

# China Consumer

## Key takeaway from 6.18 cosmetics sales

- Our channel checks and [various news sources](#) we monitored suggests cosmetics GMV for 6.18 campaign this year stood at a small decline and reached approximately RMB40bn. We argue the broad momentum tracked well to expectation, given only a flattish pre-sale (between 25 May and 31 May). By channel, we observed that livestreaming channels continued to draw traffic flow from marketplace platforms, and this looks to be [consistent to the trends observed by our internet team](#). For instance, cosmetics GMV on Douyin increased 70% YoY to RMB15bn.
- By brand, foreign brands remained the winners with L'Oréal, Lancôme, and Estee Lauder being the top 3 best sellers overall, and domestic brands like Proya and Botanee topped the domestic league.
- In general, the trend we observed from the event has not significantly deviated from that we noted year-to-date. We see cosmetics players being one of the key beneficiaries when consumption stimulus policy is in the making. However, we argue that near term consumption recovery, if there is any, would remain [uneven when polarization and premiumization deceleration likely to prevail](#). These altogether should render a less effective brand upgrade strategy to domestic players, and hence our preference on [Proya \(603605CH, Buy\)](#) over [Botanee \(300957CH, Buy\)](#) and [Shanghai Jahwa \(600315CH, Hold\)](#).

### Key numbers and takeaways:

- Foreign brands remained the Tmall winner.** L'Oréal, Lancôme, and Estee Lauder have consistently ranked the top 3 best-selling brands on Tmall, with SK-II, Shiseido and Olay popped up occasionally among top 5. Among domestic brands, Proya sales hit new high and ranked 4th. Meanwhile, there was a slightly different dynamics in Douyin, whereas Helena Rubinstein (HR) championed on a tripled GMV, and this was followed by Estee Lauder and La Mer. Proya fell from 4th to 5th this year.
- Proya had 11 SKUs featuring in livestreaming for this 6.18** when compared to only 5 from last year. Botanee had 7 vs 4 from last year.
- GMV for the top 10 players on Douyin exceeded RMB2bn (+90% YoY)**, with at least RMB0.1bn GMV achieved by each of them. Proya and Kans were the only domestic brands in this year's league as Biohyalux (from Bloomage) dropped.
- Price promotion remained well-disciplined.** We observed an eyeballed 25-40% discount off MSRPs among both foreign and domestic brands.
- A clear trend of polarization.** Ultra luxury brands like HR, La Mer and Lancôme, etc. continued to gain, while mass market brands suffered.

### Valuation Table

			TP	Price	Mkt Cap	Upside	PER (x)		PBR (x)		Div yield (%)		ROE (%)	
Name	Ticker	Rating	(LC)	(LC)	USD Mn	(%)	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Proya	603605 CH	BUY	204.0	105.9	5,845	92.6	29.2	23.7	7.0	5.8	1.0	1.3	24.0	24.3
Botanee	300957 CH	BUY	157.0	91.6	5,394	71.4	28.8	22.8	5.9	5.0	1.1	1.4	20.6	22.0
Jahwa	600315 CH	HOLD	30.9	28.9	2,731	6.8	24.4	22.5	2.5	2.3	1.2	1.3	10.3	10.4

Source: Bloomberg, Company data, CMBIGM estimates

## MARKET PERFORM (Maintain)

### China Consumer

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**Figure 1: Top 5 skincare brands on Tmall for the 6.18 campaign of 2023**

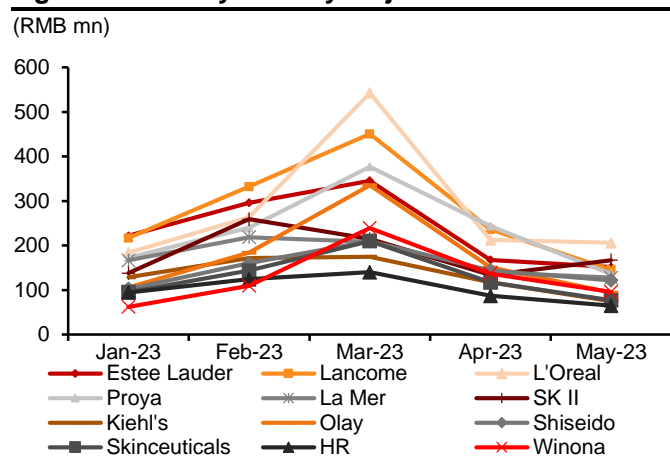
Tmall 618 Skin Care Top 5			
Ranking by GMV	2023 (May 31-Jun 18)	2022 (May 31-Jun 18)	2021 (Jun 1-Jun 18)
1	L'Oreal	L'Oreal	L'Oreal
2	Lancôme	Estée Lauder	Estée Lauder
3	Estée Lauder	Lancôme	Lancôme
4	Proya	SK-II	Olay
5	Olay	Proya	Shiseido

Source: Pinguan, CMBIGM

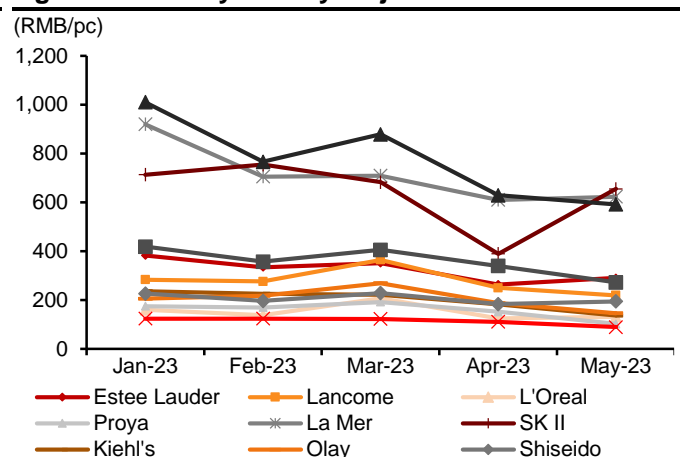
**Figure 2: Top 10 skincare brands on Douyin for the 6.18 campaign of 2023**

Douyin 618 Skin Care Top 10			
Ranking by GMV	2023 (May 25-Jun 18)	Sales volume (no. of pieces '000)	GMV growth (%)
1	Helena Rubinstein	300-400	574
2	Estée Lauder	300-400	239
3	La Mer	100-200	1501
4	Lancôme	300-400	358
5	Proya	700-800	133
6	Whoo	300-400	30
7	Kans	600-700	280
8	SK-II	100-200	240
9	L'Oreal	800-900	324
10	Olay	300-400	90

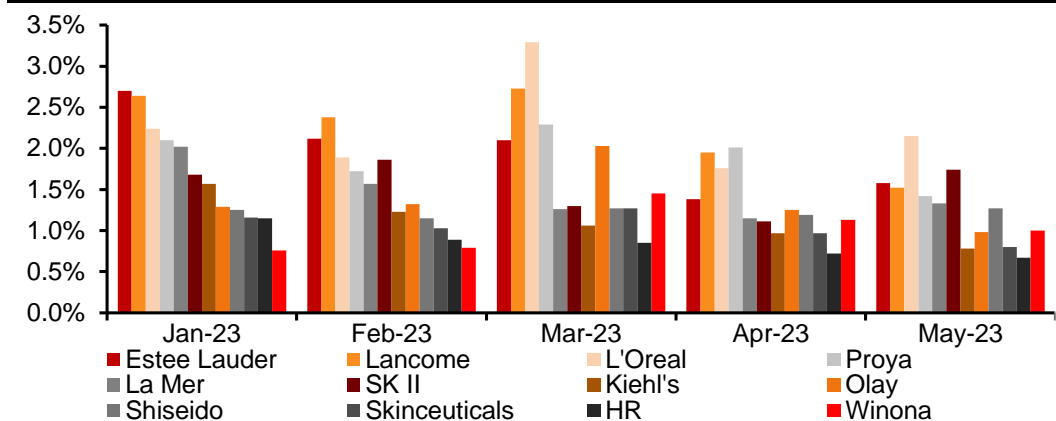
Source: Jumeili, CMBIGM

**Figure 3: Monthly GMV by major brand**

Source: Moojing, CMBIGM

**Figure 4: Monthly ASP by major brand**

Source: Moojing, CMBIGM

**Figure 5: Monthly market shares by major brand**

Source: Moojing, CMBIGM

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