

WINNING YOUNG CHINESE CONSUMERS

Eternal × TFWA



About Eternal ... Since 1980

Established in Hong Kong since 1980, Eternal Group has been adhering to be “The leading Omni-channel Brand Management of Beauty & Eyewear in Hong Kong S.A.R., Macau S.A.R. & mainland China”.

With its intuitive sense of business and groundbreaking business strategy, Eternal has flourished over the past 40 years leading the trend and lifestyle in China with an international vision.

“

**Leader of OMNI-
CHANNEL BRAND
MANAGEMENT of
Beauty & Eyewear**

In Hong Kong S.A.R., Macau
S.A.R. & Mainland China

”

We Empower ...

Dynamic Brand Portfolios

Premium



Prestige



Niche



Lifestyle



Strong Brand Management Team



Well established marketing infrastructure



Professional in house regulatory team



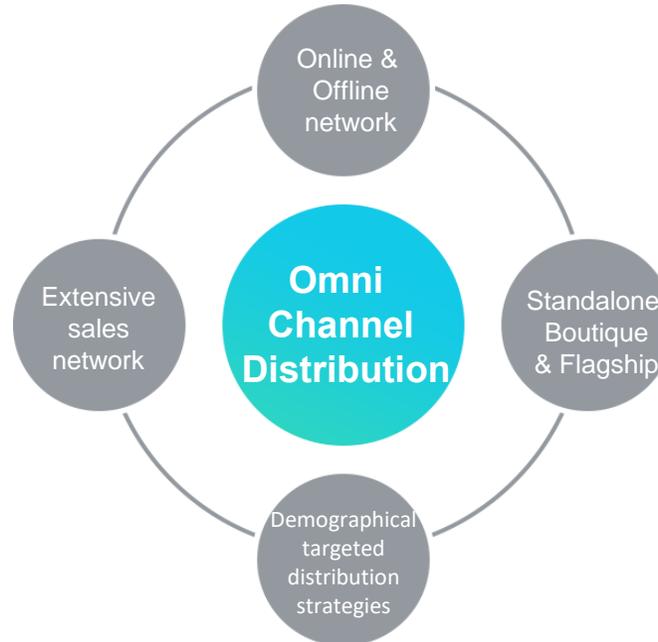
Flexible Supply Chain



Intensive marketing research & analysis

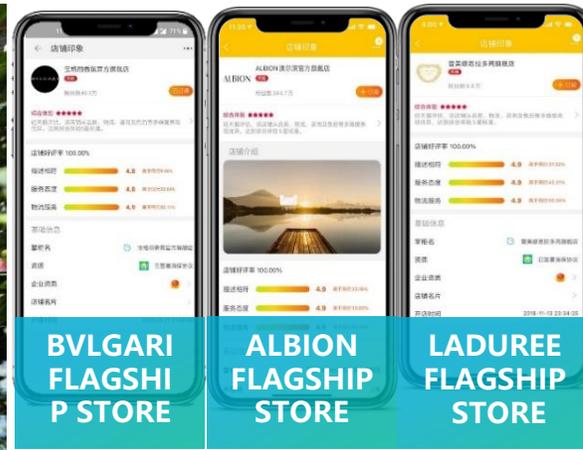


Retail excellent Management



Our Achievement Highlights...

National Network and Distribution Infrastructure



In the era of new retail, we believe **“Customer-Centric” + “Digital Transformation”** are the key to thrive in the fast-changing market

Market Shares

- Total market share of Eternal: 14%
- **6 Brands** in Top 30

6000+ POS Across Mainland China

- 400+ Direct Dept Stores
- 700+ in Key Accounts
- 1140+ in Local Chain Stores
- 90+ in TR

Fully Equipped E-Commerce

- **300+** EC expertise
- 14 Tmall Flagship Stores
- **Top 1** Fragrance House in [JD.com](https://www.jd.com)
- **Top 5** in Perfume Tmall D11
- **5 Stars** Flagship Stores

5-Stars Logistic Service

- Full logistic service
- **100+** professional team with
- 5 logistic Hub
- Prompt online delivery direct within **24** hours

Our Achievement Highlights... 360 BRAND MANAGEMENT

OMNI Channel Marketing

POPUP Store & PR Events

70+ Events in a year

Collaboration with Celebrities & Top KOL

10+ Livestreams with top KOL in a year

New Retail Concept Project

Perfume Box

Fragrance social space for GenZ

Market & Consumer Intelligence

China Perfume Industry White Paper

Reveal of market insight & ecommerce ecology

In the era of new retail, we believe **“Customer-Centric” + “Digital Transformation”** are the key to thrive in the fast-changing market





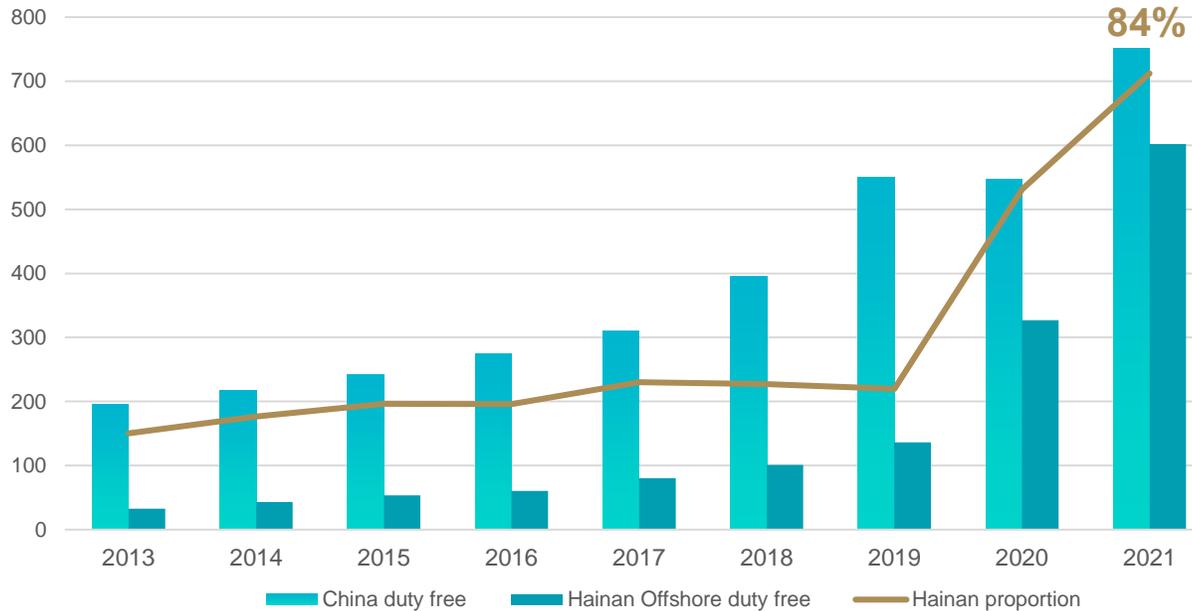
The Evolution of Travel Retail

P&C growth rate exceeded the market growth by 21%

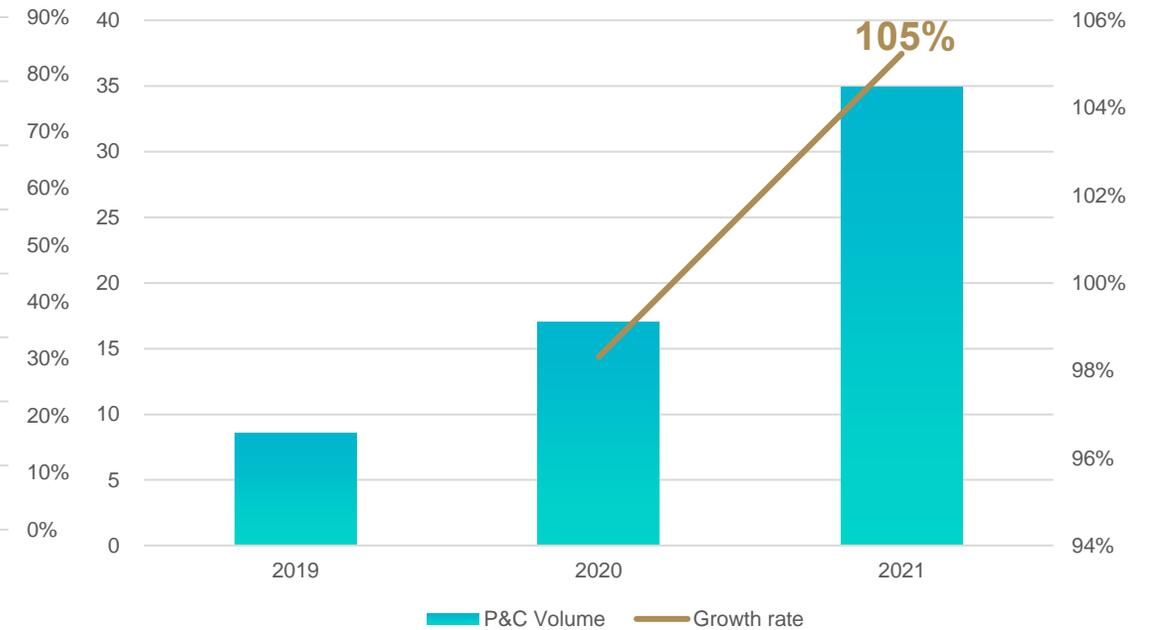
Offshore duty free 21vs20 growth 84%

P&C category 21vs20 growth 105%

Hainan offshore duty free VS China duty free



P&C sales in Hainan offshore Duty Free



Changes of shopping environment

A good shopping environment is an important factor for Hainan duty-free stores to attract consumers

Airport DF shop

Traditional display standard



Hainan DF shop

Luxury shopping mall environment



Integration of Omni-channel retail is the future of the industry

Reach consumers at multiple points and maintain brand consistency

New Launch in LM

Domestic Shopping mall



New Launch in TR

Hainan TR Downtown shop



Integration of Omni-channel retail is the future of the industry

Reach consumers at multiple points to maximize brand exposure

Promotion in LM

Sephora POP



New Launch in TR

TR Sanya HTB POP



Travel Retail Excellence Management

Product

VM & Stock Management

- Clearly display guideline and strictly followed.
- Showing the diversity of products, providing consumers with a clearer choice.



Promoter

Sales & Training Management

- Sales are presentable, kind and warm.
- Sales have professional product knowledge and are good at building relationships with TA.



Promotion

Marketing Integration

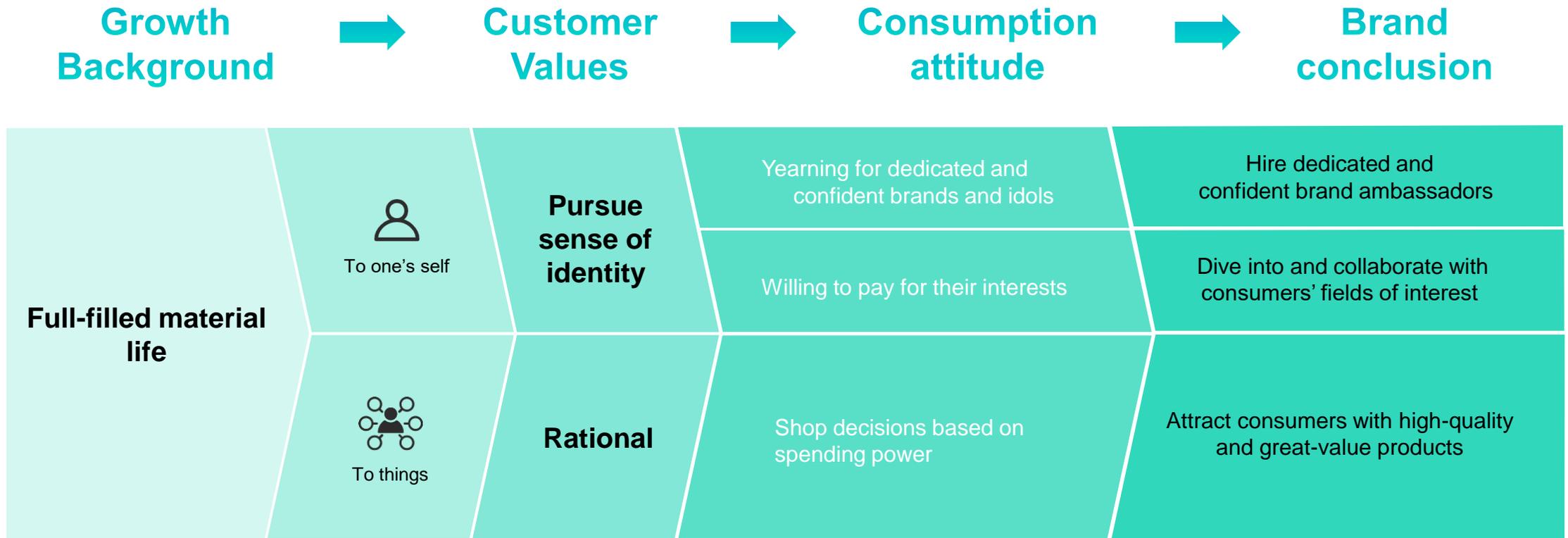
- Provide a diverse shopping experience with exciting and active marketing plans.



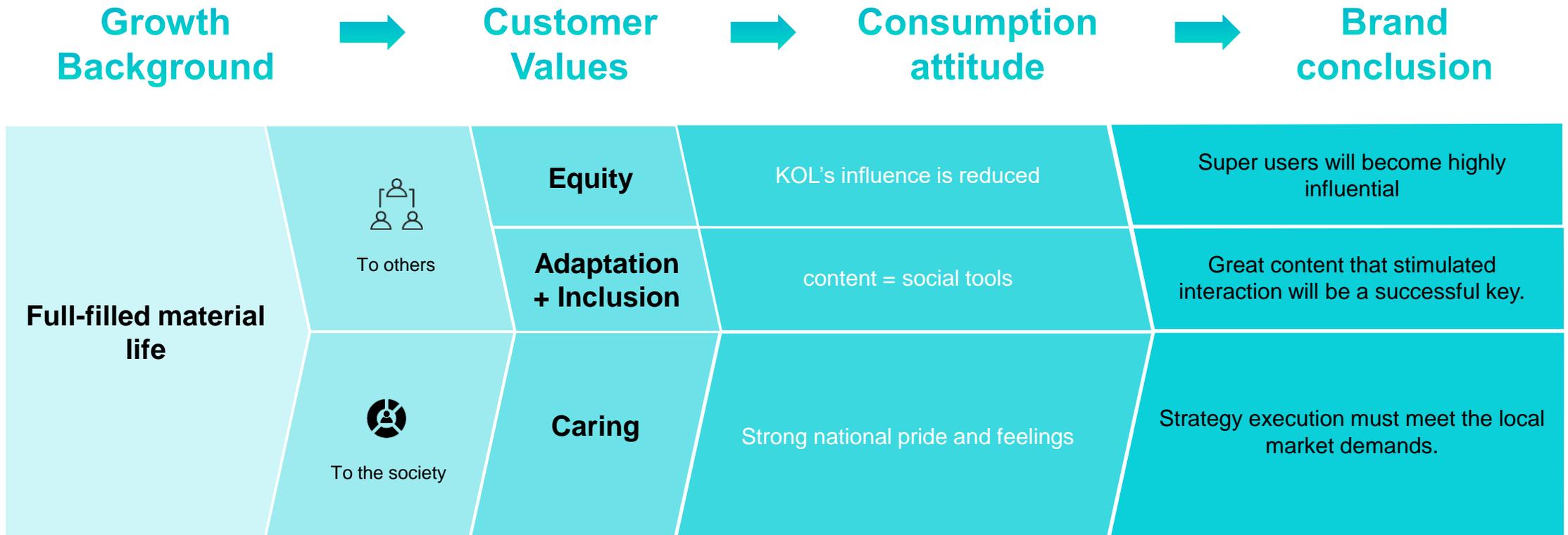


Behavioral Insight of Young Chinese consumers

GENZ's attitude: interests and self-identity has become more important.



GENZ's attitude: close-to-life recommendation and interactive contents drive interest.

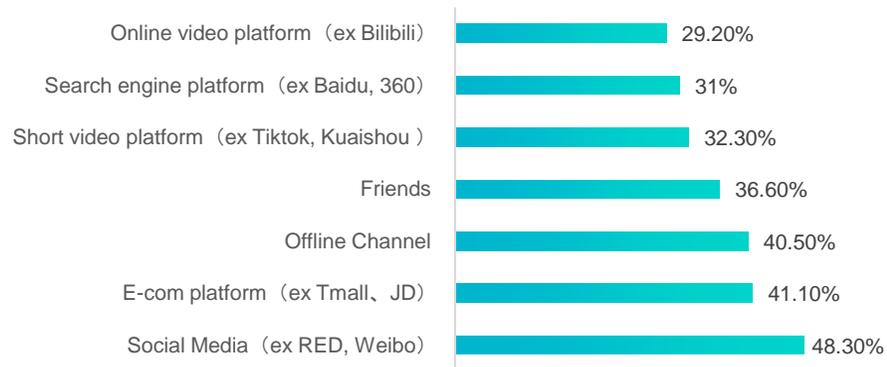


Social media has become the most preferred channel for GENZs, among which the “KOC recommendation” has the strongest effect.

Generation Z has more diversified ways to obtain information.

Social media is Gen Z's preferred channel for beauty and skincare information

Channels for Gen Z to Get Beauty and Skin Care Information in 2020



The influence of KOC is getting stronger

77.55% of generation Z tend to understand brand information through KOC evaluation on platforms such as we media, Bilibili and RED.

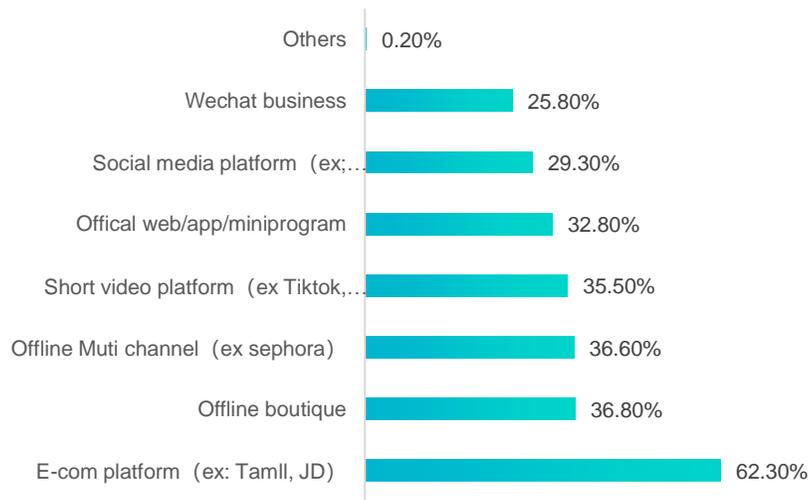
How Gen Z gets information about beauty and skincare



The strong diversity of GENZ's information channel makes it inevitable for brands to strengthen omni-channel layout.

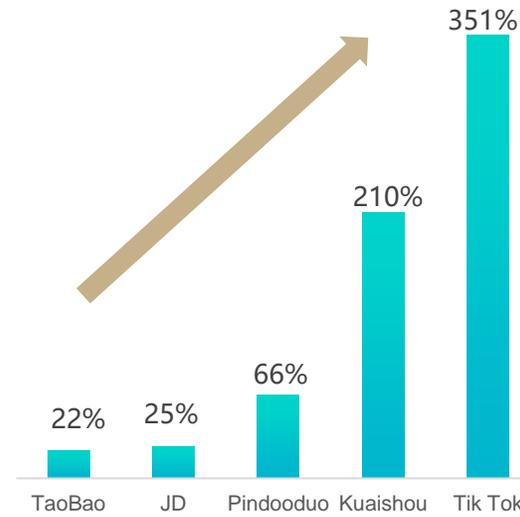
Averagely GENZ consume in 3-4 channels each year

Purchasing channels of Z generation in 2020



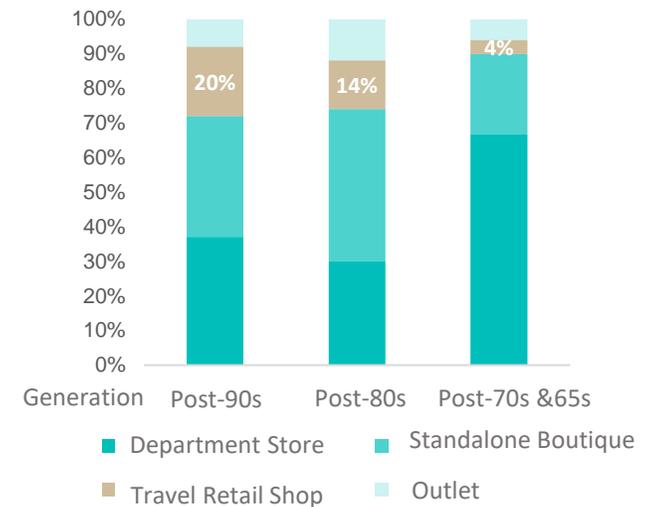
Oligopoly market is facing changes

Growth rate of e-commerce platform in 2021

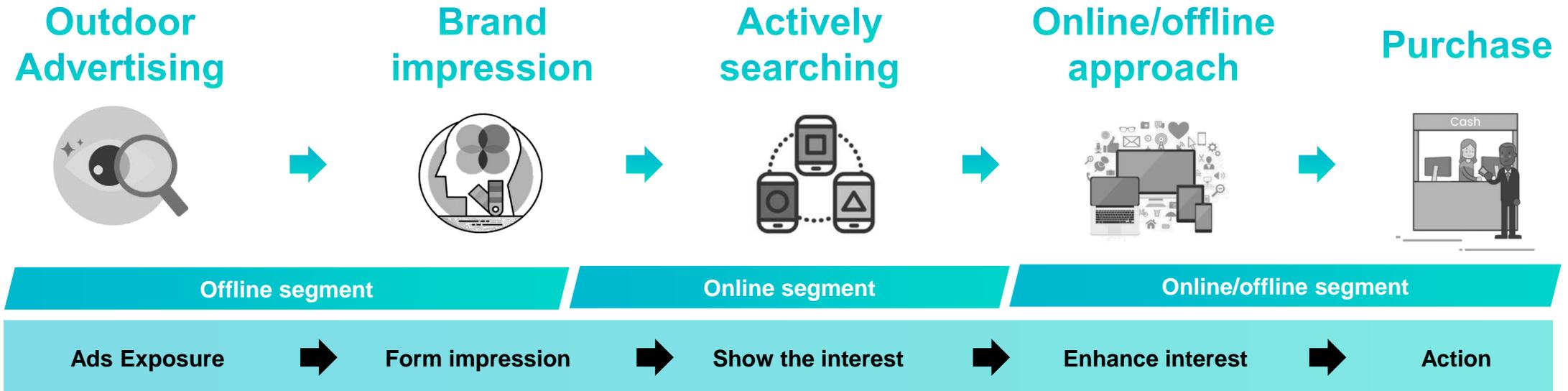


Offline channel has become diverse

Proportion of offline consumption of high-end products for all generations



Strengthening linkages among touch points/channels in consumers' journey facilitates conversion.



130%+

exposure concentration

2.5倍

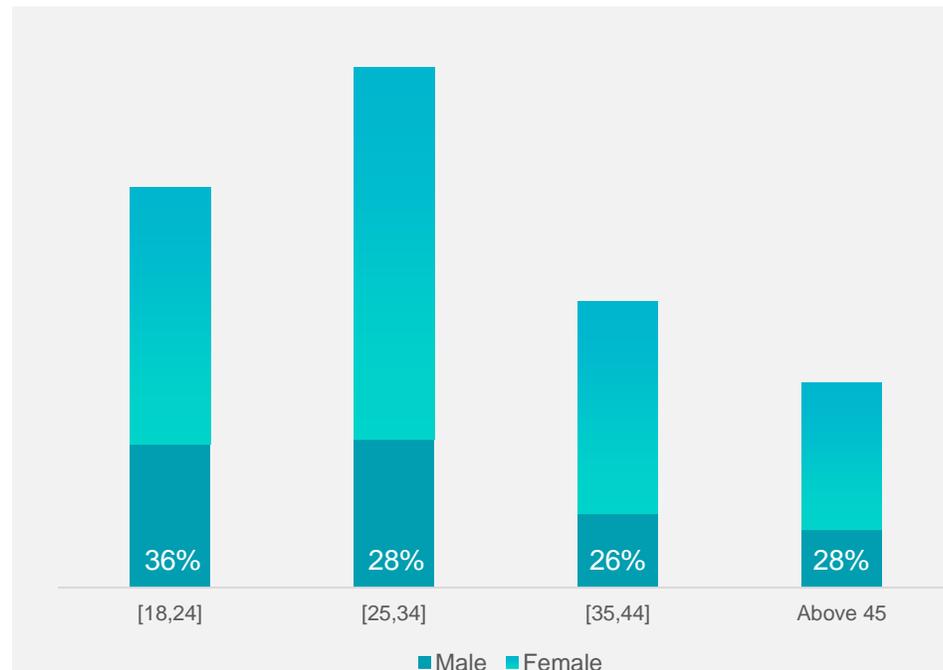
Search index

60%+

action index

GENZ has accounted for nearly 30% of beauty consumers, Male beauty consumers starts to expend in Z generation

Distribution of Taobao users in 2021
(facial cosmetics)



Prefer professional and safe skincare products with superior efficacy

Two major consumer demands in the post-covid era

Purchase online and offline

In the past year, 63% of them have purchased on e-com platforms and 58% purchased offline

More dedicated to Skincare

More than 60% adhere to daily skin care, 1/3 consumers spend more than **30 mins** on skincare each day

GEN-Z Customer Portfolio



High purchase frequency

Nearly 40% of GEN-Z purchase at least a month

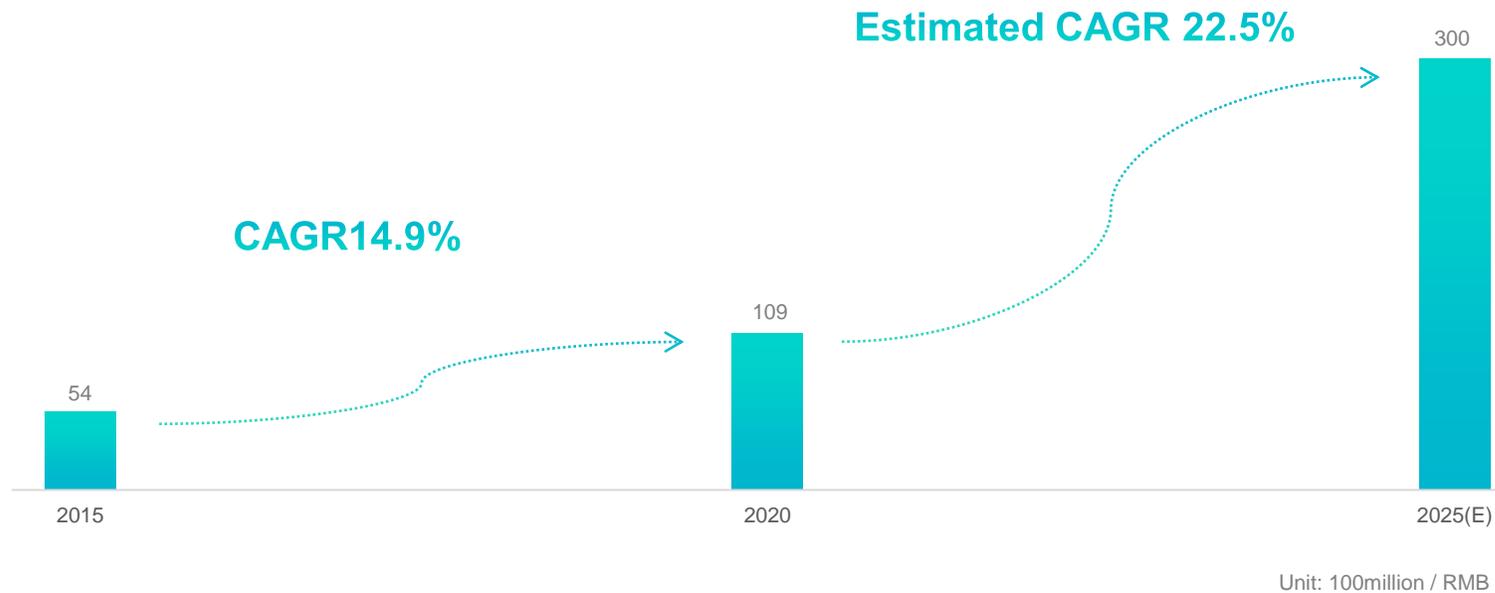
Sufficient budget for beauty products

The consumption expenditure of beauty and skin care is 3,315 RMB per person per year



The Evolution of Chinese Perfume Market

China's Perfume market is expanding rapidly year by year, with great potential for growth.



The growth of China's perfume market will become the main driving force for the global market in the future.

High-end Perfume is the main force in the growth of China's Perfume market.

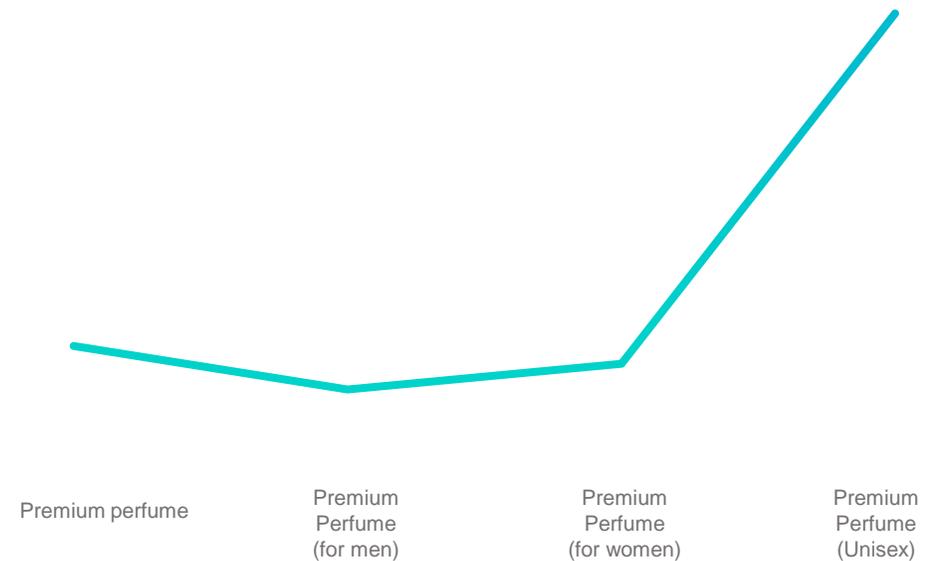
1. High-end perfume is on the increase

2. Unisex perfume become trends. Also, wearing men's perfume is popular among women.

Perfume market retail sales in 2015-2020



CAGR of premium perfume market in 2015-2020



Great changes on China's consumers: from "inaccessible luxury" to "self care necessity"



1980s



1990s



Precious and rare

- Perfume is an imported item sold only in state-run department stores.
- Only available to expats, diplomats and government officials.
- Perfume became the social identity of the time

Luxury goods

- China's social form has changed from conservative to openness.
- Young customers are beginning to have the will to try perfumes.
- Consumers tend to choose fragrances with strong feminine features such as floral notes and pink packaging.



2000s

For Gifting

- Consumers regard perfume as an entry level luxury, a popular choice for gift giving.
- Brands is a key reason to make consumers buy perfume.
- Floral and fruity notes are the mainstream choices of Chinese consumers.

For Pleasing Others

- Consumers' preferences for fragrance are gradually diversified.
- Consumers prefer perfume with exquisite designed bottles, such as Anna Sui.
- Key drivers for perfume purchase include business etiquette and socially attraction.



NOW

2010s



For Pleasing Themselves

- Consumers start wear perfume at a younger age and wear perfume everyday.
- Consumers pay more attention to scents, layers and Fragrance related products
- Consumers care about products that express emotion, culture and connection.
- Consumers know how to use fragrance decently for the right occasion and prefer niche brands.

Four core forces in the current Chinese consumer market

1

Generation Z



- Joyful Consumption -
For Social and Joy

2

She-Power



- Emotional Consumption -
Pursuit Fashion and Experience

3

Well-off Middle Class



- Exquisite Consumption -
Sense of Rituals

4

Small Town Youth

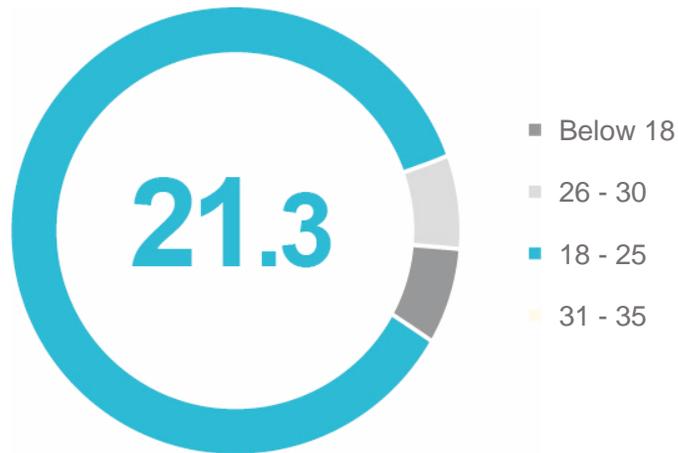


- Synchronous Consumption -
High-end and Daily

Consumers start wear perfume at a younger age and first-time try-on scenarios get more diverse

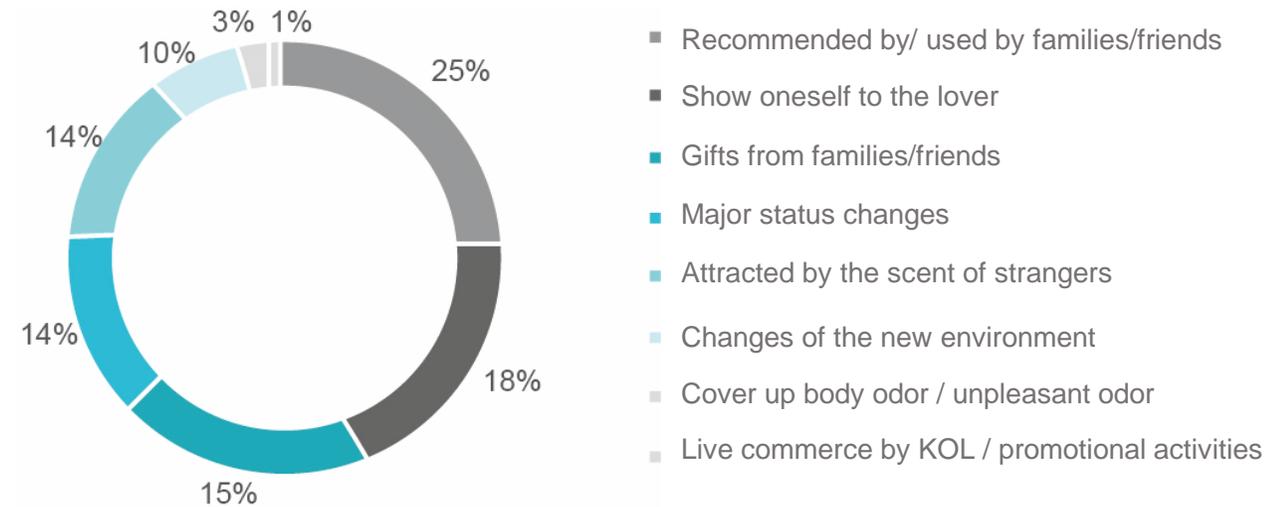
1 Over 50% of first- and second-tier women who use fragrance for the first time are under the age of 20

Age distribution of females starting to wear perfume in tier 1 cities

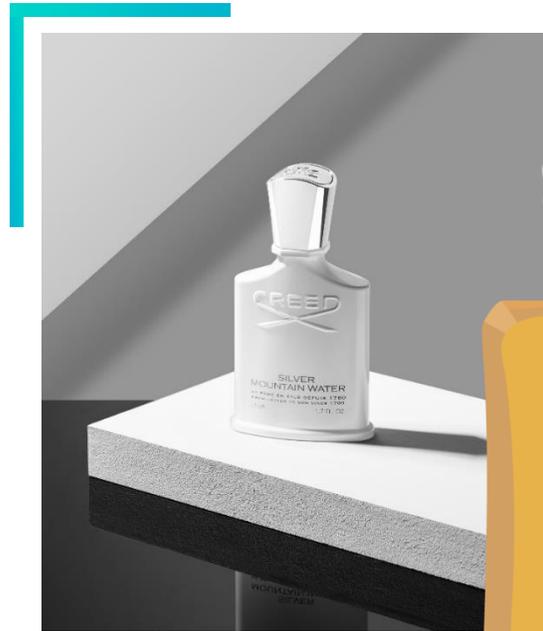


2 “Recommended by friends” is a main first try-on scenarios; Meanwhile, consumers has become more proactive in perfume consumption.

The Distribution of First Try-on Scenarios



Classic brands develop exclusive culture around star products and their pursuit of perfection



Creed The brand with Heritage

An authentic, luxury perfume house for 260 years, Starting on its unique story with royal history and enhance their art of **millésime technology**.



Chanel N°5 Classic legend

All kinds of works of mass culture and art centering around **Chanel N°5** have made it one of the symbols of classic fashion culture and best-sellers all over the world

Marketing upgrade: utilizing perfume concepts to build a closer connection between brands and consumers

Through the product name/packaging/story behind perfume is given more room for personalized association



L'Artisan Parfumeur
Passage d'Enfer

Popular among consumers because the story is associated with darkness, funerals, and hell, which is completely different from traditional perfumes



LOEWE
001

Popular among consumers because it's story expresses the most perfect expectations of consumers for love



Serge Lutens
L'orpheline

Popular among consumers because it shares with women the belief of being independent and self-indulgent

Responding to Personalized demands: Magnify for More OR Personalization of high-end perfume



BVLGARI Allegra Collection

Let consumers themselves become perfumers. Layer on different fragrances for a personalised taste hierarchy



M21G

To Empower All To Design Their Own Scent In Total Freedom, and to feel more unique and seductive in their life.

Experiential consumption is still an important way to impress the consumer

Enhance the experience of the five senses offline, Integrate with popular culture in multi-dimensions, enhance the emotional value of the brand.



Vivinevo
Fragrance Museum

In the museum, you can learn the knowledge of raw materials, the history and culture of perfume.



Chanel
<Feel Chanel>

Integration of light and shadow, interaction, artist cooperation to display the exclusive space of 7 Chanel perfume series.

颖通集团

Eternal

1980年成立于中国香港

China Perfume Industry White Paper

“Seize the development opportunities of the Chinese perfume market, build a clear brand positioning, and embrace the changes of the times”

- China's perfume market is exploding.
- The premium perfume market is still the mainstream.
- Unisex perfume is an opportunity.
- The market still contains great opportunities for new brands.
- The success of a brand requires its own unique culture.
- Brand with Chinese element is highly connected
- Use different stories and scent to cater to consumers with different emotional needs
- A digital experience that combines the senses to help build the mind of the brand



Dermatological
skincare & Men's
skincare

The lifestyle of using dermatological skincare product is growing particularly in GENZ

Trend 1: Becoming a Lifestyle

The lifestyle of using functional skincare is has become popular, especially in young generations.

Trend 2: Replacing the traditional skin care products

Young consumers are willing to buy functional skincare products instead of the traditional skincare products more and more frequently.



Trend 3: Mature market education

The market for dermatological skincare products is getting mature. Due to the development of China's technology, young consumer education has also been very rapid and popularized. Driven by rapid technology development and constant market education, the functional skincare market has become more and more mature.

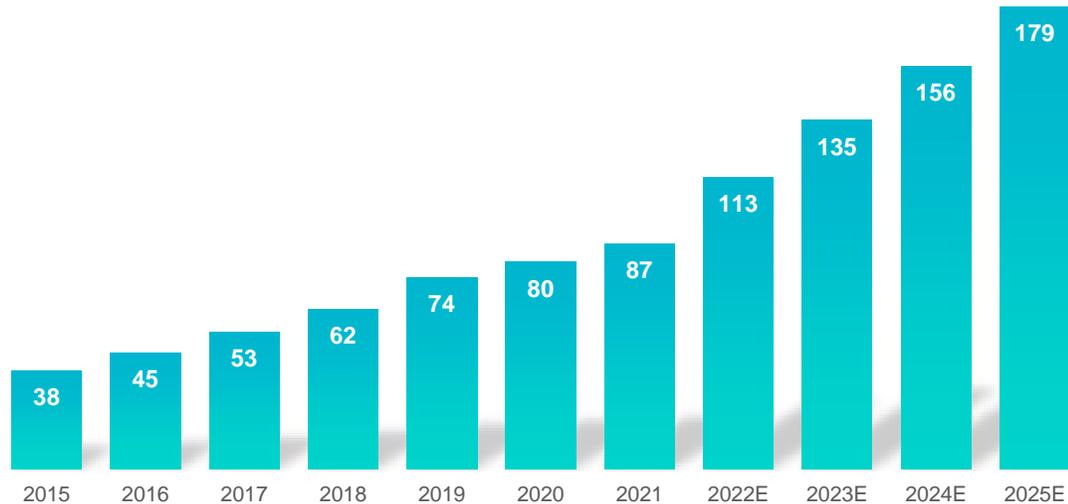
Trend 4: Care more about efficacy

In addition to brand power, consumers began to pay more attention to product ingredients and the effectiveness. initiatives and actively.

Men's skincare: increasing spending power facilitates the development of men's skincare - the sales is predicted to exceed 10 billion in 2022

Men's skincare market will keep constant growth

Forecast of market scale of Chinese men's skin care products from 2015 - 2025



Local capital accelerates entry into men's skin care market

 <p>dearBOYfriend 亲爱的男友</p>	<p>Dear BOYfriend (2020)</p> <ul style="list-style-type: none"> - Professional Men Beauty Care - Financing Condition: 2nd Round 	 <p>理然 MAKE ESSENCE</p>	<p>Make Essence (2019)</p> <ul style="list-style-type: none"> - Men Personal Care - Financing Condition: 4th Round
 <p>WINONA 薇诺娜</p>	<p>Minona Men (2020)</p> <ul style="list-style-type: none"> - Functional Men Skincare - Financing Condition: IPO 	 <p>蓝系 LANSERAL</p>	<p>Lansereal (2019)</p> <ul style="list-style-type: none"> - Young, quality, cost-effective Men personal care brand - Financing Condition: Angel Round
 <p>JACB 嘉仕酷</p>	<p>Jacb (2020)</p> <ul style="list-style-type: none"> - GEN-Z Young Men Beauty Care - Financing Condition: Angel Round 	 <p>MARTIN COLOGNE</p>	<p>Martin (2016)</p> <ul style="list-style-type: none"> - Professional Men Fragrance Personal Care Products - Financing Condition:-

In the first five years, double-digit growth has continued. In 2020, the growth rate will decline due to the impact of the covid, and the overall volume has been increasing.

Eternal

GENZ men's skin care consumption trend: Men's skin care needs are gradually refined

Trend 1: More accurate in needs

In addition to the basic moisturizing function, also looking for products with repairing, brushing acid and anti aging.

Trend 2: More attention the effectiveness

Cares about the product ingredients and the effectiveness. such as Salicylic acid, Centella asiatica and Boseine.

Trend 3: Personalized needs

Willing to try something more personalized, want to be unique and love to explore.

BABOR
MEN

**MORE
BENEFIT
BENEFIT**

- + **highlighted** ingredients
- + **100% benefit**
- + **highlighted** benefit

**PERFORMANCE
MADE IN GERMANY.**

BABOR MEN
Recommended by leading experts.
Individual solutions for all skin types.

**ASK
FOR
MORE**

* nur bei der Anwendung auf saubere Haut anwenden. Bitte vermeiden Sie den Kontakt mit den Augen.

Insights from China's young consumers

“Focus on branding, keep close to local market demand, and build trust with gen-z”

- Gen-z has gradually become the main growth force of China's beauty market.
- Needs of skincare is becoming more refined, precise and professional.
- Shopping channels are becoming more and more diverse
- Inspiring content creativity and cultivating super KOCs are critical opportunities.
- Focus on branding.
- Keep close to local market demand.
- Functional skincare market has become an important opportunity.
- Gen-Z's growth in skincare brings men's skincare great potential.

THANKS FOR YOUR TIME !

Eternal × TFWA