmetics include skincare and makeup.

Data Source: Kantar Worldpanel, 2018 Brand Footprint. MAT17P13: Data from Dec 31st 2016 to Dec 29th, 2017. China Beauty Data from Oct.6th 2017- Oct.5th 2018.

2018 Shanghai Oriental Beauty Valley International Cosmetic Award – Selection Criteria



Total Buyers

Penetration X Households

How many people purchased during a year



Frequency

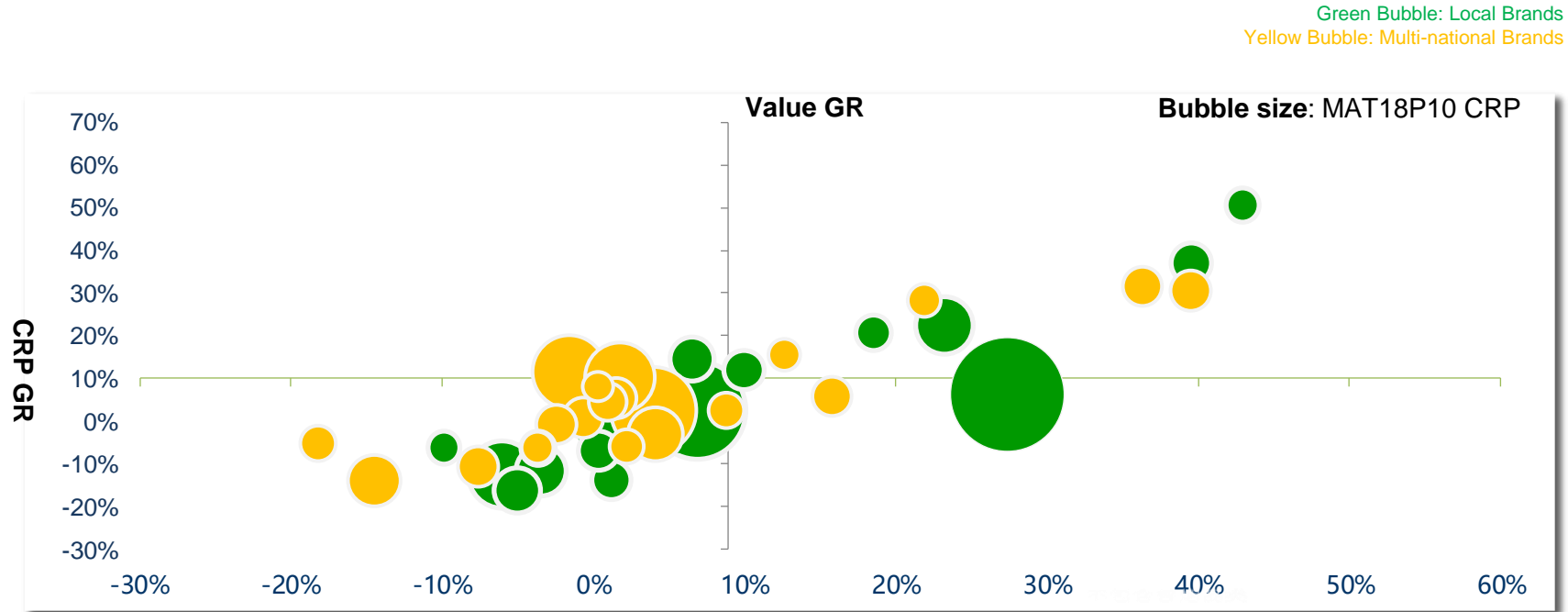
Times of the Brands purchased during a year



Consumer Reach Point

Number of contacts of the Brand with Consumers

Consumer Reach Point's growth has high correlation with brands' sales growth.



Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

2018 Shanghai Oriental Beauty Valley International Cosmetic Award

Consumer Most Chosen Chinese Local Brands



- Standard:
1. Local brands are originated in China, and the multinational brands are originated out of China.
 2. Brands that Consumer Reach Points are increased and stable (floating between +/-1%) in past two years;
 3. Brands which satisfy those two conditions above are ranked according to the Consumer Reach Point(top 10).
 4. Just rank by the first letter of English name.

2018 Shanghai Oriental Beauty Valley International Cosmetic Award

Consumer Most Chosen Multinational Brands



AHC

EAU THERMALE 雅漾
Avène 漾

ESTÉE LAUDER
雅诗兰黛

innisfree

LANCÔME
PARIS

L'ORÉAL
PARIS
巴黎欧莱雅

美宝莲
MAYBELLINE
NEW YORK



曼秀雷敦



- Standard:
1. Local brands are originated in China, and the multinational brands are originated out of China.
 2. Brands that Consumer Reach Points are increased and stable (floating between +/-1%) in past two years;
 3. Brands which satisfy those two conditions above are ranked according to the Consumer Reach Point(top 10).
 4. Just rank by the first letter of English name.

2018 Shanghai Oriental Beauty Valley International Cosmetic Award

Most Popular Brands by Generation-Z Consumers



AHC

CHANDO
自然堂

LANCÔME
PARIS

L'ORÉAL
PARIS
巴黎欧莱雅

美宝莲
MAYBELLINE



One leaf
一叶子®



水密码®



Standard:

1. Z-gen: 15-24 Y.O consumers;
2. Penetration ranking from A to Z;
3. Penetration keeps growing or stable in recent two years;
4. Just rank by the first letter of English name



02

Successful Brand's
Recipe

Successful Brand's Recipe – Chando

CHANDO
自然堂



Consumer
Reach Point
Consumer Chosen
25 Million Times

Natural ingredients from Himalaya X Scientifically proven



- 3D print tech for skin cell, and finding out the most suitable products for Chinese skin.

- Every drop from Himalaya **Chando Time Frozen aging resistance activating Essence** Promoted with full series, and greatly popular.

Value of essence products has increased:

+17%



Favored by younger consumers

- CRP of mask in Generation-Z has increased:



+129%

- Crossover mask with Huggies for Double 11 2018, recruiting more young.



Category expansion with healthy growth

- Increasing in skincare, mask, make-up and male segments.



- In 2017, the Brand Equity Index of Chando has reached **2.1**



Ranked No.2, and No.1 in Tier 2 cities.

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female.
MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – Dabao



CRP

Consumer Chosen
76.9 Million Times

Everybody's everyday brand and
strong consumer flow



CRP of Dabao

Lotion segment:

**54 Million
times**

Increasing steady:
+2% vs YA

- Providing value for money
choice for the public

Younger and Premium new launches



- Corporate with e-commerce platform
and idols of young; And keep
premiumisation on products.

Data Source: Skincare data is based on individual purchase panel, include both Female and Male;
while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From
Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – INOHERB

相宜本草
INOHERB



CRP

Consumer Chosen
38 Million Times

Traditional herbal skincare, with authority recommendation

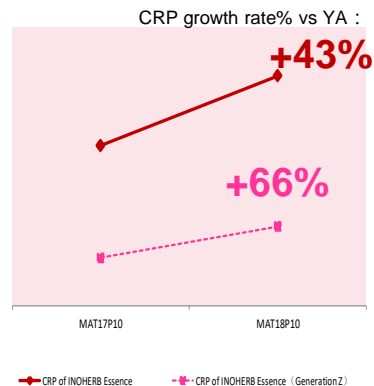


- Originated from wisdom of Chinese medicine, "herbal skincare".



- Cooperating with professional medical institution and launched **Rhodiola Brightening Essence**, also Inviting idols to draw attention.

CRP of INOHERB
Essence segment:



Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – MEIFUBAO

Multi product lines development, creating hero products.

美肤宝
MEIFUBAO



CRP

Consumer Chosen
11 Million Times



- Selected in 2018 "National Brand Plan" ; endorsed by authorized intuitions, and inviting idols favored by young people.



Hero Product 1:

CRP of
MEIFUBAO
UV Makeup
Base:

+9%

Hero product 2:

CRP of
MEIFUBAO
sheet mask:

+21%



Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – One Leaf

One leaf
一叶子®



CRP

Consumer Chosen
27 Million Times

Seizing the young, and using media to draw attention;
Developing from mask to all segments of skincare



- Botanical skincare brand focusing on “fresh” communication, young idols spokesman and hot variety shows corporations.

CRP Index of skincare
in Generation-Z*

124

*Index: over 110 means the brand is more likely to be purchased by the group.

Calculation: CRP of One Leaf in Generation-Z% / CRP of all consumers of One Leaf% * 100

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – Pechoin



CRP

Consumer Chosen
106 Million Times

Herbal Skincare, and national classics creating loyal fans



Ad. 《1931》, Pechoin, 2017

Ad. Chinese Concubine, 2018

Value of Pechoin:

Total growth rate: **+27%**

Online growth rate: **+26%**

Offline growth rate: **+27%**

MAT18P10 vs YA



- In past two years, Pechoin creates new fans by 1) Innovative advertisements, 2) new launched product lines.

Younger trend and crossover with national culture



2018:

Birds in the Palace series

Online Value in Generation-Z:

+43%

MAT18P10 vs YA

Successful Brand's Recipe – PROYA

PROYA
珀莱雅



CRP

Consumer Chosen
15 Million Times

Making skincare products “hot issues” by social media

- New products in skincare, developing reputation by social media and celebrity effect.

Hero products 1: Youth Active Cream



CRP Growth of cream is
the highest among all
segments:

+37%



Even higher in
Generation-Z:

+58%



Hero products 2: Deep Moisturizing Lotion



Contribution rate of toner
(Lotion) in all Proya CRP:

50%

Dancing videos on
social platform Tik
Tok

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – SYRINX

SYRINX 希芒®
—— 您身边的美丽顾问 ——



CRP

Consumer Chosen
14 Million Times

We-merchant brand with high quality price ratio



- Communicate high quality products by sharing the same OEM manufacturers with famous MNC.
- Catch up with market trend and make popular products high quality price ratio for Chinese consumers.

CRP Growth Rate
MAT18P10 VS YA

+37%

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – WETCODE

WETCODE
水密码®



CRP

Consumer Chosen
22 Million Times

High technology & Crossover cooperation



- WETCODE had lead products with technology for the past 10 years, and starts to show its own features this year. For example, the Aqua Repair Tendering Toner × Swarovski or the Air Cushion CC Cream designed by Zhao Liying.

Generation Z focused & Media resources allocation

- Focus on young people's favorite program: *Masked Singing*.



CRP Growth Rate:

+19%

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – YU NI FANG

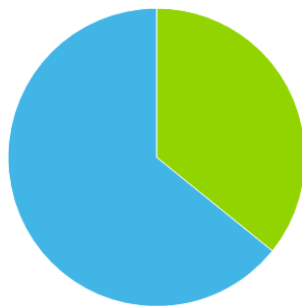


CRP

Consumer Chosen
13 Million Times

Start on E-commerce & Sell
nationwide offline now

Value share %



■ Offline ■ Online



Crossover products to attract young



Lipstick : YU NI
FANG × ZHOU
HEI YA

Win free masks :
YU NI FANG ×
XIAO MI



Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – AHC

AHC



CRP

Consumer Chosen
12 Million Times

South Korea's professional SPA skincare



- Brand press conference, Shanghai, 2018.8.29.
AHC, as the Korea's professional SPA brand, brings the skincare concept — high-end SPA and clinic dermatology into Chinese market.

- Hyaluronic acid has been accepted by young people.



Growth rate in lotion of Generation Z :

+115%

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – EAU THERMALE Avène

EAU THERMALE 雅漾
Avène 漾



CRP

Consumer Chosen
10 Million Times

Expertise and High quality

- Avène finds the market demand for sensitive skin, and offers unprecedented professional care to consumers with sensitive skin.



Skincare preference index of Generation Z* :

131

Trend-leading Innovation

- Avène creates global patent technologies repeatedly, and is committed to creating healthy skin and solving skin problems for consumers of all ages.



**The number over 110 means this group of people is easier to be purchased by the brand
Calculation: CRP% of Avène in Generation Z / CRP% of Avène in all consumers

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – Estée Lauder

ESTÉE LAUDER
雅诗兰黛



CRP

Consumer Chosen
12 Million Times

Hero SKU halo effect

- Develop new products from hero SKU , and try to attract both repeat and new buyers.



Makeup value growth rate %: **+150%**

Social platform

- Focus on Chinese preference and launch new activities through various channels.



Advertise on Official Weibo account of its spokesperson and attracts large amount of fans.



Advertise NPD on Wechat for 18 times in 2017.

Penetration growth rate: **+37%**

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – Innisfree

innisfree



CRP

Consumer Chosen
24 Million Times

Personalized beauty for each consumer

- Capable of customizing products for different consumers.



Customized makeup box with 140 colors.



40 combinations of liquid foundation based on coverage, shades and hydra retention.

Eye makeup value growth rate: **+49%**

Interaction & Retail innovation

- Create new news and sense of participation for consumers in brand marketing and store operation.



Leverage the advantage of Internet and fans.



Reform brand and store operation through new retail technology and big data.

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – Lancôme

LANCÔME
PARIS



CRP

Consumer Chosen
13 Million Times

Bring new news

- Create scenarized and personalized marketing through new retail.



- Create new products from hero SKU, and attract consumers of different ages.



Penetration growth rate of

Generation Z: **+41%**

Exploit the potential of E-commerce

- Differentiated marketing strategy between online and offline, and attract potential consumers accurately through different platforms.



- ◀ Cooperate with Wang Junkai to choose colors for consumers in QQ Zone

Join T-mall
Brands Day



Online value growth rate: **+28%**

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – L'Oréal Paris

L'ORÉAL
PARIS
欧莱雅



CRP

Consumer Chosen
61 Million Times

High technology

- Break the boundary of the traditional concept and create excellent products



Mask value growth rate: **+23%**

Essence value growth rate: **+37%**

Deliver new meanings to beauty by closely follow the trend

- Crossover cooperation trigger huge noise in social networks



Lipstick × The Imperial Palace



Color of lipstick × Heytea

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – MAYBELLINE NEW YORK

MAYBELLINE
美宝莲 NEW YORK



CRP

Consumer Chosen
13 Million Times

Fast fashion and Pop-up store

- Build brand awareness by theme pop-up store and trigger social ripples and word of mouth.



Maybelline x R-factory, 2018.1



New air cushion, Xin Tian Di subway station, 2018.7



New lipstick, T-mall super fans day, 2018.9



New lipstick, T-mall super fans day, 2018.9

Value of makeup in generation-z increased: **+19%**

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – Mentholatum



曼秀雷敦



CRP

Consumer Chosen
13 Million Times

High technology & High quality

- Earn consumer trust through first class R & D technology.



Outstanding male facial cleansing products rank top 10 on category list



Rohto CC essence swept the country through effective and safe anti acne function

Essence value growth rate:

+17%

Unique brand image

- Build its unique brand image through spokesman with healthy image and its dermatology background.



Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – Nivea



CRP

Consumer Chosen
40 Million Times

Authority & Efficiency

- Create a modern skincare concept and study skin types and climate environment, thus making its products popular among young consumers.



Value growth rate of Generation Z : **+19%**

Leading male skincare market

- Cover plenty of male skincare necessities, and build strong relationship with consumers through football.



Sponsor Real Madrid in 2017.10, and achieve a rapid growth on classic facial cream.

Male facial cream growth rate: **+56%**

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.

Successful Brand's Recipe – Senka



CRP

Consumer Chosen
11 Million Times

Healthy & Young

- Upgrading and creating segment expert brand image.

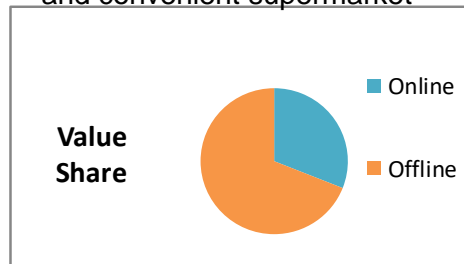


Offer different facial cleansing for different skin needs



Party with its spokesman—Li Kaixin

- Focus on offline channels: Maximize consumer reach via high-penetration hypermarket and convenient supermarket



Hypermarket value growth rate/year: **+24%**

Supermarket+CVS value growth rate/year: **+33%**

Data Source: Skincare data is based on individual purchase panel, include both Female and Male; while Makeup is also based on individual purchase panel but only includes Female. MAT18P10: From Oct.6th 2017- Oct.5th 2018.



03

Path to Success

Path to Success for Chinese Brands



**Suitable for
Chinese**



**Endorsed
by authority**



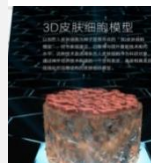
**Focusing on
Generation-Z**



**Product
Crossover**

Suitable for Chinese

CHANDO
自然堂



Develop suitable products through 3D printing technology for Chinese Skin

Long-term trust



相宜本草
INOHERB

Herbs and Chinese Medicine



Endorsed by authority



Recommended by CCTV



Participate the National Brand Plan of CCTV

美肤宝
MEIFUBAO

Focusing on Generation-Z



Sponsor TV programs which young people prefer

One leaf
一叶子®



WETCODE

Sponsor TV Variety shows

Product Crossover



Cross-over products drive the growth of online and offline



Innovative Crossover

Path to Success for multinational brands



**Build
Professional
image**

**Create Hero
SKU Line**

**Embrace
New
Retailing**

Build Professional image

- Professional in specific fields



Famous for the acne treatment, reliable

Focus on male, with increasing grooming needs



Mild and not irritation

AHC

Functional ingredient



Care for sensitive skin



Create Hero SKU Line

- Develop new products from hero SKU, and make a hero SKU line.



Lancôme Genifique line expansion

小黑家族十年传奇 从肌肤守护年轻



Double Wear air cushion follows DW liquid foundation



Ampoule essence follows 7-day ampoules.

Embrace New Retailing

- Focus on consumer experience and online/offline interaction.



Lancôme's Light show in Hangzhou on Double 11

Innisfree's T-mall new retail concept store in Hangzhou



Maybelline's Double 11 offline campaign in Hangzhou



THANKS