

Chinese Spa Consumers

Online

Insights & Trends



Before we talk about spa consumers,
let us review some research results about
China's online situation and consumer trends



2018, the number of online shopping users in China reached 669 million, an increase of 7.1% over 2017.

The number of mobile Internet online shopping users reached 557 million, an increase of 10.2% over 2017.

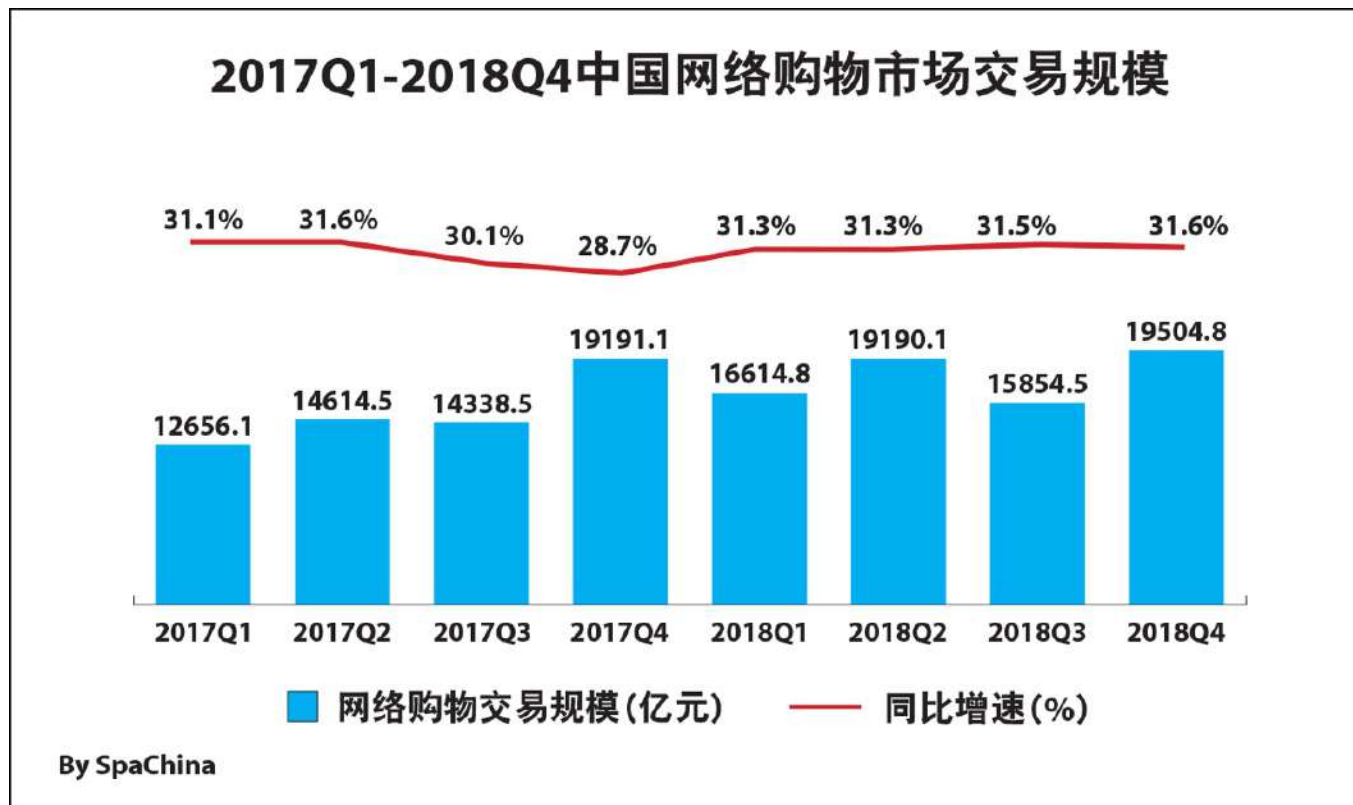
In 2018, China's online retail sales reached **7116.4 billion RMB**, up 31.6% year-on-year, and maintaining a steady growth momentum.

(1 RMB = 4.67 THB)

From 2017-Q1 to 2018-Q4 China's online retail revenues

2017 6080 billion RMB

2018 - 7,116.4 billion RMB



Trend 1: Online + Offline

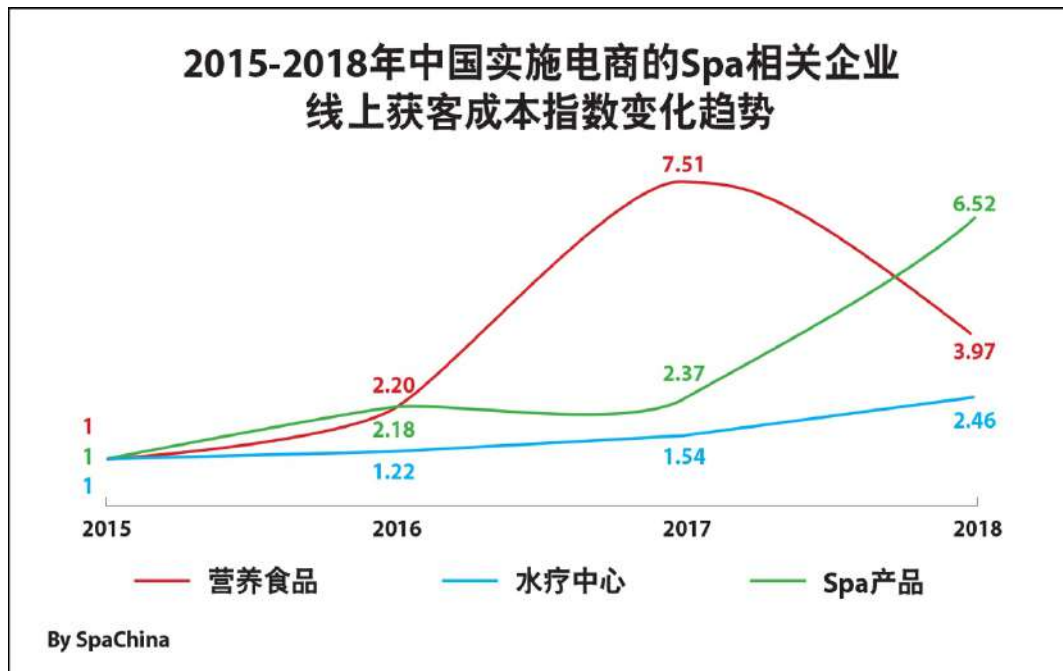
Offline retail is warming up again.
Value of offline resources being reassessed.

Online and offline integration, in order to achieve 80% market share penetration for retail, is the future direction of China's online retail platform

In 2018, the total retail sales of consumer goods in China were 36,323 billion RMB. According to Ministry of Commerce data, the retail index of 3,000 key retail enterprises in China showed an upward trend in 2018, and offline retail is recovering.

In the past two years, the cost of online customer acquisition has soared, the cost of logistics has risen, and the cost gap between online and offline retail has become smaller and smaller.

Online marketing and logistics costs
for supplements, spas, and spa products 2015-2018



Trend 2: Online Retail and Payment Technology is Mature

Popularization of core technology applications

Consumer Location Services→

Consumer Classification→ Personalized

Recommendation → Online

Purchase→ Mobile Payment→ Entity Store

Consumption → Entry into Entity Store

Community→ Binding Customers→

Member Management

The application scenario of online and offline integration in retail industry is constantly expanding, and the popularization of more and more efficient digital infrastructure and terminals provides a basis for online and offline integration.

Application of online retail core technology makes the mobile terminal (smart phone) the final shopping goal

数字基础设施&底层技术&应用层技术及应用场景



By SpaChina

Trend 3: Social Needs push Online Retail

The rapid development of Social + Online retail by KOLs, Online Stars, and Social Groups

The combination of social groups and online retail has had a huge impact on sales and marketing.

Conversion of visitors from social platforms can significantly reduce the cost of pulling new customers.

The trust endorsement generated by acquaintance or interest in social intercourse can be used to create conversion content which creates a high degree of trust.

User stickiness can be effectively enhanced through content operations and community operations.

Social group online spa shopping logic: buy the spa trial online, then go to the spa to complete the spa service. The online platform will charge 10-20% for each payment.



Trend 4: More Services are Required

From Products to Services

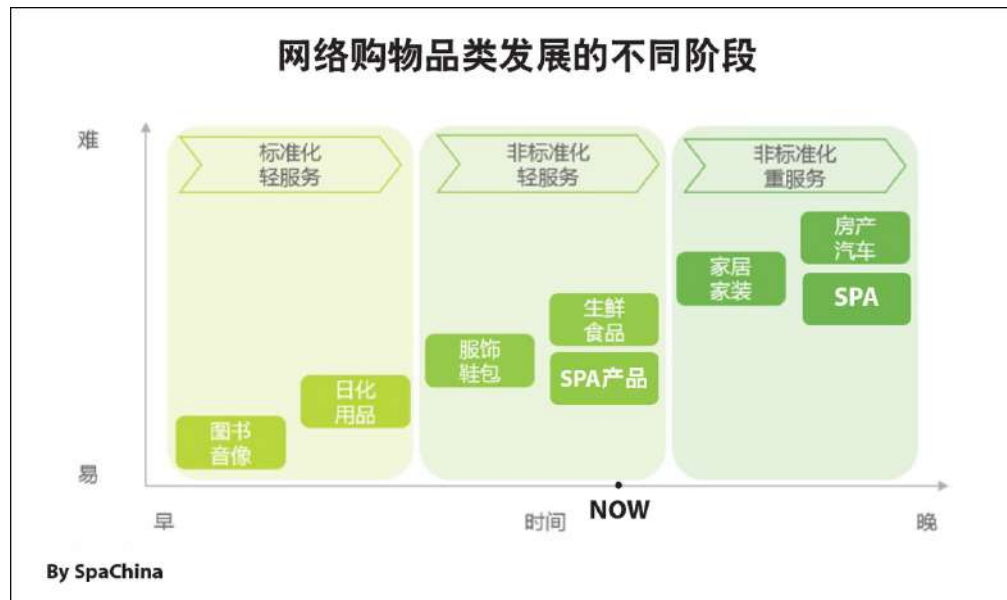
Online retail platform has added the new Category of "Service+"

The development of online shopping in China started from the simple purchase of products, and has developed to the non-simple purchase of services.

Since 2018, some non-standardized and service-oriented categories have been developing rapidly, such as:

- Online purchase of instruments + online Instrument classes
- Purchase of nail products + online classes
- Group purchase of SPA treatments, then can receive the spa services from multiple chain spas in different locations of different cities

Online retail starts to provide more products with short and long-term services. And the products themselves are also showing more variety to meet more personalized requirements



Trend 6: More Services-related Products are Online for Retail

Service-oriented commodities are increasingly abundant

With the increase in Chinese income and the expansion of middle-income groups, the proportion of services and enjoyable consumption has further increased.

More and more online retail platforms have begun to provide products involving a wide range of services:

- SPA and beauty salons
- Pet services
- Tourism / Vacations
- Overseas real-estate
- Overseas medical examinations
- Car maintenance services
- Household cleaning services, etc.

Online retail platforms are willing to add more services-related products onto their platform,. They see this as the new trend of the future needs by the Chinese consumers.

2018年综合电商平台重点拓展的泛零售品类



房地产



医疗健康



汽车

Chinese online consumers are shifting to the younger generation, mainly **born in 1980-1998, ages 18 to 38**. What are they interested in and what attracts them on online retail?

The consumption patterns of 18-38 year-olds in China, which have developed rapidly since 2015, have the following characteristics:

Consumption is becoming more and more mature and rational

Chinese young online consumers are paying more and more attention to quality and service, which has brought structural changes to online platforms at three levels: **category selection, product quality and service experience**. Their consumption tends to be stable, planned and targeted. After a period of online shopping, the online shoppers will become "mature consumers" and consume rationally.

Quality life concept promotes discerning consumerism

The improvement of income level and the cultivation of quality of life concept, creating discerning consumption.

Consumption becomes a life aesthetic

Health and SPA consumers, in addition to requiring the quality of products, pay more and more attention to the aesthetic appearance of products, whether there is a sense of modernity and avant-garde. If they buy the spa experience vouchers online, the requirement for physical stores offline is exquisite and aesthetic decoration.

Good Looking + My Social Group + Self Upgrade + Personal Character

The Intergenerational changes

The consumption characteristics of 1980s and 1990s birth Chinese can be summarized into four major characteristics:

Face is Justice: Beautiful looking, pursuing cosmetics, daily care supplies, clothing, jewelry

I have my own social group: reflected in social needs, friends gathering by their social groups

Self-improvement: autonomous consumption of various learning products, high learning ability of IT new technology

Promoting Individuality: Individualization and customization of consumption



The Characteristics of consumption behavior and the facts of consumption concept for age 20-38 online Chinese consumers

Men Buy Supplements and Massage Devices Online

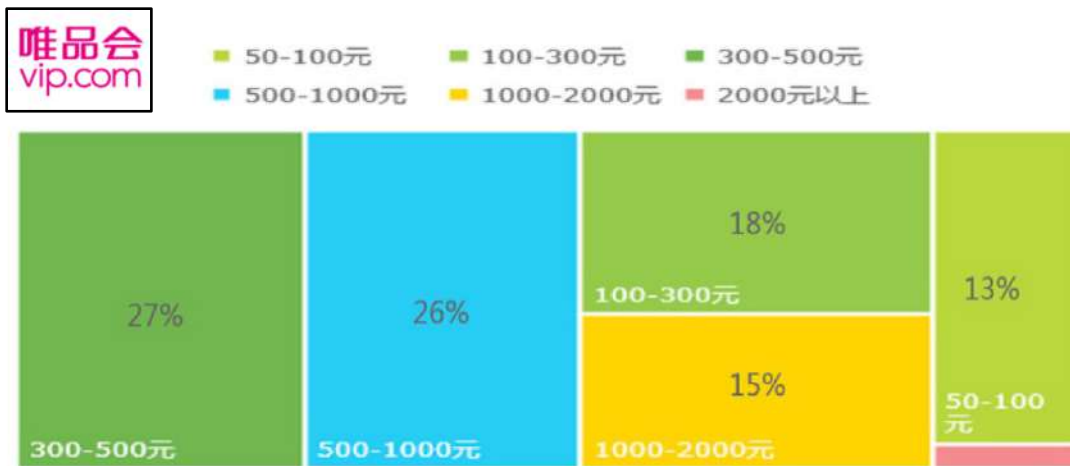
Men prefer
massage
and health care

Survey data show that male consumers over 40 years old account for 78% of the purchase of health care products.

On the online retail platform of "vip.com", male users over 30 years old bought more than 20% of massage devices, and more than 80% of them were for massage of their shoulders, neck, lower back and to shape up their waist.

Massage devices are popular among male online shoppers. Best price range is from 300-1,000 RMB

2017年唯品会男性用户买按摩仪客单价分布情况



By SpaChina

Women Prefer to Get Fitness Outfits and Equipment

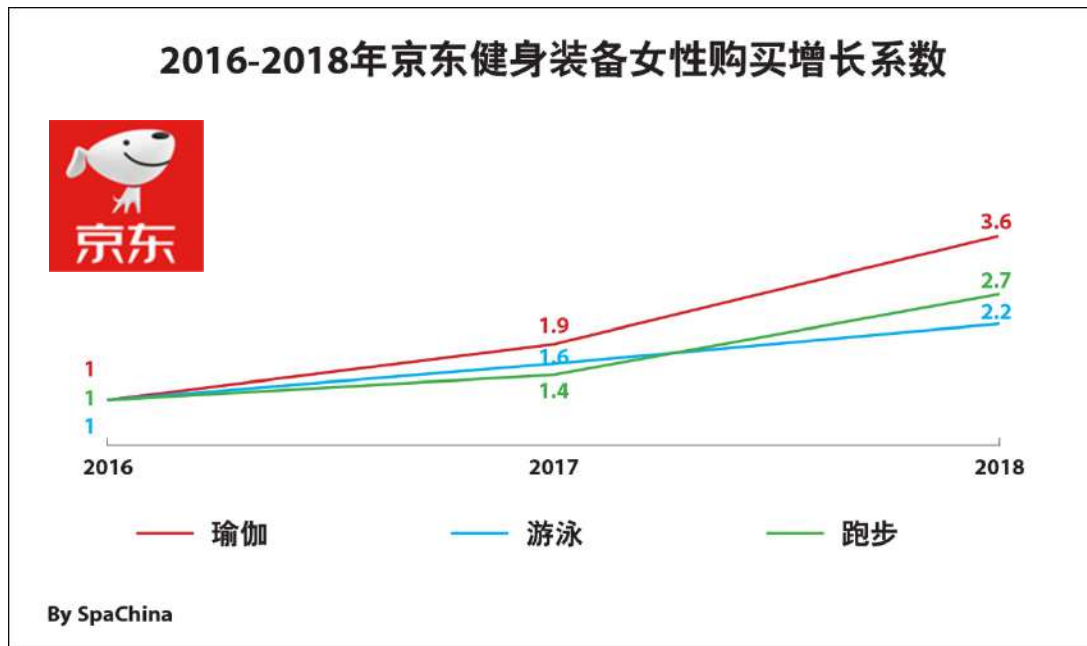
Women have a strong desire to keep fit, greedy for discounts

Women tend to exercise. According to data from Jingdong {JD.com}, in the last two years, women love buying fitness outfits, and spending more money on fitness outfits and fitness equipment.

When they visit a spa for treatment, the first time they will buy a discount voucher online for these treatments at the prices below. They care about how much discount that they can get on the first visit.

- Manicure and eyelashes: 50 - 290 RMB
- Day Spa: 80 - 380 RMB
- Slimming: 100 - 380 RMB

In 2018, Yoga, Swimming and Jogging or Running outfits online retail sales are up 2.2 to 3.6 times compared with 2016.



Advanced Demand for Digital Health Products

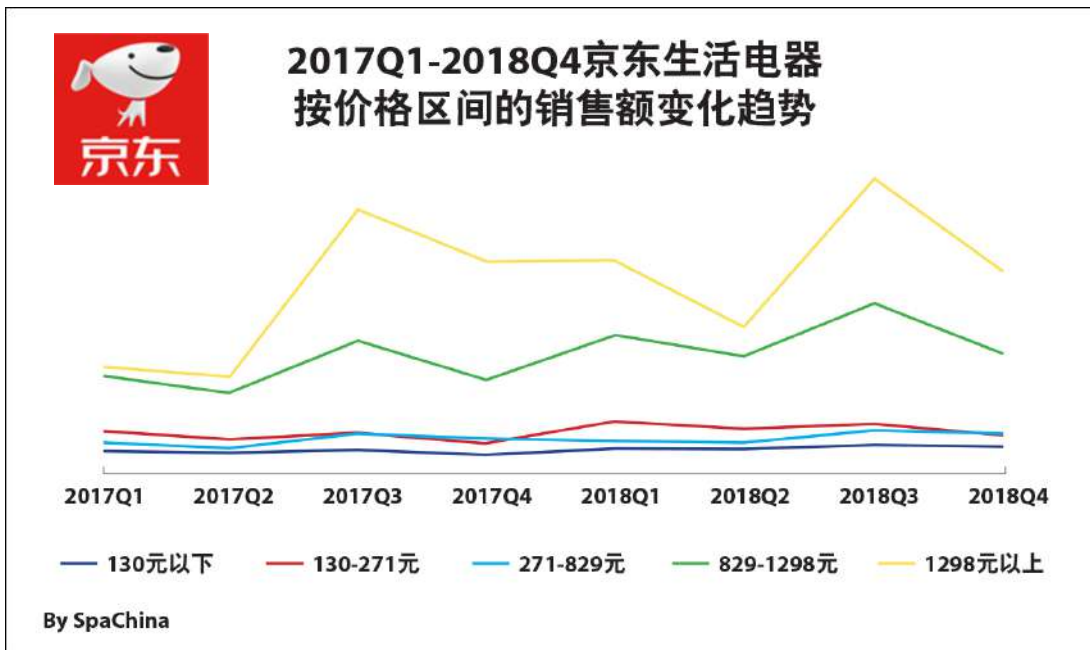
Intelligent digital products are popular,
Small devices + Skin Care products

Intelligent digital products sales are increasing.
The consumption of high-end health products is characterized by advanced demand.

According to statistics from Jingdong (JD.com),
in 2018, sales of intelligent digital devices in
different price ranges have increased to varying
degrees.

Among them, the sales growth of digital
products above 1,000 RMB is the strongest,
while the growth of products above 1,298 RMB
is even more prominent.

Intelligent digital products are popular. Price range 829-1,298 RMB, or price range over 1,298 RMB digital health products are selling well.



FOREO - Facial massage devices and facial mask products

15:04 4G

foreo 取消

FOREO - 肌肤之迷
生活 ★★★★★ 790 打开

优化洁面流程
全新护肤方案
智能洁面仪

美胸汇-女性乳房健康保养...
明星李彩桦代言, 下载APP送面膜
★★★★★ 286 获取

Today 游戏 App 更新 搜索

15:05 4G

FOREO APP UFO/UFO mini使用...

长按开关键 3 秒钟

STEP 3

打开手机蓝牙
长按UFO开关三秒
进行蓝牙配对

UFO / UFO mini

15:05 4G

FOREO APP UFO/UFO mini使用...

对准面膜底部条形码
进行扫描
或点击“跳过”

STEP 5

扫一扫 跳过

STEP 6

FOREO UFO mini 面膜

不止等于2.....!

当UFO遇到活力面膜会带给你前所未有的敷面膜体验

UFO & UFO mini USPs

- 1. 智能识别面膜品牌
- 2. 智能识别面膜成分
- 3. 智能识别面膜保质期

智能护肤技术

FOREO

多光谱红光
改善暗沉, 促进胶原蛋白生成

多光谱绿光
淡化细纹, 紧致肌肤

多光谱蓝光
有效作用于痘痘, 改善面部保湿和控油

FOREO UFO in Little Red Book



by online live-streaming



Finding the correct channel and platform for Spa and Spa - related businesses, **to attract the right consumers for their first purchase.**

Online platforms that are useful for Spa and related Spa products:

Online payment:

WeChat Pay

Alipay



These have high visibility and conversion rates:

Tmall, Taobao, Jingdong

Dianping, Meituan, Xinyang

Ctrip



Different types of social+ online retail platforms, also very popular:

Multi community: Xiao Hong Shu

Interest community: Ba Ma Ying, Yi Tiao, Jiang Ku

Individual Community: KOL, online Star, Live-stream

Video and life stream Community: Tik Tok

Online payment solutions without cash

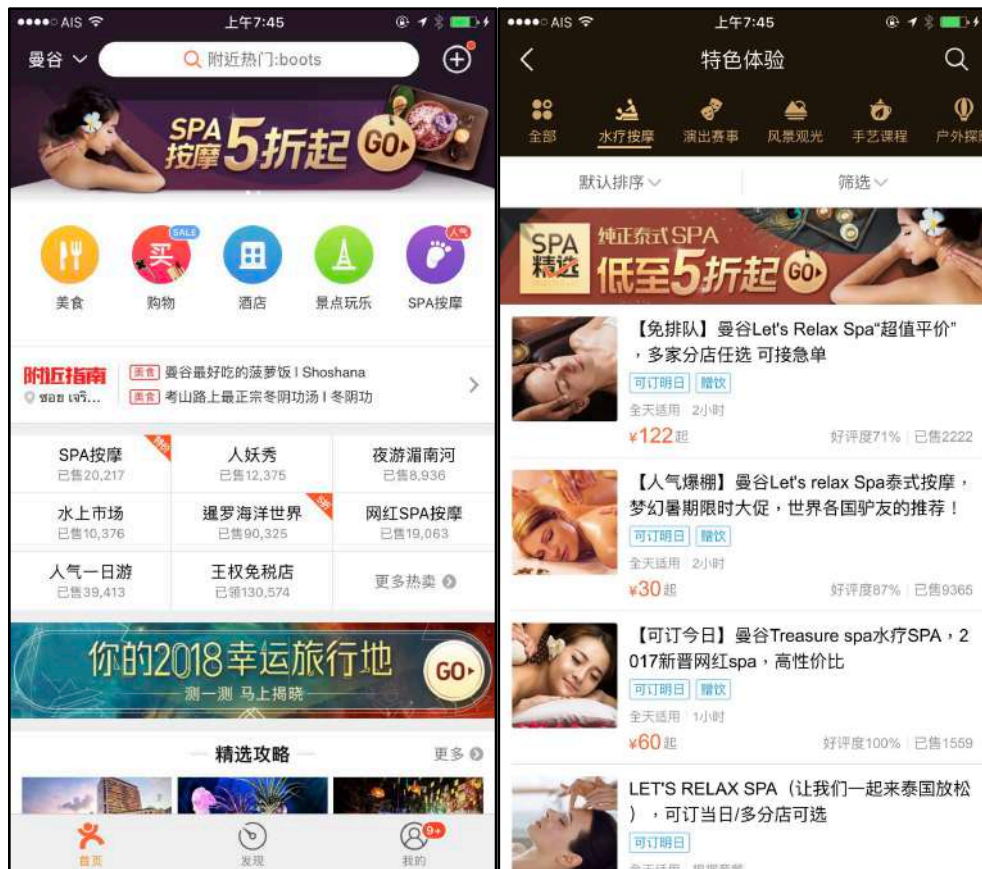


Chinese people aged under 65 are now 99% using these no-cash payment methods, they never got used to credit cards, and every business in China now accepts these payment solutions.

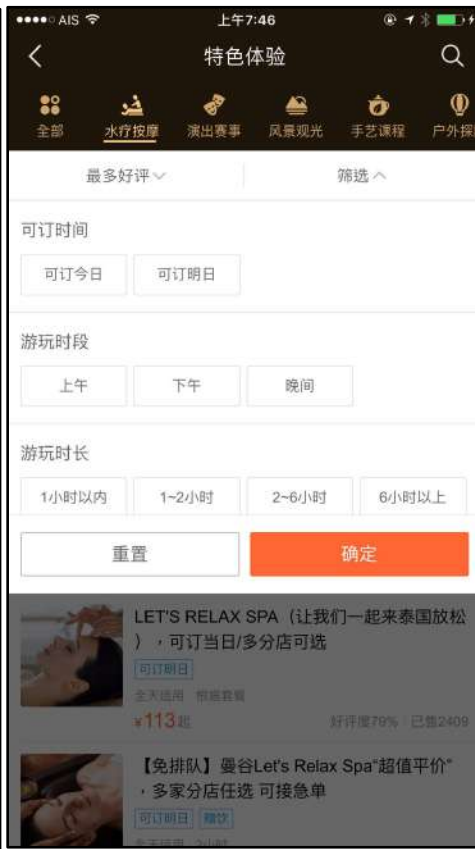
1. Alipay 2. Wechat Pay. No one is using Apple Pay in China.

Your Spa or Spa Product better to be in there

- Choice is basically in the hands of consumers
- Platform annual fee and promotion fee are getting higher and higher
- Platforms are also charging higher commissions for successful transactions.
- Some of the platform invites net star or KOL to enter and build community groups for increase the sale, to leads the shopping trend



Dian Ping (People's Comments)



Tmall

Identify the users, then creates social community groups

The technology can invite you into a social group after **identifying** your delivery address.

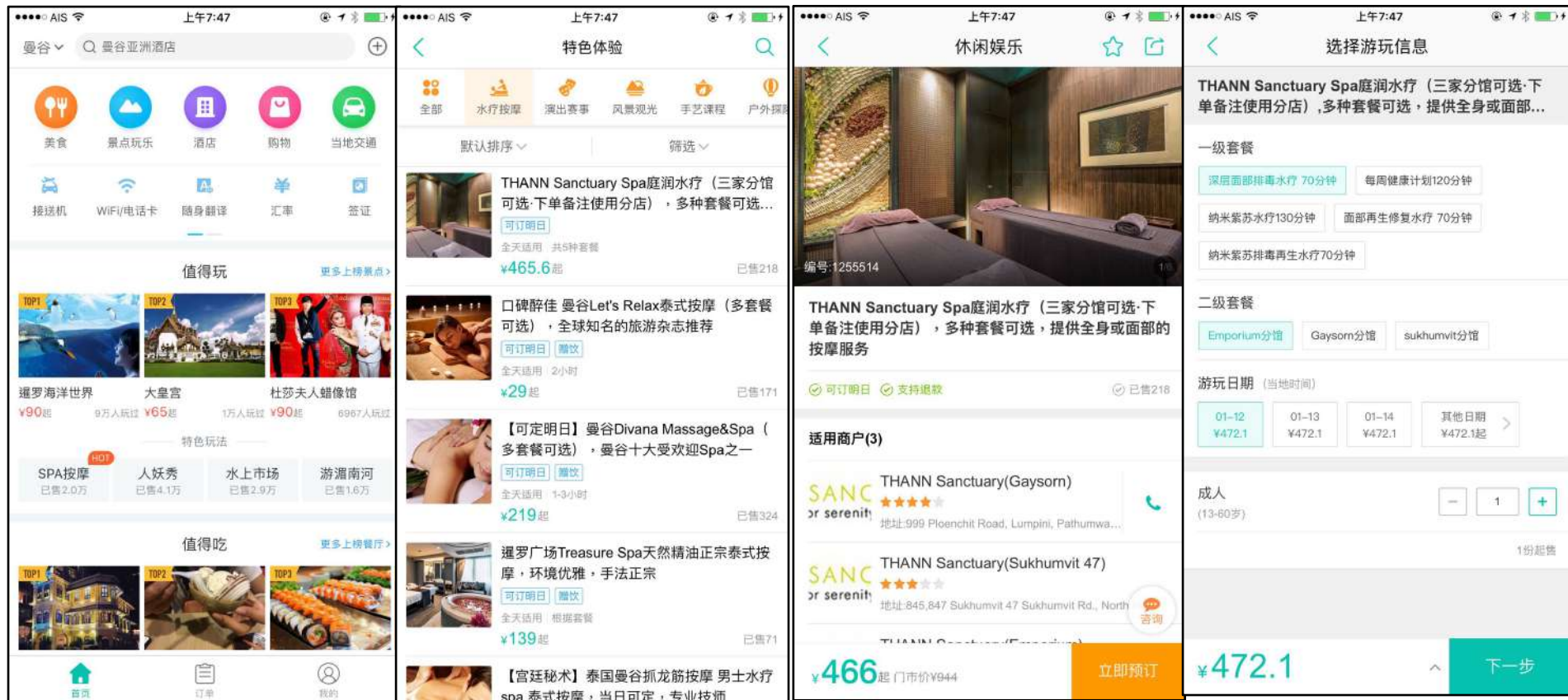
Then you are able to communicate with people whom are living in same apartment building, with similar income levels, similar online shopping requests and similar requirements. A **New Social Group** is created automatically by the technology.

The online platform then intersperses new shopping advice and recommendations among the user conversations, and sells ads to online stores and service providers targeting the people in this community.



Mei Tuan (Beautiful Group)

美团网
meituan.com



Xie Cheng (Ctrip)



These social groups are giving guidance to consumers



- Product choices are targeted at your own community groups.
- Product price are able to maintain reasonable prices without too much discount, good quality of text content for branding and marketing.
- All of these brands prepared for about 4-5 years before they start to build their online retail. Some had venture capital, often at an early stage. Now they are trying to grow platform revenue to recovering their initial costs. Therefore, the entry threshold of commodities into these social+ online retail platforms is getting higher and higher.

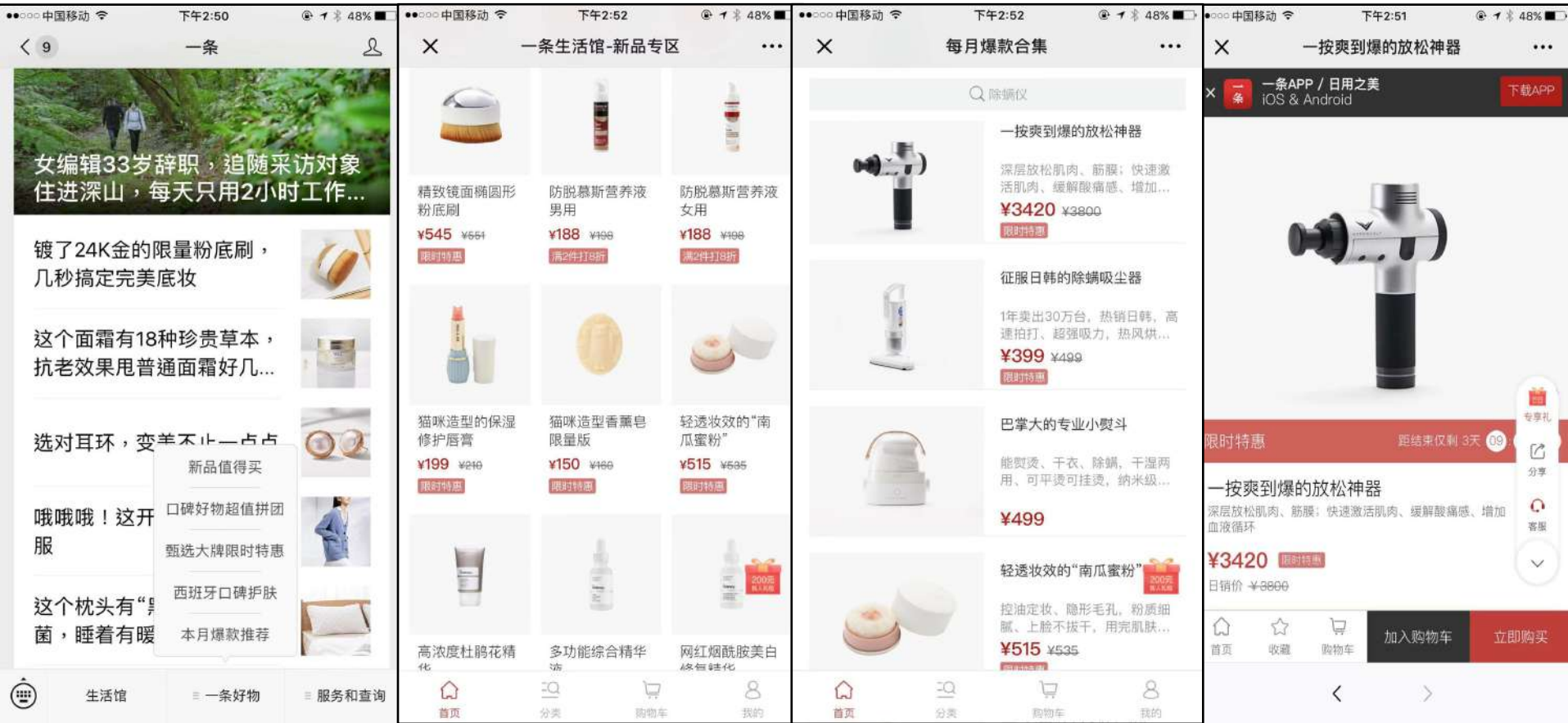
Ba Ma Ying (Parents Camp) Ma Mi Xun Bao (Mother's Treasure)

Targeting parents and children, quality products at reasonable prices

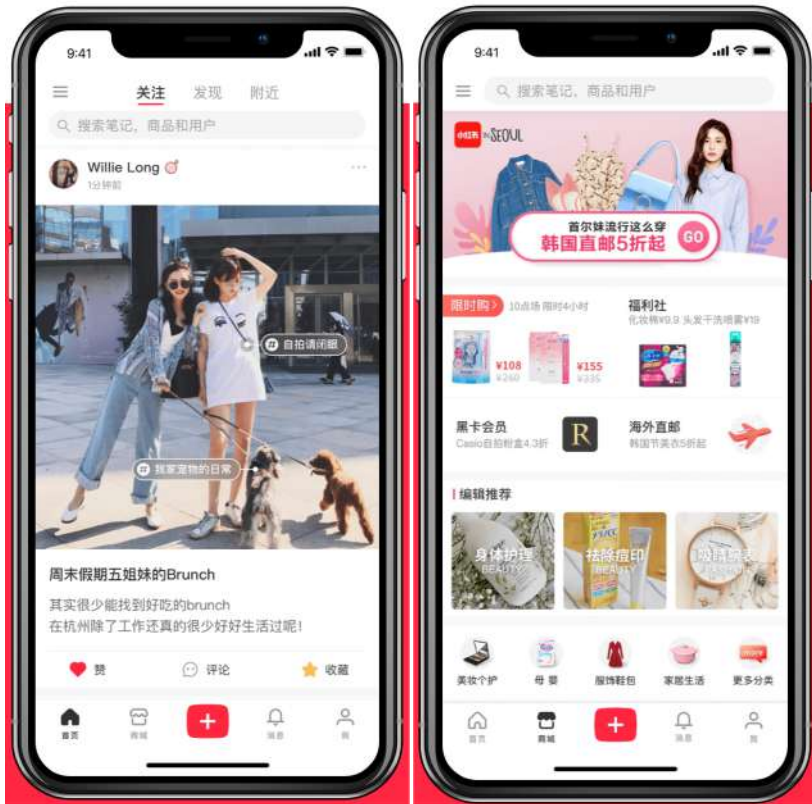




Yi Tiao (One String) – focus on content, design and background story of the product brands



小红书



Xiao Hong Shu (little red book) – fashion and stylish, focus on sharing user comments and knowledge, hosts most of the key KOLs and celebrities.

2亿用户的口碑分享

更多



护肤过程!!!



55598



给大詹分享一个日常的我



1762



琼式护肤 (步骤篇)



22441



你们的“老公”都在我手机里



9569



Xiao Hong Shu (little red book)

In 2014, Xiao Hong Shu started from the community groups. At first, users focused on sharing overseas shopping experiences. It started with cosmetics and personal care product information then expanded to sharing about sports, tourism, home, travel, hotels and restaurants, which touched on all aspects of consumer experience and lifestyle.

At the beginning of 2016, Xiao Hong Shu changed the manual operation content into the form of online retail distribution. Through big data and artificial intelligence, the content of the community is precisely matched to users who are interested in it, so as to enhance the user experience. And today, this community focused online retail style, has become a barrier to entry for Little Red Book, and which other platforms cannot easily replicate.

Uniqueness:

First, the community features real users' word-of-mouth sharing, and the whole community is a huge library of user word-of-mouth comments.

Second, the selection of structured data. Xiao Hong Shu accurately analyses user needs through data to ensure that the purchased goods are highly respected by users. In the five months since Xiao Hong Shu launched its online retail model, its sales have reached more than 200 million RMB. By 2018, it had a total revenue of nearly 13 billion RMB for the previous three years.

But retailers have reported that the repeat purchase rate of products was not good. Under guidance from Little Red Book, the guests like new products which might be highly promoted by KOLs or online stars. Also, the platform has their own products OEMed.



Tik Tok! Now is the hottest app, short videos that are a waste of time, but rapidly occupying the majority of young people's time.

The overseas version of 抖音, called Tik Tok, is currently the world's most-downloaded app, totaling 48 million, surpassing Facebook, YouTube and Instagram. So unlike WeChat and other apps, it is not only limited to inside China.

As China enters the 5G era, our brain perception is being pacified and hand-delivered to AI and mobile phones.

Through 5G, China's young generation are and will be using videos to socialize, to build communities and to develop business opportunities. The 1990s was about using text to exchange information, 2000-2010 was about images and pictures, then videos. But 5G is now bringing instant live streams and short videos. The pace is really getting faster and faster.

Chinese Consumer Characteristics in 5G Mobile Internet Era with Tik Tok:

Quick input: Timing in seconds, decision in first 7 seconds on whether to stay and keep watching

Quick response to information

Communication by voice mail, emoji, and video – new online words and sentences are innovated

Multiple information can be collected in one short Tik Tok video – which also means too much information

Putting aside accuracy and quality of content, Tik Tok is very, very powerful in terms of speed and coverage.

But spa brands, KOLs, online stars are struggling to find continuously attractive ways to market themselves and their products. For most SPA companies, the time and energy spent on TikTok is not matched by the return.

Summary

Online retail platforms are making the biggest money!!

What should we do?

1. Ensure product and service quality and be more creative.
2. Find the correct age group of consumers, join their online community social groups, promote and attract clients at reasonable cost.
3. Promote and raise some fans as your own online stars or KOLs.
4. Integrate resources and cross-border cooperation. Actively participate in other brand cross-border events and promotions
5. Hire some young staff born in the 1990s who can reach consumer's hearts and know their needs.



Thank you

谢谢