# Pulse of China

December 2023

# MIRROR MIRROR ON THE WALL

# MIRROR, MIRROR ON THE WALL, WHAT BEAUTY NEEDS ARE BIGGEST OF ALL?

## REGULAR FEATURES

What were the most searched and viewed topics in the month of October & November in China?

## TREND WATCHER

A deeper dive into implications of the increased interest in outdoor sports for other categories

Your Monthly update on what Chinese consumers are thinking, feeling and exploring

Brought to you by Searchlight Management Consulting.
Data provided by Xiaohongshu (小红书)

Searchlight 小红书

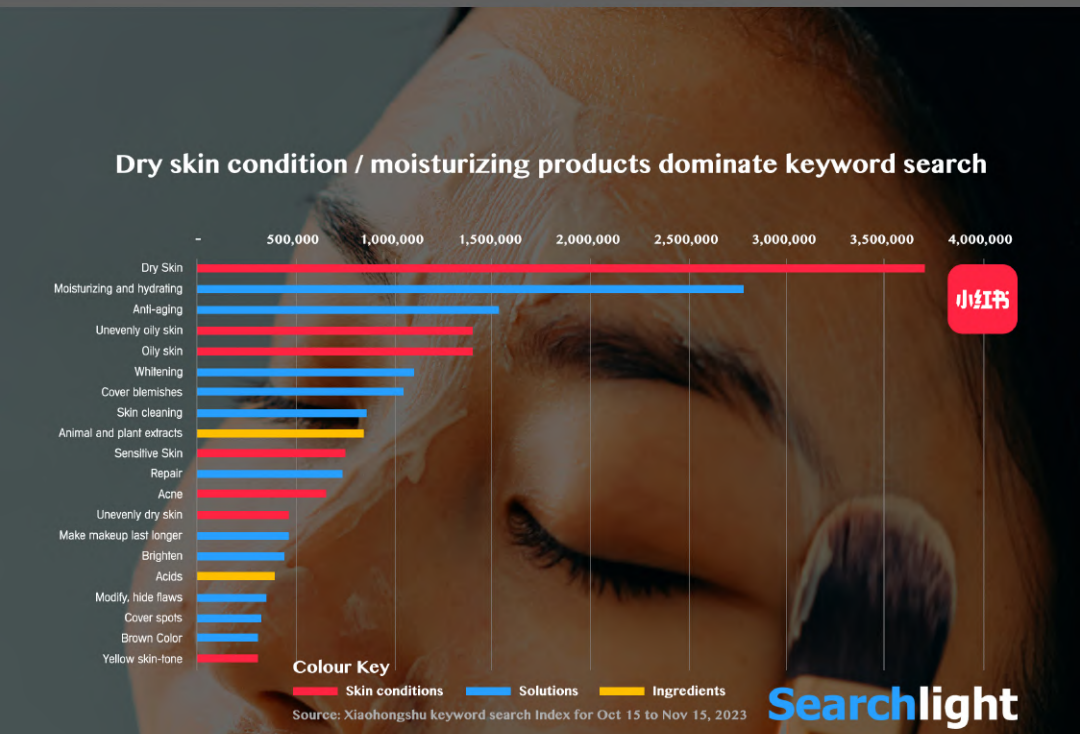
The concept of beauty varies significantly across countries. This month's newsletter delves into consumer activities such as searching, reading, and posting within the skincare and cosmetics category to reveal key themes in China's beauty market.

Analyzing the search index, the top 20 terms categorize into three broad groups: skin conditions (dry, oily, acne, etc.), solutions (moisturizing, whitening, skin cleaning), and ingredient-based searches (acid, plant, and animal extracts). We' ve color coded the bars accordingly to add some more detail to the graph below.

# “Mirror, mirror on the wall: a look at the needs and interests of the Chinese consumer in the beauty and cosmetics category

**Note on Data: For this analysis we use Xiaohongshu Search Index, Read index and Post Index data that indicates post viewing trends that indicates the trend of data across all parts of the Xiaohongshu site and platform.**

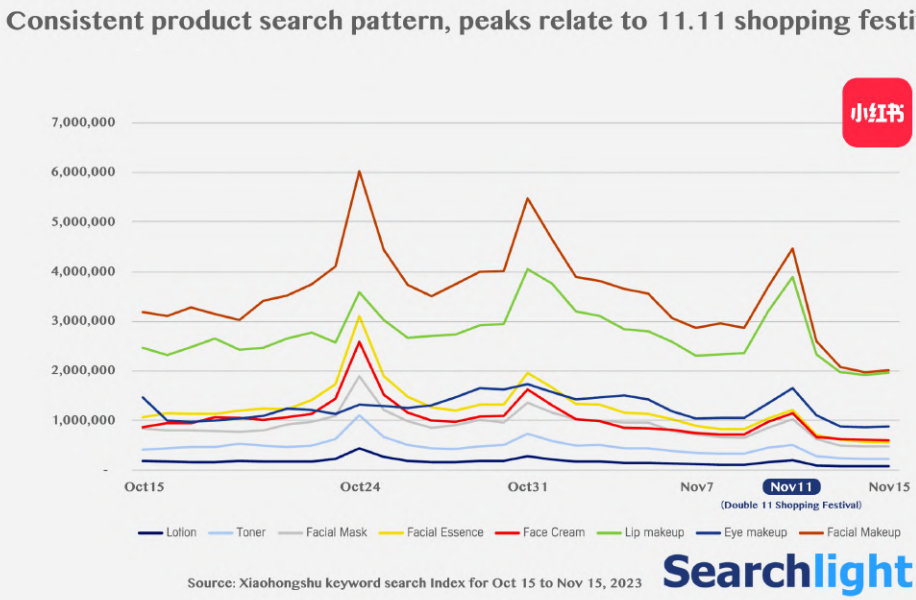
# 1. Dry skin and moisturizing solutions dominate search behavior – giving a clear indicator of the most significant need / interest consumers have




Dry skin and moisturizing solutions are two clearly connected topics – one a consumer need and the other a solution for that need. Those two sets of keywords topped the search index on Xiaohongshu from Oct 15 - Nov 15, towering over all other keywords by a significant margin. In addition to “dry skin”, “unevenly dry skin” is another keyword that ranks high, adding to the weight of dry skin as a condition that tops most consumer searches.

Oily skin (and unevenly oily skin) is the second-most common skin condition of oily skin. Anti-aging and whitening are solutions of great interest, going by search indices on the platform.

# 2. Product keyword searches over the month: Skin care dominates, consistent over time




Interestingly, consumer searches and post views remain consistent throughout the month, displaying three slight peaks, which we will explain shortly. This is in contrast to what we observed last month in the travel category, where consumer interest appeared to peak around a long holiday and indeed, continued to rise throughout the holiday period. It does make sense that beauty and cosmetics are an everyday, ongoing area of interest for consumers as opposed to something that is more seasonal / occasional like travel.

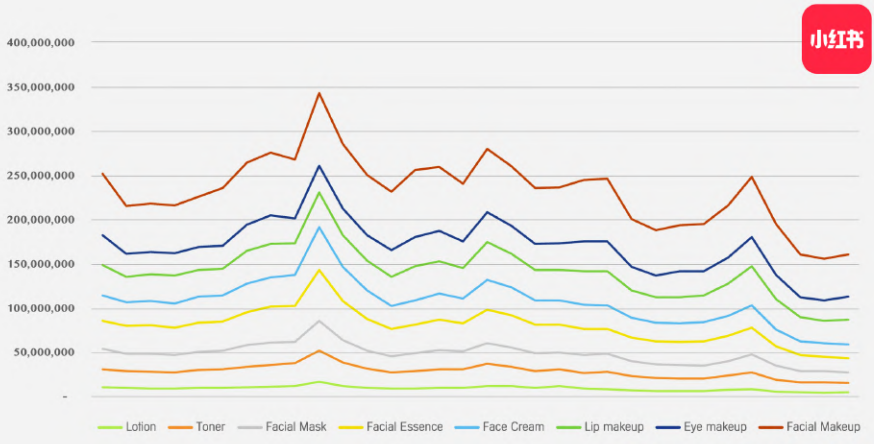
What drives the three peaks in search and why are they all on Tuesdays? That' s actually very interesting and has nothing to do with the day of the week at all. The first peak of search is a day before the start of the 11.11 shopping festival on Oct 25. The second peak was a day before Nov 1 when people can start buying at promotion price and the 3rd was a day before 11.11 – the actual shopping day which has the additional benefit of vouchers and other incentives to be used in conjunction with the special pricing. Interestingly, by 11.11, the search peak is not as high as the previous two – suggesting that people have already made most of their purchase decisions before the actual shopping day. For brands, that means they need to get to consumers as much as 2-3 weeks early in order to feature in their final shopping basket.

Looking at the graph for individual products searched - the top product searches fall into two broad categories – skincare (lotions, moisturizers, toners) and cosmetics (lip makeup, eye makeup). It' s very clear that skin care dominates the search patterns across the month.

Looking at the gaps between the search patterns across different product segments in the category, skin care products' peak was at the pre-sell stage and once purchase decisions have been made (items added in their carts), consumers were not searching for content about this segment. Cosmetics (lip, facial makeup) show two peaks over a continuous interest and stimulation of purchase intent around key 11.11 milestones. Does that mean consumers are buying / deciding multiple times or just going back and searching more often before making a final decision? We believe small-ticket variety items like lipstick may be purchased multiple times stimulated by new promotions or reminders of key dates during the 11.11 festival.

## 3. Posts relating to makeup products dominate post views – showing that these are areas where consumers are keen on information, even if, for the eye-makeup segment, they're not yet searching for purchase related information

**Makeup product related posts (face, eye, lip) dominate post views**




Source: Xiaohongshu keyword search Index for Oct 15 to Nov 15, 2023

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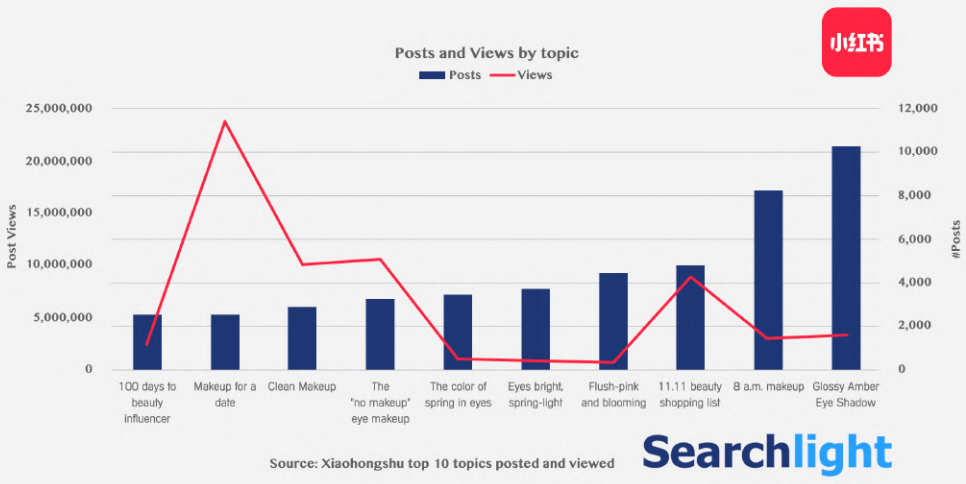
Both in search and post views, most of the interest centres around facial makeup and post views are even more consistent across the month than search behavior. Eye make-up is the only sub-category that doesn’ t have the 3 peaks and search trends are pretty even across the 4 weeks, which suggests that consumers were not proactively looking for the products. However, it is the 2nd highest topic of posts viewed. People seem to love to read the content but appear not to have reached the stage where they’ re searching for information prior to making a purchase decision.

## 4. Preparing for a date is a universal need, and consumer interest centres around makeup more than other products. Brands may be pushing different topics which have some interest but may not resonate quite so much with consumers.

**Makeup preparation for a date is the most read topic but least posted about 11.11 beauty shopping list is 3rd on posts filed and posts viewd**




Source: Xiaohongshu top 10 topics posted and viewed

One interesting thing to see from the graph above, is that topics with the most posts are not the topics with the most post views. Makeup for a date dominates views, 11.11 beauty shopping lists is 3rd in both posts and views.

Looking at the specific topics that saw the most readership, some are clearly seasonal – like the focus on 11.11 beauty shopping list.

Some of the other topics indicate a unique concept of beauty for Chinese consumers that may not exist in other markets: For instance, Glossy Amber eye ( 琥珀琉璃眼 ) refers to a brown shade with a shiny effect done by eye shadow or color contact lens suitable for work/everyday. This is a different concept for blue, black or other popular color eye-shadow that is a more universally recognized product elsewhere in the world.

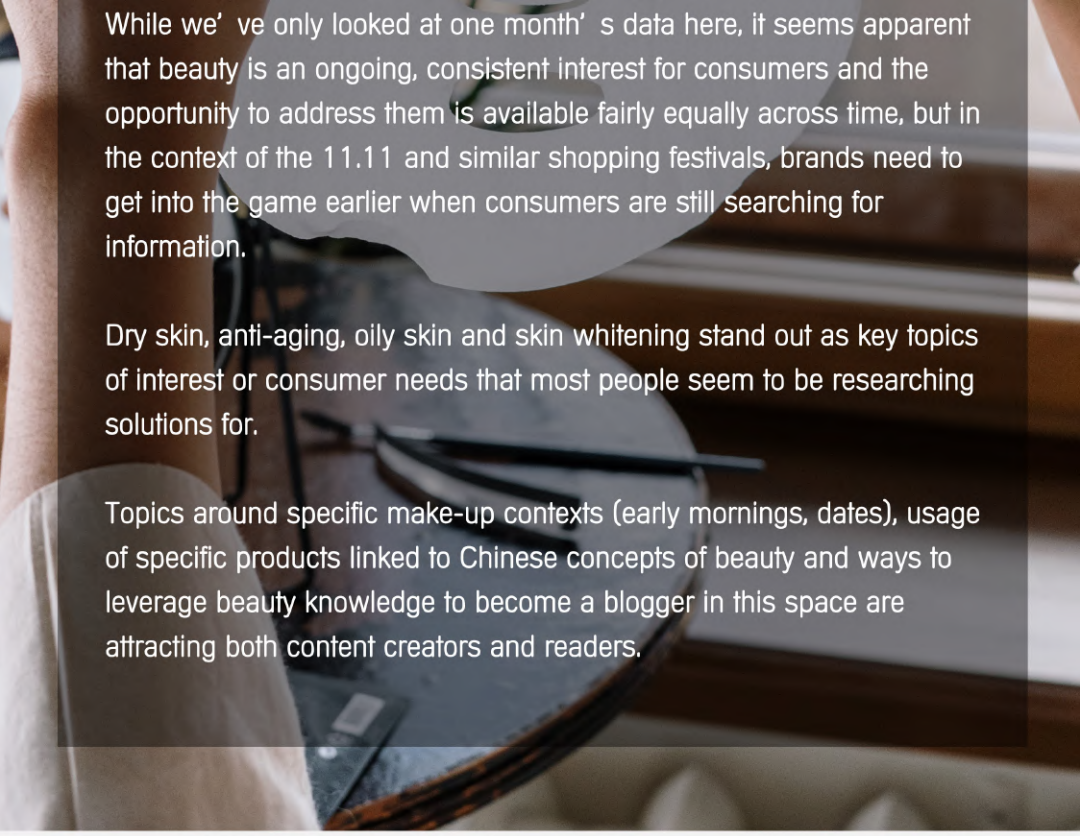
Another example, Clear water eye ( 白开水初恋眼 ) refers to a style of eye-makeup that imitates the natural, innocent look of a teenager – the intended effect is a "no makeup look" that is particularly appealing and innocent.

■ Glossy Amber eye (琥珀琉璃眼) / vouge.com.tw

■ Clear water eye (白开水初恋眼) / bella.tw

Interestingly, posts about becoming a beauty blogger in 100 days (which presumably combines tips on beauty and cosmetics usage with tips on leveraging that as a blogger) is also a popular topic. (Remember every topic in this chart is one of the top 10 beauty topics discussed, so even the smallest bar represents significant interest).

## Summary



While we' ve only looked at one month' s data here, it seems apparent that beauty is an ongoing, consistent interest for consumers and the opportunity to address them is available fairly equally across time, but in the context of the 11.11 and similar shopping festivals, brands need to get into the game earlier when consumers are still searching for information.

Dry skin, anti-aging, oily skin and skin whitening stand out as key topics of interest or consumer needs that most people seem to be researching solutions for.

Topics around specific make-up contexts (early mornings, dates), usage of specific products linked to Chinese concepts of beauty and ways to leverage beauty knowledge to become a blogger in this space are attracting both content creators and readers.

# XIAOHONGSHU
# **HOT TOPICS of THE MONTH**

While Christmas is not a big occasion in China, there is clearly some interest in it which is reflected in even beauty related topics that have a Christmas flavor to them. Christmas in China is mostly a social gathering rather than a family festival and hence takes on the nature of a party occasion with the implications it carries on make-up and outfits.

nterestingly, many consumers in China are now tracking international brands and "Black Friday" overseas to purchase items not currently available in China – sharing information and tips on what to buy, where and how much to expect to pay for it.

We have two examples below of someone providing information on all the overseas sites selling Ralph Lauren and Jellycat – showing not just prices and promotions but also advice on navigating these (English) websites and how to get key information translated so that consumers can understand the offers and make purchases.

| Topic | Brief description of types of content viewed | Views (Oct 15 - Nov 15) |
|---|---|---|
| Christmas Manicure | Christmas is coming – time for the latest winning "nail armour"! | 530 million |
| Black Friday overseas website shopping strategy | Interestingly, in China, there is considerable interest in overseas shopping festivals (Black Friday), sharing tips and information on products, promotions and websites to make purchases | 280 million |
| Strawberry soda makeup | How to get the "sweet girl" look in winter – strawberry make-up - bright, energetic and eye-catching | 10 million |

***The opportunity this highlights is for international brands to use Xiaohongshu to stimulate interest amongst Chinese consumers – even if they're not yet sold in China!*** What we're seeing here is mostly organic consumer posts and interactions, but there is clearly an opportunity to amplify that if brands initiate some posts and activity on the platform.

# TREND WATCHER 2023 vs 2022
# WHAT DOES THE INCREASED INTEREST in OUTDOOR ACTIVITIES MEAN for OTHER CATEGORIES?

In our newsletter last month we pointed out that "Outdoor (activity)" as a search keyword has been increasing year on year. ***Comparing the number of outdoor search terms in January - October this year, it can be found that it has increased by 4 times compared with the same period last year.***

"Gorpcore" – defined on Wikipedia as a fashion trend in which outerwear typically designed for outdoor recreation is worn as streetwear – is trending up on Xiaohongshu. While the specific term Gorpcore grew 110%, related terms in Chinese are also all featuring in post views and searches.

**GORPCORE**

Y23YTD 同比

**+110%**

**YAMA Style**

Y23YTD 同比

**+115%**

**Leisure Outdoor**

Y23YTD 同比

**+480%**

**Urban Outdoor**

Y23YTD 同比

**+360%**

■ Image Source: borasification.com / hypebeast.com / classy-online.jp

Source: Xiaohongshu post viewership YTD 2023

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These trends resulted in high search volume for things such as down and puffer jackets. Some original outdoor items have become popular not only for outdoor activity but also for daily use (Wind-breaker jackets are the top in both keyword search and posts read relating to sports and the outdoors). So too are hiking shoes featuring in the top 5 search and top 2 posts read.

**Wind-breaker Jackets**

September 2023
运动户外搜索趋势热榜
**TOP 1**

September 2023
运动户外内容阅读趋势热榜
**TOP 1**

**Hiking Shoes**

September 2023
运动户外搜索趋势热榜
**TOP 5**

September 2023
运动户外内容阅读趋势热榜
**TOP 2**

■ Image Source: thenorthface.com

Source: Xiaohongshu post viewership YTD 2023

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Outdoor Brands such as HOKA, Columbia, DUVETICA, are leveraging these trends to enhance brand preference while some sports brands (not strongly associated with outdoor sport) are taking the opportunity to extend their usage occasions.

HOKA
#野出新路来

Columbia
#走进自然 自然会玩

DUVETICA
#户外显眼包

lululemon
#户外集结计划

adidas TERREX
#探野装备间

■ Image Source: Xiaohongshu

These trends are relevant to skin care and cosmetics – highlighting the opportunity for brands to match fashion styles and fulfilling consumer needs around outdoor activities such as sunscreen, moisturizing lotions and outdoor traveling packs.

The outdoor lifestyle also creates opportunities for portable food / beverage solutions such as drip coffee, protein bar, pre-pack foods and so forth. ***It may be a trend worth keeping an eye on even for marketers in seemingly unconnected categories for the new opportunities it creates or the existing ones it enhances.***

# the platform, the users, and the consumers

Xiaohongshu - Xiaohongshu ( 小红书 ) is a platform for consumers to search, read and share authentic content about all kinds of product categories and lifestyle related experiences and services. On Xiaohongshu, 90% of content on the platform are UGC (user-generated content) coming from ordinary users. Xiaohongshu has truly become the trusted source where ordinary people turn to for making consumption decisions. Its average number of searches daily has exceeded 300 million. While brands and companies can have corporate accounts and post content of their own, there
is no option to "boost" their rankings or views using advertising money, thus letting Xiaohongshu serve as a barometer of uncontaminated consumer behavior.

As of the end of 2022, there were over 260 million monthly active users and 69 million content creators on Xiaohongshu sharing about their lives. Users engage through authentic, interesting and useful content, building a relationship based on trust. They share, discuss and are constantly "seeding recommendations" about their favorite products and lifestyle trends. 70% of users are from the post-90s generation, and 50% of users come from first-and second-tier cities in China, representing strong spending power. Consumers can directly engage with a feed based on
topics they are interested in, follow certain specific content creators or influencers, or search for
content on specific topics and subtopics.

Marketers can look at broad sweep statistics to get a sense of what' s hot in their category,
which brands / segments / consumer needs and questions are most current. They can examine what content consumers are engaging with, separate brand content from UGC, and see consumer trends expressed in posts, content views, and searches.

If you want to know more about Xiaohongshu, come and explore our consumer experience for yourselves via the web on https://www.xiaohongshu.com/en, and Instagram, Twitter(X) and YouTube.

小红书

# ABOUT XIAOHONGSHU

# ABOUT SEARCHLIGHT CONSULTING

**Searchlight**

Set up in early 2020, Searchlight is a boutique management consulting firm headquartered in Shanghai.

Our typical scope of work covers:

a. Market and consumer analysis to identify opportunities

b. Defining business strategy and business model to leverage these opportunities

c. Brand architecture, proposition and positioning to deliver the strategy

Our team of 14 associates covers a wide range of specialist areas – marketing, advertising, media, content marketing, brand management, HR, CRM, sales management, technology, and business management. Each of us has at least 20 years of work experience, a large part of that in China.

We coach and assist client teams to make quality decisions for the business. We also assist in the design of organizational processes and financial models, especially building internal and external capabilities for strategy implementation.

We' ve worked with both international and local brands, startups and public listed companies - J&J, Hollister Medical and Pandora as well as Sunner Foods (a listed company that leads the food processing category with a 40-year history) and startups like Little Ondine, LeBunna and Unibrown coffee.

For more about us visit ***www.searchlightchina.com***

If you want to convert information into usable insights and strategy, contact us:

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