

China's Beauty Industry

White Paper

Xiaohongshu (RED)

2024

CHINESE
BEAUTY
INDUSTRY
WHITE PAPER



Currently Trending .

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FOREWORD

Qianchuan 阡, the sea is vast and the wind favorable for sailing — In recent years, domestic beauty brands have risen with the wind, ushering in a new wave of resurgence among domestic brands across both awareness and commercial performance within the industry. Domestic beauty brands have invested significant efforts in raw materials, formulations, and manufacturing processes. An increasing number of high-quality products have steadily enhanced users' recognition of domestic brands.

Meanwhile, Xiaohongshu, as a vital platform influencing users' product discovery and purchase decisions, offers fertile ground for the growth of a growing number of domestic beauty brands due to its dynamic community perspective and robust data capabilities.

Xiaohongshu empowers more domestic brands characterized by 'patriotic sentiment,' 'Chinese aesthetic makeup,' and 'Chinese ingredients' to capitalize on trending opportunities and secure the minds of beauty consumers. Supporting domestic beauty brands across various development stages, Xiaohongshu efficiently captures user attention through a four-tier product discovery mechanism, unlocking new possibilities for Chinese beauty brands. Concurrently, with the rise of Xiaohongshu's in-platform e-commerce momentum, domestic beauty brands increasingly regard Xiaohongshu as an emerging hub for e-commerce management and private domain operations, fostering greater growth opportunities within the platform.

To enable more brands to better understand the latest demographic trends and operational strategies of Xiaohongshu (RED), we have published the 'White Paper on China's Beauty Industry.' We hope this white paper will help brands gain insights into beauty consumers, develop products that resonate more deeply with users, drive product growth through influencer seeding, and ultimately achieve brand evolution and genuine user engagement. With favorable winds and strong momentum, now is the ideal time to set sail!



Raichu

Xiaohongshu Commercial Domestic Brand Beauty Haircare Industry
Strategy Director

The 'White Paper on China's Beauty Industry,' jointly released by Xiaohongshu (RED) and Qingyan Intelligence, offers an in-depth analysis of the development trends of China's cosmetics market and the ascent of domestic beauty brands.

Over the past decade, the Chinese beauty market has experienced sustained expansion, showcasing strong market vitality and growth potential. Domestic beauty brands have notably increased their market share by attracting a considerable number of new-generation consumers through continuously enhanced product quality, alignment with Chinese aesthetic standards and skin profiles, as well as the promotion of traditional Chinese culture.

The White Paper on China's Beauty Industry further analyzes the market performance of key beauty categories, including skincare, color cosmetics, personal care, and fragrances, revealing the dynamic evolution of domestic brands amid diversified market competition and changing consumer preferences. Notably, Xiaohongshu, through its distinctive platform features, provides significant commercial value to China's beauty industry, empowering brands to capitalize on opportunities within a fiercely competitive market and accelerate growth. Similarly, brands must develop refined operational strategies tailored to the unique characteristics of Xiaohongshu to fully capitalize on the commercial opportunities and growth potential offered by the platform.

For those with a keen interest in the trends of China's beauty industry, the future potential of domestic brands, or consumer behavior, the 'White Paper on China's Beauty Industry' offers an indispensable industry guide.



Li Huihua

Founding Partner of Qingyan

Brand Testimony 0



Song Hongquan

Director and Executive President of Mao Geping Cosmetics Co., Ltd.

The Xiaohongshu platform is a premium content-sharing platform where users can engage in authentic and diverse sharing and discussions, forming an interactive community with a genuine atmosphere. Therefore, Xiaohongshu can establish an effective communication bridge between brands and users through its unique social attributes.

As a master-level, high-end beauty brand in China, Mao Geping Cosmetics upholds a spirit of craftsmanship and relentless pursuit of excellence to create beauty exclusively for its users. This necessitates a deeper connection between the brand and users to accurately understand and fulfill their authentic needs, while effectively communicating brand value. The Xiaohongshu platform aligns closely with our brand at this level. Within the Xiaohongshu ecosystem, brands can access premium content contexts, precisely engage their core users, and amplify their influence, enabling broader user understanding of the brand while allowing the brand to gain deeper insights into users, achieving a reciprocal commitment between brand and users.

Looking ahead, we wish Xiaohongshu to continue upholding its authenticity and distinctiveness in both content and community ecosystem, attracting more users who cherish life and pursue beauty. We also look forward to collaborating and growing with Xiaohongshu to deliver users an increasingly exceptional and superior brand experience.



Sun Huaiqing

Chairman of the Board and CEO of Marubi Co., Ltd.

As a key consumer decision-making platform for contemporary beauty-focused audiences, Xiaohongshu hosts a vast array of genuine consumer demands. As a domestic brand specializing in Oriental eye care and biotechnological anti-aging research, Marubi has committed to scientific innovation for 22 years, fundamentally rooted in the authentic skin care needs of consumers. Marubi chooses to engage in deep communication with consumers on Xiaohongshu, leveraging the platform's strengths in premium content environments and trend insights to enable users to better understand Marubi products and establish trust in the brand.

The vitality of domestic brands remains inexhaustible, and we look forward to continuing our partnership with Xiaohongshu to jointly promote high-quality brand development.



Wang Anning

Founder of the Guyu Brand

Guyu fully recognizes the crucial role Xiaohongshu plays in brand communication and user engagement: it serves not only as a guide to users' aspirational lifestyles but also as a community that authentically showcases positive and diverse ways of living. On Xiaohongshu, we continuously focus on Guyu's plant-based whitening brand philosophy, which is better suited for Chinese skin types. By leveraging diverse combinations of KFS tools and premium content, we consistently engage the whitening consumer segment, successfully fostering breakout brand products that play a vital role in driving overall business growth.

Moving forward, we will continue to explore additional collaboration opportunities with Xiaohongshu, jointly advancing domestic brands to greater heights.

Yang Boya

blank me | Founder and CEO of Ban Fen Yi Brand



Xiaohongshu hosts a substantial community of young, trend-savvy users who are both trend creators and consumers. Xiaohongshu inherently excels in trend identification, empowering brands to swiftly pinpoint precise target audiences. It is an indispensable platform for brand development and product marketing.

In our previous collaboration, blank me Ban Fen Yi leveraged Xiaohongshu (RED) to gain deep insights into consumer emotions, focusing on emotional expression and achieving sustained content development, as well as ongoing brand cultivation.

We look forward to our collaboration with Xiaohongshu (RED) fostering more innovative and enduring partnership models within the beauty industry, enhancing industry influence, allowing more beauty consumers to enjoy a higher-quality and more heartfelt lifestyle, acquire greater inspiration regarding 'beauty,' and realize mutually beneficial outcomes for all stakeholders.

Kurt

Co-founder of RED CHAMBER Zhu Zhan



In this rapidly evolving era, each innovation in the beauty industry continuously reshapes consumers' perception and pursuit of beauty. The publication of this white paper not only serves as an industry report but also stands as a testament to the robust growth of China's beauty sector.

As a pioneer in sustainable and clean domestic color cosmetics, we are dedicated to fulfilling consumers' dual demands for ingredient safety and superior makeup efficacy. Benefiting from Xiaohongshu (RED)'s distinctive content ecosystem, we can attentively capture the authentic needs of users, which are then integrated into product development. Through the platform's product seeding, these products are recommended to target users, creating a virtuous cycle among 'users - platform - brands.' RED CHAMBER has also achieved a new level of growth through this reciprocal engagement with users. This outcome reflects the close collaboration between brands and the Xiaohongshu (RED) platform, serving as the strongest proof of Xiaohongshu (RED)'s value within the beauty industry.

We look forward to continuing our partnership with Xiaohongshu (RED) on this dynamic platform, collaborating with more like-minded partners to drive the ongoing development of the beauty industry, explore new frontiers, and jointly create greater value and opportunities.

Wen Chong

CEO of Lizhi Group



Young users on Xiaohongshu (RED) not only produce the fresh and effective expressions that brands need but also cultivate localized beauty trends. It is precisely this community atmosphere of genuine interaction and sincere sharing that subtly influences and reshapes the beauty industry. It not only influences consumers' decision-making processes and changes the way products enter the market but also strengthens the relationship between brands and the market.

Xiaohongshu (RED) is transforming not only individual product seeding consumption habits and brand marketing strategies but is also poised to impact the overall development of the beauty industry, which undoubtedly holds immense potential.

Xiao Yi

Co-CEO of Afu



Afu, as a leading domestic essential oil brand, has anchored the oil-based skincare trend on the Xiaohongshu (RED) platform over the past two years. By deeply cultivating product seeding operations, it has achieved a breakthrough in content penetration of the essence oil category, rising from 16th to 1st place, thereby reshaping its brand image as the pioneer of oil-based skincare on Xiaohongshu (RED).

Xiaohongshu (RED) serves as a crucial platform for brands to engage intimately with users. My customer service team and I review authentic user feedback on Xiaohongshu (RED) almost daily. By approaching user communication through the skincare technique of oil nourishment, we addressed users' confusion regarding the application of essence oils. Furthermore, the upgrade of the 11 seed oil mask to a lifting hanging ear design was derived from deep insights into users' segmented needs. Xiaohongshu (RED) has facilitated Afu in establishing a cyclical framework encompassing demand insights, product innovation, consumer decision-making pathways, and product seeding with feedback collection. This process has even reshaped internal organizational workflows and strategic thinking. We anticipate that Afu will continue to lead trends in oil usage among Chinese consumers and ultimately produce the finest oil worldwide.

Over the past six months, Afu and the Xiaohongshu (RED) team have collaborated to optimize the platform's business closed loop, achieving a monthly GMV approaching ten million. We have fully experienced Xiaohongshu (RED) team's rapid pace of self-renewal and innovation, accompanied by their courageous approach to challenges. We look forward to a mutually successful partnership between Xiaohongshu (RED) and brands.



Zhang Mei

Vice President of Betadine

Xiaohongshu (RED) serves as our guide to a better life. Here, we witness a world that is more authentic, uplifting, and diverse. When the 'red' of Xiaohongshu (RED) meets the 'red' of Winona, it leads the Winona brand to aspire to and grow toward beauty, enabling Xiaohongshu (RED) users to continuously embrace diverse health and beauty choices in their pursuit of a better life.

We continuously engage in meticulous product seeding on Xiaohongshu (RED), achieving both audience expansion beyond traditional boundaries and synergistic growth in brand awareness and sales performance. This reflects a mutual commitment between Xiaohongshu (RED) users and the specialized sensitive skin brand Winona.

Thanks to Xiaohongshu (RED), Winona has been able to serve a larger number of sensitive skin users. Moving forward, we aspire to pursue integrated co-creation, explore advanced approaches in sensitive skincare, and jointly realize a healthy skin ecosystem in China.



Fan Yuan

Vice President of Business, Huaxi Bio

Xiaohongshu (RED) has always been guided by vivid and multi-dimensional consumer needs, delivering product value and emotional connections to consumers across segmented and diverse scenarios. This approach fosters sincere community sharing.

Huaxi Bio continuously gains insights into the core pain points of Xiaohongshu (RED) consumers in skincare scenarios, utilizing leading biotechnology and professional formula efficacy research to provide consumers with a robust and comprehensive product experience. Leverage vivid and resonant content, accurately targeted audience scenarios, and effective deployment to enable consumers to find quality products, and subsequently assist brands in continuously optimizing their products, truly realizing a reciprocal commitment between users and brands.

Aligned with Xiaohongshu (RED)'s 'people-centered' philosophy, Huaxi Bio will harness technological capabilities and product excellence to deeply embed itself in consumers' minds, collaboratively cultivating the warmth and vitality as well as the beauty and happiness of the user experience within China's brands.



Wu Yifan

General Manager of Yangshengtang Cosmetics

Yangshengtang Cosmetics is positioned as a high-end quality domestic brand. For the brand, Xiaohongshu (RED) naturally aligns with its target audience and provides a content ecosystem conducive to healthy brand development.

Over the past year, Yangshengtang has collaborated with the platform's commercial IP projects and leading high-quality KOLs. Through these initiatives, users have come to understand and trust Yangshengtang. Additionally, benefiting from the community atmosphere and the product's intrinsic quality, the brand has garnered substantial organic word-of-mouth, which has been beneficial to the brand's overall online and offline business.

Moreover, Xiaohongshu (RED), as an integrated marketing and sales platform, enables Yangshengtang to attract diverse consumers, generating brand interest and driving purchases. Compared to other e-commerce platforms, Xiaohongshu (RED) connects users and brands through deeply engaging, high-quality content value chains, providing superior dissemination and conversion efficiency with a more multidimensional value proposition.

Professor Duan Zhiguang
Chief Technology Officer of Juzi Bio



In recent years, China's cosmetics industry has continued to flourish, demonstrating strong consumer vitality. With the increasingly diversified consumer demands and the continuous upgrading of consumption concepts, the industry has entered a new competitive phase, gradually shifting from marketing and traffic competition to an in-depth contest focusing on scientific research capabilities, ingredient innovation, and product efficacy. Recombinant collagen, as an exemplary technological ingredient from China, has not only broken the ingredient monopoly held by international companies but also provided robust scientific research and efficacy support for Chinese beauty brands.

Against this backdrop, Xiaohongshu (RED), characterized by its vertical focus and strong user engagement, has become a pivotal platform in China's beauty industry where product seeding, marketing, and conversion seamlessly integrate. The platform gathers numerous young users who prioritize ingredients and efficacy when selecting cosmetics, constituting the core consumer group for China's beauty brands.

By leveraging Xiaohongshu (RED), brands can not only access a vast potential consumer market but also significantly boost brand awareness and market influence through targeted promotion and reputation building, thereby effectively promoting the robust growth of China's beauty industry.

Sun Lei
CMO of Yatsen Group



As an emerging domestic beauty group, Yatsen is dedicated to continuously driving innovation in the products of its affiliated brands, introducing new products exemplified by Perfect Diary's 'Bionic Membrane' essence lipstick and Galenic France's third-generation platinum 'Snow Algae' face cream, comprehensively fulfilling users' beauty needs.

As China's largest lifestyle community, Xiaohongshu (RED) features high search visibility, rapid content iteration, and extensive content accumulation, uniquely exhibiting foresight within the beauty and personal care industry, and offering us valuable strategic insights. Meanwhile, a vast number of beauty users gather on Xiaohongshu (RED) to share, enabling us to engage in more precise dialogues with users, allowing brand and product strengths to deeply penetrate users' minds, transforming 'transactions' into 'genuine connections.' Xiaohongshu (RED)'s user advantages empower us to advance the implementation of the DTC (Direct To Customer) business model. Our brands can conduct more in-depth interactive social marketing, thereby expanding brand engagement opportunities and effectively enhancing brand value.

Looking ahead, Yatsen Temple can leverage Xiaohongshu (RED) to empower brands through value creation across three core dimensions: content, audience, and data, thereby facilitating closer collaboration between both parties.

Ni Na
Matter-of-Fact, Brand Owner



If products satisfy basic human needs, then brands fulfill advanced human needs. This advanced need can be simply understood as 'having standards,' including quality, sensory perception, emotional resonance, pricing, and alignment with personal identity.

The value of content provided by Xiaohongshu (RED) lies precisely in 'making life better,' attracting a group of discerning individuals with high standards for their lives and themselves.

Therefore, in a certain sense, Xiaohongshu (RED) users serve as a litmus test for brand value; because they are discerning, they are harder to impress, and precisely because of this, they are also more inclined to make purchases from the brand.

CHAPTER 01

China's Beauty Industry is Flourishing |

Insights and Demographic Research on China's Beauty Market

7.7

Current Landscape of the Beauty Market in China

7.7.1

A Trillion-Yuan Beauty Industry in China

China's beauty market has expanded from a market size of 275.9 billion RMB in 2014 to 797.2 billion RMB in 2023, achieving a compound annual growth rate of 7.32%, thereby demonstrating vast growth potential. In today's digitally driven environment, the online market size has reached 404.59 billion RMB, representing a year-on-year growth of 10%, having already surpassed traditional offline channels—marking the transformation and upgrade of China's beauty market alongside the emergence of the new retail revolution.

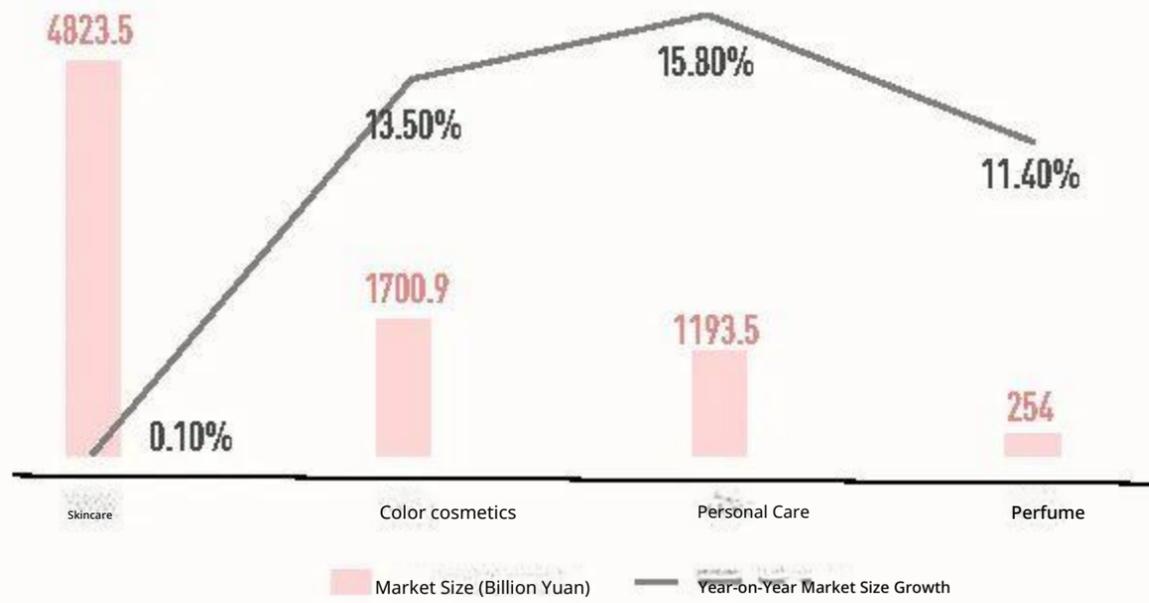
| 2023 Cosmetics Market Sales Revenue (100 million yuan)



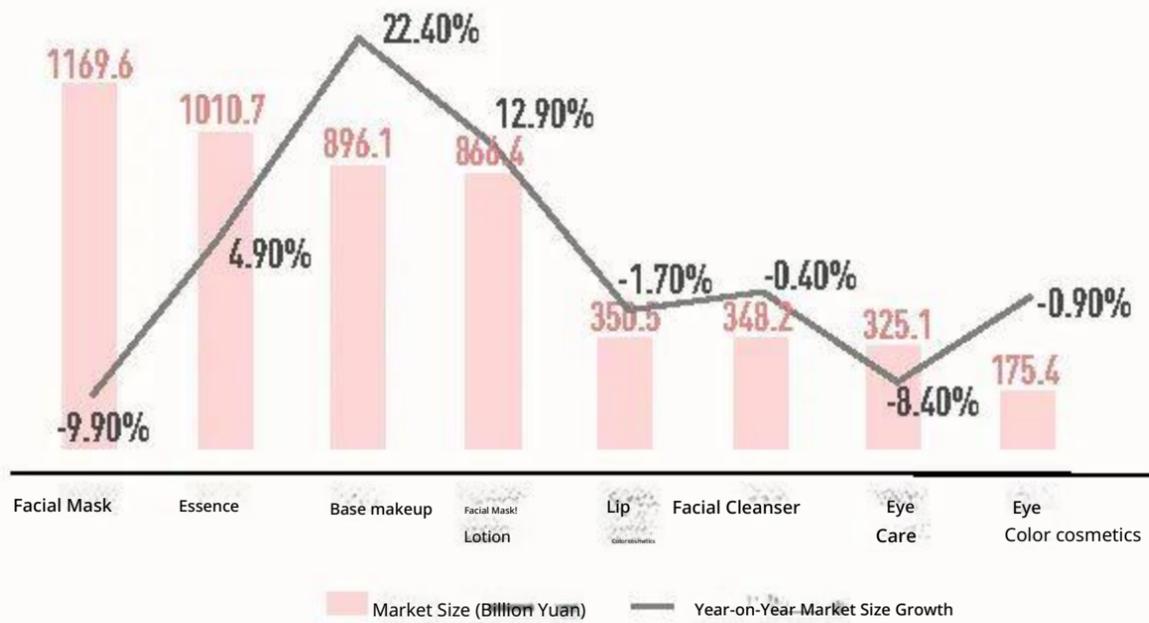
Diversification Trends Are Evident in China's Beauty Market

From the perspective of primary category market size, skincare and color cosmetics remain the core pillars of China's beauty industry, while the rapid growth in personal care and color cosmetics categories signifies the sustained expansion of consumers' daily beauty and personal care needs. From the perspective of the secondary category market scale, face masks and essences, each exceeding a market size of one hundred billion yuan, hold leading positions, followed by face creams. Lotions and base makeup closely follow, each approaching a market size of ninety billion yuan, with base makeup notably achieving the fastest growth category title with a year-on-year increase of 22.4%. However, fluctuations persist within the beauty wave; face masks and eye care categories are experiencing nearly a 10% decline in market size, signaling a shift in consumer preferences and market dynamics.

2023 Market Size of Primary Categories



2023 Market Size of Secondary Categories

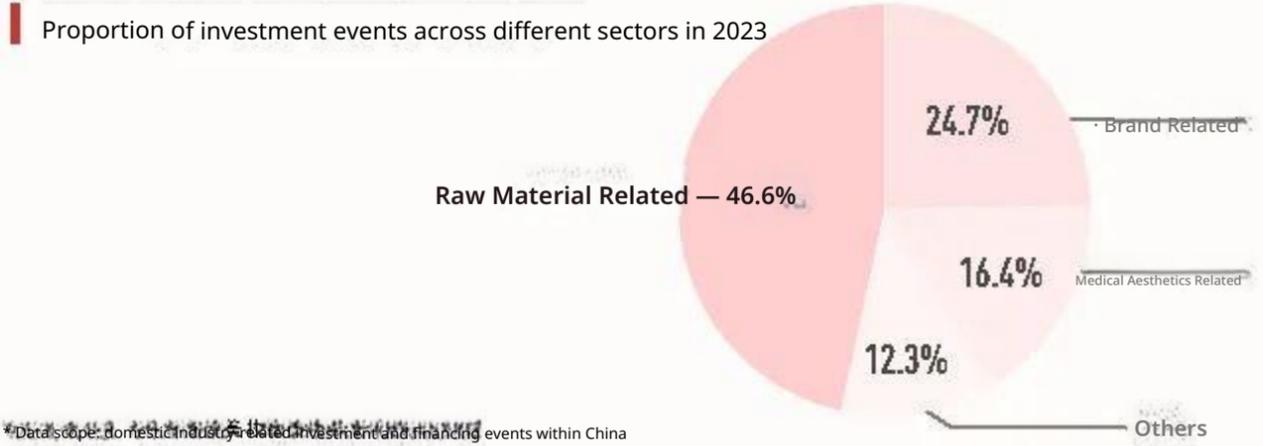


1.1.3

Raw Material Enterprises Emerging as an Investment Hotspot

Synthetic Biology Competitive Landscape Highly Active

In 2023, a total of 73 investment and financing events occurred in the beauty-related sectors. Among these, 34 invested enterprises were raw material-related companies, accounting for 46%. Meanwhile, the vast majority of invested raw material companies were synthetic biology firms, with investment amounts ranging from tens of millions to nearly one hundred million yuan.



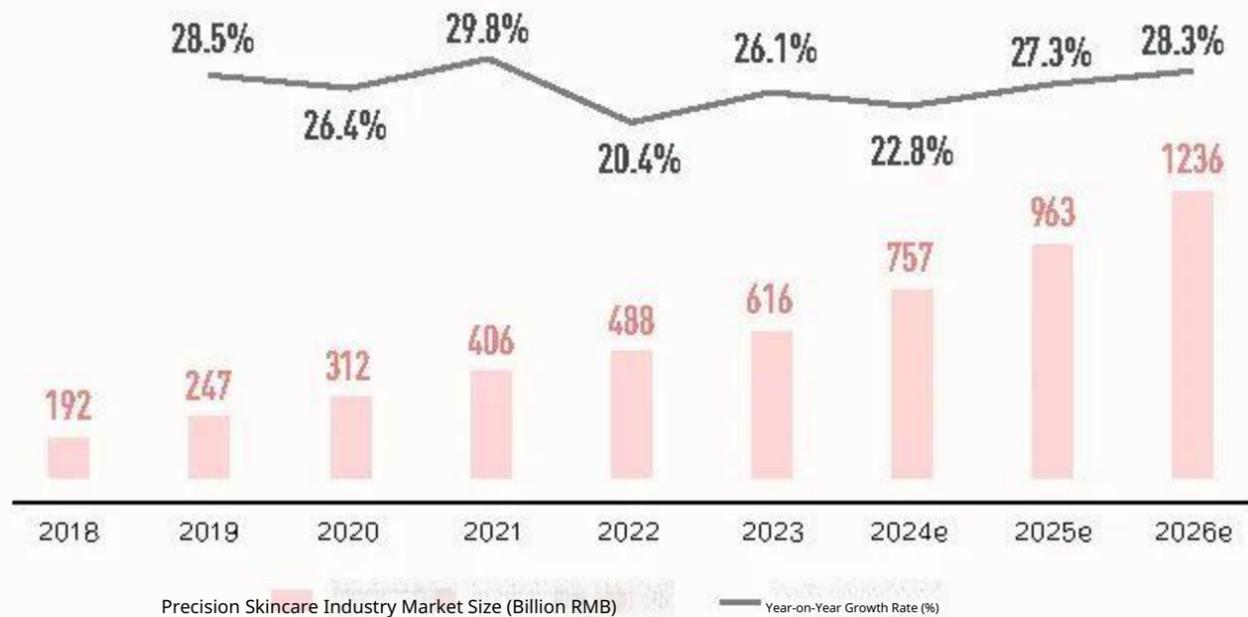
1.1.4

Growth of the Precise Skincare Market Size

Broad Industry Outlook

Upgraded consumer demand is driving the growth of the precise skincare market size. It is projected that by 2026, China's precise skincare market will reach 123.6 billion yuan, with recent annual growth rates exceeding 20%. In terms of refined demographic segmentation, certain brands have begun developing products tailored for women's special periods. Within the scenario competitive landscape, more and more brands are launching seasonal products that not only meet consumers' fundamental needs but also incorporate care ingredients to address sensitivity issues associated with seasonal changes.

2018–2026 China Precision Skincare Industry Market Size and Growth Forecast



1.1.5 Offline Channels Gradually Recovering

Considerable Growth Potential

In 2023, sales revenue in offline cosmetics channels ended a two-year decline, increasing by 2.12% year-on-year compared to 2022, reaching 146.96 billion RMB. Additionally, the average transaction volume per customer increased by 8.3% year-on-year, demonstrating that overall foot traffic in cosmetics stores is recovering.

Simultaneously, based on research conducted on cosmetics stores across 18 cities in 11 provinces nationwide with varying business models, 56.5% of stores saw year-on-year sales revenue growth in 2023; however, only 13.04% of stores have recovered their sales revenue to pre-pandemic levels.

In summary, overall cosmetics sales revenue has increased, but the operational conditions of most stores have yet to fully recover to pre-pandemic levels, indicating substantial room for growth.

| 2023 Cosmetics Store Sales Revenue (billion yuan)

	Sales Revenue (billion yuan)	Customer Transactions (hundreds of millions)	Attachment Rate
Year 2023	1469.6	14.6	3.26
Year-on-Year	2.12%	8.30%	4.20%



1.2

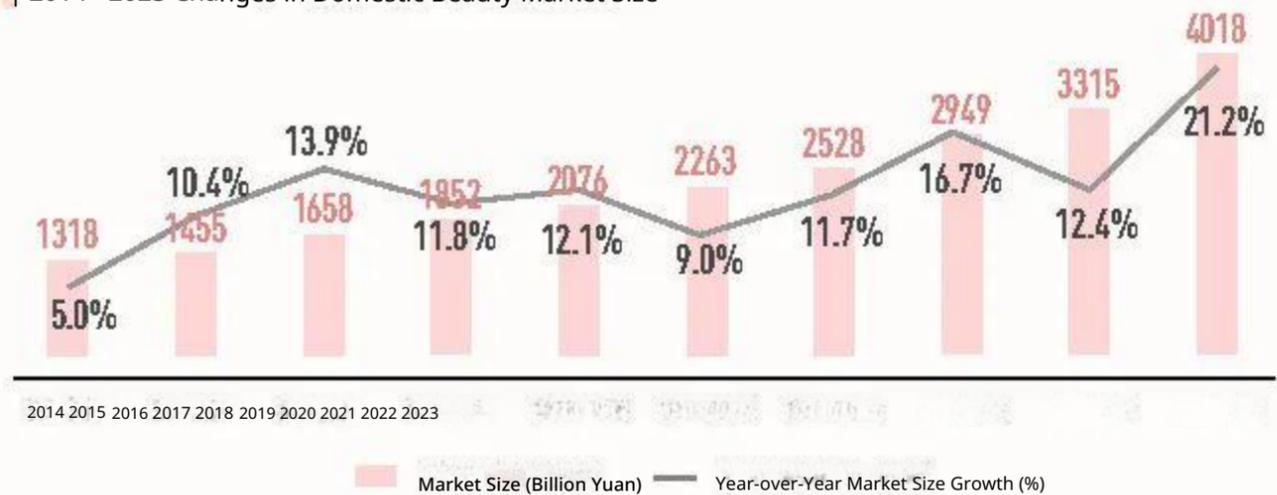
Domestic Brand Beauty Market Size

1.2.1

Vibrant Growth, Domestic Brand Beauty Achieves Rapid Expansion

Over the past decade, the domestic brand beauty market size has consistently surged, achieving a compound annual growth rate of 13.18%, underscoring its distinctive appeal and robust strength. This growth surpasses the overall China cosmetics market by 5.86 percentage points, marking a brilliant milestone for domestic brands.

| 2014 - 2023 Changes in Domestic Beauty Market Size



1.2.2

Surpassing Foreign Brands, Domestic Beauty Brands Fully Rise

In 2023, Domestic Beauty Brands captured a 50.4% market share, surpassing foreign beauty brands and showcasing unparalleled strength. Domestic Beauty Brands have established themselves as industry leaders both in offline CS channels and on short video platforms.

| 2023 Major Channel Market Share of Domestic Beauty Brands



1.3

Distribution of Domestic Beauty Categories

1.3.1 Intensified Competition

An Increasing Number of Brands Are Entering the Competition

From 2021 to 2023, the number of domestic beauty brands increased by 14.4%, demonstrating a steady upward trend. Focusing on secondary categories, the number of domestic brands in skincare increased by 11.9%, color cosmetics by 16.1%, and personal care by 15.1%.

Perfume exhibits the most remarkable growth, reaching an impressive 81.4%. This also demonstrates that within each category, competition among domestic brands is becoming increasingly fierce.

| Changes in the Number of Domestic Brands by Category from 2021 to 2023

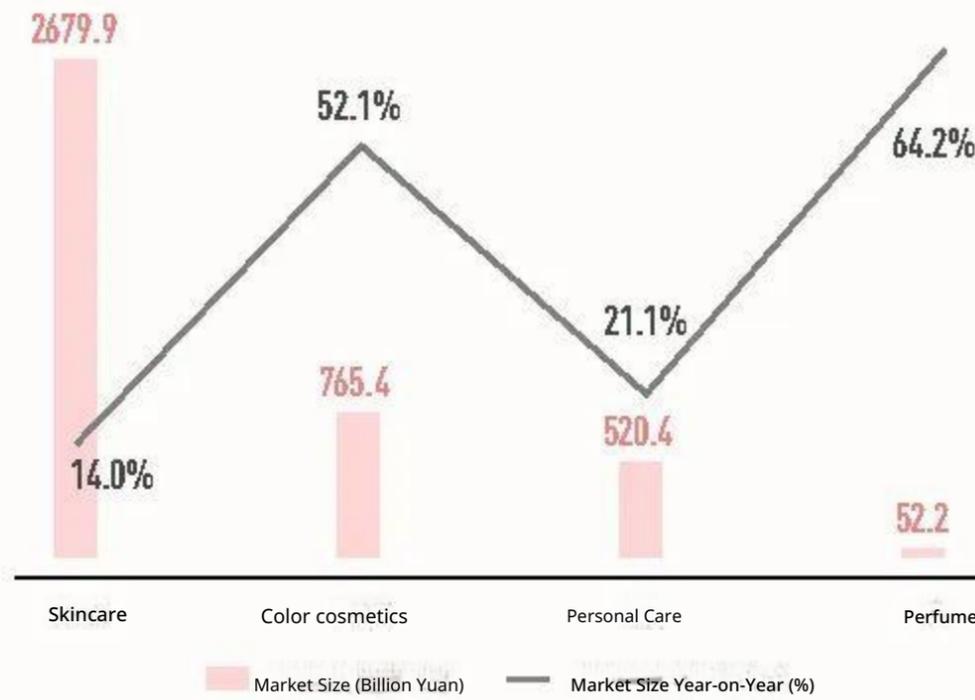


* Data Scope: Traditional e-commerce platforms, short-video platforms, and offline channels

Skincare: The Cornerstone of Domestic Beauty Brands

An overview of 2023 reveals that in the domestic beauty industry, the skincare category leads decisively with a market size of 267.99 billion yuan and an annual growth rate of 14%. The color cosmetics category is experiencing rapid growth, reaching a scale of 76.54 billion yuan with a year-on-year increase of 52.1%, ranking second. This trend reflects the growing influence of users who are driven by a passion for beauty. In terms of market share, the skincare category accounts for 66.7% within domestic brand cosmetics, significantly surpassing its share in the overall China cosmetics market. In summary, the skincare category serves as the primary battleground for domestic brand cosmetics.

2023 Market Scale and Year-on-Year Growth Rate of Domestic Brand Cosmetics by Category



2023 Domestic Brand Beauty VS Overall China Cosmetics Market Category Share

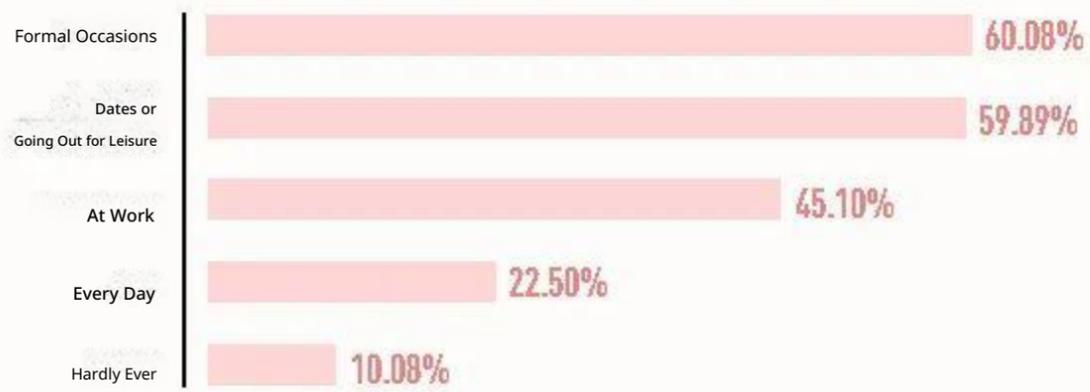


1.3.3

Color Cosmetics: A High-Potential Competitive Landscape Driven by Social Interaction

The social attributes of color cosmetics are poised to become one of the key drivers of rapid growth for domestic brand color cosmetics. In particular, for lip color cosmetics, user research reveals that their usage is especially prevalent in important social scenarios such as formal events or romantic dates, with approximately 60% of consumers reporting that they use lip makeup products in these situations.

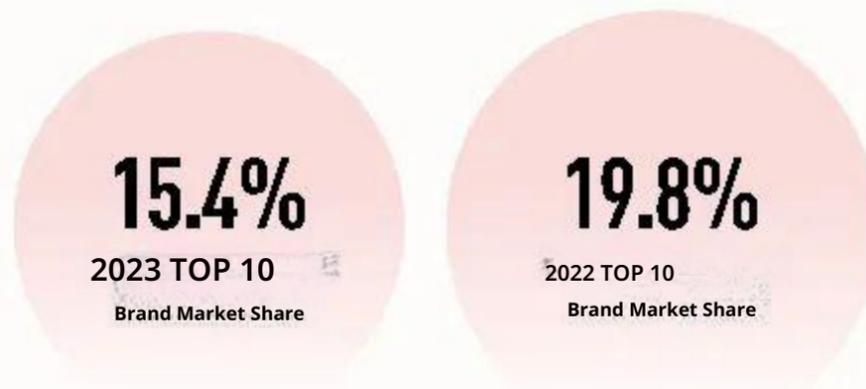
Consumer Usage Scenarios for Lip Color Cosmetics in 2023



Personal Care: Strong Competition Among Leading Brands

By analyzing market concentration and changes among the TOP 10 brands, it is clear that although market concentration in personal care has slightly decreased, eight brands, including Adolph, have consecutively ranked within the TOP 10 for two years. This demonstrates that leading brands have established robust competitive barriers and maintain a stable customer base.

| 2023 VS 2022 Domestic Brand Personal Care Category TOP 10 Brands Market Share



■ Changes in the Top 10 Domestic Brands in the Personal Care Category

	Year 2023	2022
TOP 1	Adolph	Adolph
TOP 2	Fenghua	Shuke
TOP 3	Ziyuan	Ziyuan
TOP 4	Liushen	Nanjing Tongrentang
TOP 5	Longliqi	Longliqi
TOP 6	Nanjing Tongrentang	KONO
TOP 7	Gaoteya	Fenghua
TOP 8	KONO	Shipaisi
TOP 9	Shipaisi	Liushen
TOP 10	Shuizhikou	Half-Acre Flower Field

Scope includes traditional e-commerce platforms and short video platforms; brands are ranked by GMV from highest to lowest

Emerging Trends in the Domestic Beauty Industry

1.4.1 Industry Internal Competition

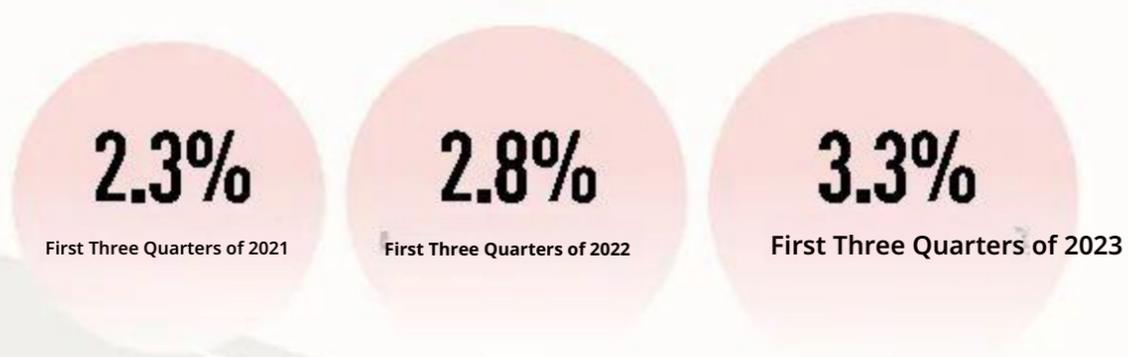
Rising R&D Investment Among Domestic Beauty Companies

Chinese beauty companies have been consistently increasing their R&D investment, resulting in intensified competition among domestic beauty brands in research and development. R&D investment has shown continuous growth over the past three years. In the first three quarters of 2023, R&D expenditure reached 1.134 billion yuan, marking a year-on-year increase of 10.3%, with R&D expenses accounting for 3.3% of total revenue.

|| Changes in R&D Expenditure of Cosmetics Brands during the First Three Quarters from 2021 to 2023



| Changes in R&D Proportion of Cosmetics Brands during the First Three Quarters from 2021 to 2023



R&D Proportion = R&D Expenditure / Revenue

* Data Scope: Corporate Financial Reports, Market Intelligence

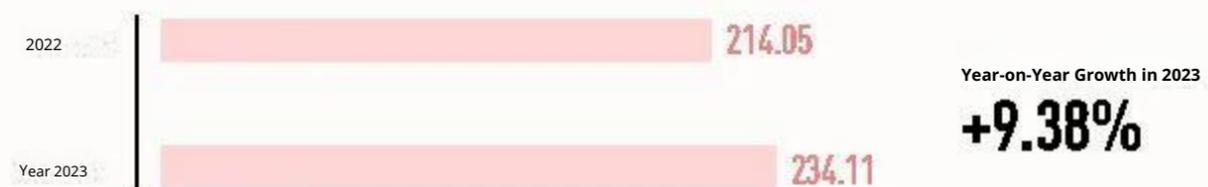
* The research sample consists of 12 publicly listed cosmetics brands, specifically including Shanghai Jahwa, Proya, Betadine, Bloomage Biotechnology, Forida (cosmetics division), Shuiyang Co., Mingchen Health, Lafang Cosmetics, Marubi Co., Yatsen E-commerce, Fuller, Guangzhou Langqi

1.4.2 Chinese Ingredients Propel Rapid Growth of Domestic Beauty Brands

In the context of the prevailing social value advocating 'Rooting in China and Telling China's Story Well,' various industries have commenced efforts to narrate the Chinese story of their respective sectors, with the cosmetics industry being no exception.

Driven by government policies and enhanced industry R&D capabilities, domestic beauty brands are currently at a pivotal moment for strategic overtaking. Chinese ingredients characterized by unique Chinese attributes and demonstrating strong R&D capabilities are a key entry point for domestic beauty brands in competitive markets. In 2023, the sales revenue of cosmetics products containing Chinese ingredients reached RMB 234.11 billion, a year-on-year increase of 9.38%.

|| 2023 vs. 2022 Sales Revenue Changes for Cosmetics Containing Chinese Ingredients in China



Data Definition: Sales revenue of cosmetics products containing Chinese ingredients is the total sales revenue from channels filtered to include only products with Chinese ingredients.

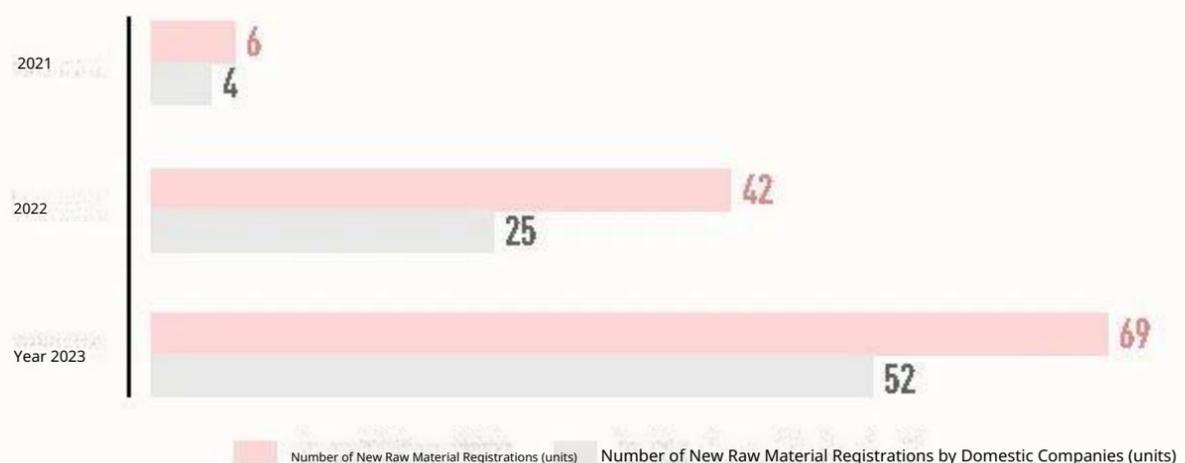
1.4.3

Raw Materials Take the Lead

Domestic Beauty Brands Are Increasingly Focusing on Raw Material Supply

In 2023, a total of 69 new cosmetic raw materials were registered, of which 52 were by domestic companies, representing 75.36%. Compared to 2022, the number of new raw material registrations by domestic companies increased by 108%.

| Number of New Raw Material Registrations in the Cosmetics Industry



1.5

Consumer Insights into China's Beauty Market

The following consumer insights are based on Qingyan Research, N = 511.

The survey sample encompasses all genders, age groups, city tiers, and skin types, offering valuable reference data; The sample comprises a male-to-female ratio close to 1:5, with the age group primarily between 20 and 35 years old. The distribution by city tier is focused on second-tier and higher-level cities, and the average monthly income is concentrated below ten thousand yuan. The sample structure corresponds with the consumer profile of the Chinese beauty market.

1.51 Consumer Attitudes Toward Domestic Beauty Brands

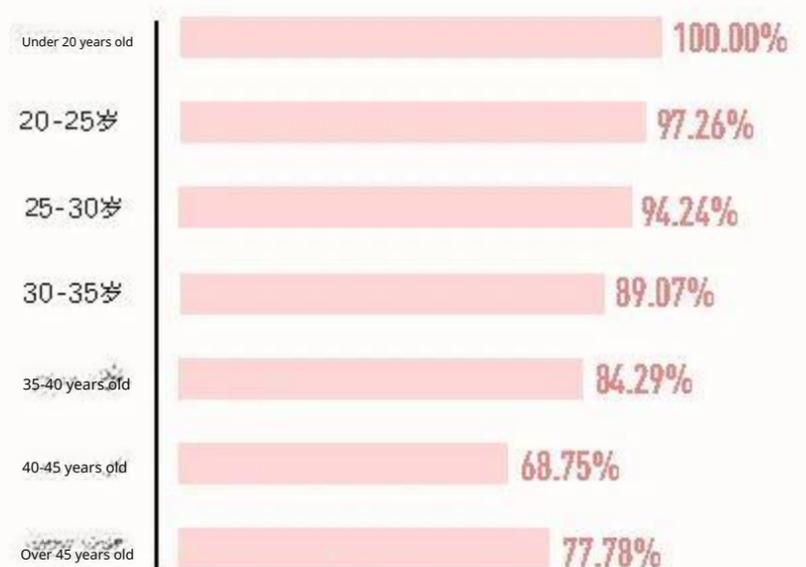
Young consumers inherently exhibit a strong affinity for domestic brands.

The rise of domestic beauty brands represents not only an economic phenomenon but also a reflection of changing social value systems. Over 90% of consumers have purchased products from domestic beauty brands. Moreover, the proportion of younger consumers opting for domestic brands is even higher; Particularly among the post-00 generation, nearly everyone has experience purchasing products from domestic beauty brands. Further research indicates that, for this group of young consumers, 'The Pride of Domestic Brands' and 'Supporting Domestic Brands' have become key phrases in their conversations. This phenomenon reflects the strong national pride and cultural confidence of the new generation of consumers.

Types of brands purchased by consumers



Proportion of domestic brand consumers across different age groups



New generation consumers' attitudes towards domestic beauty brands

High-quality domestic products deserve recognition

Domestic brands are indeed affordable yet effective, offering outstanding quality-to-price ratios

From questioning domestic brands to understanding and ultimately embracing their marketing!

“ I believe domestic brands are performing quite well now, but there are so many that choosing is difficult.

I am still willing to support domestic brands, but I take my time selecting; I don't simply use whatever is popular.

I used to only purchase big-name brands, but

In recent years, I have truly enjoyed using domestic lip glosses; the colors are absolutely stunning!

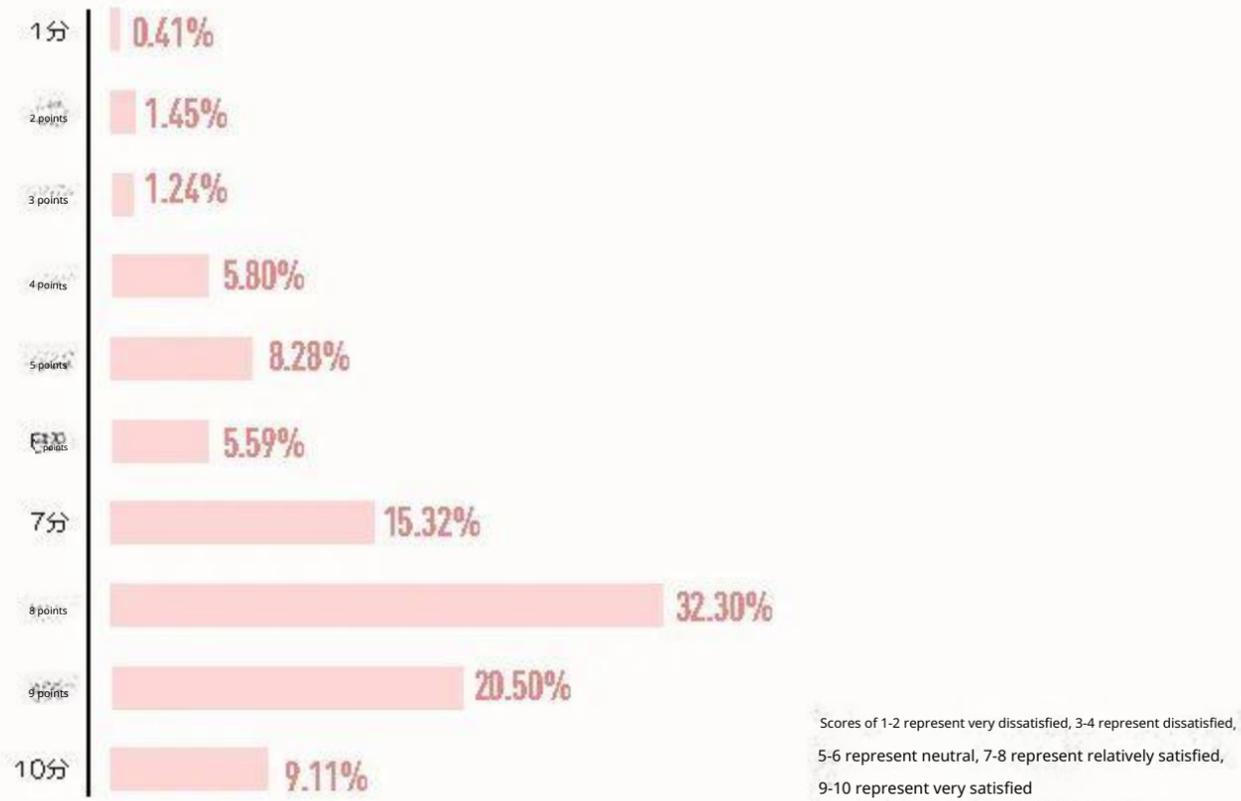
Paying for the aesthetic appeal of domestic brands.

Almost all my skincare products are now domestic brands; they really are comprehensive.

Cultural confidence drives the growth of domestic brand consumption

Up to 82.8% of consumers rated the domestic brand beauty products they purchased above 6 points, illustrating that domestic brand beauty products are steadily gaining consumer approval.

Consumer satisfaction with purchased domestic brand beauty products



Nearly 70% of consumers consider the value-for-money ratio of domestic beauty brands to be a key strength, while more than 60% emphasize that these brands are deeply embedded in China's rich cultural heritage. This phenomenon demonstrates consumers' cultural affinity and national pride towards local beauty brands, resulting in strong preference and loyalty to domestic brands.

Consumer perceptions of domestic beauty brands



1.5.2

Consumer purchasing behaviors toward domestic beauty brands

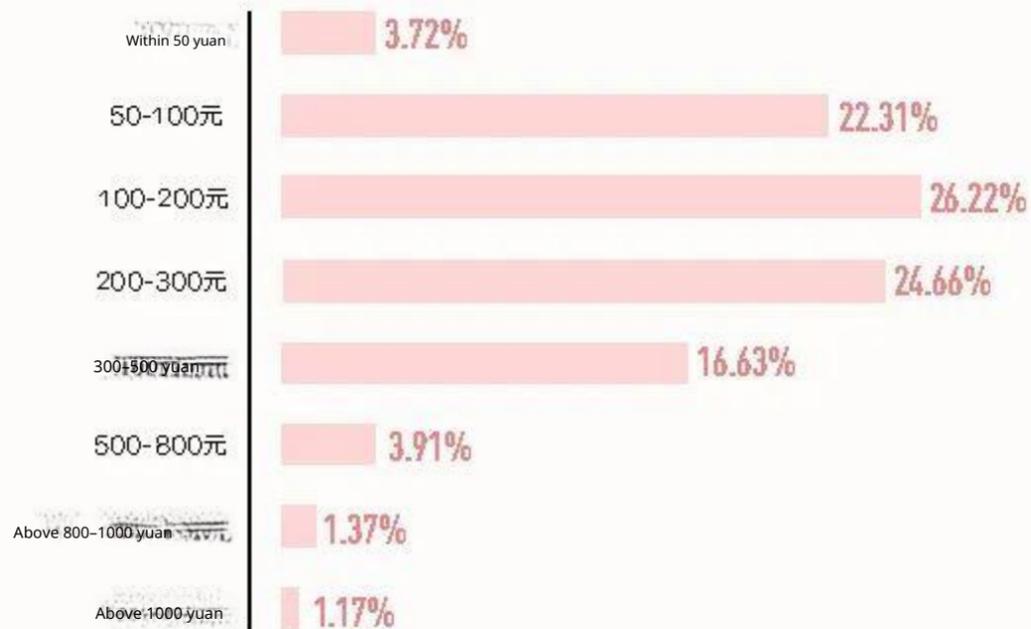
Domestic brands ≠ mere substitutes; attractive across all price segments

Whether skincare or color cosmetics, consumers tend to accept domestic beauty brands priced predominantly within 500 yuan; however, mid-to-high-end domestic brands have already gained a substantial consumer base, particularly in the domestic skincare market. Research reveals that over 10% of consumers are willing to purchase domestic skincare products priced above 500 yuan, dispelling the perception that 'domestic brands equate to low prices' and demonstrating that mid-to-high-end domestic beauty brands also command strong appeal and loyal customer bases

Price ranges of domestic brand skincare products acceptable to consumers



Price ranges of domestic brand color cosmetics acceptable to consumers



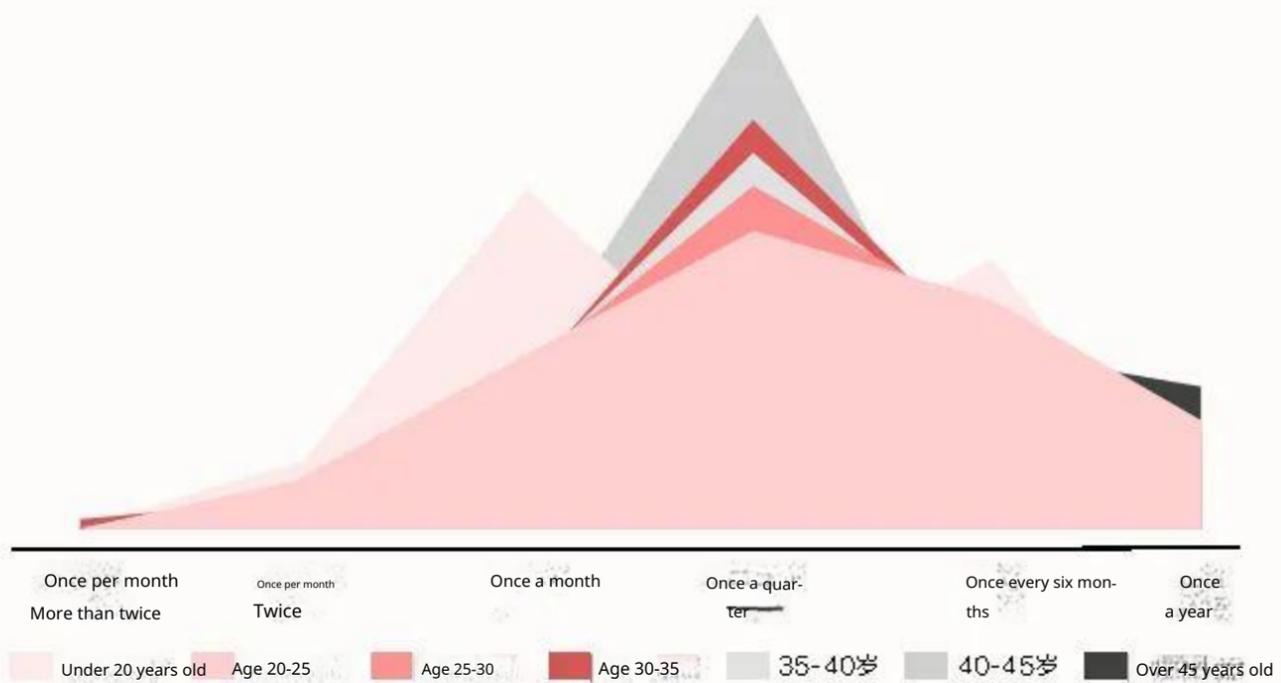
Younger consumers purchase domestic brands more frequently

From the perspective of purchase frequency, 44.23% of consumers report purchasing domestic brand beauty products once per quarter. Meanwhile, consumers under 20 years old typically purchase about once per month, demonstrating a stronger preference and reliance on domestic brand beauty products among younger consumers.

Consumer purchase frequency of domestic brand beauty products



Purchase frequency of domestic brand beauty products by consumers across different age groups

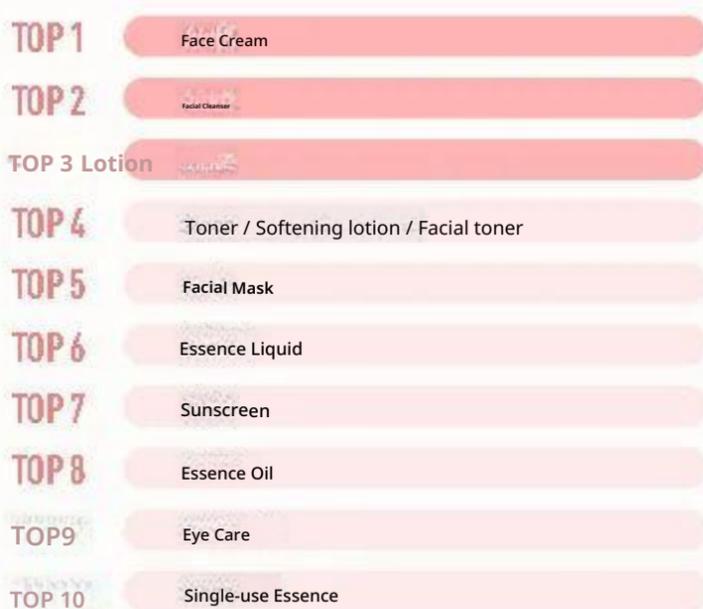


1.5.3 Consumer Preferences for Purchasing Domestic Brand Beauty Products

Seeking Innovation and Differentiation, Comprehensive Growth Across Segmented Competitive Landscapes

More than 90% of consumers express interest in multiple categories of domestic brand beauty products. Within skincare, face cream, cleansing, and lotion comprise the top three categories preferred for purchase. In color cosmetics, lip makeup, eyebrow makeup, and base makeup rank as the top three. Consumers' readiness to experiment and their diverse needs establish a strong foundation for domestic beauty brands to deeply explore and expand across various niche markets.

Categories most preferred by consumers when purchasing domestic brand skincare products



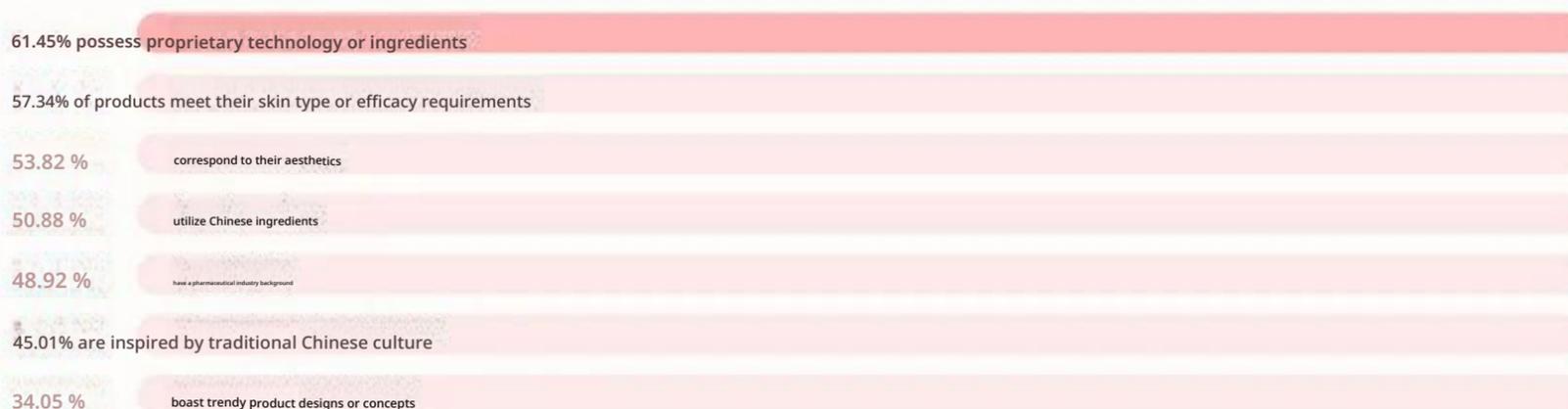
Categories most preferred by consumers when purchasing domestic brand color cosmetics



Technology-First Approach to Enhancing Trust in Domestic Brand Quality

Technological Innovation Has Become the Key Driver for Attracting Consumer Attention to Domestic Beauty Brands and Strengthening Brand Recognition. Over 60% of consumers hold high expectations for domestic brand beauty products featuring innovative technology or ingredients.

Types of domestic brand beauty products that consumers are willing to purchase



Factors Influencing Consumer Purchases of Domestic

Brand Beauty Products

Practicality and Self-Indulgence as Drivers of Beauty Consumption

66.14% of consumers openly state that they purchase beauty products to fulfill their desire for self-indulgence, ranking just behind enhancing appearance and skin care. This demonstrates that, beyond practicality, users place greater emphasis on their genuine inner needs; 'rational self-indulgent consumption' has emerged as a new consumer trend.

Primary Objectives of Consumers When Purchasing or Using Domestic Brand Beauty Products



Understanding Domestic Consumers, Quality, and Sentiment Influences Purchase Decisions

81.8% of consumers favor domestic beauty brands primarily because these brands' products better align with the needs of Chinese consumers, illustrating that a "deeper understanding of Chinese consumers" is a crucial factor driving the rapid growth of domestic beauty brands. Additionally, 70.84% of consumers praise the exceptional quality of domestic beauty brands, while nearly half choose domestic beauty products because they allow them to experience the allure of Chinese culture. This fully demonstrates how cultural confidence is driving the prosperity and innovation of domestic beauty brands.

Primary factors consumers consider when purchasing domestic beauty products



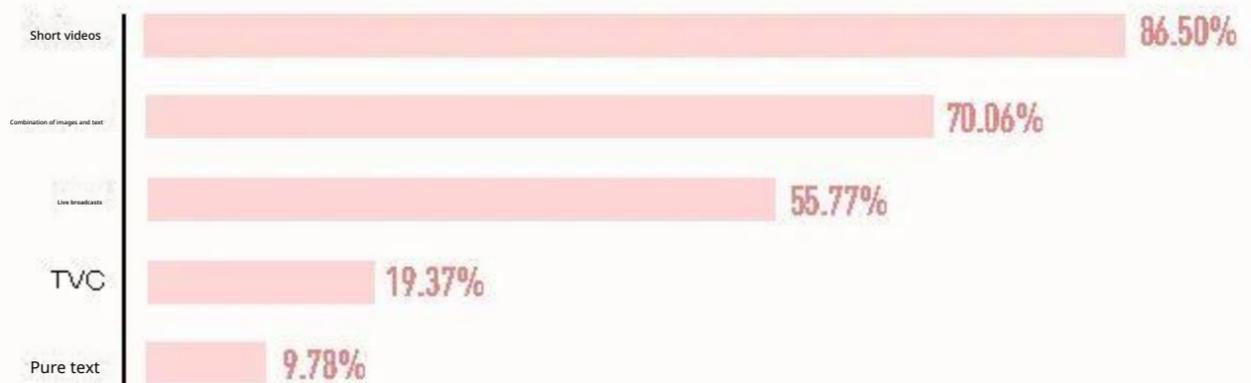
1.5.5

Methods by which consumers obtain information about domestic brand beauty products

Diverse content formats facilitate users' understanding of domestic brand beauty products

Over half of consumers prefer to learn about domestic brand beauty products through new media formats such as video content, a combination of images and text, and live broadcast interaction.

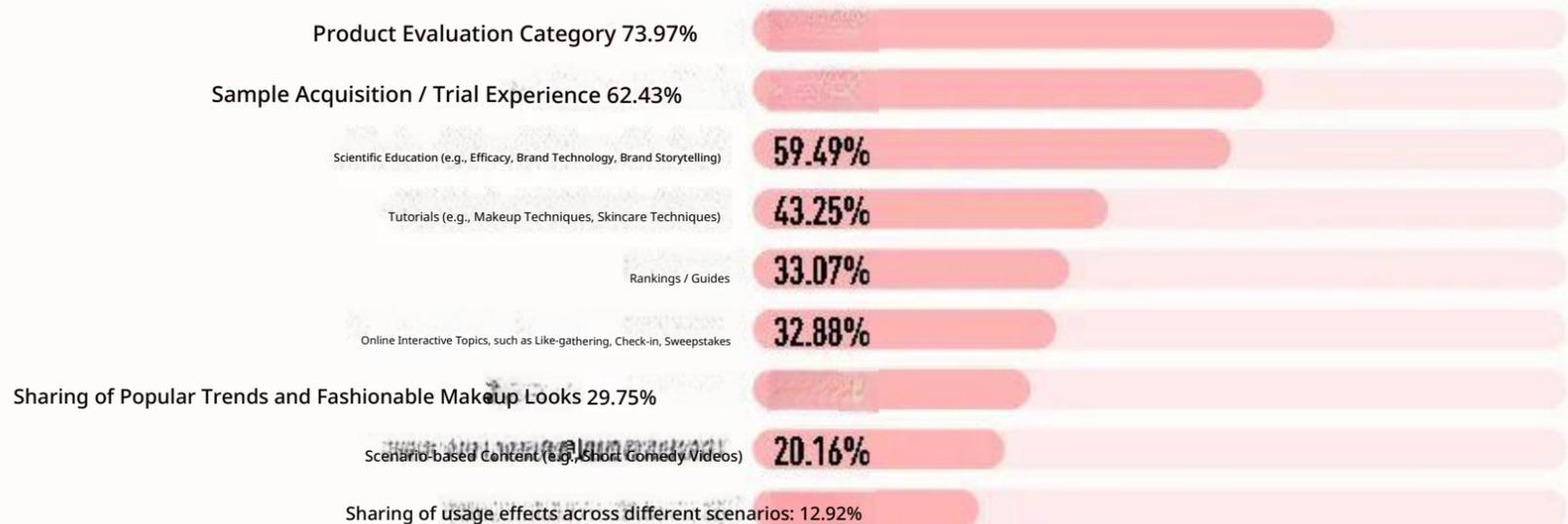
Preferred content formats for consumers acquiring information on domestic brand beauty products



Review content leads in popularity, closely followed by experiential content

Among content types for acquiring information on domestic brand beauty products, review content leads with a high share exceeding 70%, closely followed by interactive experiences involving sample trials or experience kits, accounting for over 60%, while educational content ranks third at 59.49%.

Consumer Preferences for Content on Domestic Beauty Brand Information



1.5.6

Consumer product seeding and decision-making for domestic beauty brands

Channels for

Xiaohongshu (RED) empowers consumers from product seeding through to decision-making.

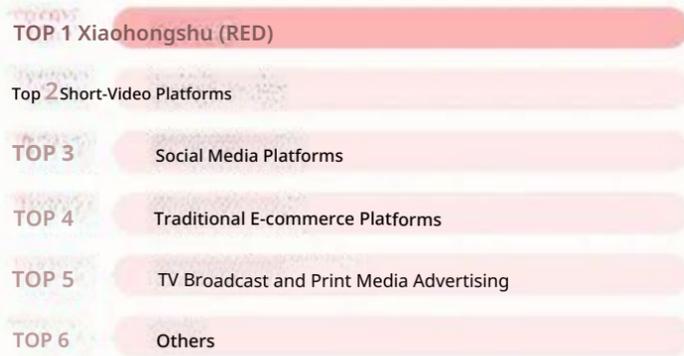
Xiaohongshu (RED) exhibits stronger product seeding capabilities.

Over 60% of consumers report being more easily product seeded by content on Xiaohongshu (RED) for domestic beauty brands and products.

Xiaohongshu (RED) significantly influences consumer purchasing decisions.

More than half of consumers indicate they refer to information on Xiaohongshu (RED) when purchasing domestic beauty products, a figure that far surpasses other platforms.

Consumer Product Seeding on Domestic Brand Beauty Platforms



Platforms Primarily Referenced by Consumers When Purchasing Domestic Brand Beauty Products



Xiaohongshu (RED) enhances new product decision-making efficiency.

Consumers form awareness or purchase intent after encountering a new brand or new product multiple times on Xiaohongshu (RED).

Up to 72.2% of domestic beauty consumers report that browsing a new brand or new product on the Xiaohongshu (RED) platform no more than three times sufficiently stimulates their purchase desire, driving them to explore further or make an immediate acquisition.



Xiaohongshu (RED), connecting domestic brand beauty users with transactions

Willingness to consume

Over half of consumers have purchased domestic brand beauty products on Xiaohongshu (RED), and 39.33% of consumers are willing to try purchasing domestic brand beauty products on the Xiaohongshu (RED) platform. This indicates that Xiaohongshu (RED) has established a complete closed loop encompassing information acquisition, product seeding, decision-making influence, purchase, and sharing.

Consumer willingness to purchase domestic brand beauty products on Xiaohongshu (RED)



Consumer brand

An analysis of the domestic beauty shopping lists of Xiaohongshu (RED) users reveals that both established leading brands and emerging consumer brands such as Proya, Florasis, Herborist, Winona, and Carslan enjoy strong purchase consideration among users.

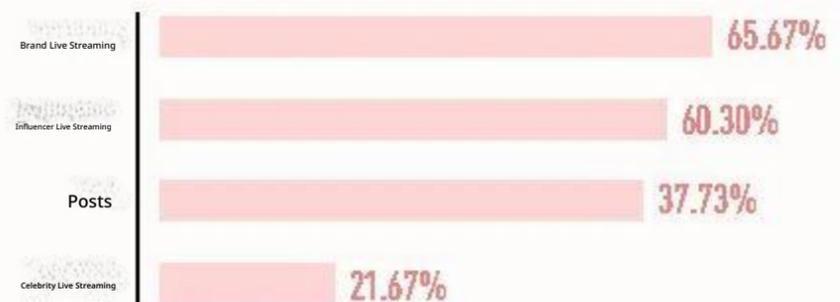
Domestic brands purchased by consumers on Xiaohongshu (RED)



Consumption Patterns

From the perspective of consumer-preferred consumption methods, 71.5% of consumers on Xiaohongshu (RED) are willing to purchase domestic beauty products through multiple formats, among which brand live streaming is the most engaged consumption method.

What consumption methods do consumers hope to utilize or intend to utilize within Xiaohongshu (RED) for domestic beauty product purchases?



CHAPTER 02

Xiaohongshu (RED) Beauty Trends &

'Beauty Enhancement' Demographic Forecast

2.1

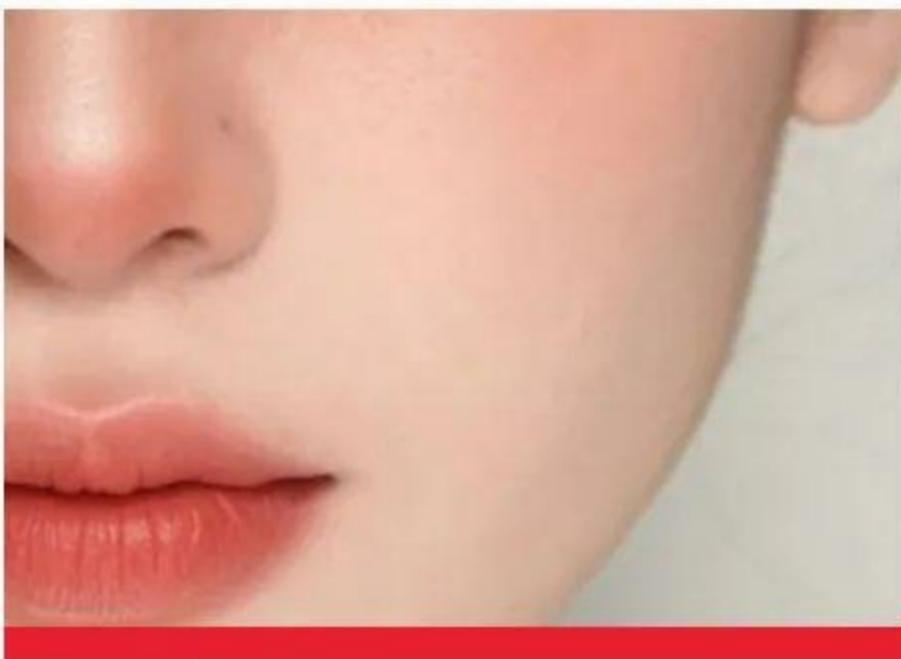
2024 Xiaohongshu (RED)

Beauty Trends Outlook

On Xiaohongshu (RED), users discover beauty in daily life and express it through their lifestyle. From Early C Late A to Early P Late R, from dopamine-inspired makeup looks to E-person travel makeup, the most popular beauty trends flourish on Xiaohongshu (RED)

What is the next beauty trend?

Xiaohongshu (RED) explores new heights of beauty with hundreds of millions of users.



Skincare TREND

Technology-driven Skincare

New Magnetism in Skin Care

Mastering Refined Chill

Rising Eastern Power

Trend Forecast

BEAUTY TREND

Color cosmetics
TREND

Makeup and Skincare: Solid Strength

Instant Crush on New Trends

Refined Layered Buff

New Cultural Awakening

Personal Care
TREND

Facial-grade Skincare

High-end Care Strategies

At-home Beauty Salon

Technology-driven Skincare

Aggressive Ingredients

[Ingredients] Reads Exceed 27.4 Billion

"China Ingredients" Reading Growth +177%

Independently Developed Technology

+667%

Recombinant Collagen Protein Search

+1914%

Zhēn Bái Yīn Search

+805%

Xī Mò Yīn Search

+231%

Wheat Skin Factor Search

Natural Plant Extracts

+123%

Purslane Search

+45%

Ganoderma Search

+69%

Matsutake Search

+41%

Camellia Search



New Ingredient Formula

"Cyclical Skincare" Search Growth +220%

"Morning B, Night A" Search Growth +498%

"Enzyme Skin Renewal" Search Growth +181%

Collaborative Skincare Efficacy

Postoperative Professional Repair, Extending Medical Aesthetic Efficacy

Diverse Consumer Demands Position Skincare and Medical Aesthetics as an Exclusive Pairing

On Xiaohongshu (RED), Searches for 'Light Medical Aesthetics' in the Skincare Category Increased by 42%

Over 550,000 Posts Published on 'Light Medical Aesthetics' Postoperative Repair

'Light Medical Aesthetics' Exposure Has Reached 6 Billion Impressions



[The Frontier Code of Technology-Driven Skincare]

- In Efficacy Skincare, Technology Leads Beauty Enhancement Strategies

Blue ocean 'new' category



- Freeze-dried mask
- Topical mask
- Essence stick
- Freeze-dried powder
- Ampoule essence
- * Search growth

Essence oil +45% Single-dose +34% Oil compress mask +184%

Care 'new' efficacy

Continuous segmentation of skincare efficacy

- Lifting
- Brightening +33%
- Acne Scar Treatment
- Blackhead Removal Forehead Wrinkles +84%
- Redness Reduction
- Firming
- Nasolabial Fold +144%

Skincare 'new' techniques

- # Skincare techniques posts 280,000
- # Facial yoga views: 450 million
- # Facial Gua Sha Views 250 million



Innovative Skin Nourishment

At

traction

Language

"Emerging Trends Driven by Novelty, Differentiation, and Sophisticated Demand"

Skincare Innovation Inspiring a New Wave in Skincare

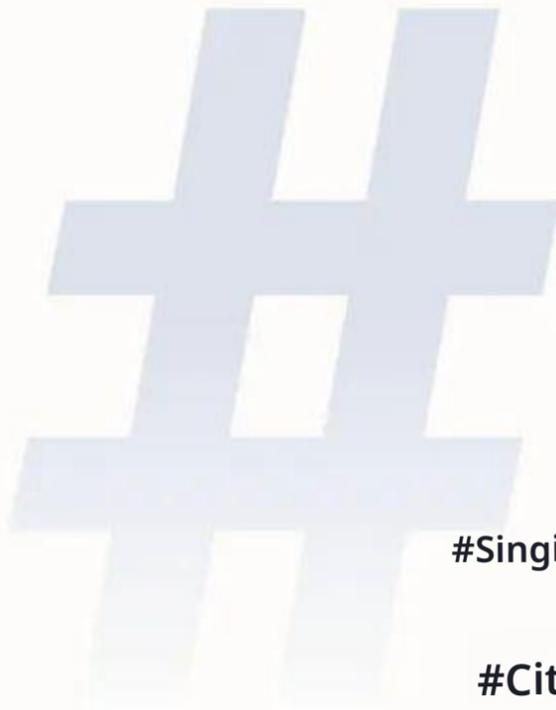
Mastering Refined Chill

Frequently Trending Events and Popular Topics Focused on Emotional Value

Chill Culture Is Becoming a Mainstream Trend

An Increasing Number of Young Consumers Are Willing to Pay a Premium for Experiences Beyond Products and Brands

Expanding into skincare aesthetics, an increasing number of users experience emotional engagement in specific contexts.



#Relaxation Topic Views 510 million+

#Skincare Companion Search Growth 228-fold

#Slow Living Search Growth +156%

#Singing Bowl Therapy Search Growth +346%

#Citywalk Related Posts 2.9 million+



Outdoor × Skincare +144% Hotel × Skincare +277% Airplane × Skincare +204% Home × SPA +57%

* Correlated increase in the growth rate of posts

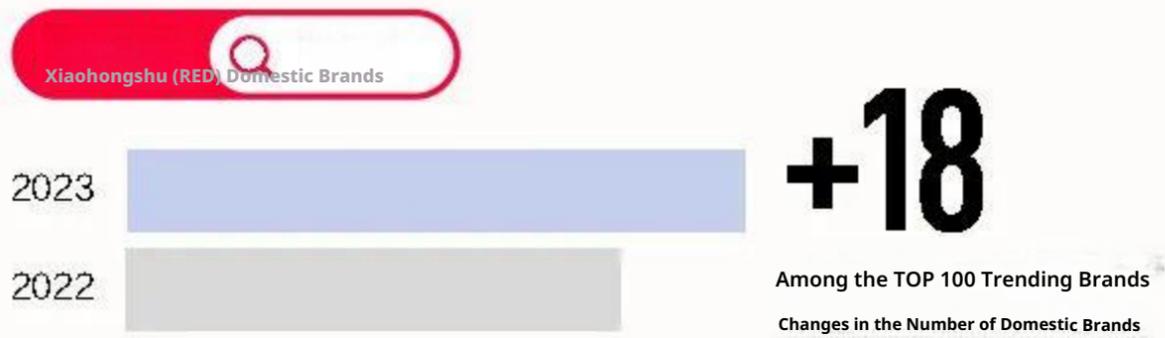
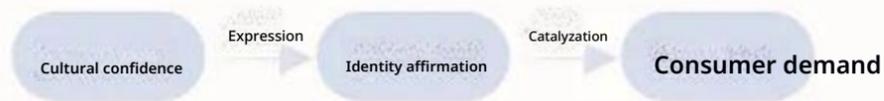
“Dialogue, skincare scenarios, enjoyment, emotion, relaxation”

It is skincare, but also self-indulgence, a therapeutic experience in life

Awakening of the Oriental heritage

In 2023, content related to domestic brands under the skincare category on Xiaohongshu (RED) experienced a substantial rise, with newly published posts increasing 95-fold year-on-year

#The Light of Domestic Brands topic garnered nearly 700 million views.



Prevalence of Guofeng (Chinese style) visual products

“Face Cream Better Suited for Chinese Babies”

“An Underrated Hidden Gem Domestic Brand”

“How Outstanding Are Established Domestic Skincare Brands?”

“Support Domestic Brands”

Chinese Aesthetics Oriental Artistic Conception Tai Chi Elements

[Passionate Chinese Hearts Empower the Rise of Domestic Brands]

· Cultural Confidence and National Pride Stimulate Domestic Brand Consumption

Rising Eastern Power

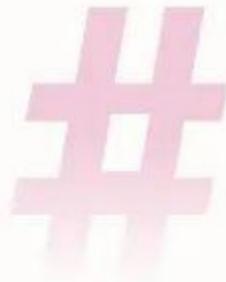
Makeup and Skincare: Solid Strength

The Concept of "Skin-Nourishing" in the Color Cosmetics Sector Gains Increasing Popularity

Applying Skincare Principles by Incorporating Essences and Herbal Extracts into Products

'Skin-nourishing color cosmetics,' 'Essence-infused makeup,' 'Clean color cosmetics,' etc.

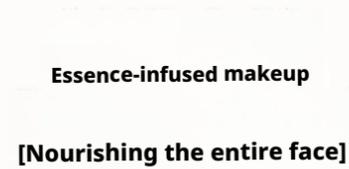
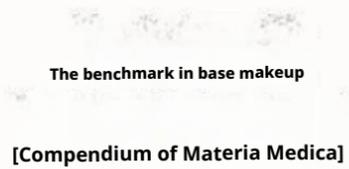
High growth demand within content platforms



Skin-nourishing base makeup 90,000+ posts

Clean color cosmetics 20,000+ posts

Lip essence search growth +712%



Lip essence

Search growth +710%



Eyelash Essence

Search Growth +139%



Botanical Foundation

Tea Seed Oil

Pomegranate Flower Extract

Cordyceps Foundation

Centella Asiatica Ingredient

Sunscreen Essence

Search Growth +75%



[Dual-Function: Makeup and Skincare, Beauty and Nourishment without Compromise]

Enhanced Skin-Nourishing Ingredients, Rising Demand for Skincare-Grade Essence in Makeup



2023 Shareholder Growth +908 UnitsStyles

Co-branded Edition

2023 Search Growth

+190%

Co-branded Color Refresh



Anniversary Limited Search Growth **9-fold**

Celebrity Limited Search Growth 39-fold

Dragon Year Limited Search Growth 1630-fold

Museum Co-brand Search Growth +101%

Cultural and Tourism Cross-sector Co-brand Search Growth +1040%

IP Co-brand Search Growth +748%

Category Innovation



Instant Crush on New Trends



CCTV Official Contouring Method

Blush Casual Application Method

Thumb puff tear trough concealing technique

"Following trends and trying new products is a source of happiness"

- Double the joy with freshness and exclusivity

Refined Layered Buff

妝

Crafting an exquisite overall look through multiple steps

A "skilled artisan" proficient in utilizing various color cosmetics products and tools

Beauty "blueprint" for flawless transformation without any blind spots

To-Do-List

Eyebrow pencil / eyebrow tint / eyebrow sealant

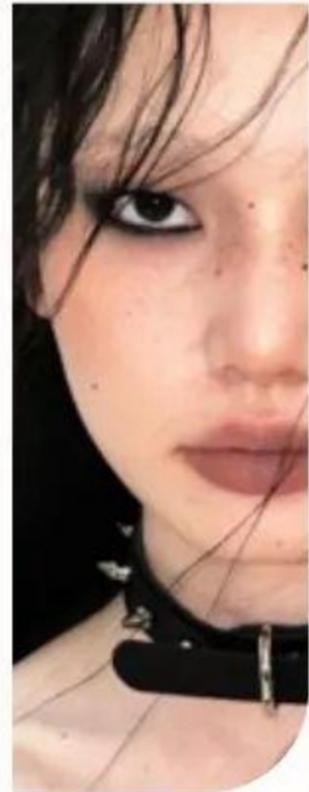
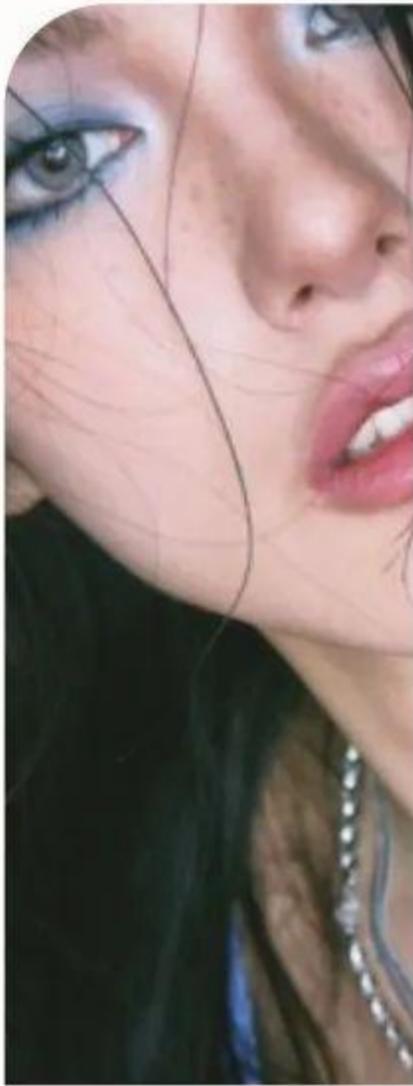
Eyeshadow primer / eyeshadow

Eyeliner / under-eye highlight pen / mascara

Nose Contouring Shadow / Highlight Enhancing

Lip Base / Lipstick / Lip Liner

Primer / Base Makeup / Contouring / Blush / Setting Powder



#y2k eye makeup +177%

Thin Lips to Fuller Lips +62%

Full Eyeliner Technique +37% # Lip Liner +222%

"Beauty is a major undertaking that requires constant maintenance."

Master Beauty Techniques Fully; Sophisticated Complete Makeup Is Effortless

Regional Makeup Styles

Searches for Quanzhou Flower Hairpin Makeup Increased 1401-Fold

Yanji Princess Makeup Searches Increased 87-Fold

Miaojiang Maiden Makeup Searches Increased by 424%



Seamless Integration of Ancient and Modern Styles

Horse Face Skirt Searches Increased by 850%

Museum Co-brand Search Growth +101%

Ancient-Style Lady Makeup Searches Increased by 89%

2023 Relevant Trending Keywords

And Year-on-Year Search Comparison

Industry

Chinese Vintage Wealth Style +90,671%

Warring States Robe Makeup +309%

New Chinese Style +212%

Distant Mountain Eyebrows +1,271%

Zen-Inspired New Chinese Style +371%

Oriental Bone Structure +183%



New Cultural Awakening

"Chinese Popular Culture Represents the True Pinnacle Trend"

Guofeng Traditional Culture Emerges as a New Trend Among Young Consumers

Face-Care-Grade Skin Beautification

Facial Care-Grade Ingredients / Formulations

Users' Awareness of Ingredients in Personal Care Categories Strengthens

The Diversity of Facial Care-Grade Ingredients Added to Body Care Products Is Increasing

2023 Personal Care Category

"Ingredient Term" Searches Increase by 63%

Bisabolol 30-Fold Increase

Peptides +282%

Collagen +76%

Mandelic Acid +56%

* 2023 Ingredient Search Growth in Personal Care Categories



Glucosamine +181% White Camellia Seed Oil +221% Purslane +118%



Glass Factor Body Oil Cream



White Lotus Seed Body Essential Oil



Purslane Body Lotion

"Nurturing the Body with the Same Care as the Face"

- Face-Care-Grade Ingredients for Safe and Reassuring Care of Every Inch of Skin

"Luxury Shampoo" Rising in Popularity

2023 Xiaohongshu (RED) Search Volume Year-on-Year Growth

+177%

High-end hair cleansing and care consumers place greater emphasis on prevention and conditioning

"Smoothness, repair, and nourishment" are the efficacy benefits they prefer most

Pure natural ingredients are particularly favored by this group

"Caviar, camellia, and neem seed oil"



Hair follicle cleansing +38% Scalp cleansing +72% Pre-wash scalp treatment +72%

Trending high-end hair cleansing and care search terms in 2023

○ Popular searches among consumers

Year-on-year percentage increase in search volume

Zhang Xiaohui Noble Hair Care NEW #1

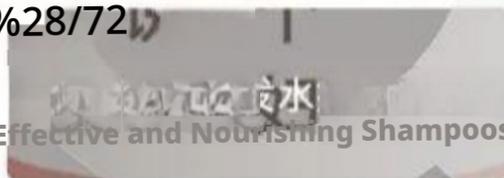
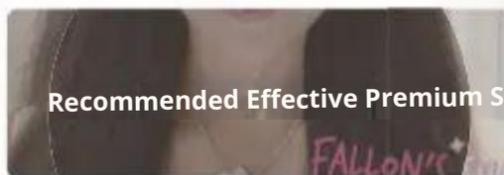
Premium Hair Conditioner +81%

Noble Hair Care +56% 28/72

High-end Shampoo Recommendation +93%

Noble Hair Mask +23%

Premium Hair Care Essential Oil +220%



High-end Care Strategies

From Scalp to Hair Roots, Indulge in Noble-Grade Care

- High-Quality Care, Lavish Self-Pampering Without Restraint

Personal Care
TREND

The emotional value provided by personal care products has become a key driving factor
Personal care 'emotional healing' related topics have surged in popularity on the platform

Relaxing Haircare

35-fold year-on-year increase in reads in 2023

30-fold year-on-year increase in new posts

Ritualistic Bathing Experience



118% year-on-year increase in reads in 2023

350% year-on-year increase in new posts in 2023

Nighttime
Oil Control
Rose
Fragrance
Moisturizing
Sleep Enhancement
Body lotion
Bath Foam

At-home SPA

2023 Reading Year-on-Year Growth +227%

2023 New Posts Volume Growth +478%



Luxury
Whitening
Winter
Beauty salon
Essential oil
Moisturizing
Fragrance
Soothing

Exclusive Relaxation Home Spa

- A self-care 'Mind and Body Detox' healing moment

At-home Beauty Salon

2.2

Xiaohongshu (RED)

Beauty Enhancement Consumer Outlook

When examining the beauty care industry, Xiaohongshu (RED) consistently emphasizes that 'People Matter'

We prefer to return to the essence of 'people' and 'motivations' to deeply understand their needs



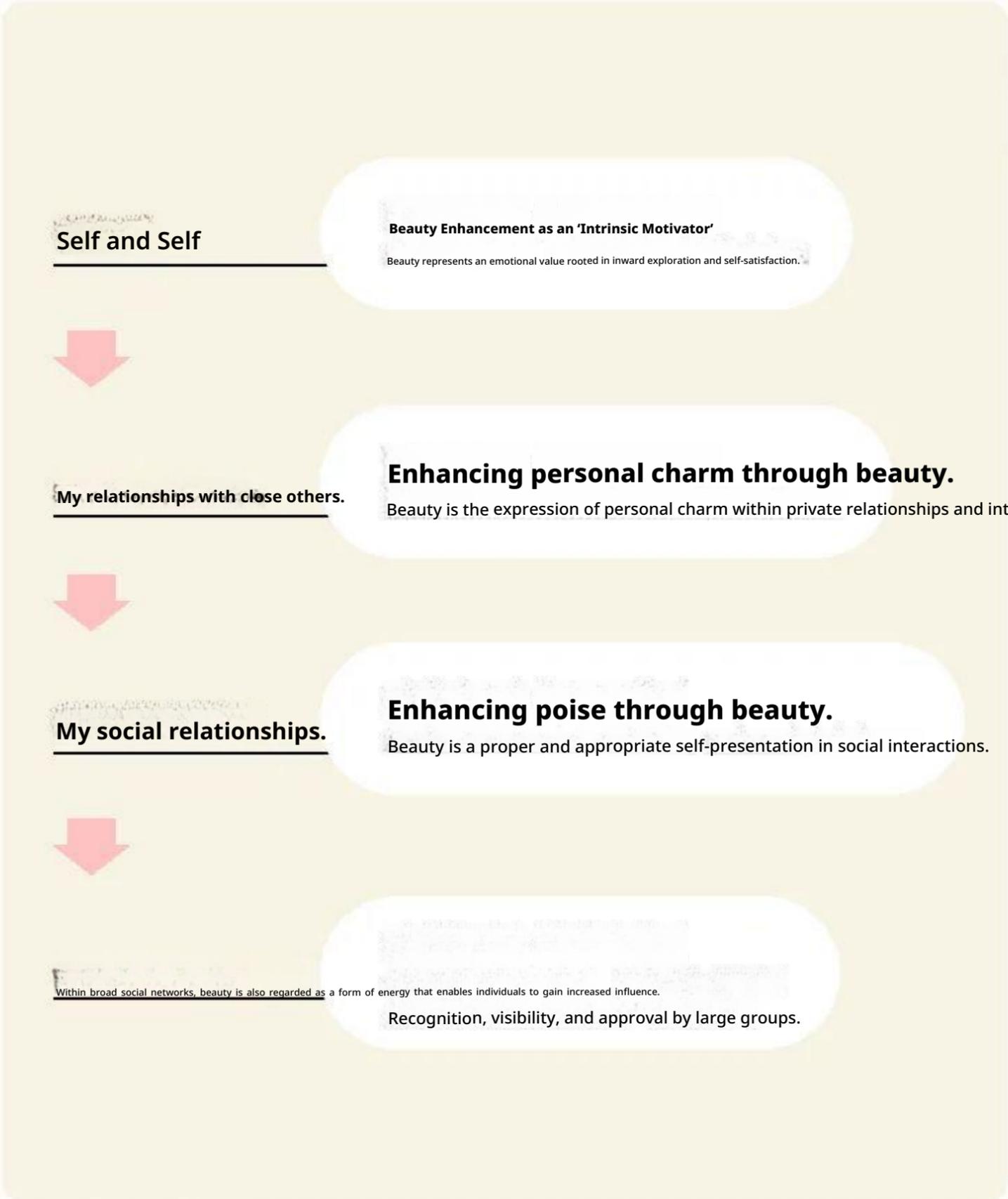
Why Do People Pursue Beauty?

The pursuit of beauty fundamentally stems from individuals' needs for personal development and self-construction.

Specifically, it is the pursuit of being 'empowered' within social relationships. Individuals place greater emphasis on which social layers are 'empowered' by beautification, forming the core analytical framework driving the motivation to enhance beauty.

The Enhancement of Aesthetic Empowerment

Audience Segmentation Framework



Me and Myself —

Beauty Enhancement with Sustainability

[Intrinsic Motivation]

In the process of beautification, greater emphasis is placed on 'physical sensations' and 'skin feel.'

Including subtle self-perceptions such as the 'flow state.'

Examples of typical lifestyle scenarios

EXAMPLE

Where

Skin healing rituals

Achieving holistic mind-body nourishment through rituals that provide a healing atmosphere and demonstrated efficacy

What

Essence oils and facial massage creams

Bath oils and scrubs

Wellness patches and gua sha tools

Hair care combs, among others

How

Healing Essentials

Managing Skin's Sensitivities

Emotional Skincare

Self-Acceptance

Why Integrate

Beauty Integration

Nourishment

and Maintenance

Self-Indulgent Beauty Specialist



Personal Care Healing Community



Where

Exclusive Private Salon

No Compromises at Home, Complete Refinement

Care is the Best Reward You Can Give Yourself

What

Scalp Essence, Luxury Face Cream

Massage Devices, Ice Globes

Aromatherapy, Beauty Devices, and More

How

Full-Body Oil 油敷

Refined Skincare

Luxury Skincare Products

Hair Root Treatment

Why

Self

Indulgence

Refined Living Home



My relationships with close others.

Beauty Enhancement with Sustainability

[Personal Charisma]

A Greater Pursuit in the Journey of Beauty Enhancement

Enhancing Individual Characteristics and Appeal

Examples of typical lifestyle scenarios

EXAMPLE

Where —

Exploring Constant Innovations

Keeping Pace with Current Hot Topics and Social Trends,
Actively Experimenting with New Products of
Different Forms, Types, Fragrances, and Packaging to
Enjoy the Process of Exploration and Discovery

What —

Trending New Shades and Textures
Brand-Exclusive and Collaborative Gift Sets
New Cosmetics and Completely New Formulations, etc.

How —

New Product Launch Preview
520 Gift Set
Celebrity Edition
New Product Unboxing Vlog

Why —

Self-Expansion



Skin Care and Product Trial Community



Color Cosmetics Trend Followers

Where —

Guofeng Style Hits the Streets

Drawing inspiration from traditional culture's colors and aesthetics to emphasize personal charm with Eastern facial features and makeup.

What —

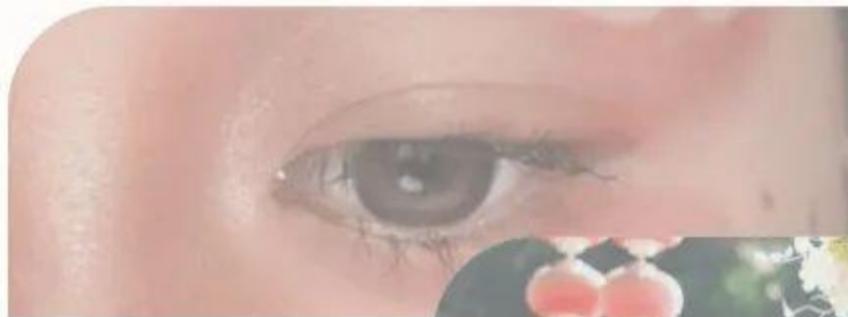
Eastern Color Cosmetics
Products Embodying Guofeng Design Philosophy
Small Brush Mascara / Eyebrow Pencil
Better Suited to the Bone Structure of Chinese Consumers
Contouring and More

How —

New Chinese-Style Makeup
Quanzhou Floral Hairpin Makeup
Distant Mountain Eyebrows
Horse Face Skirt
National Prosperity and Social Stability Face

Why —

Culture Resonance



New Chinese-Style Beauty

My social relationships.



Beauty Enhancement with Sustainability

「 Gaining Physical Strength 」

Pursuing Excellence Throughout the Beautification Process

Safe and Error-Free, Efficient and Convenient

Examples of typical lifestyle scenarios

EXAMPLE

Where —

Efficient and Energetic Living

Emphasizing product practicality and convenience to help maintain optimal condition during commuting, business travel, and other scenarios

What —

Single-Use Essence, Biological Dressings

Repair Masks, Multi-Purpose Ointments

Emergency First Aid Products

Makeup tools, etc.

How —

Debt-Repayment Skincare

Early Morning Commute Makeup

Quick Out-the-Door Makeup

Business Trip Skincare

Why —

Balance

Efficiency



Clear Skin Science Enthusiast



Makeup Practice Novice

Where —

Selected Domestic Brands

In various scenarios, choosing reputable domestic brands that better understand Chinese skin types ensures more reliable and reassuring results.

What —

Contains herbal ingredients

Natural ingredients

Beauty and skincare products formulated with ingredients exclusively researched by domestic brands

How —

Chinese Brand

Pride of Domestic Brands

More Suitable for Chinese Infants

Beauty Products

Why —

**安全
适我**



Domestic Brand Enthusiasts



My Engagement with the Pan-Social Network

Beauty Enhancement with Sustainability

Influence

Pursuing Excellence Throughout the Beautification Process

Higher and Stronger Methods for Beauty Enhancement and More Exceptional Results

Examples of typical lifestyle scenarios

EXAMPLE

Where

Technology-Driven Skincare

Pursuing Cutting-Edge Skincare Products

Alongside Devices and Medical Aesthetic Treatments, Striving for Perfect

Beautiful Skin

What

Beauty Devices

Freeze-dried mask

Biological Dressings, etc.

How

Skincare Specialized Ingredients

Medical Aesthetics Sharing

Dermatologist Evaluations

Clinical Grade

Why

技

Scientific Pursuit

Continuous Innovation



Technology Pioneer Group

Where

Artistic Makeup Play

Realizing imaginative makeup inspiration through advanced

application techniques, highlighting a unique per-

sonal artistic sense, design aesthetics, and diversity

, becoming a captivating focal point

What

Mascara, Eye Bag Pen

Lip Liner, Forked Eyebrow Pencil

Eyelash Setting Liquid, etc.

How

Celebrity Makeup Artist

Fashion Week

Playful Makeup

Smokey Eye Makeup

Paint a Blossom of Spring on the Face

Why

Aesthetics

Lead



Artistic Play Makeup Faction

CHAPTER 03

Decoding the Marketing Value of Xiaohongshu (RED)

3.1

Scientific Product Seeding

Xiaohongshu (RED) Product Seeding, Cultivating 'RED Products'

In 2013, the founding team authored seven domestic and international shopping guide PDFs, officially planting the seed of Xiaohongshu (RED). Users arrive on Xiaohongshu (RED) with the anticipation of being 'product seeded,' proactively searching for products, sharing experiences, and actively engaging in interaction. As of this year, the community has over 80 million content sharers, with 200,000 SPUs being actively searched and discussed by users.

Each month, 70% of users engage in search activities on Xiaohongshu (RED), with their queries becoming increasingly specific, such as

'Correct steps for nighttime skincare,' 'Summer sensitive skin whitening,' and 'Beginner's guide to applying false eyelashes.' **「教程」等**。 Such a genuine and trust-based community serves as fertile ground for cultivating high-quality products.



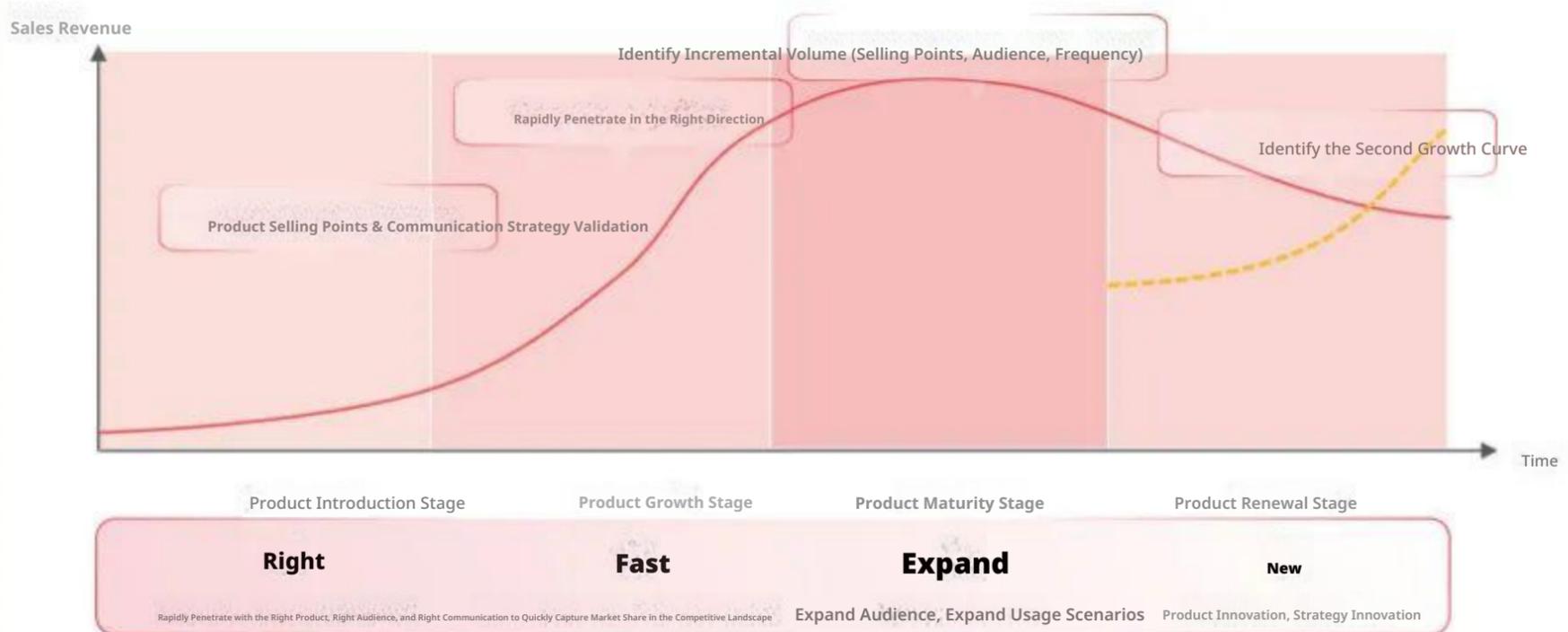
3.1.1 Efficiently Driving the Success of Domestic Brands

Utilization of the Product Life Cycle

Products at different stages of their life cycle have distinct marketing requirements. Therefore, Xiaohongshu (RED) proposes differentiated solutions based on the product life cycle stages of introduction, growth, maturity, and renewal.

During the introduction stage, brands must ensure 'right product, right audience, right communication'; the primary objective is to present the appropriate product to the suitable users and validate the accuracy of the communication strategy. In the growth stage, speed is the guiding principle; the most important task is to rapidly embed the product into the target audience's mindset and quickly capture the competitive landscape. During the maturity stage, expanding the user base and diversifying usage scenarios should be the brand's primary focus; implementing product seeding must begin with segmented demands and consumption frequency to uncover greater growth potential. In the renewal stage, brands need to attentively listen to user feedback and accurately identify genuine needs to upgrade products, leveraging innovative strategies and tactics to unlock a second growth curve for the product lifecycle.

Focusing on the 'product,' pursuing solutions throughout the product lifecycle.



Efficient Product Seeding Throughout the Entire Lifecycle

Seed Quality Products

Product Introduction Stage

Mao Geping skin, clothing, makeup primer

Targeting the segmented mixed skin competitive landscape

Scientific product seeding: 'New product launches swiftly gain popularity'



Mao Geping's new makeup primer confronts fierce competition and decelerating growth within the primer competitive landscape.

By leveraging insights from Xiaohongshu (RED)'s data platform, it is precisely identified that most primers on the market cater to single skin type concerns; however, in reality, users with mixed skin in China represent approximately 50%. When addressing consumers with mixed skin,

Pre-makeup products with only singular functions find it challenging to meet the needs of their target audience.



Based on insights, the brand proactively addresses the pre-makeup needs of the 'combination skin' user segment, partnering with Xiaohongshu (RED)'s 'Treasure' series IP 'Treasure New Product.'

In collaboration with the official account, the #NewSkin-Clothing campaign was launched, inviting KOLs and users across the platform to trial product sets and participate in new product evaluations, deeply transmitting the brand ethos of 'Mao Geping Pre-Makeup Master.'

By delivering the right products, the right content, and engaging the right audience, the new pre-makeup lotion was successfully established as a 'treasured item' in users' minds.

During the collaboration period

New product enters the leading category competitive landscape

TOP 1

Brand and product search volume increased by 8500%



Product Introduction Stage

Perfect Diary bionic film essence lipstick

Breakthrough among lipstick consumer segments

Riding the momentum to promote 'makeup and lip care'

Achieving a breakthrough in the lipstick consumer segment

In the fiercely competitive lip makeup market, breaking through the red ocean is critical. On-platform data reveals that lip care is attracting growing user attention; users now demand both beauty and effective lip protection, with makeup and nourishment integrated as a new trend.



Perfect Diary collaborates with Xiaohongshu (RED), leveraging the platform IP 'New Trend Creation Bureau' to establish a new trend of 'advanced makeup-nourishing lips' for its new bio-mimetic membrane essence lipstick. By transforming 'trend seeding' into 'trend direction', it precisely targets audiences concerned with dry lips and lip wrinkles through effective content, communicating moisturizing and lip care efficacy. It also progressively expands reach to independent new women, high-spending consumers, and discerning white-collar groups, continuously conveying women's lifestyle attitudes and values. Ultimately, it secures both the 'makeup-nourishment' competitive landscape and the 'dry lips' demographic, achieving rapid brand audience expansion. At the same time, the new product becomes a bestseller during its launch period, continuously enhancing brand influ-



Xiaohongshu (RED) October 2023

'Makeup & Nourishment' Core Content Reading Penetration Ranked No.1

October 2023 'Dry Lips' Consumer Segment

Month-on-Month Penetration Growth

147-Fold



Product Growth Stage

MARUBI Dual Collagen Eye Cream

Dynamic Reverse Funnel Model for Rapid Target Audience Penetration

Exploring New Routes for Category Breakthroughs

Wanmei leverages Xiaohongshu (RED)'s 'Audience Anti-Funnel' model as a breakthrough, and through targeted testing, has refined a product seeding strategy that rapidly penetrates step-by-step from the 'brand transaction audience - eye cream users aged over 30 - sagging eye/diminishing wrinkle audience - night owl/major promotion audience.' At the same time, Wanmei has developed a 'Dynamic Audience Anti-Funnel' model by feeding back brand audience data, enabling each round of product seeding during the growth stage of new products to continuously refresh user groups, thereby achieving a precise and scalable approach simultaneously.

Advertising Placement in the Eye Cream Category

Core Keyword Penetration Rate

TOP 1

November 2023

Domestic Brand Eye Cream Competitive Landscape Demographics

Total Assets Increased to

TOP 2



Product Maturity Stage

Grain Rain Photonic Essence and Emulsion

Expanding Whitening Demographics Across Multiple Site Segments

Exploring New Scenarios for 'Scientific Whitening'

Grain Rain Targets the Core Ingredient 'Glabridin,' Offering a Differentiated, Plant-Based Whitening Advantage That Is Non-Irritating. By Leveraging a High-Exposure Resource Mix to Ignite Brand Pulses, We Enable Brand Traffic Expansion Beyond Boundaries, Driving Continuous On-Site Growth in Whitening Scenarios for Sensitive and Night-Recovery Skin. This Rapidly Enhances On-Site Awareness Among Target Demographics, Utilizing KFS Funnel-Reversal Targeting Combined with Whitening Collaborations and Scientific Whitening Posts to Establish Whitening Brand Equity. Successfully Elevating the Maturity Stage SKU, 'Photonic Essence and Emulsion,' to Achieve New Business Milestones On-Site.



Post-launch

Increased penetration within the skin whitening demographic

8 Times

In the aforementioned cases, the most critical model employed is the population reverse funnel model.

Population reverse funnel model

Xiaohongshu (RED)'s unique cross-boundary strategy

The population reverse funnel model precisely matches 'user — product — demand' to identify the most crucial 'core demographic.' Leveraging content and advertising to elicit active responses and sharing from the core demographic, fostering word-of-mouth dissemination through peer influence within the community, and gradually penetrating high-potential segments with similar needs and pain points.

Advantages of the Anti-Funnel Audience Model

Lowered the Entry Barrier

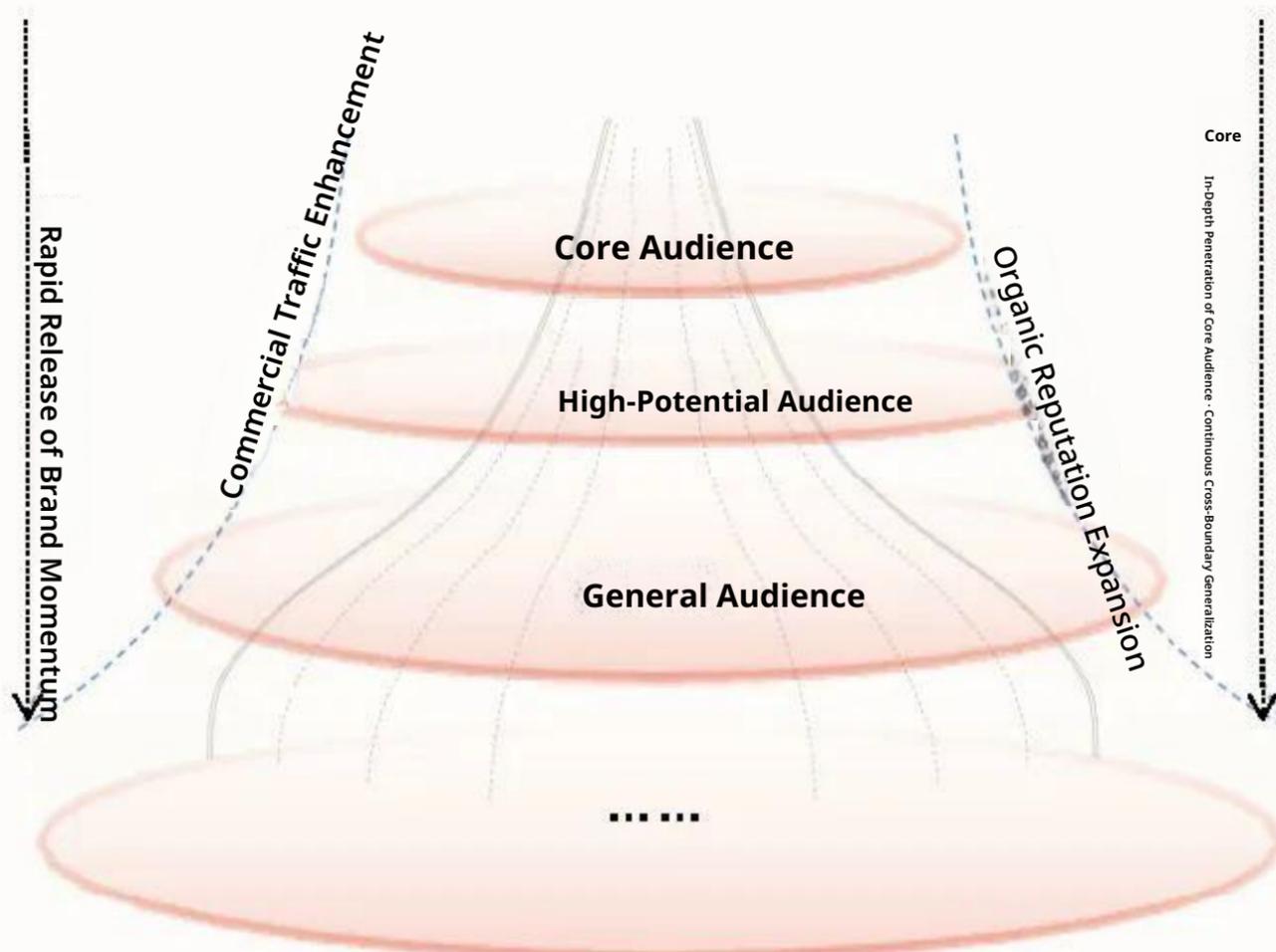
Product seeding marketing is no longer a high-risk, all-in 'one-shot deal.' Instead, it starts by targeting a small core audience with quick, incremental efforts. Upon observing the results, it gradually scales up, significantly reducing the entry barrier for marketing investment.

Enhanced Certainty

Authentic reviews and reputation are direct indicators of a product's seeding effectiveness. Advertisers can continuously optimize in the process of progressively breaking through audience segments, thereby increasing the certainty of marketing success.

Optimized Marketing Efficiency

Building upon the generalization of organic traffic, the precision and orderliness of commercial traffic are overlaid, enhancing overall marketing efficiency.



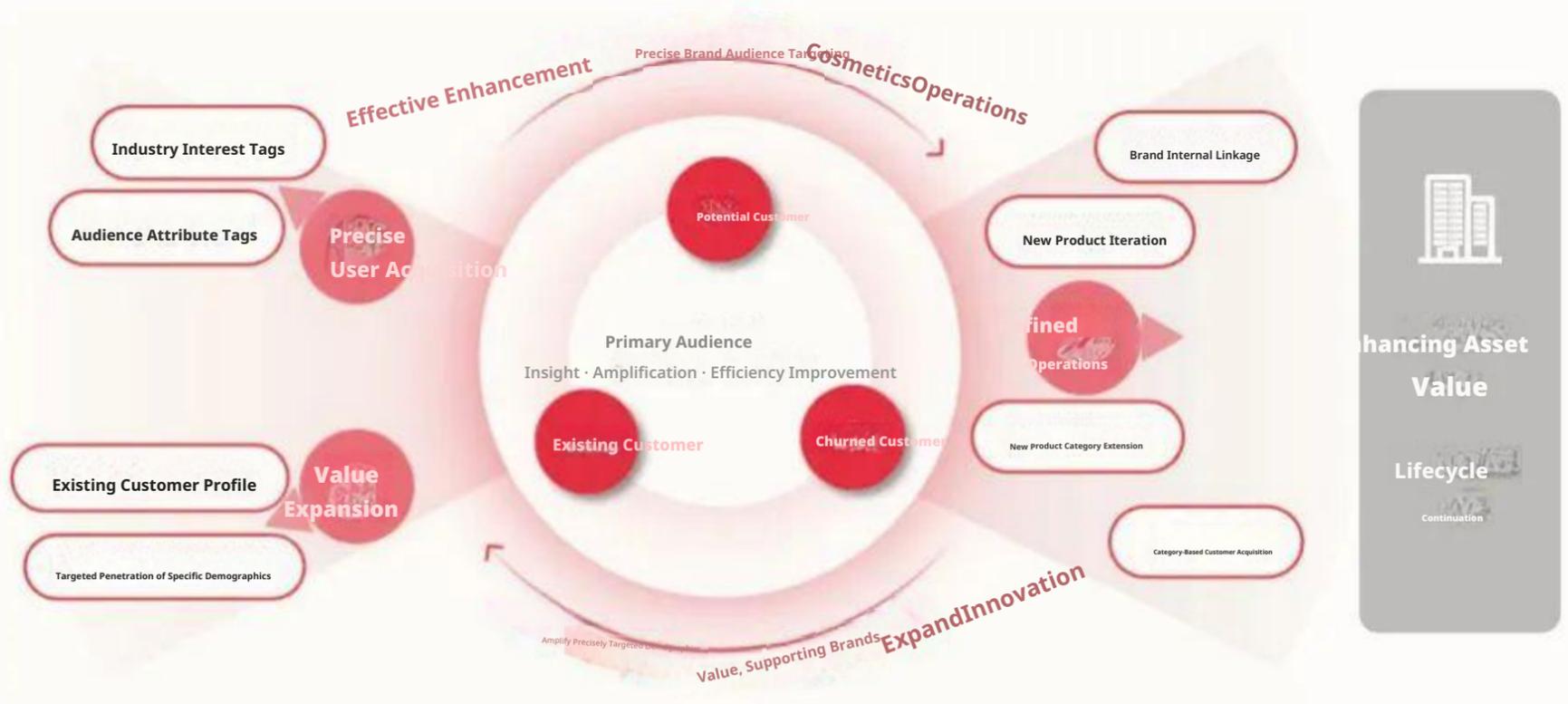
3.1.2 Data Deep Integration

Enabling Visualization of Product Seeding Value

Comprehensive Full-Chain User Management of Audience Managed by one party

On Xiaohongshu (RED), the relationship between users and products can be categorized into key stages: awareness, product seeding, purchase, and sharing. Utilizing metrics such as the scale, flow, and penetration of audience assets, brands gain a more comprehensive analytical perspective, enabling more effective marketing analysis, strategy development, and performance tracking.

Simultaneously, Xiaohongshu (RED) facilitates the integration of brand-wide audience assets. Through measurement, insights, strategy, and targeted application scenarios, it achieves enhanced marketing effectiveness across the entire brand domain.

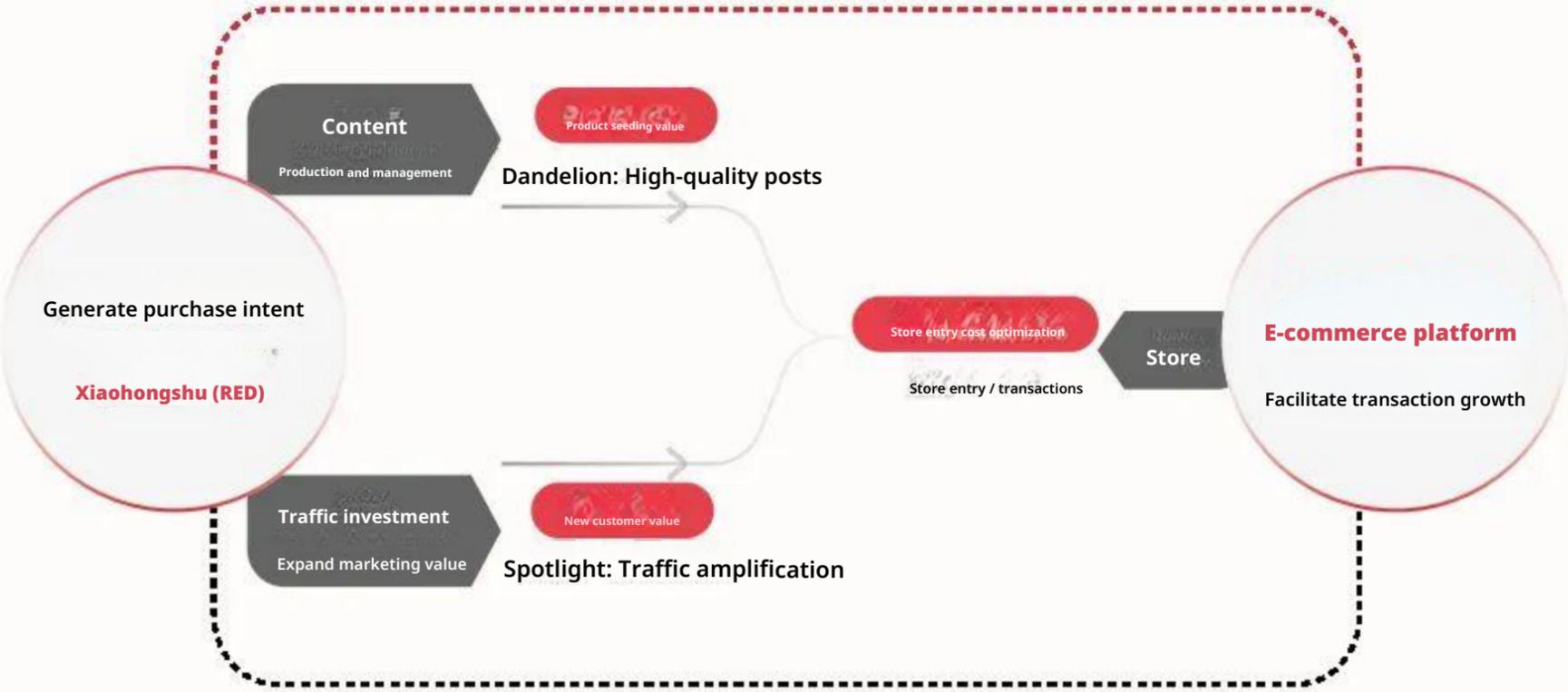


Xiaohongxing / Xiaohong Alliance

Tag Quality Content, Seed Successful Business

Xiaohongxing / Xiaohong Alliance Assist Merchants in Conducting Marketing Funnel Analysis and Enhancing the Evaluation System for Product Seeding Effectiveness.
 Xiaohongxing / Xiaohong Alliance Can Track the Conversion Performance of Xiaohongshu Influencers' Posts on Relevant E-commerce Platforms, Verifying Merchants' Product Seeding Efficiency; Brands Can Thereby Optimize and adjust marketing strategies based on data indicators, user behavior, and audience assets.

小红书/小红盟打通营销前后链路



Audience asset accumulation and re-engagement

<p>Transaction closed loop</p> <p>Comprehensive Analysis & Evaluate Product Seeding Efficiency</p>	<p>Real-time adjustment and control</p> <p>Timely Based on Backend Costs Adjust Marketing Strategy</p>	<p>Data Consolidation</p> <p>Audience Asset Consolidation & Re-marketing</p>
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3.2

Brand Development**Xiaohongshu (RED) Empowerment, Establishing 'Red Brands'**

Looking back at 2023, numerous domestic beauty brands collaborated with Xiaohongshu (RED); in terms of exposure, creating major brand campaigns;

In terms of consumer perception, achieving a youthful breakthrough; on the platform, building a sustainable marketing presence. We observe not only an increasing number of emerging brands rapidly capturing traffic opportunities here, but also outstanding established brands precisely seizing growth opportunities. Xiaohongshu (RED) empowers and cultivates 'Red Brands.'



How do emerging brands rapidly capture traffic opportunities on Xiaohongshu (RED)?

On Xiaohongshu (RED), 'everything is suitable for product seeding,' meaning that what brands seed to consumers here can be tangible products, as well as specific categories, scenarios, or styles, all converging to shape the brand image. For emerging domestic brands that need to establish distinctive awareness, focusing on user pain points and demands, exploring trends, and identifying precise communication scenarios is an efficient strategy for shaping brand perception and long-term value.

Yangshengtang

Focusing on 'Water-free Skincare' to Lead the Brand and Advance into High-end Domestic Brands

In the prevailing trend of efficacious skincare, users are increasingly attentive to ingredients. Yangshengtang, based on its unique 'Water-free Skincare' brand philosophy, emphasizes its specialized active ingredient—birch sap. Partnering with Xiaohongshu (RED)'s S-level IP 'Treasure Ingredients in China' and securing endorsement from Xinhua News Agency, it positions itself as a high-end skincare brand embodying 'scientific expertise and cutting-edge ingredients.'



Simultaneously, through laboratory traceability videos, beauty bloggers, ingredient experts, and skin specialists' multidimensional evaluations, alongside strong platform exposure resources, combined with content matrices developed by accounts targeting refined middle-class and premium skincare consumers, awareness of the second-generation injectable winter pregnancy essence flagship product is established, reinforcing the transmission of the brand value proposition.

Moving forward, Yangshengtang will continuously expand its target groups—ingredient-focused consumers, efficacy-driven consumers, and luxury skincare users—leveraging flagship products to introduce new products and broaden its product portfolio. From buyer impulse purchases to steady store operations, it will continually enhance brand recognition and expand the foundational business.



How Can Established Brands Capture Growth Opportunities on Xiaohongshu (RED)?

Mature brands with established brand recognition, a user base, and even blockbuster products often face more numerous and complex challenges in brand management than emerging brands. On Xiaohongshu (RED), achieving certainty in brand growth requires a product-centric, people-oriented approach—insightfully understanding and fulfilling new user needs, capturing more consumption scenarios, and expanding beyond traditional boundaries to reach wider audiences, thereby effectively catalyzing the brand's momentum surge.

Chando

Focused on the Self-Developed Ingredient Ximorein

Demonstrating the Beauty of Natural Science Across Multiple Scenarios

As a domestic beauty brand with high national recognition, Chando's brand advancement is deeply rooted in scientific research and hero product cultivation. In response to users' progressively sophisticated product consumption demands, Chando has dedicated 10 years to the development of the landmark self-developed ingredient 'Polar Ferment Ximorein,' integrating it across multiple product lines including the Little Purple Bottle.



Collaborating with Xiaohongshu (RED)'s IP 'Treasure Ingredients in China,' Chando effectively conveys brand awareness, establishing a brand image of natural technology beauty.

In breaking through with the flagship Xiao Zi Ping essence, the brand fully leveraged the momentum generated by the popularity of Hyaluronic Acid ingredients to precisely target loyal customers through brand and ingredient keywords. Subsequently, by employing a reverse funnel model from 'brand audience - essence category audience - anti-aging efficacy audience - ingredient-focused audience' to the broader audience, it swiftly secured a leading position in the anti-aging essence competitive landscape, achieving explosive sales of 200,000 units across the entire network during the 618 shopping festival.

In promoting Zhongjian Brand's Polar Saint Water, Natura Hall collaborated with Xiaohongshu (RED) by analyzing the demographic profile of the brand's loyal customers to identify highly relevant target groups and their efficacy concerns. Simultaneously, the campaign leveraged the platform's unique IP 'Healthy Living Mini Classroom' alongside the bestselling essence 'Little Purple Bottle' to deeply cultivate the concept of 'fermentation skincare.' By capitalizing on the 'Beauty Review by Jimei' series aimed at urban white-collar consumers, it accumulated a substantial volume of authentic UGC evaluations, achieving highly effective product seeding of the brand's fermentation skincare.



In developing potential flagship products, Naturdom utilizes insights from the skincare category, efficacy trends, and consumer demographics, adopting both qualitative and quantitative approaches, to identify that the freeze-dried collagen mask possesses stronger 'blockbuster' potential on Xiaohongshu (RED). Through meticulous product seeding, over 100,000 units were sold on Xiaohongshu (RED) during the promotional period.

Since its establishment 24 years ago, Naturdom's journey from the brand's initial impression of 'You Are Beautiful as You Are' to its current positioning as 'Natural Science Beauty' has been underpinned by its enduring dedication to product quality. By focusing on products and contextual usage scenarios, it continuously strengthens connections with users and reinvents its brand value.



In brand building

Is inseparable from Xiaohongshu (RED)'s diverse IP

A review of the year 2023

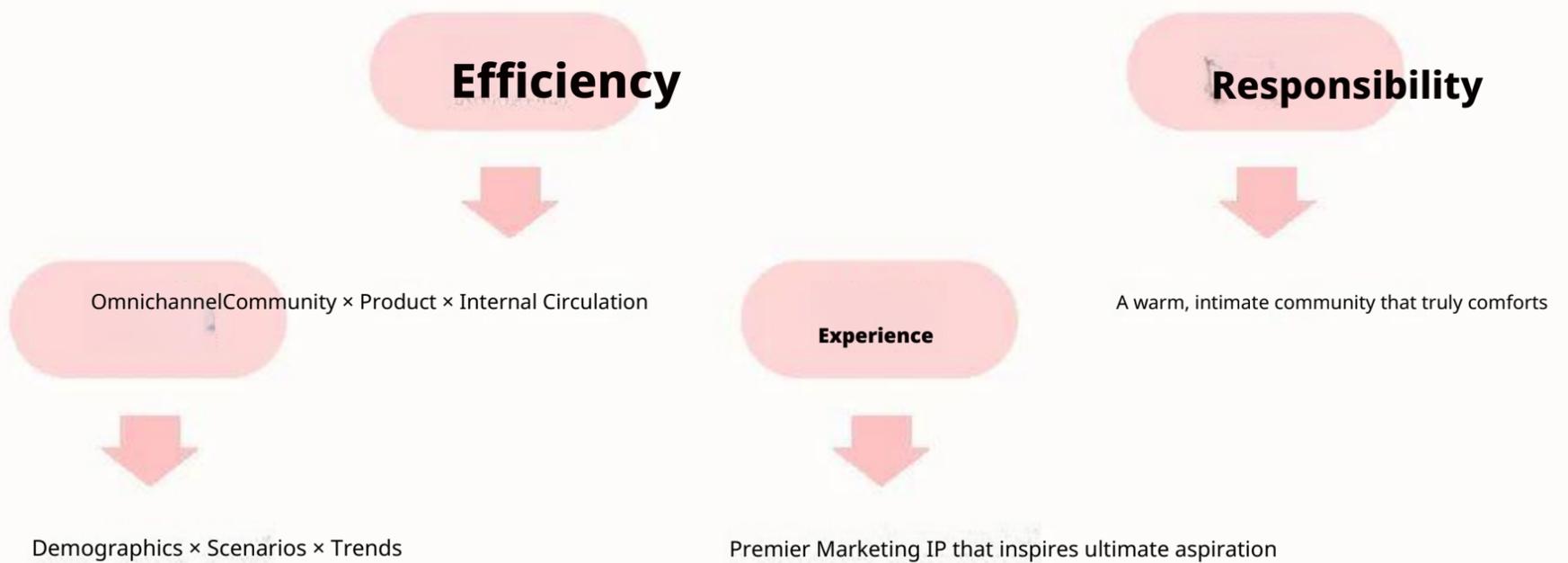
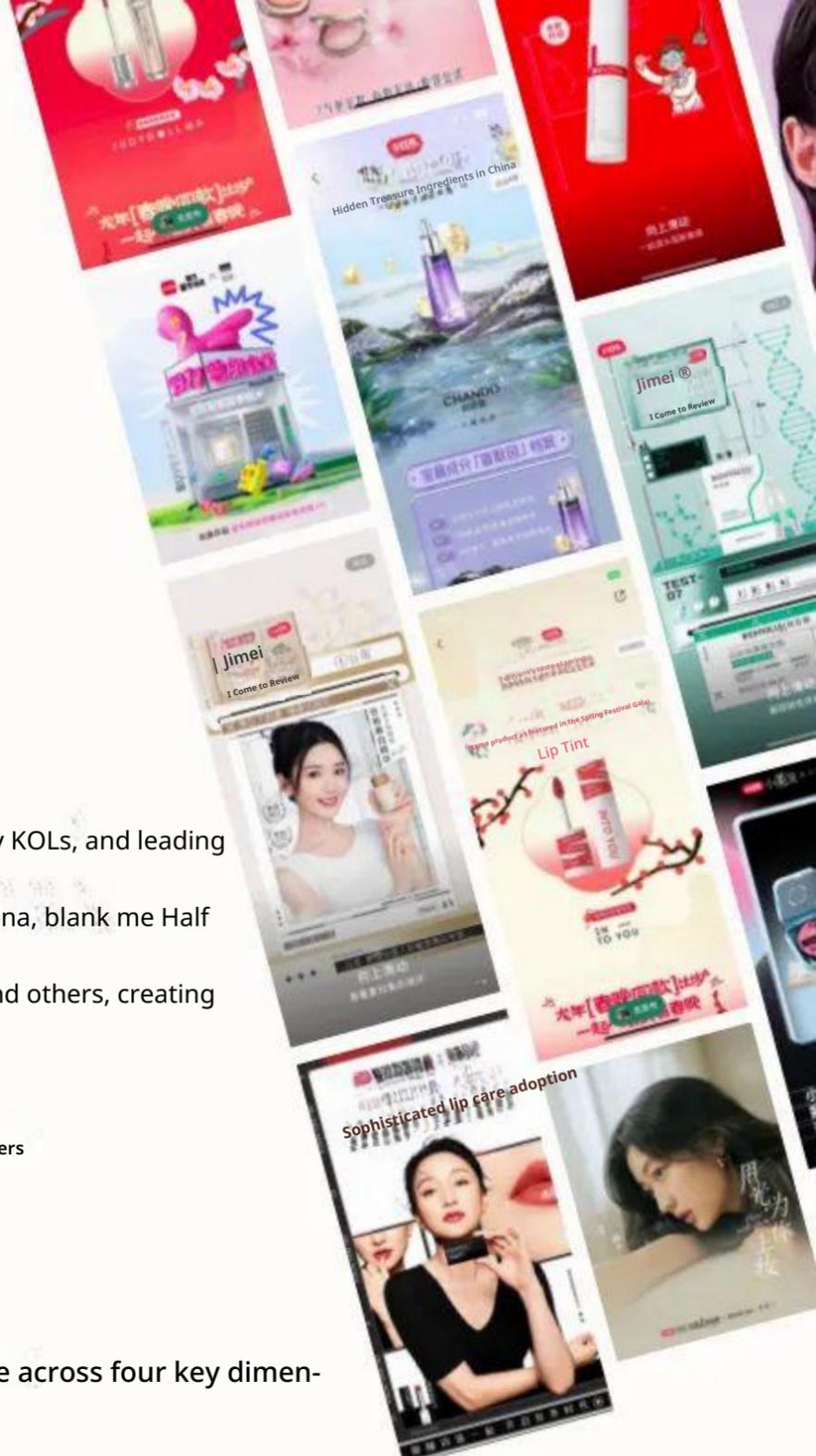
Xiaohongshu (RED), together with over 300 products, thousands of celebrity KOLs, and leading bloggers, has collaborated with numerous brands such as Runbaiyan, Winona, blank me Half Point One, Naturald堂, Yangshengtang, Florasis, Zhiben, Juduo, Into You, and others, creating repeated integrated online and offline IP events

'Utility' and 'beautiful life scenarios' enable brand products to establish profound connections with users

Year 2024

Xiaohongshu (RED) will partner with brands to co-create and engage across four key dimensions: [Omnichannel, Efficiency, Experience, Social Responsibility]

Facilitate effective communication between products and users



Leveraging a robust content ecosystem, an extensive base of authentic users, and diverse consumption scenarios, Xiaohongshu (RED)'s marketing IP continuously advances by simultaneously meeting users' needs for self-expression and aligning with brand marketing objectives. It offers new perspectives for the development of the beauty industry and serves as a vital bridge facilitating two-way communication between brands and consumers.



<p>'Looking at China'</p>	<p>'Xiaomei Talks'</p>	<p>'Outsider Festival'</p>
<p>'Treasure New Product'</p>	<p>'Family'</p>	<p>《Celebrity Style Public Course》</p>
<p>《MOMO's Life Line》</p>	<p>《Slow Person Festival》</p>	<p>《Red Beauty Awards》</p>

* The above IPs are for illustration purposes only

Currently, Xiaohongshu (RED) hosts more than 100 marketing IPs on the platform, including 《Little Beauty Talks》, recounting moments of beauty; 《View China》, depicting the vast expanse of 9.6 million square kilometers; 《Road Life Festival》 and 《Liuliu Life》, capturing the vibrant street atmosphere; as well as 《Outsider Festival》, inviting exploration of nature... This diverse range of IPs integrates online and offline activities, forming Xiaohongshu (RED)'s distinctive marketing ecosystem matrix that uses scenario-driven brand narratives to secure and convert the mindset of target audience segments.

Winona: Thirteen Years of Dedicated Research and Renewal

Collaborative Customized IP 'Sweet Potato New Product,' Driving Explosive Brand Awareness and Sales

The second-generation Winona Special Care Cream, fully upgraded for 2024, leverages this key flagship product to introduce a new product seeding strategy combining 'UGC + live streaming matrix,' thereby projecting the brand's professional image as a protector of sensitive skin.

In 2024, Winona aligned the launch of the second-generation Special Care Cream with Valentine's Day activities, featuring a minibox debut and a surprise message to loyal customers, resulting in the accumulation of substantial high-quality UGC; Simultaneously leveraging reputation momentum to collaborate with Xiaohongshu (RED) on the customized IP 'Hongshu New Product,' targeting consumer segments with repair needs, by interpreting new products through formats such as skin expert public courses and key opinion leader skincare guides, thereby further enhancing Winona's specialized research image in sensitivity. Moreover, within Xiaohongshu (RED), collecting users' skin sensitivity concerns through posts to generate anticipation for skin expert consultations and brand store livestreams, thereby strengthening the brand's specialized research image in sensitivity. In addition to regular in-store livestreams, the brand utilizes a 'celebrity livestream + buyer exclusive livestream' format to demonstrate the product's efficacy and safety. Ultimately, Winona achieved a dual surge in brand visibility and business performance during the 3.8 Renewal Period.



3.8 Renewal Period Product

Audience Asset Ranking

+23 Positions

3.8 Renewal Period Repair Audience

Penetration Rate Increase

158%

3.8 Renewal Period on Xiaohongshu (RED)

Sales Revenue Increased Month-on-Month

307%

Judydoll's Stunning Debut on the Spring Festival Gala Stage

Launching the 'Spring Festival Gala Edition' Brand Event with Ice Iron Lip Gloss

Judydoll leveraged Xiaohongshu (RED)'s most significant annual IP in partnership with CCTV to launch the companion-style live broadcast 'Everyone's Spring Festival Gala.' As the 'Spring Festival Gala Exclusive Official,' Judydoll made an impressive appearance on the Gala stage with its Ice Iron Lip Gloss, matching the style of host Ma Fanshu. The product also entered the live broadcast room, where celebrity makeup artists and buyers jointly conducted on-site tutorials and interactions featuring the Spring Festival Gala makeup look. During the Spring Festival period, the in-platform search popularity and related Posts publication for Ice Iron Lip Gloss surged significantly, becoming a nationwide highlight of the Spring Festival Gala.

At the subsequent 3.8 shopping festival, Judydoll precisely targeted the Spring Festival Gala audience, while simultaneously deploying product Posts and buyer livestreaming channels to fully leverage the momentum from the Spring Festival Gala, resulting in a comprehensive surge in in-platform business.



During the Spring Festival period, Ice Iron Lip Gloss

Increase in On-Platform Search Popularity

1038 times

Growth in Brand-Related Posts Published **3200%**



Run Baiyan Leading in the Ampoule Essence Category Competitive Landscape

Integrated with IP 'Jiemei Wo Lai Ping,' Reputation Verified through Hundred-Person Mass Testing

During the Event, Run Baiyan

Growth in Ampoule Essence Searches

1426%

Ampoule Essence During the Event

Search Ranking in the Category Rose To

TOP 2

With the prevalence of high-efficacy skincare methods and the pressures of modern fast-paced life, users increasingly encounter skin issues. Run Bai Yan, as a leader in the ampoule essence competitive landscape, focuses on white gauze ampoules, addressing minor irritations in Pan-Asian healthy skin. Through the campaign 'Jimei, I'm Here to Review,' it encourages users to share their ampoule essence usage. By providing authentic evaluation experiences, users perceive rapid redness relief, potent repair, and improved skin stability, thereby reinforcing the brand's image as an efficient biotechnology repair specialist.

3.3

Link Transaction



Many brands and merchants seek to establish long-term operations, meaning the ability to connect with consumers and directly hear their feedback. At first, merchants focused solely on large-scale user reach; Over time, they began to consider how to more consistently retain users and build user assets. Xiaohongshu (RED) aims to assist everyone in better executing long-term operations by developing Xiaohongshu (RED)'s 'native' commercial ecosystem. De-

ember 12, 2023, Geek Park Innovation Conference



Conan

COO of Xiaohongshu (RED)

We are currently in an era where user demands are increasingly segmented, product supply is more abundant, and product performance and Quality are continuously being upgraded. These buyers and curators on Xiaohongshu (RED) constitute a group of individuals who create new purchasing scenarios; they precisely capture user needs, convey the value behind product pricing, and consistently deliver services to users.

August 24, 2023 Xiaohongshu (RED) Link E-Commerce Partner Week

3.3.1 Closed-Loop Within the E-Commerce Platform

Integration of Staff and Storefront, Ensuring Long-Term Operations

Within Xiaohongshu (RED)'s e-commerce ecosystem, the three core segments—product posts, buyer live streams, and brand store live broadcasts—have demonstrated explosive growth.

In 2023, the overall sales trend in the beauty and personal care industry continued its upward trajectory, with sustained efforts in posts and live streaming sectors, and further potential being unlocked in brand store live broadcasts.



Create an Account and Publish Posts

Find Buyers to Conduct Live Streaming

Open Store, Broadcast, and Maintain Stable Operations

Content Creation Must Involve Interaction with Users

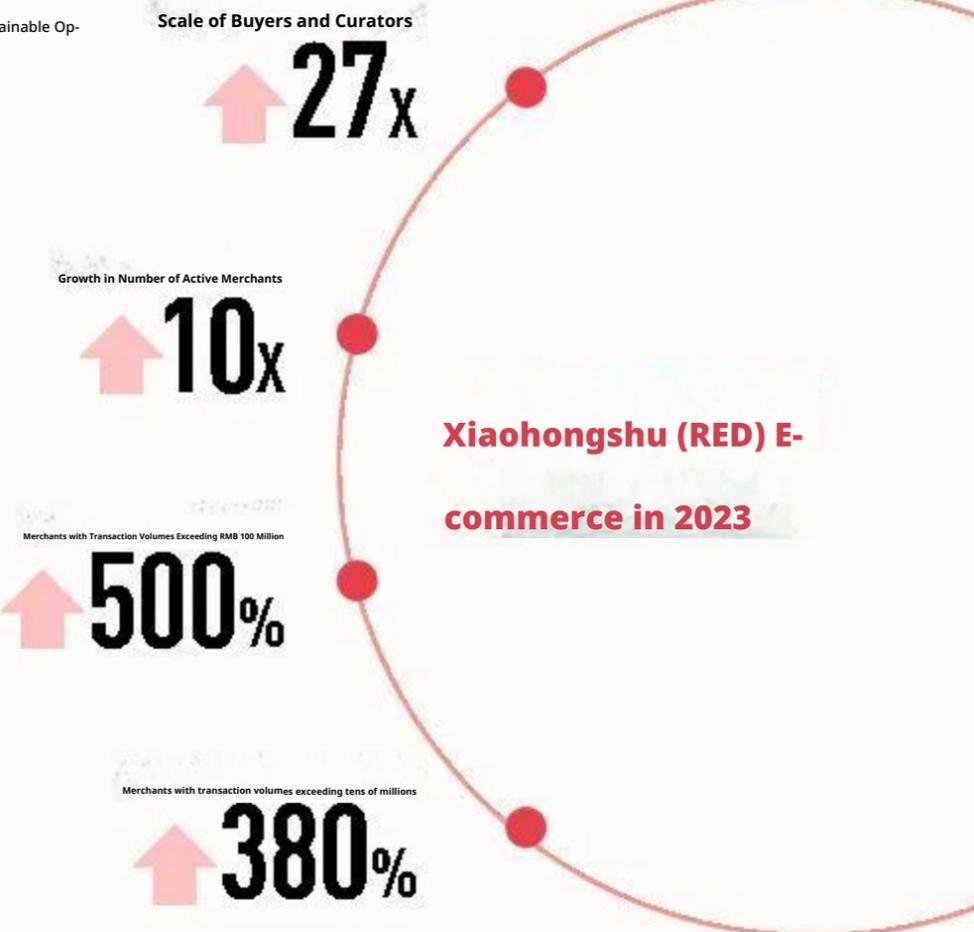
Implement Effective Product Seeding and Pre-Launch Warm-Up

Operate Across Multiple Scenarios for Strategic Layout

'Integration of People and Store' Is the Core Element for Brands' Sustainable Operation within Xiaohongshu (RED)'s E-Commerce Ecosystem.

Among these, 'Create an Account and Publish Posts,' 'Find Buyers to Conduct Live Streaming,' and 'Open Store, Broadcast, and Maintain Stable Operations' Are the Three Key Actions for Brands to Establish a Closed-Loop Business.

During the 2024 Double 11 shopping festival, Dong Jie achieved a single-session GMV exceeding RMB 130 million in the Xiaohongshu (RED) live broadcast room, while Zhang Xiaohui's live broadcast GMV surpassed RMB 100 million. The diversity of buyers flourishes on Xiaohongshu (RED), serving as a powerful engine for the platform's e-commerce growth and progressively unlocking more opportunities for brands.



AFU Afu

From operational bottleneck challenges

To seizing momentum for breakthrough and comeback

It is not only a renewal of the brand image

But also the discovery of a definitive business path

Afu, the heritage essence oil brand, has undergone several phases of volatility—starting as a precise entrant in a niche competitive landscape and rising to dominance, then facing intense competition from emerging challengers due to product gaps. In early 2023, Afu fully embraced Xiaohongshu (RED), implementing a comprehensive strategy to relaunch the category competitive landscape, reshape brand perception, and reverse market reputation. This tripartite approach not only revitalized brand awareness but also identified a second growth trajectory for the business.



In 2022, the trends of oil-based skincare and emotional skincare rapidly gained traction on Xiaohongshu (RED),

with 'immersive experiences in all things' and 'atmospheric ambience in everything'

sweeping through the community users. Afu capitalized on this momentum to simplify complexity and refocus on the brand's authentic value proposition.

During the growth phase, strategic high-intensity pulses were created: starting with product seeding by selecting the high-end facial anti-aging product line Eleven Seed Essence Oil, followed by momentum building and breakout—leveraging the 'Star Wish Fulfillment Project' IP and collaborating with Dong Jie to pioneer Xiaohongshu (RED)'s closed-loop celebrity live-streaming model; the premiere was a triumph with sales revenue exceeding one million, successfully achieving a triple breakthrough in sales volume, brand exposure, and reputation.

Achieving a sales breakthrough during the explosive growth phase: by establishing a comprehensive buyer matrix, hosting over 20 buyer live streams monthly, and augmenting in-store streaming with continuous broadcasts for 17 hours daily, rapidly progressing to become a beauty brand with a monthly GMV of 5 million.

Stabilizing business foundations during the growth phase: efficiently utilizing celebrity live streaming content to promote product posts, with uninterrupted in-store live streaming for 4 hours daily. Sustained focus on the blockbuster product 'Eleven Seeds Essence Oil,' while simultaneously cultivating the summer blockbuster brightening essence oil to overcome category and seasonal constraints. Ultimately, posts combined with live store broadcasts contributed over 60% of the store's GMV.

In March alone, Afu emerged as a domestic beauty brand on Xiaohongshu (RED) with monthly sales revenue approaching ten million, driven by high-impact, distinctive live streams featuring top celebrities, buyers, and curators, alongside the sustained, meticulous management of store broadcasts.



March 2024

Xiaohongshu (RED) Store GMV

Nearly ten million

March 2024

Sales volume of Xiaohongshu (RED) beauty and skincare brands

TOP 1

China's Sustainable and Clean Color Cosmetics Brand RED CHAMBER朱棧

Building Blockbuster Products from Ground Zero

Achieving 100-Fold GMV Growth

The 'Cream' Radiance Moment

The brand strategically aligns with high-potential scenarios such as early 8 a.m. and commuting, activating a breakthrough acceleration mechanism among consumer groups with frequent usage of cream-based SPUs. After consolidating dominance within this segmented competitive landscape, the model is efficiently replicated across its online base makeup line. Through comprehensive operational integration of product posts, buyer livestreams, and brand store placements, the business attains significant explosive growth.



Xiaohongshu (RED) Color Cosmetics Brand

Achieves First Monthly GMV Breakthrough

5 Million

Year-on-Year Comparison for September 2023

GMV Growth Compared to the Same Period Last Year

100-Fold Increase



Substantive and Insightful

Highly Favored by Ingredient-Conscious Consumers

Deep Product Seeding Targeted at Key Demographics

Identifying New Sources of Business Growth

The substantive 'Night Coffee' Eye Cream launched, focusing on the 'staying up late' scenario and targeting key demographics such as office workers and students.

Product seeding content highlights efficacy in diminishing dark circles and eye puffiness, strongly resonating with consumers' pain points. Conversion is

facilitated through brand store livestreaming, successfully completing the

new product's cold launch.



Launched in April 2024

Xiaohongshu (RED) Popularity Overload Ranked No.1

3.3.2

KOS

Connecting Online and Offline Transactions

KOS, or Key Opinion Sales, is a crucial method for enterprises to activate offline store resources. Store sales associates serve as the brand's 'mini ambassadors,' 'precise recommendation officers,' and 'O2O connectors'; they proactively publish content, respond to inquiries, and manage users on Xiaohongshu (RED). At present, Xiaohongshu's KOS can enhance the marketing impact of brand sales associate content in offline stores, integrating product seeding, membership operations, offline and online traffic convergence, and other scenarios to provide consumers with more efficient and professional customized services.

In China's domestic beauty industry, brands such as Yuanke Man under the Betadine Group have taken the lead in collaborating with KOLs on Xiaohongshu (RED), leveraging product posts for business conversion.

Diverse components facilitate product seeding by users, followed by traffic attraction and conversion.



Product Seeding



Membership Operations



Offline Traffic Diversion

(Offline services / Sampling / Make-up trials / Events ...)



Online closed-loop

3.3.3

Group chat

Accumulating brand private domain assets

Group chat is a key platform for user management. Xiaohongshu (RED) group chats foster long-term brand value; the 'UV conversion rate' is twice the market average, the 'private domain user GMV conversion efficiency' is 300 times that of non-private domain users, and the '30-day repurchase rate' is five times that of the overall user base. It serves as both an efficient, stable, and low-cost promotional channel and a high-conversion, high-repurchase sales channel.

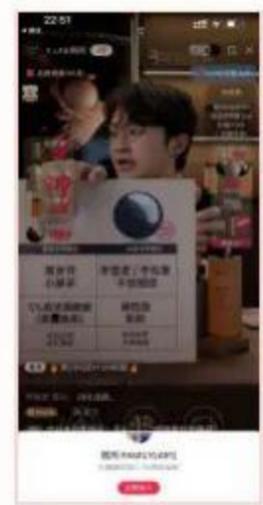
Guide users to join the group



Enterprise account homepage group entry



Posts group entry



Live broadcast room group entry

Group chat operation guide



Exclusive promotional information



Product educational introduction

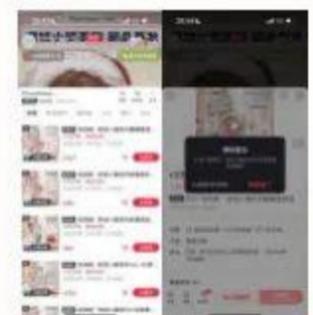


Notifications, benefits, and interaction

The Huazhixiao Naiwa Xiaopu series launched exclusively on Xiaohongshu (RED). In the early phase, a group chat operational approach was adopted to guide fans within the group to follow brand store live broadcasts and pre-order new products. In the three days prior to launch, reservations exceeded 11,500, effectively generating strong pre-sale momentum.



Live Streaming Guided Group Chat
Guiding New Product Add-to-Cart



Advance Live Streaming Link Attachment
New Product Presale Add-to-Cart



CHAPTER 04

New Marketing Opportunities on Xiaohongshu (RED)

Product Co-creation

Ensuring New Product Success through Visibility and Certainty

Xiaohongshu (RED) is not only the origin of commercial trends but has also become a crucial platform for consumer purchase decisions. The 2023 NielsenQ 'Post-Pandemic Consumer Psychology Research' indicates that 47% of users view Xiaohongshu (RED) as a key channel for product seeding of new products and brands.

As user anticipation for new products evolves from 'meeting unmet needs' to 'demand creation,' Xiaohongshu (RED) possesses a unique advantage in new product co-creation. Its abundant native content and personalized user tags enable outstanding products to be developed with an end-user-oriented approach.

Seeding after product launch? It is more effective to reverse the order and bring product seeding one step earlier. Kefu Mei Focus Face Cream marked the first deeply integrated new product co-creation between a domestic skincare brand and Xiaohongshu (RED). Xiaohongshu (RED) fully capitalizes on the strengths of its genuine community environment by focusing on the user perspective. Through extensive analysis of user behavior data and comprehensive user research, it thoroughly uncovers new opportunities concerning the efficacy, target demographics, packaging, and texture of key face creams.

User Says

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"The combination of silver and white is quite appealing."

"Cofumei's collagen reassembly has been heavily promoted; in fact, no education is necessary as everyone is already familiar with it."

"Cofumei's soothing repair inherently holds distinct advantages."

"I like this creamy, cheese-like texture."

Morning P, Evening R

Urban white-collar population

Focus on immediate efficacy

Silver packaging with a heightened sense of technology



We look forward to partnering with more brands to proactively co-create and solidify the certainty of new product launches.

Conclusion

ENDING

Data Explanation

DATA
DECLARATION

Special Thanks

We extend our sincere gratitude to the following brands for their support of this report (listed alphabetically by brand name).

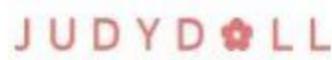
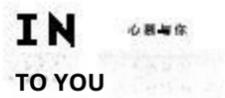


AOXMED blank me | half point one



diary Flower Knows | 7408 %

Substantive and Insightful



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Appendix

* The above images are sourced from

@ NOVELAIRE, @ A Tangerine Smash, @ Meatball Huang, @ Zhang Deshuai from Quanzhou, @ Banna Makeup Artist Jiang Jiang

@Sun1Ran, @SUSU Beauty Academy - Ma Piaoliang, @NanV2018, @Du Xiaodu, @Cha Er CHARR, @Fashion Recorder

@Cassie Aesthetic Research, @Liang Shengsheng, @Taya, @December, @Old Car Classmate, @No-eating Little Horse, @Ju Juzi

@Cream Snow Fairy, @Lin Yixi, @Liu Gui, @Helena HR Beauty, @Lin Qingxuan Counter Assistant Xiaoyue, @Helena Hangzhou MixC Kiko

@ Yuesi Junjun, Chengdu Intime City; @ Aike Man, Hangzhou - Zhengzheng