

Sentiment towards the Coronavirus Impact on Spending Behavior

Taiwan October 2020 Update

While COVID-19 is still rampaging the globe, it has been contained with success in Taiwan. As autumn comes and temperature drops, this report examines how Taiwanese female change their skincare routines and spending behaviors.

GMO RESEARCH

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Executive Summary

All Taiwanese female consumers are showing budget growth on skincare products and cosmetics. Those aged 16-19, in particular, have increased their budget the most (16%). However, for groups aged over 20, the elder they are, the less the budget. Those between 40-50 are rather conservative in spending.

COVID-19's impact on future spending (next 3 months):

- While 2020 is coming toward the end, the department stores are just about to start their anniversary sales, one after another, as well as the self-made shopping festivals of online retailers. As they do promotional campaigns with great fanfare, budget for skincare/cosmetics sees a huge growth in our Oct report, which is also the biggest budget growth for the past 6 months. But the growth is still not as big as medicine/health supplements and life necessities in people's post-pandemic life.
- As it is getting cooler, the percentage of using sticky and moisturizing products -- hand cream, essence and beauty oils -- has gone up. Frequency of use is also rising for all products except sunscreen. More than 60% of female believe they will use hand cream and facial cream more often.
- Half of the Taiwanese women are considering switching skincare products, and more than half intend to switch to more expensive ones. This shows consumers are planning to spend more on most skincare items. More than 30% want to try more pricey brand for essence, eye cream and beauty oil because they want to try something new or they see no visible effects with what they are using now.



Recommendations

- 1. Female consumers are increasing their budget for skincare products because of the seasonal change, upcoming anniversary sales and online shopping festivals.**
 - Besides putting emphasis on what female consumers care at the time of changing season, businesses can also target their desire in switching products in the marketing strategies. To accommodate to their needs, brands can promote hand cream, essential oil and beauty oil, whose demand goes up because of the temperature drop, or strongly advertise on hand cream, cream and face cream that can be used more frequent than ever and will not be overloading the skin.
- 2. Make effective campaign with the luxury skincare products the consumers want to switch to, and since many are interested in trying something new, take the opportunity to expand your client base.**
 - Half of the female consumers have plans to use different products and they are willing to spend more on pricey items such as essence, eye cream, essential oil and beauty oil. This is a good opportunity for brands to attract new customers with less marketing budget. To gratify people's need for novelty, brands can give away sample skincare set or offering small size trial kit. On the other hand, they can also make luxury items more affordable. Attract the customers first and retain them with second purchase discount.



Report Details



Outline



Data Collecting

902 samples were collected during 30 Sept – 5 Oct 2020 via our online panel from women aged 16-50 in Taiwan



Data Weighting

The collected data was processed and weighted to better represent the Taiwanese online population



Insight Sharing

The results are now shared to help inform decision makers about Taiwanese women's sentiment towards the current situation

Key Takeaways– Taiwanese Women's Change in Spending after COVID-19 Restrictions were Lifted.



Skincare Budget Continues to Grow

Taiwanese women continue to increase their budget on skincare/cosmetics. The 16-29-year-old have increased the most among all.



Skincare Routine

Although face cleansers, toners and lotion are used the most frequently, their percentage are in decline because it is getting cooler.



Change in Skincare Routines - Brand

Half of Taiwanese female are considering switching their skincare brand. The percentage of face cleansers is as high as 34.8% – the highest of all products.



Reasons for Switching Skincare Brands

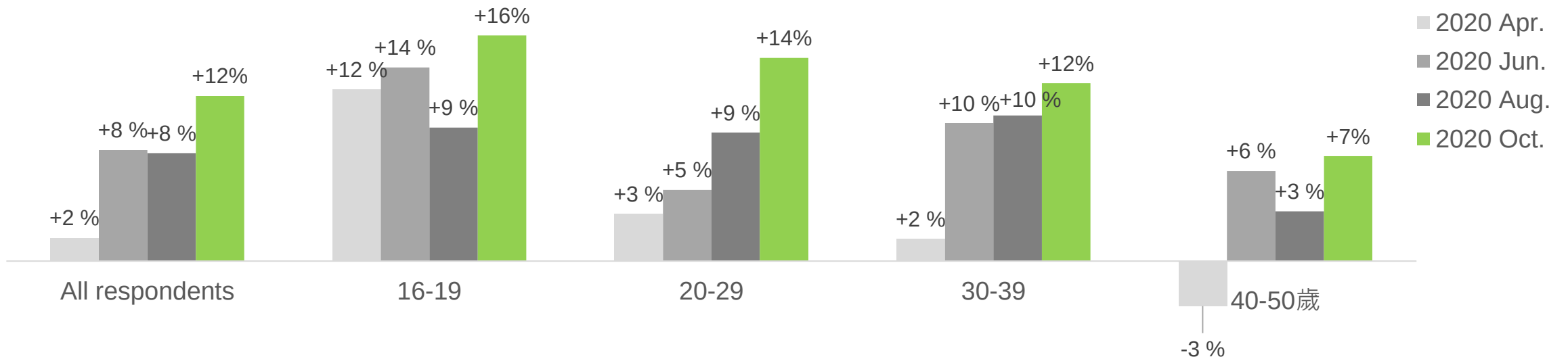
As to reasons why consumers are thinking about switching, half say they want to try other brands, followed by people saying what they are using is not making visible effects.



Skincare Budget Growth - All Age Groups

- As autumn begins and temperature drops, Taiwanese female are also increasing their budget for skincare/cosmetics, but the scale of growth is inversely proportional to their age. Those between 16-29 have increased the most, while women above 30 are getting more conservative in spending.

Overall Skincare Budget Change - Taiwanese Women

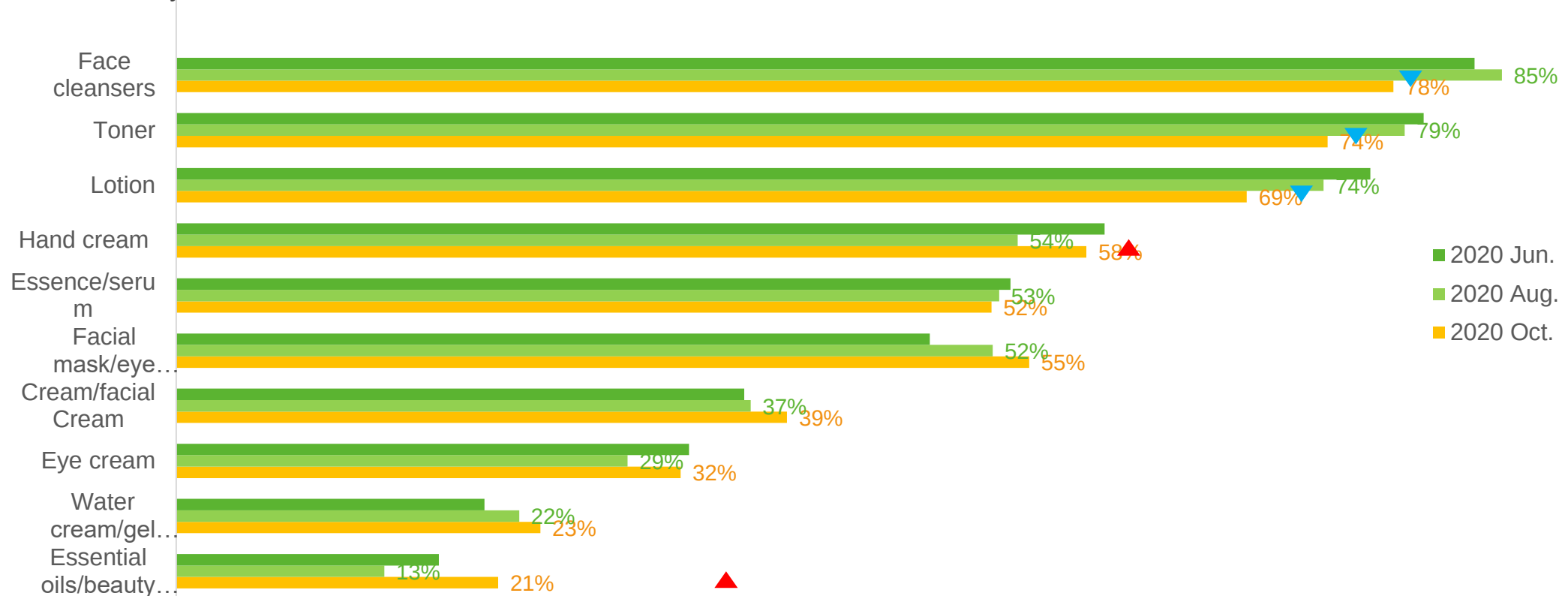


2020 Aug. Survey conducted from 2020/07/31 - 2020/08/04
2020 Jun. Survey conducted from 2020/06/01 - 2020/06/04
2020 Apr. Survey conducted from 2020/04/01 - 2020/04/08



Products in Skincare Routine

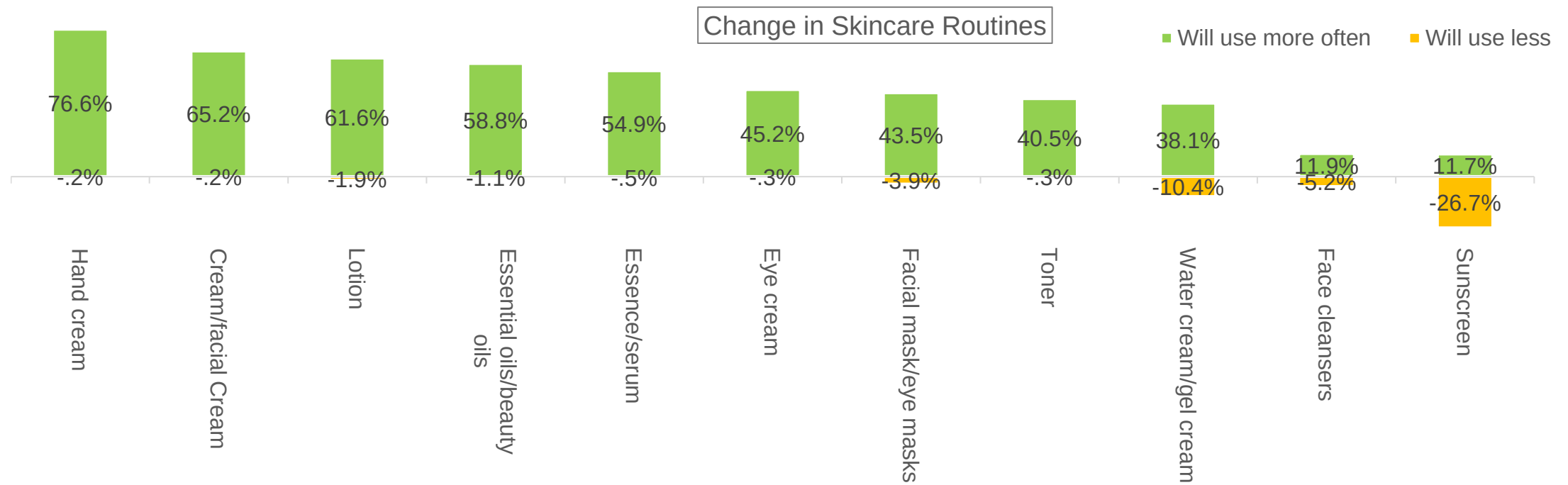
- This report finds that Taiwanese women still use **face cleansers**, **toners** and **lotions** the most frequently. But as it gets cooler, there's a decrease in percentage of face cleansers and toners--products meant to give a clean, clear and fresh feel. On the contrary, the percentage goes up for sticky, nourishing and moisturizing products like hand cream and beauty oil.





Change in Skincare Routines

- When it comes to change of frequency, Taiwanese women tend to use skincare products more often when summer's leaving and autumn's coming. More than 60% believe they will use more hand cream and facial cream. Lotions, however, show decrease in percentage of use, but increase in percentage of frequency.

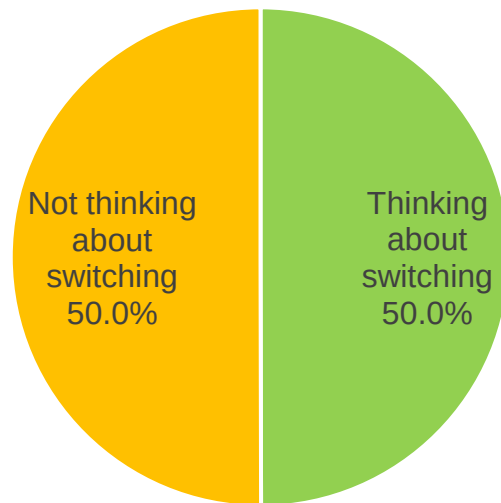




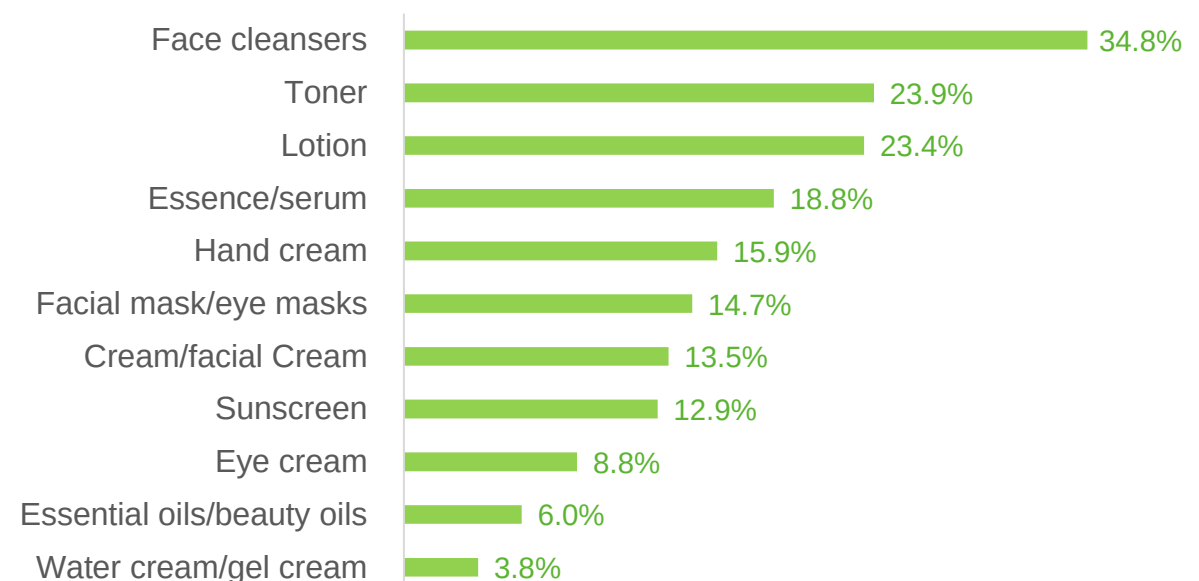
Half of Taiwanese Women Thinking About Switching Skincare Brands

- 50% of Taiwanese female are considering using a different brand in their skincare routine in the coming month. More than 30% plan to use a new kind of face cleanser. The reasons why they want to replace face cleansers the most could be attributed to the lowered frequency of use, change of the season, and they are more affordable than other products.

About Switching Skincare Brands

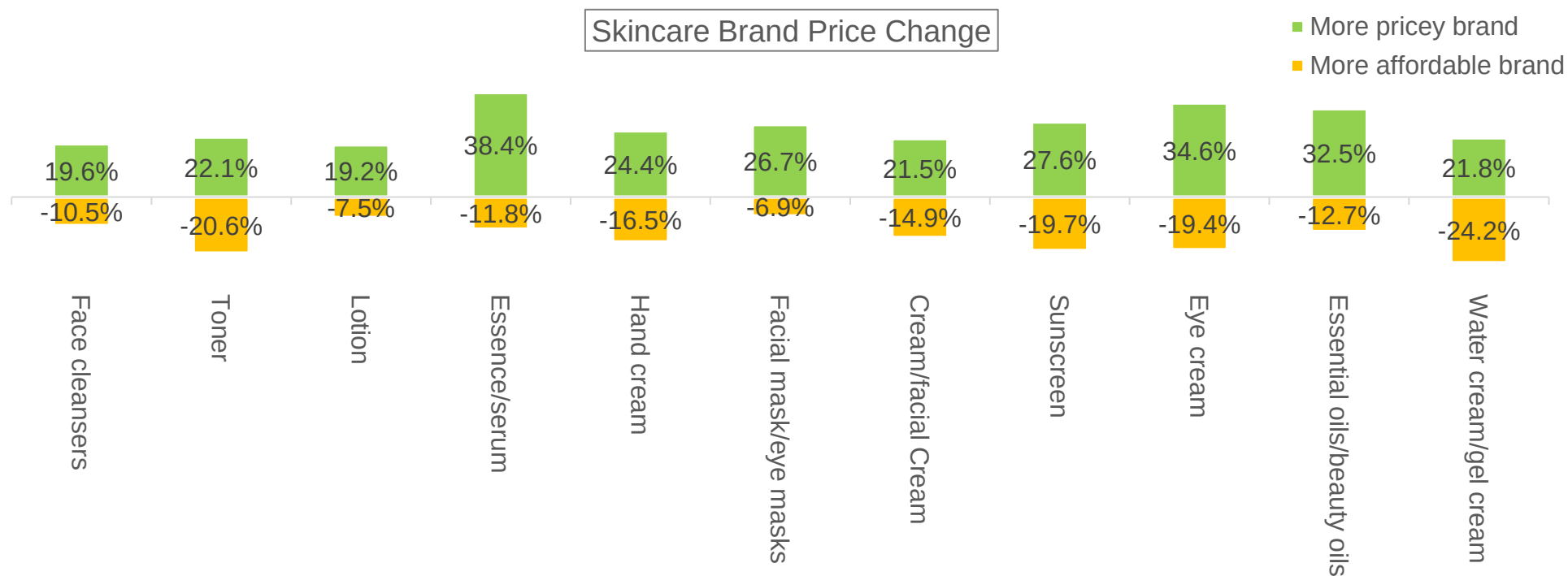


Products They Consider Switching



Skincare Brand Price Change

- Among those who plan to switch to a new brand, more people want to use a more expensive brand than switching to a cheaper one. This shows female consumers are planning to spend more on most of the skincare items.
- **Face cleansers, toners and lotions** are the top 3 products that people want to switch to a new brand. Around 20% want to try more expensive brands, and there are also 20% who plan to use cheaper lotions. The price range varies greatly. On the other hand, **essence, eye cream, essential oil and beauty oil** are the products most people want to use more pricey brands instead. This is because the season is changing and these items are usually in high price range. Compared with other items, consumers are more willing to spend more on them.



Main Reasons for the Switch - Novelty, Moisturizing Effect

- For people who consider replacing their old lotion, essence and face cream, most people want to try something new from other brands -- this reason has the highest percentage. The second highest reason is because what they are using is not effective enough in terms of moisturizing and nourishing.
- People who want to try new lotion brands also care about absorption and whitening effect. As to why people want to replace essence and face cream, the relatively high-end products with specific features, is because there is no obvious anti-aging effect.

Reason to Switch 【Lotion】	
Want to try other brands	48.2%
Not moisturizing enough	19.0%
Not nourishing enough	16.9%
Cannot be absorbed easily	15.5%
No visible whitening effect	13.0%

Reason to Switch 【Essence】	
Want to try other brands	46.3%
Not moisturizing enough	29.9%
Not nourishing enough	16.0%
No visible anti-aging effect	10.7%
Not refreshing enough	10.6%

Reason to Switch 【Face Cream】	
Want to try other brands	53.4%
Not nourishing enough	24.5%
Not moisturizing enough	22.7%
No visible anti-aging effect	13.5%
Cannot be absorbed easily	10.7%

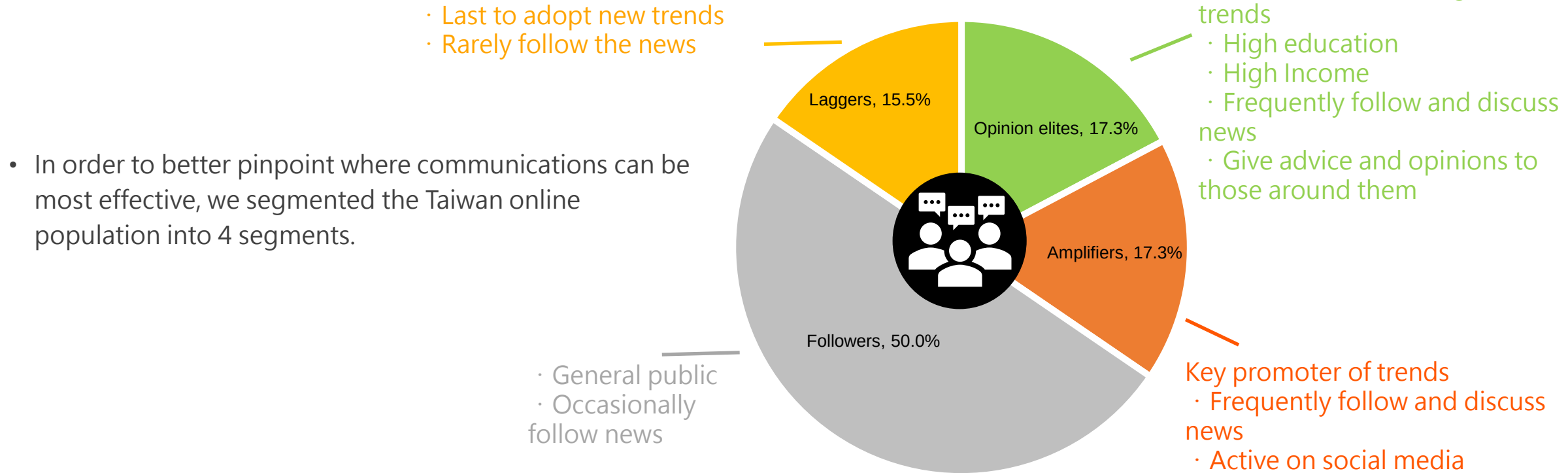


Communications Implications



Our Communications Segmentation

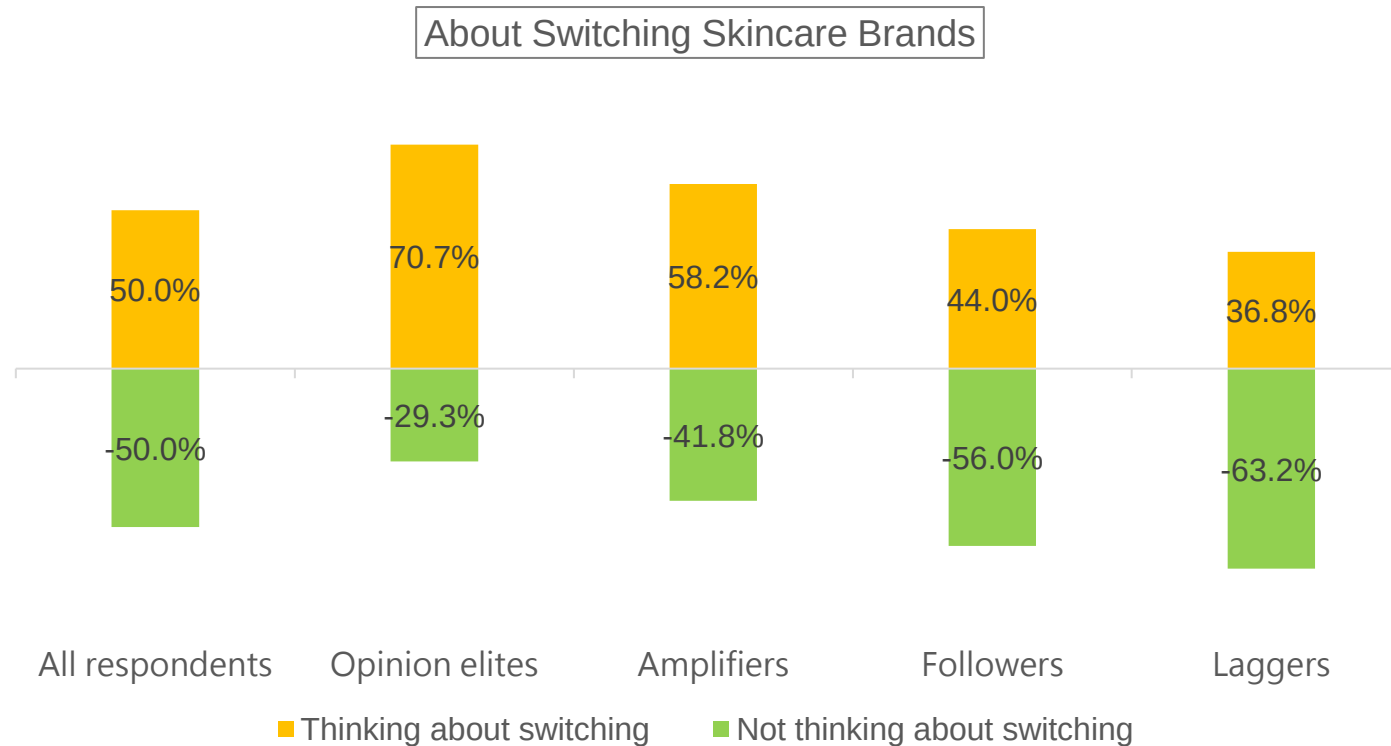
MarCom Segment





More Opinion Elites to Switch Skincare Products

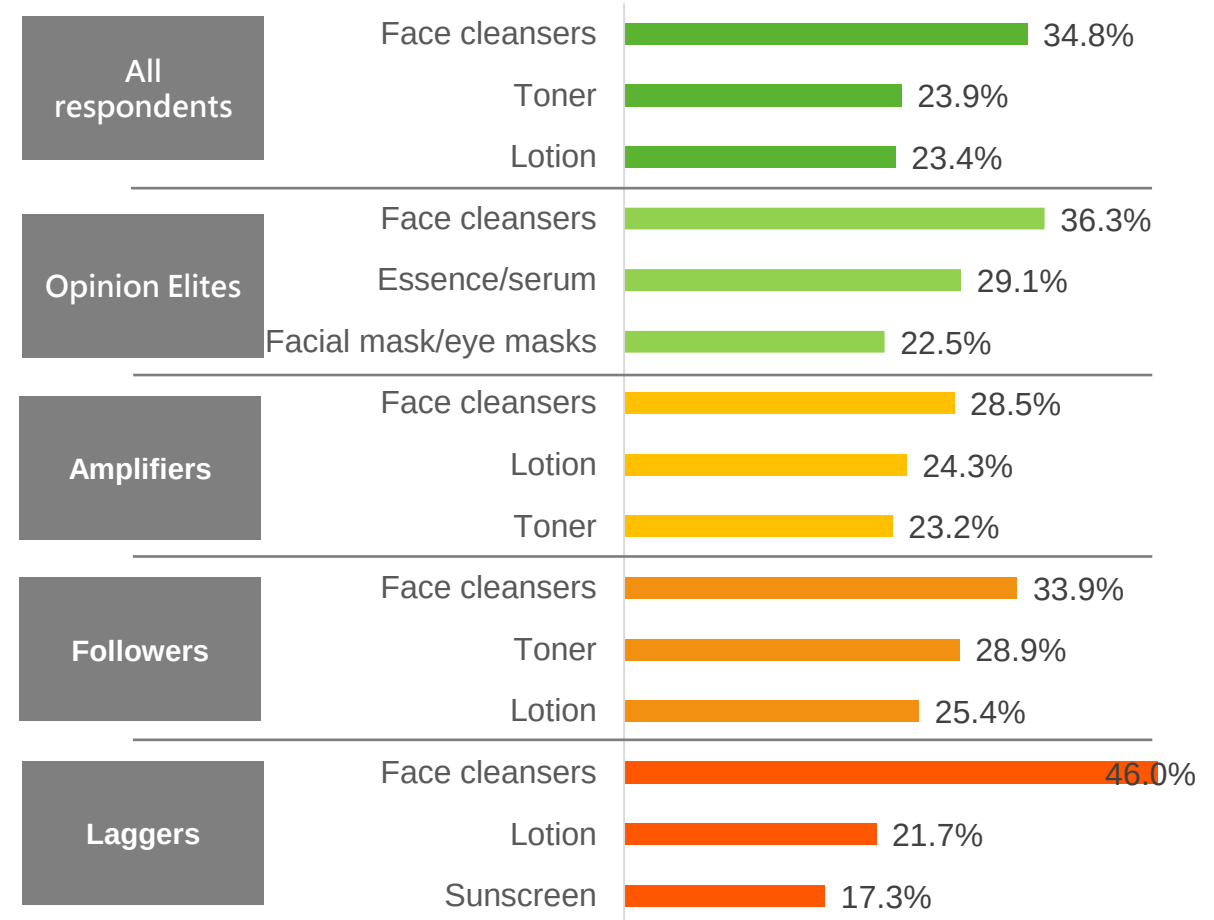
- A great number of opinion elites (70.7%) and amplifiers (nearly 60%) have plans to switch their skincare brands. This shows that the changing of the season is the perfect timing for opinion elites to try some other products.



Opinion Elites Tend to Switch Brands for Essence, Facial Masks and Eye Masks

- Among all the skincare items, Taiwanese women plan to change face cleansers (34.8%) the most, followed by toners (23.9%) and lotions (23.4%).
- In addition to face cleansers, opinion elites also want to try a more pricey brand for the following items – essence (29.1%) and facial masks/eye masks (22.5%) when autumn and winter are coming.
- Amplifiers and followers show similar trend in switching skincare brands. Both are planning to use a new brand for face cleansers, toners and lotions. By looking at the percentage, more followers are planning to change than amplifiers.
- Overall, face cleansers are the items most people will change. This means brands need to revisit their marketing strategy – how to retain old customer and acquire new ones when season changes.

Products They Consider Switching



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