Sentiment towards the Coronavirus Impact on Skincare Product Buying Behavior

Taiwan June 2021 Update

The spread of COVID-19 has impacted many aspects of Taiwanese people’s lives,

so in our June update, we investigated how they make post-COVID purchase decisions for skincare products.

Executive Summary

Since Taiwan raised the level 3 COVID alert, people have adjusted their daily routines to accommodate the disease prevention restrictions. Hence their work and grocery shopping patterns are changed, and so is their skincare routine.

- Skincare market in Taiwan
  - In Taiwan, as high as 97.7% of women use skincare products and 78.1% of men do, too. The usage rates of skincare products are in the following order - face cleansers, lotions, toners, and sunscreen/sunscreen mists. In addition to the high usage rate, women also use a high variety of products.
- COVID impact on usage rate
  - Summer is here, so refreshing products such as face cleansers and toners have a 10% increase in the usage rate as expected. However, hand creams rank the first among all because people disinfect their hands much more often to fight COVID. In contrast, the usage rate of sunscreen/sunscreen mists, whose demand was believed to surge during summer, has dropped the most because people are now staying home after the COVID restrictions were enforced.
  - Although we can't be sure how long the outbreak will last, 20.5% of people believe they will use skincare products more often in the next 3 months. The usage rate appears to be inversely proportional to age. The younger the group, the more often they are inclined to use skincare products. The survey shows nearly 30% of people between 18-29 will use skincare products more often.
- The power of online/offline word-of-mouth marketing
  - The most powerful information sources attributed to skincare purchase decisions are "Facebook posts from groups/pages/friends" (30%) and "Social media influencer's recommendation/endorsement." (30%) As to offline sources, more than half of the respondents show their trust in "Recommendation from family/friends." Therefore, online/offline word-of-mouth influences shall not be neglected.
  - Opinion leaders are not only influenced by social media influencers, they also value what they learn from beauty websites. As to offline resources, they value the mass media more than the other segments.

Recommendations

1. Tailored market segmentation for summer skincare will help expand user base
    - Women are no longer the only customers in skincare market as nearly 80% of men are using skincare products, too. While women tend to use a wide range of products, men are more focused on using face cleansers and lotions. Now that summer is here with scorching heat, brands should put more emphasis on each customer segment.

2. The COVID alert has not only changed people's shopping habits, but also urged brands to respond quickly and adjust their marketing strategies to catch up with the consumers.
    - To minimize physical contact, people are buying groceries in bulk in one go or shopping online more often. For skincare market whose demand continues to grow, brands shall make changes in their distribution channels. As people are visiting online shopping malls more often, it is wise to increase brand exposure in the right channel. It's equally important to understand how COVID has impacted the demand and lay out effective marketing strategies.

3. Businesses can focus on communities and word-of-mouth marketing and then take a step further to differentiate media communication for each segment.
    - In general, word-of-mouth marketing has the strongest influence when customers collect beauty care information, either via online channels such as Facebook posts from groups/pages/friends or offline sources like recommendation from family/friends.
    - In addition to the brand's reputation, businesses should not forget the importance of niche marketing, which includes establishing communications with those under 29 via videos and forums, strengthening brand connection with networking sites or influencers to capture the hearts of people in the 30s and emphasize on providing official information because the 50s highly value it. Of all segments, opinion leaders also take beauty websites and mass media as credible sources in addition to the brand's community or public reputation. Therefore, it's absolutely essential to provide timely official announcement/information to strengthen the communications with each segment.

Report Details

Outline

Data Collecting

1,030 samples were collected during 2 June – 6 June 2021 via our online panel on those aged 18-60 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 people's sentiment towards the current situation

Z.com Engagement Lab

Key Takeaways -

COVID impact on work and shopping patterns

67.9%of people have adjusted their work patterns because of the COVID alert, half of which are working from home while the other half split their operation. On the other hand, 80.1% have changed their grocery shopping patterns. Those in their 30s, in particular, are inclined to shop online.

Skincare product usage rate is 87.9%

Of all skincare products, face cleansers, toners and lotions have the highest usage rate. As it's getting hotter, sunscreen lotions and mists also have nearly 40% of usage rate.

Skincare frequency is impacted by COVID

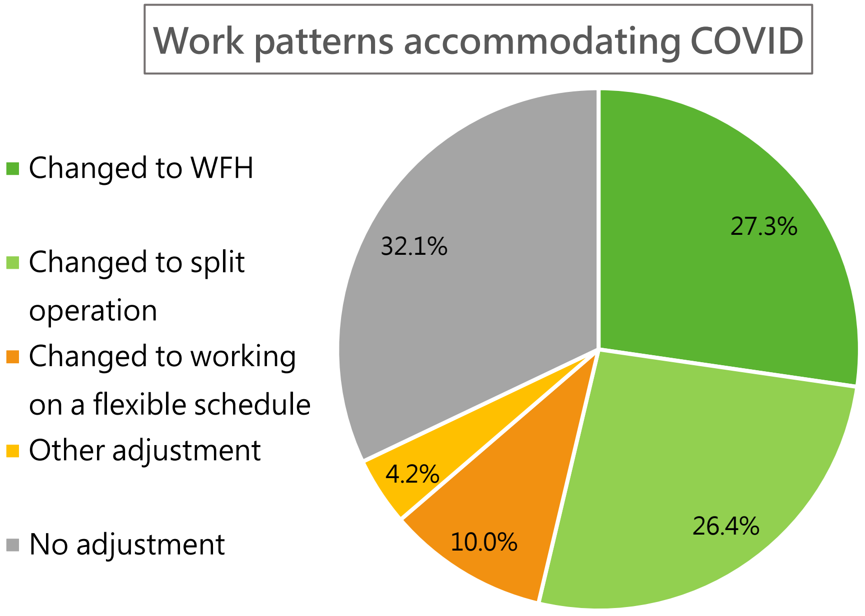
The survey finds people have increased using hand cream and sunscreen the most. It might be that people need to disinfect their hands more than before. In addition, since people are spending more time at home, the use of sunscreen is cut down the most.

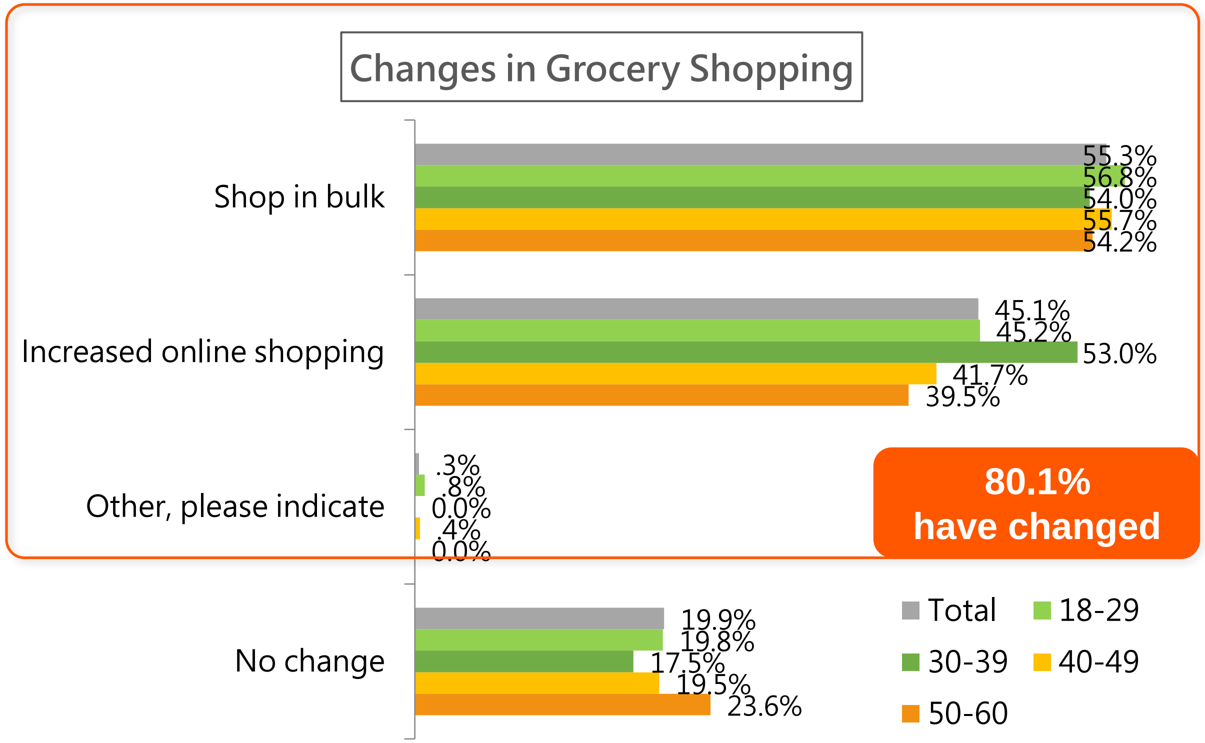
Word-of-mouth marketing has a distinctive level of influence

Word-of-mouth marketing still has the strongest influence when customers collect beauty care information, either via online channels such as Facebook posts from groups/pages/friends or offline sources like recommendation from family/friends.

COVID impact on work and shopping patterns

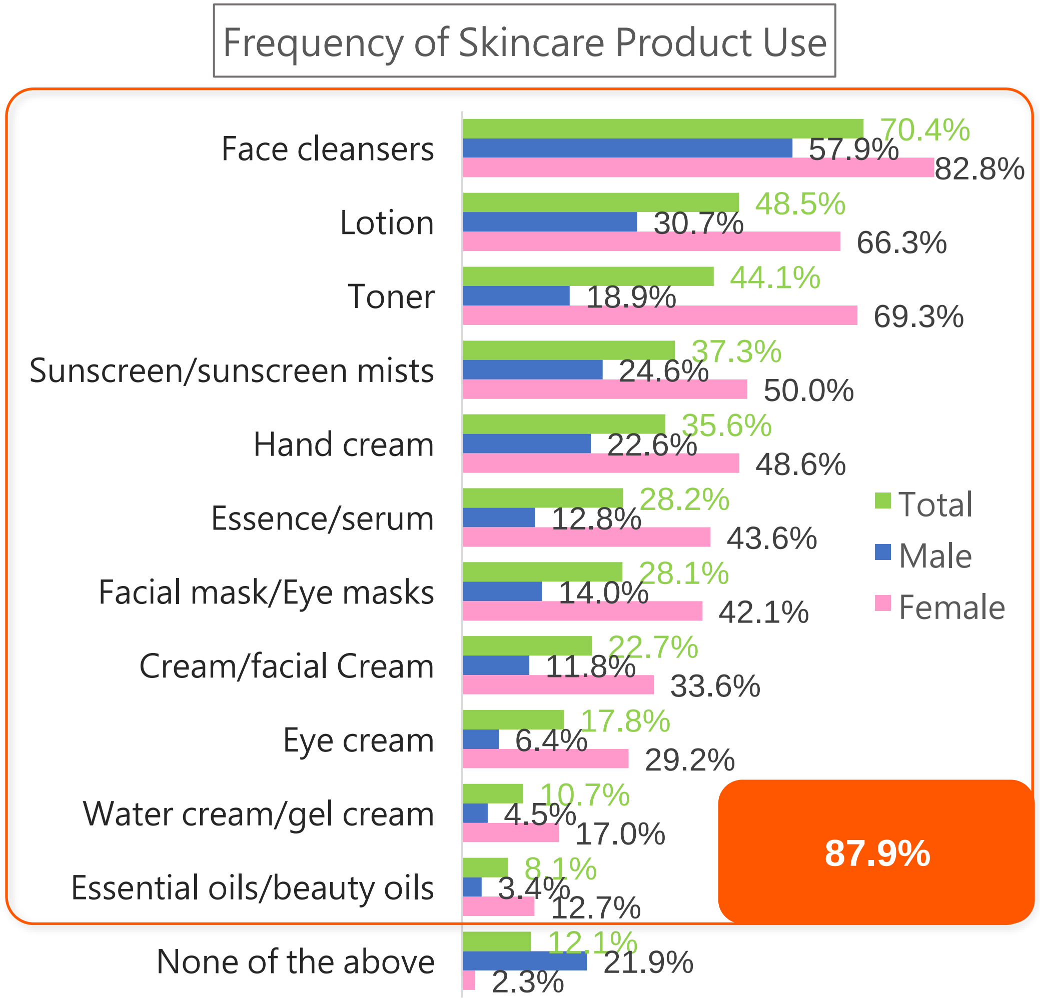
- Putting aside the unemployed, 67.9% of those who are working have adjusted the work pattern to accommodate COVID. Around 30% are working from home and another 30% have adopted split working. There's also 10% working on a flexible schedule.
- Our report also finds 80% of people have changed how they shop because of COVID. Age-wise, there's a higher percentage of people who stick to the same shopping routine, especially those between 50-60. For those who have changed shopping habits, 50% choose to get what they need in one go while 45% tend to shop online more frequently to minimize physical contact, especially those in the 30s.





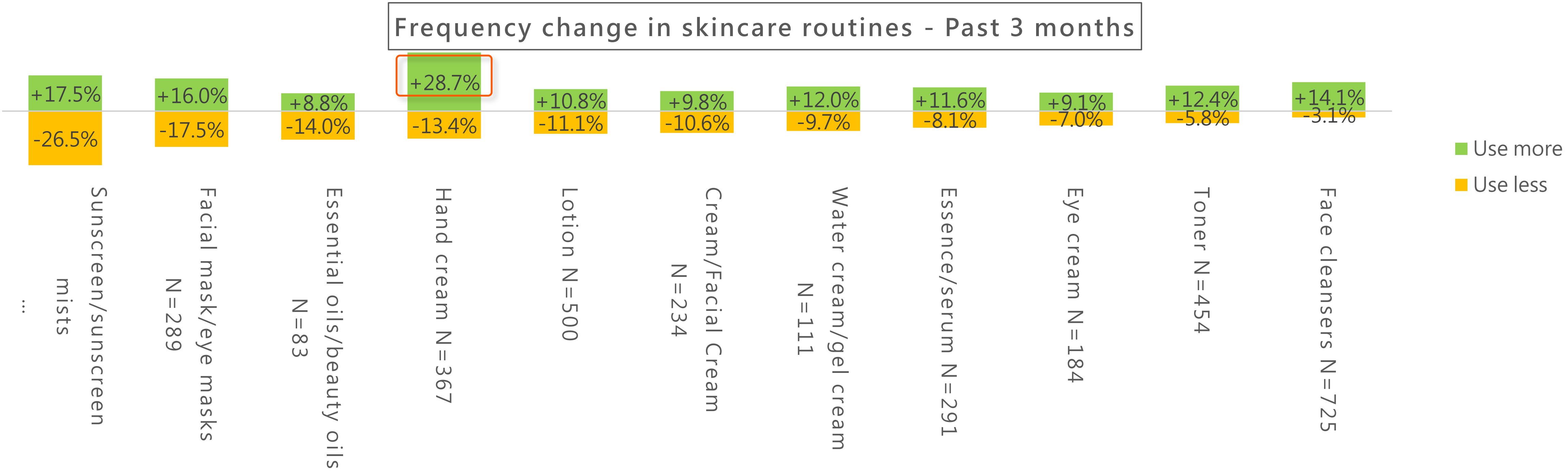
Frequency of Skincare Product Use

- Taiwanese have an overall skincare usage rate of 87.9%. As high as 97.7% of women use at least one skincare product and 78.1% of men do, too.
- Of all skincare products, face cleansers, toners and lotions have the highest usage rate. As it's getting hotter, sunscreen lotions and mists also have nearly 40% of usage rate.
- Besides the high usage rate, women also use a wider range of products. Apart from face cleansers, whose demand is relatively high in summer, they also use refreshing toners more often than lotions.



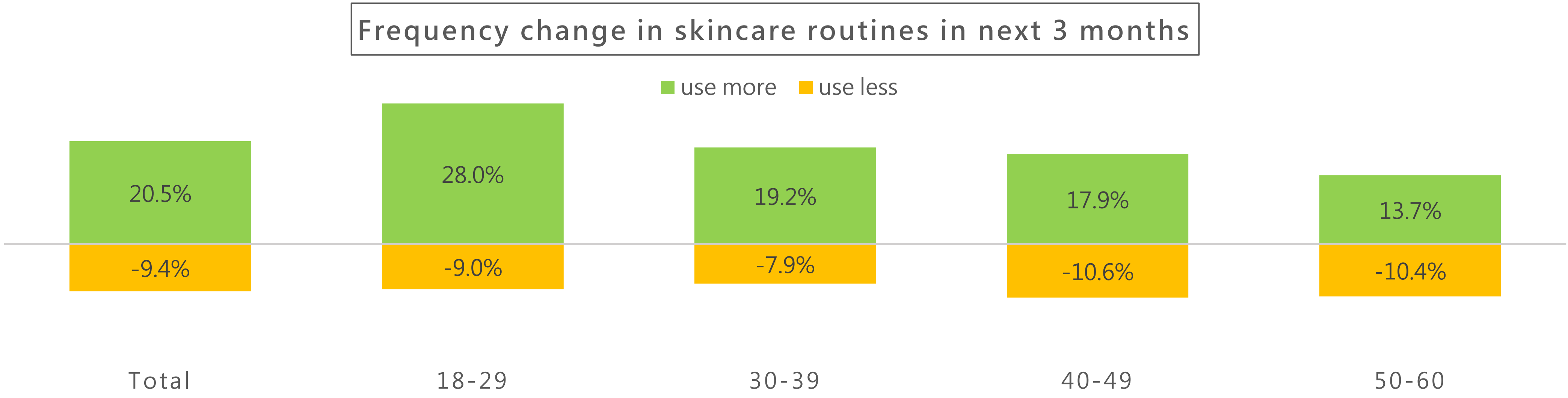
Frequency change in skincare routines – past 3 months v.s. now

- Comparing with the past 3 months, the frequency of using hand cream has increased the most, followed by sunscreen/sunscreen mists, whose demand becomes higher because of summer. It's also possible that people are spending more time at home after the level 3 alert was announced, so the frequency of using sunscreen has also dropped the most. Meanwhile, the need to disinfect hands might have attributed to the increased use of hand cream.



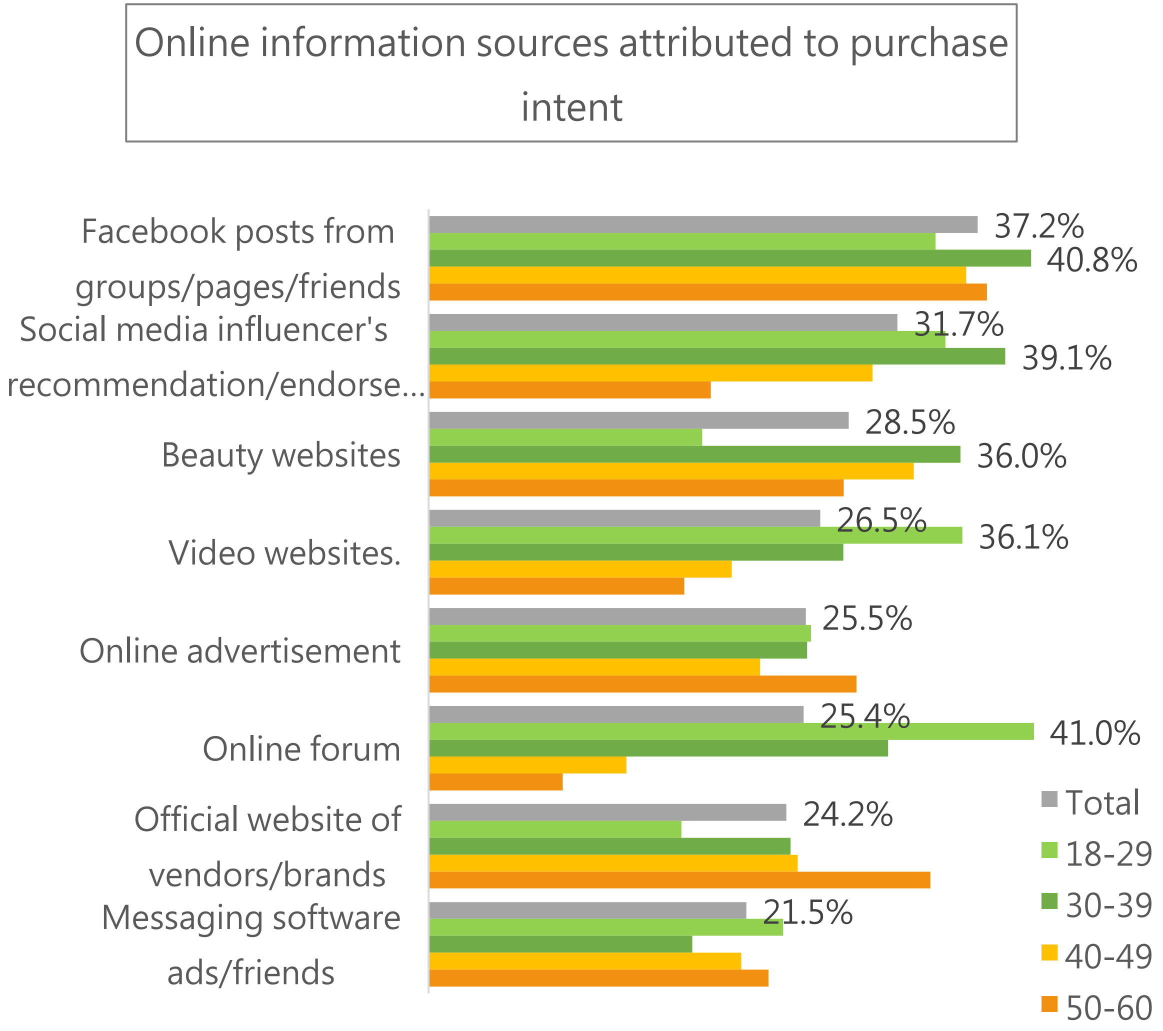
Frequency change in skincare routines in next 3 months

- 20.5% of people believe they will use skincare products more often in the next 3 months. The usage rate appears to be inversely proportional to age. The younger the group, the more often they are inclined to use skincare products. The survey shows nearly 30% of people between 18-29 will use skincare products more often.



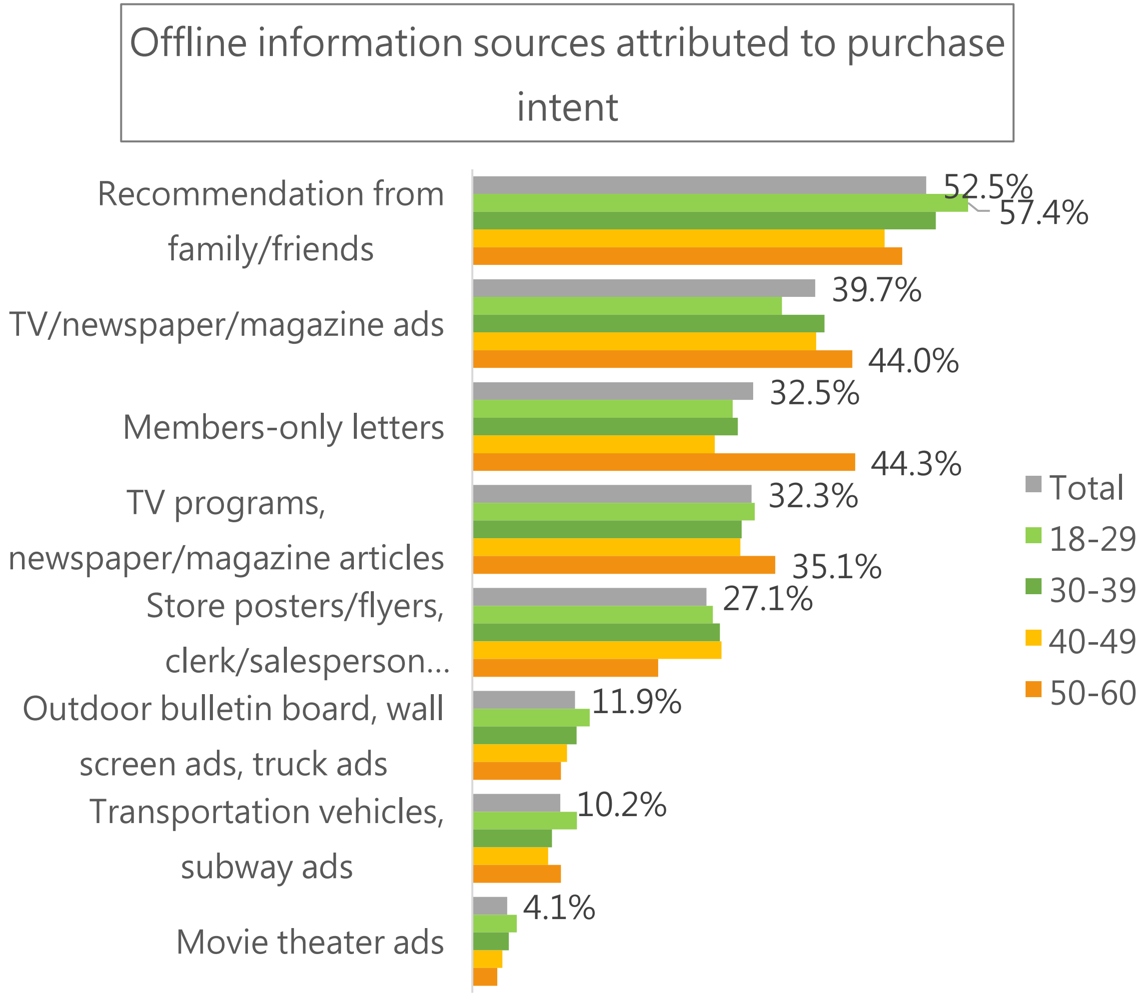
Online information sources attributed to purchase intent

- Information sources attributed to skincare purchase decisions are "Facebook posts from groups/pages/friends" and "Social media influencer's recommendation/endorsement," each has more than 30%, especially those in their 30s.
- As to other age groups, the 18-29-year-olds rely more on "video websites," and "online forums" such as PTT or Dcard. For those between 50-60, they tend to learn from "official websites of the vender/brand"
- To summarize, videos and opinions of online friends have influence on those under 29 while people in their 30s are influenced by social networking sites or influencers. On the other hand, those in their 50s trust official information. Therefore, brands should pay closer attention to the channel and content when communicating with different segments.



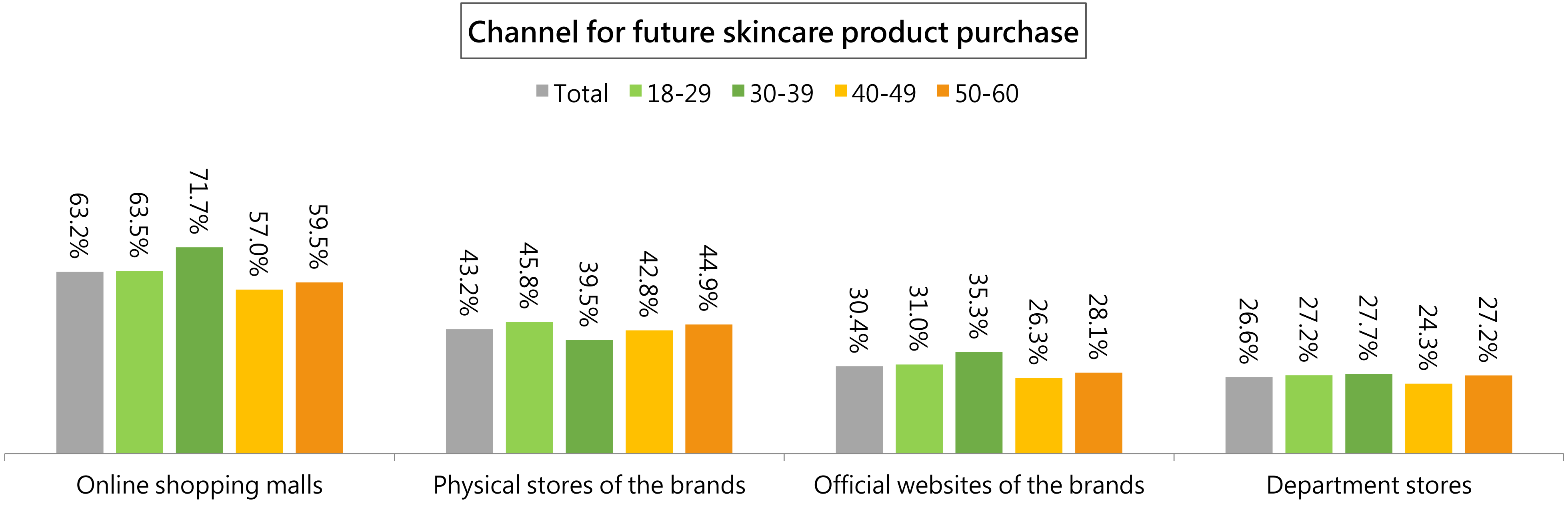
Offline information sources attributed to purchase intent

- For offline sources of skincare products, 52.5%of people base their decisions on "recommendation from family/friends." The fact that it has the highest percentage across all age groups shows the importance of word-of-mouth marketing. Of all age groups, the 18-29-year-olds value recommendation from their family/friends the most.
- The offline source with second highest percentage is "TV/newspaper/magazine ads" , while "members-only letters" is the third. It's worth noting that letters have equal influence as the mass media for those between 50-60.



Channel for future skincare product purchase

- 63.2% have plans to purchase skincare products via "online shopping malls." And the second and third favorable channel are "physical stores of the brands" (40%) and "online shops of the official websites." (30%) However, "department stores" is found to have the lowest percentage (25%) and it could be attributed to the outbreak.
- Those in their 30s are the most willing to shop online. They are much more inclined to buy skincare products from "online shopping malls" and "online shops of the official websites."



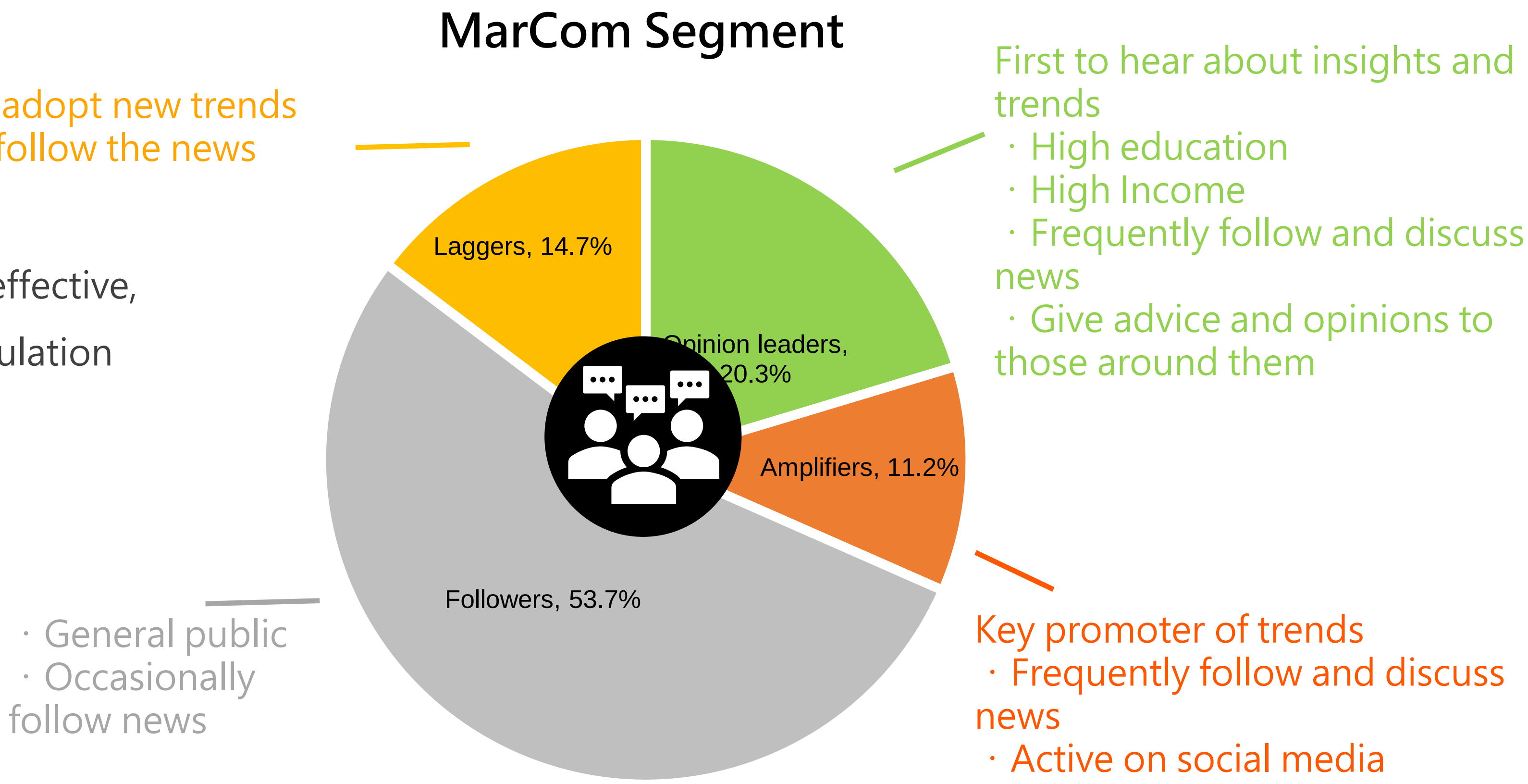
Factors to consider when buying skincare products

- The respondents were asked about the factors they consider for each skincare product. We analyzed the factors respectively to discover the correlation between products and factors.
- The graph shows that factors related to "face cleanser" and "eye cream" are fairly different from other products. Customers tend to consider function-wise factors such as mildness and preventing acne breakouts and they also favor products made in Japan. As for eye cream, customers don't consider as much. It's also the only product that appealing advertisement is the touch.
- For "Essence/serum," "Cream/facial Cream," and "Water cream/gel cream," the factors customers consider for these advanced skincare products with high unit prices are fairly similar. Function-wise, they care about the ingredients, the texture and whether it fits oriental/Asian skins. Non-functionwise, they also value the endorsements of beauty experts/influencers.

Communication Implications

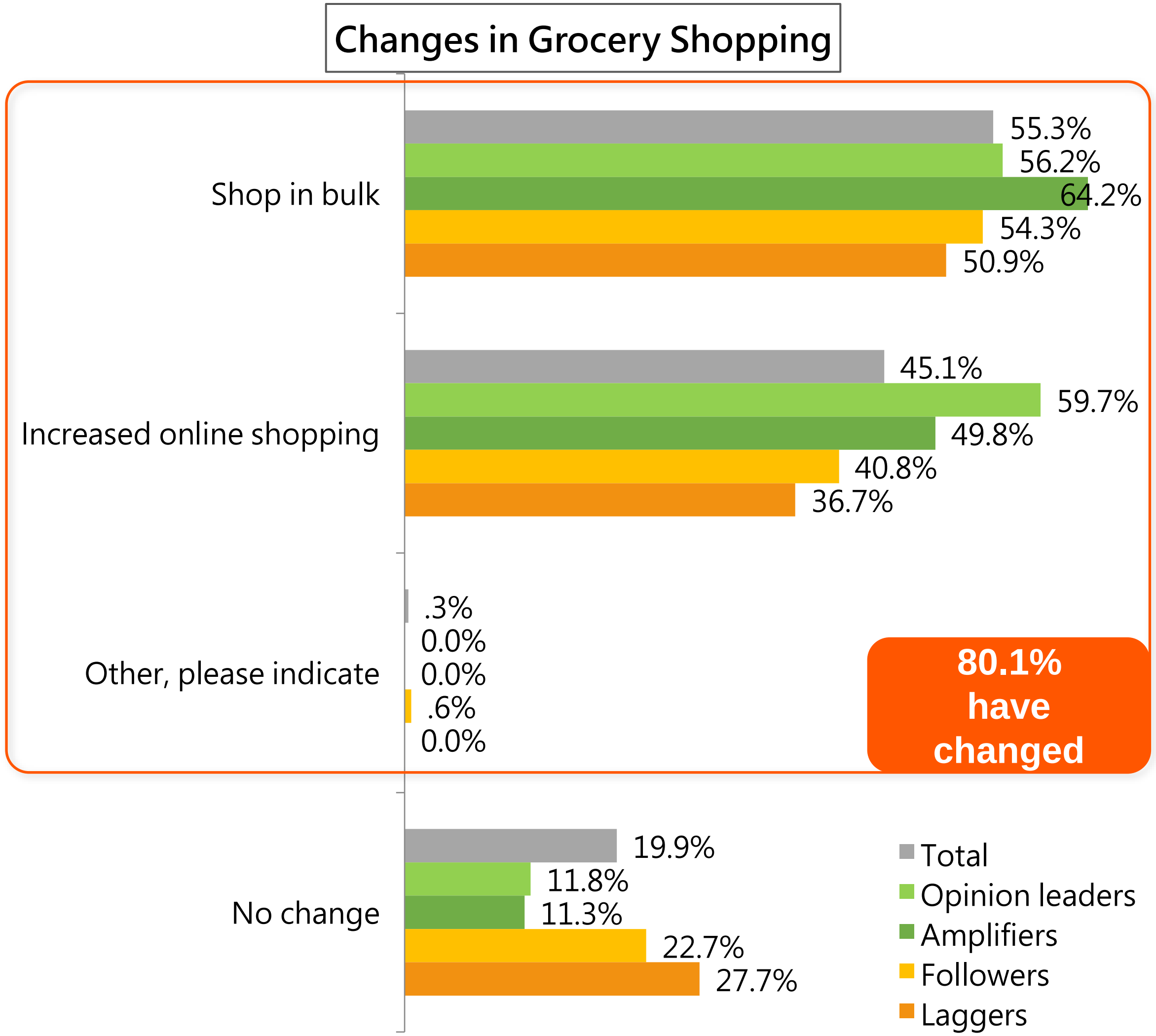
Our Communications Segmentation

- In order to better pinpoint where communications can be most effective, we segmented the Taiwan online population into 4 segments.



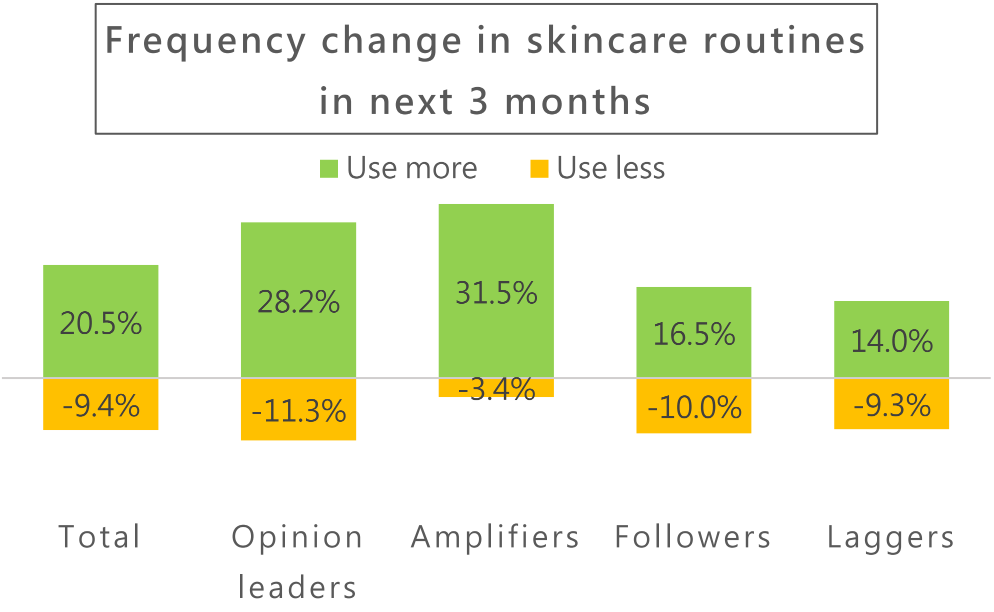
Opinion leaders switch to online shopping while most amplifiers buy in bulks

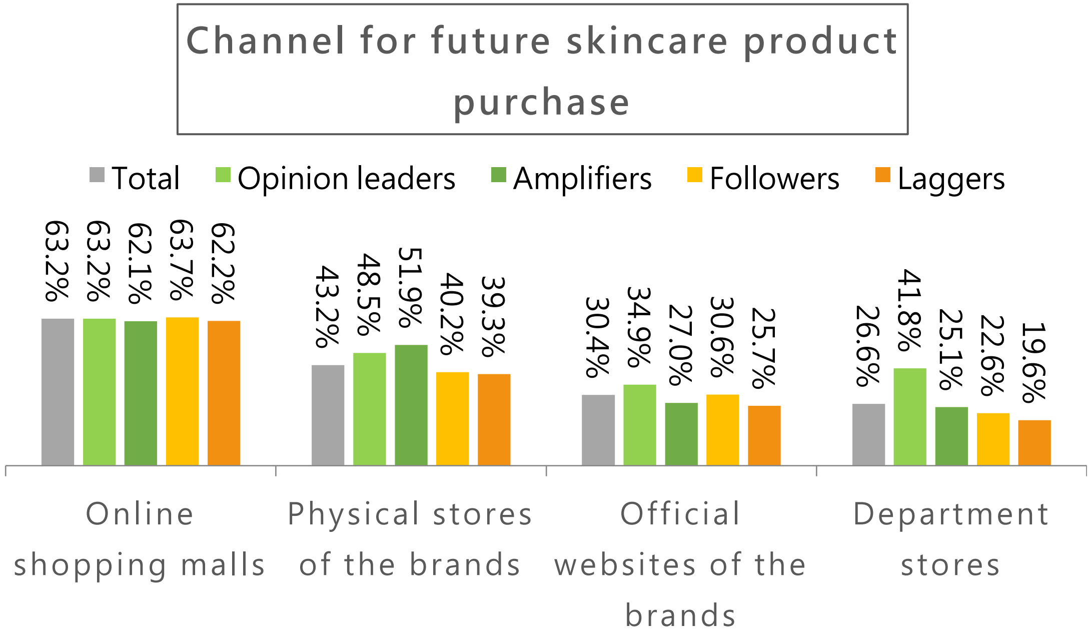
- Opinion leaders have shopped online more often to accommodate to the outbreak while amplifiers buy in bulk to reduce contact. On the other hand, laggers show no changes in their shopping patterns.



Opinion leaders and amplifiers will use skincare products more often

- For opinion leaders and amplifiers, they are likely to use skincare products more often in the next 3 months.
- All respondents prefer online shopping malls. Besides, amplifiers also prefer visiting brick-and-mortar stores of brands, while opinion leaders prefer department stores the most.

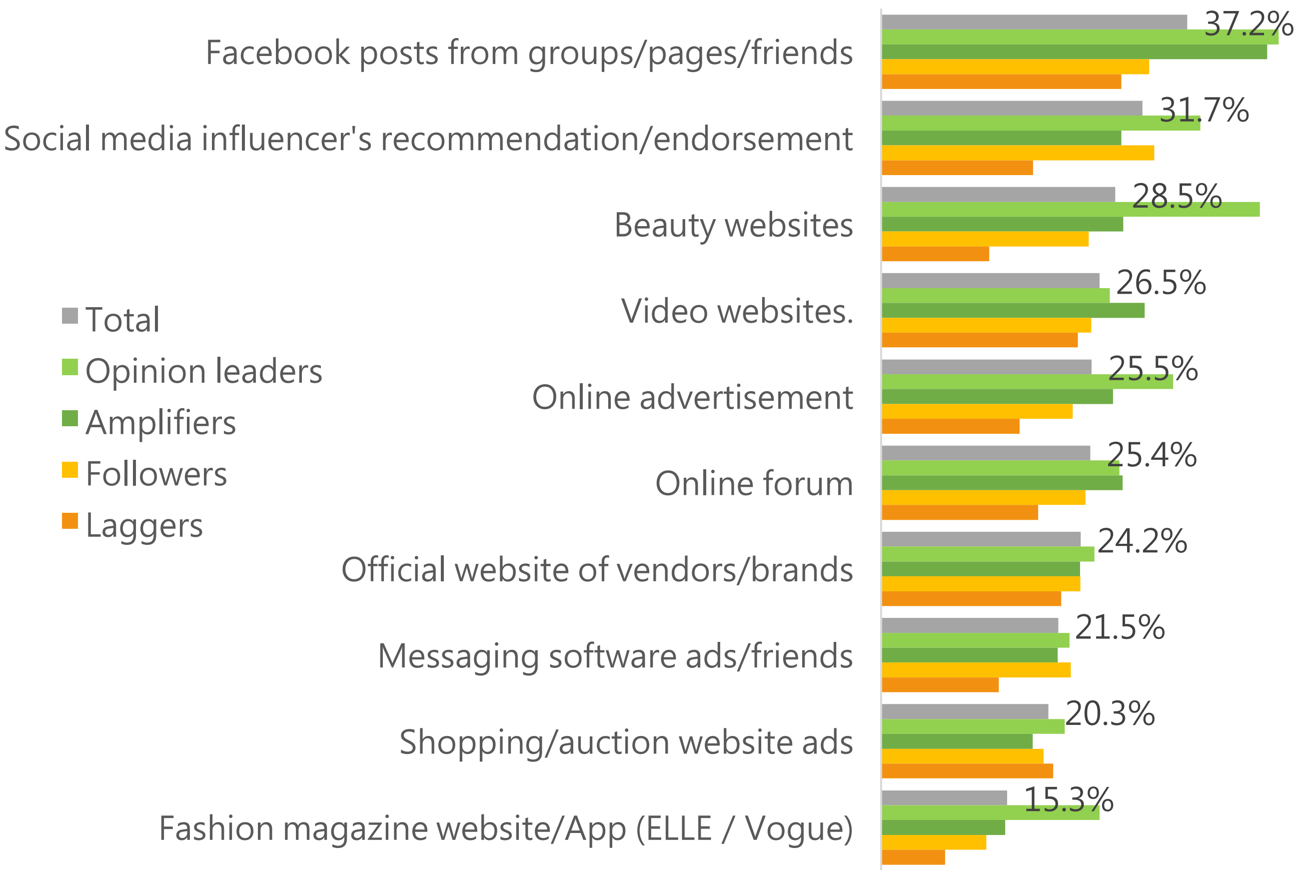




Social communities, KOL and beauty websites all play an influential role in opinion leaders' purchase decisions

- Among all the online information sources, opinion leaders are influenced the most by the following: "Facebook groups/pages/friends' posts," "Product introduction/recommendation from bloggers, internet celebrities or influencers," and "beauty websites." Therefore, reinforcing the relationships and interactions between opinion leaders and online communities/KOLs will be a substantial part in customer communication. Opinion leaders also value the information given on beauty websites, so it's equally important to keep the sites up to date.
- On the other hand, amplifiers depend more on "Facebook groups/pages/friends' posts" to make their purchase decisions. They are also the group influenced by "Video websites" the most.

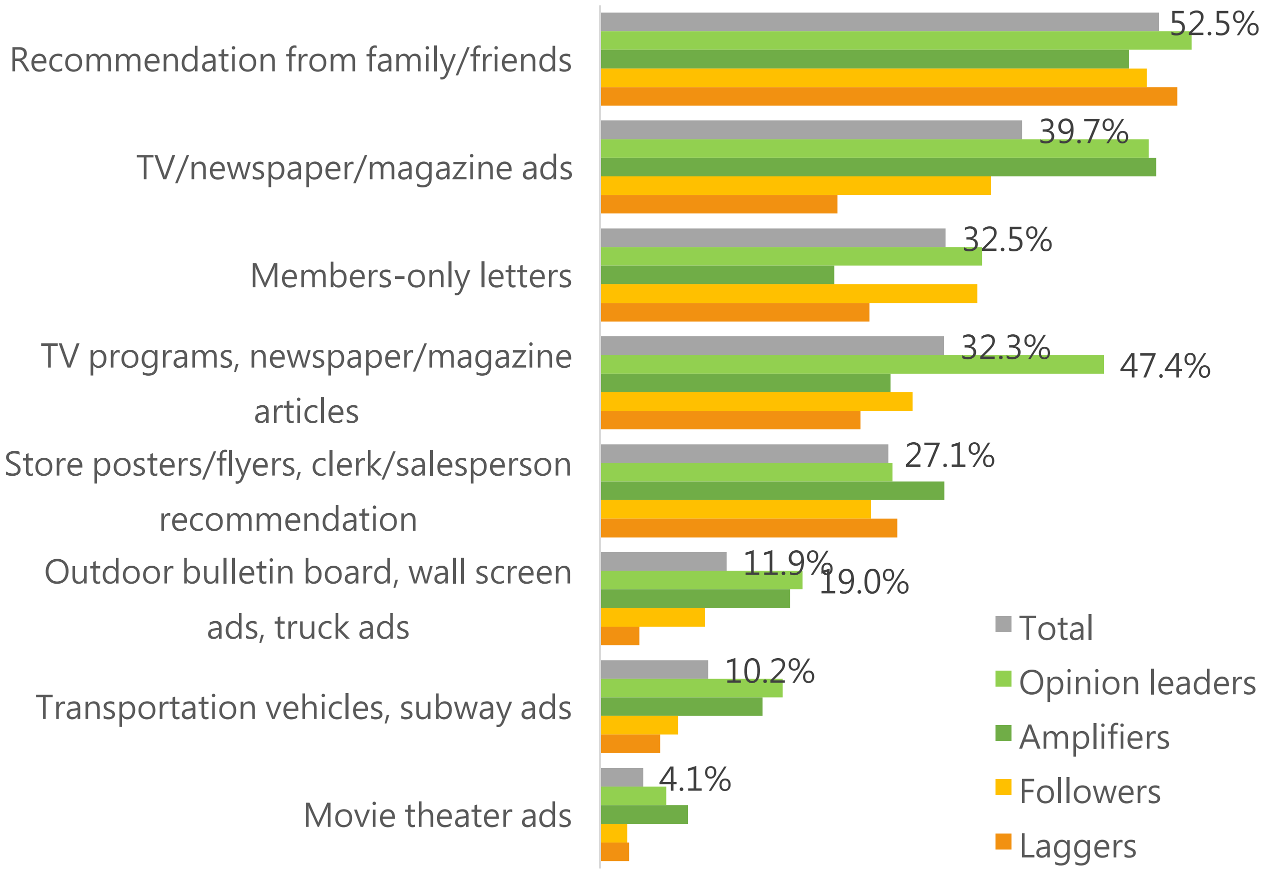
Online information sources attributed to purchase intent



Opinion leaders value information from the mass media

- Apart from recommendation from family/friends, opinion leaders and amplifiers also rely on the content or ad they learn from TV/newspapers/magazines when it comes to buying skincare products.
- TV/newspapers/magazines are no doubt one of the important channels with influences on opinion leaders. This shows they value mass media as sources of information highly.

Offline information sources attributed to purchase intentions



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